What types of organizational cultures are most effective for subsidiaries of Swedish firms in the U.S?

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Presenting:	March 13, 2006, 3-5 pm, C606

Abstract

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Nyqvist, H. & Rössner, G. Stockholm School of Economics. March 2006.

There is a widespread realization that there is a need for a suitable organizational culture to be effective on the global market today. The purpose of this thesis is to investigate what types of organizational cultures are most effective for subsidiaries of Swedish firms in the U.S. The authors have used an email-distributed survey to question managers and executives of Swedish subsidiaries in the U.S. about the organizational culture in their company. The questionnaire has been created, tried and validated earlier in a larger study in China and Russia. That study also generated a model of organizational culture which is the basis of the analysis in this master's thesis. The model has eight dimensions and it is shown that the organizational culture dimensions affecting performance most are Mission, Customer Orientation, Involvement and Society Orientation. These results can be applied mainly to the specific niche of Swedish subsidiaries in the U.S., but are also helpful when looking at multicultural aspects of establishing and developing a subsidiary in a new country or organizational setting. The implication is that it is important to research what is most effective in a specific geographic and cultural setting.

Foreword

Work on this master's thesis commenced in January 2004 when author Rössner and a SSE colleague started investigating possible areas of interest. They found an external sponsor, a mentor and a topic, but after discovering a clash between sponsor and mentor, they found a new mentor and topic and started work on a thesis exploring human resources. However, there was not enough time to start before Rössner went on an exchange program and colleague was busy with coursework in Sweden.

Before returning to Sweden in June 2005 Rössner accepted a job position in New York City starting September of 2005 and the pressure was on again to re-energize over the summer. Due to a turn of events and practical reasons the most plausible idea for Rössner and colleague was to split up and find new partners and topics. This is when Nyqvist and mentor Fey came into the picture, bringing this thesis to be finalized more than two years after Rössner's start. It has been an interesting time and journey, not just because of the topic, but because of all the planning, timing and resourcefulness needed to coordinate one author in New York, one touring between school in Stockholm and table tennis in Germany and one mentor travelling between professorships in Sweden and Russia.

The final product would not have been possible without the kind help of mentors Carl Fey and Dag Björkegren; Per-Olov Edlund at SSE; President Renée Lundholm of The Swedish-American Chamber of Commerce in New York; the respondents who took the time to answer our questionnaire; Sergey Morgoulis-Jakoushev for help with statistics; Sarah Goldberg and Carl and Jenny Orfuss for proofreading; support from parents and friends; Skype; email; instant messaging and many others. We hope that you will find not only the topic interesting, but also see this as an interesting project in terms of cross-cultural and geographical communication.

Stockholm and New York
Spring of 2006
Henrik Nyqvist & Gustaf Rössner

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1. Introduction

1.1 Background

In June 2005 author Rössner accepted an 18-month long scholarship position at The Swedish-American Chamber of Commerce, Inc. (SACC) in New York City. There he was to expand, entertain and develop their wide network of companies, organizations and individuals. At the same time the only remaining course he had at the Stockholm School of Economics (SSE) was his master's thesis. His immediate thought was to combine the two in factors.

The SACC New York told Rössner that they often have Swedish companies approaching them when they had encountered oversights upon starting up in America. These companies had normally not done enough research on the American business environment. Rössner was told that when companies go into Asia they often take courses in Asian business style, management, culture etc, but many Swedes seem to think that just because they have been to the U.S. on vacation they will know what running a business in the U.S. must involve. They often realize (too late) that the similarities between Swedish management and American management are not what meet the eye. Therefore, the SACC New York proposed he write something about how to "make it or break it" in the U.S. Additionally Rössner had just taken part in an exchange semester at the Asian Institute of Management in the Philippines and had become eager to further his knowledge in international management issues. Thus, he started looking for a fitting research area. By a turn of events, Nyqvist, who had just shifted from the finance to the management major at the SSE, was separately in tune with this focus.

At the same time, Carl Fey at the Institute for International Business (IIB) at the SSE was conducting a project involving organizational culture in Russia and China. Together they came up with the idea for this work. The hope is that it will further the knowledge of managerial possibilities and pitfalls around the world, both for students and the wider international audience. If results and conclusions are treated correctly, there are possibilities to expand ones understanding on such issues as multicultural management and reward allocation. For any comments or inquiries, feel free to contact us at 19205@student.hhs.se (Nyqvist) or 19212@student.hhs.se (Rössner).

1.2 Problem presentation

In a world of increasing globalization, companies that can adapt faster to both their external and internal challenges should be able to gain advantages from this knowledge. Internally this means, among other things, that employees must be triggered to excel. Externally it might mean tighter co-operation with clients and suppliers. This thesis will concentrate on the internal issues and how organizational culture can drive effectiveness in business. Effectiveness in this thesis means how successful a company is in what it strives to accomplish.

With a large flow of world labour movements from increasingly free markets, one can imagine that both clashes and opportunities in terms of management issues can potentially arise. Managers from different countries and from differing businesses and inherited cultural backgrounds are likely to support and develop different organizational cultures differently depending on what they have been taught and what they strive to achieve. One organizational culture that works well in one setting might not work in another and could potentially be a major source of dissatisfaction among employees if applied incorrectly.

Several books and articles have been written on the subject of organizational culture, many of them based on American managerial thoughts. The tools that have been used have often been American and there is an ongoing debate regarding what influence this has on methodology and results. This brings up the issue of organizational effectiveness in Swedish subsidiaries in the USA. This skewing has an inherent challenge in that it becomes difficult to compare results with other similar projects. However, it is also exciting to pioneer a field and find both its potholes and advantages.

1.3 Purpose

Using, or creating, a sub-optimal organizational culture could result in an ineffective and less professional organization, whereas an understanding of what drives organizational superiority could mean a competitive advantage for a company, CEO or anyone else who manages others in different cultures. This potential for an advantage we believe many can gain from. With it correctly used, there is also a possibility of creating such things as, for example, accurate reward allocation systems in assorted environments. In this case we have been given the opportunity to investigate Swedish subsidiaries in the U.S. Thus, the purpose of this thesis is

to develop an understanding for the relationship between organizational culture and effectiveness in Swedish subsidiaries in the U.S. Specifically this paper asks: *What type(s) of organizational culture is most effective for subsidiaries of Swedish firms in the U.S?*

1.4 Limitations

The limitations at hand are mainly based on the scope of a master's thesis and practicalities. We have decided to limit the thesis to treat subsidiaries of Swedish firms in the U.S., since addition of a comparison with for example another country or culture expands the scope of the data collection and the thesis beyond practicality. Due to geographic locations and movements, we have been mainly confined to finding literature over the internet; therefore some of the older books and articles on the subject have not been available, but will be covered through the references to other pieces of literature. However, for the scope of the thesis we believe that the information we have is accurate and updated.

The number of and nature of the questions on the questionnaire that has been employed also limits the amount of results available. However, through the work done by Carl Fey previously on the project, it has been found that enough aspects of organizational culture have been covered in the questionnaire to make it reasonable to generalize over geographical and cultural borders.

In terms of the number of respondents, we set a goal to reach approximately 100 respondents to be able to do statistical analysis on the survey answers. This also seemed like an ambitious goal in terms of scope of a master's thesis and with respect to geographical and time difference between authors and mentor. One might then discuss if we should have gotten those 100 answers from sets of 50 companies and two persons in each of those or 25 companies and four persons from each for example.

Another option would have been to investigate the same company in different countries, as with Hofstede later in this thesis; however we felt that reaching out to a maximal number of discrete corporations would be the most rewarding and statistically correct observation for analysis for this specific project. In-depth studies of one or a few companies also serve important purposes, but the goal of our study was to show which dimensions of organizational culture were most associated with firm effectiveness. We are convinced that the best design to accomplish this task is to conduct a study of a large enough number of companies such that

one can do some reasonable statistical analysis. We felt that we needed to get about 100 responses for this purpose. Further, we believe that for this purpose, comparing across as wide a range of organizations as is possible was desirable. Thus, we chose the research design of having one manager at each of 100 companies complete the questionnaire.

The respondents that we have reached are also a cause of limitations. To find persons to approach to answer our questionnaire, we have used the book *The 2005 Directory of Swedish-Related Companies in the United States*, produced by SACC New York, and its most recent digital updates for the 2006 edition in November of 2005. There we have sorted out companies with a majority of Swedish ownership that have at least 10 employees. We emailed the main contacts in those companies a questionnaire. These contacts are mainly at a managerial or executive level. This does not only limit the amount of responses due to their lack of time, but it also limits the input from employees on lower hierarchical levels. However, we believe it is a reasonable limitation due to accessibility of various strata, but more due to the fact that the respondents must be somewhat educated in what his or her company does generally and how effective it is, in other words how well it is performing. In the end, the response rate was approximately 26% out of those eligible, based on firm size, ownership etc.

The biggest limitation that we have is time. During the work process we have been forced to disregard from certain issues that might have been interesting to incorporate in our thesis. At the end of our thesis we have also noticed that multicollinearity between our organizational culture variables appear to be a potential problem. Fey and Dension (2003) did not have any multicollinearity issues in their work and therefore we chose to look at the bi-variate correlations among the variables and were satisfied with that.

1.5 Outline

After this primary introduction, the theoretical framework in which this essay is placed will be described to give an understanding of some of the issues. The theory section starts from the broad organizational culture issues, goes through effectiveness, Hofstede's work and motivation theories, then focuses on the Swedish and American settings and finally the model used for analysis. This will be followed by the method used for data collection. Then we will present the results from the data, which will also be discussed.

2. Theory

2.1 Overview

There are many different factors that contribute to the success or failure of a company. Examples of possible dynamics at play are customer and supplier relations, exchange/interest rate fluctuations and access to raw materials and new technology. Some industries are more capital-intense than others. Adler (1991) however, suggested that the most important determinant of organizational performance is the effective use of human capital. In line with that, several researchers have investigated corporate culture as a source of competitive advantage (Fey & Denison, 2003). Barney (1986) for example claims that "firms with sustained superior financial performance usually are characterized by a strong set of core cultural values that define the way business is conducted." He describes three important attributes of culture: valuable, rare and imperfectly imitable. Pfeffer (1994) recognizes the importance of managing the people within a company to gain success, comparing that to other factors such as high entry-level barriers and bargaining power. Wilkins and Ouchi (1983) claim that "organizations having local cultures will be more effective when members develop a shared knowledge about collective needs and perceptions of goal congruence among all organizational members".

Bear in mind however, that these theories, along with Kotter and Heskett's (1992), have been developed and applied only in the U.S. This has given rise to discussions regarding the applicability of organizational science across countries and the need for modification due to national differences. Even earlier, Fayol (1949) suggested that management theories and techniques have universal applicability. This was also based mainly on studies carried out in the U.S. and has today been well contested (Muller & Clarke, 1998) and the notion that what is good for those working in the U.S. is also good for other people in other countries has been shown (Hofstede, 1980a) to be an incorrect view in many cases. Another problem in this type of research is that it might convey the impression that there is only one unitary culture within each company (Fey & Denison, 2003). This is seldom the case and the issue of sub-cultures must also be taken into account.

Another reason for the limited research is the lack of agreement about the appropriate measures of effectiveness. Since culture is such a complex phenomenon, consisting of beliefs,

values, structures, practices and more, researchers question whether it can actually be measured or not (Fey & Denison, 2003).

Researchers suggest that people from different countries and cultures tend to be motivated by different factors (Fisher & Yuan, 1998; Hofstede, 1980b). Thus, what motivates one group of employees, managers, executives etc. in one setting might not work in another group with others. As stated earlier, with increasing globalization, flow of information, people, goods and services and with more firms being present in multiple countries and cultures, it is important to understand what challenges one faces in a new environment. Managers and executives seem to move much more geographically than their employees so they especially must be prepared to adapt when being internationally mobile, but the company must also be able to adapt to the staff available where they operate. In our case, it would seem essential that successful Swedish companies in Sweden are well aware of what organizational cultural issues they might face in the U.S. to become an effective organization in that setting too.

Whatever the incentives offered, it seems imperative to ensure that all employees, managers, executives etc. in a company are excited and motivated to do their job well, not just feel obliged and bored. If this is a well-spread enthusiasm among colleagues and employees it can create an organizational culture which makes almost everyone satisfied and through that organizational cultural satisfaction a more effective structure can be found and created.

2.2 Organizational culture

What in literature today is called *organization culture* really is a combination of what was previously called organization climate and organization culture. There has been a long academic battle regarding which one is the correct approach to study organizations. This conflict we will not go into any deeper, but today organizational culture is the term being used for both previous wordings. However, there are some important points to know about each field.

Organization culture, as previously used, was studied through qualitative research methods. It required "an appreciation for the unique aspects of individual social settings" (Denison, 1996). Culture researchers were associated with quotes and stories from interviews. In contrast, organization climate was studied through quantitative research and aimed to generalize across social settings. Climate researchers were seen with computer printouts and

questionnaires. All in all, Denison (1996) defines the two so that "*culture* refers to the deep structure of organizations, which is rooted in the values, beliefs and assumptions held by organizational members... *Climate*... portrays organizational environments as being rooted in the organization's value system, but tends to present these social environments in relatively static terms...."

In a discussion with mentor Carl Fey, he said that he personally is more inclined to focus on the organizational climate part of today's combined organizational culture. This, he claims, is because organizational climate is represented by practices which can be more easily observed than organizational culture. However, the practices reflect a company's values. Asking questions regarding, for example, how often per week somebody talks with somebody in another department at work gives him an easier way of later understanding the culture than asking about values and than applying that to practices.

We authors, perhaps slightly biased by Fey, would also be prone to emphasize the potential fruits of studying organizational climate rather than culture. Having conducted qualitative interviews in earlier school projects it is difficult to claim that the answers can be measured in strength compared to other interviewee's answers. Questionnaires can also be interpreted in different ways, but at least normally result in a number, graph or rating in the end. To bridge these gaps it is possible to conduct both quantitative measurements and qualitative interviews. This will hopefully further the understanding of the regressions, means and variances extracted by the quantitative research. This method has been used by many, for example McMurray (2003). However, the important matter to remember about the organizational research literature today is that both climate and culture are included in the concept of organizational culture. This hopefully widens the possibilities of more accurate research.

With this in mind, we strive to define what organizational culture is and to later investigate what it can do for organizational effectiveness. Schein (1985: 19, 1992: 12) defined culture as "a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, which 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." Schein was part of the old school of organizational culture research, yet we believe it is a valid definition of what we will call organizational culture today. It captures the fact that culture can be written and unwritten, spoken and unspoken.

This definition also highlights the fact that culture has much to do with learning in a specific context and in a specific group. The group can be a country, a company, an organization, a team or some other kind of subgroup. It can be bound geographically, but also be a set of mental understandings, perhaps over the internet.

Another version of the definition is Denison's (1996) proposal that organizational culture research means "examining the internal social psychological environment of organizations and the relationship of that environment to individual meaning and organizational adaptation". It is partly derived from Schein's definition and also emphasizes the need for adaptability over time and the idea of underlying beliefs, values and assumptions.

2.3 Organizational culture and effectiveness

So far, empirical evidence of links between organizational culture and effectiveness are limited and questionable (Bernard, 1995), but nonetheless some will be presented in this section. Denison and Mishra for example developed a framework in 1995. It showed that there are two traits in an organization, involvement and adaptability, that are indicators of flexibility, openness, and responsiveness, and they are strong predictors of growth. Two other traits, consistency and mission, are shown to be indicators of integration, direction, and vision and are better predictors of profitability. Each of these four cultural traits of effective organizations is a significant predictor of other effectiveness criteria such as quality, employee satisfaction, and overall performance.

This research has in turn "developed an explicit model of organizational culture and effectiveness and a validated method of measurement" (Fey & Denison, 2003). It focuses on the contradictions involved in simultaneously achieving internal integration and external adaptation. At the core there are underlying beliefs and assumptions that are difficult to measure and generalize about. However, they give rise to organizational practices that are observable.

In the model, *involvement* implies that effective organizations empower people at all levels and make them feel that they have input in decisions that affect them such that they have a sense of ownership. *Consistency* implies a strong organizational culture that becomes a source of stability through a common mindset in all employees. *Adaptability* means being driven by your customers, taking risks and learning from mistakes instead of being stagnant and

internally integrated. Finally, *mission* implies the importance of having goals and a sense of purpose and direction.

As stated earlier, there has been an ongoing discussion regarding what used to be organizational climate versus organizational culture, but today they are collectively called organizational culture. Denison (1996) pointed to one of the reasons for this, namely that the two areas were conducting research that more and more incorporated the methods of the other. We will here describe some of those mentioned studies briefly.

Although later in time than Denison's above mentioned article, Ichniowski, Shaw and Prennushi (1997) were able to show that with work practices such as flexible job design, employee participation, training for multi-tasking, screening and employment security, effectiveness in a steel finishing line could be increased by 2,5-7,6 per cent. This in turn could improve revenues by $27.900 per month, or $10 million over a period of ten years, which is quite a substantial amount. Ichniowski and Shaw (1999) showed that American and Japanese production lines have the same rate of productivity, once the American companies adapt to the Japanese human resource management practices. In both articles, the authors ask why all lines had not changed into these kinds of organizationally more productive settings and conclude that it depends on costs of changing. These costs are usually higher within older companies and lower and more manageable in newer companies that can adapt to these practices with less effort.

Katz, Kochan and Gobeille (1983) showed that through more effective management of conflict and greater collaboration in the workplace productivity in unionized settings can be improved. Cutcher-Gerschenfeld (1991) showed that defects and worker hours lost to scrap could be decreased and speed of resolution of conflicts and worker-initiated changes in work design could be increased through transformational interaction patterns such as information sharing and worker autonomy. Cooke (1992, 1994) showed that workplaces with employee participation achieve greater improvements in quality than more traditional workplaces, the extent partly depending on degree of union involvement. Through survey and performance data, Denison (1984) showed that large corporations that have participative cultures experience better performance than those without. Calori and Sarnin (1991) showed that cultural intensity and homogeneity appeared to be related to companies' growth in a field study of five French single business unit companies.

Many of these findings may not come as a surprise, but bear in mind that they are all in specific geographic, industry and cultural settings. Thus it is brash to generalize, just as we are loathe to generalize in this paper. Researchers can merely identify a specific culture and investigate what seems to make it most effective, and with that information describe and point out how important it is to adapt to and improve certain cultural factors. With these results at hand, it is then possible to make later comparisons in terms of cross-cultural and geographic applicability. As late as 2004, Denison, Haaland and Goelzer pointed out that it might be possible to measure and compare the cultural traits of organizations and their impact on business performance across nations and to find empirical support for a general framework. How then does this correspond with the vast literature on cross-cultural differences? They suggest that there is a common set of cultural traits that can be used to understand the effectiveness of organizations; however they are normally expressed quite differently in various national settings.

2.4 Hofstede

Some of the most well-known research on cultural factors has been done by Hofstede (1980a, b) and his colleagues. During the 1970's he was allowed access to a database containing thousands of questionnaire answers that IBM had had filled out by its employees in its offices around the world. Through statistical analysis and evaluation Hofstede clustered the issues into, primarily four and later five, dimensions. These dimensions will be described briefly with definitions from Hofstede (1994).

Power distance (P.D.) can be defined as "the degree of inequality among people which the population of a country considers as normal: from relatively equal (that is, small power distance) to extremely unequal (large power distance)". This basically means what people feel about hierarchical versus flat organizational structures and cultures. In Hofstede (1980a) Sweden scores a 31 and the U.S. 40 on P.D. The implications of this will be discussed in section 2.6.

Uncertainty avoidance (U.A.) is "the degree to which people in a country prefer structured over unstructured situations". This means having more or less rules, written, non-written or traditional, on how to behave. (National) Societies with strong uncertainty can be seen as nervous and rigid whereas weak avoidance figures speaks for a more flexible and easygoing

outlook on situations at hand. Sweden scores a 29 and the U.S. a 46 in the above mentioned article.

Individualism is the "degree to which people in a country prefer to act as individuals rather than as members of groups". The opposite is called *Collectivism*. An individualist thinks in terms of "I" and expects to one day have to stand on his own feet. Thus, he does not feel a need for strong loyalty whereas the collectivist thinks of "we" and expects support from his family, friends, colleagues etc. Sweden scores a 71 and the U.S. a 91 on the scale.

The fourth dimension consists of *Masculinity* and its opposite *Femininity*. This describes "the degree to which values like assertiveness, performance, success and competition, which in nearly all societies are associated with the role of men, prevail over values like the quality of life, maintaining warm personal relationships, service, care for the weak, and solidarity, which in nearly all societies are more associated with the role of women". Masculine societies tend to become performance-oriented whereas feminine ones become welfare societies. An interesting fact is that women's values across countries seem to differ less than men's values differ. This may show that men's values hinge on how influenced they are by the type of society in which they live (perhaps feminine). Swedish businessmen's mentalities may be different than Americans' as a result

Of these four, Power Distance and Uncertainty Avoidance are two that imply how people organize themselves. The first dictates who will decide on what and the latter the need for structure and rules. Also, the two dimensions are independent of each other in that all combinations occur in a P.D.*U.A. matrix (Figure 1). According to Hofstede (1980a) there is evidence to support that depending on what quadrant a country is placed in there will be a preference for a certain model of organization in the minds of people from that country. This was concluded by letting students from Great Britain, Germany and France answer the same case question and then determine how the countries differed in response. These countries were placed in quadrant 2-4, but none in number 1. Later it was found that this quadrant will mainly be occupied by Asian and African countries, not European countries.

It is also in the Asian setting that the fifth dimension was found after a series of tests conducted by Michael Bond, a Canadian who first taught in Japan (Hofstede & Bond, 1988). He called this "Confucian Dynamism" because the values reminded him of Confucius' teachings. Here, one side represents future oriented values such as saving whereas the other stands for past and present oriented values such as respect for tradition. Hofstede later renamed the dimension *Long-term* versus *Short-term orientation* since it is not only relevant for
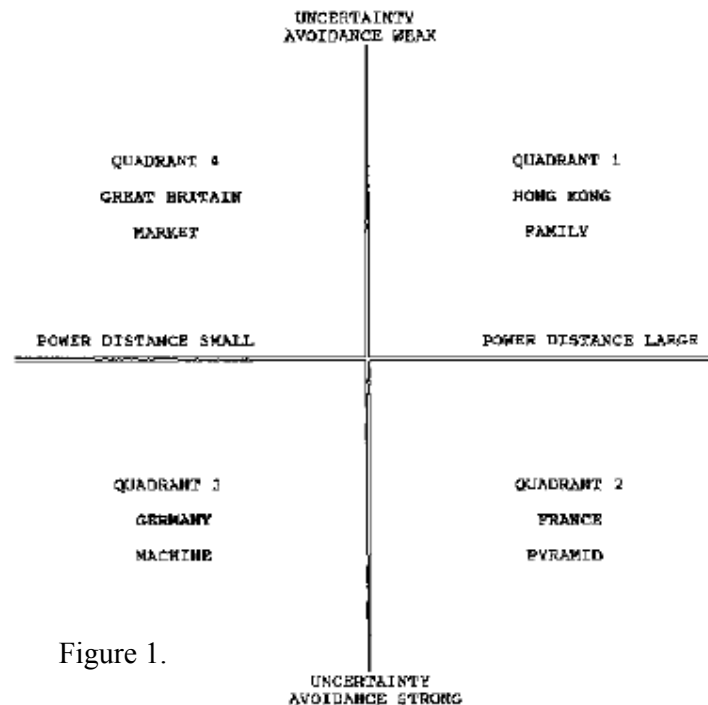

Figure 1.

countries with a Confucian past (China, Hong Kong, Taiwan, Singapore, Korea and Japan), but rather is claimed to have worldwide applicability. The Asian countries scored much higher on this dimension of time orientation, which has later been claimed to be associated with much higher economic growth in the East Asian countries compared to the Western over the last 25 years.

Briefly, the types that are associated with each quadrant are these: Quadrant 1, most common in Asian and African countries resembles the "family" "in which the owner-manager is the omnipotent (grand) father". The French in quadrant 2 are a hierarchical society with the Chief Executive at the top and employees in stages under, like a pyramid. Quadrant 3 with the Germans displays the traits of well-oiled machinery, a process where management intervention is limited due to several rules already. Hofstede compares the British in quadrant 4 with a "village market", where the demands of the situation determine what will happen.

Although being familiar with Hofstede's research, one should also be aware that his ideas have indeed been criticized (Yeh & Lawrence, 1995). For one, his research was mainly done on one company, IBM, which dealt in the specific field of computers and electronics. There was no research performed on other companies dealing with other industries. Also one can claim that it is nowadays difficult to generalize about the results since they are approximately 30 years old and much could have changed since then. It is also difficult to capture all the

intricacies in five dimensions. Hofstede himself also points out that the questions as such were formulated by Western researchers with a Western way of thinking. He also admits that most of the interviewees were managers, not regular employees. These issues can be a source of biased results and be a cause of faulty conclusions, just like in this thesis.

However, with such a vast amount of research and with the credibility Hofstede has earned, these concepts can be useful in studying organizational culture. They are both interesting when comparing several countries (one country exhibits higher U.A. than another for example) and when exploring a single country context (a country is known for it's masculinity for example). The figures can help us understand certain organizationally cultural behaviours, but also be the result of certain types of previous experiences. Countries that have been under Communist rule for example might be used to high P.D. and thus still exhibit that behaviour today.

2.5 Motivational theories

One way of possibly achieving organizational effectiveness is, as stated previously, by motivating your employees. Having a certain type of organizational culture can be a way to help motivate your employees, thus it is important for us to understand more about motivation and what motivates employees at Swedish subsidiaries in the U.S. For simplicity we will use Klein's (1989: 150) definition of motivation, which claims that motivation is "the set of psychological processes that cause the initiation, direction, intensity, and persistence of behaviour". Basically it is the stimulant that makes you exhibit a certain behaviour sought after from management. Thus, if management can provide the company with the correct stimulants in terms of organizational culture, the company could become more effective. Motivation has been examined from many perspectives and we will here briefly describe some of them to give the reader a basic understanding of the forces at work in this field.

Although it has gained less support over the recent years due to troubles with empirical validity, one of the most discussed explanations used is *Need Theory (*Fey, 2005). Its likely most famous supporter is Abraham Maslow (1954), who developed a hierarchical categorization of needs that guided individual behaviour:

1. Physiological needs – the need for food, water, air, etc.

2. Safety needs – the need to feel safe and secure from potential evils.

3. Social needs – the need to feel accepted and loved.

4. Esteem needs – the need to feel successful and admired by others.

5. Self-actualization – the desire to become all that one is capable of becoming.

Maslow claims that lower level needs must be satisfied before higher level needs become an important motivating factor. His ideas have been criticized due to issues such as being too finely divided and lack of universal applicability due to variations in national cultures (Hofstede, 1980b), but his basic ideas still prevail in later extended *need theories*. An example of Maslow's theory could be this: due to the extensive welfare system in Sweden one might expect Swedes to be at a rather high level, compared to a developing country where employees are still concerned with the issue of putting food on the table. Thus, Swedes might be more interested in being challenged at work, motivated by higher level needs, rather than receiving a higher salary. (Make note that this could instead be due to high Swedish marginal taxes, which de-motivates marginal compensation.) In our case, it would mean that when Swedish companies establish a business in the U.S. they would have to investigate what the specific needs of the employees there are to achieve effectiveness. The U.S. tax environment may make financial compensation and bonuses more of a motivating factor than, for example, perks such as company cars.

Using Maslow's theories is one way of attempting to create an effective organizational culture. Like said above, it might require adaptations in different countries. One should also be aware that the lack of worldwide applicability of Maslow's research implies that the five steps might not come in the same order for every country. Physiological needs will most likely always be very basic, but the other four can have differing importance. This means that when setting up companies or subsidiaries in new countries one must be aware of what motivates the local workforce, if you are hiring locally at all. One has to decide whether to adapt to the local setup or attempt to change the prevalent view. A small culture like Sweden may have a difficult time doing the latter in the U.S., but it is likely that large multinational companies can spread their organizational cultures in new geographic placements. With the help of Abraham Maslow the needs of staff can be incorporated into the organizational culture that the companies try to create and hopefully by helping staff to rise up the steps of the pyramid there will be more satisfaction among employees and a higher level of effectiveness.

Equity theory takes into account how an individual's work motivation is affected by how he perceives to be treated by colleagues, superiors and other people in the working environment. Thus, this is a relative measurement where the individual is motivated if he believes that he receives fair treatment with respect to others. This means that the individual compares itself to its peers and compares its input (education, effort, loyalty etc,) to its output (money, travel, vacation, career, etc,) from the employer. If an inequality exists, the employee will be de-motivated.

This can be solved by for instance offering the employee a higher salary, less work or even explaining that the employee is comparing himself with the wrong person. In the scenario of this thesis, this could imply that the Swedish company should be well-aware of possible sources of inequality in the new environment and have a plan on how to solve them. An example of a way to overcome this need to compare oneself with others is to create an organizational culture where there is openness regarding issues at hand and potential inequalities. If these can then be resolved swiftly, the company can move on and work effectively.

Just like Maslow's ideas, the universal applicability of equity theory has also been questioned. What is interesting for this thesis study is that it seems to be supported in the American setting where this thesis derives its data. The Swedish system is much built on equity so we can imagine that management will find it important to either change possible perceived inequities or still be motivated by finding an explanation for the inequity.

Goal theory suggests that individuals feel more motivated and competitively driven if they are presented with explicit goals, such as sales targets. *Feedback theory* is similar in that feedback can help clarify for employees what they are supposed to do. Contrary to goal theory, though, feedback is given during or after a certain behaviour whereas goals are set before an activity. With respect to the high Swedish score on U.A., Fey (2005) hypothesized that Swedes may find clear goals degrading. He also suggests that it is unlikely that Swedes will appreciate feedback, or at least not think it plays an important role due to several flat organizations, with regards to a low score on P.D. We do not necessarily agree with this from personal experience (which we are later proven correct in Fey's result section), but we do agree that goal-setting and feedback are efficient reducers of uncertainty. An organizational culture where there is a mismatch between what the intention of management is and what ways the employees are

allowed to use to accomplish that could possibly become stagnant and less effective. More on the results and implications of Hofstede's dimensions will follow below in section 2.6.

Thus, depending on what approach or perspective you take on it, it could be possible to drive organizational effectiveness through the correct motivators. This would mean that with the correct motivators for the correct environment and employees a company can create a culture that reaches goals in an effective manner that employees can adhere to. These goals do not necessarily have to be monetary primarily, but can be a start to what in the future can become a functioning, learning system that enhances processes and relations within the company. In a study of Japanese and American motivational systems, Allen et al. (2004) conclude that "it appears that it is important for managers and human resource professionals to carefully consider national cultural values when designing a rewards system to fit their organizations. Some reward practices may be universally effective regardless of culture, whereas others may be culturally sensitive". Each rewards practice must be carefully reviewed, however, before concluding that border-crossing will not taint its effectiveness.

2.6 Swedish and American national culture

There are some studies on motivational practices in Sweden (Fey, 2005; Törnblom, Jonsson & Foa, 1983), but less so on organizational culture in Swedish subsidiaries abroad, even less in the U.S. As you can read in the background of this thesis, it is evident that the managerial and motivational practices that some Swedish firms use in the U.S. are not always successful. By exploring what factors triggers managers in that setting, we hope to develop an understanding of what it takes to be effective in the American context.

Although as mentioned somewhat superficially, we will use Hofstede's framework to characterize Sweden's national culture. On the 100 point scale Sweden scores a low 31 on P.D. Fey (2005) prescribes this to the fact that consensus and that everyone should be equal and approachable are central principles in Sweden. Thus the low score is expected. In comparison, a country like Russia that has been tightly controlled scores a high 89 (Elenkov, 1997). Bear in mind however that Russia has gone through dramatic changes in recent years. This is just to give the reader something to compare with, as extremes help to understand the measure. In Hofstede (1980a) the U.S. scores 40 on P.D., seemingly similar to Sweden. However, American companies overall in everyday talk are said to be hierarchically controlled (which Rössner can confirm from his observations in New York City) and that

possible mismatch between Sweden and the U.S. must be considered by Swedish companies if they are to be effective in the U.S. Bear in mind that P.D. is what is perceived as satisfactory in terms of hierarchy, not what the P.D. is per se.

A similar relationship appears in terms of U.A. Russia scores a high 87, possibly due also to previously extreme government control. Sweden again scores a low 29. This goes to show a certain need for a high level of individual freedom and the possibility to be creative in your workplace. Top management in Russia might tell employees exactly what to do whereas in Sweden employees might be told of a goal, but are free to choose which way to get there. As in the previous paragraph, hierarchy can imply, in the American setting, that all work is checked by several managers up the ladder until it gets approved, which is good for quality control but could be a hindrance in organizational effectiveness. If Swedish companies in the U.S., where U.A. is somewhat higher at 46, decide to go with a more Swedish approach and leave the responsibility to the employee, this might cause uncertainty and ineffectiveness. In terms of Fey and Denison's (2003) research, mission seems to be the most critical element for effectiveness in the U.S., which would be in line with this mentioned setup of goals. This is said to be a sign of the fact that the U.S. is a rather stable economy, in this case compared to Russia's transitioning economy where adaptability is the more important factor.

In line with the U.A. scores, Russia scores a low 40 on Individualism. Russians have historically been bound together by groups, or the Party, and individualists have been frowned upon (Elenkov, 1998). Swedes on the other hand score a rather high 71 since divergent views and actions are much more tolerated in Sweden than in Russia. Although less scientific, if you read books on Americans by non-Americans (Young, 2001; Ekendahl, 2004) it is evident that Americans and the American working climate is very much centred on the individual achievement and heroism.

Scientifically that individualism is seen in a very high score of 91 on Individualism for Americans. Power and money are essential for success and Americans are willing to work hard for it individually, there is an inclination to believe that individuals act independent of groups (Keenan, 2002). Swedes are hard workers too, but possibly with a greater need for time away from work with family and friends. This slight mismatch could be beneficial to the Swedish subsidiaries in the U.S. if the employees themselves create an organizational culture of working hard, which in turn makes it more effective. However, if Swedes are expecting to

work less than the rest of the American employees it could be the cause of issues of inequality and something that must be resolved.

Fey reminds us that it is important to look at both quantitative indices and qualitative observations. During his years in Sweden as an American, he noticed that on top of the above mentioned characteristics, Swedes also tend to be very punctual and perfectionist; they like to do things the right way or not at all. Berglund and Löwstedt (1996) suggest four points to characterize Swedish culture. They claim that the population of Sweden is fairly homogeneous, that Swedes are prone to avoid conflicts, are quite reserved and finally are rationally oriented believing that planning can accomplish much. Being rational and on time might not seem like difficult issues to include in an organizational culture in the U.S., but the issues must still be considered to create effectiveness in operations and success in business.

An article that is interesting for this thesis is the previously mentioned Törnblom, Jonsson and Foa (1983). They have examined the differences between preferences between Swedes and Americans. This can be valuable when analyzing what Swedes and employees in Swedish subsidiaries in the U.S. experience. Perhaps Swedes in the U.S. become more like Americans and non-Swedes in Swedish subsidiaries become more Swedish.

The researchers focus on some of the concepts described above, but this time called rules and not theories. These are equity (to each according to merit), equality (to each one equally, regardless of contribution) and need (to each according to need) rule. They claim that Swedish values are more oriented toward co-operation and solidarity (equality-oriented issues) compared to American values which stress competition and (status) differentiation (equity-oriented issues). This goes well together with the above mentioned low figure on Swedish Power Distance and the need for Americans to constantly achieve individual results, also seen in a rather high 62 on Masculinity in Hofstede (1980a).

As mentioned earlier, structural factors in a country can cause cultural differences. In the case of Sweden, the education system discourages competition in favour of co-operation and teamwork rather than individual achievement. Americans however like differentiation and thus are more in favour of the equity rule. In terms of need theory there seems to be different ways of looking at it. Swedes are very much advocates of a strong welfare system, which speaks for recognizing other people's needs for healthcare and support for example. These

tangible benefits come perhaps in lieu of America's emphases. Americans are said to have a stronger need for abstract resources though, like love and status. They are also very much prone to supporting good causes and charities. These issues are important to consider when creating an organizational culture. Employees might be working for different objectives, but if they are not in line with the company objectives and goals, ineffectiveness is evident.

According to the article, Swedes are not as attached to material comfort, especially luxury items, whereas Americans work hard for money, goods and services. This could potentially be seen in this study. If the researchers are correct than an effective organizational culture for a Swedish subsidiary in the U.S. could be a relaxed atmosphere for people who enjoy their work. This would then be compared to an American strategy of "up or out", where there is an every day struggle to stay in the company. These issues are also interesting to look at in terms of distribution of rewards or resources. If Americans are more prone to getting their pay in money, where Swedes might instead want more vacation then this is an issue management must look into as well. Again, it seems that there must be a somewhat individually tailored or flexible organizational culture for all to be satisfied and achieve effectiveness.

We believe that the issue of job security can be an interesting concept to look at in the future in judicial terms. In Sweden it is very difficult to fire an employee, but in the U.S. it is very simple. However, if somebody has been fired in the U.S. there are more possibilities of suing your former employee than there will ever be in Sweden. This could be a potential source of interest in what kind of atmosphere this creates in a Swedish company in the U.S. Does management there apply American values of sharp elbows and hard work or can employees be more relaxed in terms of job security? Previously we have stated that Swedes have low U.A. and this could go hand in hand with the point we are trying to make. Perhaps a relaxed employee with a goal ahead will be more effective and create a more positive organizational culture than one that is stressed and where employees are afraid of being fired any day.

One last interesting point from this article is regarding gender. It states that there is no difference between the sexes in terms of preference for which rule, but rather that the difference lies in the cultural background or nationality. This thesis will not concentrate on equality issues or differences and similarities between the sexes, however it is important to know that there still can be differences and that there is now from this thesis some more data available on the subject. Once again, it is possible that effectiveness can not be achieved by

adapting to and creating an overall organizational culture, but to several different sub-cultures of the overarching organizational culture to please both sexes, people with different backgrounds etc.

2.7 Theory summary and Fey's model

In the previous sections we have presented some of the research that is useful to consider when further exploring this thesis. Before it continues we will here summarize our thoughts on the topics and present the model that we use for the analysis.

Having been fortunate enough to travel extensively (last time to the Philippines for management studies for Rössner) it has become clear to the authors that business environments are very different both country to country and company to company. In our experience, Eastern countries are often strict, polite, seek instruction and are order-obeying whereas Western countries are less risk-averse and more open to taking initiatives. All these traits can be both positive and negative. However, the management that can balance these issues, cultures and foremost people stand a good chance of excelling by creating an organizational culture that is not just effective, but also humane and responsible.

It is not easy to understand these issues and nothing that can be done through just courses and reading, but we feel must be learned by being emerged in it. This can be done through observation, but preferably actually working in the organization and taking part in its cultural specificities. Then, as you move up or around in your career, these lessons can be applied with humility and ease in different locations.

There are, as shown, several ways of looking at organizational culture and on how to do research on it. The academic battle between the old school organizational culture and organizational climate now seems to be over and the concept of organizational culture is today a broader perspective on the issues, including both old parts. To us, this seems like a reasonable way of developing this scientific field. One might ask why they were even different to start with, but that is a question of scientific roots and alterations. The two methods of quantitative and qualitative research tend to give different answers, partly because they ask different sorts of questions. Some issues are more suitable for Likert scale type questionnaires whereas some have to be expanded upon during a longer interview or a case study for example. If desirable and when economically and time-wise possible, we would

suggest a combination of both. Interviews can be used to mainly understand the results of the questionnaires better, but it would also be possible to for example do interviews first, find out about interesting issues and then investigate how frequent, popular or correct they are.

Some of the famous researchers in this field have been presented. Maslow and Hofstede have written pieces that are well known today. What is important to know is that when they were published they became well accepted, but have been questioned later. Mainly it is their claim of universal applicability that has been challenged. This we believe is also why it is hard to generalize in even a small study like this. Whatever organizational culture we study will be so specific and full of other organizational sub-cultures that we can never fully apply the analysis to another setting. However, we can gain information and knowledge from it. Hofstede's mentioned pieces illustrate this point well. Today researchers still use his figures on different (IBM) countries to compare, understand and analyze. This is partly since it takes long time for cultures to change; however the results are getting old and much has happened in the world and corporate cultures since the 1970s, when the research was produced. What we find interesting about the results is that they normally are different between countries and like in Figure 1 earlier it is possible to cluster countries according to certain preferences. This could be a useful tool when deciding what managerial concepts should be applied when and where to achieve effectiveness.

The literature that we have used and examined is normally very positive to the concept of being able to create effectiveness through certain organizational cultures. It has been mentioned as a criticism already, but many however do not seem to take into account the lack of applicability over cultural and geographic boundaries. Paper upon paper seem to show that a certain motivational practice works in setting X or that fostering a specific sort organizational culture in setting Y has been successful, but there is seldom any reference as to how to apply the results in other companies and countries. The literature merely states what seems to work in one place. It normally also does not show the importance of other factors that are not part of the organizational culture as such, like accounting systems, production methods, R&D, transportation, logistics etc., issues that are essential to the process of delivering goods or services to a client or customer. Sometimes it seems that the researchers believe that organizations will be effective as long as the organizational culture is beneficial and then the production and delivery system will come on its own.

The answers given through previous research also depend on what research method has been used. There is now some research being done with both qualitative and quantitative measures, but so far the areas have mainly been investigated through one of the methods. This makes it difficult to get a decent overview of what is being found through each research method and it is hard to compare the results. If researchers increasingly could use both numbers and words to answer their hypotheses it might make the world of organizational culture more accessible. The mentioned work by Hofstede could only with difficulty be compared with a qualitative case study from another company or country. This lack of applicability to other setting seems to be the main critique of the organizational culture research that has been and is being done. Without the ability to generalize and find extended use for the results that are being discovered, it will be difficult to apply the new techniques for consultants, researchers, managers and others that could benefit from a more effective organizational culture.

Bear in mind also that most of the results that have been produced are deducted from rather subjective measures. Scales of 1-5 might mean different things in different cultures and answers during interviews will be interpreted differently depending on for example the background of the scientist. There seems to have to be some truth in the numbers when you manage to collect a big enough number of respondents, but the issues as such are soft and difficult to make widespread conclusions from. Overall conclusions seem to originate in pieces from research made in different parts of the world in different environments. Nowadays it is not only American matters that are investigated and applied to the rest of the world, but also multicultural studies on certain aspects are finding their way into journals and other publications. That having been said, many studies still seem to compare their results with similar American studies, possibly because of the extent of data available on the American setting.

As previously mentioned, finding the right means of motivation could be a way of developing an effective organizational culture. It is likely not the only way, but one possibility. Personally we would feel that if we were given incentives to do our work, be it because of money, kickbacks, development possibilities, intellectually stimulating colleagues, travel or other rewards, we would be inclined to work harder and produce better results. We would think however that this partly also depends on what kind of work one does. In a monotonous job by a conveyor belt where one knows that the salary will come in whatever you do, there might not be as large an incentive to perform as if there is a bonus if you strike a business deal

when at management level; this necessitates challenge, as would be comprised by Maslow's fifth need, as shown in section 2.5.

We believe though that management must look over what types of reward allocations they are using, both in different cultures, countries and levels of professionalism. If there is motivation enough to make that factory floor worker produce ideas and improvements to a process it might increase the bottom line as much as or more than the controller's new revenue model.

A last point on motivation is regarding possibilities to reward in different ways. However much one person likes to be motivated by immaterial rewards like university courses that person might anyway rather take a salary bonus if that is what the colleague is getting. Once again the need for balance and awareness of cultural and personal preferences become important.

An interesting part about this project we believe is the twist that we are talking about Swedish companies in the U.S., not in Sweden. Comparing these results with Swedish companies in Sweden is another project, but the addition of the American context is an advantage here we believe, especially since it has not been studied extensively before. Well aware that it is only the specific niche of Swedish subsidiaries in the U.S. that we are covering it is interesting to see how these companies behave and perform. This we believe will depend on factors like how high percentage of non-Swedes are in the company, what kinds of actors they meet on the business grounds and what reason they are in the U.S. for. Some may just be in the U.S. to gain knowledge, possibly for a future launch, whereas some are there purely for business. This is a concern for the methodology and who to send the questionnaire to.

Just after working for a while in the U.S. at The Swedish-American Chamber of Commerce in New York Rössner encountered some differences. Some are structural and simple, like holidays. Swedes in Sweden work when it is Veteran's Day in the U.S. and Americans are not free for June 6th when Sweden celebrates. Americans tend to take their few weeks of vacation in August whereas Swedish offices are empty in July. Thus, when being a link in between the countries one must consider if to abide by Swedish, American, both or none of the holidays for example. This is also apparent in terms of vacation. Swedes who have previously worked in Sweden and then move to the U.S. might still be expecting five weeks of vacation per year, so what happens if the structure in the U.S. is to only get two weeks? It might be a union

issue, but would also probably give the company a somewhat different image in terms of organizational culture. This could possibly be investigated by instead approaching Swedes in American companies in the U.S.

Recently, Fey has inductively developed a model of organizational culture and effectiveness that fits into the competing values framework of flexibility versus stability and internal versus external (see Figure 2). The framework was developed by asking 150 people in each of China and Russia to name five words best describing the organizational culture of their organization. From this, a questionnaire was developed by turning the more frequently mentioned words into questions. Then the questionnaire was tested and refined by testing on a separate set of 200 companies in China and 200 companies in Russia with at least two people from each company completing the questionnaire. In a number of companies up to 25 people completed the questionnaire, but analysis showed that people responded fairly similarly and thus the researchers went to two people per company for the remainder of the firms. The resulting model has eight key dimensions.

Figure 2.
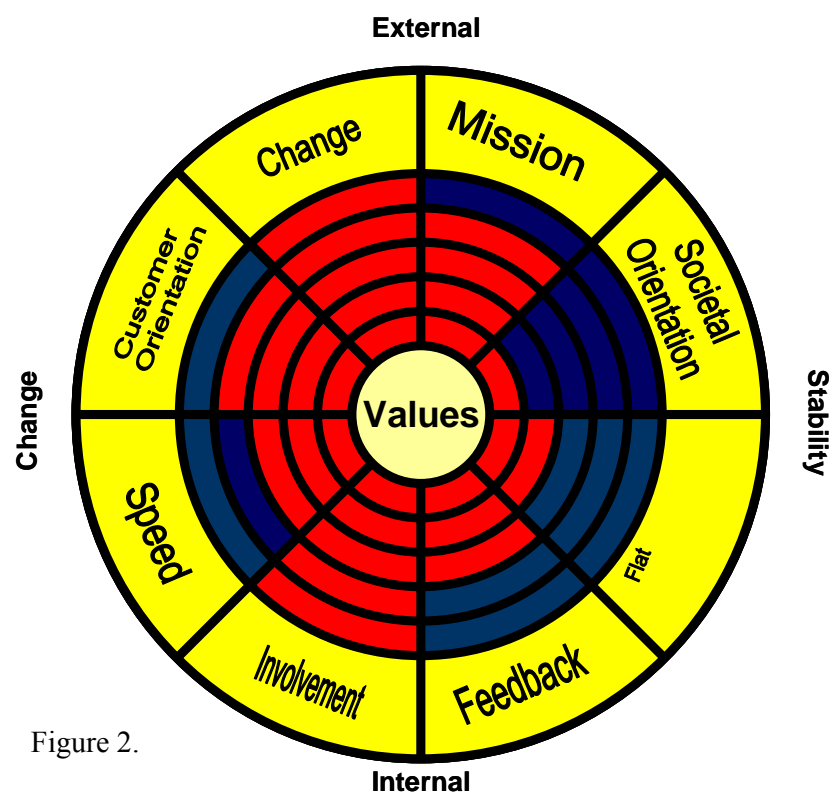
Mission is the extent that an organization has clear overarching goals which are clearly communicated to the organization. *Societal Orientation* is the extent that the organization is focused not only on making money, but also on helping society and working in a way that is good for the environment. The degree the organization is not hierarchical is captured in the dimension *Flat*. *Feedback* represents the extent to which employees are informed about their performance and that communication flows well in the company. *Involvement* describes the extent that employees actively participate in the company and the extent that the company is devoted to their employees as seen by, for example, investing in training. *Speed* is how quickly the organization is able to make decisions and take

action. *Customer Orientation* is the extent to which the organization strives to understand customer wishes and adjust to them. Finally, *Change* is the extent to which change is viewed as a potential opportunity as opposed to a threat.

One might speculate which of the dimensions will appear to be more important in our study. We believe that the fact that the questioned companies are subsidiaries of Swedish companies, and not the company as such, will influence this to a certain extent. It is easier to make quick and flexible decisions if you are the president of the whole company, but if you have a boss on the other side of the Atlantic there will likely be a need for an adaptation to that. Thus, we believe that a long term Mission is important for the effectiveness of our chosen companies. With a clear framework of what needs to be done and the backup from the Swedish company it should be possible to become more effective. This also goes hand in hand with the previously mentioned scores on Uncertainty Avoidance and Power Distance. Swedes seem to like a goal thus Mission and Feedback would also be important in that sense. Mission is something that gives stability and certainty, something that seems likely to be important to, at least, mature companies. If a manager is able to convey feedback this could create room for improvement with the employee, but also be a motivator to want to be more effective. Thus, we get the following hypothesis:

H1: Mission will be an important factor for firm performance

H2: Feedback will be an important factor for firm performance.

Swedes do not like hierarchical organizations and seem apt to have friendly relationships with both superiors and employees. This is seen in for example how many companies in Sweden have open office landscapes with executives right in the middle of everything. Swedes are also used to being given responsibility to then grow and learn with the assignment, not be checked in every part of their work by superior upon superior, which give us our third hypothesis.

H3: Flat will be an important factor for firm performance.

Related to this hypothesis, the U.S. scores somewhat higher on P.D. and U.A. so if there is adaptation to the American organizational culture the importance of Flat might be lessened compared to companies in Sweden due to this. This could be interesting future research.

Sweden has never been big on charities provided by individuals or companies, but for a long time on environmental friendliness. The U.S. seems to be somewhat of the opposite, depending on part of the country though. We would however hypothesize that the dimension of Societal Orientation is not very important for the Swedish subsidiaries in the U.S., partly because they are seldom very visible to the general audience. IKEA, H&M and Volvo are examples of a few very visible Swedish companies in the U.S., but many companies are smaller and so specialized that they don't cater to the general audience. If there is no visibility in what you do for your surroundings it would seem meaningless to use that as a means of progress. Bear in mind the effects of misjudgements such as ABB´s asbestos problems lately however. This gives us our final hypothesis.

H4: Societal Orientation will be a less important factor for firm performance.

3. Methodology

At the start of the cross cultural comparative study that this thesis is part of, Dr. Carl Fey at The Institute for International Business (IIB) at the Stockholm School of Economics (SSE) and his colleagues abroad asked 150 people in each of China and Russia to name 5 words best describing the organizational culture of their organization. Then a separate set of 200 companies in China and 200 companies in Russia were asked to complete a questionnaire based on the results. At least two people from each company answered the questionnaire. Through factor analysis and a refinement of the results they were later transferred into the questionnaire used for this thesis (see Appendix A).

Before Rössner's departure for the U.S. the authors went through The Swedish-American Chamber of Commerce's 2005 Directory of Swedish-Related Companies in the United States. There approximately 350 companies were chosen to be asked to fill out a questionnaire. This selection was done by looking for companies that had a majority of Swedish ownership, had existed for at least two years and that had more than ten employees, the latter to ensure that there was at least one larger established organizational culture. The contacts available were mainly managers and executives, which was well in line with the need to approach staff members that are aware of the processes within the company and the progress the company is doing.

The questionnaire that Fey had supplied the authors with was transferred into a digital version with the help of surveymonkey.com, a well-known web site for creating online surveys that can be sent out via email, have answers returned easily and downloaded into Excel and then exported to SPSS. To show legitimacy and gain the use of Rössner's SACC New York email address (instead of using a free email account such as Hotmail or Rössner's or Nyqvist's SSE email addresses) a letter was written. It accompanied the link for the survey so that respondents would see the support from SACC New York and be more apt to answer. The respondents were promised confidentiality, but also the possibility of viewing part of the results once the thesis was finished. These were two other ways of ensuring legitimacy and will to take the time to answer the questionnaire. The letter also told the respondents what the project was for and that it was a co-operation between SACC New York and the SSE to show the link between business and academics.

There was the option of instead mailing respondents the survey, but we felt that it would be easier, cheaper and faster to work digitally, both for respondents and for authors in terms of transferring answers into analysis programs. We also came to the conclusion that we would get far more responses by using an online survey instead of using a paper form of the survey. Later it would also show that emailing gave us an immediate response in terms of emails that bounced because they were incorrect, old or due to spam filters and firewalls.

The first round was sent out in the beginning of December of 2005. Several emails bounced, but were followed up by Rössner in the U.S. who had access to the database from which Swedish-Related Companies derives its data. This also meant that we could pinpoint respondents who were more likely to answer even if they were not the main contacts in the book. The first round yielded approximately 30 respondents and was followed up by a first reminder in mid-December. All along the authors were continuously updating email addresses as some of the addresses we initially had were wrong. Over the Christmas and New Years holidays another 30 or so responses came in. Thus, we were still short, but luckily a last reminder at the beginning of January of 2006 yielded another 41 responses, making it a total of 101 valid responses. Out of these 101 responses 85% of the firms made money, 10% lost money and 5% were operating at the break even point.

Interesting to note is that only 15 receivers of the email actively decided to notify us that they were not interested in participating. This was sometimes due to claimed lack of time, changes

in company structure and ownership since email had been sent or that it was company policy not to answer questionnaires. It is difficult to say if that is good or bad for us, however we were delighted that so many of these executives and managers took approximately 10-15 minutes of their precious time to help us out.

3.1 Reliability and validity

Validity means that the study is really measuring what it is supposed to measure. A central question should be whether the purpose of the study as well as the gathering of information is free from so called random mistakes and skewness. In our study the internal validity, which deals with the question as to what extent ones results correspond with reality, is most important. We are using a quantitative method and to gain validity our results need to be able to be traced back to the data (Cohen, Manison & Morrison, 2000). Through visualizing our results from the data in different tables with correlations and regressions we attempt to show the link to the data and in this way reach an acceptable internal validity.

External validity measures to what extent the results of the study can be generalized. In this study it means how well Fey's model with the different organizational culture dimensions can be applied to other countries with other cultures. In view of the fact that Fey has developed this model and written several papers about organizational culture we believe that this study is sufficient enough to provide us with some valid conclusions. However, there seems to have been a problem with a misunderstanding of questions 23 and 25 whether the organization is hierarchical or if the organization is flat, probably due to that, they are followed by each other (see Appendix A for the complete questions).

Reliability refers to the study's dependability and is determined by the thoroughness of the processes of the study (compare Holme & Solvang, 1991). If the study is completely reliable, it will give exactly the same results if performed in the same way again. When making an online survey the biggest problem is to get all the answers needed. However, it is of outmost importance that the transfer of all answers into a statistical program is flawless. We had professional help with the transfer of data to make sure it was done correctly. After the transfer to a statistical program was done we checked a few of the results manually to make sure our data was correct.

4. Results

Since the model has already been tested extensively by Fey (SSE Russia working paper in progress) we used confirmatory factor analysis to show that the factor structure worked well for our data as well. The Chi Square statistic shows that our confirmatory factor analysis fits the data well. The RMS Standard Residual also shows good fit. In addition, the P values for all individual items are significant showing that each individual item fits well in the expected factors. Thus, we can say that the data factors as expected into the appropriate factors for the Fey organizational culture model (see Table 1 for results).

Table 1 Confirmatory factor analysis (Q = question), see Appendix A for complete questions

Question	Parameter			
Factor 1 [Q9]	0,302****			
Factor 1 [Q12]	0,347****			
Factor 1 [Q13]	0,308****			
Factor 1 [Q17]	0,594****			
Factor 1 [Q18]	0,550****			
Factor 1 [Q21]	0,487****			
Factor 2 [Q23]	0,363****			
Factor 2 [Q25]	-0,200***			
Factor 3 [Q31]	0,422****			
Factor 3 [Q32]	0,343****			
Factor 3 [Q33]	0,552****			
Factor 3 [Q34]	0,529****	Discrepancy Function	6,083
Factor 3 [Q35]	0,431****	Maximum Residual Cosine	0,000
Factor 4 [Q37]	0,593****	Maximum Absolute Gradient	0,001
Factor 4 [Q38]	0,528****	ICSF Criterion	0,000
Factor 4 [Q39]	0,335****	ICS Criterion	0,000
Factor 5 [Q50]	0,396****	ML Chi-Square	2414,771
Factor 5 [Q51]	0,470****	Degrees of Freedom	405,000
Factor 5 [Q52]	0,392****	ρ-level	0,000
Factor 5 [Q70]	0,467****	RMS Standardized Residual	0,292
Factor 5 [Q71]	0,487****			
Factor 5 [Q72]	0,506****			
Factor 6 [Q25]	0,254****			
Factor 6 [Q26]	0,490****			
Factor 6 [Q27]	0,317****			
Factor 7 [Q62]	0,474****			
Factor 7 [Q63]	0,414****			
Factor 7 [Q64]	0,548****			
Factor 8 [Q65]	0,414****			
Factor 8 [Q66]	0,484****			
Factor 8 [Q67]	0,491****			

N = 101   ***p < 0,005   ****p < 0,001

We also looked at the Cronbach's Alphas for each of the constructs we used in the study since this is a commonly accepted measure to show that the items which we are using to measure a construct really all fit together and measure the same thing. The accepted cutoff for Cronbach's Alpha is that values should be greater than 0.70. However, some scholars have suggested that 0.60 can be accepted especially in earlier phases of research. All of our constructs had Cronbach Alpha's higher than 0.70 but two, which one is as good as 0.6 and the other one is above 0.60 (see Table 2).

Table 2 Cronbach's Alpha for the organizational culture dimensions

Involvement	0,847
Flat	-0,949
Mission	0,887
Feedback	0,639
Speed	0,863
Society Orientation	0,598
Customer Orientation	0,785
Change	0,71

In Table 3 we can see that all of our organization culture dimension correlations are significant except for Flat. In other words we can say that seven out of our eight organizational dimensions are related to organizational effectiveness. We can also see that within the different dimensions of organizational culture and effectiveness, 33 out of 35 correlations with firm performance are statistically significant. Nevertheless, for a master's thesis we believe that our data is acceptable and that we can make valid conclusions, especially given the help from Fey and Denison through their former research in the field of cross-cultural management.

Earlier in our study we made a few hypotheses. We predicted that three out of our eight culture dimensions would be particularly important for the effectiveness in the U.S (see hypothesis H1 – H3 above). These are Mission, Feedback and Flat. We also had one hypothesis (H4) saying that the organizational culture dimension Societal Orientation would be a less important factor for firm performance. We believed this hypothesis would not be that important, even if this is the case of Swedish subsidiaries operating in the U.S. American firms seem to care more for charity than for long-term environmental friendliness, and as a

Table 3. Culture and effectiveness Correlations

Involvement	0,654**
Our organization encourages sharing among employees	0,483**
Our organization encourages co-operation	0,554**
Our organization places great emphasis on training	0,392**
Our organization emphasizes developing employee potential	0,628**
Our organization has much concern for the development of employees	0,613**
Flat	0,164
This organization is very hierarchical	-0,115
People in our organization are empowered	0,381**
Mission	0,705**
Much information sharing occurs in our organization	0,584**
Much communication occurs between different departments	0,715**
Employees in our organization all know and share our vision	0,594**
People in our organization have common goals	0,558**
Our organization has a clear mission	0,496**
Feedback	0,471**
Our organization has clear standards about rewards and punishment	0,371**
Our organization exercises much discipline over employees	0,424**
Speed	0,543**
Our organization is very results oriented	0,439**
Our organization aims to act quickly	0,488**
Our organization is very action oriented	0,555**
Society Orientation	0,661**
Our organization facilitates the development of society	0,498**
Our firm tries to minimize our impact on the environment	0,614**
Customer Orientation	0,512**
Our organization is very customer-oriented	0,471**
Our organization places much focus on customer satisfaction	0,510**
In our organization the customer is number one	0,293*
Change	0,565**
Our organization is very creative	0,366**
Our organization continuously develops new products and services	0,431**
Our organization often adopts new technologies	0,505**
Our organization is adaptable	-0,194

N = 101   *p < 0,05   **p < 0,01

result, this would also be the effect in Swedish subsidiaries in the U.S In Table 3 we can see that our data is supporting H1 that Mission has a big influence on the performance of the organization. This was not very difficult to predict since several firms have steady goals on what to achieve the coming years. Fey and Denison (2003) experienced the same result in their report, thus Mission seems to be one of the absolute most important dimensions of organizational culture for performance for firms in the U.S.

Our results for the organizational culture dimension Flat could not yield any conclusions, however. Flat was not statistically significant and showed the lowest correlation of all organizational dimensions and according to our data are not important at all for a firm's performance. Thus, H3 is not supported at all. This might be due to the possibility that the subsidiaries simply have adapted to the U.S organizational culture. This may be a result of the conflicting demands of Swedish culture which pushes for a flat organizational structure and American culture which pushes for a more hierarchical organizational culture.

The last important organizational culture dimension we thought was important is Feedback. According to our data, Feedback is significant and has a fairly high correlation with performance but not as much as Mission, also less than Societal Orientation which we hypothesized to be of less importance for performance. We can therefore say that H2 seems to be supported to some extent but not as much as H1. According to our correlation Table 3 we do not get support for H4, instead it is rejected and actually showing opposite results of what we initially thought. Societal Orientation has actually the second highest correlation among all organization culture dimensions and is closely followed by Involvement, therefore these two are fairly important for firm effectiveness. However, we have to keep in mind that Fey and Denison's (2003) data supports that Involvement is an important dimension for the performance of the firm and therefore our result seems valid.

We will now take a closer look at the relationship between organizational culture and effectiveness that is provided by the regression results in Table 4 and Table 5. Table 4 shows a regression with only controls and the industry variables and the interesting here is that the adjusted R^2 increases radically when we add our organizational culture dimensions to the regression in table 5. Adjusted R^2 goes from -0,02 to 0,631, R^2 is increasing as well. Thus, telling us that when adding our organizational culture dimensions to the model it can explain the variation in our data a lot better. Both of the models are significant as well, measured by

the F value. In Table 5 we can see that four out of our eight culture dimensions as well as some of our control variables are significant. The supported hypothesis is in fact only H1, which we hypothesized, would be important for firm performance. Customer Orientation, Society Orientation and Involvement were significant as well but do not give any support for H4. Thus, these three dimensions together with Mission are important for firm performance. A correlation matrix of the variables used in the regression analyses is presented in Appendix B.

Table 4 Regression results with controls and industry dummies

Firm age	0,000
Firm size	0,000
(Constant)	3,9
Industry1	-0,381
Industry3	-0,136
Industry2	0,331
Industry4	0,447
Industry5	-0,3
F full model	0,975**
Full model R^2	0,096
Adjusted R^2	-0,02

N = 101   *p < 0,05   **p < 0,01

We were very surprised to see that Customer Orientation is actually affecting the firm performance in a negative way. Thus, more focus on Customer Orientation would in fact result in worse performance. American's are famous for providing a good and high service and therefore Customer Orientation should influence firm performance in a positive way. Earlier we ran some very simple tests to check if our sample suffers from some multicollinearity problems. The tests did not indicate any severe multicollinearity and therefore we continued our analysis. After getting the results for Customer Orientation we have understood that our sample appear to have some potential problems with multicollinearity after all. If not we simply do not understand this result. There are statistical methods to investigate this potential problem and mitigate it if necessary. Instead we have chosen to show the bi-variate correlations among the variables in Table 3.

Table 5. Regressions of Effectiveness on Organizational Culture Dimensions

Firm age	0,002*
Firm size	0,000**
Mission	0,322**
Speed	0,063
Customer Orientation	-0,257*
Involvement	0,324**
Flat	-0,001
Feedback	-0,060
Society Orientation	0,516**
Change	0,169
Industry1	0,041
Industry3	-0,042
Industry2	0,268
Industry4	0,069
Industry5	0,101
F full model	12,867**
Full model R^2	0,684
Adjusted R^2	0,631

N = 101   *p < 0,05   **p < 0,01

Industry 1 --> Electrical, Industrial equipment and precision instruments
Industry 2 --> Transportation equipment
Industry 3 --> Other manufacturing
Industry 4 --> Metal, rubber, glass, leather and diversified business manufacturing
Industry 5 --> Wholesale & retail trade and diversified business sales
Industry 6 --> Construction, Transportation and Other services → are excluded from the regressions so that the model is not overdetermined.

However, our data in the regression is telling us that Society Orientation actually has the largest impact on performance. This is interesting since we thought that Societal Orientation would not have a lot of influence on the firm performance since the U.S is more focused on charity for example. Another interesting result is the one of Flat, which is far from significant and according to our data we can not say that it affects performance. Feedback is not significant and does not seem to affect the performance in the way we thought it should. This is a bit surprising because Fey (2005) came to the conclusion that Feedback does matter a lot to Swedes. Our own experience also tells us that Swedes do appreciate feedback. This might be due to the small sample size. On the other hand the other results seem to be in order so this is something that would be interesting to further investigate.

We have earlier discussed Hofstede's framework with his measures of Power Distance, Uncertainty Avoidance, Individualism and Masculinity, the latter we only touch upon. Power

Distance is related to our organizational culture dimension Flat. As mentioned above, we were a bit surprised by our results for the Flat dimension. Both Sweden and the U.S. scored relatively low on P.D. Sweden scores a 31 while the U.S scores a 40, which is also rather low on a scale from 1-100. Thus, Hofstede's results indicate that the employers and employees in Swedish as well as American organizations prefer Flat organizations. Hence, the results should therefore have some importance for firm performance. After this short analysis, the result for Flat is even more confusing and we have thought about the possibility of a misinterpretation of the questions in our online survey. The respondents have possibly been confused since question 23 and 25, whether the organization is hierarchical or if the organization is flat, follow each other (see Appendix A for the complete questionnaire).

Individualism should have some importance for American firms since they appreciate strong and powerful individuals that sometimes can be seen as heroes in the U.S. Even though our organizational culture dimension Involvement is not equal to individualism they are somewhat connected in the sense that the executives want the whole firm to make top results and therefore want to score high on the organizational culture dimension Involvement. At the same time they want to be individualists because they want to make it look like they have been the source of the excellent results. Our results indicate that Involvement is important for firm performance and in the theory part we can also see that both Swedes and Americans score high on individualism, hence this must be an important factor for firm performance.

Those who have answered the questionnaire we assume have at least a decent standard of living in the U.S. as well as in Sweden. Because of this, we would like to put them high up in Maslow's need theory. We can now see that this is in line with our results. Important factors for firm performance have according to our results been Involvement, Individualism, Mission and Society Orientation. Especially the high scores for Involvement and individualism indicate that they are high up in Maslow's need theory, somewhere around the fourth or fifth step. We need to feel successful and admired by others and therefore we like to work in groups so that others really can see what we accomplish. This is the fourth step. In these groups of people some will develop into leaders and can therefore try to fulfil the fifth and last step of Maslow's need theory, which is Self actualization- the desire to become all that one is capable of becoming.

To summarize the result section we will show the results of our hypothesis in Table 6.

Table 6 summarized results of hypothesis

Hypothesis	Results	
H1	Supported	
H2		Not Supported
H3		Not Supported
H4		Not Supported

As one can see the results did not come out exactly as our hypotheses were stated. What is more interesting is which of the organizational culture dimensions affecting and are important for firm effectiveness. From above it follows that there are a few dimensions that managers should consider when making decisions, reorganizing or trying to instil a better organizational climate for their employees for example. These are namely Mission, Society Orientation, Customer Orientation and Involvement. Important to remember is that Customer Orientation is affecting firm performance in a negative way, i.e. if managers put greater focus on Customer Orientation it would result in worse performance. According to our results the manager should not care about this dimension at all, which probably is not correct. We discussed this problem above and in our limitations section. To sum up the manager should put a lot of effort in the three remaining significant dimensions which are the following: Mission, Involvement and Society Orientation. When putting most focus on these three dimensions the organization should have a greater chance of performing well.

Having looked at what dimensions of organizational culture are associated with effectiveness, it is interesting to see if firms are focusing more effort on these issues or not. To see this we look at the mean values for these different dimensions in our data set (see Table 7). According to the results the companies are especially focusing on Customer Orientation, Society Orientation, Involvement, Speed and Mission. These results are largely in line with our previous results except from Speed which does not seem to be a strong driver of effectiveness, but firms have relatively high mean values for. Potentially, one would also question if firms should put so much focus on Customer Orientation given the negative regression coefficient it

had in the models on effectiveness, but as mentioned above we are not really convinced of this result.

Table 7 Means for the different organizational culture dimensions

	Mean
Mission	3,682
Speed	3,853
Customer Orientation	4,220
Involvement	3,912
Flat	3,370
Feedback	3,344
Society Orientation	4,108
Change	3,625

5. Conclusions and Discussion

This study has attempted to explore what the most effective organizational culture is for Swedish subsidiaries in the U.S. Our core analysis has been on Fey's newly developed model consisting of eight organizational culture dimensions. Some of our results have been in line with our hypotheses and some have not. First we can say that Mission is one of the eight organizational culture dimensions that has a fairly large impact on performance. This finding was expected since Fey and Denison (2003) also came to this conclusion as well as it is somewhat expected to judge from our societal culture in the U.S. and in Sweden. It is quite obvious that both Swedes and Americans enjoy having clear goals to work towards.

The results for Customer and Society Orientation showed to have a larger impact on performance than we expected. Americans have always been very socially minded and for that reason the results of the Customer Orientation dimension was much unexpected. It is important for performance, but in a negative way. We have no other explanation for this result than discussed above, namely the potential problem with multicollinearity. In a way it is also somewhat difficult to come up with an explanation of the results of Society Orientation. From our former experience of the U.S., we thought that American's were more prone to give away money to charity then to care for long term environmental issues. After processing the results and seeing that Society Orientation actually is an important factor for performance we were forced to revise our analysis of this dimension. We believe that this has a link to the development of our society as a whole. In the last decades the environment has come to play a

more important role and it has become far more important to care for the environment than it used to be. As a result of today's globalization and the development of technology, which has made it easy for us to inform the world in no time about what is happening, i.e. how different companies are treating the environment, we believe that to become a large successful company today, the company must earn legitimacy. One of the most crucial things a company needs to care about today is to gain legitimacy, is how it is affecting the environment. This is probably one big reason for why American firms have valued this dimension a lot more than we thought before.

We also found another very surprising result, namely the one for our organizational culture dimension Flat. This must be due to some misunderstandings when answering our online survey. As mentioned above the questions regarding whether the organization is flat or hierarchical were followed by each other in our survey. As a result the answers do not seem to be in line with each other. Several have answered that their organization is both flat and hierarchical which is a flaw. Hence this organizational culture dimension needs further investigation and the people taking the survey would need to re-answer the two questions mentioned above.

Many previous studies that we have mentioned have shown that it is important to not just allow, but also encourage employees to participate in not only their work as such, but also the internal and external processes the company is involved in. Perhaps this is just something management says and manages to get the employees to think that they are actually taking some part of the decisions. This seems unlikely today, but rather more and more managers are realizing the potential within their workforce. If this can be translated into for example increased profitability, decreased sickness leave, higher rate of innovations, less costly garbage and more, there is a chance that others will see the real possibilities for the future.

Our thesis merely touches upon the whole subject of organizational culture and in itself a very specific setting, subsidiaries of Swedish firms in the U.S. Explicitly for this thesis it can be used as a handbook for what organizationally cultural practices to encourage and which to not encourage while managing in the U.S. It is not only a question of what is good and bad, it seems to even become what is good and what is even better? As a manager in a Swedish subsidiary in the U.S. it seems one should focus most on the organizational culture dimensions Mission, Society Orientation and Involvement.

For someone who is not a manager or employee in this specific setting this thesis can be an addition to expanding ones horizons in terms of multi-cultural issues. One might realise that Swedes might not necessarily behave in the same way when working in Sweden compared to working in the U.S., or anywhere else in the world for that matter. It seems there is a tendency for some previously held values to merge towards the values of the country where one works. This is all assuming that you are managing at least one Swedish person abroad. However, sometimes there are no Swedish employees in the subsidiaries and that might create a completely different atmosphere. In many cases, from Rössner´s experience, there is often one Swedish executive in the subsidiary, whereas the rest are Americans or of other nationalities. The question is then of course whether to apply the values of the organization back home in Sweden or simply follow the American values or try to find a path in between.

As studied in our report we can see that there are some similarities between Swedish firms and U.S. firms. However, it is not certain that even if both Swedish and American firms score a 4 on the questionnaire regarding if the organization is hierarchical or not does not necessarily mean that the hierarchical structure is the same in Sweden and the U.S. What Swedish people might think is hierarchical might not be seen as very hierarchical by the people in the U.S. From this point of view one might ask oneself if the results are valid or not. However, using Fey's newly developed model, which seems to work rather well we feel that our study is valid enough to be used as small input of information for further research. We also believe that some conclusions can be drawn from our work with this thesis.

5.2 Final reflections

It has been very interesting to write this master's thesis and we have many times come up with new or other things that would give an interesting and different view of our report. In the process of writing this report we have learned a lot and it has opened new doors of interest. The more we dig into the field of organizational culture and what is effective within each culture the more interesting it gets. We strongly recommend others to broaden the field of organizational culture and effectiveness. If doing so, we can hopefully help several companies understand that it is of outmost importance to study the organizational culture in each country before trying to gain market shares on a certain market. Even though the organizational culture often seems to be similar to the organizational culture in your own company it is often not the case.

5.3 Future research

The issue of effective organizational cultures gives rise to several interesting questions, many of which we cannot answer or fit into this master's thesis. However, with the data made available through this project, the larger project that it is a part of, and that incorporates similar issues in China and Russia can be expanded upon. Through this, the project can not only find more comparison results, but also possibly note what issues seem to be similar across cultures and countries to refine the measure of instrument in the future. This could then also be a part of the debate on the multicultural applicability of organizational culture research.

As we have stated earlier, the issue of gender is not at all discussed in this thesis due to lack of gender-discerning data. Some studies have shown some differences in male and female preferences, but this is certainly an area for future research. The applicability for future managers can be very helpful in terms of understanding what drives each gender to perform effectively.

This thesis specifically targets Swedish subsidiaries in the U.S. We do not discern Swedes and American respondents in the companies though. It would be interesting to compare if Swedes, Americans or other nationalities within a company perceive the questioned parameters differently. This could be yet another recommendation for managers for the future. A hypothesis would be that the smaller the company is, the easier it is to have one unified organizational culture, whereas in a larger corporation there is a need to spread a more general organizational culture and promote effective sub-cultures within.

The collected data could also successfully be compared to results on situations and settings such as Swedes in American companies in Sweden and/or in the U.S. or Americans in Sweden. This would be a way to investigate what is more of an American culture and what is more of a Swedish culture to then see how that is affected when a company opens up in a different country. Questions to probe would be to what extent the local employees adapt to the company and the company to the new cultural setting.

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Appendix A

Questions we used in our online survey:

DIRECTIONS: *For questions 1-4 please circle the best answer.*

1. Which functional area best describes your job?

A. Marketing	E. Human Resource Management/Personnel
B. Production	F. Finance and accounting
C. General management	G. Research and development
D. Information Technology	H. Logistics

2. Which of the following best describes your job?

      A. Upper-level manager   B. Middle-level manager   C. Other employee

3. Which of the following best describes your firm?

      A. Wholly-owned Swedish firm   B. Foreign firm

      C. Joint venture

4. Please circle the one item from the following list which best describes the sector in which your firm primarily operates.

Manufacturing	**Service and Sales**
A. Transportation equipment	K. Computer services
B. Electrical equipment	L. Engineering & architecture
C. Industrial equipment	M. Management consulting
D. Precision instruments	N. Banking, insurance, & real estate
E. Chemicals & pharmaceuticals	O. Hotels & restaurants
F. Food, tobacco, & textiles	P. Advertising & accounting
G. Wood, wood products, pulp, & paper	R. Construction
H. Metal, rubber, stone, glass, & leather	S. Transportation services
I. Other manufacturing	T. Wholesale & retail trade
J. Diversified business manufacturing	U. Other services
V. Diversified business sales	

DIRECTIONS: For questions 5-8 please fill in the blank.

5. What is your nationality? _____

6. How many years old is your firm? _____

7. How many employees does your firm have? _____

8. Please indicate the percentage of your firm's activities that take place in each of the following fields:

A. Manufacturing _____

B. Sales and distribution _____

C. Service _____

For the questions 9-76, please circle the best answer according to the following scale:

1= Strongly Disagree   2= Disagree 3=Neutral   4=Agree   5= Strongly Agree

9. Our organization uses much teamwork	1 2 3 4 5
11. Our organization fertilizes a co-operative spirit among employees	1 2 3 4 5
12. Our organization encourages sharing among employees	1 2 3 4 5
13. Our organization encourages co-operation	1 2 3 4 5
15. Our organization cares about employees' opinions	1 2 3 4 5
17. Our organization places great emphasis on training	1 2 3 4 5
18. Our organization emphasizes developing employee potential	1 2 3 4 5
20. Our organization promotes many people from within the organization	1 2 3 4 5
21. Our organization has much concern for the development of employees	1 2 3 4 5
23. This organization is very hierarchical	1 2 3 4 5
24. People in our organization are very empowered	1 2 3 4 5
25. Our organization is very flat	1 2 3 4 5
26. Employees in our organization are encouraged to take initiative	1 2 3 4 5
27. Employees in our organization work hard	1 2 3 4 5
28. Our organization extensively uses performance-based incentives	1 2 3 4 5
29. Much communication occurs between managers and subordinates	1 2 3 4 5
30. People in our organization participate actively in decision making	1 2 3 4 5
31. Much information sharing occurs in our organization	1 2 3 4 5
32. Much communication occurs between different departments	1 2 3 4 5
33. Employees in our organization all know and share our vision	1 2 3 4 5
34. People in our organization have common goals	1 2 3 4 5
35. Our organization has a clear mission	1 2 3 4 5

36. Much agreement exists between different parts of our organization 1 2 3 4 5

37. Our organization has clear standards about rewards and punishment 1 2 3 4 5

38. There is much focus on performance evaluation in our organization 1 2 3 4 5

39. Our organization exercises much discipline over employees 1 2 3 4 5

40. Different parts of our organization are very consistent 1 2 3 4 5

42. Our organization places much emphasis on taking care of employees 1 2 3 4 5

43. Our organization is like a big family 1 2 3 4 5

44. People in our organization are very friendly 1 2 3 4 5

45. Our organization has a nice internal atmosphere 1 2 3 4 5

48. Our organization does much to encourage innovation 1 2 3 4 5

49. Our organization does much to learn 1 2 3 4 5

50. Our organization is very creative 1 2 3 4 5

51. Our organization continuously develops new products and services 1 2 3 4 5

52. Our organization often adopts new technologies 1 2 3 4 5

53. Efficiency is highly valued in our organization 1 2 3 4 5

54. Quality is a key focus for our organization 1 2 3 4 5

55. Our organization is very results oriented 1 2 3 4 5

56. Our organization aims to act quickly 1 2 3 4 5

57. Our organization is very action oriented 1 2 3 4 5

58. Employees in our organization value time highly 1 2 3 4 5

59. Our organization encourages risk taking 1 2 3 4 5

60. Our organization is very aggressive 1 2 3 4 5

61. Our organization is socially responsible 1 2 3 4 5

62. Our firm aims to serve society 1 2 3 4 5

63. Our organization emphasizes both economic and social results 1 2 3 4 5

64. Our organization facilitates the development of society 1 2 3 4 5

65. Our organization is very customer-oriented 1 2 3 4 5

66. Our organization places much focus on customer satisfaction 1 2 3 4 5

67. In our organization, the customer is number one 1 2 3 4 5

68. Our organization focuses on helping customers make a profit 1 2 3 4 5

69. Our organization focuses on providing first class service to customers 1 2 3 4 5

70. Our organization is very adaptable 1 2 3 4 5

71. Our organization is open to accepting changes 1 2 3 4 5

72. Our organization is very flexible 1 2 3 4 5

73. There are significant sub-cultures in our organization   1 2 3 4 5

74. Sub-cultures cause significant problems for our organization   1 2 3 4 5

75. Employees in our organization consider organizational culture

important for success   1 2 3 4 5

76a. Our organization has a strong organizational culture which is readily

apparent to employees   1 2 3 4 5

76b. There are many levels between CEO and basic employee in

our organization   1 2 3 4 5

76c. Our firm tries to minimize our impact on the environment   1 2 3 4 5

76d. Our organization tries to learn from its successes and failures   1 2 3 4 5

76e. Our organization has formal and/or informal systems to help

spread individual learnings around the organization   1 2 3 4 5

PERFORMANCE ITEMS

_DIRECTIONS :_For questions 77-78 please circle the best answer._

77. How would you evaluate your firm's performance relative to all other firms in USA?

	Poor				Excellent
	1	2	3	4	5

78. How is your firm performing compared to other firms in your industry in USA:

	Poor				Excellent
A. Overall performance	1	2	3	4	5
B. Market share	1	2	3	4	5
C. Sales growth	1	2	3	4	5
D. Profitability/Return on assets	1	2	3	4	5
E. Employee satisfaction	1	2	3	4	5
F. Quality of products and services	1	2	3	4	5
G. New product development	1	2	3	4	5

Appendix B

Correlations among variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
(1) Mission														
(2) Speed	0,595**													
(3) Customer Orientation	0,565**	0,506**												
(4) Involvement	0,637**	0,551**	0,496**											
(5) Flat	0,206	0,398**	0,201	0,213										
(6) Feedback	0,554**	0,439**	0,399**	0,503**	0,369**									
(7) Society Orientation	0,684**	0,517**	0,782**	0,484**	0,213	0,519**								
(8) Change	0,579**	0,477**	0,421**	0,554**	0,264*	0,525**	0,472**							
(9) Firm Age	-0,270*	-0,075	-0,088	0,067	-0,119	-0,193	-0,234*	-0,125						
(10) Firm Size	0,027	0,079	-0,115	0,039	0,154	0,018	0,09	0,095	0,025					
(11) Industry1	-0,182	-0,301**	-0,168	-0,174	-0,202	-0,195	-0,193	-0,133	0,052	-0,026				
(12) Industry3	-0,069	-0,057	0,074	0,063	0,044	0,009	-0,122	0,152	-0,061	-0,198*				
(13) Industry2	0,048	0,0154	0,001	0,045	0,045	0,076	0,078	-0,114	-0,121	-0,048	-0,149	-0,125		
(14) Industry4	0,159	0,117	0,207	0,108	-0,018	0,341**	0,175	0,292**	0,13	-0,043	-0,139	-0,117	-0,088	
(15) Industry5	0,001	-0,037	-0,014	-0,205	-0,083	-0,059	-0,072	-0,043	-0,167	0,077	-0,166	-0,14	-0,105	-0,098

$*p < 0,05$ $**p < 0,01$