Managing cultural heterogeneity

A case study of global leadership competencies in Swedish subsidiaries in Thailand

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Abstract

**Title:** Managing cultural heterogeneity: A case study of global leadership competencies in Swedish subsidiaries in Thailand

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**Background:** Subsidiaries to multinational enterprises encounter pressure to fit the national cultural context as well as to keep consistent with the global corporation. For a Swedish multinational enterprise to be able to seize business opportunities in Thailand, an important aspect to take into consideration is the difference in national culture. It is the responsibility of the leader in the Swedish subsidiary in Thailand to manage the multinational enterprise corporate culture while also taking into account the Thai national culture. Global leadership competencies can enable this, although there is a lack of a unified framework of global leadership competencies.

**Aim:** The aim of this study is to gain a deeper understanding as to which global leadership competencies leaders in subsidiaries to Swedish multinational enterprises in Thailand should possess in order to manage the Swedish corporate culture while taking Thai national culture into account.

**Methodology:** The study has applied a qualitative research strategy and an abductive research approach. The data has been obtained from eight semi-structured interviews with four Swedish companies present in Thailand.

**Conclusion:** Through a deeper understanding of global leadership competencies, this study concludes and provides evidence of six global leadership competencies that are of extra importance for leaders in Swedish subsidiaries in Thailand when managing the Swedish corporate culture and taking the Thai national culture into account.
**Keywords:** Global leadership competencies, National culture, Corporate culture, Multinational enterprises
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Karin Mattson & Martina Sandén

Linköping, May 28, 2016
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2 Introduction

2.1 Background

After the last several decades of stable growth, Thailand is now an upper-middle income country with a growing consumer market and middle class (OECD 2015). Thailand is Southeast Asia’s second largest economy and Sweden’s largest trade partner in the region (Sweden Abroad 2015). Diplomatic relations between Sweden and Thailand were established in 1883, and today the cooperation emphasises trade and tourism (Regeringskansliet 2015). The country growth forecast in Thailand for 2016 is 4.1%, which creates future opportunities for deeper and improved exchanges between Sweden and Thailand (Business Sweden 2015). Today the number of Swedish subsidiaries in Thailand reaches 60 businesses and, according to Wennblom¹ and Chanchon², there is an increased interest in having Swedish companies enter the market of Thailand. This is because business opportunities exist in the country because of the growing market.

The national history of the Thai Kingdom spans over 800 years, and most of the traditions, culture and language have been kept intact, partly due to the fact that the country has never been colonized (Andrews 2001). The country’s history and traditions have been strongly influenced by the Buddhist religion and the role of the monarch, which is further reflected in the business culture in Thailand (Selvarajaha, Meyerb & Donovan 2012). For a Swedish company to be able to seize business opportunities in Thailand, the differences in national culture between the countries must be taken into consideration. As noted by Hofstede, G, Hofstede, G.J. & Minkov (2010) and the GLOBE-study’s cultural dimensions, there are aspects in which the national cultures of

¹ Ulf Wennblom, Project Manager: Business Sweden, Thailand & Vietnam, including Myanmar, Cambodia & Laos, interview 2016-03-04.
² Jiraya Chanchon, Director: Thai-Swedish Chamber of Commerce, interview 2016-03-30.
Thailand and Sweden differ (House, Hanges, Javidan, Dorfman, & Gupta 2004). It becomes evident that a subsidiary to a Swedish enterprise operating in Thailand, with corporate culture evolved from a Swedish national culture, faces complexity when taking the Thai context into account. Therefore, the importance of leadership in subsidiaries increases (Sternberg 2008) and it is necessary to have a leader with the capabilities to understand and manage this global environment (Ang & Inkpen 2008; Dickson, Castano, Magomaeva, & Den Hartog 2012; Schein 2010).

Chanchon and Björk3 have extensive experience working with Swedish companies entering the market of Thailand. They recognize the importance that Swedish companies take Thai national culture into account when establishing their business in the country. Chanchon stresses that Swedish companies will miss business opportunities if they do not understand the culture of Thailand. Further, Björk emphasises how Swedish companies will benefit from adapting their corporate culture to the Thai national culture in aspects such as gaining larger market shares and motivating their employees. Björk explains the importance that leaders in subsidiaries to Swedish multinational enterprise in Thailand consider the Thai context and argues that leaders who have an interest in the Thai national culture possess an advantage when leading the subsidiary.

2.2 Problematization

For virtually all companies, leadership is essential for a successful organisation (Wren 1995; Sternberg 2008). Leadership refers to a person’s ability to influence, motivate and enable subordinates to share values, goals and attributes and thereby contribute towards achieving the company’s vision (Bartram 2009). In today’s organizational environment, which is characterized by complexity, diversity and global competition, a leader with the capability of understanding and managing the global environment is necessary (Ang & Inkpen 2008; Dickson et al. 2012; Schein 2010). This becomes evident for a global

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3 Peter Björk, Executive Director: European Association for Business and Commerce (EABC), interview 2016-03-24
leader at a Swedish subsidiary operating in Thailand, since the two national cultures differ in various cultural dimensions (House et al. 2004).

As a result of the on-going globalisation of the world economy, many companies are expanding their organizations across national borders. A multinational enterprise (MNE) is an enterprise that owns or controls value-added activities in two or more countries (Phatak 1989). While increased competition affects MNEs’ expansion, the degree of complexity increases within the MNEs’ organisational environment (Rosenzweig 1991; Schein 2010). This is because subsidiaries to MNEs encounter pressure to fit the national cultural context while maintaining the consistency of the global corporation (Holmberg & Åkerblom 2006; Peters & Waterman 1982; Rosenzweig 1991) Thus, the importance of leadership in subsidiaries to Swedish MNEs in Thailand increases (Sternberg 2008).

One way to approach MNEs’ challenges associated with increased complexity due to different national contexts and maintain consistency within the corporation is through corporate culture. The phenomenon of corporate culture is an abstract and holistic concept, although the power of corporate culture is strong and it is important for organizations to learn to understand and manage this force (Hofstede, G, Hofstede, G.J. & Minkov 2010; Schein 2010). Corporate culture serves as a behavioural control mechanism in MNE subsidiaries since it sets the foundation for how things are done within the company (Hofstede, G, Hofstede, G.J. & Minkov 2010; Schneider 1988) and thus corporate culture can be viewed as a hidden adhesive that holds the geographically separated company together (Ralston, Holt, Terpstra & Kai-Cheng 1997).

National culture arises because nations create a common language, politics, education system and legal system (Hofstede, G, Hofstede, G.J. & Minkov 2010; Schein 2010). According to Salzer-Mörling (1998), national culture is a background variable to which the company must adjust in every country. Further, the national culture of the parent company to an MNE serves as a foundation for the corporate culture of the organisation (Smith 1998). Johns (2006) and Schneider & De Meyer (1991) argue that national culture plays a significant role in the creation of corporate culture. However, to what degree national culture impacts the shaping of corporate culture has been debated (Lee & Kramer 2016). Additionally, a MNEs’ corporate culture is influenced by the
founders’ and leaders’ national culture and serves as a reference to the MNE as a whole (Hofstede, G, Hofstede, G.J. & Minkov 2010). This is why a MNE founded in Sweden can be argued as having a Swedish corporate culture.

The national cultural context in this study is Thailand, so a Swedish subsidiary needs to maintain a Swedish corporate culture while also trying to find a fit with Thai national culture. Salzer-Mörling (1998) argues that traditionally the headquarters of an MNE are viewed as providing the subsidiary with a corporate culture and that the subsidiary is seen as a passive receiver of that. However, as stated above, national culture needs to be taken into account when a subsidiary operates in another national context than the headquarters; this is why the corporate culture needs to be taken into consideration. For a Swedish MNE with an affiliate in Thailand, this implies challenges for the subsidiary. Salzer-Mörling (1998) recognised that subsidiaries are actively reinterpreting the predetermined corporate culture and adapting it to the present national cultural context. There exists a lack of research into how this reinterpreting is performed in a Swedish subsidiary in Thailand, meaning it thereby is relevant for investigation. Schneider & Barsoux (1997) point out that a foreign affiliate will always be affected by corporate culture at one end of the continuum and national culture at the opposite end; the leader is represented as a mediator with the challenge of managing the relationship between Swedish corporate culture coming from the headquarter of the MNE and the national culture of Thailand (Bass 1990).

According to Ghemawat (2007), managing MNEs is not about trying to create homogeneity in all subsidiaries, but rather about managing the differences within the corporation. It is the leader’s responsibility to manage the corporate culture. The leader possesses the greatest impact on the corporate culture, which is why excellent leadership depends on the fit between corporate culture, national culture and leadership (Bass 1990; Kotter & Heskett 1992; Schein 2010). Managing the differences between Thai national culture and Swedish corporate culture is a challenge for leaders in subsidiaries to Swedish MNEs in Thailand; as a result, the importance of global leadership competencies (GLC) increases. GLCs are the knowledge, skills, behaviour and personal characteristics a leader should possess when operating in complex contexts influenced by different national cultures (Gelfand et al. 2007; Holt & Seki 2012). GLCs become essential in facilitating the understanding of how leaders in a Swedish
subsidiary in Thailand manage the Swedish corporate culture and the national culture of Thailand.

Different national cultures prefer different types of GLCs, and it is established that leaders who undermine cultural norms are likely to fail (Dorfman, Javidan, Hanges, Dastmalchian & House 2012). The desired GLCs are different in Sweden and Thailand, and this adds a dimension of challenge since leadership is more effective if it aligns with the leadership preferences in the national culture in which the subsidiary operates (House et al. 2004). A Swedish corporate culture may bring a Swedish leadership style that is not coherent with what Thai employees prefer. The understanding regarding which GLCs a leader should possess depends on the context. Accordingly, this study will highlight GLCs in the context of Thailand and Sweden.

It has now been stated that there exists a relationship between corporate culture, national culture and leadership (Dorfman et al. 2012; Hofstede, G, Hofstede, G.J. & Minkov 2010; House et al. 2004). A problem with this relationship arises since leaders to subsidiaries encounter pressure to fit the national cultural context where it operates while still keep consistent with the MNEs corporate culture. The leader in a MNE subsidiary has the key role in managing the relationship between corporate culture and national culture, which can be facilitated by GLCs, why GLCs is the central phenomena in this study. Holt & Seki (2012) criticize the research of GLCs and state that it is often oversimplified. Further, there exist a lack of consensus in frameworks regarding which GLCs a leader should possess (Jordan & Cartwright 1998; Bird, Mendenhall, Stevens & Oddou 2010). Previous research into GLCs in relation to national culture has mainly been theoretical, and thus an empirical contribution is needed. Further, Dorfman et al. (2012) suggest future studies in the domain of GLCs in MNEs and this study will contribute with further research and empirical evidence in this field. This thesis will add new, as of 2016, qualitative empirical evidence to the field of research on GLCs, contributing a novel understanding of which GLCs leaders in Swedish subsidiaries in Thailand should possess to approach the challenge of managing the Swedish corporate culture and taking the Thai national culture into account.
2.3 Purpose & research questions

The aim of this study is to gain a deeper understanding as to which GLCs leaders in subsidiaries to Swedish MNEs in Thailand should possess in order to manage the Swedish corporate culture while taking Thai national culture into account.

To achieve this purpose and gain a deeper understanding as to which GLCs a leader should possess, the first two research questions are essential, since the leader’s perception of corporate culture and national culture are contextual.

- What are the leaders’ perceptions about corporate culture and how do leaders in Swedish subsidiaries located in Thailand manage corporate culture?

- What are the leaders’ perceptions about how the national culture of Thailand influences corporate culture and leadership in Swedish subsidiaries operating in Thailand?

- What are the leaders’ perceptions about which GLCs a leader should possess in order to manage Swedish corporate culture and Thai national culture?
2.5 Disposition

In this section, a short description of the different chapters will be given to provide the reader with an overview of the research outline.

Chapter 2: Methodology

The methodology chapter outlines the approach of the study with the aim of establishing validity. This chapter introduces the research strategy and approach and also presents the research design. Following this, the choice of case study and cases are explained. Data collection and how the data has been analysed are presented, and the chapter closes with a discussion about reliability, validity and ethics.

Chapter 3: Theoretical framework

This chapter initially discusses national culture and corporate culture in order to create an understanding of the interaction between these variables. National culture and corporate culture are then together with GLCs presented in more detail, which leads to a solid understanding of earlier research and provides the reader with a relevant theoretical framework for this study.

Chapter 4: Empirical framework

In this chapter, the empirical data — consisting of interviews with leaders at Sandvik, Volvo Cars, Volvo Group Trucks and SPICA — are presented. Each interview is presented individually.

Chapter 5: Analysis

In this chapter, the empirical data is analysed and discussed in relation to the presented theoretical framework. This will lead the study to a conclusion.

Chapter 6: Conclusion

In the concluding chapter, the findings of the study are summarized and presented in order to answer the research questions. Finally, the limitations of the conclusion are discussed as well as suggestions for further research.
8 Methodology

In this chapter, the methodology that was used to approach the research questions will be presented. This will establish the validity of the study. The chapter introduces the research strategy and approach and later presents the research design. Following this, the choice of case study and cases are explained. Data collection and how the data has been analysed are presented and, finally, a discussion about reliability, validity, methodology criticism and ethics will close this chapter.

8.1 Research strategy

It is common in social science research methodologies to distinguish between quantitative and qualitative research. Quantitative research builds upon numbers and the gathering of material that can be calculated and it is often conducted with the aim of giving a statistically valid description or an explanation of something. However, more suitable for this study is a qualitative strategy. Qualitative research uses different methods to describe a phenomenon in its context; this is central to this study, where the phenomenon of global leaders managing corporate culture and national culture with GLCs is studied in the context of Thailand. Bryman & Bell (2011) explain that it is common in qualitative research for the context to be emphasized, while Justesen & Mik-Meyer (2011) further argue that context plays a more salient role in qualitative research by comparison to quantitative research. Furthermore, since the researchers are interested in leaders’ understanding and interpretation of the social world, rather than statistically representative answers, a qualitative research strategy is more suitable than a quantitative strategy for this study (Justesen & Mik-Meyer 2011).

To understand global leaders and their comprehension of which GLCs they need to possess in order to manage corporate and national culture, it is important for the authors to study how leaders interpret social reality. According to Jacobsen (2002), this can be favourably made when the respondents can express themselves freely. With qualitative research, it is possible for researchers to capture the respondents’ own interpretations, which is difficult to accomplish to the same extent when applying a quantitative strategy (Bryman & Bell 2011). Finally, a qualitative strategy provides flexibility in the process for modifying and deepening the study when new knowledge is obtained (Jacobsen 2002). The authors argue that this flexibility is important for the study’s working process and is a central part of why a qualitative research approach has been chosen. It
is important for the authors to be able to go back and forth between theory and empiricism and to be able to modify the direction of the study when new knowledge is obtained.

3.2 Research approach

There are two main approaches when describing the interaction between empirical and theoretical findings (Patel & Davidsson 1994). Deductive research is often linked to quantitative research, while inductive research is affiliated with qualitative research. The two approaches view the connection between theory and empiricism differently. It follows that deductive research springs from theory, and the theory that is examined then leads to hypothesis and data collection. An inductive approach, on the other hand, views theory as a result of research, where the inductive process involves making generalizable conclusions from observations. However, it is important to see deductive and inductive strategies more as tendencies rather than unambiguous distinctions that always apply (Bryman & Bell 2011).

A third research approach, and the one used in this study, is an abductive approach. With an abductive approach, data collection is conducted parallel to analysing data, which is suitable in qualitative research. In this study, the theoretical framework and research issues are reoriented when confronted with the empirical world. Theory works as a foundation for the analysis and is reworked depending on knowledge obtained from the empirical part of the study. This is in line with an abductive approach, where a continuous movement between empiricism and theoretical models exists (Dubois & Gadde 2002; Alvesson & Sköldberg 2008).

From the beginning, the authors conducted a detailed literature review where a solid theoretical base was built. This literature review then acted as a foundation for empirical collection. The theory was often reviewed and edited during the research process, similarly to Dubois & Gadde’s (2002) definition of an abductive research approach. Dubois & Gadde (2002) and Alvesson & Sköldberg (2008) argue that abductive research is suitable when conducting case studies since it can be beneficial to re-work the theory when empirical findings are obtained from the case. This was important for the authors of this study and an additional reason why an abductive approach was chosen.
3.3 Research design

A research design should support the study when collecting and analysing data; it is supposed to work as a framework that will guide the study. One research design with the aim of collecting empirical evidence is the case study. In a case study, the researcher tries to capture the details and complexity of a specific case (Bryman & Bell 2011). A case study offers a unique opportunity to develop theory by using in-depth insights. In addition, case studies are the best way to understand the interaction between a phenomenon and its context (Dubois & Gadde 2002). In this study, the authors consider how leaders manage the corporate culture of Swedish MNEs with the national culture of Thailand with GLCs.

Yin (2003) stresses the importance of context in a case study design. Yin (2003) further explains that to investigate a phenomenon in a real-life context, especially when it is not clearly evident where the boundary between context and phenomenon is, it is preferable to conduct a case study. The authors of this report claim that this applies to the study, since up until today it has not been known which GLCs leaders at subsidiaries in Thailand should possess in order to manage national culture and corporate culture. This is why a case study design was relevant. The authors wanted to put forward interesting research in which this case was studied in more than one company in order to obtain deep knowledge of how the phenomenon of being using GLCs and managing national and corporate culture was really experienced by leaders. This is in line with Eisenhardt (1989), who explains that the focus of a case study is to understand the dynamics within a single setting, consisting of one or multiple cases. Even though Yin (2003) argues that within social sciences, the use of case studies in research is one of the most challenging research designs, the authors viewed the design as supportive of the data collection. Furthermore, Dubois & Gadde (2002) argue that textbooks and research methodologies tend to describe case studies as a linear process and fail to see the opportunities of an intertwined research process. They argue that in order to understand the characteristics and consequences of a case, it is best to go back and forth between theory and empirical observations; a case study was therefore suitable for this study, continuing an abductive approach (ibid).
In accordance with Patton (1987), the authors of the study saw the case study as a suitable design due to the fact that case studies are rich in information. From studying a few examples of the phenomenon, a great deal can be learned. Eisenhardt (1989) explains that the focus of a case study lies in understanding the dynamic within one specific setting. This can be done from either a single case or from multiple cases. In this study, one case is studied at four Swedish companies. It was not the intention to set the results against each other by conducting interviews in more than one company, seeking to conduct a comparable study. Studying four companies was instead intended to enable the researchers to acquire a deeper understanding of the phenomenon (Jacobsen 2002). Studying the case in four companies helped the authors identify if both unique and recurring perceptions of which GLCs a leader should possess exist.

Compared to a single case study, advantages to a case of multiple settings include that it usually provides a better base for theory building and can facilitate generalizability because data collection derives from more than one setting, thereby increasing applicability to other cases (Eisenhardt 1989; Yin 2003).

Bryman & Bell (2011) present a research design, called comparative design, which includes an intercultural approach. The definition of a comparative intercultural design is the study of a specific phenomenon in two or more countries with the intention of comparing how this phenomenon is expressed in different sociocultural environments. The aim might be to get a deeper understanding of the social reality the national culture context brings (Bryman & Bell 2011). At first glance, this might look like a suitable design for the study. However, as the emphasis of the research is on studying which GLCs a leader should possess in the specific context, rather than focusing on comparing the differences in GLCs between Sweden and Thailand, the authors chose to view the research design as a case study.

3.4 Case selection

It was of great importance to select appropriate respondents for this study since the chosen research design was an interview-study where leaders’ perceptions were of interest. The study is based on information from these interviewed individuals. Moreover, in a case study the choice of case companies is essential, and a theoretical sampling is suitable ahead of a random or stratified sampling. In a theoretical sampling,
the cases are selected because they are likely to offer theoretical insights. Furthermore, they are chosen because they are particularly suitable for enlightening and broadening the view of the studied case (Eisenhardt & Graebner 2007). Since the thesis does not aim to set the studied companies against each other, it was essential that the chosen companies share similar characteristics and to some extent be homogeneous. This was viewed as important in order to be able to analyse the empirical findings of the four companies as one entity and thereby create a more profound foundation for the results (ibid.). With this in mind, a list of criterion for potential case companies was formulated:

- **Companies with a corporate culture influenced by Sweden.** The study has been delimited to study Swedish subsidiaries. With the aim of finding GLC important to manage Swedish corporate culture and Thai national culture, it was essential that the subsidiary had a connection to- and was influenced by Sweden.

- **Companies who operates in Thailand.** The specific context of Thailand has been chosen due to the fact that it is Sweden’s largest trade partner in Southeast Asia (Regeringskansliet 2015). In addition, according to House et al. (2004) there are differences between the national cultures of Thailand and Sweden, and it is therefore relevant to study the two countries when investigating GLCs important to possess to manage the corporate culture and national culture.

- **Thai people working in the subsidiary.** Due to the aim of the research, it was important that the subsidiary had employees from the national culture of Thailand. The authors claim that if there were only Swedish people working in the subsidiary, the leader would not have to take the national culture of Thailand into account to the same extent, and such a company would thereby be less relevant for the study.

To find potential cases a list of companies with Swedish interests in Thailand, compiled by the commercial section of the Embassy of Sweden in Thailand, was used (Sweden Abroad 2014). Based on the stated criterion above, ten companies were selected as possible cases. In accordance with Jacobsen’s (2002) view, the cases were homogeneous enough concerning size and experience in the Thai market to enable interesting conclusions.
The number of companies in a case study is typically small. Because of this, adding only a few case-companies can significantly affect the theory building (Eisenhardt & Graebner 2007). According to Eisenhardt (1989), there is no agreement about the number of companies that are ideal when it comes to how many to study. However, Eisenhardt (1989) states that between four and ten case-companies are commonly used. Further, the exact number of companies is not usually decided beforehand. Due to this, the authors had the basic idea of studying up to ten companies, but intended to stop adding companies when they reached theoretical saturation. In addition to reaching theoretical saturation, the pragmatic factor of time was taken into account. This was due to the authors’ limitation of only being in Thailand for two months to collect primary data.

In the end, the authors chose four case companies to study from the original list of ten potential companies. The companies chosen were Sandvik Thailand Limited, Volvo Car (Thailand) Ltd., Volvo Group Truck and SPICA CO., LTD. One could question the relevance of choosing both Volvo Cars and Volvo Trucks. However, the only thing these two companies share today is the brand name. Further, both companies have a history of strong presence in Thailand and relevant experience to contribute to the study, which is why the authors included both companies.

It should be mentioned that the authors faced a problem in the process of choosing case companies. An important factor when choosing them was to what extent the leaders of the company would have insight into the researched phenomena. As a result of several personal recommendations, the authors contacted the Managing Director at SPICA. This was because both the Managing Director and the General Manager have extensive experience with Swedish and Thai corporate and national culture. However, it later came to the authors’ knowledge that the ownership structure at SPICA differed from the other case companies and it was not a subsidiary to Husqvarna, as first believed. This was viewed as a problem due to the fact that it theoretically cannot be viewed as a Swedish MNE, which could thereby affect the generalizability of the study. However, after careful consideration the authors decided to keep SPICA as a case company. This was because the rich information that was gathered during these two interviews was too valuable to ignore and not include in the report. Furthermore, even though these interviews could not cover the research questions to the full extent, the collected data
was still valuable for the analysis and results of the study. Based on the interviews at SPICA, the authors claim that SPICA’s corporate culture is influenced by Sweden and that the company is operating in a Thai context. This is why the company can be viewed as relevant for the purposes of this study.

3.5 Data collection

In research, it is common to divide the data collection between two main techniques: collecting primary and secondary data. For this study, both techniques were important. Primary data is new information, which the researcher has collected for a specific purpose, while secondary data is already existing information that researchers have been acquired in the past, most likely with other purposes (Bryman & Bell 2011).

3.5.1 Secondary sources

To ensure the quality of the research and the analysis of the collected data, it was important to start by building a deep knowledge base. When studying secondary data, the authors began with a broad range of literature within the fields of national culture, corporate culture and leadership. The search was then narrowed down to a more specific field of theory suitable for the research purpose. In the process of literature review, the authors have been able to identify repeating patterns throughout the literature, which enhanced the knowledge base and understanding of the field.

When collecting secondary data, Linköping University’s UniSearch tool was used as well as the university’s physical library. Google Scholar and the database Scopus have also been important parts of the collection of secondary data. The articles provided by Scopus are reviewed and accepted and are therefore seen as reliable. According to Jacobssen (2002), all sources have to be evaluated accurately for the study to be reliable. Due to this, the authors kept the quality aspect in mind throughout the process of collecting secondary data sources.

3.5.2 Primary data

The primary data was collected in two phases where the initial phase included networking and meeting with key Swedish persons of the business community in Bangkok. The purpose of this was to gain insight, from experienced people, of Swedish businesses in Thailand. The meetings in the initial phase were not used as a basis for the analysis. However, the initial meetings added an important foundation and background
to the study as well as the opportunity for getting input and suggested contacts that, in
the authors’ view, were suitable for the second phase of collecting primary data.

Interview information, phase one:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Interviewee</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embassy of Sweden, Development Cooperation Section</td>
<td>Maja Forslind</td>
<td>Manager, Regional Private Sector Collaboration</td>
<td>160224</td>
</tr>
<tr>
<td>Business Sweden, Thailand &amp; Vietnam, including Myanmar, Cambodia &amp; Laos</td>
<td>Ulf Wennblom</td>
<td>Project Manager</td>
<td>160304</td>
</tr>
<tr>
<td>Thai-Swedish Chamber of Commerce — Networking Event</td>
<td></td>
<td></td>
<td>160308</td>
</tr>
<tr>
<td>European Association for Business and Commerce (EABC)</td>
<td>Peter Björk</td>
<td>Executive Director</td>
<td>160324</td>
</tr>
<tr>
<td>Q-Matic Technologies Asia Co., LTD</td>
<td>Kenneth Radencrantz</td>
<td>CEO</td>
<td>160327</td>
</tr>
<tr>
<td>Thai-Swedish Chamber of Commerce</td>
<td>Jiraya Chanchon</td>
<td>Director</td>
<td>160330</td>
</tr>
</tbody>
</table>

The second phase of the primary data collection included conducting interviews with leaders at Swedish companies in Thailand. The aim of the study is to gain a deeper understanding of global leaders’ perceptions of the researched phenomena. Because of this, it was important for phase two of collecting primary data to carefully consider which leaders could provide the deepest insights from the different cases. Jacobsen (2002) states that the interview objects should be chosen for their relevance for answering the research question. He further argues that the acquired primary data will be considerably influenced by the sample of interview respondents. With this in mind,
the authors formulated criteria for suitable interviewees. Due to studying how leaders manage Swedish corporate culture and the national culture of Thailand with GLCs, it was important to interview leaders who were based in Thailand but had contact with the Swedish headquarters. The number of years of leadership experience was further considered essential for the chosen respondents, and a long experience of leadership in Thailand was considered valuable. The authors took into consideration the fact that only interviewing leaders might give a one-sided approach of how leaders view the phenomenon. On the other hand, it is within the aim of the thesis to study how leaders view the phenomenon, and therefore it is seen as most fruitful to focus on their own experience and interpretations.

**Interview information, phase two:**

<table>
<thead>
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<th>Organization</th>
<th>Interviewee</th>
<th>Position</th>
<th>Date</th>
<th>Leadership experience</th>
</tr>
</thead>
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<td>Sandvik Thailand Limited</td>
<td>Joakim Axelsson</td>
<td>Managing Director</td>
<td>160316</td>
<td>8 years</td>
</tr>
<tr>
<td>Sandvik Thailand Limited</td>
<td>Klas Tübinger</td>
<td>Senior Manager</td>
<td>160316</td>
<td>10 years</td>
</tr>
<tr>
<td>Volvo Group Trucks Operations</td>
<td>Magnus Holm</td>
<td>Managing Director</td>
<td>160325</td>
<td>22 years</td>
</tr>
<tr>
<td>Volvo Group Trucks Operations</td>
<td>Pairat Saudom</td>
<td>Human Resources Director</td>
<td>160325</td>
<td>22 years</td>
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<tr>
<td>Volvo Car (Thailand) Ltd.</td>
<td>Anette Andersson</td>
<td>Managing Director</td>
<td>160401</td>
<td>23 years</td>
</tr>
<tr>
<td>Volvo Car (Thailand) Ltd.</td>
<td>Thanomsak Santanaprasit</td>
<td>Vice President</td>
<td>160401</td>
<td>4 years</td>
</tr>
<tr>
<td>SPICA CO., LTD</td>
<td>Jan Eriksson</td>
<td>Managing Director</td>
<td>160404</td>
<td>43 years</td>
</tr>
</tbody>
</table>
3.6 Interviews

According to Bryman & Bell (2011), qualitative interviewing is beneficial when the purpose of a study is to gain insight into individual information about the behaviour and experience of a person. This is one reason why qualitative interviews were chosen for this study. The structure of the interviews differed between phases one and two in collecting primary data. The reason for this was the different purpose of the interviews. The meetings of phase one were more informal and can be considered as unstructured interviews. The authors wanted the discussion to develop naturally depending on the interviewee. In line with Justesen & Mik-Meyer’s (2011) definition of unstructured interviews, they were without any pre-decided formulations; it was mainly the interviewee who was governing the content of the interview.

In a qualitative research strategy, qualitative interviews are one of the main research methods. Unstructured interviews, as mentioned above, and semi-structured interviews are the primary types of qualitative interviews (Bryman & Bell 2011). During the interviews in the second phase of primary data collection, it was important to leave room for deviations and flexibility if the respondents brought up new, interesting subjects and insights. At the same time, the authors had a rather clear focus and needed the respondents to reflect on the same questions. According to Justesen & Mik-Meyer’s (2011), a semi-structured interview is preferable when the purpose of the study requires some structure but you still need to retain flexibility. Therefore the interviews for phase two were based on a semi-structured interview method. Further, a pre-formulated interview guide was used for the interviews. The guide had an introductory part with shorter, introductory question. The main section of the interview was divided into three themes and the last section of the interview guide contained concluding questions.

All interviews were around one hour each and were conducted in English. Even if it was time consuming, the authors decided that both of the writers of this report should be
present during the interviews. This was because of Eisenhardt’s (1989) recommendation that there can be an advantage with more than one person conducting interviews in a case study, since they then can get different personal perspectives on the matter. The authors choose to record all interviews electronically, irrespective of phase. Justesen & Mik-Meyer’s (2011) claim that it is difficult, or even impossible, to take notes detailed and good enough for the analytical part of the study. A further reason for recording the interviews was that the interviewers were able to focus on the respondent and the content of the interviewee’s answers. This facilitated follow-up questions as well as allowing the interviewers to observe body language and facial expressions (Repstad 2007).

8.7 Data analysis

In line with Justesen & Mik-Meyer’s (2011) recommendation, the authors decided to transcribe the eight interviews conducted with leaders at the Swedish subsidiaries. This was viewed as a way to facilitate the following analytical work. By transcribing each interview in connection with the interview session, the analytical process started in an early stage of the research. This was essential to the research process since the study has an abductive approach and it enabled the authors from early on to go back and forth between theory and empiricism. Moreover, the transcriptions were valuable even though Repstad (2007) explains that transcriptions can be a very time consuming method. The transcriptions were additionally sent to the specific respondent in order for the person to confirm that the content could be used and to avoid misinterpretations.

A major challenge in qualitative research is the fast pace by which it generates a great amount of data. This is both a blessing and a curse, as the richness of the data gives the study depth, but at the same time the researcher has to be cautious so as not to get caught in the collected information. Bryman & Bell (2011) explain that there are no well-established rules for qualitative data analysis, which aggravates an already difficult task. However, Bryman & Bell (2011) present two general strategies for analysing data. These are analytic induction and grounded theory. Analytic induction is an approach for reports that through hypotheses search for universal explanations. Grounded theory, on the other hand, searches for theory from information, which is gathered in parallel with
the analytic work. In grounded theory, the data collection, analysis and resulting theory are closely linked (Bryman & Bell 2011).

The authors were not interested in trying to find a universal explanation or the research questions by studying the cases. This is why a pure analytic induction approach was not used. At the same time, the authors did not aim to develop new theory, but rather wanted to systemize collected data. For this reason the research cannot be said to use a grounded theory approach, either (Bryman & Bell 2011). The traits from grounded theory in this study are the importance of closely linking data collection analysis and the resulting theory, but in the end the authors mainly got insights and drew conclusions from a combination of the relevant theory and the collected data.

As part of the analysis process, the authors choose to use coding to categorize the collected data. It was important for the authors to be systematic with this to ensure reliability. When coding, you divide the mass of collected data into manageable pieces, which enables structure of the material (Spiggle 1994). In line with Bryman & Bell’s (2011) recommendation, the authors started the data analysis by reading the full transcriptions without making any notes. This helped to provide an overview of the material. The transcriptions were then worked through again and an initial coding was conducted. From this initial stage the material was divided into categories to detect common patterns and facilitate the processing of the material. Jacobsen (2002) describes this as categorization. The categories concerned national culture, corporate culture, leadership and GLCs. Within the categories, themes and keywords were noted, which generated in a catalogue of themes. The authors chose to not present the empirical data according to the found categories and themes. Instead the interviews were presented one by one. This choice was made with the aim of enabling a more extensive and detailed presentation of the interviews, which are essential for trustworthiness according to Guba & Lincoln (1994). However, the different themes and keywords were systematized and critically audit to bring related concepts together. This process of categorizing helped in reaching a deeper understanding when analysing the collected data (Spiggle 1994). The analysis chapter is structured based on the research question and was facilitated by the categorized empirical data, since the research questions and different categories and themes to a large extent could be matched together. To analyse the empirical findings, the data was put in relation to the theoretical framework and this enabled the aim of
thoroughly investigating leaders’ perceptions and acquiring a deeper understanding of which GLCs a leader in a Swedish subsidiary in Thailand should possess to manage Swedish corporate culture with national culture of Thailand.

3.8 Reliability and validity

In quantitative as well as qualitative research, reliability and validity are two key factors. They are important for proving the quality of the research. High reliability ensures that the study can be replicated as a result of consistency of methods and measures. Yin (2003) stresses the importance of conducting the study systematically in case studies to ensure reliability. Validity indicates to what degree the results can be generalized based on if the right measure and method have been used to really measure the studied concept (Bryman & Bell 2011).

Researchers have different understandings regarding whether the reliability and validity criteria are applicable in qualitative research. From this, Guba & Lincoln (1994) (Bryman & Bell 2011) formulated an alternative criterion with the aim of better evaluating the quality in qualitative research. The result was two criteria: authenticity and trustworthiness. Trustworthiness includes credibility, transferability, dependability and confirmability. The authors had the credibility criterion in mind when sending a copy of the transcription to the respondent. This made it possible for the interviewee to read it and verify the content in order to avoid misunderstandings and misinterpretations. To increase credibility further, the finished report was sent to all respondents. From this the interviewees received a final chance to correct any misquotes before publishing, which increased credibility as well as reliability. In qualitative research, the focus often tends to be on the uniqueness of the context or the importance of the social reality (Bryman & Bell 2011). This study is no exception and therefore transferability is a challenge. The context of Thailand is very specific; however, this does not delimit the importance of the study. Guba & Lincoln (1994) (Bryman & Bell 2011) explain that thick descriptions and rich explanations of a phenomenon will give future researchers and others a base of data from which they can decide if the results are transferable to another context or not. The aim of this study is not to create a repetitive reality with given answers that could, in its full extent, be applied to all Swedish subsidiaries in Thailand; this would be very difficult since the subsidiaries to a large extent are heterogeneous. Despite this, the aim of the study is for a certain degree of
generalizability, which will increase the understanding of more Swedish MNEs regarding how the leaders in the subsidiaries manage the relationship between Thai national culture and Swedish corporate culture with GLCs. Further, it would have been ideal to increase transferability, to triangulate the empirical data, and hence use more than one method when collecting the data. However, due to limitations of time and money, this was not a possibility (Patton 1987). The authors understand the critique of qualitative research in which some state that the results from qualitative research are hard to generalise outside of the situation in which they were produced. The interviewed leaders in this study are not randomly selected and they cannot be viewed as representative. So the study does not accomplish statistic criterions for making it generalizable. But, in qualitative research, and in this study, the degree of generalizability comes from the quality of the theoretical conclusions springing from qualitative data (Bryman & Bell 2011).

If an independent person can understand the processes and phases and thereby review the quality of the study, the study reaches dependability (Jacobsen 2002). To achieve this, the authors worked with a seminar group and supervisor who provided feedback and criticism during the whole process. Lastly, conformability means that the researcher has not purposefully influenced the study with personal values. However, it is important that the researcher understand that complete objectivity is impossible to obtain, which was something the authors had in mind during the research process (Bryman & Bell 2011). Acquiring reviews from the supervisor has helped the authors to strive for objectivity.

3.9 Methodology criticism

Qualitative research has been criticized because of the relationship that is created with the interviewed person. It has also been criticized as based on the researchers’ perception of what is significant (Bryman & Bell 2011). Thus, a challenge exists concerning the subjectivity within qualitative research. With this in mind, the authors kept the interaction with respondents as professional and neutral as possible with the aim of increasing objectivity. Bryman & Bell (2011) also describe the concerns of not being transparent in qualitative studies. To increase transparency, the authors have presented an extensive methodology chapter with the aim of showing the research process and how conclusions have been reached. A further challenge in qualitative
research stressed by Bryman & Bell (2011) is the risk of interviewees wanting to embellish reality in order to make it look better. However, according to the authors of this thesis, this was not the case by respondents participating in this study. As perceived by the authors, the interviewees tried to answer the questions asked sincerely, without trying to modify or refine reality.

The earlier discussed generalizability is debated within qualitative research. A criticism of case study as research method is that it does not provide a solid ground for scientific generalization (Yin 2003). However, Yin (2003) states that scientific generalization is not the goal for case studies. Instead, Yin (2003) explains analytical generalization as essential for case studies, which enables the generalization of a particular set of results to broader theory. The study includes carefully selected sample criterion for the case companies as well as the interviewed leaders, with the aim of striving towards analytical generalization.

3.10 Ethics

This study was conducted according to the ethical principles presented by the Swedish Research Council (2011). Before conducting interviews or having meetings with key persons of the business community, the purpose of the study was explained to the respondents. It was further verbally explained to the interviewees that the study was voluntary and that they were able to withdraw their participation at any time without explanation. The degree of confidentiality regarding the collected data was explained to the interviewees, in line with Bryman & Bell’s (2011) recommendation. Moreover, all shared information was handled with great confidentiality and the respondents were given the opportunity to stay anonymous. Lastly, in accordance with good research practices, the information collected from interviews was only used for the purpose of the study.
4 Theoretical Framework

The following section will provide the reader with relevant theories and earlier research concerning the subjects of the thesis. This theoretical framework is constructed with the intention of addressing the purpose and research questions and provides a foundation upon which the empirical data will bear. Firstly, the interaction between national culture and corporate culture will be discussed, creating a comprehensive understanding regarding this thesis content. After this, these subjects together with research concerning GLCs will be presented in detail, which will provide a solid understanding of earlier research and provide this thesis with an opportunity to develop and deepen the analysis.

4.1 The interaction between national culture and corporate culture

The aim of this study is to gain a deeper understanding regarding which GLCs leaders in subsidiaries to Swedish MNEs in Thailand should possess to manage the Swedish corporate culture while taking the Thai national culture into account. Therefore the first sections will provide a theoretical understanding about the interaction between national culture and corporate culture.

When organizations go global and evolve to MNEs, the subsidiaries are subsequently influenced by the parent company’s corporate culture (Hofstede, G, Hofstede, G. J & Minkov 2010; Salzer-Mörling 1998). The corporate culture can be viewed as the hidden adhesive that will hold the geographically separated company together (Ralston et al. 1997). According to Salzer-Mörling (1998), national culture is a background variable to which the company has to adjust in every country and the national culture serves as a foundation to corporate culture. Moreover, a MNEs’ corporate culture is influenced by the founders’ and leaders’ national culture as well as their private values, and it serves as a reference for the MNE as a whole (Hofstede, G, Hofstede, G. J & Minkov 2010). Schneider & Barsoux (1997) describes this phenomenon as an iceberg, where corporate culture is the tip and national culture is what exists below the surface. To relate this to a subsidiary, Schneider & Barsoux (1997) points out that within a foreign affiliate the cultural setting will always be represented by the corporate culture at one end of the continuum and the national culture at the opposite end.
According to Gerhart (2009), national culture may constrain corporate culture, which is a potential threat to an organisation’s performance. Neal (1998) further stress that the essence of corporate culture is to decrease the influence of national culture on the global company. This maintains a universal corporate culture where everyone within the corporation, regardless of national origin, share values that will guide behaviour when performing business on behalf of the company. Salzer-Mörling (1998) argues that typically the headquarters of a MNE provide the subsidiary with a corporate culture and that the subsidiary is seen to be a passive receiver of it. However, Salzer-Mörling (1998) recognised that subsidiaries are actively reinterpreting the predetermined corporate culture and adapting it to the present national cultural context, as an active local contractor of the corporate culture. Much of the literature about MNEs concerns the creation of a global corporate culture that makes the corporation homogeneous, regardless of its geographical dissemination, in order to conquer national cultural deviations. Yet, on the other hand, the challenge of the corporate culture manufacturer might not be to create one integrated sphere of corporate culture, but to encourage the creation of corporate culture in contemporary homogenisation and heterogenisation (Salzer-Mörling 1998).

Researchers have debated to what degree the national culture impact the shaping of corporate culture (Lee & Kramer 2016). Some scholars stresses that national culture plays a significant role in the creation of corporate culture (Johns 2006; Schneider & De Meyer 1991). An element that describes a national culture’s effect on corporate culture is whether the national culture is considered as loose or tight. Tight national culture includes powerful social norms and low tolerance of deviations, which is why tight national culture restricts organisational culture more than loose national culture. The categorisation of national culture as loose and tight then becomes essential (Gelfand et al. 2011). Pelto (1968) was the first researcher to distinguish between tight and loose national cultures and he refers to Thailand as a loose culture; Sweden, on the other hand, is referred to as a tight culture (Earley 1997; Triandis 2004).

The next section concerns theories about national culture to establish an understanding about the concept and to create an understanding about the cultures of Thailand and Sweden because of the contextual importance of this study.
4.2 National culture

Culture is a common understanding of an individual’s natural and societal setting, such as mental patterns, government structures and values (Herskovits 1955; Schein 2010). National culture is the values that are adapted by people within a country which evolve to, and become, norms and beliefs that can be distinguished in a person’s way of acting and thinking (Adler 2002). In trying to find what impact national cultures have on different organizational phenomena, researchers have created different frameworks to classify cultures. Dickson, Den Hartog & Mitchelson (2003), the GLOBE-study (House et al. 2004) and Hofstede, G, Hofstede, G. J & Minkov (2010) are example of studies that have tried to categorize different nations and their adherents’ behaviour with regard to culture.

4.2.1 The GLOBE-study

Hofstede, G, Hofstede, G. J & Minkov (2010) developed six dimensions of national culture that distinguish nations from each other. These dimensions are: power distance, individualism vs. collectivism, masculinity vs. femininity, uncertainty avoidance, long term orientation and indulgence. However, these dimensions have been extended by further research. The GLOBE-study (Global Leadership and Organizational Behaviour Effectiveness), initiated by House in 1991, focused on leadership and took national and organisational cultural aspects into consideration. This is why the GLOBE-study is of relevance for this thesis. Hofstede, G, Hofstede, G. J & Minkov (2010) set the foundation for cross-cultural research in the ’80s and the GLOBE-study later developed this understanding by adding more empirical data (House et al. 2004). For this reason, this report henceforth will focus on the GLOBE-project’s (House et al. 2004) findings and theoretical framework about national culture and leadership. Incentives for this choice were that the GLOBE-study is based on comprehensive and well-established research, including Hofstede’s work. Since the GLOBE-study is an extension of those findings; it is a more extensive and recent research programme (Javidan, House, Dorfman, Hanges & De Luque 2006). Further, this study use the GLOBE findings as a foundation because of its GLC findings related to specific countries. This enable this thesis to study the national culture of Thailand and Sweden and then connect it to preferred GLCs in each country to deepening the understanding about which GLCs a
leader in a Swedish subsidiary in Thailand should possess when managing the Swedish corporate culture while also taking the national culture of Thailand into account.

The GLOBE-study surveyed 17,000 managers in three industries located in 61 different nations and involved more than 200 researchers from various disciplines and nations. To avoid biased data, the respondents were divided into two groups, where one part was asked about organizational culture and the other part was asked about national culture. When analysing the responses, the GLOBE-study correlated these groups (Dorfman et al. 2012). In project GLOBE, two different aspects of national culture were measured: values and practices. Half of the respondents were asked to describe their culture “as it is”, which refers to practices, common behaviour and institutional behaviour. The other half were asked to evaluate the culture “as it should be”, which refers to values. GLOBE distinguished between cultural values and practices because of its view that national culture can be broadly defined as the values, beliefs and behavioural patterns of a national group (Javidan et al. 2006). From this, Hofstede’s six national dimensions were extended into nine core attributes of national and organizational culture, which are referred to as cultural dimensions. The power distance and the uncertainty avoidance dimensions were retained, although the individualism vs. collectivism dimension were transformed into institutional collectivism and in-group collectivism, and masculinity vs. femininity into assertiveness and gender egalitarianism. In addition, the long-term orientation dimension was reshaped into future orientation and, finally, two more dimensions were established: humane orientation and performance orientation (Hofstede, G, Hofstede, G. J & Minkov 2010; Javidan et al. 2006).

The national cultures of Thailand and Sweden

In this study it is necessary to explore Thai national culture and Swedish national culture. Thai national culture is specific for the context of this study since the report concerns Swedish companies embedded in Thai culture. Additionally, Swedish national culture is relevant to examine because the corporate culture springs from the headquarters’ national origin, which in this report is Sweden. In addition, it is important to understand that this report assume that Swedish national culture imply the same as Swedish corporate culture. This is supported by Hofstede, G, Hofstede, G. J &
Minkov’s (2010) theory that national culture is superior corporate culture and in addition Earley (1997) refer to Sweden as a tight culture, which indicates that the national cultural values have a great impact on the corporate culture. Since the aim of this study is to gain a deeper understanding regarding which GLCs leaders in subsidiaries to Swedish MNEs in Thailand should possess in order to manage the corporate culture and national culture, it is essential to highlight the differences in national culture between Thailand and Sweden. Furthermore, the national cultures of Thailand and Sweden are important for investigation when approaching this study’s research questions.

As mentioned earlier, the GLOBE-study measures national culture by means of two different scores: values and practices. The aim of this section is to examine “as culture is”, so the practice scores will be used and compared to investigate the relationship and differences between the culture of Thailand and Sweden (House et al. 2004). In addition, Javidan et al. (2006) state that the GLOBE-study practice scores are associated more with the national phenomena of culture, while the value scores are more related to concepts such as effective leadership. Since the aim of this section is to provide the report with theoretically defined national cultural findings about Thailand and Sweden, the practices score in this section are more suitable. The following section will continue with an overview of the meaning of the GLOBE-dimensions in order to enhance and deepen the understanding of Thai and Swedish national culture and their differences.

Assertiveness
The dimension of assertiveness is related to the extent individuals within an organisation are aggressive and confrontational. Scoring high means being more inclined to act competitively in business situations, while scoring low, like Sweden, indicates that individuals within organisations are more likely to value harmony in the group and have sympathy for the weaker persons in the organizations (House et al. 2004).

Institutional collectivism
The institutional collectivism dimension is defined as the degree of emphasising group harmony. This is groups’ and organisations’ practices of rewarding the collective and how resource and capital allocation is done. Sweden is identified as a high-score nation
in this dimension. On the contrary, countries with lower scores are more individualistic and highly value personal freedom and self-interests (House et al. 2004).

**In-group collectivism**
The in-group collectivism dimension refers to the level of individuals’ desire to express loyalty, pride and a sense of cohesion to their organisation or family. Countries such as Thailand, which score highly in this cultural dimension, have a strong desire to be a part of a group, a family or an organisation. Meeting society’s demand and keeping them satisfied are crucial. However, on the opposite side, nations like Sweden don’t have this wish to provide in-group special treatment or to overlook regulations to please the collective (House et al. 2004).

**Future orientation**
This dimension refers to the extent a nation or group takes the future into account: organising, planning and investing to be prepared in the future. There is a sign that future oriented nations have a more extensive time horizon when preparing plans and making business decisions. In less future oriented countries, individuals tend to be less organised and more adaptable in their behaviour. Accordingly, Sweden is referred to as a future oriented nation while Thailand is less interested in planning for an extensive time horizon (House et al. 2004).

**Gender egalitarianism**
This dimension argues to what extent gender role differences and gender discrimination are minimized or emphasised. Nations with a low score in this dimension are referred to as male-dominated, where being a male means having a higher status. High scoring countries include and involve women in decision-making by a larger magnitude (House et al. 2004).

**Humane orientation**
Scoring high in this dimension, such as Thailand, means that the nation values and rewards individuals for being fair, generous and friendly. Thus, relations, support and empathy are important for countries that have a high score in this dimension. However,
a low score indicates that the nation is more concerned about material belongings, power and independence (House et al. 2004).

Power distance

GLOBE’s power distance dimension represents the extent to which individuals in a nation or members of an organisation expect and agree upon the idea that authority and power should be unequally divided. In countries with a high score in this dimension, such as Thailand, hierarchy is accepted and expected. In nations with low scores, such as Sweden, distinguishing between people with and without power is not as important (House et al. 2004).

Uncertainty avoidance

The dimension of uncertainty avoidance reflects the degree to which a nation avoids uncertainty. Countries that score high in this dimension rely on rules and bureaucratic processes to reduce the level of insecurity. Sweden marks high in this dimension and is a country where people live structured lives. Nations with lower scores, like Thailand, tend to live less structured lives with more patience for ambiguity, and also do not pay much attention to regulations (House et al. 2004).

Performance orientation

The performance orientation dimension measures to what degree an organisation promotes strong and excellent performance. Scoring low in this dimension implies that paying attention to family relations and background information is important. On the contrary, training and education are promoted in countries scoring high in the performance orientation dimension (House et al. 2004).

It is relevant to highlight the differences in the national culture of Thailand and Sweden for this study because it can be viewed as a challenge for leaders to manage at Swedish subsidiaries in Thailand. Below is a chart showing the Thai and Swedish practice scores in all nine culture dimensions developed in the GLOBE-project (House et al. 2004).
Since corporate culture is essential in this study, a review of the concept will be provided. According to Hofstede, G, Hofstede, G. J & Minkov (2010), it is important not to confuse national culture with corporate culture since they are two different concepts. Corporate culture is different because it is another social system (Hofstede, G, Hofstede, G. J & Minkov 2010). However, to fully understand the organization and its corporate culture, you have to take the national cultural context in which it is operating into account. The reason for this is that much of what is possible to observe within the company, such as corporate culture, is influenced by national culture (Schein 2010).

According to Hofstede, G, Hofstede, G. J & Minkov (2010), no social group can avoid culture, and a company is no exception. People who get together soon create common values, rules and rituals and refer to themselves as “we” and to other groups as “they”. The creation of a collective “we” identifies the organisation (Salzer-Mörling 1998; Hofstede, G, Hofstede, G. J & Minkov 2010). The phenomenon of corporate culture is abstract and is created in social and organizational situations in which individuals interact. According to Schein (2010), corporate culture springs from three sources, which are the beliefs, values and assumptions from the founders of the organization, the learning experience of group members and the leaders. The leader initiates corporate culture and its power to influence is strong, and this is because culture is a force that
operates outside our awareness. The central meaning of corporate culture, according to Flamholtz (2001), is an organization’s core values when it comes to performance, customer service and policies.

Kotter & Heskett (1992) argue that corporations create their own unique corporate cultures. Earlier research, such as Peters & Waterman (1982), Kotter & Heskett (1992) and Flamholtz (2001), promotes corporate culture as an essential factor towards being a successful company. Kotter & Heskett (1992) argue that companies with strong corporate culture tend to aim for the same goals. Further, strong corporate culture increases employees’ motivation while also enabling control and structure within the company, without being forced to rely on bureaucratic behaviour, manuals and policies (Hofstede, G, Hofstede, G. J & Minkov 2010; Kotter & Heskett 1992; Peters & Waterman 1982) While some researchers view strong corporate culture as a force that brings the company together, other researchers point out that strong corporate culture may in fact harm the organisation. Welch, E.D & Welch S.L (2006) suggest that having a strong corporate culture embedded in the organisation may be contradictory when a company operates in diverse and changing environments, where responsiveness is important for organizational survival.

The creation of a comprehensive corporate culture with common thought patterns should enable the company to act as one unit, regardless of which markets they operate in. Corporate culture is viewed as a control variable, a function of the company's efficiency and survival, which is regulated by leadership. Corporate culture as a control tool is a top-down communication in which the leaders are involved in creating and defining meaning while also persuading the employees to accept it (Salzer-Mörling 1998). To achieve the aim of this study, which is to gain a deeper understanding about which GLCs leaders in subsidiaries to Swedish MNEs in Thailand should possess in order to manage the challenges related to national culture and corporate culture, it is essential to highlight the ways that leadership affects and influences corporate culture. In the next section, theory concerning leadership will be discussed further.
4.4 Leadership

For virtually all companies, leadership is essential for a successful organisation (Wren 1995; Sternberg 2008). Leadership refers to a person who has the ability to influence, motivate and enable subordinates to share values, goals and attributes and thereby contribute towards achieving the company’s vision (Bartam 2009). According to Schein (2010), one source of creating and managing corporate culture is the leader. It is important in this report to study how leaders can communicate corporate culture coming from the Swedish MNE in a Thai context. Therefore, a theory about Schein’s (2010) twelve embedded mechanisms is being presented.

Schein (2010) has created a framework of twelve embedded mechanisms regarding how leaders can communicate their vision and corporate culture. These are divided into six primary mechanisms, which are tools the leader can use to teach their organizations how to behave, think and feel in accordance with the corporate culture. The six secondary mechanisms are corporate culture reinforcers, not corporate culture creators. The secondary mechanisms work only if they are contingent on the primary mechanisms.

<table>
<thead>
<tr>
<th>Primary Embedding Mechanisms</th>
<th>Secondary Articulation and Reinforcement Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>What leaders pay attention to, measure and control on a regular basis</td>
<td>Organisational design and structure</td>
</tr>
<tr>
<td>How leaders react to critical incidents</td>
<td>Organisational systems and procedures</td>
</tr>
<tr>
<td>How leaders allocates resources</td>
<td>Rituals of the organisation</td>
</tr>
<tr>
<td>How leaders recruit, select, promote and communicate</td>
<td>Design of physical space</td>
</tr>
<tr>
<td>Role modelling, coaching and teaching</td>
<td>Stories about important events and people</td>
</tr>
<tr>
<td>How leaders divide rewards and status</td>
<td>Formal statements of organisational philosophy</td>
</tr>
</tbody>
</table>

Own illustration (Schein 2010)
4.4.1 Leadership competencies

To further shed light on the leader’s role in the relationship between national culture and corporate culture, the following section is going to describe what leadership competencies are and then present the concept of GLCs. The purpose of this section is to review theory about GLCs, with the intention of approaching the third research question and fulfilling the aim of this study.

Leadership competencies describe the knowledge, skills, behaviour and personal characteristics a leader possesses (Lucia & Lepsinger 1999). It is important for an organization to define leadership competencies, because it provides the company with a way to communicate which leadership behaviours are desired and consistent with the company’s corporate culture (Intagliata, Ulrich & Smallwood 2000). According to Intagliata, Ulrich & Smallwood (2000), leadership competencies are important because they work as a behavioural guide for leaders. Further, leadership competencies are measurable and possible to learn; they can differentiate an organization and they can provide a model to integrate the same leadership behaviour throughout the whole organization. However, since leadership competencies are dependent on circumstances, it is difficult to describe the exact desired behaviour of a leader in all situations (Steeves 2010).

4.4.2 Global leadership competencies (GLC)

The central phenomenon of this study is GLCs, since the purpose of this thesis is to gain a deeper understanding of which GLCs leaders in subsidiaries to Swedish MNEs in Thailand should possess in order to manage corporate culture and national culture. In the next chapter, GLC theory will be presented, which will address the third research question as well as the aim of the study. As a consequence of the globalisation and the increasing existence of MNEs, the field of GLCs evolved; these competencies aim to describe which leadership competencies are necessary for a leader who operates in complex contexts (Holt & Seki 2012). The field of GLCs developed because leadership competencies are influenced by national culture (Gelfand et al. 2007; Neal 1998). Since this study is conducted in the context of Thailand and Sweden, the leaders are operating in a complex environment and manage two national cultures, and so the study henceforth focuses on GLCs theory. The authors of this report use the GLOBE-study as
a foundation. This is because the GLOBE-research is used as a tool when describing what is referred to as Thai and Swedish national culture as well as preferred GLCs in the different nations. Through highlighting differences in desired GLCs between Sweden and Thailand, challenges for leaders within Swedish subsidiaries located in Thailand can be found and discussed. The GLOBE-study’s leadership findings will be described further.

The GLOBE-project and its GLC findings

The GLOBE-study provides an important contribution to the field of GLCs. It is mainly based on quantitative research obtained through questionnaires, with the aim of investigating the relationship between national culture, corporate culture and leadership prototypes (Den Hartog et al. 1999). As briefly explained in the section about national culture, the GLOBE-study uses two different kinds of scores when measuring national culture, which are values and practices. However, the research concerning outstanding leadership is derived from the value scores, as the value score reflects an idealized leadership style within that national culture. One of the key findings in this research was that leadership is influenced by the national culture and leaders act in accordance with the national culture’s expectations of leadership behaviour (Dorfman et al. 2012).

The GLOBE-study was conducted in three phases, where phases one and two focused on measuring the relationship between national culture and the effectiveness of leadership. The GLOBE-project (House et al. 2004) found that understanding national culture would provide leaders with knowledge of what leadership style is preferred within that culture. In phases one and two, middle-level managers were the focus. The culturally endorsed theory of leadership was developed and 21 primary specific leadership attributes dimensions were defined; these dimensions were divided into six GLCs. The GLCs are charismatic, team oriented, participative, humane-oriented, autonomous and self-protective and are shown in the table below (House et al. 2004).
The GLOBE-study discovered that certain leadership behaviours are universal among all national cultures. The GLOBE research concluded that in five out of the 21 primary leadership dimensions, 95% of the countries in the study scored five or higher on a seven point scale about how desirable the attribute was for a global leader. These five universal attributes are visionary, inspirational, integrity, performance oriented and team integrator. Those competencies can be seen as the most globally agreed desired leadership attributes and are referred to as universal (Dorfman et al. 2012).

It may be evident that an outstanding leader will act in line with national cultures’ expectations, although it was not empirically tested as to why the third phase of the GLOBE-study wanted to examine this. In phase three, research goes deeper in trying to understand in what way national culture influence the actual CEOs’ leadership behaviour (Dorfman et al. 2012). Phase three resulted in the following main findings. The analysis of the nine national culture values and the six global leadership dimensions conclude that the national culture values influence leadership expectations, but do not

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<tr>
<th>Global Leadership Competencies</th>
<th>Primary Specific Leadership Attributes Dimensions</th>
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<tr>
<td>Charismatic/Value-based</td>
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<td>Participative</td>
<td>Autocratic (reverse scored)</td>
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<td>Non-participative (reverse scored)</td>
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<td>Humane oriented</td>
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Own illustration (House et al. 2004)
predict leadership behaviour. Furthermore, the GLOBE-study provides empirical evidence of a relationship between the idealized leader in a national culture and the actual behaviour of the CEO. This means that leaders to some extent behave in a consistent manner with what is desired from subordinates in that specific culture (Ibid.). If there is a fit between the leadership and the culturally endorsed theory of leadership, it will enhance and be critical for the effectiveness of the leadership. Leaders who undermine cultural norms are likely to fail (Ibid.).

The GLOBE-project GLC findings related to Thailand and Sweden

The following section will continue with an overview of the meaning of the GLOBE-dimensions in relation to Thai and Swedish perceptions about outstanding leadership and their differences in order to enhance and deepen the understanding of preferred GLCs in both countries.

Charismatic/value-based leadership

The charismatic leadership dimension refers to the capability of a leader to inspire and motivate individuals as well as demand high performance results. In this dimension the nations of Thailand and Sweden both score the highest in all dimensions, both close to “contributes somewhat” (House et al. 2004).

Team-oriented leadership

Team-oriented leadership includes to what extent a leader promotes teambuilding activities and the establishment and implementation of common goals. Team-oriented leadership contributes to outstanding leadership in Sweden and Thailand (House et al. 2004).

Participative leadership

This dimension is defined as the extent to which a leader includes the employees in an organisation in the decision-making processes. Both Thailand and Sweden score in the interval between “contribute slightly” and “contribute somewhat”, although there is a difference, in that Swedish employees prefer participative leadership. Thus, the score in the following table shows that Thailand’s score is below average (House et al. 2004).
Humane-oriented leadership

This GLC dimension emphasises consideration, reinforcement and generosity towards subordinates. The humane-oriented leadership dimension has the highest score in southern Asia and the lowest score in the Nordic Europe cluster, which is further shown in the table for scores concerning Thai and Swedish scores alone (House et al. 2004).

Autonomous leadership

The leadership dimension of autonomous leadership represents the degree of individualism and independence a leader possesses. Thailand scores higher than Sweden in this dimension, and therefore Thai employees prefer autonomous leaders to a larger extent than Swedes (House et al. 2004).

Self-protective leadership

The dimension of self-protective leadership concentrates on the protective and the guaranteeing of the security of individuals and groups involved in the organisation. This is done through face-saving and the reinforcement of status. As shown in the table below, Thailand’s score is high and Sweden’s score is low compared to the average score (House et al. 2004).

![GLOBE Leadership Scores Table](ownIllustration)

Own illustration (House et al. 2004)
The GLOBE-project GLC findings will be used to address and discuss the third research question and will ultimately lead to realizing the aim of this study. This theoretical framework has now provided the reader with a solid understanding of the theory that will be used to reach the aim of the study. Next, the qualitative empirical data will be presented.
5 Empirical Framework

In the empirical section, the collected primary data will be presented. The empirical data consist of interview responses from the case companies Sandvik, Volvo Cars, Volvo Group Trucks and SPICA. The case companies and interviewees will be presented separately and the sections are divided into two topics to provide readers with a clear and coherent presentation of the empirical findings.

5.1 Sandvik Thailand Limited

Joakim Axelsson (Managing Director)

National Culture and Corporate Culture

Axelsson describes the national culture of Thailand as very polite and friendly. Further, he explains that the Thai people are concerned about “losing face”, which sometimes makes it complicated to get straight answers. Axelsson’s definition of corporate culture is the company meeting the market to gain market shares and argues that it includes how employees within the company act and behave internally and externally. When asked if he views corporate culture as something important, Axelsson answered, “I think it is important for every company”.

Axelsson states that there are a lot of cultures involved in a MNE and that it is all about people and trying to understand each other. However, he argues that Sandvik “is definitely a Swedish company” and explains that there are a lot of guidelines regarding how to manage corporate culture coming from the headquarters. Examples of guidelines are global code of conducts and web-based training “that everybody is supposed to do, so that everybody knows what we, as Sandvik employees, are supposed to do and not do”. The guidelines are present in the corporate presentation templates, although Axelsson explains that the material has to be adjusted depending on country, language and culture. Axelsson states that the corporate culture is coherent with the corporate culture that is communicated from headquarters, and has to be, since “it is important for a company to have values and rules to some extent to work by and adapting and following that is extremely important”. However, Axelsson notes that it is sometimes difficult.
According to Axelsson the national culture of Thailand has a small impact on Sandvik as a global corporation. However, he stresses that the national culture of Thailand has a big influence on how Sandvik Thailand operates:

“How it influences how we work in Thailand it’s a lot. We have to adapt to the countries we are in. And we see that as very important. I mean, one important thing that actually came from the founder of Sandvik is that he believed that sales should be done by local people in the country and that is a big part of adapting to the country you’re in. To do business in the local language in the country we are in.”

Axelsson explains that adapting corporate culture to national culture is important and further states that “it would work much less good for sure” if no consideration for the national context is taken. However, the Thai national cultural impact on the corporate culture could include some negative aspects. For example, bribes are common in Thai culture and business environments, which is something that is strictly forbidden within the Sandvik culture.

“And if you don’t adapt it will not work, it will not function on the marketplace. Within the limits of what is allowed, like bribes for instance. It might become a practice in many countries in Asia but we never do it. So we adapt on the things where it makes sense. As far as here, having local people, talking the local language, being polite in the Thai way. Eh, but without doing things that are against our corporate culture. So that’s the balance.”

Leadership and Global Leadership Competencies

Axelsson describes the business climates of Sweden and Thailand as different. For instance, Thai people are looking for stronger leaders who will give them clear directions. He further explains that when being a global leader you have to find a balance.
“...it is a lot about balance, finding the balance between the different cultures within the countries. Because people in Thailand have to adapt to a little bit to what we do, it is not one way or the other.”

To find what Axelsson refers to as balance when spreading the corporate culture, he thinks having people like himself and from other cultures present at different offices and countries where Sandvik is located helps with the aim to bridge.

“It is to help to bridge between the cultures. To make people in Sweden understand what’s going on here and to make people here in Thailand understand how people in other countries see it.”

Axelsson emphasises taking care of employees and enabling individual development as beneficial leadership competencies. A leader needs to make people feel important and give them responsibility as well as allowing them to make decisions. People skills are important, according to Axelsson, since different times, situations and subordinates require different leadership. Thus, he states that a leader needs to be able to provide individuals with the tools they need and be supportive. “People management is really a key component”. Furthermore, it is important for a global leader to exhibit openness towards different cultures and behaviours as well as accepting that not everybody behaves the same way.

“Finding ways to bridge, not expect everybody to change and be like you are. And not trying to just be who you are. I mean we have to adapt in both ends. So I think that is a key point for a global leader to do and to understand that. And really trying to understand the culture you are in and what is important and what you do and what you don't do in different countries (...) So you have to adapt and find ways without giving up your personal values and the corporate values.”
Sometimes it is hard to get Thai employees to adapt to the corporate culture of Sandvik. However, these are generally smaller disagreements since the values of the company are based on common sense. An aspect where Axelsson recognises difficulty for Thai people to adapt to the Swedish corporate culture of Sandvik is the way of making consensus. In the Thai context, the leader makes a decision; otherwise you are seen as weak and lose face, and then the employees follow. As a leader, Axelsson describes himself as being flexible, open, and team-oriented, and at the same time very direct and clear when communicating what is expected of employees.

Axelsson recognises that managing corporate culture is one of his responsibilities, but also emphasises that communicating the corporate culture is everyone’s responsibility within a company. When Axelsson communicates the corporate culture to his subordinates he states that “of course the most important of all is to live by it yourself” and “they do not do what you say, they do what you do”. Furthermore, Axelsson explains that he has the mandate to adapt corporate culture to national culture.

“As long as we are within the boundaries of what we are supposed to do. We have to adapt, we adapt every day. Because it is a global company so we have to adapt in every country. Every workplace and to some extent to every person. The framework is still there, but within the frame you adapt a lot.”

Axelsson’s leadership style takes cultural aspects into account by “leading by example and following the guidelines and the corporate culture myself is the most important way to influence it, not to deviate”. Leadership competencies that Axelsson views as extra important in the context of Thailand are being more direct and giving orders that leave no room for interpretation. He explains that Swedish leadership is softer. A leadership personality that is friendly, polite and has a balanced temper will find it easier to adapt to the Thai context as well as “[show] that you care about people, Thai culture is very much about taking care of each other”. Further, Axelsson argues that not losing your temper is a key characteristic as it will get you nowhere.

Before going to another country, Sandvik employees get culture training, although Axelsson points out that the most relevant education is the experience you gain when
you are at the company site. Further, he states that he believes that not everyone is a leader, although everyone can become a manager. The difference is that a leader is someone you believe in and want to follow and a manager “gives orders, [and] enforces things”. Additionally, Axelsson believes you can be a leader, but distinguishes it from being a global leader and states that not every leader is suitable as a global leader.

Klas Tübinger (Senior Manager)

This report firstly want to clarify that Tübinger recently arrived to Thailand after being located in China and other parts of Asia. Therefore it is important to notice that when Tübinger refers to Thailand in this empirical section it is a combination of experiences from Thailand, Asia and China.

National Culture and Corporate Culture

Tübinger describes the national culture of Thailand as hierarchical and Thai people as status conscious when it comes to titles at work. There also exists a respect for elderly, which is reflected in Thai people’s inability to express their feelings or criticise the leader. In contrast with Sweden, where you are often resistant to change and need assurance, Tübinger portrays Thai people as possessing a positive and open attitude towards change. Although he does express a negative side effect of being open to change: “…we jump into stuff which are not very thought through, and we do things quickly rather than ensure quality”. Further, relationships and networks are of greater importance in Thailand. In Sweden you work together and then a relationship is created, while in Thai culture you need to first establish a relationship to be able work together.

Tübinger states that “you need to respect the country culture and you can’t really force all the rules, all the wishes that comes from Sweden.” He describes the corporate culture at Sandvik Thailand Limited as strong compared to the national culture. The description of corporate culture according to Tübinger is as follows:

“...corporate culture is a very strong force and it’s much much stronger than the strategy you have. This is something that is built on for many many years. And, and how it’s actually done, I don’t know. But I think it’s from role models, purely from role models.
No one writes down the company culture, but everyone knows that we act in a Swedish way.”

He further stresses the importance of corporate culture by stating:

“...the culture would eat up the strategy for breakfast. Whatever is in the strategy, if the company culture go the other direction, we will follow the company culture.”

Tübinger also explains that according to him the importance of corporate culture has increased in the last couple of years. The reason behind this is that changes in a modern company and re-organisations within the company are occurring more regularly. This leads to an increased importance of corporate culture the corporate culture is something that sticks for a long time.

Tübinger explains that corporate culture is something you build up for years and that corporate culture is very important for Sandvik. Tübinger explains that the work environment at Sandvik is very much as a Swedish company. Furthermore, he argues that the corporate culture at Sandvik is connected to the Swedish culture and influenced by Sweden. To exemplify the influence of corporate culture, Tübinger states an example of what happens when sending Thai employees to work at the head office in Sweden for a period of time:

“...if they have worked in the head office, for example, for about two years and then they come back to their country, they bring something that is in the walls of our head office, which cannot be taught. And these people, which then are senior people, when they come back they really are role models for how we would like it to be in, from a cultural point of view.”
Furthermore, Tübinger describes one way to communicate corporate culture in the citation below.

“...once a year we gather all the managers for the annual meeting and this I think is extremely good platform to show the company culture from our president of the company and the senior management team. To see hands on, how do they act, what do they expect us to do, what is, what is good and what is bad”.

Leadership and Global Leadership Competencies

Tübinger explains that there is no best way to be a leader:

“For me leadership is just to be smart, to be efficient, to get these result from a group of people, to maximize the performance of a group (...) You need to find your own way to be efficient and to be efficient in a group in Asia is very much different than being efficient in Sweden”.

According to Tübinger, it is important as a leader in Thailand to make sure your employees understand your directives, because even if they do not understand they will tell you they do. It is valuable for a leader in Thailand to possess the ability to be clear without being impolite. He also stresses the importance for a leader in Thailand to “understand different contexts and to adjust your leadership according to the situation”. Part of this is to have good communications skills and to be able to adjust your message.
Tübinger views managing corporate culture as a responsibility for him as a leader. It is about how you translate corporate culture coming from the head office and how you act as a role model. Further, Tübinger states that taking national and corporate culture aspects into account “is the core of everything I do”. He explains that the corporate culture coming from the headquarters influences his leadership style, which further influences and affects the employees at Sandvik. Corporate culture is in that way communicated, even though it is not referred to directly.

According to Tübinger, as an expat leader coming to Thailand you have to make changes in your behaviour, but not change your personality. Tübinger explains that he behaves differently when interacting with the Swedish head office as opposed to the employees in Thailand. Further, he works as a bridge between the head office and the local context. A challenge Tübinger mentions for a leader coming from the country of the head office is that he will never fully be integrated with the employees and the national culture of Thailand. But at the same time, Tübinger stresses the importance of leaders to show that they are trying to adjust and understand the Thai national culture.

Furthermore, as a leader in Thailand, you need to adjust to the inequalities that spring from Thai culture. One way to handle this at Sandvik is to put in more career steps to show a clearer hierarchy in the company, Tübinger explains that this is required by employees and the Thai culture. To strive for perfection is not as important in Thailand as it is in Sweden, since in Thailand you go around problems rather than actually solving them. Lastly, Tübinger explains the importance of consensus, which is evident in Sweden, does not exist to the same extent in Thailand. In Thailand, it is possible for the leader to make the decisions and no one will object.
National Culture and Corporate Culture

Andersson describes Thai people as happy, content and accepting. Further, the opinion of Andersson is that Thai people are always trying to please everyone and that the Thai culture is soft in comparison to Swedish culture. In addition, family plays an essential role and is very central in Thai culture. Hierarchy is present in Thailand, and as a result Thai people prefer not express their opinions openly. Andersson stress the problems this raises in the following citation.

“They spend too much time, in my view, on this not lose face. Which also in business results in that they don’t tell me things. And I have asked them to say it is okay to make mistakes but you need to make me informed so I can protect you and help you. And that doesn’t happen.”

Lose face is defined by Andersson as showing weakness. As an example, Thai employees prefer to keep quiet rather than admitting that they are behind schedule, which results in misconceptions and disagreements regarding, for example, deadlines:

“A deadline for them doesn’t mean a deadline. It means that we are working towards it, it doesn’t mean that it has to be ready. I learned that if we have deadlines I give them an early date.”
Corporate culture is explained as “when you live according to your beliefs”. It is what you want to inspire in the customer and the corporate culture flows through the whole corporation:

“It flows through the products that we produce, it flows through in corporate responsibility, it flows through that we produce powertrains that are environmentally friendly. It comes through in equal rights and no harassment accepted in, employee contracts (...) So it is a lot of things with corporate culture. But it is also in the way of making business.”

When asked if corporate culture was important for Volvo Cars Thailand, Andersson answers “very much so”. The corporate culture is important since it involves “how we treat our employees, how we treat customers, the suppliers, how we treat the dealers, what we communicate”. Volvo Cars Thailand aims to preserve the Swedish and Scandinavian feeling by, for example, serving Swedish cinnamon buns. In addition, at a motor show this past autumn, a Lucia represented Volvo Cars in combination with Miss Thailand 2014, who came and sang; through this, Volvo Cars’ values could be communicated, according to Andersson. Andersson recognizes that managing and communicating corporate culture is a responsibility for a leader.

To a question about if Volvo Cars Thailand gets guidelines from headquarters regarding managing corporate culture, Andersson responds “yes and no”. There are guidelines from the headquarters consisting of a code of conduct and courses as well as information on the intranet. However, she claims this is not aimed at her, since she has been a part of the Volvo Car corporate culture for a very long time. Further, Andersson states that the corporate culture of Volvo Cars Thailand is concordant with the headquarters’. Andersson stresses that Thai national culture affects the corporate culture at Volvo Cars Thailand.

“One of my frustrations is I think they are a bit lazy. And that I have to work out with them, and I also have to work in that they need to lose face for me.”
Andersson experience is that a Swedish team, on equal levels, delivers far more. Swedish people question things and perform more than what is expected of them, while Thai employees do what is expected of them and do question a bit but not as strongly as she wishes.

Leadership and Global Leadership Competencies

General desirable leadership competencies, according to Andersson, are being commercial, business-driven and being able to both be accountable and responsible, as well as enable personal development for the employees. As important GLCs, she highlights having “your eyes and your ears very open”. During meetings, Andersson does not ask questions, but instead approaches the meeting by sitting back and observing. She explains that the Thai subordinates will be astonished if you walk up to them afterwards and tell them what you noticed. Andersson describes her leadership style as open, fair, too driven and as coming from a solid “Volvo person”.

Andersson takes Thai cultural aspects into account in different ways. One example is communicating through the management team instead of going directly to the concerned employee. However, she explains, “I also want the direct contact, I want to be open and I want them to see that I am not afraid to get my hands dirty”. Further, she emphasises that “it is not what you say, it is what you do”, and that this is key when being a leader. The language barrier is a challenge for an expat leader at Volvo Cars Thailand since Thai employees have a resistance towards talking to Andersson, even though the corporate language is English.

“But that of course is also a barrier and it is one of the things that I, ehm, I deal with it but it adds a dimension. Every time that we have town hall everything I say is translated. So, ehm, you lose a bit of the interaction, which is tough.”
Furthermore, Andersson says that adapting as a leader with the national culture is necessary. One way to reach this adaptation is described below.

“I cannot lose my temper because that is to lose face in their view. And if I lose temper they don’t do anything, they are completely paralyzed. Like ‘what did she do’. So you have to adapt to local culture because otherwise nothing happens.”

To be open and interested in Thai culture is important for a leader in Thailand, since you will not be accepted if you do not pay attention; eventually you will be pushed out quietly, according to Andersson. She notes that education about Thai culture is a good idea for a leader; however, “like with most things in life it is experience. That really is the biggest contributor. You have to understand it, you have to see it you have to live it.”

Thanomsak Santanaprasit (Vice President)

National Culture and Corporate Culture

Santanaprasit describes Thai people as always smiling and explains the Thai culture has a “very, very soft approach” and is hierarchical. In business, it is recognized that Thai employees tend to lower their voices, slow down and compromise if there is a disagreement. This is something Santanaprasit views as different from the western culture, although he believes the compromising personality is similar between Thai and Swedish culture.

According to Santanaprasit, corporate culture entails how Volvo Cars perform business; it is “the way that how we work in the corporate level”. Further, he claims that Thai and Swedish cultures differ. Santanaprasit describes the difference between a fully Thai company and a Swedish company by arguing that as an employee in a Swedish company you get more responsibility and you feel more trusted. Thai company culture, Santanaprasit explains, is family-driven and decisions are made by the highest level of management. Volvo Cars Thailand is more diverse, which according to Santanaprasit offers different ways of looking at things. Corporate culture is more common and important in Swedish companies and it is a reason for him to stay with the company in
the long run. To the question ‘is the corporate culture is important’, Santanaprasit answers “I think so, I think so yes”. Additionally, he argues that corporate culture facilitates the communication between all employees within the Volvo Car Group.

Volvo Car Thailand does get guidelines regarding how to manage the corporate culture, which mainly consists of web-based training for all employees and newsletters updates on the company’s performance. Santanaprasit states that the corporate culture communicated from headquarters is not the same as the corporate culture in Volvo Cars Thailand: “a little bit different, not hundred percent”. To support this, Santanaprasit explains that Thai employees tend to aim low, while the corporate culture of Volvo Car is to aim high. This, according to Santanaprasit, is a challenge to change.

When leading Thai employees, Santanaprasit claims that he adjusts the corporate culture and his approach to be more Thai: “sometimes we cannot have the strong approach”. Further adjustments, like the citation below, are described.

“…that kind of sense is that we have to start slowly, slowly to get the Thai teams to. So we have to slowly, slowly adapt. Not, cannot immediately, as I said my cultures, normally we compromise and try to be in the comfort zone normally.”

Santanaprasit tries to get his employees to understand corporate culture and he explains this as:

“…closing gaps as much as possible. The way that I think is that we cannot turn from white to black immediately because it is different like that.”

Leadership and Global Leadership Competencies

Santanaprasit views general leadership competencies as being knowledgeable in business and in management. Further, a leader needs to be able to manage people. To be a leader in Thailand you need to be able to set up strategies that combine the global Volvo Car strategy with the local Volvo Car strategy.
When asking Santanaprasit about how he sees himself as a global leader, the response is:

“When I work I go straight forward to the point, that my colleagues, some of my colleagues, Swedish colleagues say to me that I am not hundred percent Thai.”

Santanaprasit identifies being able to adjust as a global leadership competence. Further, according to Santanaprasit, managing and communicating corporate culture are a responsibility that comes with being a leader. A leadership competency of importance is communication skills, since you need to make yourself understandable.

“Because you need to understand all the content you are going to talk. And then try to let them understand, or understand them that how they adapt to the corporate cultures. Not just talk about corporate culture, like that.”

Further, it is important to have an open mind and knowledge about Thai culture as well as listening to the team. Santanaprasit has noticed that expat leaders coming to Volvo Car Thailand that try to adapt result in the best fit. Additionally, Santanaprasit states that his own leadership style has changed compared to when he was a leader in a fully Thai company.
5.4 Volvo Group Truck Operations

Magnus Holm (Managing Director)

National Culture and Corporate Culture

“I have worked a lot with culture because that is a manager’s... I think that is one of the most important parts. First of all to understand the culture, and in any culture you have good and bad. To try to really preserve the good things and to develop the things that are maybe not so good.”

Holm describes Thai people as shy, silent and having a great deal of respect for the elderly, leaders and authorities. Further, it is not in the national culture to question authorities, which Holm sees as a challenge for a leader in Thailand since it is preferable to have employees who question decisions. He also explains that Thai people to say yes to everything, even though they do not understand or agree. Further, the worst thing that can happen for a Thai person is to lose face. According to Holm, it is in the Thai national culture to be very team-oriented, and they prefer recognition in teams rather than individual attention. Due to this, he has to adjust the recognition programs coming from the head office since they are more influenced by American national culture, which Holm states is more individualistic and not suitable in the context of Thailand. As a strategy to overcome differences in national culture, Holm also explains that he has introduced a tool called Bluebox. The employees can write anonymous questions or opinions and put into the Bluebox, which are answered by the management team to all employees.

Holm explains corporate culture as follows:

“First of all I will say that the most important, that is the feeling of belonging. That people feel an identity by working here and if we can turn that so they are really proud of working here, that will support a lot all changes and all initiatives that we need to do.”


Corporate culture is important for Volvo Group Trucks and employees tend to be very proud to work at the subsidiary. Holm explains the corporate culture is very strong and positive; one reason for this is that many employees have worked at the company for a long time. The subsidiary gets guidelines about corporate culture from the headquarters. However, these are not specifically for the plant in Thailand, and it is up to the local team to understand how to adapt the guidelines so they will fit into the context of Thailand:

“I mean we need to adapt it to this situation here in Thailand (…) we maybe put pressure or underline certain things more strong here than we do in other parts and other things we maybe don’t need to talk about at all.”

It is a responsibility of the leader to manage corporate culture. As one strategy to communicate corporate culture to employees, Holm uses workshops. It is important to create involvement and to get employees to understand the meaning of the corporate culture coming from the head office.

“…employees tell me all the time to understand that this is the Thai way and that is how Thai people do. And then I tell them, yeah that is very good but now we are not a Thai company. We are a Swedish, global company and some things we can do the Thai way, but not everything. So you also need to adapt.”

An important part of the corporate culture coming from headquarters is zero tolerance towards corruption. Holm stresses this as fully congruent with the Swedish headquarters, and even if corruption is evident in Thai national culture, Volvo Group Trucks would never adapt to it.

Leadership and Global Leadership Competencies

“To be the leader you need to have the ability to listen, to translate what you hear into direction. You need to be good in
coaching people. Otherwise you can just decide by the decision power and that will not make anyone a good leader.”

Fairness and the ability to listen are qualities that Holm stresses as important for all leaders. After listening, a leader needs to make decisions and really act and get the employees involved. When asked about the important competencies of a global leader, Holm states:

“Adaption. To carefully try to understand the new environment and how people work, how people think and what triggers them. It’s easy to believe that everyone think as you think, but you will realize after a while, that is not the case. The things that motivate Swedish people are different compared to what motivates Thai people and if you try to do that the Swedish way you will waste money.”

Furthermore, Holm stresses the importance of being patient, having communication skills and understanding when to adapt to Thai national culture and when not to. He stresses the fact that a global leader cannot adapt to everything. In addition, Holm describes an interest in people and flexibility as meaningful competencies for a global leader. Holm stresses that he will not adapt and change everything in his leadership style, even though he is very flexible as a person. In Thailand, it is important for a leader not to be rude. You need to be balanced and self-controlled. Further, you have to show interest in the Thai national culture. In addition, Holm states, “We treat people equally, and that they don’t expect here. But when they realize you do it, you will get a lot of bonus, benefit for that.” You do not have to follow the Thai national culture in all aspects, but it is very important to respect it.

Pairat Saudom (Human Resources Director)

National Culture and Corporate Culture

When describing what is typical for Thai national culture, Saudom explains it is softer than other cultures. Further, Thai people are considerate and would rather keep quiet than tell you the truth if they believe it can hurt you. Having respect for seniority and
leaders is another important part of Thai culture. The Thai national culture can, according to Saudom, lead to a limitation of open communication, where employees express their opinion outside meetings rather than face problems among colleagues.

Corporate culture can, according to Saudom, be explained as follows:

“Corporate culture I think is the, like the, belief and the norm that people have to follow and once we believe that it is good to follow then everybody follow that. It is kind of like a symbol, like the guideline.”

Saudom explains that corporate culture is important for Volvo Group Trucks and further describes the importance of corporate culture with help from a religious image.

“If you have the belief in the same Buddha, and then it is like a bible where you follow what is said in the bible, then you are in the same group. But if you are outside that bible, or you do not believe in that bible you are not in the same. People should believe in the same thing, otherwise you will leave to other companies.”

Saudom recognizes that the corporate culture at Volvo Group Trucks Thailand is influenced by Swedish national culture. Further he states that Swedish corporate culture and Thai national culture align. However, a difference between Thai and Swedish corporate culture is the importance of relationships when doing business. Swedish corporations emphasise relationships less than Thai companies. In addition, Saudom sometimes views a resistance among employees towards adapting into a more Swedish corporate culture. However, he states that changes in corporate culture come from the head office to the leader, and if the leader accepts the corporate culture then the employees will follow. To communicate corporate culture, managers at Volvo Group Trucks get corporate culture training and e-learning.
As a leader, it is important to support the team and to be able to “work and collaborate with your people”. It is also important to “be fair and give employees equal opportunities”. To be a global leader, Saudom states that some competencies need to be adapted and learned. He recognizes the importance of having general knowledge of the business and knowledge of the corporation. Additionally, he mentions communication skills and being disciplined as key factors for a global leader. Saudom explains his leadership style as having become more creative and international since starting to work for a Swedish company.

For a leader to communicate corporate culture, Saudom states that the leader initially needs to have knowledge of the corporate culture and should then demonstrate the culture by being a role model. Saudom recognizes that communicating corporate culture is not just the responsibility of the leader. Everyone within the company needs to demonstrate a certain behaviour and culture. Further, Saudom stresses that the corporate culture coming from the head office is not something that he as a leader should change or adjust; it should be followed. However, national culture can give add-ons to the corporate culture. Saudom gives an example of the Volvo Group Truck plant in Thailand as being more happy and fun, which springs from Thai national culture.
National Culture and Corporate Culture

There is no ownership of SPICA from Husqvarna’s side, although, SPICA is an exclusive importer of Husqvarna’s products. Due to this, Eriksson states “I have not got a headquarter who is coming and hold my neck around things”. However, he explains that it is not of interest to try to promote and build brand recognition of SPICA. So on flags, signs, etcetera, it is the Husqvarna brand that is visible. Eriksson explains that the corporate culture at SPICA is “a little bit Swedish”. An example of this is the corporate governance where SPICA has zero tolerance against corruption, which Eriksson states the Thai employees do not understand or agree with.

According to Eriksson, it is rooted in the Thai national culture that Thai managers and employees want to be told exactly what to do. Eriksson explain this as because a Thai person does not want to be criticized, blamed or risk losing face. Further, there is an attitude in Thai national culture of always saying yes, regardless of if they mean yes or no, just to try to keep everyone happy. In Thai national culture, there is a tradition of respecting the elderly and employees are very compassionate in taking care of each other and each other’s families. Furthermore, Eriksson stress that status is important and that money and power are superior to equality in Thailand. He explain that SPICA is Swedish in that way, since the company values equality more and he exemplifies this by stating that the majority of the leading positions at SPICA are possessed by women.

Eriksson explains corporate culture as “something which keep the staff together”. He further states:

“There have to be a purpose for what they are doing, it is not just salary. It is a very different corporate culture here than what it is from a hundred percent Thai company.”
It is stated by Eriksson that it is a leader’s responsibility to manage corporate culture:

“Because the thing is that you have a Swedish company, you have to have some basic values which you will always have. And they are the same whichever country you are in. Because there are certain principles behind it. If you start to give up on these you know, then you get down the road of trying to adjust yourself too much to the local things, you lose track of the corporate governance and principles from where you are coming from.”

Leadership and Global Leadership Competencies

Eriksson recognizes that it can be challenging for a foreign leader, and as a Swedish person, to lead in the environment of Thailand. He explains, “first thing is, you have a tremendous drawback if you don’t speak the language”. According to Eriksson, it is important for a leader in Thailand to be able to be trusted. And “trust here doesn’t come overnight”. Additionally, Eriksson states, “I was here for so long so I have become a little bit part of the family”. As another strategy to overcome differences in national culture, he gives an example of his last secretary, who was Thai, which was “very good to keep her ear to the ground, she knew exactly what was going on”. Eriksson explains:

“...if anyone wanted to come and say something and that they really didn’t want to come and say directly. They know that if they mentioned it to her, it will eventually go up to me. So that was a way that we manage...”

When explaining what competencies are important for a leader in Thailand, Eriksson states; “You have to be very understanding and you have to learn to listen”. Further, Eriksson mentions the ability to motivate and encourage employees as important for a leader in Thailand, as well as being able to create interaction and increase communication within the company. Furthermore, Eriksson states that a leader in Thailand needs to be humble and should never raise his voice or lose his temper. The best way of understanding how to be a leader in the context of Thailand is through experience, according to Eriksson, although he stresses the belief that Swedish leaders are to some extent better at understanding Thai national culture than, for example,
Americans, who are more abrupt and confrontational than Swedish and Thai people. Furthermore, Eriksson explains that he has been a leader in several countries and recognizes the importance of changing his leadership style depending on what country he operates in.

Surakom Thongthaem Na Ayuthaya (General Manager)

National Culture and Corporate Culture

Before Ayuthaya came to SPICA he was working at another Swedish company. He explains that he has only worked at Swedish companies in Thailand. Ayuthaya describes working at a Swedish company as, “I like to work with Swedish, it is sometime hard to explain but you can feel it when you work with Swedish, it is a different thing”. For eight years Ayuthaya has managed both Thai and Swedish employees and has been trying to communicate the “Swedish way of thinking”. This is because the managing director of SPICA tries to perform business in the “Swedish way of working”. Further, the flexibility in Thai culture is weaker than in Swedish culture and Ayuthaya explains seniority and hierarchy are typical of Thai national culture. To exemplify this, he explains that you have to pay more respect to the elderly, regardless of yours or the older person’s title. Moreover, discipline has to be enforced in Thailand with a clear line of command. The following citation captures the statements above.

“One thing that is very up to the surface is the line of command. The line of command here in Thailand has to be very clear, mean you have only one boss, you cannot have two bosses (…) We are trying to do it the Swedish way but here we have to manage 50 percent Swedish and another 50 percent Thai, so we have to balance it a little. So I am like at the border point that join two parts together. Sometimes I, we need, to be more Thai to make the shareholders understand. But sometime we have to be more Swedish to understand the corporate culture and perception and the way we would like to do the business.”

Ayuthaya defines corporate culture as “the way that others look at the company”. He further states that to his understanding corporate culture is important.
In Thai companies “you have rights, but no one dare to say a word or their opinions” during meetings since it is the boss that decides. Ayuthaya recognizes the climate in Swedish companies as more open and describes the difference in the quote below:

“Everyone have their own voice, they can share, they can talk, they can say and they can give up the, share their ideas. No right or wrong. That is a big difference.”

According to Ayuthaya, it is sometimes hard to communicate the Swedish way of doing business to Thai employees. He manages this by:

“Let them understand I, me personally, I am not believing in command and orders. One going to work in very good ways if they understand it. So I spend a lot of time talking, talking is the biggest part of my job. But once they understand they will do the job themselves without any of my orders.”

Thai national culture influences the corporate culture at SPICA according to Ayuthaya. Further, Ayuthaya explain that taking the Thai national context into account when leading the employees is important at certain levels. He states that when managing the lower staff, he has to adjust more to the Thai national culture, while in higher and middle management that is not as necessary since they are more educated and flexible and can adjust to a Swedish corporate culture.

Leadership and Global Leadership Competencies

According to Ayuthaya, a leader has to possess the ability to explain and present the vision, target and the goal, since this will enable teamwork. In the Thai context, a leader has “to be very friendly and can be blended into every level of the organisation”. Being optimistic is a good personality characteristic and a little understanding about the Thai culture is essential. To understand Thai culture in that aspect is not referred to “a book that one can read”; it is the experience that matters.
Ayuthaya handles arguments among the subordinates by listening to them and by structuring the arguments:

“So one need to be the facilitator as well to make everything in the tracks or sometimes you as the boss or a leader has to put the hand and say this is the end. This is the stop of it. Now we are in here and we are not going to be further out. But most of the time I am going to listen and talk to them.”

Additionally, Ayuthaya argues that managing corporate culture is a responsibility for him as a leader and he claims his impact on corporate culture is “the way that I react to the problems”. He states that “hiding in a room with a closed door is going to be a bad corporate culture”. If you as a leader take action towards a problem directly, the employees will follow and that will promote good corporate culture. When leading, Ayuthaya tries to be himself. Other personality characteristics that are important for leaders in Thailand, he states, are patience, openness for change and the ability to listen as well as putting your heart into it.

“...if you put your heart to solving that and if you have your heart into it and patience to talk to them, understanding them, adapting even yourself to them I think that will be helped to everything in Thailand.”

Ayuthaya further explain to be a successful leader in Thailand you have to try to understand the Thai people and culture. He states that a leader have to give his heart by taking action, since the language is a barrier, to gain trust from the Thai employees.

“We are big difference in many, many things so one need to be open minded and need to understand and have a little bit of understanding and knowledge of the cultures here.”
6 Analysis

The analysis emphasises the empirical findings and relates them to the theoretical foundation on which this study relies. The two first research questions discuss the relationship between national culture, corporate culture and leadership and the challenges with these related to the context of Thailand. This will enable the authors to answer the main research question of how to handle these challenges with GLCs. Further, the presented research questions will function as a guideline for the analysis and will promote the fulfilling of this study’s aim and thus fall into a conclusion of which GLCs a leader should possess.

6.1 Research question one
What are the leaders’ perceptions about corporate culture and how do leaders in Swedish subsidiaries located in Thailand manage corporate culture?

Since corporate culture is an abstract phenomenon, it is relevant to investigate how corporate culture is perceived and managed by the leader in this study's specific context. The leaders perceptions of the national culture and corporate culture in this study act as explanatory variables to which GLCs leaders in Swedish subsidiaries in Thailand should possess. It is therefore relevant to examine how leaders in Swedish subsidiaries in Thailand view corporate culture. One respondent describes corporate culture as something abstract that “just exist in the walls”, which aligns with Schein’s (2010) view of corporate culture as a holistic phenomenon which operates outside our awareness. Other respondents describe corporate culture as a norm and guideline, which all employees need to follow. This can be connected to Kotter & Heskett (1992) and Hofstede, G, Hofstede, G. J & Minkov (2010) explanation of corporate culture as a tool that enables control within the corporation. Moreover, the empirical data agrees that corporate culture is important and essential for MNEs with subsidiaries in Thailand; the respondents view the concept as a force that keeps the global company together.

The empirical data recognizes that the importance of corporate culture has increased in the last few decades. This is explained by globalization and more rapid changes in the
business environment. Corporate culture is viewed as something that "stays for longer" and is therefore something that becomes more important for MNEs, and thus more important for the corporation and the leader to manage. This counters Welch, E.D & Welch S.L’s (2006) theory of corporate culture as being something that constrains the organisation in fast-changing environments where responsiveness is described as important for the MNE.

The subsidiary is traditionally viewed as a passive receiver of the corporate culture communicated from the headquarters, although Salzer-Mörling (1998) recognised that subsidiaries are actively reinterpreting the predetermined corporate culture. The majority of the respondents in the empirical section state that there exist guidelines of how to manage the corporate culture from the headquarters. The interviewees further argue the importance of following the guidelines of corporate culture in order to preserve a unified global company since it will enhance the communication of foundational values. This exemplifies Ralston et al.’s (1997) theory that corporate culture will hold the geographically separated company together. According to Neal (1998), the essence of corporate culture is to decrease the influence of national culture on the MNE. Further, Gerhart (2009) states that national culture may constrain corporate culture, and explains national culture as a potential threat to the MNEs performance. The respondents partially agree with Neal (1998) and Gerhart’s (2009) view that national culture could possibly have a negative impact on the corporate culture. However, the interviewed leaders describe the national culture of Thailand in positive terms and highlight the importance of adapting and incorporating Thai national culture when managing corporate culture. This can be related to Salzer-Mörling’s (1998) theory of reinterpreting corporate culture.

The respondents state that managing corporate culture is a responsibility for a leader and this coincides with the views of Schein (2010) and Hofstede, G, Hofstede, G. J & Minkov (2010). This finding reinforces the statement that leaders of Swedish subsidiaries in Thailand have the opportunity to impact and manage the Swedish corporate culture while taking the Thai national culture into consideration. This is in accordance with Schneider & Barsoux’s (1997) view that a foreign affiliate will always be represented by corporate culture at one end of the continuum and national culture at the other end, while the leader can be seen as a mediator. Schein (2010) states that a
leader can communicate corporate culture through embedding mechanisms. The term role model is recurrent in the empirical data of how to communicate and manage corporate culture. This is because in order to make subordinates understand corporate culture and what desirable behaviour is, the leader has to show, live and breathe it. Further, being a role model includes providing education, which according to the empirical data includes workshops as well as corporate cultural training and is a part of Schein’s (2010) embedded mechanism. An empirical example of this is when leaders send Thai employees to the Swedish headquarters with the purpose of providing the employees with a deeper understanding of the corporate culture so they will return to the subsidiary in Thailand and act as a role model by representing Swedish corporate culture. Another way to communicate corporate culture in a Swedish subsidiary in Thailand, according to Schein (2010) and this thesis’s empirical findings, is how leaders react to problems and critical incidents. The empirical data therefore provides Schein’s (2010) embedding mechanisms with substance. However, it is mainly the embedding mechanisms of role modelling and how leaders react to critical incidents that are emphasized by the respondents. These can therefore be viewed as the most important when communicating corporate culture in the context of Thailand.

6.2 Research question two

What are the leaders’ perceptions about how the national culture of Thailand influences corporate culture and leadership in Swedish subsidiaries operating in Thailand?

According to Schneider & Barsoux (1997), national and corporate culture can be described as an iceberg, where national culture always will act under the surface and in that way affect corporate culture. The respondents suggest an analogous view in which they emphasise that both Swedish and Thai national culture have an influence on the corporate culture in the subsidiary operating in Thailand. Based on Pelto’s (1968) theory of tight and loose national culture, Sweden is seen as a tight culture (Earley 1997). It is evident that the subsidiaries in this study have strong Swedish values and the interviewees recurrently refer to the subsidiaries as operating in “the Swedish way”. The empirical data in this study explain Thai employees to be open towards the Swedish corporate culture and willing to adjust. However, the empirical findings also show that Thai employees are not willing to adapt to the Swedish corporate culture in all aspects.
Therefore creating an understanding about the differences in the Thai and Swedish culture and implementing changes slowly are stressed as solutions for the leader when managing the Swedish corporate culture in Thailand.

Based on the empirical data as well as the GLOBE-project findings (House et al. 2004), the national cultures of Thailand and Sweden differ in several cultural dimensions. The national culture of Thailand scores high and is greatly impacted by the power distance, in-group collectivism and humane orientation dimensions. Moreover, the GLOBE-project reveals that the largest gaps between the two national cultures are within the institutional collectivism, in-group collectivism, future orientation and uncertainty avoidance dimensions. This study will focus on these national cultural dimensions because of their theoretical and empirical value of achieving the study’s purpose.

In line with the GLOBE-project’s (House et al. 2004) dimension of power distance, interviewees highlight the presence of hierarchy in Thailand. This influences corporate culture in the Swedish subsidiary. The respect for seniority is explained by respondents as affecting corporate culture since the climate in the subsidiary in Thailand is not as open as in Sweden and communication works differently, where, for example, the highest manager cannot communicate directly to the employees without going through the hierarchy of the lower managers. A further example of this, stated in the empirical data, is that leaders put in more career steps to meet the Thai employees’ expectations of a clearer hierarchy in the company. Connected to power distance, losing face is also a recurrent term. The empirical findings argue that it is essential in Thai national culture not to lose face, which is defined as not showing weakness. This is described as influencing leadership since the leaders witness a need to adjust to the fact that Thai people generally do not question or express their opinions to the same extent as what is seen as preferable within a Swedish corporate culture. The majority of the interviewees noted that Thai people always says yes regardless of if they understand or agree or not. This is described, again, as connected to the term ‘losing face’.

The empiricism stresses Thai national culture as collectivistic and having a strong desire to be a part of a group, which is in line with Thai national culture scoring high in in-group collectivism (House et al. 2004). This affects corporate culture and leadership in several ways. One leader explained that the reward programs communicated from the
headquarters need to be adjusted since Thai employees do not appreciate individual recognition. On the other hand, Sweden scores higher than Thailand in institutional collectivism, which is also evident in the empirical data, since the leaders in Swedish companies stress striving towards consensus. In Thai national culture, consensus is not as present, which may be related to the influences of hierarchy. This can be challenging for a leader coming from a Swedish corporate culture into the context of Thailand, as the respondents describe consensus as deep-seated in Swedish culture but not preferred in the Thai business environment.

When the interviewed leaders described Thai national culture, the keywords friendliness and respect recurred throughout all interviews. These terms appear and are described in various ways by the respondents. According to the GLOBE-project, Thailand scores higher than Sweden in the humane orientation dimension. Nations that score high on the humane-oriented dimension value politeness, empathy and relationships (House et al. 2004). The national culture of Thailand values relationships and a parallel can be drawn to the business environment where the establishing of relationships is stressed by respondents as done before conducting business; this is of greater importance in Thailand than in Sweden. This needs to be considered by the leader from a Swedish corporate culture.

The respondents argue that aiming towards high business results is not emphasized in Thai national culture; this is mentioned as a challenge when a leader incorporates Swedish corporate culture, which tends to be more driven. Connected with the previous statement, an empirically explained challenge is that Thai employees do not view time and deadlines in the same manner as in a Swedish corporate culture. This can be connected with the future orientation dimension. Further, corruption is something that is present in Thailand and affects corporate culture. It is explained that it can be hard for people in Thai society to understand the zero tolerance by Swedish companies of not accepting bribes. This stresses as an important challenge observed by all case companies in the empirical data. In contrast to Sweden, Thailand scores low in the uncertainty avoidance dimension (House et al. 2004): this indicates that Thai people live less structured and regulated lives. In this study, this can explain the resistance to understanding the existence of zero tolerance for bribes.
The presented findings are all examples of how the context of Thailand influences Swedish corporate culture and leadership, providing this thesis’s aim with more relevance, and leads to the last section of the analysis. It is evident in this study that corporate culture is important in the subsidiaries and need to be considered by the leaders. Further, there are stated differences in the national culture of Sweden and Thailand which affect the corporate culture and the leaders work. Due to this, the last section of the analysis will culminate in GLCs that a leader operating at a Swedish MNE in the context of Thailand should possess to approach these challenges.

6.3 Research question three
What are the leaders’ perceptions about which GLCs a leader should possess in order to manage Swedish corporate culture and Thai national culture?

The GLOBE-project concludes that Thailand scores highly in the charismatic and team-oriented global leadership dimensions (House et al. 2004). This means, according to the GLOBE-study, that Thai middle managers prefer leaders who possess these competencies. Further, Thailand scores above average in the self-protective, autonomous and humane leadership dimensions; these are also the dimensions with the largest gaps between the preferred leadership styles in Thailand and Sweden (House et al. 2004). This study will focus on these global leadership dimensions because of their theoretical and empirical value of achieving the study’s purpose.

GLOBE’s self-protective GLC dimension consists of status conscious, procedural and face-saving (House et al. 2004), which are also recurring GLCs that the respondents in the empirical data mention as specific to Thai business behaviour. It has been discovered that this goes in hand with the power distance and hierarchy that is accepted and expected in Thailand. For a leader at a Swedish company, being status conscious, procedural and face-saving can be hard to grasp, since these competencies are different from what is expected in Swedish corporate culture. This is viewed as a challenge in the empirical data, which is why these need to be highlighted. Respondents observe that Thai national culture is consistent with the GLOBE-project findings, where Thai employees desire a status-conscious and face-saving leader. However, the empirical data shows that this is a key point where the leaders are not willing to adapt to the Thai
national culture and instead approach this cultural difference by trying to gain trust, listen and be involved, instead of encouraging self-protective behaviour. It is empirically explained that humane-oriented GLCs are used as a strategy to reduce the influence of hierarchy and employees’ fear of losing face. The human-oriented GLC is going to be discussed in a later section.

Continuing the discussion concerning the national culture dimension of power distance, the empirical findings argue that Thai employees are looking for determined leaders who give clear directions. This study noticed this is related to House et al.’s (2004) GLC autonomous. The empirically stressed need of a autonomous leader in Thailand can according to the authors to this report be connected to the national dimensions of uncertainty avoidance and future orientation were Thai people are explained to live less structured lives and having a different view on time. This thesis highlights the theoretical finding that the autonomous GLC in a Swedish corporate is not preferred. However, autonomy is stressed by the interviewees as an important GLC for a leader at a Swedish subsidiary in Thailand even if this goes against the Swedish corporate culture which is strongly influenced by always striving towards consensus according to the respondents. This implies that the national culture of Thailand affects the corporate culture and the GLCs possessed by a leader at a Swedish subsidiary in Thailand when managing the corporate culture with the national culture. It is further relevant that a potential challenge for a leader is combining being a humane-oriented leader with the GLC autonomous. However, the empirical data indicates it is possible to possess the ability to listen and be involved and still keep the competency of being direct and clear.

GLCs that promote consideration and generosity are essential in Thailand, providing additional reasons for humane-oriented leadership to be perceived as desirable in this context. This further aligns with Thailand scoring high in the humane-oriented national culture dimension (House et al. 2004). Sources in the empirical data state that friendliness and politeness are strongly emphasised and that being rude gets you nowhere as a leader. Further, patience and keeping a balanced temper are stressed in the empirical data as key GLCs to possess in the context of Thailand, and this study categorizes these competencies in the humane-oriented GLC. Patience and friendliness are also considered important in relation to the challenge of increasing Thai employees’ understanding of Swedish corporate culture as well as establishing and dealing with
business relationships. The interviews learned from experience that listening, asking questions and trying to get the underlying meaning are essential because Thai people tend avoid expressing their opinions or being straightforward. Therefore, being percipient by actively listening is essential for a leader.

Viewed in the empirical section and theoretically stated in the in-group collectivism national culture dimension (House et al. 2004) teamwork and collaboration are important to the Thai people. They also value group harmony and reaching goals and rewards together with their colleagues. The importance of emphasising team-feeling in the subsidiary is highlighted by interviewees as to why being a team integrator is an important GLC for a leader to possess when managing the relationship between the Thai national culture and the Swedish corporate culture. Team-integrator is one of the GLOBE-findings universal GLCs, which emphasizes the GLCs’ theoretical relevance (House et al. 2004). Empiricism states that if the leader in Thailand emphasises the team, it greatly can improve motivation. According to the authors of this study, the emphasis on the team can diminish the earlier stated challenge of Thai employees not finding being driven as desirable as in Swedish corporate culture. Further, the empirical data explains that to be a team integrator and create a fellowship increases trust in the subsidiary and can thereby be helpful when approaching the challenge of communication as well as employees trying not to lose face. This is because the empirical data describes Thai employees as having a resistance towards expressing their opinions and not wanting individual attention.

As discussed in the first section of the analysis, a part of managing the relationship between the national culture of Thailand and Swedish corporate culture consists of communicating the corporate culture, which is stated as a challenge for the leader. The language barrier in the context of Thailand and Sweden adds another dimension to this complexity and is strongly emphasised in the empirical data in this report. Being able to communicate your message is stressed as essential by respondents, which is why social skills are important within a Swedish subsidiary in Thailand. Social skills are important for the leader with the respect of being able to create an understanding of the Swedish corporate culture within the subsidiary. Being a global leader is referred to, in the empirical data, as possessing people skills, as, according to the respondents, it is all about managing people; in this report, this is included in the GLC social skills.
Moreover, since how leaders react to a problem is viewed as a way to communicate corporate culture (Schein 2010), it is important for a leader to possess social skills to be able to communicate also in stressful situations. Lastly, the GLC social skills are stated in this study as important to be able to be a team integrator since a leader who are a people person can create more successful teams.

The GLOBE-study provides evidence of a relationship between the idealized leader in a national culture and the actual behaviour of the leader. This means that leaders to some extent behave in a manner consistent with what is desired from subordinates in that specific national culture. If there is a fit between the preferred GLCs and the leadership, it will enhance the leadership (Dorfman et al. 2012). Swedish and Thai national cultures are recognized by the empirical data as aligning in some aspects. This gives a good basis for leaders to manage Swedish corporate culture with Thai national culture. However, it is simultaneously evident that Thai and Swedish national and corporate cultures differ, including as to what are preferable leadership competencies by Swedish and Thai employees. Dorfman et al. (2012) state that leaders who undermine cultural norms are likely to fail, and the respondents in the empirical data repeatedly argue that a leader needs to take national cultural norms into account when leading; this supports Dorfman et al.’s (2012) theory. This implies there is a need for a leader to possess the GLCs of being flexible & open towards cultures. An empirical evidence of flexibility in the subsidiary in Thailand comes from the interviewed leaders who observe changes in leadership styles around being more tolerant, patient, keeping temper and not losing face when working in a Thai context. In addition to this, it is stated in the empirical data that different times and people require different leadership. Further, the GLCs flexibility & openness towards culture could enhance the understanding of other GLCs important to possess in Thailand, since they are contextual and some of them can be challenging for leaders from the Swedish corporate culture to grasp. An example of this is the earlier discussed GLC autonomous. Even if flexibility is important, the respondents argue that a leader at a Swedish subsidiary in Thailand should possess the competency to know where to be flexible and what to adapt to. This is because the Swedish corporate culture still has to be followed in order to keep the MNE consistent. An empirical example of what not to adapt to is the presence of bribes in Thai national culture.
Furthermore, the empirical data argues that a leader coming from the country of the headquarters will never be fully integrated with the national culture, which is a challenge when trying to manage the corporate culture and taking the national culture into account. However, the empirical data stresses the importance mitigating this challenge by being open towards culture by being respectful and making an effort to try to understand the Thai national culture. The strong emphasis on making an effort and showing interest in Thai national culture is recurrent in the empirical data. The ability to be open toward cultures can in this way be enhanced by the humane-oriented GLCs of listening and being involved.

According to Ghemawat (2007), managing MNEs is not about trying to create homogeneity in all subsidiaries, but rather about managing the differences within the corporation. In line with Schein (2010) and the empirical data, the leader is a key factor when it comes to taking both national and corporate culture into consideration. As earlier stated, being a role model is explained in the empirical data as one of the most important ways for a leader to communicate corporate culture within the Swedish subsidiary in Thailand. To be a role model involves acting in accordance with the beliefs of the corporation; this is promoted as a way to bridge in a non-verbal manner and is an additional GLC to social skills to overcome the existent language barrier. The empirical data further stress the need for a global leader in Thailand to be a motivator to their subordinates and provide them with education, which is how a role model functions. Schein (2010) describes being a role model as a embedding mechanism through which to communicate corporate culture, while this study, with empirical support, classifies the ability to act as a role model as a GLC when managing the corporate culture while taking the Thai national culture into account.
7 Discussion

In this chapter, the concluding findings from the analysis will be presented. The purpose and research questions will be addressed and limitations of the research, together with future suggestions for study, will close this section.

7.1 Conclusion

Based on the GLOBE-project’s quantitative findings about national culture and GLCs, this thesis aimed to create a deeper understanding of which GLCs a leader in a Swedish subsidiary in Thailand should possess in order to manage the national culture of Thailand and the Swedish corporate culture coming from the headquarter of a MNE. Drawing upon previous research on GLCs, it was determined that no unified framework identifying which GLCs a leader should possess existed. In a subsidiary to a MNE, a leader needs to combine the preferences of two national cultures in order to manage the corporate culture from the MNE headquarter while taking the national culture into account; this is why this study combined the GLOBE findings with further research and qualitative empiricism contributed to achieving the purpose of the thesis and shaped the result.

This study indicates that Thai national culture and Swedish corporate culture are somewhat concurrent; it is evident that the two countries have good prerequisites of successful cooperation. However, this study has addressed the complexity facing a leader at a Swedish subsidiary in Thailand when managing the Swedish corporate culture with the Thai national culture. The challenges spring from the fact that the leader needs to function as a border point that aligns two national cultures within a subsidiary. The leader must also satisfy the demands coming from the headquarters positioned in Sweden. Based on this challenge, this thesis provides evidence of six GLCs that are of extra importance for leaders in Swedish subsidiaries in Thailand when functioning as a mediator between the national culture of Thailand and Swedish corporate culture:
The GLCs that are presented as essential for a leader at a Swedish subsidiary in Thailand when managing the relationship between the national culture and the corporate culture to a large extent originates from the challenges that differences in the national culture dimension of power distance creates. This study concludes that it is the large power distance that is present in Thailand that has the greatest impact on and creates the largest challenges for leaders in the business environment.

Of the six GLCs that are found to be evident for the leader in the context of Thailand, three originate from GLOBE’s framework of GLCs. These are the autonomous, team integrator and humane-oriented GLCs. Autonomous is preferred to a larger extent in Thailand than in Sweden. However, it is evident in this study that the autonomous GLC is of such importance connected to Thai national culture that leaders in Swedish subsidiaries in Thailand need to possess this competency in order to manage between Swedish corporate culture and Thai national culture. Moreover, it is evident in this study that a leader have to be a team integrator in the context of Sweden and Thailand. To be a team integrator involves motivating the employees while creating trust within the workforce, which aligns with the in-group collectivism national cultural dimension and is evident in Thai national culture. Further, the humane-oriented GLC is essential for the leader to be a mediator between Swedish corporate culture and Thai national culture. Since the humane-oriented GLC includes the ability to listen, be patient and be involved, this facilitates the leader’s ability to face challenges related to power-distance and hierarchy.
Beyond the GLOBE-projects GLCs, this study found empirical evidence of three additional GLCs relevant for this thesis’s purpose. These are social skills, flexibility & openness towards culture and role modelling. When working as a mediator between Swedish corporate culture and Thai national culture, this study reveals that social skills are a required GLC, paramount due to the challenges related to the language barrier and the ability to communicate the corporate culture. The global competency of flexibility & openness towards culture is developed since flexibility is a key GLC; it is found that different times and people require different leadership, where the challenge is to adapt and create the best fit between national and corporate culture. Further, flexibility is connected to openness towards culture and is therefore included in the same GLC dimension. It is found to be a necessary competency for the global leader in Thailand, where it is empirically evident that the leader should have an interest in and curiosity towards cultures in order to create an understanding about both the national culture of Thailand and the corporate culture of Sweden. This understanding enables leaders in Swedish subsidiaries in Thailand to identify what to adapt to and what not to adapt to in the national culture as well as understanding when the corporate culture needs to be reinterpreted. The last GLC to be presented is the ability to act as a role model. It is found to be essential when managing between Thai national culture and Swedish corporate culture because of the lack of verbal communication, and it also makes it possible for the leader to make a statement by acting and living by the values of the MNE.

The GLOBE-study is based on quantitative empirical data and refers to the middle-managers preferred GLC in a specific nation. This study contributes with qualitative data and emphasis on GLCs that are beneficial when keeping the consistency of the MNE through corporate culture, while also taking the national cultural context into account. This study found evidence that when taking Swedish MNEs’ corporate culture into account in subsidiaries in Thailand, the GLOBE-study’s GLCs need to be extended with GLCs that a leader should possess to be able to communicate and adapt the corporate culture springing from a different national context. The extended GLCs found — social skills, flexible & openness towards culture and being a role model — are GLCs that bridge between corporate culture and national culture within the MNE. It is evident that these GLCs could produce a decrease in the pressure of a subsidiary to fit
into the national cultural context as well as keeping consistent with the global corporation.

This study proceeded on the basis of national culture influencing corporate culture and found empirical evidence that supports researchers such as Hofstede’s (2010) view of national culture as being superior corporate culture. This report reveal that the difference in the power distance cultural dimension between Thailand and Sweden strongly influence the GLCs that a leader at a Swedish subsidiary in Thailand should possess. This indicates that in contexts concerning other national cultures, different GLCs from the GLOBE-study could be relevant as well as specific extended GLCs can vary. However, this study's empirical findings indicates social skills, flexible & openness towards culture and being a role model to be general for global leaders in order to manage the corporate culture with the national culture. For this reason, this study claims that they are important GLCs for leaders in subsidiaries to MNEs to possess regardless of context.

This study contributes to a deepening discussion about GLCs and supports Holt et al.’s (2012) statement that research concerning GLCs are often oversimplified. However, it has come to the authors of this study's notice that the topic of GLC in an intercultural environment includes several variables, which result in a need for simplification to make it tangible. There still exists a need to further investigate the phenomenon of GLC, national culture and corporate culture, both comprehensive research to grasp the research area as well research with aim of getting a deeper understandings of each variable.

7.2 Limitations and future studies

In accordance with the Swedish Research Council (2011), limitations of the study’s conclusion are discussed in order to increase trustworthiness and quality. The study is conducted in the specific context of Sweden and Thailand, and thus the generalizability of the findings can be limited to this specific context. The empirical grounding in this study consists of four companies and eight individuals. This is a further limitation of generalizability, and the usability of the findings for other Swedish subsidiaries in Thailand is not assured. However, since this thesis intends to add qualitative empirical insight in the specific context of Sweden and Thailand, it was not the aim to generate a result valid for all subsidiaries that faces challenges related to managing between
national culture and corporate culture. Nonetheless, even in this specific context, a larger sample of interviewees and case companies is required to verify the findings. Thereby, similar future studies should be conducted with an extended empirical ground. This is a qualitative study with the aim of gaining a deeper understanding of how leaders operate. With this aim, it can be viewed as limiting as only using interviews as a research method. Including observations could be of advantage for similar future studies, as well as conducting a longitudinal study. This would add empirical evidence and verify the findings of this thesis.

This study is based on the approach of not differentiating whether the interviewed leader is of Swedish or Thai origin, as this can affect the leader’s perceptions of the research problem. For this reason, and to deepen the findings of this study, an alternative for future studies would be to conduct a comparative study between Thai leaders and Swedish leaders and their ways of managing the relationship between national culture and corporate culture in Swedish subsidiaries in Thailand.
References


9 Appendix

9.1 Interview Guide

Part 1

Initial closed questions:

Name:
Gender:
Email:
Age:
Nationality:
Employment year at company X:
How many years of leadership experience:
How many years of work experience in Thailand:
How many subordinates:

Initial open question:

Can you tell us shortly about your role here at company X?

Part 2

Theme 1

This first section will include some comprehensive questions about national and corporate culture. With national culture we mean the shared values and beliefs that exist within a country.

- Have you experienced national cultural differences between Thailand and Sweden, if yes, can you describe these?
- How would you describe the term “corporate culture”?
- How would you describe this company’s corporate culture? In your understanding, is corporate culture important for company X?
- Can you describe your experience about the differences between Thai and Swedish corporate culture?
Theme 2
The second theme of this interview will discuss national culture and corporate culture in relation to company X.

- Do you get any guidelines from the headquarter regarding how to manage corporate culture? Can you exemplify? What is your perception about that?
- In what way do you think the national culture of Thailand affect the corporate culture that comes from the company Xs Swedish HQ?
- What is your perception about adapting the corporate culture by taking the Thai national context into account when leading? Can you tell us more about that?
- Do you feel the corporate culture here is coherent with the HQs? What is your attitude about that?

Theme 3
For the last section, we would like to ask questions about leaders and global leadership competencies, and by competencies we refer to certain behaviour, skills and knowledge. The term global leader is used and can be defined as a person who operates in a multicultural environment and interact with partners, employees and clients from different countries and cultures.

- What would you describe as preferable leadership competences?
- In your opinion, which of those competences are main qualities of global leadership?
- How would you describe yourself as a global leader?
- Is managing corporate culture within your work task as a leader? If yes, how do you feel you can affect the corporate culture?
- How would you say your leadership take cultural aspects into account?
- Would you say that your leadership style changed when you came to Thailand/started at a Swedish corporation in Thailand? Can you explain further?
- Can you describe specific personality characteristics that is extra important for a leader who operates in a Thai context?
- In what way do you believe that knowledge and openness towards the culture in Thailand is important for an expat leader here?
- Do you see any global leadership competencies as extra important in the aspect of communicating the corporate culture to the subsidiary in Thailand? Exemplify.
- What need do you see for educating expat leaders in Thailand with the intention of being more culturally conscious?

Part 3
Summing-up question
- We have now covered the topics we planned. Is there any comment or question you want to add?
• Is it okay if we email you if we have any further questions or follow-up questions?

Thank you for your participation!