

Negotiating International Business - Sweden

This section is an excerpt from the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.

Swedish businesspeople, especially those among younger generations, are usually experienced in interacting and doing business with visitors from other cultures. Culturally and ethnically, the country is quite homogenous, although immigration over the past two decades has started changing that. The Swedes tend to be proud people who may not be very open to information or assistance from outside. Their culture is close to that of Norway, though there is a bit of a love-hate relationship between them and Swedes may be quick to point out subtle differences. There are less similarities with Denmark, even more so with Finland, so be careful not to appear to be lumping them all into the same category.

Relationships and Respect

The Swedish culture is not one of strong individualists, at least not in the workplace. There are rarely elements of competition across business teams, and people usually do not want to stand out in the group. Business relationships are often only moderately important in this country and may not be a necessary precondition for initial business interactions. Your counterparts' expectation may be to get to know you better as you do business together. Unless past business interactions have already met their approval, Swedes may be cautious, appearing reserved and proceeding slowly. Once the necessary trust has been established, though, there will be a sense of loyalty to you as a respected business partner, which can go a long way should a difficult situation arise.

Business relationships in this country exist between companies as well as between individuals. If your company replaces you with someone else over the course of a negotiation, it may be easy for your replacement to take things over from where you left them. Likewise, if you introduce someone else from your company into an existing business relationship, that person may quickly be accepted as a valid business partner. This does not mean that the Swedes do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

Sweden is a very egalitarian society. Treating someone preferentially is generally discouraged. Superiors are not necessarily considered superior and they are not empowered to be sole decision-makers. Bosses are often easily accessible and are expected to be team members and leaders at the same time. Autocratic behavior may meet with strong disapproval. A team member approaching management if there is a problem may be more common than the other way around. Performance is usually group performance, so it is better to reward or criticize the group, not the individual. In the country's business culture, the respect a person enjoys depends primarily on his or her achievements and education. Admired personal traits include sincerity and seriousness, knowledge, and expertise.

Communication

Swedish, the country's official language, resembles Norwegian and to a lesser degree, Danish. Most businesspeople in Sweden speak English well. However, avoid using jargon and slang.

Swedes usually speak in quiet, gentle tones. Never be loud and forceful – to the contrary, appearing reserved or even a bit shy may leave a favorable impression. Conversations may include extended

periods of silence, which do not necessarily convey a negative message. Do not rush to fill in conversation pauses since your counterparts may only be taking time to formulate their thoughts. Also, interrupting others may be considered rude. Emotions are rarely shown in conversations, and the lively exuberance Americans often display can make Swedes uncomfortable. They may view it as excessive and 'over the top.' People generally converse standing about three to four feet apart.

Since confrontation is mostly avoided, Swedish communication is usually less direct than that of the Danes or Germans. However, Swedes also dislike vague statements and strive to keep business conversations focused on facts and objectives. They may ask for clarifications and do not find it difficult to say 'no' if they dislike a request or proposal.

Swedes use body language sparingly, although facial expressions may provide clues if they dislike an idea or proposal. Avoid talking with your hands. Physical contact is rare and best avoided. The thumbs-up gesture is positive as it signals approval. Eye contact should be frequent, almost to the point of staring, as this conveys sincerity and helps build trust.

Initial Contacts and Meetings

Having a local contact can be an advantage but is usually not a necessary precondition to doing business in Sweden. Negotiations can be conducted by individuals or teams of negotiators. It is beneficial to make sure that your team is well aligned in order to avoid confusing and irritating your counterparts.

Scheduling meetings in advance is required. However, you can sometimes do this on short notice, especially if the parties have had previous business interactions. Since the Swedes want to know whom they will be meeting, provide details on positions and responsibilities of attendees ahead of time. Titles are not very important, though. Agreeing on an agenda upfront can also be useful. Avoid rescheduling meetings if you can. Swedes value punctuality. At any meeting, whether business or social, it is therefore best to be right on time. Arriving late without having a valid and plausible excuse make be taken as a sign of disrespect. Expect meetings to end on or close to the scheduled time.

Names are usually given in the order of first name, family name. Some Swedes may have two first names. Addressing people with *Mr./Mrs./Miss* or *Herr/Fru/Froken* plus the family name is common only in formal situations. Normally, you address Swedish people by their first names, especially if they introduced themselves that way. Otherwise, wait until they offer it. If a person has an academic title, such as *Doctor* or *Professor*, use it instead, followed by the family name. Introductions are accompanied by firm handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. Almost all businesspeople in Sweden read English, so there is no need to have your card translated. Showing titles and advanced degrees on your card is not important. Even senior executives may not always include their title on their business cards. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received.

Meetings usually get right down to business with little or no small talk. Keep in mind that Swedes are sincere people who dislike superficiality in conversation. Humor rarely has a place in business discussions, one's private life should not be discussed there at all, and personal comments should also be avoided. Business is a serious matter in Sweden, and meetings can be quite formal. While the primary purpose of the first meeting is to become acquainted, the discussion will mostly focus on business topics. It is vital to come well prepared as the Swedes hate wasting time. Nevertheless, it is unrealistic to expect initial meetings to lead to straight decisions.

Presentations should be short and concise. Facts and figures are crucial. Allow sufficient time for questions and clarifications. In some settings, for instance if most people in the audience do not know each other, you may not get any questions. The appearance of your presentation materials is not very important as long as you include good and easy-to-understand visuals. Having your English-language handout materials translated to Swedish is not required.

Negotiation

Attitudes and Styles – To the Swedes, negotiating is usually a joint problem-solving process. Buyer and seller in a business deal are equal partners who both own the responsibility to reach agreement. They may focus equally on near-term and long-term benefits. The primary negotiation style is cooperative and people may be open to compromising if viewed helpful in order to move the negotiation forward. Since the Swedes believe in the concept of win-win, they expect you to reciprocate their respect and trust. It is strongly advisable to avoid any open confrontation or conflict, and to remain calm, friendly, patient, and persistent.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical reasoning and facts while remaining open and constructive.

Sharing of Information – Swedish negotiators believe in information sharing as a way to build trust. This does not mean that they will readily reveal everything you might want to know during your negotiation. However, negotiations can become very difficult if one side appears to be hiding information from the other.

Pace of Negotiation – Expect negotiations to be slow. The methodical and carefully planned approach the Swedes use in preparing for the negotiation and gathering information takes considerable time, as does the effort needed to work out details of an agreement. Remain patient, control your emotions, and accept the inevitable delays.

The Swedes generally prefer a monochronic work style. They are used to pursuing actions and goals systematically, and they dislike interruptions or digressions. When negotiating, they often work their way down a list of objectives in sequential order, bargaining for each item separately, and may be unwilling to revisit aspects that have already been agreed upon. They may show little tolerance if a more polychronic counterpart challenges this approach, which they view as systematic and effective. This rigid style may be difficult to tolerate for negotiators from highly polychronic cultures, such as most Asians, Arabs, some Southern Europeans, or most Latin Americans, who may view it as closed-minded and overly restrictive. In any case, do not show irritation or anger when encountering this behavior. Instead, be willing to bargain over some items individually. Otherwise, clearly indicate that your agreement is conditional and contingent on other items.

Bargaining – Swedes dislike bargaining and haggling. They also do not appreciate aggressive sales techniques. While the bargaining stage of a negotiation may take time and require several meetings, prices rarely move by more than 10 to 15 percent between initial offers and final agreement. The concept of fairness is very important to Swedes, so while it is not difficult to obtain small concessions, your counterparts expect reciprocity and may take it very negatively if the bargaining exchange is too one-sided.

Swedes prefer to negotiate in a straightforward and honest style. They rarely use deceptive negotiation techniques. If they seem disinterested in a deal or in making specific concessions, they likely mean it. Realize that using any such tactics yourself, whether it is telling lies, sending fake non-verbal messages, misrepresenting an item's value, making false demands and concessions, or claim-

ing 'limited authority,' could jeopardize the trust between the parties and damage the negotiation. 'Good cop, bad cop' is also not advisable as the tactic may lead the Swedish side to question your trustworthiness.

Negotiators in the country use pressure techniques only as long as they can be applied in a non-confrontational fashion. They may open with their best offer, show some intransigence, or make a final offer, but often remain willing to make small compromises. Swedish negotiators may make their final offer quite early in the bargaining process, attempting to speed up the negotiation. Periods of silence in conversations are normal and may not represent an attempt to use it as a negotiation technique. Be very careful when using pressure tactics such as applying time pressure, making expiring offers, or nibbling. Your counterparts likely consider these inappropriate. While the negotiation will not necessarily be over because of this, the Swedish side may become very reserved and cautious.

Avoid all aggressive tactics when negotiating with Swedes. They will not shy away from open confrontation if challenged, but this is almost guaranteed to deteriorate rather than strengthen your bargaining position. Opening with an extreme offer could be viewed as an unfriendly act. It is best to open with one that is already in the ballpark of what you really expect.

Other emotional negotiation techniques are also rare and should be avoided when negotiating in Sweden, and appeals to personal relationships not only rarely work but also may be counterproductive. Swedes may employ defensive tactics such as asking probing questions or making promises.

Opening with written offers and introducing written terms and conditions may be effective tactics that could help shorten the bargaining process, which your Swedish counterparts may find desirable.

Corruption and bribery are very rare in Sweden. It is strongly advisable to stay away from giving gifts of significant value or making offers that could be read as bribery.

Decision Making – Swedish companies are much less hierarchical than most others are. Decision making is a group process through which consensus is established and during which all team members involved get opportunities to voice their opinion. The authority to make decisions often resides with managers at lower levels of the organization without requiring further executive approval. The role of senior managers is to dispense information, provide guidance, and coordinate the decision making as needed. They do not have 'final say,' and their decisions might not be followed if the group does not consent. This can be confusing for negotiators from other western countries who may be looking to identify the 'key decision maker' in an organization, while in reality such a role may not exist at all. Decision making can take a very long time and requires a great deal of patience. It is very important to learn about the company structure and win the support of people at all organizational levels who are involved in the negotiation, rather than focusing on upper management only. Once a decision has been made, it may be very difficult to change.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. They dislike 'making exceptions' even when arguments speak in favor of doing so. Personal feelings and experiences are considered irrelevant in business negotiations, so people focus on empirical evidence, logical arguments, and objective facts. Most Swedes are moderate risk takers.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Handshakes and verbal agreements are already considered binding and usually kept even though they are not legally binding. Nevertheless, it is best to confirm agreements in writing.

Written contracts can be lengthy, including detailed terms and conditions. Signing the contract is very important not only from a legal perspective, but also as a strong confirmation of your Swedish partners' commitment.

It is recommended to consult a local legal expert before signing a contract. However, do not bring your attorney to the negotiation table as it may be viewed as a sign of mistrust.

Contracts are almost always dependable, and the agreed terms are viewed as binding. Requests to change contract details after signature may be considered as bad faith and will meet with strong resistance.

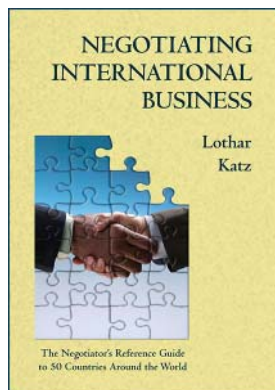
Women in Business

Gender equality is very high in Sweden. Most women are working, and many hold leadership positions that are similar in income and authority to those of men. Quite a few Swedish women have made it into top business positions. Visiting businesswomen should have few problems in the country as long as they act professionally in business and social situations.

Other Important Things to Know

Business lunches and dinners are common. However, business is rarely discussed over dinner. Wait to see whether your counterparts bring it up. Swedes may dress up when going out for dinner, so avoid being dressed too casually yourself.

Working long hours is not necessarily interpreted as a virtue. Many Swedes may take it as an indication that a person is disorganized and incapable of finishing the job in time.



Negotiating International Business (Booksurge Publishing, second edition 2007) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 472-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.

Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at

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