



CHALMERS



Cultural integration strategies of Swedish SMEs entering Portuguese markets

*Master of Science Thesis
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Abstract

Cultural integration is important for international business success, as cultural diversity if handled successfully, brings competitive advantages. However, cross-cultural competence in different contexts is not easily accomplished. It is in this report, identified the state of cultural integration of Swedish companies that has moved into the Portuguese market as well as explored which strategies for development of intercultural competence are utilized. This report contributes to further academic knowledge as little literature cover this topic as well as by testing the accuracy of theoretical models. It is found that the initial intentions were to implement the values of the mother companies in the start of the abroad operations; a strategy of proclamation. The corporate cultures at the SMEs (small and medium-sized enterprises) are highly influenced by the Swedish mother companies' cultures and effort has been put into raising cultural awareness to integrate the different cultures. However, as Swedish managers locally present are relocated, it can be noted that the corporate cultures develop towards displaying Portuguese national culture attributes. Contradictory to what theory suggests, it was additionally found that Portuguese managers and employees in general perceive competition as less harmful for company success and that money is valued higher than quality of life, than what would be expected. The Swedish SMEs fall short on cultural integration because of reduced national diversity and unclear goals where a development which, if continued, does not lead to intracultural competence and leveraging cultural diversity. When a controlled cultural development is left unchecked, it is hard to predict what will happen, exactly what is needed for a change to occur as well as what direction the changes will follow.

Keywords: Cultural integration, culture strategies, cultural intelligence, cultural competence, Portugal, Sweden, cultural dimensions, corporate culture, national culture, organizational culture.

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Gothenburg,
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Viktor Irlé

A handwritten signature in blue ink that reads "Viktor Irlé". The signature is written in a cursive style and is positioned above a horizontal dotted line.

Christofer Olsson

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1. Introduction

A nation's GDP is highly determined by its export, therefore, the international trade and international business relations becomes increasingly important (Maddison, 1994). The goods exported may differ, from oil and gas to technological innovations, including everything that is brought to a foreign international market (Yoshi, 2005). International markets and trade has a long history, starting with the Egyptians crossing the red sea and trading goods for goods (Rawlinson, 2001), followed by an expansion in trade including India and China (Ibid). The modern trade of today's world can be traced to when the Portuguese trade route explorers Vasco da Gama and Pero da Covilha established trade routes between Europe and India (Donkin, 2003). Subsequently, the industrial revolution increased global trade, leading to the need for international business success becoming of even greater importance and forming what we today see as the contemporary world economy (Kreis, 2006). Global business relations and the amount of trade is crucial for a country's GDP development and while there are other determinants of a nation's GDP, the net export surplus may arguably be the most influential (Kuznets, 1934; Maddison, 1994).

Integration of cultures within organizations is important for international business success, as cultural diversity if handled successfully, brings advantages such as a competitive lead, grant higher flexibility, give openness to new ideas and make companies more aware of customers' needs (Trompenaars and Woolliams, 2009; Adler and Ghadar, 1990; Adler, 2002). The focus in this matter and also the focus of this thesis, is that of corporate culture integration and the influences of national cultures. Cultures are the ideals, values and rules of different groups of people (Bodley, 1994), that when shared by parts of, or whole populations, are referred to as national cultures (Hofstede, 1980). A corporate culture is formed by these national cultures together with the effects from organizational and industry specific traits (Schein, 1999; Meschi & Roger, 1994). The fields of national cultures and cultures within companies has been explored by many scholars and researchers, such as Adler's levels of cultures (2002), Hofstede's dimensions of national cultures (1980), intercultural communicative competence (Kim, 1991), clusters of cultures (House et al., 2004), international business models (Mason and Spring, 2011) and how to bridge cultural differences (Krishna et al., 2004).

There are two main choices in managing integration of cultures. The first is forcing a copy of a company's cultural values onto a new firm, a so-called strategy of proclamation or dominant management culture. Secondly there is the choice to begin a process of intercultural learning and leaving room for other cultures, i.e. a strategy of learning or a minimum management culture (Steinmann and Scherer, 2000; Théry, 2002). There is also a third option which is a mixed possibility, a dominant transnational management culture, where a new culture is consciously created by the mother company (Théry, 2002). The most accomplished attitude, which is also investigated in this study, is having a perspective of diversity integration and to have a capability of leveraging cultural diversity and allow it to give competitive advantages (Trompenaars and Woolliams, 2009). This may in extension lead to a third culture of shared values, where multiple cultures achieve synergies and become more effective and interdependent (Casrnrir, 1999).

Authors has concluded that it is not easy to achieve cultural integration however (Trompenaars and Woolliams, 2009), as also this thesis will show. A starting point is having effective cross-cultural communication, which requires knowledge of other cultures (Gudykunst, 2004) and an awareness of others' communication processes (Hanvey, 1987). Managers and employees must become aware of the cognitive processes of people from other cultures; how they think, what they feel, what their values and beliefs are and what they expect, which is not easily comprehended (Gudykunst and Kim, 1992; Usunier and Lee, 2005; Casse, 1981). Neither is it clear to all companies that cultural integration and diversity is wanted and beneficial in the first place, as there are firms of low cultural competence where no arrangements for exploring diversity opportunities are made at all and cultural integration may even be suppressed. There are also organizations that believe they have proficient strategies for cultural integration simply

because they encourage cultural diversity, while lacking the ability to handle problems or develop the cultural integration further (Moore, 1999; Steinmann and Scherer, 2000; Théry, 2002; Trompenaars and Woolliams, 2009). The focus of this report will be the influence of different national cultures on the corporate cultures, what strategies, if any, are in reality applied when developing cultural integration and what more can be done to strive towards a third culture of shared values and synergies.

1.1 Purpose and scope

Strategies for cultural integration are important for business success and if accomplished increases nations' GDP. The purpose of this report is to identify which strategies for cultural integration and leveraging cultural differences are used, as little literature cover this topic. Swedish companies that has moved into the Portuguese market (in the text mostly referred to as 'Swedish SMEs') will be studied in regard to which strategies for development of cultural integration are utilized. In order to answer the purpose, it is supported by two additional main research questions:

1. What are the differences in the national aspects of the corporate cultures in Portugal and Swedish SMEs operating in Portugal?
2. How has the Swedish SMEs integrated the Swedish mother companies' cultures and Portuguese cultures?
3. What strategies for cultural integration and leveraging cultural differences are applied?

In order to answer the research questions, seven Swedish SMEs operating in Portugal has been interviewed. A larger sample of Swedish companies has also participated in a survey. The companies studied in this research are exclusively Swedish companies with a local presence in Portugal; in particular those which have previously had contact with Business Sweden.

1.2 Background

This report has been written as a master thesis for Chalmers University of Technology and Business Sweden Lisbon Office, formerly known as the Swedish Trade Council.

The exports from Sweden to Portugal today consist mainly of heavy machinery, components, foodstuff, paper pulp and pharmaceuticals. Business partnerships and trade volumes are increasing and there are predicted future opportunities for Swedish companies within the areas of ICT, energy efficiency, healthcare and pharma (Swedish Embassy, 2014; Business Sweden, 2014b; Sveriges Radio, 2014). Furthermore, Portugal has been ranked as the 12th best country in Europe to conduct business with (Forbes, 2014) and there are continuous efforts to enhance the climate for establishments of new businesses by reducing administrative obstacles, licensing processes and tolls in sea- and airports (Simplex, 2014).

Business Sweden supports Swedish companies in reaching export markets, creating business opportunities for small and medium-sized enterprises to grow internationally and promote Sweden as an attractive business partner. Also to attract foreign direct investment and to facilitate for international companies to do business in Sweden (Business Sweden, 2014a). Business Sweden assisted the study of this report by facilitating contacts for interviewees and survey respondents.

Cultural integration increases the success of international business and contributes to increasing nations' GDP (Trompenaars and Woolliams, 2009; Adler and Ghadar, 1990; Adler, 2002; Maddison, 1994). Strategies for acquiring the competence for cultural integration however, is not extensively dealt with in literature, thus the results of this study is of interest. Further when

investigating national cultures and their effect on corporate cultures, countries are most often clustered together, e.g. Sweden in the cultural cluster of Nordic Europe and Portugal belonging to Latin Europe (House et al., 2004; Chhokar et al., 2008). The study of this report contributes by explicitly analyzing Swedish and Portuguese national culture traits, as cultures differ within clusters and may even vary in different parts of a country (Tayeb, 2003). Additionally, the revenues of Business Sweden are declining (Business Sweden, 2014b) and therefore the deliverables of this report may contribute to the competitiveness of Business Sweden and in extension also contribute to the overall exports of Sweden.

2. Theoretical Framework

This section aims to summarize relevant culture theories and establish a theoretical framework that consist of six parts and is to be used in the creation of an interview guide as well as a survey. The coming chapter will in greater detail deal with national, organizational and corporate culture and related activities, managers and leaders and their actions based on culture and also how managers and corporations may view cultural differences as well as how they should leverage those.

2.1 Culture

A multitude of attempts to define culture has been made over the years (Bodley, 1994; Schneider and Barsoux, 2003; Kluckhohn and Strodtbeck, 1961; Adler, 2002), where a normative definition of culture is the ideals, values and rules that exist for living (Bodley, 1994). One level of culture is national culture (Hofstede, 1980). It should be noted though that several nations may have similar cultures, or the opposite, that it differs in different parts of a country (Tayeb, 2003). There is also organizational culture that affects strategy, goals and operational activities of an organization (Schein, 1999); shared assumptions that are taught to new members as how to think about and perceive problems (Schein, 1990). In extension there is corporate culture, which is the cultural values of a single firm that may be part of a larger organization (Meschi & Roger, 1994). These values are influenced by the business environment of the industry (Deal and Kennedy, 2000), national and organizational cultures to varying degrees (Figure 1) and may also change over time (Meschi & Roger, 1994). Breaking it down even more is the professional culture within a corporation, which identifies separate behavior between positions, such as operators, engineers or executives (Schein, 1996). The characteristics of national cultures naturally differ and changes over time, but some attitudes and perceptions are maintained relatively constant. As stated, the national culture affects a corporation's culture, i.e. a nation's cultures' impact in a business context. The focus of this report is the influence of different national cultures and the effects on the resulting corporate cultures.

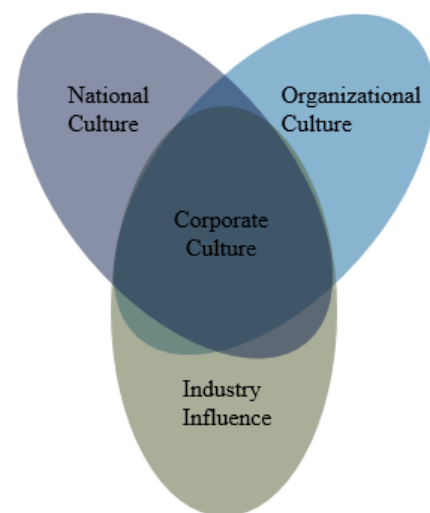


Figure 1: Cultural context

2.2 National cultures

When comparing different nations and their respective effect on a corporate environment, a well-known model is that of Hofstede's dimensions (1980; 2001; Hofstede and Hofstede, 2005). The model is a framework for comparing different national cultures relative one and another and describes the major inclination of a cultural group. From the beginning aimed at mapping the effect on business management in different nations, it should be noted that it's not absolute differences, but rather a comparison between countries or parts of countries. The basis is that of social anthropology and how different groups function within and amongst each other. Directly related to this is the importance of the formation of and belonging to a group is. In societies where groups are of lesser importance it can also be identified that these promote individuals to look after themselves and emphasis reward systems based on the performance of the single person. What is reward to some is however not highly valued by others; we want different things, where some need a good quality of life and others prefer money. It can be noticed that there is a different focus related, where one side works towards maintaining relations as opposed to prioritizing getting the task done (Ibid).

Taking a perspective of intergroup-actions and what is expected and deemed acceptable by social norms there are relative differences in distance. Translating this to the corporate scene there are large and small and complex and simple hierarchies. National aspects of corporate structure affect the role of the manager and whether the organization is flat or hierarchical compared to organizations in general in other countries (Hofstede, 1980; Hofstede, 2001; Hofstede and Hofstede, 2005). Trompenaars (1993) builds further on the dimensions and focus specifically on the relations between people. The key point is that there is no best way of solving a problem and different cultures and different people have different ways of performing a task when dealing with each other. The extremes of the group and the individual are maintained but the configuration and the significance of relationships is further broken down. Emotions may be a large part of a human being, but customs dictates to what degree and how openly these should be expressed and shown to other people. Taken into a business context, emotions may even be considered a weakness as compared to the diametrical opinion that they should be promoted. Whichever side one belongs to, being engaged, enthusiastic, professional or emotionally detached, these may give rise to different dilemmas that are also handled differently by different cultures (Trompenaars and Woolliams, 2000).

With these views also follows the distinction as to why and for what purpose someone is hired to an organization (Trompenaars and Woolliams, 2000). A rational foundation may be a contractual employment for the reason of getting a job done by using demanded skills in an efficient manner. When relations are of higher importance than the task itself, so is also the work in the group which also determines how the organization functions. Worth noting is that the starting point for an action is not necessarily the opinions of one individual or one group. Some instead value harmony with the environment and refrain from conflict. The manner of executing the action differs as well, be it one action at a time compared to viewing time as flexible and appointments as approximate. As a last note it should be reminded that the models encourage relative comparisons between cultures and that they describe the general opinions and not that of every single individual (Ibid). The dimensions of Hofstede (1980) are extreme cases, according to Trompenaars and Hampden-Turner (1997), as there is no universal solution to any single problem, so does the population of the same culture display different characteristics when faced with different problems.

2.3 Corporate cultures

As the national cultures affect the corporate environment, there are also organizational cultures doing the same thing (Schein, 1990; Schein, 1999; Meschi & Roger, 1994). Organizational culture affect goals, overarching activities as well as the desired behavior of employees (Schein, 1999): The outcome is the corporate culture of a single firm (Meschi & Roger, 1994). However, having similar national and organizational aspects is not a guarantee for similar corporate cultures, as the business environment of the industry influences even more (Deal and Kennedy, 2000). This means that the industry, the type of market or the kind of product creates a boundary within which the national and organizational cultures can affect the corporate culture. Achieving a desired corporate culture is of great interest, as it affects the performance of marketing, strategy, finance, HR, etc. There are different aspects of organizational cultures that in turn have effects for shaping the corporate culture. These values are complex, but there are attempts to generalize and produce a universal nature of the values (Kluckhohn and Strodtbeck, 1961). The values are reflected in how activities are performed within the companies (Walker et al., 1992), such as having a long- or short-term view or the view on having strict deadlines, corporate plans and schedules (Hall and Hall, 1990).

Communicating the different views internally and externally, as well as communication in general, is also dependent on the underlying values (Hall and Hall, 1990). A difference can be identified where some cultures are extremely explicit in the communication and other where the meaning of the message is conveyed through a high degree of context, implicating that the way and place of communicating and surrounding conditions matters a lot. Other values have already

been touched upon which also are directly related to the national aspects of cultures. Therein can be found the different focus of staffing and execution of activities, where the importance of relationships determines whether it is group or individualistic efforts (Ibid).

Related to this and also the model by Hofstede (1980), is a division of humans as either 'doing' or 'being' oriented (Kluckhohn and Strodtbeck, 1961). In 'being cultures' there is an emphasis on trust, common goals and social harmony. The focus is on living for the moment while hoping it will lead to achievements in the future. The drivers for 'doing cultures' are instead angled towards personal promotions and taking efficient actions. This may be extended to the concept on individualism (Hofstede, 1980) where employees are expected to tangent and surpass anticipations in activities; initiative taking and independence, as opposed to top-down assignment of tasks and prefer a collective rather than the 'I'. The organizational structure is often built to support whichever value orientation the activities are based upon, further strengthening the established processes and way of doing things (Ibid).

As the cultural values are reflected in the daily activities of corporations as well as employees' general view of how business is done, so does the same values affect the management and prioritization of how activities are performed, where the latter often determines the former. Trompenaars (1993) made the point that there is no optimal way of overcoming a problem and different cultures have different solutions. This can be seen in the multitude of existing managerial choices which, highly influenced and connected to national aspects, may affect such things as the role of contracts compared to relationships, responsibility for employees versus oneself, internal or external focus of the matter at hand, keeping strict schedules, the link between status and performance and the degree of showing emotions in professional contexts (Trompenaars and Woolliams, 2000). As the sheer number of possible combinations in national dimensions, view on organizations, how activities are performed, etc. is a daunting number when it comes to comparative analysis on individual cases, several authors have attempted to group certain values and create categories of cultures (Deal and Kennedy, 2000; Trompenaars and Woolliams, 2003; Cameron and Quinn, 2011). These include, but are not limited to, aspects of perceived risk, level of hierarchy, power orientation, value of consensus, importance of innovativeness and view on relationships. It may be concluded that national and organizational cultures play a major role in setting the boundaries for and shaping the corporate culture. Managers, within said boundaries, affect how daily activities are performed in different corporate cultures. There are also different strategies for cultural management in the long-term as well as different managerial views on culture itself.

2.4 Empirical studies of Nordic and Latin national cultures

Previous empirical studies describe the inclination of different cultures in general, where Sweden would belong to the cluster of 'Nordic Europe' and Portugal included in the 'Latin Europe' (House et al., 2004; Chhokar et al., 2008). The cluster of Latin Europe is obviously affected by the Roman heritage and also profoundly by Catholicism. This explains the prominence of the family (which is broader than the Nordic Europe definition and includes cousins, grandparents, etc.) and different female and male roles in the social order. The latter has however decreased, and is steadily decreasing, over the last decades due to larger influence and contact with other cultures as well as a higher degree of industrialization. For the same underlying reasons there are still highly established bureaucracies with many steps and formal processes through which to communicate and take actions. The importance of family is connected to this, as working around rules and formal processes is way more effective than going the hierarchical or bureaucratic way. This is enabled by those personal relations and is a reason why that same importance of family is maintained. Outside the family though, there is a prevalent low humane orientation, meaning that there is a general absence of concern for others and a larger self-centeredness. The importance of relations is transferrable into a business context, where relationships is the foundation for doing any business at all. The authoritarian focus with complex bureaucracies and hierarchies exist in

businesses as well, where the boss is the boss and people in general display a mistrust towards authorities (Ibid).

Comparing this to the cluster of Nordic Europe, it is clear that it does not have a Roman or Catholic heritage but instead is affected by the era of Vikings (House et al., 2004; Chhokar et al., 2008). The Vikings had little control mechanisms and very flat hierarchies and their villages or regions were all independent, self-sufficient and self-controlling. Further the Viking civilization was characterized by democracy, social equality and valuing fairness, which all translates into the Nordic culture of today. Even though democracy and true power of the people was and is in effect, there are of course still leaders, bosses and managers. However, their role is more that of a group facilitator, expertise-coordinator and team leader than that of an expert or decision-maker, even if the final decision often rests with them. Managers are not seen as an authority whose orders should be accepted without question and the social distance between employees and managers is less than that of the rest of Europe. Those being managed are expected and encouraged to question authority and state their opinions and all opinions are considered. Finally, it is preferred to work as a group rather than as individuals (Ibid).

2.5 Theoretical reflection on the differences between Nordic and Latin cultures

The previous empirical studies of the Swedish and Portuguese national cultures may be described in terms of literature labeling. This section aims to combine the empirical studies with the models of Hofstede (1980; 2001; Hofstede and Hofstede, 2005) and Cameron and Quinn (2011), which for this particular purpose will be further described.

Hofstede's model consists of five dimensions: Power distance, uncertainty avoidance, individual or group orientation, masculine or feminine orientation and short- or long-term view (1980; 2001; Hofstede and Hofstede, 2005). Power distance is how equally power is divided in society and the expectations and acceptance for that distribution. It also includes attitudes towards authorities and superiors and the complexity of a hierarchy. Practical implications are that with a low power distance, organizations are flat, status symbols are unimportant, face-saving is not important, individuality is respected, and the manager is a facilitator; and the opposite for a high power distance. Uncertainty avoidance is leaning towards taking risks or preferring predictability: It is about tolerance for change, how conflicts are viewed upon and the acceptance of ambiguity. A low uncertainty avoidance implies that corporate plans are only viewed as guidelines, competition is something that is good, budgets are flexible, risks are taken and the fewer rules the better; where a high uncertainty avoidance is about following rules and increasing certainty (Ibid).

The third dimension is individual or group orientation (Hofstede, 1980; Hofstede, 2001; Hofstede and Hofstede, 2005) and it is a relative measurement of the degree of collectivism within the cultural group. Where collectivism is predominant, decisions are made together, loyalty to the group is of utmost importance, ethical values may be for that group in specific, firms look after its employees, the group has a single identity and relationships are more important than the task at hand; where a more individualistic culture has an 'I mentality', individuals are more autonomous, employees are rewarded based on their own achievements and individual needs are the basis for decisions. The masculine or feminine orientation describes the competitive versus caring characteristics. A culture showing masculine attributes value money, performance, delivering results, independence and are motivated by ambition; whereas a feminine culture more highly regard quality of life, work/life balance and maintaining relations. Finally, the last dimension short- or long-term view is exactly what it sounds like: Short-term view focus on the past and present and value traditions, quick profits and social responsibilities, even though loyalties may vary over time. Long-term orientation is signified by a future market position and nurturing lifelong relationships (Ibid).

Cameron and Quinn (2011) advocate a model for assessing corporate cultures and corporate culture change: The Competing Values framework. Companies are grouped into four different types, along dimensions of flexibility versus stability and internal or external focus, according to the characteristics with which a company identifies the most. Hierarchy culture is a set of values that includes tradition, continuity, stability and focus inside the company. A clan corporate culture also focus internally, but instead of stability and control, flexibility and discretion is valued. The third competing value is market culture, which like the hierarchy culture prefers stability but with the difference of a focus outside the organization. Finally, the adhocracy culture describes a corporate culture or corporate cultural change that is characterized by external positioning and differentiation with a high degree of flexibility and adaptability (Ibid).

Previous empirical studies (House et al., 2004; Chhokar et al., 2008) describe Latin Europe as highly bureaucratic and formal. Family and personal relationships are important, which is also reflected when making business, with a focus on person-orientation to assure trust as well as enabling bending of the rules. The boss is the boss and there is also an expressed distrust for authorities and governmental functions. Translating this into terms of a more theoretical basis, it may be inferred that the national aspects of the Portuguese corporate culture display a high power distance (Hofstede, 1980; Hofstede, 2001; Hofstede and Hofstede, 2005): The manager is an expert and the organization is an hierarchical pyramid; a high uncertainty avoidance: Budgets and corporate plans are inflexible, competition is damaging and risks are to be avoided; mostly feminine: As there is a focus on creating and maintaining relations, taking decisions in consensus and valuing quality of life, even though money is also an important part; and collectivistic: Characterized by strong relationships where responsibility for the group members is emphasized. Organizations may be summarized as those of a hierarchy culture, which primarily focus internally and value regulation, tradition and continuity (Cameron and Quinn, 2011).

Research about the cluster of Nordic Europe (House et al., 2004; Chhokar et al., 2008) describe the region's culture as egalitarian and democratic and having the lowest power distance in Europe. This is reflected in the fact that managers are more group facilitators than experts and encourage and consider employees' opinions. The management and their co-workers are less socially apart compared to other cultural clusters and working as a collective is preferred rather than working solo. Theoretical labeling would describe the Swedish culture as having an extremely low power distance with low hierarchies and managers as team leaders, low uncertainty avoidance which embraces flexibility and risk-taking, very feminine which values quality of life with a fair work/life balance, standing out of the crowd is not acceptable and individualistic, as people take care of themselves and the immediate family only. It could be described as a mixture between a clan and adhocracy culture, which focus externally and values flexibility, consensus and adaptability, but still a measure of stability (Cameron and Quinn, 2011).

2.6 Strategies for managing multiple cultures

To enable cross-cultural communication and management, there is a need for having knowledge of other cultures (Gudykunst, 2004): A developed awareness of communication processes, which reduces uncertainty (Hanvey, 1987). A key point is understanding how other persons think, what they value, believe and expect; the cognitive component (Gudykunst and Kim, 1992; Usunier and Lee, 2005). Also what they like and feel; the affective component (Casse, 1981; Usunier and Lee, 2005). Further, it is vital to have people knowledgeable of all cultures involved and have the right process for the right country (Krishna and Walsham, 2004).

Cultural interaction gives two main choices in managing cultures: Forcing a copy of a company's cultural values onto an acquired or newly created firm in another geographical setting, a so-called strategy of proclamation or dominant management culture, or instead embark on a new process of intercultural learning and leaving room for other cultures, i.e. a strategy of

learning or a minimum management culture (Steinmann and Scherer, 2000; Théry, 2002). A third option is a mixed possibility, a dominant transnational management culture, where a new culture is consciously created by the mother company (Théry, 2002). Depending on the degree of cultural competence displayed by companies, they may be categorized accordingly. Diversity blindness is an attitude where no arrangements for exploring diversity opportunities are made and is associated with a low cultural competence (Moore, 1999; Trompenaars and Woolliams, 2009). Trying to homogenizing people at the company is a way of suppressing diversity and also signifies a diversity hostility or low cultural competence. A step upwards is having institutional norms of multiple cultures, being cross-culturally competent and culturally sensitive. However, just because diversity is encouraged it does not automatically bring an ability to deal with diversity problems and companies can be diversity naïve. Further, companies may respect, recognize and communicate differences, so-called intercultural competence. The most accomplished attitude is having a perspective of diversity integration and to have a capability of leveraging cultural diversity and allow it to give competitive advantages (Ibid). This may in extension lead to a third culture of shared values, where multiple cultures achieve synergies and become more effective and interdependent (Casrnir, 1999).

3. Methodology

The chosen research design and method is a combination of qualitative and quantitative research, endorsing opportunities of what insights that can be achieved, compared to using one method alone (Buchanan and Bryman, 2007). The method is made in systematic combining (Dubois and Gadde, 2002) by continuously and iteratively assessing theoretical frameworks with the empirical data, in order to not only test theory, but also complement or refine it (Ibid). Notes on the validity and reliability of the research will also be included throughout the end of this chapter.

3.1 Research design

This study was mainly performed in abduction; moving from theory to empirical data, back to theoretical frameworks and then again onwards (Dubois and Gadde, 2002). The research process is graphically presented in Figure 2.

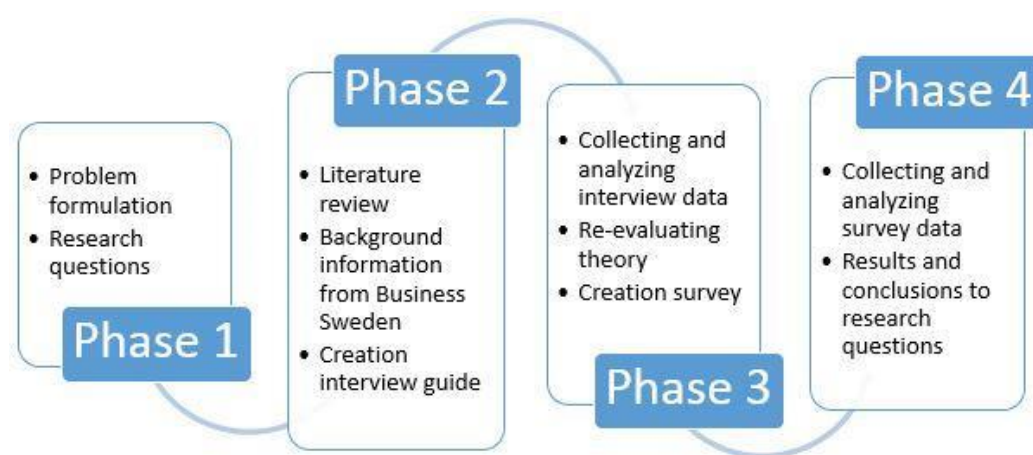


Figure 2: Research process

As this study is about Swedish companies who run businesses in Portugal, it requires a specifically deep and broad understanding initially to create a knowledge base, which can be compared to theoretical frameworks. For this reason, qualitative interviews are most suitable as it captures the interviewee's points of what is relevant and useful information. Qualitative interviews are an attractive method to use in research because of its flexibility (Bryman and Bell, 2011), albeit a time consuming method. Qualitative interviews are more suitable to use in the beginning of a study, when the researchers possess little knowledge about a phenomenon (Bryman and Bell, 2011). Later on, quantitative data collections, such as surveys may strengthen the validity and reliability of such research, or even revise it (Dubois and Gadde, 2002). Interview and survey data was analyzed according to grounded theory, with data grouped together according to topic (Glaser and Strauss, 1967; Corbin and Strauss, 1998). Additionally, a semantic approach was used, analyzing the meaning of the data in the topics in comparison to synonyms, hypernoms, meronyms and metonyms found in the literature (Miller, 1995); focusing on what agreed or disagreed with theoretical frameworks. As a starting point, qualitative interviews for this study were conducted to answer the research questions and later create a survey.

3.2 Data collection: Qualitative semi-structured interviews

Qualitative interviews are divided into two sub-categories: Semi-structured interviews and open interviews. While conducting a semi-structured interview, the interviewer is using an interview guide with a list of ordered topics with sub-headings to discuss (Bryman and Bell, 2011). Some

initial knowledge about the startups of Swedish companies in Portugal existed from consultancy with Trade Commissioner Jennifer Ekström at Business Sweden. Therefore, this thesis includes semi-structured interviews and has its basis in only discussing topics during the interviews, as it is more suitable if initial understanding exists (Bryman and Bell, 2011).

The interviews were open ended semi-structured based on chosen topics with sub-questions, followed by additional follow-up questions. This was made together with probing questions, in order to increase the amount of elaborate answers, also suggested by Kvale (1996). Further, openness in the interviews provided additional understanding of the interviewee (Bryman and Bell, 2011).

In order to establish a greater initial understanding, the qualitative semi-structured interview guide was created to carefully help in answering the research questions. The aim was to create a logical order of the interview questions, so that the interviews would have a good flow, without leading questions (Bryman and Bell, 2011). The language and formulation of the questions was at a comprehensive level for CEOs and managers, which is underpinned by Bryman and Bell (2011).

To ensure that the interviewees were able to understand the questions and able to answer them adequately, the questions were pre-tested. Bryman and Bell (2011) suggest that benefit from pre-testing is that the layout can be sorted in a more logical order and additional questions, which fill existing chasms, can be added. Two people were chosen to pre-test the interview guide, the first, a project manager at the Business Sweden Lisbon office. Being a manager of the Lisbon office entails being closely connected to the desired interviewees, thus a person knowing the profile of the interviewees in general. The second, a student skilled in the art of interviewing, suggesting it was sufficient. After pre-testing, an initial interview guide was changed. From having 33 in line following questions, seven main topics (labels) were created, complemented with second level questions to capture the depth needed to create the later self-completion questionnaire.

Content of interview guide

The main topics were formulated broadly and the sub questions more specifically, without being leading in terms of which answer was expected. After having introduced the purpose of the study, the first topic treated the facts and descriptions of the companies, i.e. what the organizations and industries look like as well as the purpose of starting up in Portugal. This provided a broad picture at an early stage (Bryman and Bell, 2011) to use as reference for further discussions as well as brings the discussion to the subject of start-up and obstacles in Portugal.

The second topic was about the process of starting up a subsidiary in Portugal and relates to how the SMEs have integrated the Swedish and Portuguese cultures. The reason for focusing on this matter was to grasp what a general process may look like, i.e. initiative the subsidiary, use of third parties, Swedish or Portuguese managers and cultural problems. The third topic was straight to the point of national aspects and corporate cultures, i.e. organizational cultures, trust and how management styles looks. The fourth section, regarded the cultural and general development of the subsidiary since the start-up. Including corporate culture and its influences, hierarchies, management of cultural differences and human resource management. This section relates both to cultural integration as well strategies to increase cultural integration and leveraging cultural differences.

Topic five and six of the guide was about stereotyping a Swedish and a Portuguese manager, country culture; its values, power distribution, trust issues, collectivism and risk taking behavior, etc. The last section, the seventh, was about relationships with the mother company in Sweden; negotiations, the depth of the relationship, educations in corporate cultures and cultural values, barriers, and intercultural management at the early start-up. Lastly, an open discussion to give additional data was included, so no additional data would be forgotten.

Sampling

The total population in this case were all Swedish companies having subsidiaries in Portugal; approximately 100 Swedish SMEs (Business Sweden, 2014c). For this study, convenience sampling was used and seven companies were chosen by Business Sweden's representative to be interviewed. Convenience, partly because they had good relations with Business Sweden and partly because they had a long experience as a subsidiary in Portugal, able to provide valuable inputs and give a depth in the data from the interviews. Further, another reason for having a convenience sampling is that it is relatively simple compared to a randomization (Bryman and Bell, 2011). Obviously, research may become biased because of this convenience sampling, but it is not in the interest of Business Sweden to bias the research towards any direction; thus one may see it as a random-convenience sampling. The interviews were conducted with managers at seven different companies in order to create depth of the data.

As approximately 7 % of the whole population was studied, the interviews are not guaranteed to perfectly mirror the whole population and a sampling error exists. However, 7 % is still a relatively large sample and since these semi-structured open-ended interviews mainly aimed to create an initial understanding of the topic, it is not regarded as a problem. Moreover, the interviews are not the only basis for conclusions, as they also created a foundation for the self-completion questionnaire that together with earlier empirical studies provides knowledge to answer the research questions.

The suitable interviewees were persons with long experience and long employment at the companies, preferably since the start, in order to collect longitudinal as well as thick data. All the interviewees belonged to the top management of their respective company and were told that they could be anonymous in the report, however no one wanted to be. All managers and CEOs in the different companies was approached face-to-face, to enable the reading of facial expressions and probe questions (Bryman & Bell, 2011). The interviews were held when the interviewees felt adequately prepared about the subject and when they had time to participate and on average the interviews lasted for 120 minutes, or more. The length is not seen as a problem, instead rather valuable, as it were the interviewees that took the initiative to continue for more than the said 90 minutes. Further, all the questions were fully understood by the interviewees, which also was revealed in the nature of the answers. The interviewee would sometimes answer several sub-questions or following questions before the question was stated, which is a common problem (Bryman & Bell, 2011). The solution was that the questions were posed again and the previous answer given on the question was re-stated, then asking if it was correct. To get thick and qualitative data, the interviews were held either in Swedish, English or German, according to the interviewees' wish. The answers were noted in English and recorded in parallel to conducting the interview, which was made in order to strengthen the dependability and internal reliability of the interviews and confirm what was said (Bryman and Bell, 2011).

3.3 Data collection: Quantitative self-completion questionnaire

As the semi-structured interviews with the managers and CEOs were done, and provided results together with theory, a deeper understanding and a statistical more sufficient input was needed to fully answer the research question. Hence, information derived from both former steps, semi-structured interviews with companies and theory, was used to create a self-completion questionnaire; also known as a survey.

The addressed participants in the survey were all managers in Swedish SMEs operating in Portugal. The purpose of the survey was to further investigate how the managers and companies reason regarding culture, start-up and activities different from Swedish norms. The self-completion questionnaire was accessible on the web with help of the web-based tool Google Forms, recommended by many authors because it is less time consuming compared to some

other alternatives and also free to use (Bryman and Bell, 2011). The response rate is generally low on surveys, so in order to improve the rate, a gatekeeper at Business Sweden sent out the form. Sending reminders also increased the response rate of about additionally 20 %, in line with Sheehan (2001). Google Forms also provided a font without serifs (e.g. Calibri instead of Times New Roman), increasing the readability of the survey (Colin, 1995), thus increasing response rate (Bryman and Bell, 2011; Forza, 2002). Based on theory and input from interviews, an initial survey was made and also pre-tested, in order to perfect the final survey. The final version of the survey was the outcome after pre-testing on three master-students at Chalmers University of Technology. They were chosen because of convenience but also because of their knowledge about creating surveys. The pretest gave valuable information, mostly about structure and how to make it look more interesting. The time to fill in the survey during the pre-test was also measured, which was 17 minutes.

Findings from the semi-structured interviews with the Swedish SMEs, and theory gave insight in cultural and other factors affecting when starting a subsidiary in Portugal. To increase the validity for how companies experienced culture and factors, the survey was created to get further data that could also be statistically analyzed. It was important that the instruction of how to fill in the survey was clear, since the respondent fill in the survey himself or herself and no interviewer could assist the respondent. There is also no interviewer variability where the interviewer's personality or other attributes may affect the outcome of results (Bryman and Bell, 2011). Bryman and Bell (2011) suggest that response rate on surveys is usually lower compared to interviews and therefore surveys should not contain too many questions. However, to ensure sufficient data to answer the research questions, too few questions were no option. The initial questionnaire had about hundred closed-ended questions, containing triangulating, control and probing questions.

Advantages with surveys compared to structured interviews are that these will be cheaper and quicker to administer, especially if the respondents are geographically spread (Bryman and Bell, 2011), as the case of Swedish SMEs in Portugal. The respondents could also choose to fill in the survey whenever they want. Disadvantages with surveys are that no interviewer could help the respondent understand the questions (Ibid). Another problem is that it was not possible to further elaborate the questions, but in order to let the respondent ventilate add-ons, they were given the opportunity to add something in the end of the survey. Another issue of surveys is that the respondent can read through the whole questionnaire and be able to not answer the questions truly independently, which was solved by using an online survey where the questions were made sequentially. Online surveys can be structured so that the respondent has to answer a specific set of questions before continuing with the survey (Ibid), where this survey had four main sections.

Content of survey

The beginning of the survey is designed with a text describing the reason for the research, including a personal letter explaining why the participant was selected, as well as clear instructions on how to fill in the survey. This is underpinned by Forza (2002) who suggest that a questionnaire shall be designed containing courtesy, presentability and readability to increase response rate. Duration of the survey was presented, about fifteen minutes, in order to improve the response rate even more, because longer time will scare away some respondents (Ibid). The closing of the questions were horizontal, making the questionnaire look less, thus also increasing the response rate (Bryman and Bell, 2011).

The survey was divided into four parts: Personal information, the Portuguese culture in general, the culture in the respective SME and a final chapter concerning the SMEs' view on cultural influences. Likert scale questions were used for personal opinions, a few multiple-choice questions were included and finally an open question for additional thoughts, which is underpinned by Bryman and Bell (2011) and Forza (2002).

Introductory questions to warm up the respondents were about the respondents' age, gender, position and work time in the companies and there was also the option to remain anonymous; to increase response rate. The second section contained questions 1 - 26 and provided data to answer the national aspects of the corporate cultures in Portugal. These questions are to test the ideas of the amount of trust needed in business relations, how the attitude towards risk-aversion looks, management styles, hierarchical layers, long-term vs short-term profitability thinking, company loyalty, etc. The questions have the starting point of the main outcomes of the interview data as well as related theoretical views such as Hofstede's (1980) five dimensions of national cultures, clusters of cultures by House, Hanges, Javidan, Dorfman and Gupta (2004), Trompenaars' (1993) relations between people and Cameron and Quinn's (2011) competing values framework. The focus was on what was proved to be important during the interviews, as well as what was contradictory to previous theory or empirical studies. Triangulations of questions in order to find answers were used, as suggested by Bryman and Bell (2011). All questions in this second part are Likert scale-questions with 7 levels, i.e. fully agreeing to fully disagreeing with a statement (Forza, 2002).

The third section consisted of questions 27 – 52, answering about the corporate culture at the Swedish SME subsidiaries, and also provide some input for the how the companies has integrated Swedish and Portuguese cultures. This section consisted of questions regarding how and if the participating SMEs are deviating from the general national and corporate cultures of Portugal and in what ways. The questions in this part were identical to the questions in section two to provide a cross-sectional comparison.

The last, and most comprehensive part, were about the strategies the SMEs have for a higher degree of cultural integration and leveraging cultural difference. To answer this the questions were about the current state in the SME subsidiary, the influence of national culture, corporate culture, intended corporate culture and if Swedish expatriates were responsible for setting up the subsidiary. Following questions regarded if the respondents wanted to change the present culture, which hints to desired strategies, willingness to work towards a higher degree of cultural integration and shows the attitude towards new cultural influences, which relates to diversity perspectives by Moore (1999). But also theories of levels of cultural competence, cultural interaction, etc. (Trompenaars and Woolliams, 2009; Steinmann and Scherer, 2000). The indication to highlight such questions arose from the interview data, where it was revealed that the mother companies often tried to push a Swedish nationally influenced corporate culture onto the subsidiaries, which is also related to the management culture theories by Théry (2002). Further, questions relating to if staff have knowledge about other peoples values, expectations, beliefs, feelings and thinking (Gudykunst and Kim, 1992; Casse, 1981), were stated.

The survey ended with some Likert scale questions and tick-boxes regarding the respondents' general opinion of cultural diversity, to see if the respondent agrees with theory as well as previous answers. Also, following this, fields where the respondents could elaborate on cultural factors in Portugal that Swedish companies should be aware of, their view on the factors the companies should adopt to become more successful as well as general comments. These open questions were placed at the end to possibly increase response rate, as they may be considered sensitive and the respondent is more "warmed up" at the end of the survey.

Sampling

The whole population can be calculated to 100 Swedish companies (Business Sweden, 2014c), thus 100 managers to potentially receive survey data from. Also, there are different specializations in and within the organizations and it is a fact that certain people know some facts which others do not. A high number of respondents is therefore crucial for an accurate result, as well as triangulation such as asking several questions and using different methods to verify the results (Forza, 2002). There is usually a significant non-response rate on email surveys (Sheehan, 2001), therefore, to increase response rate and credibility, Business Sweden distributed the self-completion questionnaires as well as sending reminders. The final sample

size were 24 responses, which constitutes 24 % of the population. As in the case of the interviews, the data is not guaranteed to perfectly mirror the whole population. However, 24 responses out of 100 may be argued to be considered a relatively large sample contributing to high validity; which the next section will elaborate on.

3.4 Quality of research

Summarizing the reliability and validity of this research is that it is moderate to high. The research is thoroughly described and the empirical data show consistency. It was performed with multiple methods, qualitative and quantitative (Dubois and Gadde, 2002). In line with what Scandura and Williams (2000) suggest: “The use of a variety of methods to examine a topic might result in a more robust and generalizable set of findings (higher external validity)”. Seven interviews and twenty-four survey answers; it could however be the case that the seven interviews that provided part of the basis for the creation of the survey were not representative for the population. It is worth reminding that the broad theoretical scope as in the interviews was also applied in the survey, even if there were a focus on certain key areas. It is also important to point out the high level of the topic studied which allows for some flexibility and yet again recall the high consistency in the answers, which speaks in favor of the validity (Forza, 2002). This section will further elaborate on the validity and reliability of this study and provide information on what to reflect upon.

Reliability

Cepeda and Martin (2005) propose that reliability indicates “dependability, stability, predictability, consistency and accuracy, and refers to the extent to which a measuring procedure yields the same results on repeated trials”. The research question were a clear statement with a narrow focus, suggesting a high replicability of the study (Scandura and Williams, 2000). As the semi-structured interviews were made out of a convenience sampling as the interviewees were handpicked persons having time, good contact with Business Sweden and willingness to perform a long interview. The reliability can thus be criticized, as there is a risk of biased answers compared to a totally random sampling (Bryman and Bell, 2011). This approach was however necessary to form a broad understanding about the Swedish companies in Portugal, by having as much input as possible. The semi-structured interviews were also conducted in a controlled manner that would easily be replicated in the future (Merriam, 1995). To bear in mind is that opinions may change over time and there are no guarantees that the actual answers would be the same (Bryman and Bell, 2011).

Following the semi-structured interviews was the questionnaire with even more CEO’s and employees of Swedish companies in Portugal. The reliability of the survey is considered high, because of the fact that it was sampling of a larger fraction of the population and many of the respondents had consistent answers (Cepeda and Martin, 2005). To keep in mind is that the survey was based partly upon the semi-structured interviews and that the reliability may thus be affected depending on the accuracy of the interview data (Merriam, 1995). It is worth pointing out that there is a high consistency in the survey data and also that the broadness in theoretical frameworks was used in the survey as well. Further, it should be noted that the survey was designed with mostly closed questions, which makes it easier to replicate (Forza, 2002). On a final note, the sample size compared to the population is considered high, leading to a high likelihood of reproducing this study’s results again (Forza, 2002).

Construct validity

Following Cepeda and Martin (2005) it is important to have a complete picture, including “backstage” information. The respondents in the semi-structured interviews were all highly knowledgeable in processes within their work, because of their high positions as CEO or

subsidiary manager. They had all too various extent been experiencing the differences of culture or factors that are crucial to success in starting a company in Portugal. The initial assumptions from a theoretical perspective were not presented to them, to avoid any anchoring effects (Bryman and Bell, 2011). This made sure that it were their own experience within culture and activities that were measured and nothing else. Topics and questions in the interviews were mostly open ended, so that the interviewees could elaborate much on the questions and provide thick data (Forza, 2002). A few of the interviewees were not agreeing in some of the answers, but these questions, along with other, were included in the survey in order to find an answer corresponding to a general reality. All in all, the construct validity of the open-ended semi-structured interviews can be regarded as high as the views was confirmed by the survey and the respondents all understood the theories, activities and obstacles that were tested. To ensure that the intended subject was measured, detailed questions with no questionable interpretations were provided (Appelbaum et. al., 2004). To assure the level suitability of respondent and pre-required knowledge for the study each respondent had to answer questions of nationality and years of experience. The majority of the questions were closed and the “other“ option could provide additional data from the respondents’ experiences in the work of starting and running a subsidiary and working on cultural issues. Most importantly perhaps, a large part of the data was collected using triangulation, asking similar questions and using both interviews, survey and previous empirical studies, resulting in a high construct validity (McGrath, 1982; Appelbaum et. al., 2004).

Internal validity

The usage of multiple methods increases the internal validity (Scandura and Williams, 2000) and coherence in chain of evidence are important factors (Cepeda and Martin, 2005). This research data was obtained through the qualitative semi-structured open interviews (and the complementing survey) with the CEOs or subsidiary managers as well as the survey, where it was their personal opinions about the Portuguese culture, perceived differences and current development that was stated. Results based on this might be affecting the research process afterwards; so identified causal effects may or may not be misleading. To mitigate the effects of basing results on the data from one study only, this research has been complemented by previous empirical studies; as rich and meaningful data leads to high internal validity (Cepeda and Martin, 2005). Finally, this study has primarily been of an exploratory nature to determine the match between theory and reality as well as assess the accuracy of theoretical frameworks, thus not focusing on causal linkages. Correlations within survey results has been identified, but without analyzing causal relations.

External validity

Both the semi-structured interviews and the survey have been in regard to Swedish companies in Portugal only. The findings may be of generalizability for other cultures or countries, as external validity aims to prove (Cepeda and Martin, 2005; Scandura and Williams, 2000): For example Spain or Italy, which may display similarities to a Portuguese culture; or the other way around, e.g. Norwegian or Finnish companies. One must be careful when considering transferability to other settings though, as two countries may be very similar culturally, so may there also be large cultural differences within the same nation (Tayeb, 2003). The results are considered to have very high external validity for other Swedish companies operating in Portugal and possibly companies from other cultures also operating in Portugal. Cepeda and Martin (2005) suggest that findings shall be coherent with previous theory; and these findings are in a large extent, but rather refining previous theory. As a final comment, different industries impose differing constraints on a corporate culture, which should also be taken into account when transferring finding into other settings.

Ecological and social validity

The semi-structured open interviews provided essential insights into the views of the Swedish companies' managers and their own view of starting a business in Portugal with regards to cultural and general aspects. This information, together with an understanding and input from theory, enabled asking the correct questions in the survey. The study can give a general cultural and business understanding valuable to everyone, i.e. ecological validity (Bryman and Bell, 2011; Cepeda and Martin, 2003), as it gives insight in the initial activities and obstacles and the cultural aspects of running a business in Portugal. The information mirrors the real world and the knowledge gained may be used in a range of everyday situations to a high extent (Cepeda and Martin, 2003).

4. Results

These sections will elaborate on the data captured in both interviews and the survey in order to answer the research questions. The results will be put in relation to theory and analyzed in the chapter 'discussion'.

4.1 Differences in the national aspects of the corporate cultures in Portugal and the Swedish SMEs

The results show that the SMEs' corporate cultures differ from national aspects of corporate culture in Portugal in numerous ways. Indications from interviews tend to agree that the traditional Portuguese firm is strict, formal and hierarchical. The semi-structured interviews explained that the national culture of Portugal was enhancing this from its history of dictatorship. In the interviews it was also expressed that the trend tend to modernize by lowering the hierarchical steps, but that it is a slow process. Formality, entitling people and using the right language is very important and also how one is perceived; beautiful car, branded suits, etc. Results from the survey agreed that formality, centralization and power distribution are extremely high in the traditional firms. As an example organizational power distribution has a mean of 6.3 of 7.0 in centralization and a standard deviation of 0.5 and the amount of formality displays a mean of 5.8 and standard deviation of 0.8. However, as seen in Figure 3, managers indicate that their own Swedish SME has a lower degree of organizational power concentration and formality. This was also expressed in the interviews, referring to their heritage of mother company corporate culture, with more decentralization and having a more laid back approach to formality.

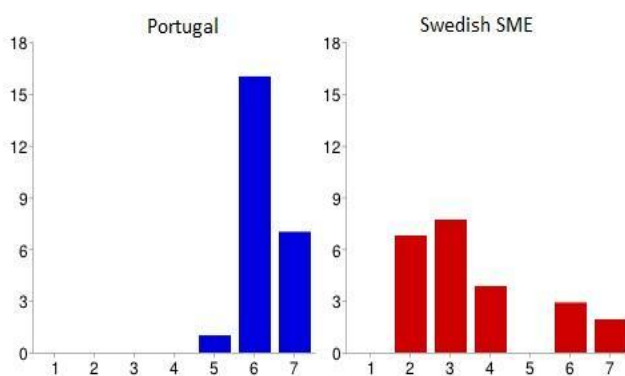


Figure 3: Power distributions in organizations; decentralized (1), centralized (7)

Since the traditional Portuguese firm is highly formal it is also bureaucratic, as suggested by interviewees. This is backed up by the survey, where the degree of bureaucracy is 6.1 with a standard deviation of 1.1 (Figure 4). Following this, the view is that corporate plans are followed very strictly in the Portuguese influenced firms and plans are not seen as guidelines. Interviewees agree, that since the crisis it has become even stricter to follow corporate plans in general, which also is confirmed by the survey.

Interviews and the survey revealed that the traditional Portuguese firm usually focus on short-term profits, as compared to investments for the future. This is different when looking at the Swedish SMEs due to that it is pushed from the mother company to pursue long-term profits. Figure 5 shows the difference in time orientation.

The common case when starting a subsidiary abroad is to send a Swedish expatriate which is responsible for setting up the company and run it the first years; including anchor the corporate culture. This is however a decreasing approach according to interviews, as Swedish SMEs instead tend to use local and competent knowledge and educate them in the company's culture in the headquarter. It can also be concluded that there is a relative loss of mother company corporate culture in the cases where the expatriate returns home or was not present during the start-up phase at all.

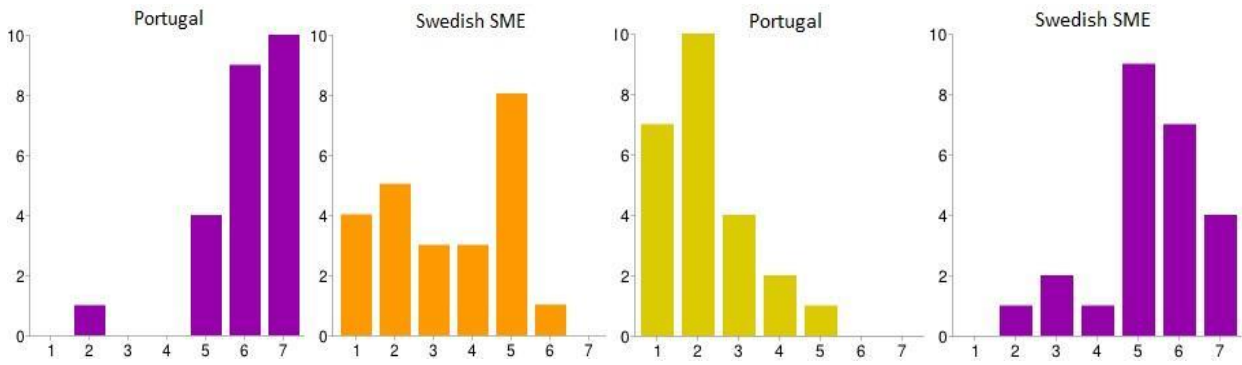


Figure 4 (left): Level of bureaucracy; low (1), high (7)

Figure 5 (right): Time orientation; short-term profits (1), long-term profits (7)

Interviews indicate that in the traditional Portuguese firm, management tend to be different from Swedish firms. Management are more embossed by giving orders and not managing by setting goals (Figure 6) and being a team coordinator. Interviewees believe this is an old-school approach worked up by history and that teamwork is rare. They further tend to indicate that giving orders are expected in the Portuguese culture, where Swedish managers can be perceived as afraid or unconfident because of the lack in that.

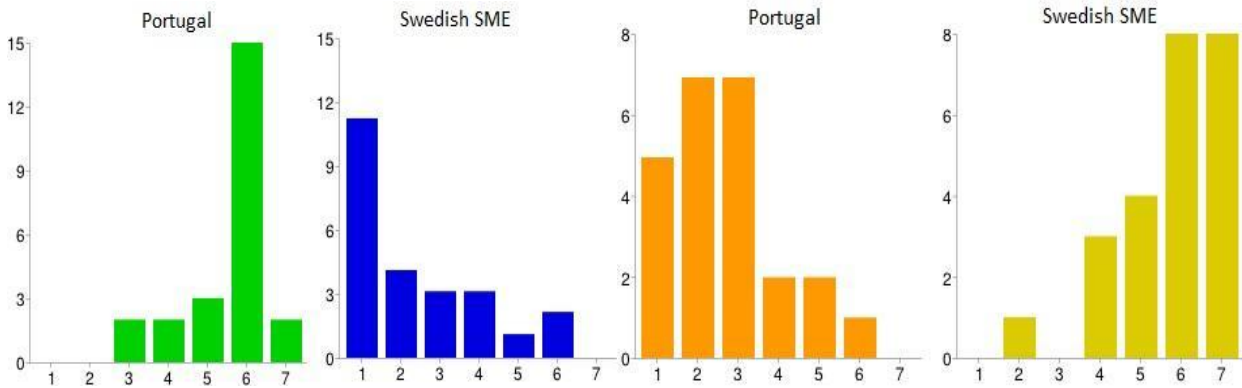


Figure 6 (left): Management style used; by goals (1), by orders (7)

Figure 7 (right): Employees speaking their opinions to management; little (1), much (7)

This connects to the employees relationship to management, as it creates a relationship where employees have a low degree of taking own initiatives; it is not promoted to take own initiatives, but rather odd to do it. Furthermore, employees have a relationship to their managers where they do not speak much own opinions, which also the survey indicates (Figure 7). As seen in figure 7, that when employees are managed somewhat different, they also express their own opinions to the management. Further, employees in the studied SMEs are also more included in helping setting the company goals and plan their own work. Employee satisfaction and health can be seen to be of the same importance to management, regardless if you work in a Swedish SME or a purely Portuguese firm.

Relationships is a crucial part in Portuguese business contexts. This relates to an issue of trust, where Portuguese are skeptical towards their government and does not have a high trust to the legal system. Therefore they are afraid of issues, for instance not getting paid and for this reason, relationships must be strong in a B2B scenario. Such relations are built through numerous social meetings. Moreover, family and friends are trusted to a larger extent within the Latin countries, including Portugal. The statistics from the survey reveals that strong relationships are crucial for making B2B in Portugal. The usage of contracts is important, but going back to the issue of distrust to the legal system, the contract is only used as a complement to the relationship. The interviews further indicate that it is hard to understand the importance of relationships. People not culturally knowledgeable feel that the Portuguese are interested in the SMEs' offers, but when it comes to the point of selling they do not want to buy. Suggestions are to use a local competency to capture and interpret the signals better and even to build more trust into the relationship. Furthermore, a trust-building effort which is suggested to be adopted, is to make an effort to learn and to speak the Portuguese language, which shows commitment.

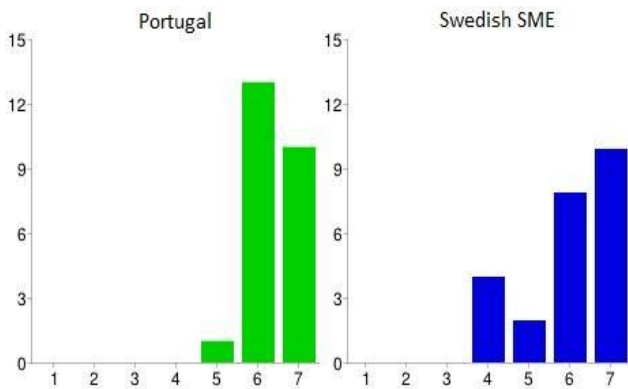


Figure 8: Importance of relationships; not important (1), very important (7)

The Swedish SMEs tend to see this point lighter (Figure 8) by responding that they and their employees have no problems with making business with people they do not know. The interviews indicated that this factor may differ due to cultural anchoring and that employees act differently when they are managed different, i.e. having a higher degree of freedom and responsibility in work affects other cultural values. The responding managers also believe that the loyalty towards the Swedish companies is higher than the general country employment loyalty in Portugal.

Interviews reveal that Portuguese employees are generally not very risk taking, but rather risk-averse. This is exemplified by that Portuguese employees are not greedy and they rather want a stable work position, e.g. for the government (where employment contracts stretch over lifetime), even though the importance of money proved to be higher than initially expected. Regarding innovativeness, the Portuguese employees are considered moderately innovative. However, they seem to be more innovative when they work for a Swedish based company where their innovativeness is encouraged. When it comes to the start-ups in general, there is not much funding available and the Portuguese do not like to take personal risks. Furthermore, money distribution in Portugal is not equal and a normal employee salary is not an amount with which to take personal risks or make investments.

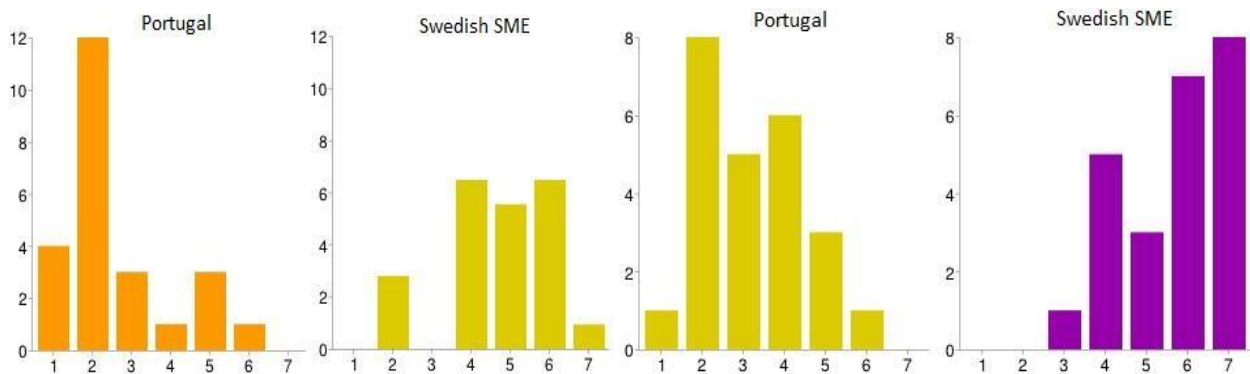


Figure 9 (left): Uncertainty avoidance; risk-averse (1), risk-taking (7)

Figure 10 (right): Encouraging innovative thinking; little (1), much (7)

The uncertainty avoidance also correlates with the encouragement to innovative thinking (Figure 9, 10). The traditional Portuguese firm have small or no carrots for employee innovativeness, whereas the Swedish SMEs do, which comes from the mother company corporate culture.

Results from correlations [Pearson] between national culture aspects and how the respondents perceive the culture at the SMEs show that some relations are stronger than other, where the stronger half of variables range between $|0.11|$ to $|0.36|$. Variables that correlate positively with a more Portuguese influenced corporate culture are, from highest to lower: Importance of relationships, value quality of life over money, high bureaucracy and high centralization. Conversely, national aspects of corporate cultures that correlate with a Swedish influenced culture are, also from the strongest correlation to weaker: Employees plan more of their work, employees speak their opinions to managers and a higher loyalty towards the firm. Additionally, a linear regression analysis was run to explore what affects the independent variable of how the respondents perceive the culture at their respective SMEs. The statistical significance was arbitrarily set to the ten per cent level and one variable was found to display an effect: Importance of relationships at the 6.7 % significance level with and a non-multicollinearity VIF

within 5, as theory suggests is the limit (O'Brien, 2007).

Portuguese nationality CEOs, compared to Swedish nationality CEO, tend to believe to a higher degree that competition is good for their companies, where the Swedish CEOs perceive competition as neither good nor bad for the company. An explanation to this may be different reference points of the overall competitive situations on Portugal and Sweden. When contemplating the view on competition and the survey as a whole, it is identified that the SMEs that mostly resembles a national Swedish influenced corporate culture perceive competition as more beneficial for company progress, with a positive correlation of 0.08. Altogether, there are observable differences and similarities between the national corporate culture in Portugal and the SMEs' corporate cultures when it comes to factors of organizational structure, bureaucracy, management roles, employee relations, contracting and trust and also the view of competition.

4.2 How Swedish SMEs have integrated Swedish and Portuguese cultures

The SMEs have integrated and developed a corporate culture which on average is a mixture of their mother company's corporate culture and the Portuguese national and corporate culture. The following data presents the Swedish SMEs' adoption of a mother company corporate culture, in contrast to the Portuguese national culture. At the Swedish SMEs, they are of the impression that they are mostly affected by the mother companies' cultures, while retaining some traits of the Portuguese culture (Figure 11). The managers are also more Swedish in culture, whereas the employees are more Portuguese.

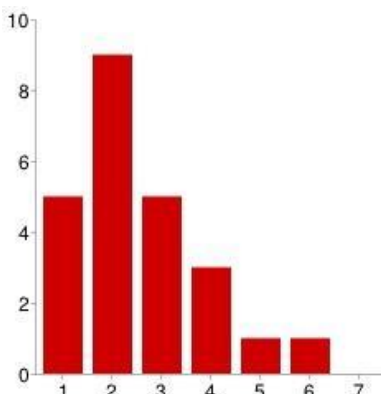


Figure 11: General company culture at SMEs; Swedish (1), Portuguese (7)

The interviews indicate that simply combining cultures often gives a mismatch and that the world is not as simple as theory suggests. Two of the interviews especially highlight that different cultures in the same matrix organization is hard and takes high intercultural skills to manage. They suggest that the corporate culture must be strong to prevent loss in managing tasks across similar positions in different countries.

The following interviewees and survey data presents attributes the Swedish SMEs have adopted as well as avoided when

running their businesses in Portugal. Respondents indicate that there are beneficial factors the Swedish SMEs must adopt in order to be culturally successful in Portugal. As the Portuguese employees adopt several traits from the Swedish mother companies, it is also suggested that Swedish SMEs shall adopt Portuguese norms and traits such as; valuing relationships and building up trust to reap its advantages. Further, survey outcomes suggest that when Swedish SMEs start in Portugal, they need to adapt their "humbleness", meaning that they must avoid expressing that they "know better". The Swedish start-up SMEs must study how the culture works and be accepting, open and flexible to the new market. However, they should be adaptive to a certain extent, as to not lose desired attributes of the Swedish mother companies' cultures.

As stated, the SMEs have integrated many cultural traits from Sweden but also Portugal and they have been working on getting better and create a higher cultural awareness (Figure 12). Evidence that they have created a higher cultural understanding is that they are displaying an attitude which is positive to multi-cultural influences, as seen in Figure 13.

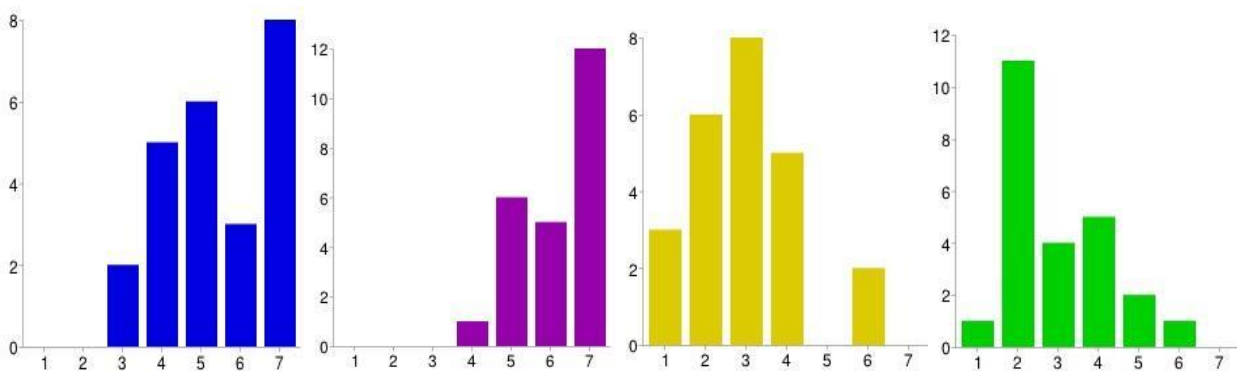


Figure 12 (far left): Done efforts to create higher cultural awareness; nothing (1), much (7)

Figure 13 (left): Opinion on multi-cultural influences; very negative (1), very positive (7)

Figure 14 (right): Desired change of corporate structure; less hierarchical (1), more hierarchical (7)

Figure 15 (far right): Change of planning activities; employees plan more (1), managers plan more (7)

A proof that a cultural awareness is present is that the SMEs want to adopt even more national traits from the Swedish culture (Figure 14 and Figure 15). Interviews also indicate that employees are appreciating more to be led with less orders and instead have a higher degree of freedom. Figure 14 and 15 indicate that many respondents want to lower their hierarchies and give more organizational power downwards in the organizations. In the interviews it was confirmed that having more organizational power and influence belonging to the staff is preferred. The organizational power relates to the degree of control, hence, leaving more decisions and planning to the employees was of preference. Further, instruments such as corporate plans and budgets, was wanted by the managers to be used more as flexible guidelines, rather than strict rules. The level of formality in the companies was at an average level, with its mean value from the survey at 3.4 out of 7.0. This indicates that managers felt formality were at a desired degree, not wishing to change it. Recalling the previous section, that managers felt that their own SMEs' formality was of less degree than the national standard, it can be noted that the same outcome was observed regarding how risk-taking the SMEs should be. To sum up: The SMEs have developed a culture where they are highly influenced by their mother company, but they also feel that it is a mix.

4.3 Strategies for integrating and leveraging cultural differences

Results derived from the data regarding the overarching cultural strategy and goals for the subsidiaries of the Swedish SMEs will here be presented; what the SMEs were planning at the start and where they are heading now. The survey indicates that it is clear that a majority had the initial intention of bringing the mother companies' corporate culture to the companies locally situated in Portugal. Interviewed managers also underpinned this view; that their SMEs usually had the initial intention to bring their mothers corporate culture without leaving room for the then present Portuguese culture. Which according to them was implemented successfully, where a smaller number were aiming for a mixture. As already stated the Swedish SMEs have been creating a higher cultural understanding, and the interviews and survey suggest that they worked actively in this area even in the start of the subsidiaries. Further, the respondents have the impression that they are still working on increasing cultural understanding, primarily through informing and encouraging, even though slightly less than before. That the work has brought results is attested by the positive attitude towards multi-cultural influences and that they want to change even more towards aspects corresponding with a Swedish national influenced corporate culture. It is further demonstrated as interviewees and survey respondents claim to understand what people from other cultures value and feel. Most importantly perhaps, data show that managers communicate the importance of cultural diversity (Figure 16) as well as highlight the effects of cultural differences.

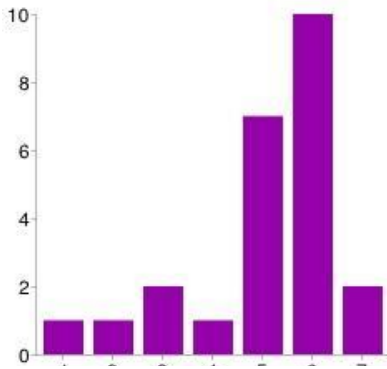


Figure 16: Managers communicate importance of cultural diversity; low extent (1), high extent (7)

Cultural understanding and cultural integration in the sense of adopting traits from other cultures have been high. However, cultural integration with the meaning of physical cultural diversity in the employee and manager base, i.e. diversity in the physical presence locally, has decreased. According to the interviews the Swedish expatriates involved in setting up the subsidiary as well as implementing the mother companies' culture are after a time gradually relocated, as Portuguese labor are relatively lower cost. The effects of an increase in the proportion of Portuguese natives are that the Swedish national aspects of the corporate culture yet again decline, producing a more mixed culture than before. It may be concluded that the corporate cultures at the start of the Swedish SMEs emulated those of the mother companies. The corporate culture has since, with the decrease in Swedish expats, transformed more

into a cultural mix. It is unclear whether this development was the intention or not, but what is certain is that the respondents desire a higher degree of aspects corresponding with that of a Swedish national culture.

5. Discussion

The initial intentions when establishing the Swedish SMEs were to implement a corporate culture influenced by values of the mother companies; a strategy of proclamation (Steinmann and Scherer, 2000). Additional efforts have been invested into increasing cultural awareness and create a positive attitude towards multi-cultural influences. The implications of this, as well as other results in relation to theory are discussed and concluded in the coming sections.

5.1 Differences in the national aspects of the corporate cultures in Portugal and the Swedish SMEs

This study potentially contributes to literature by combining previous empirical studies (House et al., 2004; Chhokar et al., 2008) with the dimensions of national cultures by Hofstede (1980; 2001; Hofstede and Hofstede, 2005), i.e. the theoretical reflection. This resulted in describing the national aspects of the Portuguese corporate culture as hierarchical with a high power distance; a 'hierarchy culture' (Cameron and Quinn, 2011) with inflexible corporate plans and a view of competition as damaging with a high uncertainty avoidance. Further the culture is to be perceived as mostly feminine and finally collectivistic, with strong relations and taking care of other group members (Hofstede, 1980; Hofstede, 2001; Hofstede and Hofstede, 2005). This view is supported by the interviews and survey, where the respondents characterize the Portuguese national culture traits in firms as organizational power being geared towards managers where employee initiatives are rare, employees are managed by orders rather than goals and employees seldom plan their own work or participate in setting company goals. Organizations are bureaucratic and formal, focus on short-term profits, show risk aversion and emphasize the importance of relationships. However what did not conform with previous literature was the Latin European view on competition, as empirical data shows that the respondents are of the opinion that competition is positive for companies and makes companies progress. Additionally, working more hours and earning more money was demonstrated to be preferred in lieu of more leisure time.

It may be concluded that the corporate cultures in the Swedish SMEs display greater similarities to the Swedish national culture than that of the Portuguese (Figure 17). Empirical studies (House et al., 2004; Chhokar et al., 2008) put together with Hofstede's dimensions (1980; 2001; Hofstede & Hofstede, 2005) sums up the national and corporate culture of Nordic Europe as having the lowest power distance in Europe. The Nordic corporations show low hierarchies and low uncertainty avoidance, where managers are team leaders who encourages opinions and flexibility; in short a mixture of a market and adhocracy culture characterized by adaptability and external focus (Cameron and Quinn, 2011). Interview and survey data strengthens this argument as the Swedish SMEs are described as more decentralized and informal. Employees are managed by goals and it is expected to voice opinions and take initiatives. The organizations are relatively more risk taking and value long-term profits compared to the general Portuguese culture, but a point of notice is that the view on competition actually is similar. The fact that the Portuguese on average perceive competition as more positive than expected, together with the finding that it is on par with the cultural values originating from Sweden is an interesting result, which potentially may have large implications for future decision making within international business as well as fields of research. It is also found that earning money is more highly valued than leisure time in the Swedish SMEs, however not as much as in the general case of the Portuguese culture which too is surprising.



Figure 17: Corporate culture in Swedish SMEs versus Portuguese firms in general. High values indicate a high degree of, alternatively agreeing with, respective factor.

A final note on the corporate cultures of the Swedish SMEs is that the respondents themselves describe the culture at their respective firm as mostly Swedish. This is consistent with the empirical data presented as well as theoretical literature and advocates a cultural awareness that strengthens the accuracy of the findings.

5.2 How Swedish SMEs have integrated Swedish and Portuguese cultures

Cultural integration is theoretically argued to bring competitive advantages (Trompenaars and Woolliams, 2009), grant higher flexibility, give openness to new ideas, make companies more aware of customers' needs and even be vital for international business success (Adler, 2002). To excel within these areas, managers and employees should become aware of the cognitive processes of people from other cultures; how they think, what they feel, what their values and beliefs are and what they expect (Gudykunst and Kim, 1992; Usunier and Lee, 2005; Casse, 1981). A natural first step towards cross-cultural competence and cultural sensitivity, i.e. working by rules of more than one cultural system, is to bridge cultural differences by having people knowledgeable of the involved cultures (Krishna et al., 2004). People at the companies must continuously be educated in recognizing and respecting cultural differences to create an environment of learning and awareness, so called intercultural competence (Trompenaars and Woolliams, 2009).

The interviews and survey show that the Swedish SMEs have invested significant effort into educating about cultural awareness and have actively been working to do so over the span of the companies' lifetime, both in the beginning of the subsidiary and still are. It may thus be concluded that the companies display cross-cultural competence to some extent, but also intercultural competence (Trompenaars and Woolliams, 2009), as results show they are working by rules of two cultural system and have or have had people knowledgeable about both (Krishna et al., 2004). Evidence that they have actually succeeded in fostering a higher cultural understanding is displayed in an attitude that is positive to multi-cultural influences. Additionally, the respondents feel that they understand the cognitive component of people from other cultures to a high degree, i.e. what they value and feel (Gudykunst and Kim, 1992; Usunier and Lee, 2005; Casse, 1981). Other proofs that cultural awareness has come a long way is that the SMEs want to adopt even more traits from a Swedish national culture: Formality should decrease, hierarchies should become even lower and employees should plan more of the daily activities.

What goes against what would theoretically be expected, given the culturally integrated state described, are data where the respondents stress that corporate plans and budgets should be

followed more strictly; even though they wish for higher employee decision power and flexibility. Reminding of the Portuguese generally strict hierarchies, high formality and that the boss is the boss, this familiarity with what the norms are may be the reason. Interviews also suggest that Portuguese employees expect to get orders and that Swedish managers are sometimes seen as timid; being described as unable to say a clear yes or no and give strict orders. Furthermore, empirical data are demonstrating inclinations towards believing that cultural differences contribute to uncertainty. This suggests a cultural maturity not consistent with other data, especially as the Swedish SME subsidiaries are showing a positive attitude toward multi-cultural influences and also regard themselves as interculturally competent. However, this may be dependent on the reference point of, as well as the meaning and degree of cultural differences.

5.3 Strategies for integrating and leveraging cultural differences

The Swedish SMEs do consider themselves to be working toward a higher degree of cultural integration, but when put in relation to suggested theories (Trompenaars and Woolliams, 2009), they fall short on cultural integration and leveraging cultural differences for two main reasons: The initial intention was to implement the mother company's corporate culture only, and secondly that the current situation is an involuntary motion towards a more Portuguese influenced culture.

Instead of executing a strategy of learning, which is assuming a new process of intercultural learning (Steinmann and Scherer, 2000), the studied companies took on a strategy of proclamation (Ibid). The own values were enforced in the abroad ventures and instead of leaving room for Portuguese cultural values, a dominant management culture was chosen, i.e. implementing a copy of the home organization's culture (Théry, 2002). As the respondents believe that the Swedish SMEs have a high cultural awareness, which they also do if the positive attitude towards multi-cultural influences and the willingness to change culturally is considered, where a more accurate description would be diversity perspectives of so-called diversity naïveté and diversity hostility (Moore, 1999); promoting diversity without having the knowledge, tools or goals to handle it, and even trying to make employees more homogenous by suppressing diversity in the sense of enforcing the mother company's culture.

The second argument, and perhaps the strongest one, as to why the Swedish SMEs do not yield maximum benefits from their efforts in integration and leveraging cultural differences is identified to be when the Swedish expatriates leave Portugal. When the Swedish employees, locally present in the establishment of the SMEs, are relocated back to Sweden, or other parts of the world, it can be noted that the corporate cultures develop towards a higher degree of Portuguese national culture attributes than previously experienced. However, what will happen in the general case when a controlled cultural development is simply left unchecked is unclear and neglected in existing literature; there is a theoretical gap in predicting what will happen, exactly what is needed for a change to occur as well as what direction the changes will follow. What can be said about the case of this study, is that when the Portuguese cultural aspects increase, leading to an increase in cultural diversity, it would still be considered diversity naïveté (Moore, 1999); where cultural diversity is consciously or unconsciously encouraged but an inability to deal with further diversity development is present. A higher cultural diversity as an isolated fact is by itself benign (Trompenaars and Woolliams, 2009), but this course of events is however not an intended strategy with a clear goal and the one focused on is still a strategy of proclamation (Steinmann and Scherer, 2000); to establish the Swedish culture in the Portuguese operations without leaving room for other values. Additionally, the higher cultural diversity is at the expense of national diversity, as the proportion of Portuguese managers and employees at the SMEs increases. Literature on the topic may partly explain what it is that is occurring (Trompenaars and Woolliams, 2009; Théry, 2002; Moore, 1999). What is challenging though, are tools for how to handle the new situation, as well as actually realize that what is happening is not what was intended.

The Swedish SMEs must work even more to increase the depth of their intracultural learning and aim for what is referred to as a third culture of shared values, where multiple cultures achieve synergies and become more effective and interdependent (Casnrir, 1999). Even though the Swedish SMEs believe work is according to strategies to increase cultural integration, they are actually working according to a strategy of proclamation (Steinmann and Scherer, 2000) with unclear goals, which additionally have taken an unexpected veer. There are cross-cultural competencies and intercultural competencies in the sense of recognizing and adopting traits from different cultures, but what really should be the aim are intracultural competencies to truly leverage cultural diversity as well as a strategy of learning (Trompenaars and Woolliams, 2009; Steinmann and Scherer, 2000).

5.4 Implications and future work

The findings of this paper contributes by identifying approaches that will possibly be of value for Swedish companies to consider when entering the Portuguese market and aim to create good international relations and increase Swedish exports. The focus on Portugal alone contributes, as many other studies consider Latin Europe as a whole. Results may also be applicable to cultural development or general business development in other settings. There are countries culturally similar to Portugal or Sweden where findings may be directly transferrable. However, one must take care, as two countries may be similar culturally, so may there also be dissimilarities within the same nation (Tayeb, 2003). The survey guide itself may also contribute by being a future asset when performing assessments of corporate culture development and integration strategies.

It has been identified that the Swedish SMEs have put effort into cultural awareness and cultural integration, but more research could be done on a more detailed level to explore what activities in particular are undertaken. This leads to the question of how the work on cultural integration should be done optimally, which may be argued to be too complex to generalize because of case-to-case basis, but most importantly how the details could differ depending on what cultures are involved. Related to increasing cultural awareness among the employees are the cultural awareness at companies as a whole and ways to make the companies realize how important increasing cross-cultural competence is.

There are aspects of this study that may be interesting to inspect more closely, where one is gender differences. The proportion of females participating in the survey were relatively low (13 %) and while no significant disparities could be identified when compared to the answers of men, a larger study with this topic as a focus could still be of interest. Other studies (House et al., 2004) have found that Latin Europe, due to its Catholic religion, show dissimilar gender roles which could potentially affect aggregated perceptions of culture. Another aspect to examine more deeply is opinions residing in specific types of companies. 71 % of the companies in this study had 1-50 employees and as no specific differences were noticed, a study including a higher number of large firms could come to other conclusions.

The study of this report could have been complemented with a part asking the respondents how they perceive the national aspects of a purely Swedish corporate culture. However, it can be discussed how the quality of the responses as well as the response rate would have been affected by making the survey one third longer, alternatively cutting down on the other questions and risking less covering data. It should also be noted that the prime reference point for national cultures are previous empirical studies (House et al., 2004; Chhokar et al., 2008), rather than the perceptions of the interviewees and survey respondents. The respondents' perceptions of a Swedish national culture may instead be derived from the survey data, as those are implicitly stated through descriptions of the culture at the Swedish SMEs as well as statements whether the respondents see this as mostly Portuguese or Swedish. The value of adding such a part in the study may thus be questioned. Furthermore, the focus is on the national aspects of corporate cultures in Portugal and the Swedish SMEs; not explicitly a Swedish national culture in general. The Swedish mother companies are however necessarily assumed to be heavily influenced by

Swedish national culture values, which is proven to be an accurate assumption when compared to other empirical studies (House et al., 2004; Chhokar et al., 2008) and the survey data.

Portuguese managers rated competition as more positive for companies compared to their Swedish equals, which deviated from suggestions in theory House et al., 2004; Hofstede, 1980). Reasons for this could be that Portugal is a country with history in dictatorship and low quality of life during a long time-span, when this political temporal empire fell, many of the state owned companies has become privatized. Privatization has increased quality in a high manner, because the fact that competition is present. Further, Portuguese tend to value quality of life in a similar manner as Swedes, this however does not have to be the case. These results may have gotten their outcomes from that Portuguese and Swedish managers could have different points of reference, i.e. comparing the view of competition in the home country and life quality. This could potentially have effects when evaluating cross-cultural strategies in the future. The development towards lowering hierarchies, view on competition, etc. may be a global phenomenon, but it could be seen as the development has come later to Portugal. The whistle has been blown and interview data suggest that new generation inhabitants in Portugal have another view on hierarchies, formality, power distance, leadership, etc. In addition, one interview highlighted that organizations with higher degree of educated employees may have begun this development earlier.

The interviews indicate that simply combining cultures seldom gives a perfect match and that the world is not as simple as theory suggests. Different cultures in the same matrix organization are hard to manage and takes high intercultural skills. Interviewees suggest that the corporate culture must be strong to prevent loss in managing tasks across similar positions in different countries. Furthermore, that in larger corporations, it becomes more complex to manage different countries and their subsidiaries and therefore organization is crucial, i.e. centralizing some departments etc. Interviews tend to agree that managing Portugal subsidiaries from Spain is a problematic approach and thus potentially even more complicated from Sweden. Some interviewees indicate that managing Spain from Portugal could be more beneficial, by referring to success-cases. Whether such an approach is beneficial or not cannot be concluded without further empirical studies.

In the survey, a section treated cultural factors that Swedish SME subsidiaries should adopt and be aware of, when entering Portugal. Interviewees and the survey tells that Portuguese employees are highly flexible and may find ad hoc solutions quick. Further factors that Swedish companies may have knowledge about when entering the Portuguese market is that large openings to new markets are created, such as Angola, Brazil, and Mozambique. Portugal has a long multi-cultural history with these countries and the relationships are strong, including in business relations and trade. Other commonalities are that Portuguese are normally willing to work long hours, for lower salaries. Further, in Portugal travels are short because the population density is relatively high. In general, the amount of English speaking are higher than other Latin countries, and they have the sunniest capital of Europe.

Additional comments extracted from survey data reveal that informal culture often comes with irrational or inefficient business paradigms, which are perpetuated ubiquitously, since it is perceived as avant-garde and means of orchestrations by agents operating in the Portuguese contemporary economy. However, the initial intentions were still to bring the mother companies' corporate cultures into the Swedish SMEs. But what is not known is if there were any substantial content in those plans or if knowledge behind these movements prior to start-up regarding the cultural effects existed. Following this, it is seen that when the expatriate leaves the company, there is a loss of mother company corporate culture within the Swedish SMEs. Is this loss of culture planned, managed or is there any knowledge of what will happen, are questions arising. It is however clear that the Portuguese national culture takes presence at the point of transition, i.e. when the expatriate leaves, but there is an theoretical gap in research of what will happen, how much it takes for something to happen, how it should be managed in this transition point as well as if and how to avoid or induce it.

6. Conclusions

The national aspects of the corporate cultures in Portugal are relatively hierarchical, relationships are crucial for making business, bureaucracy is high, plans focus on risk aversion and short-term profits and managers make most of the decisions. Some results stand out when compared to expectations, most prominently that Portuguese people in general does not view competition as harmful for company success and that both earning money and quality of life are valued. The corporate cultures at the SMEs on the other hand, are highly influenced by the Swedish mother companies' cultures and that significant effort has been put into raising cultural awareness to integrate the different cultures. It is clear that the general intention on average was to implement the values of the mother companies at the start of the abroad operations; a strategy of proclamation. However, as the Swedish employees locally present in the establishment of the SME are relocated back to Sweden or other parts of the world, it can be noted that the corporate cultures develop towards displaying Portuguese national culture attributes. Efforts have been invested into increasing cultural awareness and create a positive attitude towards multi-cultural influences. In the end though, the Swedish SMEs fall short on cultural integration because of reduced national diversity and unclear goals where a development which, if continued, does not lead to intracultural competence and leveraging cultural diversity. When a controlled cultural development is left unchecked, it is hard to predict what will happen, exactly what is needed for a change to occur as well as what direction the changes will follow. The Swedish SMEs must work even more to increase the depth of their intracultural learning. They believe they are working according to strategies to increase cultural integration, whereas in reality, they have no clear goals. There are signs of recognizing and adopting traits from different cultures, but what really should be the aim are intracultural competencies to truly leverage cultural diversity as well as a strategy of learning.

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