The Role of National Versus Organizational Culture in Multinational Organizations
A Comparative Case Study of Handelsbanken Sweden and Handelsbanken UK

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Abstract

One of globalization’s immediate consequences is the increased popularity among firms to internationalize. When internationalizing, firms ought to bear in mind both the opportunities and challenges that come with it. One of the inevitable challenges related to internationalization is the translation of a foreign organizational culture in a new context.

Handelsbanken’s culture is strong throughout the organization, which is why it was found a suitable subject for a comprehensive case study. Investigating cultural differences between Sweden and the UK is interesting as these two countries are according to previous research by Hofstede et al. (2010) supposed to be quite similar to each other in terms of cultural values. Hence, the aim of this study was to identify and highlight the similarities and differences between Sweden and the UK, as well as look at national culture’s influence on organizational culture.

The findings of the study show that in the midst of the translation process of an organizational culture, the cross-cultural differences in national culture influence and shape the organizational culture. Cultural awareness is the key to avoiding cultural clash and facilitating effective communication between colleagues from different cultural backgrounds.

**Keywords:** National culture; Organizational culture; Cultural differences; Globalization; Handelsbanken
# Table of Contents

1. Introduction .................................................................................................................. 1  
   1.1. Problem Formulation ............................................................................................ 3  

2. Conceptual Framework ................................................................................................... 4  
   2.1. Globalization and Localization ............................................................................. 5  
   2.2. Culture ................................................................................................................... 5  
      2.2.1. Cultural Differences ....................................................................................... 11  
   2.3. Impact of Cultural Differences on Multinational Organizations ......................... 12  
      2.3.1. Successful Multicultural Operation ................................................................. 14  
   2.4. Hofstede’s Cultural Dimensions ............................................................................. 16  
      2.4.1. Power Distance ............................................................................................... 17  
      2.4.2. Individualism versus Collectivism .................................................................... 18  
      2.4.3. Masculinity versus Femininity ......................................................................... 18  
      2.4.4. Uncertainty Avoidance .................................................................................... 19  
      2.4.5. Long Term Orientation versus Short Term Orientation .................................... 19  
      2.4.6. Indulgence versus Restraint ............................................................................. 20  
   2.5. Conclusion ............................................................................................................. 20  

3. Method ............................................................................................................................ 21  
   3.1. Research Design ..................................................................................................... 21  
      3.1.1. Case Study ....................................................................................................... 21  
      3.1.2. Sample Section ................................................................................................. 22  
   3.2. Research Procedure ................................................................................................. 23  
      3.2.1. Data collection ................................................................................................. 23  
      3.2.2. Operationalization ............................................................................................ 24  
      3.2.3. Data Analysis ................................................................................................. 25  
      3.2.4. Ethical Considerations ..................................................................................... 26  
      3.2.5. Research Limitations ...................................................................................... 26  

4. Findings .......................................................................................................................... 27  
   4.1. Handelsbanken ........................................................................................................ 27  
   4.2. Differences Between Swedish and British Cultures and Their Impact on the Business Practice .................................................................................................................. 30  
      4.2.1. Power Distance ............................................................................................... 30  
      4.2.2. Individualism versus Collectivism ................................................................. 32  
      4.2.3. Masculinity versus Femininity ....................................................................... 34  
      4.2.4. Uncertainty Avoidance .................................................................................. 37
4.2.5. Long Term Orientation (Pragmatic) versus Short Term Orientation (Normative) ....39
4.2.6. Indulgence versus Restraint ........................................................................40

5. Concluding Discussion..........................................................................................40
  5.1. Academic Contributions and Managerial Implications...................................42
  5.2. Limitations and Future Research.......................................................................43

6. References ............................................................................................................44

Appendix A ..................................................................................................................50
1. Introduction

In the contemporary society characterized by globalization and decreased trade barriers worldwide, a growing number of companies expand outside the borders of their local markets striving to reach a broader customer base and increase revenues (Forsgren 2013). According to Ali (2015), globalization poses both advantages and barriers to companies that need to tackle the challenges they face in order to perform well and meet set targets. One of the challenges related to globalization is the prevailing cultural differences between countries and nationalities that firms inevitably encounter when operating in multiple countries. This issue is becoming increasingly relevant as firms need to figure out how to address the differences so as to build an organizational culture that does not cause a clash between national cultures and thus accomplish harmony among foreign colleagues – people working within the same organization but in different countries. We see cultural issues as being a highly relevant topic, not only in a business context, but also in regards to social and political terms. Just as an illustration, one of the first acts of the current President of the United States of America was to ban citizens of several nations from entering the country, solely based on their cultural backgrounds (Diamond 2017). Although this political example is another issue to be addressed, it still highlights the importance and relevancy of the topic of culture, and the role of cultural barriers in today's global society.

According to international business theory, multinational organizations prefer to avoid cultural clash and thus expand into such countries that are similar to the domestic market and have few differences in culture (Ali 2015). Johanson and Vahlne (1977) based their Uppsala model of internationalization on the assumption that firms internationalize gradually starting with geographically or culturally close countries, moving further away while continuously learning in the process. What is essential here, is the importance of gaining cultural experience and knowledge which is then exploited when further expanding the business in more distant territories. Nonetheless, there seems to be no sufficient evidence on the adverse effects that expansion into territories that are very different in terms of culture have on company performance. Pothukuchi et al. (2002) have in fact identified positive performance implications deriving from it. When a company enters a foreign market, it takes its organizational culture with it into a new context. According to Swahn (2002), what becomes important here is that in order for the transfer of these cultural ideas and values to be successful, a cultural clash too paralyzing should not be caused. This requires that both parties – the carrier and receiver – take cultural nuances and differences into consideration in every aspect of the process, including intraorganizational
interaction and building of solid relationships. In her study, she concluded that cultural awareness is key to a successful multicultural operation. Businesses operating in multiple countries ought to be familiar with the diverse national cultures and respect them in order to facilitate international collaboration within the organization.

Researchers across several fields have put great effort into understanding the underlying mechanisms of culture (e.g. Deal & Kennedy 1982; Hofstede 1980; Adler 2008; Spencer-Oatey 2008; Hofstede, Hofstede & Minkov 2010). Although culture is a very broad concept that can be studied in a diverse set of contexts, it is widely understood as a complex and elaborate social system that defines the way of life for a group or society (Pascale 1985; Adler 2008; McSweeney 2009). In order to explain why certain groups behave as they do and how the behavior of one group differs from another, both researchers and practitioners have strived to identify the underlying set of values and shared understandings among members of a group.

The concept of culture has multiple definitions. One of the most commonly adopted definitions is by Hofstede (1980), which sees culture as a distinguishing factor between groups or categories of people. Culture tends to be a latent construct that manifests itself through customs, attitudes, status symbols, and other means (Metters et al. 2010). According to Hofstede (1997), when looking at culture in the context of business, it is important to distinguish between the concepts of national culture and organizational culture. Hofstede’s six cultural dimensions – power distance, individualism, masculinity, uncertainty avoidance, long term orientation, and indulgence – and how members of a society relate to each dimension form the basis of the national culture of a country (Hofstede et al. 2010). National culture encompasses the language, religion, norms, values, and behavior prevailing among the population of a sovereign nation. Organizational culture on the other hand is concerned with the shared system of values, norms, and traditions that contribute to the unique physical and social environment of a company (Hofstede 1997). It defines the rationale behind the particular way things are done in an organization (Deal & Kennedy 1982).
1.1. Problem Formulation

When a company expands internationally and enters a new foreign market, the organizational culture of the company is brought into a new setting. How this culture succeeds in its new context depends on the cultural match of the national cultures involved. In his study about cultural sensitivity, Alteren (2007) concludes that having an adaptive business model with an open-minded approach to doing business is crucial for successful operation in culturally different territories. As Ali (2015) argues, the unfamiliarity, inexperience, and ignorance regarding other cultures can lead to miscommunication and unnecessary conflicts. Hence, operating on an international or global level requires commitment from the management’s part; it is the management’s responsibility to get familiar with and understand existing cultural differences in order to develop strategies for successful transfer of values that are equally accepted in different cultures. Also, the management’s responsibility is to spread this knowledge down the organization so that all employees across countries are aware of what is valued by the organization and further align their behavior with the same values.

This thesis examines the role of national versus organizational culture in multinational organizations. The focus is laid on issues such as how national culture impacts the organizational culture, and how an organizational culture influenced by a certain national culture succeeds in a setting characterized by another national culture. In today’s global society, recognizing and dealing with cultural differences within multinational organizations is crucial in order to avoid intraorganizational misunderstanding and conflict. This leads us to the following research question:

What is the role of national versus organizational culture in multinational organizations?

By addressing this question, the study is naturally aiming to contribute to previous research on the topic and more importantly facilitate successful transfer of organizational values into a foreign setting, as well as support well-functioning collaboration between foreign colleagues. This is done by means of a comparative case study of Handelsbanken Sweden and Handelsbanken UK, and a careful examination of the intertwined roles of national and organizational culture within the multinational organization. Thus, emphasis is also given to the underlying reasons behind a possible cultural clash between Sweden and the United Kingdom (UK).
The empirical findings are complemented by existing theoretical knowledge. By using Hofstede's cultural dimensions and country ratings, as well as research from other authors as a framework for the study, a more comprehensive understanding of the national culture of both Sweden and the UK is gained and illustrated. The two countries are compared with each other in terms of Hofstede’s cultural dimensions of power distance, individualism, masculinity, uncertainty avoidance, long term orientation, and indulgence. These dimensions of culture are basic problems that different national societies have traditionally addressed in different ways (Hofstede et al. 2010).

The thesis is structured so as to help the reader walk through the existing theory and the empirical findings being made in the most convenient way possible. First, the concepts and terms essential for the study are introduced. These include the concepts of globalization and localization, culture and its central components. This is followed by a literature review of the differences in national cultures and the effects that these differences might have on multinational businesses. Thereafter, the research design together with the methodological choices and considerations are presented, followed by the case study and a description of the empirical findings. The final part of the thesis discusses the implications of the findings from an academic and managerial perspective taking the limitations and avenues for further research into consideration.

2. Conceptual Framework

This section of the thesis is to review the existing literature on the concepts that are relevant for the study so as to provide a framework for understanding the role of national culture versus organizational culture in multinational organizations. This framework is then used in the empirical section of the paper. We start by discussing the concepts of globalization and localization. Then the focus is shifted on culture and its distinctive components. This is followed by a discussion of national cultural differences and the implications they have on multinational organizations. Also, the concept of cultural awareness and its importance for successful multicultural operations is explained. Finally, Hofstede’s theory of cultural dimensions together with an illustration of how both Sweden and the UK score on these dimensions are presented.
2.1. Globalization and Localization

Waters (2001) defines globalization as “a social process in which the constraints of geography on economic, political, social and cultural arrangements recede, in which people become increasingly aware that they are receding and in which people act accordingly” (p. 3). He further considers globalization to be a direct consequence of the expansion of European culture across the planet via settlement, colonization and cultural arenas. For example, due to globalization many Western brands are today spread around Asia, Mexican food can be found all over Europe, and global trends influence local fashion.

According to Forsgren (2013), going international is a key element of the strategic vision of many contemporary businesses through the world. There are several reasons for international expansion; financial reasons, political reasons, or other firm-specific advantages such as a stronger brand, broader customer segment, and higher market share. These are all legit reasons for a national firm to become international. Thompson et al. (2015) argue that when firms go international, they need to bear local aspects in mind. Localization concerns businesses that operate in different locations and might need to adjust to the preferences of local customers and business partners as well as existing local trends in order to survive.

Globalization, localization, and the growing importance of international business have created a demand for managers and leaders experienced in global management and skilled at working with people from other countries (Adler 2008). The process of choosing how to internationalize, which country to enter and how to transfer the business model into a new setting is a complex one. What adds to the complexity is the diversity of cultures and the implications it has on organizational culture within multinational businesses. In the next section, we will go deeper into the topic.

2.2. Culture

Several attempts to come up with a clear definition of culture have been done throughout the years. In order to grasp the true essence of culture we need to further examine some specific definitions. One definition of culture is given by Spencer-Oatey (2008) who sees it as
“a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioral conventions that are shared by a group of people, and that influence (but do not determine) each member’s behavior and his/her interpretations of the ‘meaning’ of other people’s behavior” (p. 3).

Another important contribution to the culturist literature is given by Hofstede (1980) who is one of the most famous social psychologists of this century. He defines culture as

“the collective programming of the mind distinguishing the members of one group or category of people from others” (p. 21).

Furthermore, an important feature of culture is that it is not inherited but learned and obtained through others (Ali 2015). Nevertheless, culture is also “shared” in the sense that it exists in groups and societies. Beliefs of an individual can be classified as “ideas” but are not necessarily considered as part of the overall culture (Ali 2015), whereas a collection of ideas and beliefs, if similar in nature, become essential in forming a culture (Pascal 1985).

As Hofstede (1997) has acknowledged, the concept of culture is a broad topic, thus it is important to distinguish between subconcepts within it. One important division is to be made between national and organizational culture. National culture encompasses the language, religion, norms, values, and behavior prevailing among the population of a sovereign nation. It is not uncommon to refer to a national culture in the extent that individuals within a nation share a common language, although this is only one aspect of a bigger picture. In fact, individuals within a nation share common happenings such as national traditions and holidays, and common norms and laws surrounding for instance labor practices, such as hours worked per day and vacation given per year (Kwantes & Boglarsky 2007). These national cultural formalities are learned from an early age and prevail in the environment of the people (Gahan & Abeysekera 2009).

Organizational culture, on the other hand, means the shared system of values, beliefs, behavior, and rules that make up the course of the physical and social environment of a company (Sun 2008). Furthermore, according to Schein (1985), organizational culture can be defined as “a pattern of shared basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its
problems of external adaptation and internal integration — that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems” (p. 9). Organizational culture encompasses rules and clarifies what kind of behavior is perceived as right or wrong. The beliefs and assumptions are shared among the members of the company; hence, any action or behavior can easily be justified by the collective understanding of “the way we do things around here” (Deal & Kennedy 1982, p. 4).

According to Maull, Brown & Cliffe (2001), organizational culture is often seen as an important tool challenging other more traditional management tools for improving quality, increasing efficiency, and enabling change within an organization. Nevertheless, it is vital to identify and understand the current state of an organizational culture before being able to use it as a truly effective management tool. In order to do so, they identified four main perspectives of culture provided in the organizational literature. The first perspective considers organizational culture as a learned entity — the key feature being that culture is taught to new members as the right way to behave, thus being vital for organizational survival and growth. The next perspective defines organizational culture as a belief system, one that distinguishes fundamental guiding beliefs from everyday beliefs. Guiding beliefs rarely change as they are considered as fundamental knowledge and the universal truth. Daily beliefs, on the other hand, can be described as the rules and feelings about everyday behavior. Having a shared understanding, a kind of consensus, regarding these beliefs is important in order to align the behavior and beliefs of how to collaborate, act and behave within the specific organization. The third perspective sees culture as a strategy. Bate (1995), however, argues against distinguishing between the two terms: organizational culture and business strategy. He rather sees one being the other; culture is a strategic phenomenon, and strategy is a cultural phenomenon. Lastly, the fourth perspective brings together parts of the previous perspectives, and thus creates a view of culture as mental programming (Maull et al. 2001). As Hofstede (1997) puts it, organizational culture is the collective mental programming that distinguishes members of an organization from another.
In an attempt to develop a cultural typology of the relationship between organizational culture and national culture, Hofstede et al. (1990) developed his manifestation of organizational culture. Visioning culture as an onion (Figure 1.) he divided it into four layers: symbols, heroes, rituals, and values. The core of the onion, the inner and deepest level, is formed by values. They are connected to the nonspecific feelings of normal and abnormal, rational and irrational – feelings that are often subconscious and rarely discussable, and which determine what ought to be done. These inherent values derive from the principles characteristic to national culture. The values are related to national culture, and the three outer layers to organizational culture. The next layer represents rituals: the collective activities considered as socially essential within the organization. These might be concerned with the correct way of paying respect, or social engagement away from the office. Heroes are persons – present or past, real or imaginary – who possess highly valued and praised characteristics within the organization. Lastly, symbols are words, pictures, gestures, or objects that manifest a particular meaning within a culture.

According to Kattman (2014), the organizational culture sets the standard of commonly accepted values and beliefs, as well as expected behavior within an organization. It is important that every
member of the organization understands the role and meaning of these underlying values and implicit behavioral rules. All organizations have their own unique culture, which typically develops on a subconscious level based on the values of the founders or top management of the organization (Alvesson 2002; Sun 2008). Therefore, it can be argued that the values are adopted from an early age, stemming from the national culture in which these people grew up. However, organizational culture can be seen as a paradox, because it can create either an advantage or a disadvantage. A strong company culture can be a valuable source for effectiveness and good performance (Alvesson 2002). Alternatively, as Meyers (2016) argues, it may have a toxic influence on the company and its members, for instance making employees narrow-minded and ignorant toward other opinions than their own. One example of this paradox is the much talked-of company culture at Amazon, which some perceive as being too intense whereas others see it as compelling.

Organizational culture is often said to differ from national culture in the sense that it is not as deep and profound (Ali 2015). According to Adler (2008), cultural affection is significantly greater among managers from different cultural backgrounds working within the same multinational corporation than they are among managers working for organizations in their own native country. For instance, when working for multinational companies, Finns seemingly become more Finnish, Brits more British, Canadians more Canadian, and so on. The reason behind this phenomenon is not sufficiently understood, but it appears that employees may be resisting a company’s corporate culture if it is counter to the beliefs of their own national one.
Leung et al. (2005) have argued for a need to perceive culture as a “multi-level, multi-layer construct” (Figure 2.) in order to understand international business. By viewing culture as a multi-level construct, the authors mean that culture comprises several levels nested within each other: global culture, national cultures, organizational cultures, group cultures, and individual cultures. The nature of culture is dynamic – influenced by both top-down and bottom-up processes. So, global culture is created by global organizations and networks. The national level consists of organizations and networks in a nation with a common national culture. The organizational level consists of local organizations that naturally share some common values of their national culture, but have their unique organizational culture which is influenced by the specific industry, ownership, and values of the owners. Group cultures are created in sub-units and groups within each organization. These groups share the same national and organizational culture, but vary in terms of their unit culture which is influenced by their specific function, leaders, and the members’ backgrounds. Individuals create their culture through socializing and absorbing cultural values from higher levels of culture. Furthermore, individuals that belong to the same group share the same values, and through aggregation of these values create the group culture different from other groups; groups with similar values create the organizational culture; local organizations create the national culture; and finally, the global culture is created by multinational organizations who in order to facilitate synergy between different cultures develop common cultural
values and rules. By viewing culture as a *multi-layer* construct, the authors mean that culture incorporates the most external layer of observable artifacts and behaviors, the deeper layer of values, and the deepest layer of basic assumption which is subconscious and taken for granted. When cultural change occurs, it is first observed in the external layer, gradually moving further to the deeper layers.

2.2.1. *Cultural Differences*

According to much national culturalism literature, each country possesses its distinctive national culture that remains relatively coherent and constant over time. Yet, there has been an ongoing debate among researchers about whether national cultures are consistent or not (McSweeney 2009). Researchers, such as Tung (2008) and McSweeney (2009), point out that the literature often fails to recognize within-country variation and change in culture, instead having an erroneous assumption of cultural stability and homogeneity within nations. They argue that making unwarranted generalizations of within-country cultures prevents one from truly understanding the diversity that characterizes a national culture. Although we acknowledge that a within-country culture inevitably comes with some inconsistencies and diversity, we share the same stance on this matter as Hofstede (1980) according to whom national cultures are relatively uniform and have a systematic logic. He argues that the deeper layers of a national culture remain stable despite some superficial changes. This connects to the cultural imperative (i.e. cultural divergence) according to which values – the core of the onion – will despite globalization continue to diverge (Tung 2008). This is due to the stable nature of national cultures. The combating concept is the technological imperative (i.e. cultural convergence) according to which the economic growth of countries as well as intensified interaction among people worldwide that comes with globalization will diminish cultural differences and eventually lead to cultural convergence (Harbison & Myers 1959).

What Hofstede (1984) argues is that no unwarranted generalizations should be made between countries. This could mean for example assuming that there is a “Western” culture with its Western modern management methods, or a “Middle-Eastern” or “Asian” type of management. On the contrary, the culture-determined value systems differ from one country to another, and a thorough understanding of these differences among international managers is essential when management ideas are being transferred between countries. Management within a society is significantly constrained by its cultural context, because it is extremely hard to coordinate the actions of people without a thorough
understanding of their values, beliefs, and expressions. This implies that when a management practice is transferred from one culture to a seemingly similar one, problems might arise due to a failure of understanding the underlying differences in values, beliefs, and expressions. However, trying to understand a cultural system in which one has not been born and raised is complicated and can take years. What makes matters even more complicated is that people participate in a cultural system subconsciously and thus trying to explain it to outsiders is extremely difficult (Hofstede 1980). This also applies to a situation where an organizational culture established within a certain national culture is being transferred into a foreign setting. If the management fails to understand the underlying differences in values and norms, and a cultural clash too paralyzing is to be caused, it is highly unlikely that the organizational culture will thrive in its new environment (Swahn 2002). However, if the two national cultures are a good match, and the receiving counterparts are willing to adopt the driving values of the organization, a successful transfer of an organizational culture is to be happen (Adler 2008).

2.3. Impact of Cultural Differences on Multinational Organizations

When businesses operate across borders, they need to keep cultural considerations in mind (Swahn 2002). What this means in practice is that a multinational company ought to adjust its behavior to fit the culturally acceptable practices of the countries it is operating in (Barkema, Bell & Pennings 1996). In contrary to McSweeney (2009) who argues that national cultures are reshaped through international trade and exchange, we take the more conventional stance that a culture remains relatively stable over time, because not focusing on the possible cultural variations within a country allows us to give more research attention to the cultural differences that exist between nations. What Swahn (2002) notes however is that firms shape how they behave in other cultures in order to build mutually respectful and solid relationships between foreign business counterparts. This requires that the counterparts find a common ground by means of harmonizing their distinctive national cultures. These intraorganizational business relationships only shape the organizational behavior of the multinational firms while the underlying values of national cultures remain stable. Thus, we do agree with McSweeney (2009) on his statement that organizational actions are a result of diverse influences.
According to Swahn (2002), as soon as a firm enters a foreign market it encounters a national culture different from its domestic one. Differences in national culture influence the daily work practices and communication of the firm and may often cause communicational difficulties and other misunderstandings, yet their importance is often underestimated or ignored by multinational companies. Cross-cultural operations require collaboration between individuals with different set of attitudes, goals, and expectations of the behavior of their counterpart. Although the culture-specific customs, behaviors, and societal mechanisms seem obvious and explicit to the local population, it is not so for an outsider. It is not uncommon that management practices that are successful in the home country of a company do not work as well when applied outside the domestic borders.

Morris and Lancaster (2006) argue that oftentimes the role of the recipient is undermined when it comes to the spread of management ideas – transferring an idea from its original context into another one. In fact, the recipient plays a significant role in the translation process, which several authors (such as Czarniawska & Sevon 1996 and Sahlin-Andersson & Engwall 2002) have defined as the transferring and reinterpreting an idea in a new setting. The translation process begins from the broad policy level making headway into more specific practices, eventually transforming these ideas into new appropriate forms that better suit their new setting. Morris and Lancaster (2006) might have based their theory on the translation process of management ideas, however, we argue that the same principles can be applied to the transfer and reinterpretation process of organizational culture. The translation process of a management idea does not differ much from the translation process of an organizational culture, because when an organizational culture is translated into a new foreign setting, a mixing of cultures is likely to happen. This can be seen as a sort of give-and-take process where the best ideas and practices of each culture – national and organizational – are taken and the inappropriate ideas and practices are abandoned. Naturally, this kind of customizing an organizational culture to fit specific national circumstances requires that the cultures are a good fit in the first place. It is all an intertwined cultural mix. Let us take IKEA to illustrate this; IKEA’s organizational culture is strongly influenced by Swedish national values (IKEA 2017). Thus, when the furniture company enters a new foreign market, let us say China, a good cultural fit between the nations needs to be in place. Then, during the translation process the organizational culture within IKEA China inevitably gets influenced by the Chinese national culture. Sustainability is close to the heart of IKEA’s business. However, being eco-friendly in China turned out to be a hard task due to consumers’ protestation against paying for plastic bags and suppliers’ difficulties to meet IKEA’s standards for green products as they lacked the necessary technologies (Chu, Girdhar & Sood 2013). As a consequence, IKEA decided to not help
suppliers to adopt new technologies as this meant higher costs which in turn would have hurt IKEA’s business. In order to remain in business, IKEA decided to keep the low prices at the expense of sustainable production.

2.3.1. Successful Multicultural Operation

In her speech “Working together: overcoming cultural fear and differences” delivered to the Picturing America symposium at UNESCO in Paris on September 30, 2008, Radice talks about how “modern” cultural diplomacy dates back to World War II where it started as an international partnership in an attempt to exchange information to battle the Axis. In essence, cultural diplomacy encompasses the exchange of information, ideas, and cultural aspects among nations in efforts to foster mutual understanding between cultures. She emphasizes the importance of identification with others from a different culture, and argues that understanding and respecting other cultures does not sacrifice one’s national or cultural identity. She points out fear of cultural differences, ignorance of others, and lack of mutual respect as factors that stand in the way of cultural diplomacy. These same factors are preventing companies from building secure and solid intraorganizational business relationships between foreign counterparts.

In her study Swahn (2002) argues that firms that operate internationally need to be familiar with the specific cultural characteristics of the host country, and utilize this knowledge in their strategical decision-making processes. A firm’s performance in a foreign country will be dependent on how well it is able to accommodate the unique characteristics of the national culture of that country and to avoid cultural clash. Chapman et al. (2008) argue that cultural differences that are understood are differences that can be managed. Thus, cultural awareness is a fundamental competence of a successful multinational firm. Swahn (2002) defines the concept of cultural awareness in a two-fold manner: “first, it is the active knowledge about cultural characteristics of other countries, such as their values, norms, societal and organizational structure and functioning, the ways to organize time, traditions and so on; second, it is awareness of the strategic risks associated with the differences between these characteristics of the home culture and the other cultures” (p. 21). It is not enough to possess this competence, however, but to also integrate it into the company’s strategy and everyday business practices.
According to Swahn (2002), this all becomes essential in international expansion into a foreign setting, as giving symbolic or superficial attention to prevent intercultural tensions in international business is simply not enough. Neither does having previous international experience mean that the intercultural knowledge gained in one foreign market is applicable elsewhere. As a tool for raising cultural awareness and skills, she proposes intercultural training. Having sufficient knowledge of the foreign national culture might lead to considerable savings in resources. Barkema et al. (1996) however argue that companies can move along a learning curve and exploit the learnings from their previous globalization efforts in new foreign entry, especially when further expanding in the same foreign country or alternatively another country within the same cultural block. The Uppsala model of internationalization by Johanson and Vahlne (1977) also stresses that learning about and getting familiar with other national cultures is the key to successful international expansion of firms. According to the model, firms gradually intensify their international involvement whereby uncertainty related to operating internationally decreases as managers can start to lean on their past foreign experiences.

In order to perform well in foreign markets, multinational companies ought to incorporate cultural knowledge into their strategic decisions (Swahn 2002). Traditional strategic management theory guides companies to match their internal opportunities with their external environments through SWOT analysis, which is a strategic evaluation tool for identifying a company’s strengths, weaknesses, opportunities, and threats (Thompson et al. 2015). The best strategy is based on the company’s internal circumstances together with the changing external circumstances affecting the company (Thompson et al. 2015), and thus this approach to crafting a business strategy is considered as an effort to align a firm with its environment (Porter 1991). What this means in terms of multinational companies is that they need to find a fit between the internal resources and capabilities and the external opportunities and challenges of a different cultural context. In her guide for businesses desiring to expand abroad, Nielsen (2011) mentions that choosing the market well is crucial; factors such as culture and whether the company is actually bringing any value to the market are essential when determining whether a foreign market is good for the company or not.
2.4. Hofstede’s Cultural Dimensions

In efforts to explain practical differences between nations, Geert Hofstede (1980) introduced the concept of cultural dimensions which has become widely adopted in cross-cultural research. Initially, Hofstede identified the first four dimensions based on an extensive study on people working for IBM in more than 50 countries. The fifth and sixth dimension were added later on (Hofstede et al. 2010).

The six dimensions composing Hofstede’s model of cultural dimensions are Power Distance, Individualism versus Collectivism, Masculinity versus Femininity, Uncertainty Avoidance, Long Term versus Short Term Orientation, and Indulgence versus Restraint. These are perceived as basic issues that different national societies have over time come to address in different ways which now can be seen as characteristic to those national societies. Hofstede believes values exist at the subconscious level but form the core of a culture. He used the dimensions to uncover international work-related values at the national level, one of his motives for this being enhanced cooperation between nations. Hofstede et al. (2010) scored each country included in the study on a scale of 0 to 100 on each dimension. Clear patterns of similarity and difference were found among the dimensions, and those patterns were then attributed to national differences. This became possible as the research focused solely on IBM employees, making it easier to exclude the impact of organizational culture. It is important to note, however, that the country ratings on Hofstede’s cultural dimensions distinguish the specific preferences of one country from another rather than representing the preferences of individual citizens of a country.

Despite the popularity of Hofstede's cultural dimensions, the model has been subject to criticism among some researchers. McSweeney (2009), being one of those critics, argues that Hofstede’s model fails to recognize the variety and variation existing within national cultures, instead giving an unrealistically coherent and pure depiction of what characterizes a particular culture. Naturally, one can only describe a central tendency in society as different environments, organizations, and personalities vary in many ways. Despite the criticism, Hofstede’s model of cultural dimensions is used as a framework for the current study, because it provides us a clear idea what to look after when comparing different cultures. The six dimensions of national culture are introduced in more detail in the following section together with a closer look at how Sweden and the UK score on each dimension.
2.4.1. Power Distance

Hofstede (1980) meant power distance to be concerned with how a society copes with inequalities among people and further to which degree unequal power distribution is accepted and expected among the less powerful members of a society – the society in general, work organizations, educational institutions, and families. Moreover, how subordinates deal with expressing disagreement with managers is central when looking at this dimension. A large degree of power distance means that a prevailing hierarchical order is widely accepted among the people in a society. People in low power distance societies on the other hand aim at erasing the inequalities of power striving to make the power system more equal. Sweden’s score on this dimension is low meaning that the Swedish society is characterized by equality, decentralized power, and low hierarchy (itim International 2017). Superiors and subordinates make decisions together and communication between them is direct and participative. There are no large gaps in compensation, authority, or respect. The UK also scores low on this dimension, striving to minimize inequalities among people. What is interesting though is that studies have shown generally higher power distance scores among the British working class than among the
higher classes, which is likely to have something to do with the historical and well-established British class system.

2.4.2. *Individualism versus Collectivism*

According to Hofstede (1980), how a nation scores on the individualism dimension reflects whether its people perceive themselves as individuals or members of a group, so basically in terms of “I” or “we”. The individual side of this dimension is characterized by a loosely-knit social framework where individuals are to take care of themselves and their closest family, whereas people in a collectivist society are expected to be unquestionably loyal to their relatives or another in-group, and in exchange be taken care of other members of the group. In individualist societies, high value is put on people’s time and need for privacy and freedom. People in societies characterized by collectivism, on the other hand, emphasize harmony among group members over any individual needs. Also, striving for mastery and motivation through intrinsic rewards are highly valued in collectivistic societies. Sweden is considered to be an individualistic society which in a workplace means for instance that the relationship between an employer and employee is based on a mutually advantageous contract, and that individuals get hired and promoted on a merit base only (itim International 2017). The UK scores even higher and is in fact one of the highest scoring countries on the individualism dimension, beaten only by a few countries such as the United States of America and Australia. Personal fulfilment is seen as the key to happiness in the British society, and from an early age Brits learn to think for themselves and to contribute to society by finding their unique purpose in life.

2.4.3. *Masculinity versus Femininity*

As to Hofstede (1980), a masculine society is characterized by competition, achievement, and success. A low score on this dimension on the other hand indicates that the society is characterized by values such as caring for others and quality of life. In a feminine society, quality of life is seen as a sign of success and standing out from the crowd is not appreciated. Striving to be the best is what motivates people in a masculine society, whereas in a feminine society, the source of motivation is rather liking what you do. In a business context, this dimension can appear as a distinction between tough and tender. Sweden scores significantly low on this dimension (itim International 2017). This can
especially be seen in Sweden’s emphasis on work-life balance and the country’s consensus culture. The management style in Sweden is highly supportive and employee involvement in decision making is strongly encouraged – decisions are outcomes of long discussions where necessary compromises are made until consensus between all parties is reached. The prevailing values in working life are equality, solidarity, and quality. In contrast to Sweden, the UK is a masculine society where people are highly ambitious and dedicate their lives to work. Interestingly, the success-driven value system is often seen to be at odds with the British culture of modesty.

2.4.4. Uncertainty Avoidance

What Hofstede et al. (2010) meant with the uncertainty avoidance dimension is that it expresses how the members of a society perceive uncertainty and ambiguity and to which degree they feel comfortable with it. High uncertainty avoidance societies are often characterized by rigidity and structure, unless a more flexible attitude is required in order to avoid failure. Also, people are often expressive with vigorous hand gestures and allowed to show emotions such as anger publicly. Sweden scores low on uncertainty avoidance meaning that the society emphasizes practice over principles and tolerates deviance from the norm (itim International 2017). Rules are set up only when necessary, schedules are characterized by flexibility, punctuality is not something that is considered self-evident, neither is innovation seen as a threat. The UK has a similar score on this dimension meaning that Brits are comfortable with ambiguity. In a work context, this is seen as clear end goals (due to the high masculinity score) but flexible plans that are not characterized by high detail. Planning is generally rather short-term and room is left for adapting to changing circumstances.

2.4.5. Long Term Orientation versus Short Term Orientation

According to Hofstede et al. (2010), the long term orientation dimension is strongly related to nationalism and religiosity, and has to do with the degree to which people feel the need to explain the inexplicable. A low score on this dimension (short term orientation) indicates suspicion toward societal change and a strong affection toward nationalism, religion, and time-honored traditions. Also, self-enhancement and a desire to please one’s parents are commonly valued in short term oriented societies. Societies that are long term oriented, on the other hand, tend to be modest and strive to be prepared for
the future by means of frugality and improvements in modern education. In a business context, this dimension can also be associated with a normative approach (short term orientation) versus a pragmatic approach (long-term orientation). Normative businesses emphasize short term gains and quick results at the expense of long term success. Both Sweden and the UK score in the middle on this dimension and thus do not express any clear preference (itim International 2017).

2.4.6. Indulgence versus Restraint

As Hofstede et al. (2010) argue, in societies driven by indulgence, members are relatively free to satisfy basic human needs and desires related to living an enjoyable life, whereas a society characterized by restraint is exercising strict social norms which tend to suppress free gratification of individual desires, as well as cause pessimism. Sweden has a high score on indulgence meaning that individuals of the society are typically inclined to emphasize the importance of leisure time and the enjoyment of life by means of realizing their impulsive desires (itim International 2017). The UK’s score on this dimension is only slightly lower than Sweden’s, indicating similar behavior in terms of enjoying life among both nationalities. As members of a society classified high on indulgence, both Swedes and Brits tend to be relatively positive and optimistic.

2.5. Conclusion

We have now used Hofstede's culture theory and country ratings, as well as research from other authors to illustrate the role of national and organizational culture and how they influence each other in multinational organizations. The theory around translation of management ideas by Morris and Lancaster (2006) was extended to cover the transfer and reinterpretation of organizational culture from its original context to a new setting characterized by another national culture. Also, it was illustrated how organizational culture can be imagined as an onion with four layers: symbols, heroes, rituals, and values – values stemming from the national culture. It is the management’s responsibility to ensure that the three other aspects of the organizational culture are aligned with the national culture. Furthermore, we have now gained a more comprehensive understanding of the national cultures of both Sweden and the UK. The two countries were compared with each other in terms of Hofstede’s
cultural dimensions of power distance, individualism, masculinity, uncertainty avoidance, long term orientation, and indulgence. These dimensions along with other theory around the different concepts of culture have been used as a framework for building our interview questions on.

### 3. Method

In this section, we cover the research design and the research procedure with considerations of using a case study, sample selection, data collection, operationalization, ethical considerations, and research limitations.

#### 3.1. Research Design

In efforts to illustrate the role of national versus organizational culture in multinational organizations, an exploratory research design was found appropriate. This was implemented through a qualitative case study of Handelsbanken, including both Handelsbanken Sweden and Handelsbanken UK. Hence, the study incorporates both theoretical and empirical evidence on the issue in hand. Both secondary and primary data were used to complement each other.

#### 3.1.1. Case Study

A case study design was found suitable based upon a number of reasons. According to Yin (2009), one of the primary considerations of this research design is its focus on contextual factors and its potential to explore a contemporary phenomenon in its real-life context when boundaries between the two are hard to draw. Other relevant conditions that made a case study design suitable were: the contemporary nature of the events and the researchers’ lack of control over the events.

A case study can be defined as a strategy for doing research which involves an empirical examination of a particular contemporary phenomenon within its real life context using multiple sources of evidence (Robson 2002). When a rich understanding of the context of the research subject and the process is
desired, a case study is a splendid choice (Saunders, Lewis & Thornhill 2009). The purpose of this study was to answer the following research question: *What is the role of national versus organizational culture in multinational organizations?* Hence, a case study where situations relevant to the issue in hand were likely to arise and the opportunity to collect information directly from the source existed was seen as very beneficial.

In order to test existing theory about the role of national versus organizational culture in a real-life context, a comparative case study of Handelsbanken Sweden and Handelsbanken UK was conducted. The rationale here was to reveal the role of culture in the context of a multinational organization. Handelsbanken was purposely chosen because it is a Swedish company that has been successful in its internationalization efforts. More specifically, investigating cultural differences between Sweden and the UK is interesting as these two countries are according to previous research by Hofstede et al. (2010) supposed to be quite similar to each other in terms of cultural values. Nonetheless, it is not uncommon that two countries scoring close to each other on one dimension demonstrate similarities in their behavior in some situations related to the particular dimension, while demonstrating surprisingly different behavior in other situations (Swahn 2002). Therefore, the chosen strategy was found appropriate as it allowed having cross-cultural comparison in the center of the analysis.

As each case of cross-cultural business is a unique happening, it was seen as enough to highlight and carry out an investigation on a single company and look at its operations in two different national cultures. Multiple cases with different experiences and perceptions would have made the study more complex, and the true essence of each case would have been difficult to grasp. Hence, laying the focus on a single comparative case study was considered to give a deep understanding of a particular phenomenon. As resources such as access to whatever firm that was found suitable for the study were limited, a multiple case study would have been difficult to execute.

**3.1.2. Sample Section**

In the current thesis sample selection refers to the process of recruiting interview respondents. Here, the process of sample selection followed the principles of snowball sampling. An advantage of snowball sampling is that it facilitates finding those people who possess the relevant knowledge and experience regarding the study objective (Atkinson & Flint 2001). The person that was initially
contacted was the first link to a more suitable person within Handelsbanken who ended up being the contact person. The other respondents were then chosen by the contact person who was also one of the respondents herself. She based her choice on the relevancy of the respondents for the purpose of this study. The criteria used is listed below:

1. The respondents had been working with both Handelsbanken Sweden and Handelsbanken UK, thus they had the first-hand experience of both cultures.
2. The respondents had either Swedish or British nationality, thus they had a comprehensive view and knowledge of the national culture of the country of their origin.
3. The respondents were available for interviews during March and April 2017.

As this proved to be quite a challenging task and resources were scarce, the number of respondents was relatively low. Therefore, instead of concentrating on the quantity of interviews, attention was paid on the quality and in-depth character of the content. Furthermore, the criteria used for choosing the respondents ensured that the most relevant, knowledgeable people were being interviewed. All the respondents had been with Handelsbanken for a long period of time, and had extensive experience of living and working in both Sweden and the UK. Respondent 1 had been a member of the UK senior management team for over five years, after which she moved into a group management function in Stockholm, totaling to six years with the bank. Respondent 2 had initially moved to the UK to study and after her studies stayed there for work, joining Handelsbanken UK six years ago and later on being transferred to Handelsbanken Sweden. Respondent 3 had worked with Handelsbanken for almost 15 years, both in Sweden and the UK, currently holding a position as a project manager within communications.

3.2. Research Procedure

3.2.1. Data collection

In order to collect data, semi-structured interviews at Handelsbanken were conducted. Even though this data collection approach comes with its shortcomings, the strength of the method is that it comprises a predetermined set of open questions which stimulate further discussion on the topic with
the opportunity for the interviewer to thoroughly explore particular phenomena or responses (Bryman 2008). Consequently, this data collection method was considered to be most suitable for addressing the aim of the study. Data was collected through a total of three face-to-face interviews taking place between 22 March 2017 and 11 April 2017. The language used was English due to the researchers’ and respondents’ different backgrounds. All interviews, in a shared agreement with the respondents, were recorded and later transcribed. The respondents were notified of the intention to record the conversation in the beginning of the interview. The interviews varied in length, the longest lasting for approximately 1 hour 20 minutes, and the shortest approximately 50 minutes.

In efforts to complement and enrich the primary data, secondary data was used. The secondary sources included the corporate website, an annual report, as well as other reports and news about Handelsbanken. Handelsbanken was one of five banks investigated by Marquardt (1994) in his study on Swedish banks and their entry into foreign markets. The findings of Marquardt’s study gave valuable insight and interesting data supporting the findings and analysis of this study regarding Handelsbanken’s expansion into the UK market.

3.2.2. Operationalization

The study included three stages. The first stage consisted of carefully reviewing existing literature in order to get a comprehensive understanding of what has previously been found. This stage also included looking at questions that had previously been used in exploratory studies so as to gain an insight into how other researchers had addressed the topic.

The second stage consisted of deciding on the interview questions. The chosen questions adhered to the interview guide that Swahn (2002) used in her study about the role of cultural differences between Norway and Russia in business relationships. Therefore, the questions had already been tested in a similar culture related study. Her interview guide was seen as highly applicable, as one of the aims of this study was to identify and highlight the similarities and differences between the national cultures of Sweden and the UK. However, unlike her who studied different factors within the context of national culture, this study incorporated organizational culture in addition to the national cultures of Sweden and the UK and looked at factors affecting all three of them. Moreover, the interview questions were
adjusted to fit the specific circumstances of Handelsbanken and the respondents’ cultural background (Swedish/British).

The respondents were asked about their first impressions of the national cultures of both countries, further referring to more specific cultural features and encouraging the respondents to describe them in all three contexts – Sweden, the UK, and Handelsbanken. Furthermore, the respondents were asked to describe the power relationships and hierarchy, as well as employer-employee relationships, nature of decision making, and delegation of responsibility. The relationships between people in a collective and how they relate to each other and handle conflict were all covered in the interviews. The respondents were also asked to describe issues related to work-life balance. Moreover, how people perceive rules, regulations, and time were all topics of discussion. Sometimes when cultural issues in society were discussed, the respondents switched to organizational issues and vice versa.

The third stage consisted of the actual interviews. Although an interview guide was used as a base for the interviews, the course of each interview differed from the other. This becomes especially important in an exploratory study where flexibility is an important factor in order to encourage the respondents to speak freely about the issues they feel important.

### 3.2.3. Data Analysis

The data was analyzed and organized based on Hofstede’s six cultural dimensions. The transcripts were thoroughly read and relevant topics were taken into further analysis. The transcribed data were compared across interviews and analyzed for common themes and stories. Common themes were identified as the issues which were repeatedly mentioned or discussed by the respondents or which were specifically pointed out as important. To protect the anonymity of the respondents their names were not written when transcribing nor mentioned in the analysis. Instead, they were all referred to as women despite both genders taking part in the study.
3.2.4. Ethical Considerations

Due to the personal character of the content of the interviews, several steps were taken when bearing in mind the ethical issues of conducting this type of research (e.g. Saunders et al., 2009). First, as culture is a concept that each individual is likely to associate with different meanings (Van Rensbergen, De Deyne & Storms 2016), the need for shortly defining it to the respondents was seen. This was done in order to give them a better understanding of what culture means in terms of the research without trying to lead them in any particular direction. Thus, caution was exercised when explaining the topic of the research in efforts to not cause any potential bias in the results of the study. In addition, some of the questions could have been considered as personal to the respondents, thus the respondents were informed about the privacy and anonymity regarding their answers. Hence, the contribution of the respondents was anticipated to be as honest as possible. The respondents were made aware that the interviews were strictly used for academic purposes and not showed to anyone besides the researchers.

3.2.5. Research Limitations

The chosen research design is not without limitations. In fact, several critiques have been raised against qualitative research strategies, e.g. they are seen as too subjective leading to potential researcher bias, the studies are hard to replicate, generalization of the results is problematic, and the transparency may be low (Bryman & Bell 2007).

It was also recognized that the authors’ stance on the ongoing debate among researchers about whether national cultures are coherent or not, in which the authors believed that national cultures are relatively uniform and have a systematic logic, might bias the research. McSweeney (2009) argues that if culture is treated as an object of empirical study, seeing culture as coherent is at odds with the evidence, as any systematic effort to portray a culture will find considerable incoherence, such as incompleteness, illogicality, gaps, hybridity, contradictions, ambiguity, or malleability. Although it was acknowledged that a within-country culture inevitably comes with some inconsistencies and diversity, not focusing on the possible cultural variations within a country allowed the authors to give more research attention to the cultural differences that exist between nations. However, as this study uses Hofstede’s country ratings that distinguish the specific preferences of one country from another rather than represent the
preferences of individual citizens of a country, no unwarranted extensions of country preferences are drawn to individuals.

The fact that all the respondents of this study were representatives of Handelsbanken might have caused a tendency of being very positive about the company and avoiding criticism. However, this issue was tried to be minimized by analyzing the data very objectively. The study was at least to some degree affected by language barriers. The respondents might have left out some opinions if they felt it was difficult to express them in desired ways in English. However, in the researchers’ opinion, barriers in language was not a major weakness of the study.

4. Findings

In this section, the findings and analysis are presented. The section is structured in the following way: we start with a general introduction of Handelsbanken and cover different aspects of its organizational culture after which we use Hofstede’s cultural dimensions as a framework for organizing the data.

4.1. Handelsbanken

Handelsbanken provides complete universal banking operations in the Nordic countries, the UK, and the Netherlands (Handelsbanken 2017d). The bank has over 400 branches in Sweden and over 200 in the UK, along with many more in its domestic markets (the Nordic region, the UK, and the Netherlands) as well as in 16 more countries. According to Respondent 1, since the early days of Handelsbanken in 1870s, customer orientation and local business has been close to the heart of the bank’s operations. In 1970, the bank went through some structural changes which made customer relationships even more central to the bank’s operating practices. Handelsbanken’s branches are independent and run as they were separate little companies. According to Respondent 3, this facilitates localness and a sense of a tight-knit group among the employees as well as customers of a branch. Each branch manager’s photo is portrayed in the local newsletter together with a personal greeting which can be about upcoming events in the branch or other local news. Furthermore, especially in the smaller
local areas work and private life easily become intertwined. She put it like this: “your work and life sort of get mixed because you might meet your customers at the local football club in the weekend, and then you’re obviously trying to network and connect at the same time so I think it gets... yeah, sort of mixed up”. The CEO of Handelsbanken UK, Mikael Sørensen, points to the strong customer focus as one of the biggest advantages of the local business structure and explains that “the local branch starts with people from the local community who know the local market area and who know each individual customer” (Hughes 2016).

However, Handelsbanken’s emphasis on localness in its business structure has raised some concerns among rivals as well as customers. For instance, there is a certain lack of price transparency in Handelsbanken’s practices as each product is bespoke, which might cause some cherry-picking of customers (Treanor 2012). In fact, a rival CEO has suggested that some customers of Handelsbanken might be concerned that the bank exercises favoritism (Scuffham 2015). Also, a senior executive of another rival bank has expressed his concerns that Handelsbanken’s lending practices might be inconsistent.

According to Respondent 1, Handelsbanken is a strongly decentralized organization where decisions are taken in branches, departments, and functions by individuals with high functional responsibility. In order for the decentralized decision making to work, the bank has adopted a strong value system that drives all operations throughout the bank. The driving values are known as the corporate philosophy: a decentralized organization, customer focus, profitability over volume, a long-term perspective, and Oktogonen – the bank’s profit-sharing system (Handelsbanken 2017c).

As Respondent 1 explained, the organizational values play a significant role in everything Handelsbanken does, including foreign expansion. It is not only important to find like-minded local employees who share the same values, but customers as well. This is an often overlooked aspect, as she pointed out. She also stated that “The culture is stronger throughout Handelsbanken than the differences across countries” and that the driving values are universal, humanistic values that are not only applicable in the Nordic region. Adhering to Swahn’s (2002) arguments about avoiding cultural clash, we see that it is vital for Handelsbanken to ensure that the cultural circumstances in a potential foreign market are similar enough to the bank’s organizational culture. Furthermore, developing the translation theory of Morris and Lancaster (2006), we argue that when the organizational culture of Handelsbanken gets transferred and translated into a certain new territory, over time it gets mixed with
that territory’s national culture. Respondent 1 described the mixing of cultures as follows: “Allowing the sort of give-and-take – taking the best ideas of each other”. This also links back to the ideas of Leung et al. (2005) about different levels and layers of culture influencing each other.

According to Marquardt’s (1994) study, Handelsbanken has been successful in its internationalization process much as a result of the bank's extensive international networks, strong link to the financial industry, and its entry into markets where demand is already high. In the banking industry, the customer relationship is considered to be a crucial factor, and it is a considerable advantage if the bank already has established relationships in the market where it is planning on setting up local units. As Respondent 1 explained, Handelsbanken began its initial operations in the UK to meet Nordic customers’ demands for banking support in the UK marketplace. As the needs of the customers grew, Handelsbanken saw the demand for its own stand-alone operation in the UK in order to better meet these growing needs. Also, after being active in the UK for a couple of decades, Handelsbanken realized that there was: 1) a comfortable cultural fit between Handelsbanken and the UK marketplace, 2) a reliable legal, financial and business infrastructure, and 3) a growing appetite for the bank’s unique decentralized approach (as other British banks exercised rather centralized decision making).

Hadjikhani (2016) describes that during the financial crisis of 2007-2008, Handelsbanken kept expanding within the UK instead of scaling down operations. In fact, the number of offices increased from 42 in 2007 to 161 in 2013. Martin (2017) argues that Handelsbanken has been living a similar phase in 2017, as it has continued opening new branches in the UK while its biggest British rival banks have been scaling down locations. The regular branch closures by competitors are seen as an opportunity to strengthen the business model of having a real branch network and thereby being close to the customer. The CEO of Handelsbanken UK, Mikael Sørensen, has stated that the bank “will keep opening branches as long as it makes sense from a business point of view and from a customer point of view”. Furthermore, no adverse effects of Britain leaving the European Union has been noticed. This is justified by the fact that local citizens still need a bank be Britain a member of EU or not. The UK has in fact grown to be Handelsbanken’s second-biggest market after Sweden, accounting for approximately 13% of group revenues (BTG Financial Consulting 2017). Marquardt (1994) believes that this can partly be explained by the gap between the organizational culture of Handelsbanken and the banking industry in the UK. The different the culture between Sweden and the foreign market, the stronger the need for Swedish companies operating in the foreign market to use the services of a Swedish bank.
4.2. Differences Between Swedish and British Cultures and Their Impact on the Business Practice

4.2.1. Power Distance

According to all the respondents, Handelsbanken believes strongly in low hierarchical structure and decentralized decision making. This means that individuals are given responsibility and decision making authority in efforts to allow them to take decisions close to the customer who is in the focus of all operations. Respondent 1 explained that micromanaging does not work in good customer service. Furthermore, the operating model of decentralization and customer service needs to be communicated and understood internally as well as externally, especially when there are various pressures facing the bank at all times. Also, in order for Handelsbanken to exercise decentralized decision making successfully, it needs to be run by strong values. It is crucial that employees understand these driving values and adopt them willingly, taking decisions within the framework they compose (Handelsbanken 2017a). As Respondent 1 described it, Handelsbanken “practices what it preaches ... from the CEO to everyone else” and that “it takes a mindset to work at Handelsbanken in the first place”. Managers are expected to be exemplary ambassadors for the bank’s corporate culture, which partly explains why 99% of all managers in Sweden were recruited internally in 2016 (Handelsbanken 2016). Not following the bank’s business model might have severe consequences. This was seen in the case of Frank Vang-Jensen who was fired as CEO of Handelsbanken Group after just 18 months, explicitly as a cause of trying to change the bank’s strong decentralized model into a more centralized one (Milne 2016). Handelsbanken said the decision to let him go was purely related to the culture clash between the organization and the individual, and had no connection to the bank’s performance (Timms 2016). According to Handelsbanken’s management strategy, the center of the group possesses very limited power, leaving significant control of activities in an area to the local branch manager who only needs to defer to the group on major decisions (Wallace 2016). Nonetheless, the responsibility given to the employees might in some cases lead to misuse of power. For instance, in 2011, a high-ranked Swedish manager was arrested and consequently left Handelsbanken for approving loans to client companies worth millions of Swedish krona without requiring any collaterals to secure the loans (The Local 2011).
Based on what was found in our study, the non-hierarchical mindset of Handelsbanken can be seen in its operations throughout the organization. Part of this mindset is that employees do not spend time writing reports to their boss in efforts to impress them. According to Respondent 1, all this kind of pointless bureaucracy which only purpose is to “show off” and impress one’s superior is not part of Handelsbanken’s culture. In Handelsbanken it is all about taking your own responsibility and knowing that you are trusted. This way of working has produced consistent difference in terms of customer service satisfaction, profitability, and financial strength as a bank.

As to Respondent 1, due to the decentralized structure, there is little communication between the headquarters in Stockholm and the regional head offices and the bank’s branches in the UK. Handelsbanken UK runs its own operations based on the corporate values. However, some flow of communication between the countries still exist in areas where strong relationships are important, such as risk control, credit risk management, and capital management. We see that the organizational culture of Handelsbanken together with its values are strongly influenced by the national culture of Sweden. Adhering to Hofstede et al. (2010), low hierarchy, lean organizational structure, and decentralized decision making are all typical for Swedish organizations. So is a very strong consensus culture as will be discussed in detail later in this paper. Although individuals possess the authority to take decisions on their own, dependency on consensus might cause that the decision making process becomes inefficient, and can sometimes even lead to responsibility avoidance. As Respondent 1 put it, meetings in Sweden are often characterized by people actively trying to avoid taking yes or no decisions, instead striving to leave a meeting agreeing on the discussed matters without having taken any actual decisions.

What we also found in our study is that the UK is characterized by much higher hierarchy and formality than Sweden, even though its rank on the power distance dimension does not differ much from Sweden’s. All the respondents agreed that people in the UK know their place in the organization and live according to that; for instance, employees know when it is not their place to say certain things to their superiors. This kind of side effect of power distance may cause internal plotting on political matters, such as how a certain outcome can be accomplished without having the power to dictate it. Respondent 1 and 2 called it “paranoid second guessing”. Furthermore, inequality between the superior and subordinate can sometimes be seen in misuse of power, for example showing up late to meetings. According to Respondent 1, the higher you are in the hierarchy, the later you can show up to meetings, whereas in Sweden this would be very unlikely to happen due to an inherent sense of fairness and egalitarian way of thinking. Adhering to Hofstede et al. (2010), fairness and egalitarianism
are both central to feminine societies like Sweden. Also, Respondents 1 and 2 explained how in the UK, employees spend a lot of time trying to impress their superior, and worrying about how they look in their superior’s eyes and whether their actions are being noticed at all. Handelsbanken is quite different in terms of its operational model and way of conducting business, even in Sweden but especially in the UK compared to other British companies. In fact, Britain’s other leading banks nominated Handelsbanken as Britain's Most Admired Company in the banking sector in 2016 (Management Today 2017). Nonetheless, this is only one of several awards and achievements Handelsbanken UK holds (Handelsbanken 2017b).

What also links to how power distance in society shows is how people address each other (Hofstede 1980). According to all the respondents, Brits tend to be quite formal and polite when addressing others and expressing themselves, while Swedes adopt a more informal way of communicating in spite of differences in one’s possession of authority. Phrases like “would you please” and “would you be so kind” are often used in the UK, whereas in Sweden a more direct way of talking is more common. Respondent 2 pointed out that adding those polite words into sentences in Swedish might make one come across as a bit unsure or even weak.

Even if the national cultures of Sweden and the UK might differ in many senses, we see that working for Handelsbanken in one country does not differ much from working for Handelsbanken in the other country. In general, the way how matters are discussed and agreed upon is quite standard within Handelsbanken in all its marketplaces. This applies to power distance as well; unlike the majority of British companies, Handelsbanken facilitates an open dialogue between superiors and subordinates. Nevertheless, as Respondent 3 argued, job security is much lower in the UK where people do not have a similar security network that looks after them as Swedes have, and therefore one might lose their job in one day. This might lead to a stronger awareness of one’s place in the hierarchy and as she stated, “people feel a bit insecure, perhaps they don’t raise their voice if they are afraid of losing their jobs”.

4.2.2. Individualism versus Collectivism

As to Respondent 1, regardless of Handelsbanken’s strong decentralized approach with focus on individual responsibility, it is less about rewarding individuals’ accomplishments or success by means of giving high status, fancy titles, or large bonuses. These are not considered as strong motivational
instruments within the organization. Instead, receiving recognition from colleagues for something one has accomplished and worked hard for is seen as a valuable motivational instrument. She also pointed out that oftentimes when Brits start to work in Handelsbanken, they need to adjust their attitude toward earning status and recognition, as things such as climbing the corporate ladder or getting a larger office are not the most respected means of motivation within the organization. Hence, we found that the culture is rather characterized by soft and emotional rewards that have a long-lasting impact and give a real boost to individual performance.

According to Respondent 1, personal responsibility is an essential aspect of life in Sweden. The citizens are considered to be able to find the right information and tools they need to take care of themselves. Based on the findings of our study and the corresponding findings of Hofstede et al. (2010), we see that Swedes are perceived as independent individuals capable of solving issues and problems on their own, hence a large amount of individual responsibility is often given early on in working life situations. Much of the same can be said about Brits. They strive for responsibility and are independent people able to take care of themselves. Respondent 1 explained this as a simple matter where Brits “...are quite nervous of the nanny status we think of it. We don’t like the idea of big government telling us what we need to do with our lives”. It is often that Brits do not like being told “we do it this way” because the instant reaction to this would be “who is we”. This might be due to the fact that many people in the UK like to think of themselves as free spirits, a bit quirky and eccentric. Respondent 3 described this kind of thinking as a desire to control one’s life by taking decisions on their own. Furthermore, she argued that this is visible in several aspects of Brits’ lives and in society at large, and made a connection to the recent event of the citizens of the UK voting for leaving the European Union in efforts to gain the nation’s sovereignty back.

As to Respondent 1, it is not uncommon that Swedes refer to their behavior in society by using a “we” way of talking. Using phrases such as “we”, “we do this” and “we do that” are common in Sweden when talking about political matters. Adhering to Hofstede (1980), we see this behavior as aligning with collectivistic principles, although Sweden ranks high on the individualism dimension. Respondent 1 argued that in the UK, there is less sense of such ownership. People do not perceive themselves as being part of decisions, rather, it is the politicians making them. Here we see a contradiction in our findings; although Brits do not like the government telling them what to do, they still do not feel that they have a say in the decisions done by the politicians and thus lack the sense of ownership.
Adhering to Hofstede et al.’s (2010) previous findings, we see that showing emotions openly is rather common and perceived as proper both in Sweden and the UK. As Respondent 2 put it: “We’re not expected to be robots. You can tell if somebody’s having a good day or a bad day and that’s fine”. Respondent 1, in turn, suggested that there is a limit to which one can share public display in a working environment: “If you are constantly throwing your arms in the air and crying out or whatever then it’s probably a bit untoward. But if you have moments once in a while of exasperation, then that’s being human”. In collectivist societies like Japan, on the other hand, this would be likely to lead to so called loss of face, and therefore suppressing feelings and emotions that may endanger harmony is expected (Hofstede et al. 2010).

### 4.2.3. Masculinity versus Femininity

Our study corresponds to the previous findings by Hofstede et al. (2010) according to which the most significant differences when comparing Sweden and the UK can be found in the masculinity versus femininity dimension. This means a different emphasis on competition and achievement as well as values such as caring for others and quality of life. Brits are more prone to value the two former ones whereas Swedes are more prone to value the two latter ones. As to Respondent 3, the general business environment in the UK is quite tough towards people. She described Brits as “quite driven” and went further by clarifying “you have to be quite driven to succeed”. Nevertheless, all the respondents agreed that Brits express an extremely high degree of care and politeness towards other people. Sometimes being portrayed as overly polite, Brits go out of their way to show they care about their surroundings and behave in a civilized manner. This is reflected in simple matters such as holding the door open for others. This politeness can be argued to be an important part of Brits’ early development and how they are raised as children. As Respondent 3 described it, “I could see little children in the tube actually leaving their seat for elderly women. I mean they were brought up that way so I think it’s so natural so it’s not fake, because that’s the way they are brought up”. We found this especially interesting as the UK is conventionally been characterized by relatively high competition and drive towards success, and looking at Hofstede’s (1980) masculinity dimension these are values that come on the expense of caring for others.

Handelsbanken has historically been classified as a modest, low-key organization that is quite publicity-shy, rather relying on word of mouth in its efforts to grow and gain new customers (Treanor
As Respondent 1 and 3 described it, the level of aggression in the business environment in the UK – especially within finance – is much higher than the level of aggression in Handelsbanken UK. We see that this is much due to the fact that the organization builds on values deriving from the Swedish national culture which is largely characterized by femininity. Respondent 1 described working in Handelsbanken as “almost being in a calm, prudent world where everyone understands the same way of working and values”. Handelsbanken is characterized by being a “warm bank” as its values are directly aiming to keep a strong customer focus rather than product focus in every aspect of the bank’s operations. However, we argue that it can be challenging for these values to flourish in an environment with a high degree of masculinity because they can easily get trampled by short term corporate ways of working. This links back to the ideas of Swahn (2002) where she argues that a cultural fit need to be in place in foreign business operation.

According to all respondents, there is a visible difference in how meetings work in Sweden and the UK. In Sweden decisions are often outcomes of long discussions, consensus, and understanding between all parties involved. Respondent 1 explained coming into a meeting and experiencing it as an open discussion rather than a place to take decisions. So, when the meeting ends, everyone leaves with a closer sense of understanding rather than a firm decision, and sometimes that is enough. Other times, a new meeting is being scheduled just a few days later. Respondent 3 described the Swedish business culture as a “meeting culture” characterized by many, frequent meetings. In contrast, according to Respondent 1, the meetings in the UK are considered more as a combat than a place for harmony and discussion. She stated that “...everything in the UK builds around this one meeting. And there is this... almost like a combat... if indeed you think it is going to be disagreement in this combat and you, you go in there and you want your idea to triumph, and you use whatever tactic you can for your idea to triumph”. Respondent 2 described the character of meetings in the UK as rather superficial as meetings can be held for just meeting’s sake. Also, people can sit in the meetings for hours while in reality there is not much to discuss at the time of the pre-booked, formal weekly, monthly or annual meeting. In Respondent 3’s experience, decisions can often be taken by just a few people ahead of a meeting, thereby using the meeting as a platform for delivering and announcing the decisions. We see that this way of acting is much due to the fact that the British political system is an adversarial one whereas the Swedish political system is a consensual one. While Swedes strive to reach consensus between everyone, Brits fight to reach success for their own idea.
All the respondents agree that a real encouragement towards strong work-life balance can be found within Handelsbanken’s organization. In Sweden though, this emphasis on work-life balance comes easier than in the UK. In Respondent 3’s experience, Swedes seem to bear in mind the fact that most days of the week are spent at the office with colleagues. Respondent 1 argued that Swedish organizations are sort of sponsoring their employees work-life balance by making the working environment a comfortable and social place to be. One way of doing this is by means of fika, a popular Swedish concept simply including socializing over coffee and cake. Respondent 3 expressed joy toward this Swedish tradition and told how she was surprised when finding out that fika is not a global concept: “I thought the whole world was doing fika, but apparently not”. Furthermore, Respondent 2 described fika as a chance to socialize with colleagues but also as a useful working tool: “It is incredible how much we discuss and agree on because everyone’s together. And it is a very good way of actually agreeing on things”. Another way for an organization to achieve some sense of socializing at work is by means of lunch. We found that in Sweden lunch is considered an essential meal, but it also functions as a social gathering in the office. Respondent 3 described that in the UK this is quite contrary as most of the workers perceive themselves to be too occupied to make time for a proper lunch and leave the office in order to eat. She stated: “...you don’t really have a proper lunch; you grab a sandwich or you pop out and grab a sandwich and you eat it by your desk so that’s the normal thing”. Handelsbanken UK has in fact furbished their head office, building a lunch room and a bigger kitchen in efforts to facilitate better lunch habits among the employees. The rationale behind this is to give the employees the opportunity to sit down and enjoy their lunch with others, basically making it more consistent with “the Swedish way”.

According to Respondent 1 and 2, the organizational culture of Handelsbanken emphasizes the importance of family and considers time away from the office as improved time in the office. Despite socializing at the workplace, Swedes are seemingly more prone to divide their private life from their working life. Respondent 3 explained that Swedes are generally “busy with their own private lives and families”, bonding over fika and lunch rather than socializing after work. As work schedules in the UK tend to be relatively full (Respondent 3), we see that less time is left for life outside of work, whereas in the family-oriented Sweden, flexible schedules and shorter working days ensure that time is left for private life. Respondent 1 argued that even though Brits seem to idealize about work-life balance, the underlying culture of work tends to come first. She explained the difference as follows: “You can volunteer an aspect of that in the UK. You can volunteer that, but it tends to be within individuals. You can get close to individuals as friends but you don’t have that sort of sponsored way of doing it”. Be
that as it may, we see that after work socializing outside the workplace, without discussing work related matters, is more common in the UK. Spending long days at the office, followed by a few beers in a pub with the colleagues discussing life and relaxing indicates that Brits are more prone to mix private and work life than Swedes.

4.2.4. Uncertainty Avoidance

Risk aversion and long term perspective are both driving values of Handelsbanken (Handelsbanken 2017d). As Respondent 1 explained it, when the bank enters a new market, it follows an organic process instead of having strategic plans for future expansion. A market entry decision is not made before a clear market opportunity has been identified, tested, and the bank feels confident about it. In other words, Handelsbanken strives to meet demand that it knows already exists, rather than approaching new markets where the demand is unknown (Marquardt 1994; Respondent 1). Adhering to Hofstede et al. (2010), we see that this approach indicates risk aversion by means of flexibility, which is also evident in other practices within the organization. As Respondent 1 discussed, schedules in Handelsbanken are often not precise, depending naturally on the nature of work. Oftentimes it is better to be agile enough to be able to respond to changing circumstances, and thus room is left for flexibility in schedules. However, we also found that some aspects of the bank’s work culture indicate a rather good tolerance toward ambiguity and change. For instance, we see that Handelsbanken’s open-ended decision making and learning, as well as a lower sense of urgency which is rather inevitable as decisions take more time when common agreement is sought, show behaviors of a low uncertainty avoidance culture. These are also factors that according to Hofstede et al. (2010) demonstrate good tolerance toward uncertainty. In addition, they argue that low uncertainty avoidance societies do not take punctuality as self evident. When discussing the differences between the national cultures of Sweden and the UK, Respondent 1 found Swedes to be more punctual than Brits. Unpunctuality in the UK can be seen for instance in meetings to which more senior people might turn up late, as was discussed earlier. In Respondent 3’s experience, deadlines in the UK tend to be a bit tighter than in Sweden, meaning stricter work schedules, quicker decision making, and generally tougher working climate. Nonetheless, we found that within Handelsbanken’s organization, working regimes are not completely controlled and space for deviance from the norm and innovativeness still exists, as coming up with new ideas and being creative is generally appreciated.
According to Wallace (2016), Handelsbanken has a reputation for caution. This has a lot to do with the fact that direct accountability is put on local managers, making the branches responsible for their own profits and losses. The CEO of Handelsbanken Group, Anders Bouvin, has been concerned that some British banks are going back to the reckless lending that in 2008 led to the financial crisis. However, he is confident that Handelsbanken’s policy of local accountability kept it from being involved in the vicious boom happening back then as well as any reruns. According to Respondent 1 and 3, when it comes to rules and regulations, Handelsbanken has a lot of instructions which have to do with either regulations related to the financial industry, or the purpose of making internal processes such as administration consistent. But aside from that, the organization is decentralized without any micromanaging practices. As she pointed out: “We have this expression that as an employee of Handelsbanken you are free to do what you have to do. As in to do in your way, that’s the point. And of course everybody knows: in their role they have certain things they will have to do but you don’t have to do them in a particular way”. What we also found in our study is that this way of thinking differs from the British general attitude toward rules and regulations. In the UK, compliance with relevant policies plays an important role in companies. As Respondent 3 described it, all amendments or created material need to comply with existing regulations as well as get vetted and approved before they get published.

When it comes to the clarity of communication, Respondent 2 pointed out that Swedes communicate in a rather direct, straightforward way, whereas Brits have adopted a more polite, ambiguous way of expressing themselves. She suggested that (in the UK) “you can be talking for ages and actually not answer a particular question. So even though it sounds like it’s been answered, the essence of it probably can be that it’s not”. This might leave the message unclear and the recipient wondering the actual meaning behind the words. When it comes to directness, Respondent 1 had noticed that people often expect her to express herself in a certain manner since she is an Englishwoman, and directness from her part is often received with a slight shock. Respondent 3 argued that one needs to adapt to the cultural norm of communicating, and that the Swedish blunt and straightforward way makes one come across as quite rude and uneducated in the UK, whereas communicating in the commonly accepted way facilitates trustworthiness and others’ perceptions of one as a person who deserves to be taken seriously. She described the situation as follows: “We’re (Swedes) more straight to the point whereas you need to... you need that little politeness (in the UK) to get into the question so British people always sound very nice and polite even though they’re delivering a quite bad message or disappointing message, they always do it with politeness”
4.2.5. Long Term Orientation (Pragmatic) versus Short Term Orientation (Normative)

As mentioned earlier, long term orientation is one of Handelsbanken’s corporate values (Handelsbanken 2017d). As to Respondent 1, the bank does not create strategic plans nor have a strategic planning function. It operates through reacting to what can be seen on the ground today. She described it as follows: “You might be able to see so far as tomorrow or the next day, but not much beyond that. And if you can see the opportunities that are developing, you try to keep yourself as an organization agile enough. Free from bureaucracy enough, free from hierarchy enough”. We argue that this way of thinking does not really indicate a clear preference toward either long term orientation or short term orientation. The bank seems to have a strong affection toward time-honored traditions, yet at the same time be open and prepared for change by being agile enough. What is fundamental, however, is that decisions are always taken keeping the long term benefit in mind, while decisions that only produce short term gain are avoided. Past is considered important in Handelsbanken in the sense that one can learn a lot from the past (Respondent 1).

What also speaks for a pragmatic approach is the modesty Handelsbanken exercises. As Respondent 1 explained, the bank has historically kept rather low profile when it comes to the uniqueness of its business model which has proved itself to be very successful. However, we see that Handelsbanken’s operations incorporate some normative practices too in the sense that the company is run based on strong values, as according to Hofstede et al. (2010), a high emphasis on values is conventionally seen as characteristic to the normative approach.

We see putting emphasis on sustainability speaks for a long term approach. Sustainability has indeed been incorporated into Handelsbanken’s daily operations (Handelsbanken 2017d). For example, Respondent 3 has been working in collaboration with ECPAT, a non-governmental children’s right organization with a global network dedicated to ending the commercial sexual exploitation of children (CSEC). The aim of the collaboration is to support ECPAT in different ways. This means more than just giving a donation to the organization, but also trying to prevent any kind of payments related to CSEC being done through Handelsbanken’s banking systems. However, this is just one of many sustainability projects Handelsbanken is working on in efforts to facilitate long termism.
4.2.6. Indulgence versus Restraint

Nations with a high score on indulgence allow or even encourage people to rather freely gratify their drives and emotions such as having fun and enjoying life, whereas nations with a low score tend to have stricter social norms and regulation controlling the conduct and behavior of people (Hofstede et al. 2010). We see that in this sense Handelsbanken shows strong orientation toward indulgence. Respondent 1 described the role of personal happiness as follows: “It’s also well understood in Handelsbanken that it’s important to have fun in your work. To enjoy working at Handelsbanken, so that is something that we think about in our corporate values, in our book of corporate values”. Furthermore, practices such as emphasizing work-life balance and flexible working, and encouraging discussion in meetings and decision making speak for an indulgence oriented organizational culture.

According to all respondents, Brits are prone to work hard and be very driven, however, in exchange for working long hours, they tend to truly enjoy and make the most of their time off from work. As Respondent 3 put it: “they do work hard but they do play hard”. Working hard is seen as inevitable and worthwhile in order to maintain a good life. Time off from work is thereby very much appreciated and seen as an opportunity to do something special and enjoy life. There are even less yearly holidays and bank holidays in the UK than in Sweden. This is one reason why in her opinion, “they (Brits) actually make something special of it (having a day off) which I don’t think we do in the same way in Sweden... We take a bit of granted of having our half days off”.

5. Concluding Discussion

The purpose of this thesis was to answer the following research question: What is the role of national versus organizational culture in multinational organizations? Research emphasis was given on issues such as how national culture influences the organizational culture, and how an organizational culture influenced by a certain national culture succeeds in a setting characterized by another national culture. This issue was perceived as relevant and interesting in the contemporary society characterized by globalization where identifying and coping with cultural differences within multinational organizations is essential in order to avoid intraorganizational misunderstanding and conflict.
In line with organizational culture theory (Hofstede et al. 1990; Adler 2008), the findings of this study indicate that a consistent organizational culture can be used as an effective managerial tool to increase efficiency and improve communication. The importance of consistency was found particularly important in a decentralized organization where a consistent approach to solving problems and taking decisions is essential in order for members of the organization possessing individual decision making authority to act in line with the company’s principles.

By means of a comparative case study of Handelsbanken Sweden and Handelsbanken UK, we found that the roles of national and organizational culture within a multinational organization are inevitably intertwined. This corresponds to the findings of Leung et al. (2005) according to which culture is a dynamic, multi-level, multi-layer construct (Figure 2.). We extended Morris and Lancaster’s (2006) theory on translating management ideas to concern the translation process of organizational culture. What is important here is that the receiver plays a significant role in reinterpreting an organizational culture to fit its new national cultural setting. In the midst of this process, the organizational culture gets influenced by the local national culture. From a practical point of view, this means that a set of specific business practices, such as meetings and reporting, may get a slightly new form. For instance, when Handelsbanken first started operating in the UK, Brits within the organization needed to adapt to the Swedish way of doing meetings, and especially the predominant strive for consensus that characterizes those meetings. However, as one of our British respondents described it, the meetings she was running in Handelsbanken UK got a slightly more direct tone after she was actively trying to push the participants to take more direct decisions. Thus, the best practices of both national cultures were adopted, creating a setting where active decisions can be taken but the aim is still to reach consensus.

The broad adoption of an organizational culture in a new national setting does not necessarily mean that all cultural aspects need to be adopted. Some practices, or organizational rituals such as the Swedish concept of fika and the British tradition of afterwork beers, might fit better to their original setting due to their time-honored social acceptance. In Handelsbanken Sweden, fika is used to socialize with colleagues during office hours while at the same time discuss business related matters. In Handelsbanken UK, afterwork socialization, preferably over a beer in a more personal and relaxed setting away from the office, is considered an important means to separate work life from private life and get to know one’s colleagues better. So even though Brits within the organization have adopted most practices from the Swedish way of working, they still have kept their tradition of afterwork beers.
rather than replacing it with Swedish fika. In this sense, a mutual ritual within the organization is seen as less important than organizational traditions aligning with specific national preferences. Even though these traditions can be perceived as not having much to do with the company's financial success, they are important when it comes to companionship and indulgence.

5.1. Academic Contributions and Managerial Implications

By addressing the current research question, the study was aiming to contribute to previous research on the topic and more importantly facilitate successful translation of organizational values into a foreign context, as well as support well-functioning collaboration between foreign colleagues.

The values that form the underlying basis for an organizational culture are decided by the founders or the top management of the organization (Sun 2008). Adhering to Hofstede’s (1990) onion model of culture (Figure 1.), we see that these values derive from the national culture. Our findings contribute to Leung et al.’s (2005) theory, as we argue that every organization develops its own unique culture based on the influences it gets from multiple directions, the most direct influences coming from the national cultures of the countries the organization is operating in. As the culture-determined value system differs from one country to another, the driving values of organizations from one country often differ in similar ways from organizations that originally come from another country. The management is responsible for ensuring that the organizational culture does not clash with the national culture, be it the country of origin’s or a local culture in a foreign market. Therefore, it is important for the management, as well as other members of the organization, to understand the role of culture in multinational business.

We believe that in order to perform well in new foreign cultures, multinational companies ought to incorporate cultural knowledge into their strategic decisions. This can be done for instance through identifying a company’s culture-related strengths, weaknesses, opportunities, and threats by means of a SWOT analysis. The best strategy is then formulated based on the company’s internal circumstances together with the changing external circumstances affecting the company (Thompson et al. 2015).
5.2. Limitations and Future Research

We acknowledge that the current study does not come without limitations. As described in the method section, qualitative research strategies have been criticized due to their subjectivity which might lead to potential researcher bias, as well as problems of generalization (Bryman & Bell 2007). Generalization of the findings is troublesome in qualitative research per se, and it becomes especially relevant in this study as the number of respondents is relatively low. However, in efforts to minimize the potential limitations of this issue, much attention was paid on the quality of the collected data through conducting deep, detailed interviews, and backing up the findings with secondary data. Also, the fact that all the respondents of this study were representatives of Handelsbanken might have caused a tendency of being very positive about the company and avoiding criticism. However, this issue was tried to be minimized by analyzing the data very objectively.

One of the key findings of the study was that a multinational company’s way of doing things is a hybrid of organizational culture and different national cultures involved. However, as our study was based on a single case, more research with more participants is needed to confirm our findings. Our study is also very much focusing on the cultural differences between Sweden and the UK, whereas studying other cultures would be interesting as well. Sweden and the UK were found to be a good cultural match, and therefore we suggest a similar study to be conducted on national cultures that differ from each other in a more significant manner. Also, as organizational culture typically exists on a subconscious level it might be a tricky task to measure and grasp the true essence of it by only conducting interviews. Therefore, in order to gain a deeper understanding of the underlying organizational culture, we suggest further research within this area through observing the behavior of the members of an organization for a longer period of time.
6. References

Written


Marquardt, R. (1994) Banketableringar i Främmande Länder, Doctoral thesis no. 55, Uppsala University Department of Business Studies.


**Oral**

Interview with Respondent 1, 2017-03-22.

Interview with Respondent 2, 2017-03-22.

Appendix A

Interview Guide (Adheres to Swahn 2002)

Starting question

1. Can you tell me a few words about your company?

Guiding questions

2. What is your role in the company?

3. Handelsbanken entered the UK in 1984. How did you approach foreign entry into the UK?

4. Why did you choose to enter the UK?

5. How would you describe your first impression of the business culture in Sweden/the UK?

6. Did you encounter unexpected cultural differences? Please elaborate.

7. Would you say you have experienced a culture shock (frustration with unfamiliar behavior/traditions/etc.) and how did you cope with it?

8. Do you see any differences between the Swedish and British cultures, and if yes, which? Which of them do you see as most critical for business relationships?

9. Are there differences in the Swedish and British business etiquette?

10. Can you think of business-related situations where cultural differences played a certain role or created misunderstandings/other problems? Can you explain what happened, how you and your colleague acted, did you try to adjust your behavior?

11. Did you try to foresee and approach similar situations in a certain way afterwards? Did it make a difference?

12. What did you find most difficult when working with Swedish/British colleagues? What about the easiest in terms of cultural similarities?

13. Do you have any funny examples of situations where cultural differences were very apparent?
Specific characteristics

14. How would you describe power relations in society?
   Key ideas:
   ● Relationships between people in unequal positions (e.g. between the boss and employee)
   ● Organizational structure: hierarchical or lean?
   ● Leadership style
   ● Role of status symbols in the society (e.g. car, office, clothes)?

15. How would you characterize the relationship between people in society?
   Key ideas:
   ● Are people rather independent or do they have a ‘sense of group’?
   ● Representations in the business meetings/negotiations: done by individuals or groups?
   ● Are personal relationships important for the business?
   ● Is it common for one to speak up even though it might lead to a conflict, or rather to avoid confrontation with colleagues?
   ● Decision-making process: how is a decision made? (Quickly/slowly, by one or more people, goes through many stages or not)
   ● Motivation instruments? (Money, bonus, recognition, promotion, signs of status)

16. Do you think people divide particular spheres of their life, e.g. work and private life?
   Key ideas:
   ● Are business and personal relationships intertwined and overlapping?

17. How would you characterize attitude towards rules, regulations, and laws?
   Key ideas:
   ● Are there many rules and regulations?
   ● Are rules typically followed closely or is it rather up to the circumstances?
   ● How is change accepted?
   ● Attitude to contracts? (How detailed are they, are they being followed precisely in terms of timing, conditions, etc.?)

18. Which one is more prevailing: the ideal of high performance and efficiency, or caring for others?
   Key ideas:
   ● Attitude toward work: ‘work to live’ or ‘live to work’?
   ● Do conflicts tend to be resolved by force or compromise?

19. How would you describe attitude toward time?
   Key ideas:
   ● Do people think long term or short term? What do you understand by both terms?
   ● How important is the past, present, and future in relation to each other?
   ● Is punctuality important?
   ● Do people have precise schedules, and is it accepted to break from them?
20. Is it common and proper to show feelings openly, in particular at work?