"Sisu" versus "Hygge"

Comparing Finnish and Danish business styles

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Abstract

The clear majority of culture-related studies in the field of business are about cultures that commonly are known to be distant from one another, that have totally different values and ways of working. However, recent failures of Nordic mergers strongly indicate that there is lack of knowledge concerning the influence of cultures in intra-Nordic collaboration.

This thesis aims to find out what kind of difficulties and cultural challenges Finnish companies with operations in Denmark face. Furthermore, the purpose is to identify differences between Finnish and Danish business and management styles and to investigate the cultural factors behind these differences. The two countries were chosen because there exist but a small amount of previous studies on the cultural differences between them; substantially more comparative cultural studies have been conducted between Finland and Sweden, for example. The Finnish business style has also been said to be the most formal in Scandinavia, whereas the Danish business style is regarded as the most informal in Europe.

Traditional dimensional studies of cultures, such as Geert Hofstede’s IBM study, are criticized by many researchers for not indicating significant differences between Nordic countries. Instead, they classify all Scandinavian countries within the same group. We have also discovered that the dimensional approach to cultures does not offer sufficient tools for analyzing the empirical data of our study. In the analysis of the empirical data, we have mainly used Tony Fang’s paradoxal approach to cultures, which we found to better suit our purpose.

The empirical findings show that Finns and Danes have quite different approaches towards business. These differences reflect the Finnish and Danish national concepts of “sisu” and “hygge”, presenting almost opposite values. Finns are seen to be straightforward, blunt and determinant by Danes, whereas Finns perceive Danes to be cooperative, competitive and maybe slightly careless. A highly competitive market environment as well as the importance of participation seems to be the biggest challenges for Finnish companies operating in Denmark. From the empirical findings we drew the conclusion that the most striking differences between Finnish and Danish business styles can be summarized by the formalization–participation axis.
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1 Introduction

1.1 Background

The environment where international business is undertaken today is competitive and national boundaries are of decreasing importance. When companies operate internationally they face various cross-cultural challenges, such as understanding the differences in communication patterns and styles, preferences for leadership approach and style, different principles and notations of hierarchy and organizational structures, and different systems of decision-making, and it is possible to continue this list much further. It has been proven right that in most cases cultural similarity is an advantage when doing business across national boundaries. As the cultural distance between countries grows, the more complicated and demanding these cross-cultural challenges become. We should not forget that despite globalization, national identities rooted far in history are still strong and will remain an important factor affecting business activities. It has been said that cross-cultural issues are among the most central and most persistent factors that influence international business activity.

“Despite the popular beliefs to the contrary, the single greatest barrier to business success is the one erected by culture”.

In addition to national cultures there are also regional cultures beyond national borders stemming from similarities among countries. The Scandinavian counties together form this type of a regional culture, referred to as the Nordic cluster. Other country clusters are for example Germanic and Latin European. These clusters have geographical, linguistic, religious or historical ties, which cut across national boundaries.

Throughout history Finland has had closer relations with Sweden than with other Nordic countries. Finland was under the rule of Sweden for over a half millennium, Finnish children were sent to safety to Sweden during the Winter War and still today Swedish is the second official language of Finland. Denmark and Finland on the other hand don’t have this kind of common history together. That is probably why Denmark is in a way seen more distant to

2 Schneider, S. and Barsouxm, J-L. Managing Across Cultures, 2003
Finland. That is why we find it interesting to examine whether this assumption is true or not when it comes to management and business styles.

In this thesis we are not trying to find out the differences between all Nordic countries, but we are going to demarcate this study to the main differences between Finnish and Danish management and business styles, and to the role culture plays on these differences. We have found it difficult to find earlier studies between these countries, whereas differences between management and business style for example in Swedish and Finnish or Swedish and Norwegian companies have been more discussed during recent years, for example in the context of the mergers between Telia and Sonera and Telia and Telenor. In the Telia Sonera merger, for instance, not many were expecting any significant clashes deriving from culture, yet the truth turned out to be not that simple. Swedes didn’t like the domineering and authoritarian “macho” management style practiced by Finns who on the other hand found the Swedish style too vague. The result was that the Finnish chairman of the board had to leave.\(^3\)

The example of the Nordic merger above proves that one does not have to go too far to find cultural differences and that there is a need to study and be aware of cultural differences also between countries that, from the global point of view, are seen quite similar.

We do not just try to discover these cultural differences but we also try to go deep in to country specific history, values and behaviors, in order to understand the differences in Finnish and Danish business styles. At this point we would like to mention that in this thesis Finland is treated as part of Scandinavia, although depending on who to ask, and whether determining it geographically, linguistically, politically or economically, the word “Scandinavia” is a bit contested. But because the words "Scandinavian" and "Nordic" are generally used in similar manner and are interchangeable for the rest of the world, we decided to treat these words as synonyms.

### 1.2 Problem discussion

To non-Nordics, Scandinavian countries often appear culturally quite homogeneous, characterized by few barriers as well as high level of collective welfare and social harmony. But the case is not that simple. We “insiders” know that all Scandinavian countries have their

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\(^3\) Isotalus, P. *So near, but yet so far*, Helsingin Sanomat, International edition, 2004
national identities rooting far from history, values and heritage affecting to people’s behavior. One does not have to dig too deep in order to find cultural differences between these countries but yet they are seen little fuzzy on the practical level.

If only Hofstede’s dimensions or other dimensional studies of cultures are used to measure differences between the Nordic countries, they do not disclose significant differences between them. The results are going to seem pretty similar but the reality can be different. The gap between cultures sometimes causes conflicts and distrust between actors even in intra-Nordic collaboration. We hope to fulfill at least some of the lack of knowledge by this research and also to discover cultural paradoxes and dynamisms which are causing differences between Finns and Danes.

1.3 Aim

Our aim in this thesis is to find out what kind of difficulties and cross-cultural challenges Finnish companies with operations in Denmark face. Furthermore the purpose is to identify differences between Finnish and Danish business and management styles and to investigate cultural factors that might cause these differences.

In our research work we are going to cast the following questions in order to achieve the purpose of the thesis:

- What kind of difficulties and challenges Finnish companies face when operating their subsidiaries in Denmark?
- What are the main differences in Finnish and Danish ways of doing business?
- How could these differences be explained by culture related factors?

1.4 Delimitations

In this paper we talk about Scandinavia, the Nordic countries. But we have decided focus on just two of them, Finland and Denmark. Some readers might find it odd that we have excluded Sweden, the largest country in Scandinavia and probably also the best known in the outside world. We have decided to concentrate on only Finland and Denmark because we have noticed that there are not many previous studies considering management and business
styles between these countries. From a Finnish point of view, Denmark is perceived to be quite distant and poorly known, even though both belong to the Nordic countries.

1.5 Disposition

In this paragraph a short description of the thesis is outlined to guide the reader on the structure of this thesis.

Chapter 1 Introduces the reader to background information that has been a source of motivation to write this thesis about the chosen topic. The aim of the study is also presented in this chapter as well as research questions and delimitations.

Chapter 2 Explains the scientific aspect and research methodology used in the study as well as our approach to empirical data collection. Reliability and validity of this thesis are also discussed in this chapter.

Chapter 3 Discusses the main fields of research and literature that are relevant to this thesis. Theoretical frameworks that are used in the analysis part are introduced and described in this chapter.

Chapter 4 Presents the empirical data collected from different sources in order to reach the aim of this thesis.

Chapter 5 The empirical data is analyzed in conjunction with theoretical frameworks presented in chapter 3.

Chapter 6 Summarizes the findings of the study and concludes the research. Suggestions for further research are also given.
2 Methodology

In this chapter we present and discuss the guiding framework of scientific methodologies that is relevant to this thesis. We explain the applied research methods and procedure. Finally we present a critical review of the research method, including reliability and validity assessments.

2.1 Scientific aspect

There are two main research approaches in social sciences: positivistic and hermeneutic. A positivistic method is used for statistical analysis of data gathered by means of descriptive and comparative studies or controlled experiments. The researcher should principally be able to verify the statement presented without his or her own experiences and eventually, if the statement is verifiable, it should be resolved if it is true or false. Positivists want to protect science from external influences, meaning that the investigator’s own experiences should be eliminated in order to keep facts objective, quantifiable, and reproducible.

Our empirical data is based on only five interviews and that’s why it is not reasonable to conduct mathematical analysis; the sample size is too small to have any significant statistical meaning. Therefore the hermeneutic approach, whose main focuses are on interpretation, understanding, pre-understanding and explanation, is selected for this study, Hermeneutics is about trying to achieve a sense for the interpretation of meaningful phenomena and formulating those rules that make it possible to understand meanings. According to Hartman, hermeneutics is a doctrine which attempts to understand how human beings picture themselves, the surrounding environment and how they see different phenomena in the world. This understanding is achieved through interpretation. Interpretation in this context means that the researcher examines his or her observations through theoretical presumptions – realization and beliefs about the phenomena beforehand.

Pre-understanding itself is the basis for all understanding. Pre-understanding is built on learned information and experiences, as well as personal feelings. In order to follow the hermeneutic tradition our pre-understanding has to be explicitly adduced. As a result, the

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4 Gilje, N. and Grimen, H. Samhällsvetenskapernas förutsättningar, 1992
5 Kvale, S. Den kvalitativa forskningsintervjun, 1997
6 Gilje, N. and Grimen, H. 1992, p.177
8 Arfwedson, G. and Ödman, P-J. Intervjumetoder och intervjutolkningar, 1998
reader is more capable of understanding our reasoning or the interpretations made later on in the analysis. According to Ödman\textsuperscript{9}, interpretation often includes explanations or builds on them.

According to Gilje and Grimen\textsuperscript{10} “the hermeneutic circle” implies that all research depends on constant movement between a part and a whole. How a part is interpreted depends on how we interpret a whole and how a whole is interpreted depends on how we interpret a part.

\begin{figure}
\centering
\includegraphics[width=\columnwidth]{hermeneutic_circle.png}
\caption{The hermeneutic circle\textsuperscript{11}}
\end{figure}

When we think about business behavior, for example, we have to be aware that in order to understand it in different cultures, we also have to be aware of the culture related behaviors and values that are affecting people’s ways of acting in various situations.

\subsection{2.1.1 Dialogical hermeneutic model}

We can mention two detailed models that differ in both procedure and presuppositions. These are the textual hermeneutic model and the dialogical hermeneutic model. Michrina and Richards\textsuperscript{12} explain that with the textual model, the researcher gathers data as if the culture was an unchangeable text to be read. The textual hermeneutic model is usually used for studies of

\textsuperscript{9} Ödman P-J. \textit{Tolkning, Förståelse, Vetande: Hermeneutik i teori och praktik}, 2001
\textsuperscript{10} Gilje, N. and Grimen, H. 1992
\textsuperscript{11} ibid.
\textsuperscript{12} Michrina, B. and Richards, C. \textit{Person to Person: Fieldwork, Dialogue, and The Hermeneutic Method}, 1996
observed ritual behavior or interpersonal interaction. In the dialogical model, dialogue between group members and the researcher is an evolving intersubjective understanding, in other words, an evolving culture.

![Diagram of the dialogical hermeneutic method]

Figure 2 The dialogical hermeneutic method\textsuperscript{13}

The dialogical model is more suitable for our research because it requires reflection by the researcher prior to dialogue, checking and understanding for our cultural, political, or psychological biases.

\textsuperscript{13} ibid.
2.2 Research Method

Research methods are usually either quantitative or qualitative. The quantitative method is used to make generalizations and its purpose is to investigate the average of the representatives. The quantitative research is usually very extensive but an in-depth analysis is impossible. A characteristic of qualitative method is its ability to achieve a deeper perspective of the studied phenomenon and gaining as much information as possible. The purpose of this method is to have more comprehensive understanding of the phenomenon studied.

We have chosen the qualitative research method because we found that we can gain more from interactive interviews with detailed information. After all, there is a limited quantity of Finnish companies operating in Denmark, which makes it very difficult to even receive enough information for quantitative research. This would most likely lead to the thesis' validity and reliability to being questionable. Qualitative method is also the suitable method to be used with the case studies that we have used for gathering our empirical data.

In case studies, the researcher usually uses a few cases as empirical grounds for research, in order to gain a better understanding of an area on which proper knowledge does not currently exist. According to Yin\textsuperscript{14}, a case study is an empirical investigation aiming to explain a complex real-life phenomenon when that is seen to be unclear and indistinct. The empirical data for case studies is usually collected by unstructured interviews with significant interviewees. We felt case study to be the best alternative for our research because of the lack of previous studies in our area of interest. Furthermore, when studying culture related subjects, more profound and “story like” data is needed.

2.2.1 Explanation and comprehension approaches

As for scientific approach methods, we should mention inductive and deductive methods. According to Alvesson and Sköldberg\textsuperscript{15}, in the inductive approach the researcher usually begins by doing many individual cases and observations in order to discover regularities and correlations between them. The assumption is that these regularities will continue to exist the same way. With help of these new findings the researcher then tries to develop a proper theory to explain the phenomenon and to make common and general conclusions. In the

\textsuperscript{14}Yin, R. Case Study Research: Design and Methods, 1994
\textsuperscript{15}Alvesson, M. and Sköldberg, K. Tolkning och reflektion: Vetenskapsfilosofi och kvalitativmetod, 1994
deductive approach, by contrast, the researcher begins from already existing theories and with the help of existing knowledge tries to explain the occurring phenomenon. The researcher usually tries with a help of theories to create hypothesis and then to investigate it later in empirical observations, and then either verify or falsify this hypothesis.

In this research we have chosen to adopt a deductive approach. We have used existing theories in order to have a better pre-understanding of the research area. We felt that this would make it is easier for us to pose the right questions to our interviewees which would then help us to better focus our study.

2.4 Data Collection

The collection of Primary data in this thesis was carried out through interviews with Finnish companies already operating in Denmark, as well as Finnish managers who have experience in doing business with Danes. Secondary data was retrieved from the literature, internet and different article databases.

According to Hirsjärvi and Hurme\textsuperscript{16}, the interview is the most common method of data gathering in qualitative research. A key feature of the qualitative research interview method is the nature of the relationship between interviewer and interviewee. The goal of any qualitative research interview is to see the research topic from the perspective of the interviewee, and to understand how and why he or she has this particular perspective. Interviewers should therefore try to minimize the impact of inter-personal processes on the course of the interview.

The basic idea of an interview is pretty simple. When we want to know how things are in a certain case, we ask the questions from people who are involved in the area of interest. Deciding who exactly should be interviewed in order to receive significant and valuable information is more complex. In order to gather relevant data of the studied phenomenon, we should discuss with persons who have significant knowledge of and are considered to be experts on the matter studied.

\textsuperscript{16} Hirsjärvi, S. and Hurme, H. Tutkimushaastattelu: Teemahaastattelun teoria ja käytäntö, 2000
2.4.2 Selection criteria of interviews

In the process of selecting respondents we contacted Finpro Northern Europe. The aim was to get answers from the most suitable persons with the right kind of experience and a background in the area of our interest. All the interviewees held managerial positions.

2.5 Research procedure

Respondents were contacted and interviewed by telephone during March, April and May 2006. The duration of these telephone interviews varied from 40 minutes to 2 hours. Answers from two respondents were gathered by using an e-mail questionnaire.

2.6 Critical review

Some critique of the interview data should be discussed due to the small number of respondents in this study. We have been able to interview five persons in managerial positions. Three were interviewed by telephone and two by sending an e-mail questionnaire, which naturally reduced the value of data. The amount of data derived from these interviews is not enough to generalize the results. In qualitative research, however, we are not interested in an "on average" view, we want to gain an in-depth understanding of the experiences of particular individuals or groups. It is important to recognize that there is no way of abolishing, or fully controlling, interviewer bias in qualitative research. In our case we had some previous opinions and knowledge concerning the studied topic, particularly the other of the two countries focused on in this paper, and that might have had an effect on the study.

2.6.1 Reliability and validity

Reliability and validity are used to measure the quality of scientific research. In the case of qualitative research reliability is understood as a repeatability of derived results. Reliability can be affected by the interviewer’s behavior and the location or time of the interview. The question to be asked is whether we would obtain the same results if we could observe the same thing twice or if some other person conducted the interview. In this case the interviewer’s personality will inevitably have some kind of an effect on the outcome of interviews. Also, many of the respondents had very busy schedules at the time of the interviews. Limited time might cause some limitations on the extent and precision of answers as well as the fact that person interviewed is well aware of the fact that they are a part of the study and therefore limit their answers. The strength of qualitative research lies in validity -
closeness to the truth. Good qualitative research really should touch the core of the area of interest rather than just skimming the surface like quantitative research. In the case of this study the data has been analyzed by two persons, which is said to greatly improve the validity of qualitative methods.\textsuperscript{17}

3 Theoretical Framework

This chapter discusses the main fields of research and literature that are relevant to this thesis. The theoretical frameworks that are introduced and described in this chapter are used when analyzing results from the empirical study.

3.1 Culture

The word culture originates from the Latin word “colere” meaning to cultivate, to build on, and to settle. In its original usage, the word referred particularly to agriculture, the taming of land for human needs. Later on, the concept expanded to include all human activities, the way of life and the traditions passed on to following generations.\textsuperscript{18}

If you were asked to describe culture what would you say? You probably wouldn’t be able to give an immediate carefully thought answer. Culture often emerges as an explanation when strangers meet, or rather when they perceive each other as strangers, that is when they feel challenged when confronted with different ways of acting and thinking.\textsuperscript{19}

There are hundreds of ways to define culture. The following is just one of them:

“Culture is a learned, shared and transmitted from one generation to the next. Culture is primarily passed from parent to children but also transmitted by social organizations, special interest groups, the government, the schools and churches. Culture is also multidimensional, consisting of a number of common elements that are interdependent. “Changes occurring in one of the dimensions will affect the others as well”.\textsuperscript{20}

\begin{flushright}
\begin{footnotesize}
\textsuperscript{17} Heikkilä, T. \textit{Tilastollinen tutkimus 3}, 2001
\textsuperscript{18} Virtual Finland, 2005
\textsuperscript{19} Schneider, S. and Barsoux, J-L. 2003
\end{footnotesize}
\end{flushright}
There are two fundamental ways of approaching and studying cultures: *emic* and *etic*. Linguistic anthropologist Kenneth Pike originally coined these terms in 1954\(^{21}\). He suggested that there are two perspectives that can be employed in the study of a society’s cultural system. The emic perspective focuses on the cultural distinctions relating to only one culture at the time and the native members of a culture are the sole judges of the validity of an emic description. Emic can also be defined as “from the inside”. The etic perspective can be defined as “from the outside” as it relies upon the extrinsic concepts and categories. The etic approach studies cultures from the outside and compares them to each other making it possible to do cross-cultural generalizations directly.\(^{22}\)

### 3.2 Dimensional approach to cultures

#### 3.2.1 Hofstede’s theory

So far the most used source in the study of culture and management is Hofstede’s dimensional study. His study is based on four dimensions of cultures that are common to all national cultures. These dimensions are the following: *power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance*\(^ {23}\). With the help of these dimensions Hofstede has ranked countries according to their score in each dimension.

This kind of study adheres to the etic approach, making it easy to compare cultures to each other. When looking at these dimensions, we can see that they don’t show much difference between Finland and Denmark, for the countries’ scores are pretty close to each other in all four dimensions. Clearly the largest difference between countries can be seen in uncertainty avoidance.

**Power distance:** Finland 33 - Denmark 18

Power distance as defined by Hofstede is “*the extent to which the less powerful members of the institutions and organizations within a country expect and accept that power is distributed unequally*”\(^ {24}\). In the countries that scores high in PDI, power in the organizations is centralized as much as possible and lots of supervisory is used. Managers and employees in

\(^{21}\) Wikipedia, 2005  
\(^{22}\) Ekstrand L. H. and Ekstrand, G. *Developing the Emic/Etic Concepts for Cross-Cultural Research*, 1986  
\(^{23}\) Hofstede, G. *Cultures and Organizations – Software of the Mind*, 2005, p. 22-23  
\(^{24}\) ibid. p. 46
these organizations are seen existentially unequal. In the small-power distance countries organizations are generally fairly decentralized; power is more equally divided, hierarchy is flat and less supervisory personnel is needed.²⁵

**Individualism:** Finland 63 – Denmark 74

This dimension describes the degree in to which individuals in the society are integrated into groups. In individualistic societies the ties between individuals tend to be loose whereas in the collectivistic societies people are integrates into strong, cohesive groups. In an individualist culture employees are likely to act according to their own interest and their work should be adjusted to these interests, but in a collectivist culture the interest of the group always comes before ones personal interests.²⁶

**Masculinity:** Finland 26– Denmark 16

This third dimension is about gender roles in society. Masculine cultures tend to address the fact that men are supposed to be tough, competitive, ambitious and women are supposed to reflect more soft values such as social relations, tenderness etc. In a feminine culture women and men are seen more equal and traditional differences between sexes are not addressed so much.²⁷

**Uncertainty avoidance:** Finland 59 – Denmark 23

Hofstede defines this dimension as *“the extent to which the members of the culture feel threatened by ambiguous or unknown situations”*.²⁸ For members of strong uncertainty avoidance culture it is typical to feel more stress and anxiety as well as stronger need for predictability and rules in all areas of life. It is also said that weak uncertainty avoidance cultures would be stronger at basic innovations but that they would not be first ones to develop these innovations into new products or services. The reason for this is said to be that

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²⁵ ibid.
²⁶ ibid.
²⁷ ibid.
²⁸ ibid. p. 167
implementation of new processes demands a considerable sense of detail and punctuality, which is often considered to be less important in low UAI countries.29

Hofstede’s theory might give us some guidelines on cultural differences, but it is obviously incapable to explain deeper culture-related differences especially when cultures are relatively close to each other.

### 3.2.2 Trompenaars theory

Another well known author who has studied cultural differences from the etic point of view is Trompenaars. In the book *Riding the Waves of Culture, Understanding Cultural Diversity in Business*, Trompenaars and Hampden-Turner study cultural differences and their affects on managing and doing business. They define culture as “*a way in which a group of people solves problems and reconciles dilemmas*”30. Trompenaars wants to point out that culture is not only present on the national level but also on the organizational level. In order to determine organizational cultures Trompenaars names three aspects that are important.

- The general relationship between employees and their organization.
- The vertical or hierarchical system of authority defining superiors and subordinates.
- The general views of employees about the organization’s destiny, purpose and goals and their places in this.31

From these aspects it is possible to derive two dimensions: **equality–hierarchy** and **person orientation–task orientation**. From these two dimensions four quadrants are formed and different corporate cultures fall into these quadrants according to their way of learning, changing, motivating, rewarding and resolving conflicts. Trompenaars divides corporate cultures into four types: “The family”, “The Eiffel Tower”, “The guided missile” and “The incubator”.32

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29 ibid.
31 ibid.
32 ibid.
The Guided missile

This type of organizational culture can be described as egalitarian, impersonal and task-orientated. Reaching goals and targets is of great importance and tasks are often undertaken by teams or project groups. Employees are often expected to find out themselves what is needed to complete the tasks, since it often might be unclear. Project groups rely heavily on professionals and their expertise. Changes come quickly, targets are moving rapidly, and new groups are formed since people may have multiple memberships in different groups. Loyalties to professions and projects are greater than loyalties to the company. The guided missile cultures tend to be individualistic, close personal relationships between members are not so relevant. The key theme is management by objectives and people are paid by performance.\(^\text{34}\)

\(^{33}\) The authors’ own modification of Trompenaars’ and Hampden-Turner’s Figures in Riding the Waves of Culture, 1997, p. 159, 179

\(^{34}\) ibid.
The Incubator

The basic idea of the incubator culture can be described as follows: “If organizations are to be tolerated at all, they should be there to serve as incubators for self-expression and self-fulfillment”\textsuperscript{35}. Relationships between people can be quite diffuse, typically growing out of shared creative process. Creativeness and innovativeness are incubators’ driving forces and changes are typically fast, spontaneous and improvised. Satisfaction and feeling of success are gained by participating in the process of creating something new.\textsuperscript{36}

The Family

The family type of organization is very hierarchical and person orientated. Close relationships among employees are appreciated and the atmosphere is almost “homelike” as the name implies. For the members, being part of the “family” is a source of moral and social rather than financial pleasure. The hierarchy appears in the relationship between the boss and subordinates. In the family culture the leader is expected to know what is best for subordinates and he/she is also expected to guide them and tell them what to do.\textsuperscript{37}

The Eiffel Tower

Formal bureaucracy is very strong in these kinds of organizations. Each employee has a specific role in this mechanical system, where tasks are to be completed as planned and ordered at the top of the hierarchy. In the Eiffel Tower, hierarchy is very different to that of the family. “Each higher level has a clear and demonstrable function of holding together the levels beneath it”\textsuperscript{38}. It is the role of the boss to instruct his/her subordinates and he/she is legally authorized to tell them what to do.\textsuperscript{39}

3.3 Approaching cultures from inside

The best known examples of the paradigm approach to cultures are Hofstede’s and Trompenaars dimensions discussed above. As it can be seen in both studies, they can offer some guidelines on cultural differences. But in order to gain a deeper understanding of cultures, it is necessary to dig deeper in countries' history, values, feelings and emotions; it is necessary to approach cultures more from the “inside”.

\textsuperscript{35} ibid. p. 175
\textsuperscript{36} ibid.
\textsuperscript{37} ibid.
\textsuperscript{38} ibid. p. 166
\textsuperscript{39} ibid.
3.3.1 Fang’s theory

In his article *From “Onion” to “Ocean”, Paradox and Change in National Cultures*, Tony Fang presents a dialectical approach to the study of national cultures and international cross-cultural management. Fang’s purpose is to bring forth an alternative, more dynamic (“ocean”) way of analyzing national cultures, differing from the dominant bi-polar paradigm (“onion” approach).

Fang wants to point out that we shouldn’t just analyze cultures with the help of dimensions, but, more importantly, we should try to understand cultures through various underlying factors. With “onion” he refers to a simplified way of approaching cultures, where the score can be found and touched by peeling the “onion” layer by layer, whereas by “ocean” he refers to a more dynamic way of approaching that stresses the importance of understanding cultures as having a life of their own, the life that is changing continuously. The “onion” approach offers a possibility to make simplified assumptions about cultures and makes it easy to compare and explain cultures by juxtaposing them against others. Furthermore it makes it easy to do cross-cultural comparisons. This kind of approach to cultures doesn’t leave much space for individual differences or dynamics and it can be seen as very stereotypical. Of course it is very simple if we could always explain the behavior of individuals according to their nation's score in, for example, the individualism index: “He’s walking so fast because he’s British and they score high on individualism, that means that they are more active in trying to get somewhere”.

Today’s global cross-cultural management environment is yet setting new requests also for cross-cultural understanding. A dynamic “ocean” way of approaching national cultures as well as cross-cultural management is increasing in importance in today’s rapidly changing global world.

With his alternative “ocean” approach to cultures Fang wants to point out that cultures are not just “either/or” like stressed by bi-polar paradigm. He sees cultures as “both/and”, implying a dialectical view in which paradox is a central concept and cultures are created and developed

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40 Fang, T. *From “Onion” to “Ocean”: Paradox and Change in National Cultures*, 2006
41 ibid.
42 Hofstede, G, 2005, p. 95
dialectically. This view is based on Oriental Yin Yang philosophy and is presented through the famous symbol.

Figure 4 Yin Yang

The black and white shapes within the symbol above stand for interaction of two opposite energies in the universe called Yin (white) and Yang (black). Yin presents female elements like moon, water, weakness and softness whereas Yang presents male elements like sun, fire, strength and hardness. As it can be seen, Yin and Yang are not completely black or white; the dots in them imply that they coexist in everything and that there exists neither absolute Yin nor absolute Yang. They complement each other and cannot exist without each other. The symbol represents the understanding of how things work. The shape of Yin and Yang depicts a sense of the continual movement of these two energies, causing everything to happen in the process of continuous change and transformation.

So according to this philosophy we are all both Yin and Yang, feminine and masculine, individualistic and collectivistic, high-context and low-context and so on. And also cultures should be approached from this point of view. Based on Yin and Yang and dialectical thinking, Fang has identified three themes that are important for new research directions in the study of national cultures and international cross-cultural management.

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43 Fang, T, 2006
44 ibid.
45 ibid.
1. **Understanding the paradoxical nature of culture:** In order to understand intracultural value variations within a national culture we need to penetrate into the paradoxical nature of culture\(^46\). As Yin Yang suggests, one cannot exist without the other; for example day cannot exist without night, or as Fang puts it: “There exists an internal Yin Yang mechanism within every national culture that can generate cultural change from Yin to Yang and from Yang to Yin in a dynamic process of internal transformation even in the absence of external driving forces”\(^47\).

2. **Understanding the “moment” of culture:** Values and behaviors within one culture are dependent on situation, context and time. Fang gives an example of this by describing a common view of Finns being silent and reserved people. But other kind of behavior can be seen in the Finnish sauna; reserved Finns suddenly turn out to be very emancipated and uninhibited: the expressive energy of the Finnish culture is channeled through sauna. Fang wants to point out that we should see national cultures as living organisms which have a life of their own, including different phases, dramas and ups and downs of cultural values. He stresses that when examining cultures we should concentrate on seeing them as independent changing organisms. Fang describes culture with the word “ocean” because although we can identify visible values and behaviors, we cannot see the whole truth; there is a hidden, unknown world underneath the surface\(^48\).

3. **Understanding the new identity of national cultures in the era of globalization:** Globalization has changed the view of how different national cultures are seen today. Cultures are not seen as separate units that can be measured by different dimensions. They have become increasingly transparent, elastic and mobile as modern technology and FDI are connecting people from all around the world. National boundaries in many contexts are loosing importance. The internationalization of companies contributes to interaction with the host environment and companies on the other hand are bringing their own national values and corporate practices to the local market\(^49\). When it comes to cross-cultural management, cultural groupings are becoming increasingly powerful and mobile. According to Fang\(^50\), the new identity of national culture may be understood as a product of the dynamic interplays

\(^{46}\) ibid.  
\(^{47}\) ibid. p. 9  
\(^{48}\) ibid.  
\(^{49}\) ibid  
\(^{50}\) ibid. p. 14
between five major culture groupings: 1) Nationality grouping, 2) Region-specific grouping, important culture grouping shared by people regardless of nationality 3) Organization and industry specific culture 4) Global culture grouping which is an increasingly important culture grouping, e.g., the culture of global professionals and business communities.

### 3.3.2 Bjerke’s theory

In his book *Business Leadership and Culture*, Björn Bjerke discusses what kind of effect national cultures have on managers' leadership style. By looking at the culturally specific elements he tries to explain how managers from different cultural backgrounds exercise leadership as resulting from their national culture. He looks at the Scandinavian culture and its central themes in order to present a typified picture of a Scandinavian manager.\(^{51}\)

When discussing the Scandinavian management style and culture Bjerke refers mostly to Swedish, Danish and Norwegian management, since because of linguistic reasons he doesn’t see Finland as a part of Scandinavia. He also sees the Finnish management style less democratic compared to the other Scandinavian countries.\(^{52}\)

When describing Scandinavia, often appearing notions are egalitarian and very strong commitment to democratic values. Strong equality can be seen in almost everything, and this has made it easier to create less formal, more delegating styles of management where the interpersonal friction between managers and workers is reduced\(^ {53}\). Also the relations with subsidiaries in Scandinavian companies are less formalized; they operate as autonomous units with loose affiliations. In Scandinavian originations all employees expect to have a say and the organization itself is seen as an organism for creativity and innovation and the learning process is highly appreciated. This refers to the incubator culture of organization by Trompenaars which was described earlier in this paper and is very commonly founded in Scandinavia.\(^ {54}\)

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\(^{52}\) ibid.

\(^{53}\) ibid.

\(^{54}\) ibid.
Scandinavians adore privacy. “People do not “drop in” on each other and there is a strong preference for private office among white collar workers”\textsuperscript{55}. Scandinavian managers’ style does not address the importance of managers being responsible of their employees’ private sphere. Independency is appreciated and there is often a strict line between work and private life. Outsiders often see the need for privacy as shyness and not being very extrovert. The Scandinavian manager is not supposed to publicly reveal his/her feelings and feelings should be clearly separated from “objective” and “rational” decisions. Shyness also relates to the fact that in the Scandinavian culture it is not appropriate to stand out from the crowd. One should “have what it takes but not more”. Direct confrontation and forceful interpersonal challenges are disliked and problems should be solved by open discussions leading to compromise, not by force. Scandinavians like negotiation and compromise and the typified Scandinavian manager is a negotiator who sees the ability to obtain results in cooperation with the employees. The ability to negotiate is perceived as his/her most important ability.\textsuperscript{56}

Decision-making in Scandinavia is often been criticized for being very slow. Scandinavian managers are accused of being indecisive, excessively careful, scared of decision-making and taking risks. Slowness in decision-making derives from several things: Co-determination system and workers’ right to negotiation as well as the search for the perfect compromise. For the Scandinavian management it is also natural to consult his/her subordinates before decision making. This is due to egalitarianism, which tends to value everyone’s commitment and consent equally. Rational, systematic and detailed problem solving is the main reason for the sometimes slow decision-making.\textsuperscript{57}

### 3.4 Country specific features

#### 3.4.1 History reflecting national culture

In their article Fang, Fridh and Schultzberg describe the process of the Telia–Telenor merger negotiation and analyze it from a cross-cultural management perspective. They investigate the failure of this intra-Nordic merger by looking into historical sentiments, feelings and emotions that have been shaped from history to date. “However, the contemporary cross-
cultural discourse seems to have been too concentrated on understanding human behaviour by way of cultural value dimensions, whereas indigenous factors that underpin interactions of human behaviour are insufficiently explored. One such factor is history”.

National history has a major influence on emotions, behavior, feelings and values. In this section we are speak briefly about some essential turning points in Nordic history, tying them to the Finnish and Danish perspectives. Our goal is to gain a better country specific cultural understanding for our analysis part. We seek to understand why managers act the current way in these countries, and consequently to try to fathom business relations between Finland and Denmark. We have to keep it in mind that Finland and Denmark do not have close historical relations like Finland and Sweden for example, and that there have not been any major conflicts between the countries. The historical accounts in the rest of this section are based on Vahtola59, Hentilä, Krötzl and Pulma60, and Halila61.

Finland’s turning points: Sweden’s King Erik led the first crusade to Finland in the 1150s. Swedish crusades to Finland established a dividing line between the Catholic west and the Orthodox east. Russia defeated Sweden in the Finnish parts of Sweden between 1808 and 1809, gaining control of the Finnish areas. Finland retained its own legislation and its old form of society, including the Lutheran religion and the old Swedish law system and government. Finland’s own legislation arose in 1863 and Russia’s emperor Alexander II acknowledged that Finnish was to be an equal language alongside Swedish. According to many Finns, the Russian emperor Nicholas II broke his promise to maintain the Finnish Constitution in 1899 when the so-called February Manifesto was issued. Finns were heavily against the Manifesto, which they believed to abolish their autonomous position. A heavy resistance began to rise, lasting until independence was attained on December 6, 1917. A new republican form of government was established and K.J. Ståhlberg became the country’s first president in 1919.

The Red Army of Soviets attacked Finland in the famous Winter War of 1939–1940. The Finnish defense forces, commanded by Mannerheim, were enormously outnumbered, and

60 Hentilä, S. Krötzl, C. and Pulma, P. Pohjoismaiden historia, 2002
61 Halila, A. Tanskan ja Norjan historia, 1972
Finns fought alone against the Soviets for 105 days. Finland's stubborn resistance against a fifty-time larger nation ended in the comfortless peace of Moscow, whereby Finland had to hand over a large part of its southeastern Viipuri province. This led to the Continuation war of 1941–1944, during which Finland aligned itself with Germany against the Soviet Union in order to win back Viipuri. This did not happen. An armistice agreement was signed in Moscow in September 1944. Finland had to pay huge war reparations in the form of manufactured goods to the Soviet Union. The entire population of Viipuri – approximately 450,000 people – chose to leave their homes rather than live under Soviet rule, and they were repopulated in Finland. This marks the beginning of a period of industrialization during which the Finnish economy grew intensely.

- In the Finnish history we can see the lack of autonomy and the rule of foreign powers, Sweden and later Soviet Union, as some of the main factors influencing national identity. Winning the independency and later the war against the Soviet Union is in fresh memory of. Struggles with Swedes and Soviets have led to tight national identity and homogeneity. Finland was totally wrecked after the war with Soviets. The following rebuilding and war reparations contributed to a rapid industrialization and fast growth in Finland. This hardworking mentality and the rebuilding efforts raised high engineering skills in Finland.

Denmark’s turning points: A strong royal power developed during the Viking Age, between 800 and 1100. Good demonstrations of this new era were huge circular fortresses. In those days masculinity was seen as a virtue. This period was characterized by the Viking expeditions. The Danish Vikings never managed to turn their victorious conquests into a long-lasting empire and eventually the royal Viking power ended in 1086.

Around 1350 the Black Death wiped out a huge amount of the Danish population, which resulted in major economic and social changes. The Kalmar Union of 1397 was the main political event of the time. It combined Denmark, Norway and Sweden under the rule of the Danish Queen. The union lasted until Sweden broke away from it in 1523. Denmark and Norway remained united until 1814.

The Roman Catholic Church broke up in 1536 after three years of civil war. As a result, the Danish church changed into a Lutheran princely church, yet Denmark was on the Protestant
side during the long religious wars in Europe until 1648. The new State Church generated a greatly strengthened central power, and the church became the main ideological and moral director of the population.

The period between 1560 and 1720 was characterized by rivalry with the neighboring Sweden for the position of the ruler of the Baltic Sea. During this period Denmark was from time to time struggling very hard to keep its regions and the country nearly become part of a large Swedish Baltic empire. Denmark lost large areas and this catastrophe caused a political crisis which generated a new form of government. Eventually this led to absolutism in 1848 and the drafting of a democratic constitution in 1849. Denmark moved into a well-organized bureaucratic state under the paternal leadership of the absolute monarch. This renovation created a new class of independent farmers, who in the following century became the driving force behind the co-operative movement. This consensus atmosphere can be seen also in Denmark’s politics, where no party can control an absolute majority on its own; compromise has become a basic condition of Danish politics.

During the Napoleonic war of 1801–1807, the English naval attacked Copenhagen. This turned out to be a disaster for Denmark which lost its fleet. Eventually the country went bankrupt and Denmark had to give Norway to Sweden in the peace treaty of 1814. With the losses, Denmark had become smaller than ever. These setbacks brought Danes closer to each other and a new motto prevailed “outward losses must be compensated by inward gains”. This new spirit led Danes towards a more co-operative movement and traditional cultivation of plants changed to livestock farming. In 1864 Denmark suffered a devastating defeat to Prussia and had to hand over almost half of its land. The Danish population dropped from 2.6 million to 1.6 million.

- In Denmark the national high degree of homogeneity and consensus atmosphere in society are closely linked to some of the historical turning points described earlier in the theory part of this paper. During the Viking era people's unification strengthened when big fortresses gathered them to live close to each other. The Lutheran State Church, which was the main ideological and moral director of the population, also had its influence in the forming of a more uniform society. The time of absolutism also had a major impact on the birth of a new co-operative movement resisting the power of the rulers. The late industrialization after the Second World War created a large urban lower class that shared similar values. The
consequence of losing almost half of its land and the dramatic drop in population was that Denmark became a very ethnically homogenous society, whose members shared the same language and culture. Throughout the past centuries Denmark has been undergoing a process of shrinkage. It was once a medium-sized power in Europe. However, several defeats in war made it what it is today—a very small state. Paradoxically, in international affairs this very small state appears at times to act as if it were much greater than it actually is. Recent examples of the Danish tendency to "roar" are its membership in NATO in the 1980s and the EU in the 1990s. In both cases, Denmark has been very reluctant to engage fully.62

3.4.2 Nordic management and business style

Strong work ethics, Protestantism, strong feeling of social justice, the model of a welfare state, equality between sexes and responsibility for the environment. These are some features that are common to the Nordic countries. Although for the outsider the Nordic countries might appear similar, insiders are aware of that there are also many differences that can merge when it comes to understanding each other, negotiations, management and business practices in general. Different historical backgrounds in the Nordic countries have had an impact also on management styles. In order to achieve a better understanding of management styles in different countries or cultures, we should also take a look at the history where we can find underlying reasons for certain kinds of patterns of behavior.

The Nordic model of management, or the Scandinavian management style, was at its height of popularity in the 1980s when the words “Scandinavian” and “Nordic” were used as quality labels, linked to other words like democracy. However, foreign and external forces, such as global markets and new technologies, have changed this attitude.63 The Scandinavian management style was seen as a part of the movement towards a more charismatic and communicative model of leadership. Today this concept is used mainly in relation to culture and management. The implication is that Scandinavian managers behave more democratically due to the strong emphasis on equality and informality in the Nordic culture.64

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62 Brincker, B. A “Small Great National State”: An Analysis of the Cultural and Political Factors that shaped Danish Nationalism 1760-1870, 2003
64 ibid.
According to Hofstede’s dimensions the Nordic countries are all marked by low power distance, relative individualism and a low degree of uncertainty avoidance. The Nordic management style is also seen as quite feminine and perceived to have a discursive managerial culture and efficient conflict-solving methods. Lindell and Arvola⁶⁵ have studied Nordic Management according to three criteria: development-orientation, task-orientation and employee-orientation. The results of their study show that Nordic managers are in general fairly employee and development orientated, and less task oriented. Furthermore, Nordic managers are characterized by planning and order, delegation and responsibility, friendship of subordinated and orientation towards innovation. Despite all of these similarities, studies have also shown that there are clear divergences between the Nordic countries; for instance, Norwegian managers are fairly task-orientated, while especially Danish managers score low on this. Finland and Denmark were less employee-oriented than Sweden.

### 3.4.2.1 Finnish way of managing and doing business

In general, Finnish management style is seen as a different from other Nordic countries. Perhaps the most commonly known difference is that Finnish managers are described to be more authoritative than their colleagues in other Nordic countries. “Management by Perkele” is common concept that is used to describe management style in Finland. These kinds of descriptions might make Finns appear mysterious and a little bit odd, but at the same time strong and heroic.⁶⁶

**Sisu**

Finnish strength and heroism are also reflected through the Finnish word “sisu”, a describing term for the nation’s culture and mentality. Sisu means spirit, courage, never giving up, achieving goals, persistence and hard work. However you want to define the word, for Finns having sisu is a positive thing - something that makes one more capable of handling difficult, demanding situations and obstacles and hardships in life.

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⁶⁶ Fellman, S. *The democratic Challenge of Capitalism: Academic Patriots or Individualistic Entrepreneurs; Finnish Management in a Nordic Perspective*, 2001
Individualism

According to Hofstede Finland is less individualistic than the other Scandinavian countries. Some recent studies have, however, stressed Finnish managers` individualism. By international comparison, Finnish managers clearly exhibit individualistic traits. Finnish managers like to work by themselves and do not like to share tasks; Finns, in general, show little interest for their colleagues and are also fairly competition-orientated.  

John Alexander describes Finnish managers and management style as follows:

“Management style in Finland is more hierarchical in contrast to more “flat” management styles elsewhere in the Nordic community. Finns aim to reach agreements quickly, distrust Anglo-Saxon (British/American) sales styles; are candid in their dealings and expect business partners to reciprocate”.

Avoiding uncertainty

To some extent these different features have been explained as a result of the historical and institutional environment. The comparison of the educational backgrounds of industrial managers in the Nordic countries in the 1930s and 1970/80s shows some significant differences between managers in the Nordic countries. Finnish managers’ background seems to be more similar to that of their Swedish colleagues while larger divergences can be found in comparison to their Danish and Norwegian colleagues. Finnish and Swedish managers were already in the inter-war period likely to have higher education, while the Norwegian and Danish managers more often had received intermediate and lower vocational training.

A striking discovery in this study is that Finnish managers seem to have been the highest educated of all the countries. This has been explained by cultural factors. The assumption is that there is a great admiration for particularly higher education. It has been pointed out that the higher degree of uncertainty avoidance in Finland than in the other Nordic countries has brought with it a heavy reliance on formal competence. Also the late but rapid industrialization in Finland has been pointed out as educational investments are important for “late-comers”. The technological gap to bridge is larger, causing a need for active

67 ibid, p. 182-183  
69 Fellman, S. 2001
mobilization of resources.\textsuperscript{70} Paternalism, generally defined as “making decisions on behalf of others” or “cherishing solidarity”, was a very persistent feature in Finnish management until the Second World War. Paternalism in this context referred to “an employer policy where welfare policies and provisions of goods are used in order to achieve control of the labour force”\textsuperscript{71}. This has been said to be typical for autocratic and unstable societies with more centralized and tall organizational pyramids. Obviously Finland cannot be seen as an autocratic society, but compared to its Nordic neighbors Finland has from time to time been marked by instability, for example on the labor market, and the Finnish system has generally been directed more from above.\textsuperscript{72}

\textbf{3.4.2.2 Danish way of managing and doing business}

In Denmark, personal business relations are more appreciated and the business style is more continental than in the other Nordic countries. Danes are also direct: what they say is normally what they mean and they expect that from the other party too. They also like to get into business quickly without building personal relations first.\textsuperscript{73} Diversity is the word for describing business life in Denmark. Smaller companies, founded on the individual entrepreneur spirit, are very common.\textsuperscript{74}

\textbf{Hygge}

If sisu is a describing word for the Finnish mentality, the corresponding word in Denmark would be “hygge”. Hygge means a positive and relaxed atmosphere, friendly and easygoing personal relations. Hygge is also reflected in the Danish business style that is said to be the least formal in Europe.\textsuperscript{75}

\textsuperscript{70} ibid.
\textsuperscript{71} ibid. p. 195
\textsuperscript{72} ibid.
\textsuperscript{74} Alexander, J. 2001
\textsuperscript{75} ibid.
**Democracy**

The Danish way of doing business is very democratic; everyone is allowed to express their point of view. This naturally leads to long meetings and ongoing discussions that will ensure that everyone is allowed to voice their opinions. Democracy can be seen in a decision making practice in which majority wins even at the cost of disagreement within the group.\(^{76}\)

“Management in Denmark is perhaps more hierarchical than in the neighboring Sweden, but with a broad level of participation. Danish individualism means that small companies are many and diversity great. Leadership is based on professional competence rather than status of position which the outsider could interpret as disrespect for authority. To an extent this is true – Danes share a mistrust of authority and enjoy sending up their more formal neighbors, Germans and Swedes”.\(^{77}\)

**Horizontal system of authority**

The traditional system of authority in the Danish context is often described as *patriarchal* or *paternalistic*. Industrialization was seen as a development that destroyed this authority – breaking the extended family – also in working life when the absolute power of master over his workers came to an end. Peer Hull Kristensen and Peter Kjaer\(^{78}\) describe the history of Danish management ideas and practices in the context of particular games of management between employers and employees. Large managerial hierarchies do not characterize the Danish model; it is rather a horizontal system of authority. The traditional paternalistic authoritarian system has developed into a system that can be seen in Denmark today. It is more based on negotiation and expertise – just as described by Alexander above.

\(^{76}\) ibid.

\(^{77}\) ibid. p. 11

\(^{78}\) Kristensen, P. H. and Kjaer, P. *Strategizing - En kontextuell organisationsteori*, 2002
4 Empirical Data

In this chapter we will introduce the interviews that form the base of the empirical part of our thesis.

4.1 Marja Kurki ApS and Stelform A/S

Story based on interview with Ann Lisbeth Antin

Country Manager for Marja Kurki ApS in Denmark: The Company’s main products are silk scarves and ties as elegant fashion accessories. Company gifts founded a subsidiary in Denmark in 1994 because they wanted to expand operations in Scandinavia. The company has subsidiaries also in Sweden and China.

Management Secretary for Stelform A/S. Subsidiary of Rautaruukki Oy. Ruukki supplies metal-based components, systems and integrated systems to the construction and mechanical engineering industries. Ruukki has operations in 23 countries and employs 12,000 people. Rautaruukki established a factory in Storebaelt, Denmark. Purpose for Stelform was to get closer to the Scandinavian as well as Northern European markets.

In Stelform everything worked well in the production side, but there were some difficulties concerning the spirit inside the company; a sense of differences between Finnish and Danish cultures. This led to some problems in personal relationships, chemistry did not always work. Problems were due to lack of communication skills on the Finns' part as well as lack of language skills. For the Danish it seemed to be difficult to understand the Finnish management and its ways of working. Finnish behavior was seen as somehow ”rigid” and ”harsh”, not as relaxed as what the Danes were used to.

In the case of Marja Kurki the company was only able to supply one kind of product. On the other hand, our special know-how in the silk garments was an advantage for us. Price competition in Denmark is extremely hard, and it was difficult for us to get the biggest orders, because we were not competitive enough in pricing. More flexibility when it comes to pricing policies would have been desirable from the parent company’s side. In the case of our products, Finnish design seemed to divide opinions strongly. Customers either liked them a lot or not at all. ”In Finland customers are more polite than in Denmark; Finns never criticize the product as direct as Danes, who might appear extremely critical, almost rude. Ann Lisbeth thinks that this is due to the Danish democracy, which to them means that everybody
has the right to voice their opinion about everything – and this right should be used whenever possible.

For the management in Finland it was difficult to understand that the company name alone didn't have any effect in Denmark. In Finland they were used to having a market leader position and to be recognized just by the name Marja Kurki. For both Marja Kurki and Stelform there are big competitors who are capable of competing with both quality and prices. The Finnish quality alone is not a sufficiently strong argument in Denmark.

For Danes it is typical to discuss about everything. Things should be brought up and talked about. Finns, on the contrary, do not like to “waste” their time by chatting and discussing unnecessarily. Decisions are made quickly and actions should be taken according to them without further discussion. “Finns may appear as “cold” but in my opinion the difference is that Danes are just better to hide these features behind all that talk”. A typical feature for Finns is to be somehow covert and secretive; they are reluctant to talk about things. Furthermore, it seems to be difficult for Finns to adapt into continuous social situations which in Denmark are seen as an essential part of life, also business life.

One particular case: "A Finnish factory manager goes for a morning coffee in the company kitchen where he meets his Danish subordinate. The subordinate tries to get into chat with the boss, using typical small talk comments about weather etc. This makes the Finnish manager feel uncomfortable because he doesn't know how to reply to these comments or whether he should reply at all... He really thinks that the whole conversation is a waste of time and not going anywhere... it's useless he would say. So he just mumbles something back. The result is that the Danish subordinate leaves the kitchen thinking that there is something wrong. Probably the boss is angry with her/him...Alternatively this will reinforce the subordinate's view of Finns being weird. The Finnish manager, on the other hand, is in a bad mood for the rest of the day 'because it seems to be impossible to have a cup of coffee without having to have an unnecessary chat with somebody!'"

It is sometimes difficult for Finns to keep their space with Danes. For Danes it is very important to have a good sense of humor; Danish humor is fast and can at times appear almost “nasty”. Sometimes it takes time for Finns to understand that. It seems to be difficult for them
to disengage from the formal business style and loosen up. Finns should learn to be more relaxed and learn “small talk”. This would help in many situations. For Danes the silence usually means that there is something wrong or that the opposite side is annoyed about something. Danes really don’t like silence, it makes them horrified.

In general, Finnish corporate structures are more hierarchical than Danish. Danish organizations are “flatter” and in flatter organizations it is usually easier to approach management. Finns are also definitely more individualistic and they don’t like to work in groups as much as Danes, although the current trend in Finland is toward team working. For Danes it comes naturally.

Language for Danes is very important and they expect you to know their language. Ann Lisbeth feels that the atmosphere in Denmark has changed: people have become more negative towards foreigners – no matter where they are coming from. Danes are very proud of themselves and they have always managed on their own. Ann Lisbeth believes that this has much to do with their flexibility and positive attitude towards changes. Danes have an ability to react quickly in fast changing situations but they often seem to be stressed, which can be due to lack of space. Danes being proud of their country, achievements can sometimes make them appear even arrogant. Danes seem to think that they are the center of the universe and that things are understood or misunderstood in relation to "Danishness".

For Danes, the ability to react fast is a remarkable and admirable feature. An often recurring situation is the one where others notice that "the Danes were already here”. "When doing business in Denmark, it’s important for Finns to be active in cooperation between companies. It is crucial to know "the gang” and to uphold contacts continuously. Staying isolated is not the way into success in Denmark."

In general the spirit in companies in Denmark seems very “relaxed” at least from the outside: “I have also noticed that in Denmark you rarely see anybody at the office after 2 pm on Fridays; this is something that has been extremely difficult for the Finnish management to accept.”
4.2 Sales Company in Denmark

Story based on interview with anonymous respondent in managerial position

The relationship with the parent company is very close and there are no big differences between the values of the parent company and the subsidiary. Organization structure is very flat and big hierarchal structures don’t exist. The culture and market environment in general are open and communicative with lots of empowerment. Openness, trust and initiative are the corporate values and also the key values in the Danish subsidiary. The organization and the responsibilities are clearly defined, but team work is highly appreciated. When working in teams, tasks are also shared naturally. Task don’t always have to be delegated, they are taken.

The market environment in Denmark is very competitive and the Danes have a really long tradition in international trade. Quality and price must be in place. When a company is planning to start operations in Denmark, it’s very important to first analyze your own competitiveness against the market.

“In my opinion, the Finnish management style is a bit more “tough” than the Danish one. I would also say that in Denmark the personnel require lots of info about future and developments compared to personnel in Finland. This problem is solved by organizing more info meetings and possibilities for personnel to participate. Danes also tend to be very much fixed to the working hours. Immediately when it is 4 pm they leave the office.

“As a decision maker I’m fast. I handle conflicts by listening and advising, supporting and showing direction. In negotiations nowadays, there is not much time for sidelines. You start with the “substance” immediately. As a negotiator I would describe myself as empathetic listener”
4.3 NCC Construction Ltd

Story based on interview with Riitta Takanen, Nordic IT-Administration manager

NCC is a Nordic corporation, which operates throughout the Baltic region. Among the NCC companies are NCC Construction, NCC Property Development and NCC Roads. The net sales of business in Finland are over 800 million euros and it has almost 2,300 employees.

During the interview four separate cases came out. We present them here in order to describe difficulties that can be seen quite common between Finnish and Danish business interactions.

First case: Finns are currently doing some new development process; they explain the current state of the process, in a pretty lame way, without showing much feelings of excitement. Meanwhile Danes are working on an identical project and they make sure that everybody knows how excellent and revolutionary it is going to be, the best project ever! The atmosphere is totally different between Finns and Danes; “Finns don’t seem to be too enthusiastic about their projects and they are concentrating on being efficient and professional. Meanwhile, Danes are extremely enthusiastic and positive about the ongoing project.” In planning stage meetings Danes often appear very optimistic, conforming to new ideas enthusiastically. However, in the next meetings when it’s time to make decisions, Danes are often unready to act. They need more time, they wake up too late, and start to do their own calculations. Putting it roughly and simply: Finns have performed the tasks agreed on even though they were the ones who where first negative towards the ideas. Optimistic Danes have not done their part. Despite all that excitement and positive energy, Danes have not done too much to further the project.

Second case: Swedes have presented a development proposal for other Nordic parties, stating that financial administration functions should be centralized to Sweden. By doing this, huge savings inside the organization would be gained. Swedes have planned everything and also done the necessary calculations. The reaction from the Finnish part is pessimistic: they decide to do their own calculations first. After strict calculations, Finns discover that the original calculations by Swedes have been a bit unconcerned and carelessly performed…
If the Swedish proposal were executed, the outcome would be better for the Swedes, but not so advantageous for other parties. Finns do not want to participate in the development. Danes have been very optimistic towards the Swedish development idea, but when the decision to execute the idea is made by the board, the Danish operation level cannot believe that the decision had already been made! The board’s decision would then concern all other Nordic countries but Finland. After the board’s decision, Danes start to do their own calculations with the help of the calculations made by Finns earlier. Danes discover that they do not want to participate, at least not before more extensive investigations. Danes finally are finally given six more months to make up their mind. The decision has to be taken by the end of autumn 2006. In the Final report there is a statement of Finns being difficult, explaining that the reason for their not accepting the idea was language problems.

Third case: “I had a very good development idea and Danes also thought that it would be a really good improvement, best ever!” Swedes on the other hand did not like my idea at all and they rejected it directly. Because of lack of agreement, the idea wasn’t going anywhere. Danes started to wonder why nothing was happening, what the problem was and who was responsible. When Danes realized that the Swedes had rejected the idea, and that they had the responsibility for it, they were relieved and they just forgot it too. Finns didn’t give up: they stubbornly continued to struggle with the Swedes because they were so sure about the excellence of the idea. Currently a Swedish manager should take the decision about the development idea, but because of lack of knowledge he cannot decide. Negotiations have been going on only on the upper level. There is need to consult the operational level, the IT experts. This is now creating mistrust between all the Nordic countries”.

One thing that came up when discussing the main differences between Danes and Finns is marketing spirit – if Finns don’t have enough of it, Danes seem to have it on behalf of them as well. In business life, this can be seen as kindness, openness and sometimes also as an unconcerned way of acting on the Danish part.
Fourth case: Finns are known to be good in life cycle calculations for buildings, because of their good calculation models. Finns proposed that their calculation model should be used in all the Nordic countries. Swedes rejected it directly, again, without even bothering to get to know the model. The pattern was the same as many times before between Swedes and Finns. “There is almost like a silent agreement on that nothing created in Finland can be used in Sweden. Some kind of a struggle for power and jealousy between countries... maybe?” Norwegians, however, checked and studied the Finnish model but they didn’t get excited about it either. Here the Danish marketing spirit and open minded attitude appeared again: Danes were excited about the new model, and they were willing to travel to Finland to study the model there. They quickly realized that the model would be a good improvement tool for them. They started using the model in Denmark, introducing it as a part of their own product concept. Because of their good marketing skills they exploited the model better than the Finns. The outcome is that the whole calculation model is seen to be a Danish invention.

Danes don’t need much private space in their working environment; rooms are usually big and open with many people. But workers respect others, the work environment is peaceful, respectful and people are open. Finns generally have more space and privacy in their working environment but distractions are more common and respect for colleagues is not always in the same level as it is in Denmark. Company values are very similar between the Nordic countries and there is a desire to be consistent. On the other hand, Danes by nature show high levels of solidarity and this can also be seen in their relationships with their companies. They work together to reach common goals and do not easily argue or disagree against others. If there is some kind of disagreement, they will first know who is responsible and what could be done to solve the problem. They do not give up easily; they want to find a solution by discussing. Finns seem to have a more “straight” approach and they seem to be able to find problems more easily.

Danes have more “minor” negotiations than Finns. Teamwork is also more appreciated than in Finland. Everyone’s work contribution is appreciated and it is believed that decisions should be made together. Nevertheless, Danish top management sometimes seems to keep
their decisions to themselves, sharing them with lower levels only just before they are to be
executed in practice. Decisions sometimes come as a surprise to operational levels, that do not
often argue against or question managers’ decisions. Information moves poorly from the top
down and relations to that direction are not so open. Finns are quite independent when making
decisions, but still with bigger decisions they often create workgroups in order to gain a better
perspective to the matter.

The general level of language skills among Danes is very good and therefore they may
sometimes have some advantage in negotiations with Finns. High marketing spirit of Danes,
as mentioned before, can also be seen in negotiations. They are positive, friendly and capable
of creating a good and cheerful atmosphere. They act uniformly and have a high team spirit.
Finns can easily appear slightly more pessimistic and their starting lines in negotiations are
not that smooth. Indeed, they often have a negative tone. Typical sentences for Finns could
be: “There was again no coffee this morning” or ”My flight was delayed again… so typical.”

Danes are polite and good listeners. They are also careful when expressing critique and
usually will not give it before knowing the other party well enough. Both Finns and Danes
can small talk but there is a difference in tone. Danes seem to have an emotional charge in it.
For Finns this doesn’t seem to be so important.

In Riitta’s own negotiations, she is “focusing on giving critiques if necessary and also to
question statements. I give critique very easily and often too directly.” Riitta is also aware of
the fact that for Danes she often appears impolite, something that can be sensed from the
reactions of Danes – such as silence from their part. “I have also been criticized about my
straightforwardness.”

“One Danish manager even gave me a book of cultures with the help of which I was supposed
to learn how to behave when doing business in Denmark.”

However, Finnish dedication to work and professionalism is appreciated in Denmark. If
Finns, for example, have done studies related to some ongoing project and they would have
some critique about it, the Danish top management is careful before doing decisions without
further investigations. The Finnish opinion is appreciated. Currently there is a project going
on and the board is very eager to make decisions, but because of further investigations suggested by Finns, decision-making is postponed.

During the years, Riitta has learned “to be more careful with too straight criticism and thoughts. I personally think that expertise is more important for the good outcome than good negotiations skills. If you have something valuable to say, people will listen to you, surely.” In Riitta’s opinion, the biggest single difference between Danes and Finns is in the marketing spirit. Danes have it, Finns don’t – at least not to the same extent.

4.4 Fortum Energi A/S

Story based on interview with Anders Wickström, Fortum Markets Manager of Business Development

The development company Fortum Energi A/S is Fortum's contact to the Danish energy market. The Business Unit Fortum Markets, which has the main responsibility for Fortum Energi A/S, has a Nordic scope. The aim is to expand the operative business also to Denmark through acquisitions and alliances. Today Fortum doesn't sell electricity to Danish end users, since the Danish regulations and market situation don't provide foreign players the prerequisites for profitable business.

Anders sees that the biggest difference between Finnish and Danish business styles is the importance of “networking”. In Denmark it is essential to have good relations with people and also to foster these relations. Finns are used to a more direct approach and this is something that is not the way to do it in Denmark – a smoother approach is more appreciated among Danes. Patience is needed when creating relations with Danes. "Instead of going straight to business you should first kind of “earn” your place in the network”, Anders explains. Finns don’t seem to have that need to get to know the other party. Danes on the other hand want to know the people they are doing business with, also on the personal level. They want to build trustful relationships. “Even decisions in Denmark are not based only on figures, but the objective is to find a deeper meaning for them”

Anders also says that Danes are excellent in marketing, and that marketing spirit is high. Danes and Finns also have a different approach to business. Whereas the Finnish approach is very direct and goal orientated, the Danish style is not that straightforward. "Finns might think that agreement has been made already, but Danes might see things differently. Danes might
think that nothing has been agreed on yet, or at least they might pretend that way to win some
time, as this would help them to direct things to the direction they prefer. Danes may even
appear as a bit shrewd, wouldn’t say dishonest but…"

Although in Denmark cooperation and harmony are highly appreciated, Danes also want to
make independent decisions. “There I can really see the difference compared to Swedes who
always want to discuss extensively with others, to be collective”.

Anders feels that Danish and Finnish business cultures are closer to each other than Swedish
and Finnish, for example. Danes do not expect or aim to gain agreement in everything, which
seems to be the case in Sweden. Cooperation with Danes gets smoother and better as personal
relationships improve. Being too straight is not the way to do it; things are often left to
“mature” for some time. In the meantime, stronger networks are being created. Says Anders:

"In my opinion Danish business has been influenced by the rest of the Europe, simply because
of the country’s location”.

Danes are very skilled in negotiations and sales. They feel very comfortable in conversations
and they adjust easily in changing situations. Smalltalk comes naturally and it is diverse,
much more advanced compared not only to Finland but to Sweden as well. Danes have an
impression of Finns not being that talkative and they know to expect that. Anyhow, Finns are
highly appreciated and welcome in Denmark. "There does not exist that kind of 'little brother
syndrome' between Finland and Denmark which is the case, for example, between Finland
and Sweden, already because of history”.

Danes are also more committed to having conversations with their neighbors, and
relationships with neighbors are closer than generally in Finland. Danes are better at using
contacts with other people. “It is not necessarily a question of being open, it’s more the level
of the conversations. They tend to be deeper in Denmark”, Anders explains. Also if there are
problems and different points of view, Danes talk them through openly and that way
consensus is achieved more easily. In Finland, differences in opinions are often left unsolved
and not talked through that easily.
Anders also mentions the increasing negative attitude against immigrants in Denmark. “I believe that the negative attitude toward immigrants is not that much stronger in Denmark than somewhere else, for example in Sweden. Danes are just speaking more openly about it, so it is getting more attention and publicity”.

4.5 BasWare A/S

Story based on interview with Country Manager Christian Rasmussen

BasWare provides leading-edge software to automate financial processes for large organizations around the world. Founded in 1985, BasWare has more than 400,000 end users and 20 years of experience in financial software development. Over 1,000 organizations in the private and public sectors have chosen BasWare to automate their financial processes. They have operations in over 20 countries on three continents. Whole Scandinavia is seen as home market and they have common Nordic company culture.

According to Christian, networking skills are high in Denmark, especially in the IT industry. A typical Finnish direct approach to business can sometimes be very difficult to conduct in Denmark. Having a good reputation in Finland is not necessarily enough to guarantee success in Denmark. In Denmark it is essential to create good business relations and also to cherish them, and to earn them.

In Denmark the corporate structure is generally very flat and the hierarchy can be described more in terms of “organizational energy”. Personal relations inside companies are open and in the case of disagreement, people will let you know.

A characteristic of Finns is that they are very demanding and expect Danes to deliver exactly what they want and need. “When Finns have a clear and strong opinion about something and Danes give some arguments against it, Finns respond with silence. They don’t give any further comments but leave the room instead”, Christian states. From the Danish point of view it would be better to negotiate in order reach an agreement. “We can compare Finns to Japanese and Chinese, who do not like to say “no” directly.”

Christian sees Finns as very independent and self-conscious people who know what they want and really aim to reach their goals. The Finnish business style is fairly simplified – there is a product and a potential market for it. The next step is to set the price for the product and just
to wait what happens. Meanwhile, not much attention is given to building business relations and contacts.

Danes are extremely flexible and they adapt quickly to changes and are also prepared to act according to them. Teamwork is appreciated but they also have an urge to work individually. Danes can smoothly combine both ways of working.

Christian gives his feedback directly to his managers in Finland. His decisions are generally very fast but based on careful analysis. He doesn’t like to leave things open for too long. Openness is very important for Christian. He likes to express his thoughts and opinions directly. If there is some kind of disagreement between the parent company and the Danish subsidiary, Christian wants solve this through honest and open discussion.

“I am much more eager to 'put the cards on the table' when giving Finns my way of understanding the discussed issues. My aim is to try to express my commitment and my views to the issue honestly.”

Finns often go directly to the “core”, expressing their goals pretty strongly. In Christian's opinion, “there is a lack of rewarding dialogue between Finns and Danes.” Danes enjoy constructive negotiations with lots of proposals, extensive dialogues etc., whereas Finns want to make decisions fast without having to have extensive conversations.

A commonly held view seems to be that Finns don’t know small talk, but those Finns Christian have met have been really experienced internationally and this has not been a problem. However, he has also met Finns who are a bit “stone-faced” – they only answer when asked, very shortly.

"Danes always laugh about the Finnish sauna culture. First when you meet Finns, they appear “stone-faced”, reserved and silent. But afterwards in the sauna, everything is different – they have suddenly turned to be open, relaxed and talkative. I would compare hygge to that atmosphere Finns have in the sauna. You spend time with your friends, drink beer and wine and have good conversations”.
Danes know what they want in the long term, but the problem comes when they have to execute and deliver monthly. If you do not take the right steps in the short term, it can create panic in long term. “For me the challenging thing is to balance short term and long term results, to gain short term results, but to execute long term strategy.”

“I like to be around other people, I like to have conversations and I do not feel bothered if someone is talking to me. I also like to be called; I like to be asked questions and to be involved. Even though I happen to be in the summer cottage or in vacation, I like to be called and I am happy to help”. But this of course is a very individualistic thing: “I also expect my employees to answer the phone when called, even when on vacation, because I am willing to do it myself, so why should not they.” One should also be able to reach his/her management crew when ever it is needed, Christian says.
5 Analysis of Empirical Data

The empirical data of this thesis have showed Finland and Denmark to have quite different ways of approaching business. The traditional dimensional analysis of national cultures, such as those by Hofstede and Trompenaars, do not offer sufficient tools for analyzing the results of the empirical data of our research. We thought that a more profound analysis of cultures was needed. We have found that Tony Fangs article “From Onion to Ocean” offers a more interesting perspective for us. That is why we have based our analysis mainly on it.

In this analysis we also want to present some striking features of Finnish and Danish cultures that emerged from the empirical data. Throughout the analysis we present some of these features by juxtaposing them, by creating “dimensions”. Our aim is to find the underlying aspects of Finnish and Danish cultures by digging deeper in the history, values, feelings and national concepts of these countries. By doing this we hope to be able to explain some country specific features and the ways in which they affect business.

“National concepts are meant to make all of us - individuals as well as members of specific groups - feel part of the common nation. National concepts are meant to illustrate our shared past and show our expected future. If a concept is properly worked out, we will be able to identify ourselves with the hidden message included in it.”

5.1 “Sisu” – “Hygge”

The well known word for describing Finnish mentality is sisu. It means spirit, courage, never giving up, achieving goals, persistence and hard work. It is about working extremely hard, pushing one's limits. Hygge, on the other hand, is something that describes the Danish spirit of mind, coziness and friendly and easygoing personal relations. The empirical data shows that these concepts – that are almost opposites – clearly exist in the Finnish and Danish business styles and affect collaboration.

Finns do not expect their business atmosphere to be cozy; they want to do business as effectively as possible. Danes on the other hand can better combine these two “feelings” in business. They do not see the necessity to distinguish them as sharply as Finns. According to

79 Adriansen, I. Danish and German National Symbols, 1991, p. 34
the findings from the empirical data the influence of sisu and hygge in Finnish and Danish business styles could be simplified as follows: Finns drive towards their goals with a strict and straightforward attitude whereas Danes also aim hard to achieve their goals but with a more relaxed spirit.

**Origin of sisu:** “It is not surprising that sisu is a word that can’t be translated. No other language has a word which quite conveys the meaning, possibly because no other country has ever had a need of this quality. Sisu refers not to the courage of optimism, but to a concept of life that says 'I may not win, but I will give up my life gladly for what I believe.' It’s the quality that lets Finns laugh at themselves in the face of disaster. It’s the hard-jawed integrity that makes them pay their war debts when wealthier nations repudiate their obligations. In short, it's the indomitable will that sets Finns apart and explains many of the incredible things they do. Sisu is the only word for the Finns strongest national characteristic.”

The empirical data of our research show that Finns are fast and direct decisions makers and their approach can be described by determination. These traits have been pointed out by many earlier studies. But where is this behavior rooting from? Finnish defense forces have a long and close tradition to the Finnish national culture. Not surprisingly, military service was formerly seen as one of the most important educational tools in young men's lives. Nowadays military service is increasingly common also among women because it is seen as a large benefit later on in their civil lives, for instance when applying for certain jobs, such as managerial positions. Particularly older recruiters might see the military service as an important measurement of the applicant’s capability to manage difficult and demanding situations that require the right kind of mentality – that is, determination and sisu. A civil service background, which also requires hard work, can lead to an underestimation of the applicant's capabilities.

Generally speaking, in the men’s world military service is seen as a kind of measurement of masculinity. However, in today’s society this is loosing its meaning and importance as the younger generations feel the historical hardships to be rather distant. Nevertheless, the question “Have you done your service?” is still pretty commonly asked among Finnish men.

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The influence of army can still today be seen in the Finnish business style. In combat situations fast and direct decisions are crucial and there is not much time for negotiation or arguments. Punctuality, working hard and reaching goals are idealized. Being trustful and keeping promises is also a characteristic feature of Finns. The Finnish army is a very hierarchical institution. This hierarchy can also be seen in the Finnish corporate culture and management style which, according to the empirical data, is considered to be more hierarchical than that in Denmark. This is also what previous studies have indicated. The past troubles in the relationship with the Soviet Union may still have an influence on the Finnish business style in the sense that there does not appear to be a lot of humor in it. To summarize: sisu has its roots far in the Finnish history, in times when the small nation was struggling in hardships and fighting for its independency in the Winter War, showing enormous morale.

**Two sides of hygge:** Hygge refers to coziness, a positive and welcoming atmosphere, friendly and easygoing personal relations. In business this can be seen as relaxed attitude where socializing with others is seen as an essential part of negotiations. The empirical data also show that even in the business situations Danes are aiming to create a cozy atmosphere and that they are excellent in making their business partners feel comfortable. But where is Danish consensus and solidarity rooted in? The time of absolutism in Denmark had a major influence in unifying the population and forming new co-operative movements resisting the absolute power of the rulers. Furthermore, as a consequence of several defeats in the past, Denmark lost almost half of its original land which led to a dramatic drop in population. After that Denmark became ethnically very homogenous society, in which the inhabitants shared same language and culture.

But hygge can also be looked at from a different perspective. An article about the Danish national identity describes how Danish agriculture tends to be enclosed, fenced and hedged. It describes how the yards are self-contained, and even the houses are surrounded by protective trees and bushes. Hygge (coziness), Tryghed (security) and Trivsel (well-being) are said to be the three Graces of the Danish culture and socialization. In the article hygge is described as follows:
“Faces look towards a common yard or a table with candles and bottles on it. Hygge always has it backs turned on the others. Hygge is for the members not the strangers”.\textsuperscript{81}

The importance of knowing the right “gang” as well as the importance of networking and connections was something that emerged from the empirical data. Another finding was the impression that the general atmosphere in Danish society is increasingly negative towards immigrants. The sentence above supports this view. Danes appear as “hyggelige”, welcoming and friendly towards visitors. There might thus also be another side to hygge.

5.2 Openness–bluntness

The data indicated that democratic values and individuals’ right to express opinions are very important for Danes. Previous studies have also indicated the importance of democracy in Denmark. A recent example of the “freedom of speech” and its possible boundaries was the widely discussed Danish newspaper’s decision to print cartoons of the Muslim prophet Mohammed. The event escalated into a major conflict between Denmark and the Muslim world. The paper maintained that it has the right to print whatever it likes, saying that Islamic fundamentalism cannot dictate what Danish newspapers are allowed to print. It was also said that the essence of Danish democracy would be lost by restricting the freedom of speech.

To a certain extent the feeling of increased negativity towards immigrants could be explained by more open and free discussion in Danish society. The empirical part also shows that from the Danish point of view Finns are very straightforward and sometimes even thoughtless in airing opinions and criticism. On the other hand, the data also points out that from the Finnish point of view, Danish consumers appear very straight with their critique, more so than consumers in Finland.

Finnish bluntness and a certain degree of isolation could partly be explained by the country’s hard experiences in past. Finns have been under the rule of a foreign power most of their known history, without significant opportunities to influence their own affairs until very recently in the previous century. Finland could not develop freely because of a lack of autonomy. Finns could not work wholly to their own benefit, and much of the wealth accumulated went outside the borders. This caused a lot of frustration among Finns and raised

\textsuperscript{81} Ostergard, U. \textit{Peasants and Danes: The Danish National Identity and Political Culture}, 1992, p. 22-23
national identity and homogeneity, and a need for autonomy. Especially the Winter War against the mighty Soviet Union is freshly in the minds of Finns. The war had both good and bad consequences: After the war Finns lost great deal of their wealth, but on the other hand, they sustained independency. The hard rebuilding effort that followed created high solidarity among Finns.

The empirical data indicates that Danes often see Finns pretty taciturn, straightforward and slightly rude. Finns on the other hand believe that Danes need more time and adjustment through personal involvement, which for Finns is not that essential or familiar practice. Indeed, from the Finnish point of view, such a feature is easily seen as a waste of time in business. There exist two proverbs in Finland that are illustrative of the general mood: “Speak less and do more” and "Actions speak louder than words." It was not good negotiations skills that saved Finns from the Soviet Union, but action and determination. Language is also something that Danes feel to be a source of problems in collaboration with Finns. Language may indeed have some minor influence in the form of less verbal communication from the Finnish party. Unlike the other Scandinavian languages and English, Finnish is not a Germanic language. As a natural consequence of that it is very different from them.

5.3 Paradoxical nature of culture

In his article, Tony Fang talks about the paradoxical nature of cultures, understanding intra-cultural value variations. Fang stresses that cultural values and behaviors should not be treated as either or, but that paradoxical values can coexist inside one culture.82

Hofstede’s dimensions do not indicate substantial differences between Finland and Denmark. The biggest difference is in uncertainty avoidance which in Finland seems to be greater than in Denmark. The empirical data show that Danes are much more eager to negotiate and that they need more time for decisions than Finns, who, on the opposite, are seen to be rather dynamic achievers and decision makers, reluctant to twiddle things around for too long. It also became clear that in Denmark the personnel require more info about the future and developments compared to personnel in Finland, and that more info meetings need to be arranged in Denmark. This finding could be seen as contradictory to the results of the uncertainty avoidance dimension. But on the other hand, the empirical data demonstrated that

82 Fang, T. 2006
Finns want to make sure that all calculations are properly carried out before making any decisions, whereas Danes show enthusiasm for new ideas from the very beginning, not paying so much attention to details at first. This would support the higher level of uncertainty avoidance in Finland than in Denmark, as the dimension's results indicate.

According to Hofstede’s theory, Denmark is more individualistic than Finland. However, other studies have shown Finns to have some clearly individualistic features. The empirical data of this study also indicates that Finns prefer not to distribute tasks and that they are in general less dedicated to interaction with their colleagues than Danes. Finns don’t feel the necessity to have as much intercommunication and negotiation with their business partners. There even exists a proverb in Finland that strongly stresses individuality: “*If you want something to be done, do it for yourself.*”

Then again, if we look back to the times of the Winter War, we can see that Finns were acting extremely collectively in front of the superior power of the Soviet Union. This tough situation demanded solid teamwork and created a high consensus among Finns, who had a common objective, keeping Finland independent. Yet today there is a common proverb in Finland that has remained from those days: “Never leave your mate behind.” This phrase has its roots in combat situations where Finnish soldiers would never have left their wounded friends on the battlefield, even when facing a serious threat to one's own life. The independency was not only achieved by sisu. High team-spirit and taking care of others are said to be among the most important reasons why Finland managed to stay free and independent in a situation that seemed desperate.

Empirical data shows that Danes are very comfortable when working in teams and that they generally appreciate active participation, solidarity and the possibility to influence. On the other hand, the individualistic side of Danish culture is reflected in Danish politics as much as in business – there are more than a dozen political parties in the Danish parliament. Similarly, Danish business is made up of a multitude of smaller companies.\(^{83}\)

\(^{83}\) Udenrigsministeriet, Royal Danish Ministry of Foreign Affairs, 2003
The empirical data indicates that Danes seem to have an ability to combine individualism with a focus on the common good. This can also be seen in the so-called “Law of Jante” that signifies that Danes consider the community to be just as important as the individual. The Law of Jante is not a law in the legal sense, but an unwritten codex of behavior. To put it briefly, it says “Do not think you are more than others.”

5.4 The “moment” of culture

In his article From “onion to “ocean”, Fang talks about the importance of understanding the “moment of culture”. By this Fang means that values and behaviors within the one culture are dependent on situation.

Fang uses the Finnish sauna as an example of this. Finns might be seen as rough characters who don’t show too much interest vis-à-vis personal relationships with their business partners, but when they take their business partners to sauna it’s all different. The reserved Finns become emancipated characters who don’t hesitate to undress themselves in front of the business partners who they hardly had eye contact with earlier in the negotiation table. There is a common phrase in Finland saying “First work, then pleasure”. This phrase gives a hint of the other side of Finns, the ability to relax, enjoy and break away – but the moment has to be right. Sauna bathing could be seen as a Finnish counterpart for hygge.

Sauna - from birth-giving place to negotiation venue: We would like to explain the concept of sauna and its meaning for Finns in more detail, since it is one of Finland's best-known “exports” and national concepts. The sauna tradition, carried on continuously for about two thousand years, is deeply rooted in the nation's way of life. As late as the early 19th century women usually gave birth in the sauna. For example, the long-time Finnish president Urho Kekkonen was born in a sauna. Sauna was also the place where performing magic and folk healers practiced their art. Even the dead were prepared for their last journey in sauna. The sauna was part of Finnish people’s lives literally from cradle to grave.

For Finns going to sauna is something very natural. Although foreigners might see sauna as a sexual place, for Finns it is not that at all. For a Finn the sauna is sacrosanct. In the old days, children were taught to behave in the sauna as if in a church. Sexuality, noisiness and other

84 Sandemose A. A Fugitive Crosses his Tracks, 1936
85 Fang, T. 2006
86 Suomen Saunaseura Ry, Finnish Sauna Culture - Not Just a Cliché, 2006
indecent behavior never had a place in the sauna. It is easy to understand why Finns feel so natural about bathing in sauna, for it has been a part of the Finnish identity for centuries.

In Finland it is customary for a business meeting to progress from formal to informal, often leading to a sauna session. Even a popular TV show in Finland is set in sauna. Cabinet ministers and members of Parliament have featured as guests in the show – usually towel-clad. Even the Finns serving in the UN Peace Corps have attracted attention by building a sauna at every base they end up at.

“Kesämökki”: If values and behaviors within a culture are dependent on situation, surely the meaning of “situations” is dependent on culture. The way Finns spend their free time strongly reflects individualistic features of the Finnish culture: “Kesämökki”, meaning summer cottage, is something most Finns have, whether they live in a downtown flat or a house of their own on the outskirts of a small town. Kesämökki for Finns is the place to escape the company of other people and everyday life. One of the respondents in our empirical study pointed out that for Danes going to summer cottage is more about enjoying the company of others, socializing and being “hyggelige”. This example shows how different the meaning of the same thing can be for the people from separate cultures. The difference of summer cottage clearly stresses the individualistic features of Finns versus the collectivistic features of Danes.

5.5 National cultures in the era of globalization

Fang address that globalization has changed the ways different national cultures are seen today. Cultures are not perceived of as separate units that can be measured by different dimensions. Modern technology and FDI are connecting people from all around the world and this contributes to cultural transparency, elasticity and mobility.87

Our empirical data pointed out that one of the biggest challenges that Finnish companies face in Denmark is high competitiveness in the market, reflected in a high marketing spirit and tough price competition. The data also stresses the importance of networking, creating connections when operating in Denmark.

According to the empirical data, Finns’ tendency to be fixed in the thought that high quality products will be bought without extensive marketing efforts can be an obstacle to success in

87 Fang, T. 2006
Denmark. Finns themselves seem to be aware of this weakness as well, at least according to this phrase sometimes heard in Finland: "Let us manufacture the goods but let's ask Swedes to market them”. Danes’ high marketing spirit could be linked to a positive and enthusiastic attitude towards new ideas and products as well as their smooth communication skills. The data also show that one of the weaknesses that Finnish companies have when operating subsidiaries in Denmark is a certain isolation from the “gang”, reluctance or ignorance towards actively searching cooperation partners.

In addition to Danes’ marketing spirit the empirical data also highlights their eagerness to participate, to influence and to express opinions freely in business life. For Finns it seems to be more difficult to adapt into continuously changing social situations which in Denmark are seen as an essential part of life and business life. These differences could partly be explained by the countries’ location. Denmark has been strongly influenced by the rest of Europe. For foreign companies wanting to enter the Scandinavian and Baltic markets, it is a natural gateway. FDI flows to Denmark have steadily increased and Denmark has been ranked as the best place to invest and do business in. 

Finland, by contrast, is situated on the far edge of Europe, between east and west, and has not been that liable for foreign influences.

It could be assumed that because Denmark has been more exposed to the influence of globalization and foreign direct investment than Finland, it has been a necessity for businesspeople in Denmark to assume a more open and unbiased attitude and to actively participate in and create networks. The Danish tendency to participate can also be seen in the country’s active devotion to international affairs. Dynamic interactions have molded the Danish business style into one that meets the requirements of accelerating globalization. As our data indicate, Finnish companies’ approach to Danish markets is often very straightforward; creating connections is left in the background. The data also indicate that some kind of “backward” mentality still exists in the Finnish management and business style, particularly compared to that of Denmark. But surely this will change as the globalization increasingly moves influences across national boarders.

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88 Economist Intelligence Unit, Economist Intelligence Unit ranks Denmark as best place to do business, 2005
6 Conclusion

The purpose of this thesis is to find out what kind of difficulties and cross-cultural challenges Finnish companies with operations in Denmark face. Furthermore, the purpose is to identify differences between Finnish and Danish business and management styles and to investigate the cultural factors that might cause these differences. In this chapter, the research questions introduced earlier in chapter 1.3 will be answered by summarizing the main findings from the empirical data of this study.

According to the empirical data of this study the difficulties are related to the competitiveness of Danish markets: hard price competition, high quality and fast changing consumer preferences. The biggest challenges can be observed in the Finnish business style that is noticeably straightforward and determinant compared to the Danish business style. The empirical data indicates that there seem to be some degree of disinterest or incompetence within Finnish companies to actively create contacts and to be a part of the “network”, something that in Denmark today is seen as a one of the key factors for success.

Previous studies about Nordic or Scandinavian business and management styles have indicated that the business style in Finland is much more formal than in Denmark. This is also what the data of this study indicate. The Danish business style appreciates more communication and interaction between parties, qualities which in Finland are seen to reduce professionalism in business. Throughout the analysis chapter, we introduced distinct aspects of Finnish and Danish business styles that emerged from the empirical data. The sharpest contrasts can be summarized in the Formalization–Participation dimension. The data strongly demonstrate that the biggest differences and challenges in Finnish–Danish collaboration are expected to be in this axis.

In the analysis chapter we explained the concepts of sisu and hygge and how they influence business styles in the respective countries. The influence of these concepts is apparent in the Finnish and Danish ways of doing business. Although our empirical data, as well as previously published studies, indicate that some culture specific features are clearly visible in the Finnish and Danish ways of doing business, we should also remember that when the empirical data is based only on a few interviews, major generalizations based on them cannot
be made. After all, people are individuals whose values, feelings and patterns of behavior change from one person to the other. Keeping that in mind, we could ask how much the results of this study reflect the influence of national cultures and how much are they merely descriptions of the “way of working” of certain individuals. As the world is changing and national boundaries are decreasing in importance, adaptation to the global business environment is needed from business people. New ways of working are created in continuous interaction between nations.

6.1 Suggestions for further research

During the process of writing this thesis, we came up with the idea that we think would be interesting for further research. In the analysis chapter we used some proverbs that are commonly used in Finland. We found that these well describe some of the Finnish national features that also appeared to have an affect on Finnish business style. We think it would be interesting to further investigate proverbs in different countries and moreover how they reflect the behaviour and values inside the national cultures.

6.2 Comments and criticism of thesis

In this chapter we will discuss the research procedure and give some comments and critics about it. During the process of writing this thesis we experienced some obstacles and difficulties that slowed down our advancement, but on the other hand they also taught us the importance of systematic and careful planning.

Because of our nationality we have more previous knowledge about Finland than Denmark and because of that it was easier for us to go deeper into Finnish history, values and feelings in the analysis part of this thesis. The more profound knowledge about Danish culture and how it has been shaped from history to date would have given even more value and depth to our thesis. In the beginning our purpose was to collect the empirical data by using e-mail questionnaire, which we soon found to be impossible. We changed our approach, and conducted the rest of the interviews by telephone. This greatly improved the value of the data received giving us a possibility to achieve more extensive and thorough answers.
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Appendix

Cover Letter for questionnaire

**Letter Head:** Survey about differences between Finnish and Danish business and management styles

**Respondent:**

**The Survey** We are two Finnish Master students from the Stockholm University School of Business. We are currently writing our master thesis about Cross-Cultural Management in cooperation with Finpro Northern Europe.

**The Purpose** The purpose of this study is to find out what kind of difficulties and cross-cultural challenges that Finnish or Nordic companies with operations in Denmark face. Furthermore the purpose is to identify differences between Finnish and Danish business and management styles and to investigate the cultural factors that might cause these differences.

**Why you were Selected** We got your contact information from Finpro Northern Europe and we are approaching you because we would like you to participate in our survey.

**Confidentiality** If you would like your answers to remain completely confidential, we promise to honor that. We appreciate you taking time to respond to our questionnaire. If you would rather not to participate in the survey, please kindly let us know.

**Questions?** If you have any questions about the survey, then please contact us on:

**Jukka Honkanen** 0046762560816, jukka.honkanen@pp.nic.fi
**Liisa Weckman** 0046762560216, weckmanliisa@hotmail.com

Thank you for helping in our research!

Yours sincerely,

Jukka Honkanen
Liisa Weckman
# Questionnaire

**Details**

**Authors:** Jukka Honkanen & Liisa Weckman

**Place:** Master Thesis, Stockholm University, School of Business

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**Thesis Topic:**

**Purpose:** Our aim in this thesis is to find out what kind of difficulties and cross-cultural challenges that Finnish companies with operations in Denmark face. Furthermore the purpose is to identify differences between Finnish and Danish business and management styles and to investigate cultural factors that might cause these differences.

In our research work we are going to cast questions as following in order to achieve the purpose of the thesis:

- What kind of difficulties and challenges that Finnish companies face when operating their subsidiaries in Denmark?
- What are the main differences in Finnish and Danish way of doing business?
- How could these differences be explained by culture related factors?

## Questions

1. **General Details:**  
   **Company overview:**  
   Name,  
   Branch,  
   Background briefly (Why established subsidiary in Denmark?)
   
   **Personal overview:**  
   Name,  
   Employment role,
Background.

2. External Factors:  *Corporate culture:*

1. Please describe briefly your corporate culture as a whole and your local company culture.
2. What kind of differences can you find if any, when you compare these two?
3. How does this affect the way you do business in Denmark?

*National culture:*

1. In your opinion, how does the Danish management style differ from that of Finnish - the main differences?
2. What aspects of the Danish culture affect on your company’s operations and management with regards to the Finnish parent company? What kind of problems / challenges occur and why?

*Market environment:*

1. What are the main difficulties that starting company will face in Danish market and what should they consider before entering market?
2. Are there any obstacles and difficulties to reinforce market situation and develop operations?
3. Are there any country specific laws and regulations that affect your company’s operations?

3. Internal Factors:  *Corporate structure and values:*

1. How would you describe the corporate structure? - Flat or more hierarchical? What about in your company?
2. Are there differences between parent company’s values and yours? If there are, how do they occur?

**Management style:**

1. What is the role and position of the manager and employee and are they clearly defined at your workplace?
2. How would you describe yourself as a decision-maker?
3. Explain your philosophy on how you handle conflicts.
4. Explain your philosophy on how you delegate tasks and responsibilities among your staff members.

**Negotiations:**

1. When you consider negotiation styles, what kind of differences there occur between Finnish and Danish style? How do these differences affect on business life?
2. How would you describe yourself as a negotiator?

**Personnel policies:**

1. Does your parent company define general personnel policies or have you customized local policies to fit together?
2. How are individual goals, personnel appraisal and feedback dealt in your company?
3. Is working more individualistic orientated or is team working more appreciated?
4. How are titles used in within the company and is this consistent with the parent company?
5. Can you come up with any personnel policies that are different with your parent company and may cause conflicts? Cultural related?