

Global Leadership Perspectives

Insights and Analysis

Simon Western
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Los Angeles | London | New Delhi
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SCANDINAVIA

Scandinavian Leadership and the (E)Quality Imperative



Johan Grant: executive coach, leadership consultant and assistant professor



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INTRODUCTION

The Scandinavian region, consisting of Norway, Denmark and Sweden, is among the wealthiest, happiest and most peaceful parts of the world (Helliwell et al., 2016).

There is no unified conception of Scandinavian leadership but some studies have been carried out revealing some differences in the leadership culture between the Scandinavian countries (Grenness, 2003). However, we think there are important similarities and an ongoing convergence in our region driven by what we will call the (E)quality imperative. 'We' the authors are a Swedish organizational psychologist and a Norwegian corporate executive, both with long experience with Scandinavian organizations operating globally.

THE (E)QUALITY IMPERATIVE

Fusing *equality* and *quality* is our way of describing a composite of two deeply held assumptions or systems of thoughts shaping Scandinavian leadership. The first is an *instrumental belief* that democratic leadership based on equality, inclusion, empowerment, consensus, competence, work–life balance and safety, creates productive workplaces with high-quality output. The second is a *normative value* that equality is the pinnacle of Western civilization, and as such equality is an end in itself. The complementary, intertwined and covariant nature of the belief and value systems makes it very compelling but also problematic. The reasoning tends to get closed and difficult to challenge because of its inherent morality making it socially unacceptable to question it (at least from inside our cultural sphere): 'Equality, which is in itself good, *also* leads to quality of output, which leads to wealth, which fosters more equality leading to an increasing spiral of equality, quality and wealth.' It is not just (yet) another theory or value that could be replaced by any other (less ethical) theories or value of what constitutes a good and productive workplace or society.

The belief: equality fosters quality

The atmosphere of the typical Scandinavian workplace is gentle, informal and relaxed. The boss is not expected to have the corner office, but to be close to the team, acting in different roles as a member, coach and reinforcing supporter. Power distance, privileges and coercive leadership are subject to resentment since it threatens to rip the social fabric of equality. Lars Rebien Sørensen, the previous CEO of Novo Nordisk, a Danish global healthcare company, was named the top of HBR's 2015 ranking of the best-performing CEOs in the world (but also the lowest paid among the top candidates). Highlighted in the HBR article was Mr Sørensen's modest approach to leadership, focusing on consensus,

humbleness and a 'team stronger than the individual' attitude described as '*atypical for Americans but, not necessarily in Scandinavia*' (Ignatius and McGinn, 2015: 2).

In general, the Scandinavian workforce is highly educated and workers are trained to 'think for themselves'. As such, they are expected to be self-motivated and able to make decisions without detailed instructions. Command-and-control leadership is not working with Scandinavians, who associate it with primitive or disturbed minds, systems or cultures with a lack of trust and respect for people's freedom and discretion. Another important part of the belief system is that if democratic, participative practices and consensus are used, employees will speak up before decisions and willingly execute them since they both understand the rationales behind the decisions and respect them since their perspectives have been considered. Managers from other cultures are often challenged by the Scandinavian culture which may seem vague, conflict-avoidant and with lack of control. American, German and French managers often get into trouble managing Scandinavians because they tend to interpret the independence as lack of discipline and respect for hierarchy which in turn makes Scandinavians lose respect since they experience a 'lack of trust'.

The value: equality as an end in itself!

The value part of the Equality imperative is strongly expressed in the 'Law of Jante' created by the Dano-Norwegian author Aksel Sandemose in his novel *A Fugitive Crosses His Tracks* (Sandemose, 1933). The first two commandments of the Law of Jante are: '*You are not to think you are anything special*' and '*You are not to think You are as good as We are*'. The rest of the commandments follow the same theme: the individual is less than the group. The Law of Jante is typically used to describe a repressive social pattern holding the individual back. No doubt that the Law of Jante is deeply ingrained in our culture. It is celebrating the virtues of modesty and suppressing displays of wealth and success. The Law of Jante is often attacked as something solely negative. However, we think that it should be understood and appreciated as a counterforce balancing our highly individualistic culture preventing it from becoming egotistical. The problem is when it is not understood in this way, but rather as an imperative, it becomes authoritarian and suppressive against healthy competition and winner instinct. This is something the renowned assertive and bold Swedish soccer player Zlatan Ibrahimovic (of Croatian/Serbian decent) experienced in his early career. Today, Zlatan's success has been appropriated as 'Made by Sweden' but the social pressures to quell his extraordinary talent was strong and sports journalists seriously debated whether Zlatan was good or bad for the Swedish national team even though his individual brilliance was obvious. Also, in our school systems we see strong expressions of the Law of Jante. Tuition is free (from kindergarten to university), but elite-type private institutions are very few.

IKEA of Sweden is a strong symbol of the (E)quality imperative. It was founded by Ingvar Kamprad in 1943, and is the world's largest furniture retailer. The vision of IKEA is to 'Create a better everyday life for the many people' and the culture is deeply founded in the (E)quality imperative and Swedish welfare politics. This is reflected in Kamprad's 'The Testament of a Furniture Dealer', IKEA's most important cultural artefact, where he describes how all employees should be encouraged to take initiatives and act as responsible members of 'the IKEA family'. The family culture of IKEA and the skilfully crafted corporate narrative have cultish dimensions built around myths about Kamprad's (supposedly) thrifty lifestyle. The strength of IKEA as a symbol for the (E)quality imperative is so strong that no critique or revelations about tax evasion, copying, use of child labour or Kamprad's own Nazi sympathies (as a young man) seem to harm the brand (Kristoffersson, 2014).

HISTORICAL AND CULTURAL FOUNDATIONS

We will describe in what follows two historical and sociocultural foundations of the (E)quality imperative: *peaceful collaboration* and *economic and individual freedom*.

Peaceful collaboration

Today, harmony, 'gentle' and peaceful ways of dealing with conflicts are very important ingredients in the Scandinavian culture. The Nobel Peace Prize, awarded to 101 individuals and 24 organizations, for accomplishing fraternity between nations and reduction of war stands as a strong expression of this. However, Scandinavia has a bloody history based on great power ambitions. In 1397, it was agreed, in the Kalmar conference (famous as the most decisive Nordic meeting for a Nordic union) (Lönnroth, 1934), to establish a Nordic Union (1397–1523) consisting of Denmark, Norway and Sweden. The initiator and true ruler was Queen Margarete I (1353–1412) of Denmark and Norway. In the Union Letter from 1397, Queen Margarete emphasized that

there shall be one king, and no more than one, for all three kingdoms, and the kingdoms will never be separated again, with the will of God. (Danstrup, 1946)

This ambition was problematic and what was called for was actually not collaboration between equals but one kingdom or state (Harrison and Eriksson, 2010). A lot of blood was then shed in fights for the dominance of the Baltic sea and rebellions against politics, election of the ruling king and higher taxes. It was not until the end of the Napoleonic wars, when it was evident that Scandinavia would not become a great Nordic power, a more peaceful mindset based on each country's sovereignty began to emerge.

The realization that we Scandinavians would never become a unified great power took the edge off our fighting spirit and replaced war with negotiations. We realized that, being small countries at the outskirts of Europe, we would need to cooperate to channel our international ambitions. The cooperation between our countries had a ‘corporate’ pragmatic ideological flavour with ‘strategic intents’ of creating synergies and/or economies of scale. Today, peace-making in the international arena is important for the Scandinavian identity, sometimes treated as an ‘export trade’ in which we invest huge political efforts and money, promoting Scandinavian peacemakers and envoys in areas of conflict around the world.

In the labour market, peaceful collaboration has been instituted by strong labour unions balancing the power of the employers. Approximately 70% of Swedish and Danish employees and 50% of Norwegian employees are members of a labour union. Since the 1930s the unions have been a major power base and important influencer setting the political agenda with symbiotic bonds with the social democratic parties. The majority of workplaces have Collective Agreements between unions and employers regulating wages and working conditions including the sociopsychological working environment. In 2003 Norway adopted the law on a minimum of 40% representation of both sexes on the boards of state-owned and private public limited companies. For companies of a certain size (25–35 employees), in all three countries, it is mandatory to have employee representatives on company boards. Workplace representation for employees in Sweden is through the local union at the workplace. There is no other channel. Legislation requires the employer to inform and negotiate with the unions at the workplace before making major changes, and many of the practical arrangements for doing so, which elsewhere in Europe are fixed by law, are left in Sweden to local negotiations. The domain of influence of the unions moved from psychosocial and physical work environment to also include the domain of business management and investment. Albeit controversial when introduced, today there is a consensus that these laws and regulations have fostered a gentle and responsible partnering attitude curbing militant union behaviours.

Economic and individual freedom

The Scandinavian countries are often described as ‘socialist’, allowing a ‘soft market economy’. However, we think the opposite is truer. Our wealth has been built on the market economy and a strong economic freedom for ‘the many’ that has later been ‘civilized’ or tamed by pragmatic social-democratic politics and the policies of the welfare state.

The Vikings of Norway, Denmark and Sweden (800–1060 AD) established Scandinavia as a great power by settlement and establishing influential trading places around the European coasts. The Vikings had few ideological aspirations. They were simply looking for wealth and used a unique combination of skills in war, trading and farming.

Again, like with peaceful collaboration, the Vikings' raids were pragmatic and skilful, carrying some resemblance with today's Scandinavian businesses with export of farm products, engineering, raw material and art. The Vikings' raids were large-scale projects, with a clear 'business objective', a well-crafted strategy and power of implementation.

Serfdom was abolished in Sweden and Norway by the twelfth century (Denmark after 1450), long before other European countries. Since a large number of farmers owned their land they became traders and gained strong political influence, which they still have. In the middle of the nineteenth century liberal politics unleashed a strong wave of innovations with entrepreneurs who created an explosive increase in wealth, transforming Scandinavia into one of the richest regions in the world. The wealth paved the way for the social democratic projects of the welfare state, providing equal opportunities and distribution of wealth and public responsibilities for those who are unable to avail themselves of the minimal provisions of a good life.

The Scandinavian version of social democracy is more influenced by the German sociologist Weber's ideas about modernity and Lutheran work ethics, than Marxist materialism. According to the World Values Survey (WVS, 2015) the Scandinavian countries are by far the most individualistic and secular and postmodernist countries in the world. And, our shared belief is that in order to be *truly* independent the individual has to be economically and socially independent. The role of politics is to create a context that breaks down barriers to independence, which explains (with a little help from the Law of Jante) our tolerance and acceptance of societal regulations that restrict the influence of religion, the family or any other collective, seen as obstructive to individual freedom whether it be in choice of partner, occupation, political, religious or sexual preferences.

THE FUTURE OF THE (E)QUALITY IMPERATIVE

Simply put, Scandinavians both enjoy and gain from equality. The combination of soft leadership practices on the one hand and the focus on hard quality and results on the other is a conundrum, especially for many outsiders who debate causality: Are the gentle practices and social security a result of, or the cause of wealth? However, within Scandinavia there is a consensus, perhaps with the exception of the political far right, that there is an interaction of effects and circular causality involved. The far right-wing populist parties started their journey in the 1970s and 80s, ending up in government positions in both Denmark (the third largest party in the 2001 election), Norway (the second largest party in the 2005 election and since 2013 with key ministerial roles in the government) and Sweden (the third largest party in the 2014 election). We believe that the far-right populist movement with its quest for nationalism and 'a new authoritarian settlement' (Western, 2015), for better or for worse, challenges the value-driven aspect

of the (E)quality imperative. However, from a global and ‘mainstream’ perspective the interest in Scandinavian leadership is on the rise. The quest for a new sustainable capitalism creates a demand for our combination of pragmatism and social ethos and pathos. Scandinavia can play an important role in peace-making and global politics as well as in the world of business where we were pioneers in building a pragmatic, yet sustainable capitalism, combining economic growth with ecological and social sustainability.

Given its strengths, we think that Scandinavia should continue to develop its role as an integrator, fostering peaceful cooperation, respect and understanding for the importance of economic and individual freedom. We think that the opportunity for such a role has never been greater as the world is becoming more and more connected, interdependent and vulnerable. On the other hand, the prosperity and freedom from hardship can cause Scandinavians to embrace a somewhat naïve and unrealistic worldview, with an inability to deal with threats to our lifestyle and values. The political unrest, terrorism, extreme political and religious movements, the refugee situation, increased xenophobia and environmental problems, all pose real challenges to our societies and the egalitarian leadership ideals. Another concern is that the (E)quality imperative can also become its Achilles’ heel. If true defence of equality is substituted by politically correct and naïve politically correct authoritarians who deny the complexity of the global society, this will undermine the success and will fuel further reactions from the far right and other discontents.

A key leadership challenge will be how to balance the new globalized quest for individualism, that also infiltrates Scandinavian culture, and which may undermine the social ‘collectivism’ that allows high tax and high welfare provision, and underpins the (e)quality values. The task for Scandinavian leadership is to enable an inclusive individualism to flourish while holding on to our (e)quality values that have been so successful for us in the past.

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