Comparing Business Cultures between Sweden and Italy

Abstracts

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It is important to first point out that there is not, in the published literature, a systematic and complete comparison between these two cultures, neither from a national nor from a business perspective. The only available literature usually just points out the principal features of the way of doing business in the two countries, always in a rather anecdotic way, or in the form of simple practical manuals for the businessmen who intend to approach these two markets. Also, after having reviewed over 30 books containing pieces of information about either the Italian or the Swedish culture, it would still not be possible to either extrapolate an exhaustive and useful enough comparison between the two cultures, or make a structured comparison between the two cultures. This paper’s approach intends to be, if possible, a little more formal, scientific and “quantitative”, and vice versa less anecdotic, fragmented and based on mere stereotypes. In this regard, after having summarised the main features of the two national cultures which most commonly emerge from the reviewed literature (see Table 4), it is now appropriate to try and give a more precise assessment and measurement of the main cultural differences and similarities between Italy and Sweden. In this respect, and as already justified, it is more appropriate to base our critical comparison on the results of the two large-scale surveys carried out by Hofstede and Trompenaars, since they are the only two researchers who have attempted to provide an extensive and more scientifically structured comparison of the two cultures. That is also in consideration of the fact that the majority of the more academic, didactical books and published sources available constantly refer to the work of these two authors, anyway.
**Most Common Features**

<table>
<thead>
<tr>
<th>FEATURE</th>
<th>SWEDEN</th>
<th>ITALY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Qualities</strong></td>
<td>Punctuality, Honesty, Efficiency, Informality, Civic sense, Modesty</td>
<td>Friendliness, Aesthetical sense, Intuitiveness, Inventiveness, Solarity, Practical sense</td>
</tr>
<tr>
<td><strong>Behaviours / Attitudes</strong></td>
<td>Conflict avoidance, Silent, Need for independence, Reserved, Consensus-minded, Firm eye contact, Low context culture, perfectionist</td>
<td>Talkative, Intensive eye contact, High contact (physical), High context culture, Emotionally expressive, Concerned about “Bella figura” (“good impression”), Sense of drama, Hierarchical</td>
</tr>
<tr>
<td><strong>Defects</strong> (Ethero-stereotypes)</td>
<td>“Stiff”, Predictable, Boring, Unsocial, Slow decision makers, Afraid of confrontations, Expect state to provide Overcautious</td>
<td>Noisy, Unreliable, Corrupted, Lazy, Disorganized, Complacent</td>
</tr>
</tbody>
</table>

*Source: various*

(...)

**The Swedish and the Italian cultures according to Hofstede’s results**

Taking as reference Hofstede’s values for each of its four original parameters, it is possible to calculate the overall “distance” between Italy and the other national cultures.
This measure is based on a mathematical formula proposed by Kogut and Singh:

\[
CD_J = \sqrt{\sum_{i=1}^{4} (I_{ij} - I_{iI})^2}
\]

Where:

- \( CD_J \): is the cultural difference for the \( J^{th} \) country
- \( I_{ij} \): Hofstede’s Index: \( i^{th} \) Cultural dimension and \( J^{th} \) country
- \( I_{iI} \): indicates Italy

The national cultural distance is this way estimated by summarizing the 4 independent variables of the author (LTO is not available for Italy).

(…)

It is extremely interesting to realise how the results provided by this formula for each country (see table 5) reveal that Italy and Sweden are the two most “opposite” cultures amongst an empirical sample, which includes all European countries and the US (just the main ones are reported):
- TABLE 5 Distance to Italy:

<table>
<thead>
<tr>
<th>Country</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWEDEN</td>
<td>82,02</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>61,48</td>
</tr>
<tr>
<td>FINLAND</td>
<td>51,48</td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>45,48</td>
</tr>
<tr>
<td>UK</td>
<td>44,83</td>
</tr>
<tr>
<td>SPAIN</td>
<td>39,74</td>
</tr>
<tr>
<td>USA</td>
<td>35,07</td>
</tr>
<tr>
<td>FRANCE</td>
<td>34,63</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>29,03</td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>24,68</td>
</tr>
<tr>
<td>GERMANY</td>
<td>20,54</td>
</tr>
</tbody>
</table>

It was rather unexpected that, according to Hofstede’s results, the Italian culture is by far closer to the German and the American cultures than to the Spanish and French ones, and how huge the distance from the Swedish national culture is.
The absolute diversity between the Italian and the Swedish culture is confirmed by Hofstede (1991) also through another cultural categorization he proposed. If the analysis is limited to just the two dimensions: Uncertainty Avoidance and Power Distance, Sweden is then placed in the first of the four main Hofstede’s Categories (defined as the “Village Market” category), which is the most distant from the “Pyramid of People” category, in which Italy is included.

The “Village Market” category covers eleven countries, characterized by small power distance (flat hierarchies in the organisations) and weak Uncertainty Avoidance. They are also defined as the “pragmatic” countries: very Individualistic and Universalistic, often relying on ad-hoc solutions to solve problems and in which its “members” can easily adapt to a situation as it evolves, are flexible, practical and deeply realistic.

It is also interesting to underline how, according to Trompenaars’ Survey findings, Sweden and Italy result to be more culturally akin. As will be analysed later, these two cultures differ sensibly just in three out of the seven dimensions defined by Trompenaars, but show similarities in the following four parameters: Diffuse vs Specific, Achieved/ascribed Status, Inner/Outer directed and also Equality vs hierarchy.
Critical analysis of Hofstede’s research findings for each dimension

The values obtained by Hofstede’s VSM Survey for each of the four parameters (LTO is not available for Italy) are reported in the Appendix 3, where they are also confronted with values corresponding to similar and comparable dimensions, obtained from other relevant surveys and researches (mainly Trompenaars-Hampden Turner).

Sweden: The low “Power distance” country

According to Hofstede’s survey, only Austria in the whole of Europe proves to have a more egalitarian culture than Sweden (at the same level are the other Nordic Cultures, together with Australia, New Zealand and the USA).

Almost all of the world’s other 5,500 cultures interact in business in a more hierarchical, formal way than the Swedes do. Also, according to the studies of Brewster and Larsen (2000), Sweden is the country with the most democratic approach to organisations, and this result is supported in the research findings of André Laurent that Swedish managers were far less inhibited than their European counterparts about by-passing the hierarchical line. Managers in Sweden pay in fact very little attention to formal or hierarchical structures. Communication patterns are much more open and informal. The power distance dimension is also strictly linked to the attitude towards spreading
communication within an organisation and among any levels of it. Given the Swedish view of communication as instrumental, rather than socio-political, there is a greater willingness to share information with anyone who has an interest in it. Nearly all managers receive information about strategy and there are statutory requirements that strongly support the practice of keeping employees informed. Because of that, Sweden ranks highest in EU, according to a 1999 survey, when it comes to communicating information to employees at any level (Brewster and Larsen, 2000). This characteristic informality used by the Swedes to communicate with one another, along with the simplicity of business protocol and the flat structure of their organisations, is certainly a result of their strong belief in equality. Sweden has historically been amongst the most equally-minded countries for a long time. As far back as the pre-Christian era, for instance, Swedes already showed a low level of regard for rank, status and hierarchies. The Viking boat crews directly elected their captains, and already before the first century, they had established the world’s first democratic legislative assembly when they colonised Iceland. Slavery was abolished in 1355, about 500 years before Britain and America, and even feudalism never appeared in its whole history.

**Italy: The high “Power distance” country**

The opposite high grade of Power distance in Italian firms can be explained by the fact that the most widespread organisations in Italy are the small-to-medium-sized family firms (more than 85% of the total). Consequently, the traditional attitude to status and hierarchies, and the leadership model, derive from the family: the boss (usually the
owner of the firm) is still often an autocratic father figure and, in general, business relationships are based on mutual dependence and sense of mutual obligation, which are most easily satisfied by the members of the extended family. Authority then derives ultimately from the owners of the company and from the chairman (or the managing director) who represents them. It is rarely transmitted systematically through the organisation, but is usually informally delegated by the top managers just to individuals who can be trusted. The consequence is that Authority is still often attributed by employees to those whom they know and who have the personal confidence of the owner or of the senior manager. Decision-making is so centred on one man, usually the founder/owner of the firm, who refuses to delegate responsibility for fear of losing control over performance or results that executives often act as “assistants to” rather than decision-makers in their own right.

Regarding communication within a company, in larger Italian companies a conventional hierarchy, in the sense of clear reporting lines from superior to subordinate, is only to be found at the lower levels of the organisation. At middle-to-upper levels the true hierarchies are based on personal alliances among people in different parts of the organisation, who trust and rely on one another to get things done, and information on strategy is usually not much spread downwards.
Individualism in Sweden and Italy

At first glance, it may be surprising to see Sweden ranking so high in Individualism, and especially since the definition provided by Hofstede refers to "...(individualist is)...a person expected to look after himself or herself and his or her immediate family only"., since Swedish society is on the contrary well know for its Welfare state and mutual assistance systems, and the family ties are amongst the loosest in Europe. Like the USA (ranking as high as Sweden in this dimension, also according to Trompenaars), Sweden is a largely Protestant-influenced country, high in Universalism, Analysis, and Individualism, with codified approaches to morality as voluntary agreements. But Swedish Individualism has a very different nature compared to both the American and the Italian one. Swedes are mostly Lutheran, although their culture is highly secularised today, with two-thirds of them “never” going to Church and another 29 per cent only “occasionally”. Individualism in Sweden means that its inhabitants are not born into a world of familiar obligation to parents and elders, and basically regard themselves as born free, early encouraged by their parents into independence and then choosing whom to benefit through their work, and when and how to do this.

Since the first human settlements in this cold and inhospitable land, the Swedes have been obliged to co-operate for mutual survival. All countryside communities, from the earliest times, used to pay the salary of the local priest and the schoolmaster. Nowadays, Swedish corporations still perceive themselves as supporting the
surrounding society, and obliged to take great care of their employees’ welfare. The Swedes begin with the individual, his or her integrity, uniqueness, freedom, values and needs, yet believe that the fulfilment and destiny of the individual lies in developing and sustaining others by way of his or her own work and effort.

Interesting in this regard are the answers given by the Swedish managers to the Trompenaars dilemmas which aimed to assess their grade of Individualism: Swedes “are leading” the managers of all European countries surveyed in refraining from dismissing an employee with fifteen years of satisfactory service who is no longer performing well. Asked then whether individuals should be fitted into the tasks and jobs required by the organisation, or whether the organization should go to the trouble of redesigning a job to better fit the individual, only Swedish and Canadian managers opted for the latter alternative.

Individualism in Italy has more to do with the traditional “absence” of the State, which has historically compelled its inhabitants to rely only on their own efforts and to protect and trust only their parental nucleus.

Some authors have justified Hofstede’s high Individualism in Italy with the fact that his results are based on the IBM location in the hectic northern metropolitan area of Milan. This assumption, already difficult to accept in theory, will be contradicted by the fieldwork in part 3, that will compare the North and the south of Italy and in which the south turns out to be even more individualistic.
Masculinity in Sweden and in Italy

No other researchers have provided results on indexes comparable to Hofstede’s Masculinity.

Swedes are famous in the world of international management for the “soft”, “feminine”, and mild aspects of their managerial style. They also rely far less than Americans on formal assessment and evaluation instruments, far more on good relationships and achievement of “consensus” within the group, and an almost silent (to outsiders) agreement that a mutually satisfactory decision has been achieved: somewhere between the opinions expressed lies an optimal position. Besides, Swedish managers are much more likely than those of most other nations to seek promotion because it brings them into contact with a new and interesting group, rather than because of private benefits such as income, social status, power, and sense of responsibility. Also sexual equality, another element of the “masculinity” index, is a strong aspect of the Swedish society. Since the Viking era, women took fully responsibility for managing the family farm (while men were out at sea). Even then, women were able to own and inherit property and were free to divorce their husbands. The result is that nowadays in Swedish companies there is a high percentage of well-educated, self-confident women, making decisions as managers and executives (and one of highest percentage of female employment: 47 % of Swedish women work).
Italy has, on the contrary, a more sexist and “macho” culture, in which the roles between men and women are much more distinct, especially in the South, as will be extensively analysed later in this dissertation.

**Uncertainty avoidance and Long-term Orientation**

Also, the differences in value for these dimensions will be extensively displayed and commented later in this dissertation, when the difference between the North and the South of Italy will also be assessed. Regarding more specifically Long term orientation (which is a parameter added by Hofstede only some decades after his first survey) there are still no values available for Italy allowing a comparison with the Swedish index values. Some conclusions about this comparison will be made in the last part of this dissertation, when it will be possible to comment on the results of this parameter, as they will emerge from the field research in Part 3.

The most important attempts to measure the perception of time are the ones made by E.T. Hall and Trompenaars, even though a really precise way of measuring and quantifying this complex dimension has not yet been identified by any author. Trompenaars indicates a parameter: “Time Sequential vs Time as Synchronous: Long term vs Short term horizon” which is conceived to measure individuals’ perspective of time for each culture. The respondents were requested to draw on a sheet of paper three circles, representing past, present and future.
This technique is known as the “Projective Test”, and was originally devised by Tom Cottle (1968): “Sequential Thinkers” are the ones who conceive past, present and future as a straight line, while “Synchronous Thinkers” perceive past, present and future as interrelated. When asked to illustrate through circles the position and significance of Past, Present and Future in their time horizon, the results were similar for both Italians and Swedes:

**ITALY:**

![Venn Diagram](image1)

**SWEDEN:**

![Venn Diagram](image2)

As can be seen, the overlap between time zones (circles) is not so marked, revealing a low degree of synchronicity for both of them: time is perceived as a series of passing events, with time stretched out. It also implies that the Swedes have a slightly longer-term perception of both their past and their future (longer time horizon from present, in both directions), compared to the Italians.
This overlapping is more evident for the Italians: that is why E.T. Hall defined them as “Polychronic”, since they tend to run many activities in parallel better tolerate many things occurring simultaneously and emphasize involvement with people. For instance, Italians, more than the Swedes, will put an important conversation ahead of being on time for a business meeting.

According to Trompenaars (1994), this long Swedish time horizon is explained by their long winters: there are only few months in which a Swede has to plan for the whole year. That consideration, however, makes it difficult to justify in the same way the longest time horizons showed by respondents from Portugal and Hong-Kong. This different perception of time has of course direct and important consequences also in business and management: from planning, scheduling and budgeting routines, to companies’ structures, incentive systems, and so on. Always according to the European Management Forum (1989 Survey), Sweden is leading in Europe (and is second in the world to Japan only) with regard to the extent to which firms take a long-term view. Italy ranks just 21st out of 31 countries.