

Hi-Fi Klubben as an Employer

- A cultural perspective on how the company will succeed in the German market

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Resumé

Hi-Fi Klubben som arbejdsgiver – et kulturelt perspektiv på hvordan virksomheden vil få succes på det tyske marked

Den danske virksomhed Hi-Fi Klubben er en stor aktør inden for forbrugerelektronik, og har oplevet stor succes samt vækst de seneste par år. I forlængelse af dette, står virksomheden nu over for at skulle udvide til et nyt marked i 2016, mere specifikt Hamborg. Denne afhandling har til formål at undersøge Hi-Fi Klubbens udvidelse til det tyske marked fra et kulturelt rekrutterings og HR perspektiv. Specifikt ønsker vi at undersøge, hvordan Hi-Fi Klubben kan blive den mest fortrukne butik at arbejde for i Nordtyskland, baseret på et kulturelt perspektiv.

Det kulturelle perspektiv er valgt grundet kultur har en stor indflydelse på medarbejdere, og kan skabe en konkurrencemæssig fordel for virksomheder med gunstige og stærke kulturer. Hensigten er at undersøge og analysere teoretiske og empiriske beviser for kulturelle forskelle mellem Hi-Fi Klubbens interne organisationskultur og tysk forretningskultur, som kan have indflydelse på virksomhedens succes i Hamborg, både på kortere og længere sigt.

Vi har i den indledende kulturanalyse undersøgt de respektive kulturer, ved at anvende eksisterende teori og modeller. De valgte kultur teoretikere har forskellige tilgange, og dermed omfatter vores undersøgelse et bredt spektrum af kulturer. Derudover har vi i vores kulturstrategianalyse belyst kortsigtede rekrutteringsstrategier, hvor vi blandt andet har kigget på medarbejder markedsføring og online rekruttering, samt langsigtede strategier til hvordan man beholder medarbejderne.

Begge analyser er endvidere baseret på spørgeskemaer og dybdegående ekspertinterviews. Spørgeskemaerne har vi, via vores besøg i Hamborg, fået besvaret af tyske medarbejdere i elektronikbutikker, samt danske Hi-Fi Klubbens medarbejdere i København. De dybdegående interviews har fundet sted i samarbejde med en række eksperter i tysk kultur og forretningsforhold, samt den tidligere direktør for Hi-Fi Klubben.

Derudover har en diskussion af resultaterne givet indsigt i fordele og ulemper for Hi-Fi Klubben ved de forskellige kulturelle ligheder og forskelle. Dertil har vi givet vores anbefalinger til hvordan Hi-Fi Klubben fordelagtigt bør agere i rekrutteringsprocessen, og i selve den daglige omgang med sine tyske medarbejdere. Resultatet er otte konkrete anbefalinger som Hi-Fi Klubben kan bruge til enten at ændre eller forbedre dens nuværende strategi.



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Introduction

“Bad Sound Kills Good Music” – Hi-Fi Klubben

It all began in the late 1970's, with a young hi-fi enthusiast named Peter Lyngdorf. To Peter, the sound of the music was vital, as he could never enjoy music if the sound was not good. Also, he was annoyed by the lack of a decently priced quality hi-fi on the existing sound system market. Hence, his vision was to sell high-quality products at low prices (HFK Book, 2012, p. 26). At the time, not many owners of sound system stores believed in this vision, and instead they favored selling cheap products from the east at the same prices, and thus making twice as much money (HFK Book, 2012, p. 26).

Peter founded his own company, but soon he realized that instead of having to give the stores a high profit margin, while at the same time having to provide all of the customer support, he could sell the products directly to the customer (HFK Book, 2012, p. 26). By cutting out the retailer, Peter could sell real high-quality equipment at a reasonable price, which people could afford. Additionally, he hoped that this could also help to reveal the greed of the other hi-fi retail sellers (HFK Book, 2012, p. 26).

Thus, this was how Denmark's Hi-Fi Klubben (HFK) was born in 1980. It was started due to Peter Lyngdorf's frustration over the greed that existed in the sound system retail business. It originally began as a mail order business, which then consisted of only two showrooms. Not long after, HFK chose to expand and today it has more than 90 stores in four countries (HFK Book, 2012, p. 26). Although the company has grown and become much bigger, it still has the same enthusiasm, fighting spirit, and competitive prices of its pioneering days (HFK Book, 2012, p. 26). This is evident from its existing vision and mission statement:

“Hi-Fi Klubben is the preferred provider of great sound for any music lover who wants something more than a “buy and throw away” product” – Hi-Fi Klubben, Vision (HFK Book, 2012, p. 12).

“Moving people through great sound – by providing quality products at attractive prices” – Hi-Fi Klubben, Mission (HFK Book, 2012, p. 14).

The Sound of Hi-Fi Klubben

According to HFK, enormous selections of hi-fi products are available today, but not all the products are of a good quality. Electronic megastores are filled with stereo equipment that has been manufactured only to meet a shallow price point. HFK refuses to be part of this movement of irrelevance to quality (HFK Book, 2012, p. 3). Instead, passion for music and movies is an essential part of HFK, and according to the company, enjoying good sound is “(...) *experiencing the physical realization of years of creative work by dedicated artists*” (HFK Book, 2012, p. 3).

However, many people end up ruining their experience by consuming bad equipment. Being part of HFK means being ready to fight against poor quality, and therefore believing in the value of quality and that it serves a purpose. More than half a million customers have in fact already joined the HFK customer club, and hence advocating the company’s passion for great sound and high quality (HFK Book, 2012, p. 3).

Core Values

HFK has a strong set of DNA values that are the core principles and the foundation of which the company develops its culture and business (HFK Book, 2012, p. 13). These DNA values include *passionate madness, competence, edgy attitude, translators, music lovers, club community, value-for-money, and humor* (HFK Book, 2012, p. 17). Most of these values are deeply rooted in the company and by adding all of the values together one can get, what the company refers to as “*The Hi-Fi Klubben Experience*” (HFK Book, 2012 p. 13). This experience is the unexpected extra service for the customers when they shop.

Employees

The people at HFK describe themselves as regular enthusiasts, and all employees who work at the company put their heart and soul into working with the products (HFK Book, 2012, p. 21). This often results in the employees working late hours without payment, as they frequently gather in the stores to compare the sound of different hi-fi systems and home theaters. Moreover, the employees participate due to a personal interest when HFK organizes evening music events for its customers. In general, HFK employees take on responsibility, initiative, and special working tasks themselves, instead of being assigned by HFK managers to do so (HFK Book, 2012, p. 21). This means that the company encourages its employees to take part in the work, to help each other and generally have

the right mindset about doing tasks, even if it is not part of the job description (HFK Book, 2012, p. 21). In return, employees can expect a lot of freedom to follow their ideas, and with no supervisor to check on them constantly (HFK Book, 2012, p. 21).

Despite the name ‘Hi-Fi Klubben’, the company emphasizes the importance of being a professional company and not a cozy club. In relation to this, profit, growth, and enjoyment are the three factors that make up the success and existence of HFK. Being an employee and the face of HFK towards the customers also means having a big responsibility of providing the “Hi-Fi Klubben Experience”, and ensuring that there is fun and enjoyment in the stores (HFK Book, 2012, p. 21).

Saving on Costs

Keeping costs down is something the company surely aims for, as it is part of its foundation to offer low priced quality products. Besides spending money on necessary items or services needed for work, business trips or events, HFK ceases from any unnecessary spending (HFK Book, 2012, p. 22). This means that on special occasions there is more room for doing something extraordinary. The company’s priority of spending is, according to HFK, a natural part of its way of living as well as a necessity for making money (HFK Book, 2012, p. 22).

Moreover, the employees’ dedication is part of what keeps the costs down. As mentioned before, the employees are very devoted to the company, which means that they often stay after work to learn more about the various products. Therefore, HFK does not pay for follow-up training of its employees, which is a crucial factor for keeping down costs (Hall, 2012).

There are also other important factors that contribute to the savings of costs. First, the direct-to-you approach plays a big part. Secondly, HFK is the biggest customer to the manufacturers worldwide. This means that HFK can get the goods at a decent price, and at the same time be able to make requests for the design of the products (Hall, 2012). Thirdly, HFK maintains that its stores should not be situated in the middle of downtown where rentals are most expensive, and finally, the marketing budget is also kept at a minimum.

Competitive Advantage

With its very conservative strategy, HFK has managed to make a profit throughout the economic recession (Hall, 2012). By being a specialist chain HFK has survived the price focus on the internet and the competitors' enormous product range. This also proves that dedicated employees, a high level of service and a small product range does not belong to the past. One of the main reasons for HFK's survival is that the company has maintained its narrow concept of only selling sound and video electronics. Meanwhile, almost all the competitors in the industry have taken many new product groups into their stores (Hall, 2012).

By bucking the trend, HFK has mainly focused on a few product ranges and in doing so it has reached a strong segment. According to the company's former CEO, Svend Erik Kristensen, a narrow focus on sound and video means that the employees do not have to waste time on learning about lots of different product categories, but instead they have become specialists within sound and video. This has resulted in attracting more dedicated employees, which provides a significant competitive advantage to HFK (Hall, 2012).

HFK has launched an e-commerce site, which, however, only accounts for about six percent of sales (Sabbah, 2012). Instead, the company focuses on the in-store experience, which is something the club members have learned to love. HFK differs from its competitors in the way it lives by six mantras, which make up the core of the business, and they are: *direct-to-you*, *dedication to the products*, *full customer support*, *the customer club*, *passion for quality* and *the Hi-Fi Klubben Experience* (HFK Book, 2012, p. 46).

With regard to customer service, HFK's goal is to be better than any other company, and the customer is therefore the most important person for the company (HFK Book, 2012, p. 52). Hence, the employees at HFK always try to put themselves in the customers' shoes and thereby give them the best possible service. If the customers are pleased, there is a bigger chance that they will recommend the company to friends and relatives. This word-of-mouth marketing is what HFK aims for, and it is, according to the company, the ultimate road to success (HFK Book, 2012, p. 52). The HFK Customer Club functions as a common ground where the company can meet its customers. Hence, customers get the chance to have a closer relationship with HFK and to be introduced to its mindset (HFK Book, 2012, p. 67). Furthermore, the Customer Club is very

important in terms of recruitment and events, and this intimate relationship with customers is fundamental for maintaining a healthy business (HFK Book, 2012, p. 67). According to HFK, it is the only player in the industry that maintains a high standard in relation to throwing events for its members.

Every HFK store holds about ten after hours events once a year, and here the focus is never on sales. Instead, the focus is on the introduction of the newest technology (Sabbah, 2012). By having these events, the customers get to share the knowledge, competence, enthusiasm, and products. This ensures that customers remain members, and recommend the club to their friends and family (HFK Book, 2012, p. 67). To avoid spamming its customers, HFK uses data-mining techniques to decide which club members are invited. As a result, club members are invited to a maximum of one event per month (Sabbah, 2012).

Difficult Times

Despite HFK's huge success, the company has not always been following the right path and making the best decisions. An example of this was in the mid-1990s when Peter Lyngdorf, who is also a cycling enthusiast, thought that he could achieve the same amount of success with bicycles. The CykelKlubben (The Bicycle Club) was founded in the belief that it was a good idea, but it turned out to be only good in theory (HFK Book, 2012, p. 27). The CykelKlubben was quickly sold in 1998, when Peter admitted that he had no idea how to run a chain of bike stores.

Another example is when HFK prepared to open its first store in Norway. As the logistics were far from perfect, this meant that all employees had to work all day and night prior to the opening (HFK Book, 2012, p. 27). The store ended up being ready just in time for the grand opening, but during the whole venture HFK had forgotten to get approval for the equipment. As a result, the store was closed down just a few hours later by the Norwegian electronic authorities (HFK Book, 2012, p. 27). On this occasion HFK became the laughing stock of the business, and it took some time before regaining the professionalism and credibility it used to have.

Additionally, HFK also used to have stores in Finland in the period of 1995-2002 but not many people are aware of that. In Finland, the company was called "Hi-Fi Klubi". According to HFK, "*The ineptitude of the name only serves to tell why we did not succeed*" (HFK Book, 2012, p. 27).

Yet, another critical time when HFK followed a wrong path was in the beginning of the 00s.

Entering the new era, HFK thought that it needed to follow the latest trend. The company wanted to attract the market segment of young people who were conscious about design and style, and who preferred elegance to quality (HFK Book, 2012, p. 28). This included hiring a new management with an innovative way of thinking instead of the old nerdy way. Hence, a new CEO was found, and HFK was transformed into a company that sold products more in agreement to the lifestyle-concept (HFK Book, 2012, p. 28). As a consequence, products like car stereos had to go, and so did the enthusiasts and nerds.

To HFK, this turned out to be the wrong decision. The old customers left, as they did not feel welcome in the stores, and the style-conscious customers that the management had been hoping for never showed up. Consequently, HFK was left with beautiful but very empty stores (HFK Book, 2012, p. 28). Despite the loss of customers, the company kept going on the same path until an annual deficit of 20 million DKK nearly made the company go bankrupt in 2002 (HFK Book, 2012, p. 28).

Shortly after the catastrophe in 2002, old hi-fi enthusiasts took over the company and saved it on the brink of disaster. As a result, the company's old values of great products, great sound and excellent customer support were brought back into focus – and it worked. Besides the event of customers returning and that the company experienced profit again, HFK actually generated some of its best results ever in those years, while the rest of the industry suffered from the effects of the financial crisis (HFK Book, 2012, p. 28).

Contemporary Hi-Fi Klubben

Today, HFK is a major player in the consumer electronics field and according to the company this success is due to its excellent products, genuine enthusiasm, honesty, and most importantly, its loyal customers who have stayed with HFK throughout the difficult times (HFK Book, 2012, p. 28).

The Danish HFK Empire has expanded over the years by the opening of stores in three other countries (HFK Book, 2012, p. 40). The company's 96 stores are currently located in Denmark, Norway, Sweden and the Netherlands, and are all serviced by one central distribution center in Denmark (Sabbah, 2012). As the latest market, the Netherlands, turned out to be a huge growth

opportunity and great success for HFK, the company is now eager to expand to other countries. Therefore, further expansion of HFK's stores into new markets is regarded as a key factor for future growth.

The latest market opportunity chosen by HFK is Germany. In 2016, the company is seeking to expand into the German market, by opening one retail store in Hamburg. On longer terms, opening more stores in Germany is already planned, but not until Hamburg is a proven case. The following project will concern this specific time-period, in which HFK is preparing its entry into the German market and planning the opening of its first store in Hamburg.

Problem Area and Research Question

In this thesis, we will examine HFK's entry into the German market from a cultural recruitment and human resource perspective. More concretely, we will compare the German business culture with HFK's internal culture, in order to find where alignments and misalignments exist between the two cultures and where conflict may arise. Furthermore, we will investigate how HFK can attract the best employees in Germany, and how it can keep them by creating a favorable management style and culture. Thus, the problem formulation for this project is as follows:

How can Hi-Fi Klubben become the most favorable hi-fi store to work for in northern Germany?

To be able to reach a conclusion to the problem formulation, we will be working with the following sub-questions:

- What are the general northern German culture and business values?
- What are the differences between Hi-Fi Klubben's culture and the northern German culture and business values?
- How can Hi-Fi Klubben recruit the best employees in Hamburg, and how can it retain them?

To conclude on how HFK can become the preferred hi-fi store to work for, we have based our study on a cultural perspective. Thus, after the introductory and methodology sections, the project will be introducing several significant cultural and cross-cultural theorists, counting Inglehart, Hofstede, Hall, Gesteland, Trompenaars and Schein. Based on these theories and our own empirical data, we will conduct our first main cultural analysis regarding the German national and business culture,

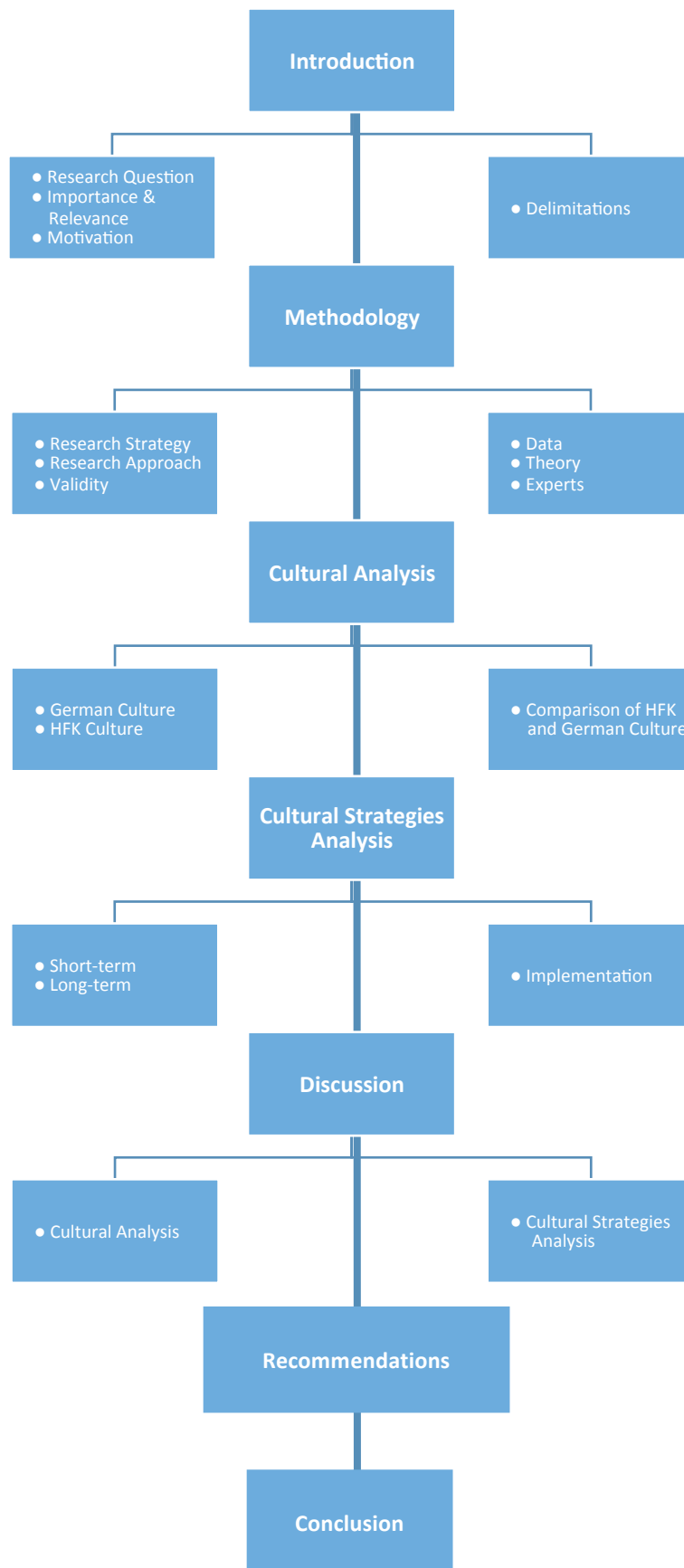
and HFK's internal culture, and thereby focus on our first sub-question. The results of both the German and HFK analysis will then be compared with the purpose of underlining the areas in which the German culture is different or similar to HFK's culture, which concerns our second sub-question. This will lead to partial conclusions that clarify the potential conflict areas between the German and HFK values.

Thereafter, a second main analysis is made regarding cultural strategies, and here we answer our third sub-question. First, the short-term perspective will involve how to attract and recruit the best German employees to the new store in Hamburg. More specifically, this part includes employer branding and online recruitment. Secondly, the long-term perspective will concentrate, first, on how to develop the most favorable organizational behavior and management in Germany regardless of HFK's strategy. Afterwards, we include HFK's current strategy, and analyze how HFK can implement this strategy successfully, and still make it a favorable place to work.

After the examination of our two main cultural analysis sections an overall discussion, including all our findings and significant points uncovered throughout the analyses, will be conducted. Based on the discussion, final recommendations will be presented for HFK's management regarding how HFK can become the most favorable hi-fi store to work for in northern Germany. In the end, this thesis will summarize the entire project in a concluding section.

Visual Structure

The following figure visualizes the structure and composition of our thesis. More specifically, it serves to illustrate the linkages between our sections and provides the reader an overview of how we aim to investigate our research question.



Importance and Relevance

“Hi-Fi Klubben seems to be filled with exceptional people; I don’t know how you do it! Everyone I have met there appear to be excellent at what they do, smart, bright, interesting, and at the same time very professional” – John Banks, Director of NAD (HFK Book, 2012, p. 23)

HFK differentiates itself from its competitors by providing high quality products, but more importantly offering the best customer service and product-know-how. In HFK’s own customer survey in Denmark 2015, it was evident that the customers perceived HFK as much better in the service and competence categories, compared with the competitors (App. 1). When the customers were asked to describe HFK in one word, the top three words mentioned were 1) quality, 2) competence/knowledge, and 3) service (App. 2).

As it is the employees who communicate and represent HFK’s dedication to quality and high service, they naturally become a key element to the company’s success and an essential part of the strategy. HFK argues that it is the corporate culture and its core values that are the underlying foundation for its competent and skilled employees. Every employee behavior and decision-making is based on the integrated, sacred, and unconscious culture in HFK. When HFK expresses: *“Culture EATS strategy for breakfast”* (App. 3), it indicates that it is very much aware of the importance of culture, and its impact on HFK’s success. The Hi-Fi Klubben Experience, which differentiates the company from its competitors, is only possible due to HFK’s successful and effective internal culture influencing the employees (HFK Book, 2012, p. 13).

The reason why culture is so important, not only to HFK but in general, is due to its major influence on employees and its ability to create a competitive advantage for companies with favorable and strong cultures. A constructive culture can enhance a working environment and positive attitudes of employees, which in the end improves the customers’ experience of service and image of a company (Schlager, Bodderas, Maas & Cacheling, 2011, p. 505). Culture can also affect the productivity, efficiency and competence of employees and management.

According to Edgar Schein, an expert theorist within the field of organizational culture: *“Culture matters because it is a powerful, tacit, and often unconscious set of forces that determine both our individual and collective behavior, ways of perceiving, thought patterns, and values.*

Organizational culture in particular matters because cultural elements determine strategy, goals,

and modes of operating” (Schein, 2010, p. 19). Culture may result in moving employees from an employment contract to a psychological contract, meaning that employees remain committed to the organization on a much more personal level (Chhabra & Sharma, 2014, p. 51).

As HFK is expanding its stores into the German market, the cultural perspective is therefore highly important and relevant for HFK to consider. Since the culture in HFK is already a successful and implemented part of its strategy in Denmark, HFK should be careful not to take it for granted, and expect that future German employees will naturally adapt to it. One could easily believe that the German culture is similar to the Danish culture due to the geographic location, but if this is not the case it can have fatal consequences for the success of HFK in the German market. Hence, it is important to understand how the two cultures actually differ, in order to avoid failure and conflict.

HFK is a company dedicated to quality and service, and it does not intend to compromise on these two basic values when entering the German market. As HFK’s strategy very much depends on its culture, we believe that the study of German culture and business values in comparison with HFK’s culture is highly relevant. Furthermore, as it is the employees who carry the culture and represent the high quality of HFK, we think that it is important to examine how HFK can recruit and retain the best German employees in Hamburg. Therefore, this project will concern the human resource aspects of HFK’s expansion to the German market from a cultural perspective.

To sum up, the reason why it is interesting to look at the culture of HFK and the German culture is due to the fact that the culture of HFK is the foundation and leading strategy for the company. HFK states: *“We ARE our values”* (App. 3), which means it is crucial for HFK that the German employees adapt to the company’s culture. The strategy of HFK is based on the company’s culture, and its success is based on the employees executing it, meaning that the success of HFK in the German market highly depends on the cultural adaption and employee satisfaction and performance. We therefore see culture as an inevitable subject for HFK to consider when approaching a new market.

Motivation

The HBH Foundation and Copenhagen Business School offer a master’s thesis program called the Troubleshooter prize, where a number of CBS graduate students write their master’s thesis for a case company. This year, HFK won the Troubleshooter prize, and was hence selected as a case

company for the CBS graduates. Since Germany will be a strategic area in the future for HFK, the main focus is on how the company should act in the German market, and it has therefore been chosen as the topic for this year's projects.

Having been selected to write our master's thesis in corporation with HFK is for us a great opportunity to work closely with a company, to have easy access to data, and the possibility to create valuable content to an actual and current situation for a company. Furthermore, this year's problem area was very relevant to our educational background, and therefore an important motivational factor and a great opportunity to practice our academic knowledge within our field of specialization.

Intercultural market studies are our chosen academic specialization to the Cand.ling.merc master's program, and the topic areas we decided to highlight in regard to HFK's situation were therefore culture, intercultural communication, professional interaction and organizational management across different markets. We also found the Danish and German markets interesting to compare, as one might assume that the two cultures are rather similar due to the countries' close geographical location. However, we are curious about finding the differences, as it is our hypothesis that the two national cultures differ a lot.

Delimitation

In our thesis we have made some deliberate choices, which should be mentioned. Initially, when we refer to Germany, we refer only to northern Germany. This is because HFK is expanding into Hamburg, which is geographically located in the northern part of Germany. As we are aware of the significant differences among the different regions in Germany, it would not be correct to refer to Germany when examining the cultural aspects of Hamburg. Thus, it would not be representative. Therefore, one must be aware of our referral to northern Germany when we write Germany in this thesis.

Furthermore, our focus of this project is on the German employees rather than the German customers. Although we realize that by examining cultural differences and thereby trying to prevent any misunderstandings or conflicts from arising internally in the company, does not prevent the same thing from happening externally. Yet, we chose to focus solely on the employees, which is due to several factors. First, we have to keep in mind the investigation area that HFK wishes to

examine, which is from a more human relations perspective. Thus, we only focus on recruitment and internal organizational relationships.

Secondly, we believe that if HFK succeeds in creating a favorable working environment with a satisfying and strong culture in the Hamburg store, then customers will be affected in a positive way as well. This is due to our presumption that happy and satisfied employees will automatically provide a positive service towards customers, which will ultimately lead to happy customers.

Lastly, it is important to emphasize that this entire thesis is based on a cultural perspective. Hence, all analyzes and results are conducted through cultural and intercultural aspects. Although we are aware of the existence of theory criticizing the impact culture has on organizational performance, we have chosen to delimitate our focus to theory about manageable culture only (App. 4).

Furthermore, this thesis has excluded external areas such as market research, competitor analysis, and marketing strategy. Therefore, this project concerns only organizational culture and cross-cultural management theory and practice.

Methodology

Methodology concerns the general approach to studying a research topic, and it establishes how one will go about studying any phenomenon (Seale, 1998, p. 103). When conducting research it involves several decisions, and in this section we will go into detail about the decisions that were made during this project, and elaborate on our methodological choices and strategy. First we will comment on the research approach concerning deductive, inductive, and comparative, and how these approaches have been used in the project. This is followed by an outline regarding the methods used for collecting data, including first/second hand data. Furthermore, data analysis, interpretation process, and data limitations will be explained. Then, the chosen theorists for this project will be introduced shortly, followed by an introduction of our chosen German experts and HFK contact persons. Finally, we will discuss the validity of our thesis, including risk of biases versus the advantages associated with conducting an analysis upon first and second hand data, and how we have attempted to mitigate possible negative effects.

Research Approach

Research approaches are plans and procedures for research that span the steps from broad assumptions to detailed methods of data collection, analysis and interpretation (Research Approach, 2016, p. 3). Although research questions may evolve over time, there must be a focus, which helps maintain consistency through data collection and analysis. Hence, research approach is an important factor when writing a big project such as a master's thesis. Research can be seen as either an effort to test established theory or to generate new theory (Ruane, 2005, p. 49). Where theory offers ideas about how the world works; research is about empirically documenting whether or not those ideas are correct.

Deductive and Inductive Approach

There are basically two methodological approaches in the social sciences that have become defining frameworks for research, and they are the inductive and deductive approaches. The inductive method starts from a loosely defined hypotheses and moves towards its verification, whereas the deductive method applies a general theory to a specific case in order to interpret certain aspects (Hantrais & Mangen, 1996, p. 4). Said in other words: *“Research conducted to test established theory is called deductive research; research that starts in the empirical realm and tries to generate*

theory is called inductive research” (Ruane, 2005, p. 49). In this thesis one methodological approach is used, although it was our aim to utilize both. The following sections will elaborate upon how the approach and related methods are used in our project.

For the initial cultural analysis, the deductive method has enabled us to examine German national culture and HFK’s organizational culture by using established frameworks and theories. In this way we took a point of departure in established theory, and then searched and progressed into unique specifications (Rasmussen, Østergaard & Beckmann, 2006, p. 49). The objective of our cultural analysis was to enlighten the reader about the differences between German cultural values and HFK’s underlying assumptions and values. Therefore, we adopted a theoretical stance and analyzed German culture through frameworks and models of Inglehart, Hofstede, Hall, Gesteland and Trompenaars. Additionally, HFK’s culture was analyzed through the cultural framework of Schein. By utilizing the deductive method on both the German and HFK’s culture, it was possible to combine the results into a holistic examination. This demonstrates that the deductive method was valuable in assessing, as well as situating HFK in a comprehensive and holistic context regarding the German market and culture.

In addition to the deductive method, we found it essential to employ the inductive approach in the second analysis. The inductive method is based on a belief in which one moves from the particular to the general. Hence, the inductive method could facilitate a concise and detailed analysis when trying to identify the most effective and rewarding cultural efforts HFK should pursue in the German market (Seale, 1998, p. 9). However, as we did not collect as large an amount of data from Germans directly as we had hoped, it was simply not possible to draw enough comprehensive recommendations on recruiting activities and intercultural behavior for HFK. Thus, we wanted to utilize the inductive method, as it would have enabled us to make a conclusion based on our gathered data from which new theory/recommendations could be constructed, but this was just not realistic due to limitations and challenges in our data collection.

Instead, the second analysis concerning recruitment strategies is also based on the deductive approach. Here, the analysis is based on theory, case studies and our collected data, in order to nuance and refine our final selection of concluding recommendations of strategic cultural activities.

Comparative Approach

Another research methodology employed in this project is the comparative approach, which was also utilized in the first cultural analysis. A study can be said to be comparative if: “(...) *one or more units in two or more societies, cultures or countries are compared in respect of the same concepts and concerning the systematic analysis of phenomena, usually with the intention of explaining them and generalizing from them*” (Hantrais & Mangen, 1996, pp. 1-2). With the comparison of German culture and HFK’s organizational culture, we aim at gaining awareness and a deeper understanding of social reality, by gathering data about the object of study within different cultural contexts. The difficulty of comparability involves the choice between similar and dissimilar units.

The process of comparing the similarities or differences is very much the same, as one presupposes the other. However, Lammers and Hickson (1979) argue that researchers often favor either the search for similarities or the search for differences (Hofstede, 2001, p. 26). The distinction between a focus on similarities and a focus on differences is discovered in the choice of analytic method and research strategy. Researchers who look for similarities look for the general, while the researchers who look for differences look for the specific (Hofstede, 2001, p. 27). Based on our hypothesis and deductive approach, we intend to disclose the differences between Danish and German culture, hence our research strategy is to illustrate the uniqueness of each culture i.e. specific (Hofstede, 2001, p. 27).

Trompenaars (1993) points out that: “*Without awareness of the nature of the differences between cultures, we tend to measure others against our own cultural standards. An early and sometimes painful lesson is that cultures have their own, perfectly consistent but different, logics*” (Guirdham, 1999, p. 76). The main idea here is that we are not able to know our own culture or ourselves without knowing something of other people’s culture. Hence, comparison of HFK’s culture and German culture is a must in order to avoid the development of an uncritical dependence on one way of thinking (Guirdham, 1999, p. 76). As researchers, we also take this point into consideration when analyzing our collected data as we hold Danish values, which influence our understanding and attitude towards German culture.

In summation, we seek to compare the culture of HFK to the German business culture based on the findings, in order to reach an objective understanding of the differences that could play a significant part in creating a favorable working environment.

Research Methods

Closely connected to research approaches are the methodologies quantitative and qualitative, as these tend to follow the approaches more or less. Science methodology involves using methods that appear best suited to the research problem. In this thesis we take a mixed methods approach, as we do not intend getting caught up in philosophical debates about which is the best approach (Research Approach, 2016, p. 4). We realize that every method has its limitations and that the different approaches can be complementary. Characterizing this approach is pragmatism, which holds the freedom to use any of the methods, techniques and procedures typically associated with quantitative or qualitative research (Research Approach, 2016, p. 11).

Most of this project is based on qualitative methods, as it constitutes a broad range of different ways of collecting data. A characteristic of these methods is that they are non-numerical, and focus on the significance that derives from the data instead of measuring it (Rasmussen et al., 2006, p. 93). Qualitative research offers the advantage of correlating theoretical assumptions and empirical material in a tighter way than when using standardized statistical methods, which is a characteristic of quantitative methods (Hantrais & Manger, 1996, p. 131). Qualitative researchers collect data in textual form on the basis of observation and interaction with the participants, for instance through participant observation, in-depth interviews and focus groups (Rasmussen et al., 2006, p. 93).

Both our primary and secondary data collected for this thesis are based on qualitative methods. The methods were chosen based on our overall purpose, which is to find out how HFK can create a favorable and empowering working environment in Hamburg in accordance with German culture and business values. As our method should support this purpose, the qualitative method was regarded as most applicable since its research process consists of communication followed by a subjective interpretation (Andersen, 2009, p. 27). The following will concern our usage of quantitative and qualitative methods through the perspective of our empirical data collection.

Data Collection

Several data sources exist, and some researchers use one method while others use multiple methods, for the purpose of “triangulation” of data from different sources (Research Approach, 2016, p. 15).

In this thesis, we have used multiple data sources as that provides increased reliability of data and stronger substantiation of constructs and propositions.

The answer to the problem formulation and sub-questions is based on both primary and secondary collected data. The primary data is collected partly through interviews with German experts and HFK management, and partly through written questionnaires given to the German electronics store employees and Danish HFK employees. The secondary data was collected through different newspaper articles, the HFK webpage and the HFK employer book from 2012. As the initial activities of our research began with the collection of secondary data, this is the area that we will reflect on first.

Our main focus in the beginning of the thesis process was to search for information that covered different aspects of our topic area, in order to get an overall understanding of the theories, problem areas and possibilities within the field of our research. Secondary data, such as professional and peer-reviewed articles about culture, recruitment, employer branding, and intercultural behavior and research were of particular interest, as these subjects concerned our preferred perspective on HFK's situation.

Our secondary data therefore consist of theoretical and peer-reviewed articles, which are considered trustworthy, as they are built on a solid academic basis, and are thus appropriate to apply to our analysis and further examination. Moreover, we collected data from the books written by our chosen theorists, which, just like peer-reviewed articles, are made on an academic basis and with the purpose of education. Additional secondary data was found in HFK's employer book, news articles and on online websites. This data has mainly been applied in the description of HFK and its current situation, as well as the analysis of Germany and its music scene. Some of the information found online was collected from solid news sites such as *the World Factbook*, *the Guardian*, *Berlingske Tidende* and others, as well as HFK's own website. We therefore assume that this information is reliable.

As HFK wishes to open stores in northern Germany, starting with Hamburg, we chose this as our specific market to study. Therefore the theories, reports and survey about Germany available online are not specifically concerning our research market. Hence, our analysis would have been

incomprehensive, unspecific, and misleading. It is therefore important that we make our own surveys in order to provide a holistic and specific study of the northern German culture. This moves us onto the primary data collection process and method, where we will first comment on our constructed questionnaires, followed by our completed interviews.

Questionnaires

In order to reach a closer depiction of respectively HFK and German work culture, we asked German employees in several electronics stores in Hamburg as well as Danish employees in different HFK stores about their work preferences through written questionnaires. The questionnaire contains 12 questions, in which the employees were asked to what degree they agree or disagree with different statements and perceptions of work life (App. 5). The questions were based on the dimensions of Hofstede, Trompenaars and Gesteland. The answers we received were important for the analysis of the culture of Germany and that of HFK, as we could study whether the chosen theories conform to reality or not.

In order to collect the primary data from HFK staff and German employees, we chose short written questions, which the employees could fill out quickly, so that they could continue with their work. The questions were pre-coded questions, also sometimes referred to as fixed-choice questions. These types of questions allow responses that are pre-specified, and that was convenient for us as we expected that the German employees would not have much time to answer, since we approached them during their work-time. As we are aware that this type of questions can be frustrating for respondents if their true feelings do not fit into the categories offered, we asked them to respond with a scale system (Seale, 1998, p. 131). Counting 1 to 5, with 5 representing strong agreement, and 1 representing low agreement with the statements or questions we asked (App. 5).

Quantitative methods value, as opposed to qualitative methods, the collection of larger amounts of hard data, where one gains knowledge on a manifest level of a wide and representative group of people. The data can be quantified and the results are generalized, and can tell us something about a larger population (Jysk Analyse, 2016). Although we measured the results of our collected questionnaires in order to examine what the Germans' and Danes' average response was to each question, we will not argue that it was a fully executed quantitative method. We used the principles of quantitative method in order to collect data that could tell us about a representative group e.g. hi-fi enthusiasts. But due to the limited amount of responses, we will not claim to have fully succeeded

in conducting quantitative methodology. However, the questionnaires worked well in the situation of obtaining quick replies from the Germans, and we consider them more valuable than having nothing. Therefore, the qualitative method in the form of interviews has been applied as a comprehensive supplement in the study of German and Danish employees' perceptions of work life.

Interviews

We have made interviews with four different experts in German culture and with Svend Erik Kristensen, and one with Hans Peter Reitveld, who is the head sales manager of all HFK stores in the Netherlands. Five of the interviews took place over the phone or face-to-face, and have all been recorded for further analysis and interpretation. Unfortunately, one of the German experts, Birgitte Høxbroe, did not have time for a personal meeting or a phone interview, which therefore resulted in an email interview. The interviews have given us the possibility of understanding new aspects of the cultural differences; aspects that we would otherwise not gain access to through our predefined questionnaires.

All the interviews were partially structured interviews with previously formulated questions, also based on theoretical cultural dimensions. This had the effect of creating an open conversation, but with a focused and structured dialog, in which the interviewees had the chance to answer with details and elaborate on each question (Kvale, 2007, p. 15). We asked the German experts to comment on the cultural differences that we had experienced ourselves in Hamburg, as well as on the literature that we had read, as it would not be enough to stick to the general literature about the typical German or Danish culture only.

There are several advantages to applying semi-structured interviews and some of them are that we were able to prepare the questions ahead of time by developing an interview guide and therefore appear experienced during the interview. Also, this interview technique meant that the interviewees had to answer in a certain order, but due to the open questions, they were still able to stray away from the interview guide and therefore had the possibility of expressing their opinions in their own terms. Hence, open-ended questions provide the opportunity for identifying new ways of seeing and understanding the topic (Cohen, 2006). Because open-ended questions may wander from the interview guide, we decided to record the interviews, as it can be difficult to focus on conducting an interview and take notes at the same time. If we had chosen this approach, we believe that the notes

would most likely have turned out poorly and could also have lessened the development of a good relationship between interviewer and interviewee.

Data Analysis

In order to analyze the cultures of HFK and of the Germans, we utilized several models and dimensions conducted by cultural theorists. These models provide an overall framework for how we look at reality. In short, they tell us what reality is and the fundamental elements it contains (Seale, 1998, p. 102). Models and theories instruct us to look at phenomena in particular ways, and therefore they can never be disproved but only found to be more or less useful (Seale, 1998, p. 103).

In this project, we intend to uncover German business culture, based on its national culture, and then compare it with HFK's corporate culture. The reason for studying both national and organizational culture is due to the fact that the types of cultures are interrelated. We consider the understanding of national culture as important because it is brought with people to work, and thus affecting their behavior, communication and interaction (Guirdham, 1999, p. 76). By investigating the German national culture, we can explain the German behavior at work, as we understand the underlying beliefs and values that German employees navigate by and take with them to work.

Furthermore, the various dimensions that we study, for instance power distance, uncertainty avoidance, low/high context, masculinity/femininity, organizational structure and more, are all founded on our chosen theorists and their dimensions and model research. The chosen theories, case studies and theorists concerning recruitment strategies and intercultural behavior also influenced the analysis process of our second examination. In this section of our thesis, we analyze the chosen models and opportunities in the case of HFK and review them to be more or less useful.

In the analysis of German culture, we also included the chosen theorists' findings and results. For example, the dimension scores from Hofstede's research were included to compare Danish and German national culture. Although this data was collected between 1967 and 1973, the Hofstede Centre argues, *"Since culture changes very slowly, the scores can be considered up to date"* (Hofstede Centre, 2016). We apply the dimension scores in our analysis, but only as supporting arguments, and do not refer to them as dominant evidence of cultural differences. The reason for this is, as mentioned, due to the fact that the theory, surveys and practical studies from diverse theorists such as Hofstede and Gesteland are all based on studies made on the complete Germany.

As we intent to study only the northern area of Germany, the data from these theorists is therefore not considered valid for our project. This leads to the next section in which we will elaborate on our chosen theories and theorists, and our interviewed German experts and HFK employees.

Theorists

The cultural theorists we chose for this project have different approaches, and our study therefore includes a broad spectrum of cultures. We find the chosen theories to be the most adequate for analyzing culture. The chosen theorists within cultural studies will be introduced in the following.

For national culture theory, we first apply Ronald Inglehart's modernization theory (1997), as it examines the degree to which internal cultural orientation is linked empirically with external social institutions. The empirical data used in this study is from the World Value Survey (WVS), which is the largest investigation ever conducted of attitudes, values, and beliefs around the world.

Secondly, Geert Hofstede's national culture theory has been applied, as it describes how culture influences the values of a workplace. The original model was developed between 1967 and 1973, and only proposed four dimensions, but has been redefined since and now contains six dimensions. However, we only use five dimensions in this project, as one dimension was not considered relevant in this thesis. The book, *Culture's Consequences* by Hofstede used in this project, is the second edition of his classic work, first published in 1981. The focus of the first edition was mainly on international differences in values, while the second edition has included differences in behavior, institutions and organizations. This edition is applicable to this project, as our purpose is to get a comprehensive image of the German culture by combining national and organizational culture analysis.

The difference between the theories of Inglehart and Hofstede is found in their understandings of where cultural differences occur. Whereas Hofstede investigates cultural differences between nations, Inglehart considers differences between types of societies. Also, Hofstede believes cultural change is a consequence of globalization, and Inglehart regards it as the transformation of one type of society into another.

Thirdly, Edward T. Hall's cross-cultural theory has been used in this thesis as it emphasizes that communication is the basis of cultural differences. Hall draws a distinction between high- and low-

context communication as a basis for differentiating cultures, which is an important and alternative way to approach culture, compared to Hofstede's and Ingehart approach.

We then examine theories belonging to cross-cultural business theory, as they focus on culture in business environments and its influence on business behavior. This works as a great addition to the theory of national culture. Within the theory of cross-cultural business behavior, we apply Richard Gesteland's five patterns of cross-cultural business behavior. The German patterns, which he highlights, are general and overall tendencies in German business behavior. Opposite Gesteland, whose studies include all of Germany, Hall's research is only based on inhabitants of industrialized areas of the mid-north such as Frankfurt, Dusseldorf, Koln, Stuttgart and Hamburg (Hall, 1990, p. 34). This means that Hall's results are more relevant and accurate for our project, compared with Gesteland's results, since our study takes place in the Hamburg.

Supplementary to Gesteland's theory is Fons Trompenaars' model of organizational culture differences. His model concerns different types of corporate structures and represents different types of cultures. This is relevant to HFK as the model illustrates the different cultures' preference of particular management style and structure in an organization. Lastly, organizations also develop independent cultures, which differentiate them from each other. Therefore, we have applied Edgar Schein's organizational culture model to uncover HFK's internal culture, as the model aims at making culture more visible within an organization.

The theories combined provide a coherent and comprehensive analysis to draw conclusions from. It has been necessary to include several theorists and their most important theories of cultural studies, in order to identify the northern German culture and business values as well as the culture of HFK.

Interviewees

The first expert whom we interviewed was Dr. phil. Erla Hallsteinsdóttir. Erla is a project manager at the SMiK-project. She works as a language and cultural researcher with focus on especially stereotypes, language didactics and intercultural communication (SMiK, 2016). Additionally, Erla has extensive experience with language, cultural comparison and implementation of surveys. Her linguistic-cultural status also represents a methodological advantage, due to her Icelandic background. She is therefore impartial and sees both the Danish and German culture with objective glasses. Furthermore, she masters both Danish and German at a native speaker level (SMiK, 2016).

Next, we have interviewed Janine Leschke, who is an associate professor at the Department of Business and Politics at Copenhagen Business School. Janine is considered a relevant expert, as she is a native German who now resides in Denmark. Furthermore, she holds a PhD in Political Science from Free University of Berlin, and her research interests include EU labor market, social policy and comparative welfare state analysis (CBS, 2016).

Our third expert, Wolfgang Schmutz, is a German business consultant with a focus on establishment in Germany. He works at the Trade and Industry Company Flensburg/Schleswig WiREG, which is a public company that supports businesses in their growth activities in the region of Flensburg (Business-Tyskland, 2016). He is married to his Danish wife, and therefore speaks both German and Danish fluently.

The fourth and final expert, whom we have interviewed, is Birgitte Høxbroe. Birgitte is employed by Capacent People in Denmark, where she works with outplacement and is a career advisor. She has previously been associated with Capacent People's German Abora partner as a senior consultant for ten years. Furthermore, she has thirteen years of experience as a management and HR consultant and in Germany she has worked as a lecturer at a prestigious International Business School for seven years. Besides her deep understanding of business-related themes, Birgitte has a broad international experience and intercultural competence from studying and working abroad, including Germany (Capacent, 2016).

Thus, the professions and personal backgrounds of our four experts are very different from each other, but they are all considered to be highly relevant for this thesis, as they contribute with great and extremely valuable knowledge. Their experiences with the German and Danish culture, both personally and professionally, make them relatively objective towards each culture. Hence, their knowledge and way of approaching the topic make them experts within this field and are valid sources for this thesis. They have contributed to new knowledge and deeper understanding of some of the cultural differences that exist between Germany and Denmark. Furthermore, they have supplemented our questionnaires, and thus making our results more valid.

In relation to this, we have also, as mentioned earlier, interviewed the management of HFK, more specifically Svend Erik and Hans Peter. Following our personal meeting with Svend Erik at the

headquarters in Lystrup, we have made a telephone and e-mail interview with him. The purpose was to clarify and elaborate on HFK's current situation and what thoughts and considerations the management had in regard to the expansion to Hamburg. The interviews have been very beneficial, as we have gained some insights of, among others, how the company has decided to recruit its German employees, its considerations regarding cultural differences and how the company prospects its future in Hamburg. Additionally, our interview with Hans Peter served the purpose of gaining insights of how HFK expanded its stores in the Netherlands, and what difficulties, if any, they experienced.

Validity

The methodology section is important for the validity of our project, as it is the part where we justify the collected data, clarify the analysis process and highlight some of the limitations of the data. The aim of this project is to conduct results and recommendations that are objective and simultaneously extremely relevant for HFK to be able to apply in practice. Hence, the validity section is vital for the discussion and evaluation of our final results.

One of the problems with studies concerning cross-cultural differences based on values and attitudes is that it is difficult to show that the differences in values or attitudes are directly linked to behavioral outcomes such as managerial performance (App. 4). Another problem is the relationship between culture and personality, meaning the group and the individual. Conducting generalizing lists of cultures is therefore difficult and is considered a limited approach in which individual characteristics are excluded or ignored.

Another issue that arises is the availability of and access to data for comparison of two cultures. Differences in the amount of information that can be assembled may invalidate comparisons or make them extremely difficult. When comparing the culture of HFK and that of Germany, it can be said that the data was collected and analyzed according to very different methods, models and theories, which reduced the comparability of the data (Hantrais & Mangen, 1996, p. 8). Despite some difficulties in collecting material, we managed to base most of our cultural analysis on primary collected data through interviews and written questionnaires. However, the German cultural analysis is based on more primary data than the analysis of HFK's organizational culture.

One of the challenges we encountered underway concerns the language barriers. The original questionnaire was written in English. As we became aware of the Germans' limited English skills, we saw it necessary to have our questions translated into German so that we could prevent any misunderstandings from happening. Although some German employees know English perfectly well, we still did not want to exclude any people due to the language. Unfortunately, we do not master the German language ourselves, neither orally nor in writing, and we therefore had a German relative to translate it from English into German. We are aware of the risk of translation, as specific meanings may be lost in the process of translating. However, based on the replies from the German employees it does not seem that there were any questions that they did not understand correctly.

Additionally, the interviews with Svend Erik and our German experts took place in Danish, and we therefore also had to translate the quotes in our thesis when referring to their comments. Here we are also aware of the risks of translation, as it is difficult to translate the exact meaning and definition from one language into another.

When we went to Hamburg, we approached the German employees in the stores. Since this kind of questionnaire took place face-to-face, we therefore had the opportunity to make sure that the respondents fully understood the questions. However, a disadvantage of this method is that it does not allow new questions to be asked along the way, and the structured response categories can also reduce the degrees of responses and, thus, one can lose informative data. Furthermore, since the respondents had to fill in the questions in the store it might have affected the answers, as their manager may have been present and they therefore could not be completely honest in their answers.

A good example of a situation like this took place in the Vodafone store, in which we interviewed two employees. One of the employees was a salesman and the other was in fact his manager. One could tell right away that there was a certain hierarchical division between the two employees and, thus, we could argue that it represented a typical German management style. We have kept in mind that when analyzing the answers from the questionnaire the hierarchical working environment and division of employees may for that reason have affected the answers.

Moreover, during our trip to Hamburg we continually faced another challenge, which was to get enough respondents to participate in our questionnaire. Several stores refused to participate, despite the fact that we had already scheduled a short meeting with them beforehand. We believe that the language barriers play a big part, as some Germans seemed overwhelmed when we approached them in English. Even though we did not get as many respondents to participate as we had hoped to, we did, nevertheless, get nine respondents to participate, and we consider them to be relatively representative.

There were also risks of limitations when we collected our second-hand information. The analysis of HFK's culture is mostly based on second-hand information provided by HFK. Therefore, we have been heavily reliant on data and information provided by HFK. This reliance can be a limitation regarding the objectiveness of our study, as there may be a risk of biased results. However, we believe to have minimized this risk by visiting several HFK stores in Copenhagen in order to create our own image of the HFK employees and culture.

In regard of HFK's culture, it is important to stress that even though we have used qualitative data for this, it is not possible for outsiders to say anything definite about HFK's culture and identity, as we are external analysts, and not part of the culture. Yet, we have used qualitative methods when we did the cultural analysis. We based these on materials such as HFK's employer book, vision and mission statements. We also used the qualitative method when we went to the HFK stores and observed and asked questions to the employees.

To conclude, we faced several limitations in our study. Early on in our research process we experienced some limitations, and by recognizing and describing these, we have therefore been familiar with potential weaknesses along the way. This has influenced our further study, as we have aimed at gathering enough data, including interviews, questionnaire and second-hand data, in order to supplement results and make these representative and valid. Hence, we are aware of in what ways the limitations may have impacted the results and conclusion.

Cultural Analysis

In order to identify the German culture and business values, it is necessary to include the most prominent theorists of cultural studies. We will apply their findings, models, and theories in order to discover how the German culture and business values correspond with the culture of HFK. But first, we must summarize the essential points of each theorist, starting with Inglehart, Hofstede and Hall, representing the national culture theories. Secondly, the theories of Gesteland and Trompenaars will be included as cross-cultural business behavior theory. Finally Schein, representing internal organizational culture theory, will be used to identify HFK's culture.

National Culture Theory

Inglehart

A relevant theorist to begin with is Ronald Inglehart (1997) and his modernization theory, as it examines some fundamental reasons for changes and development of culture in societies. A central idea of modernization theory is that economic development has systematic, and to some extent, predictable cultural consequences (Inglehart & Baker, 2000, p. 21). Inglehart defines culture as: “(...) a system of attitudes, values, and knowledge that is widely shared within a society and is transmitted from generation to generation” (Inglehart, 1997, p. 15). By this definition, culture is referring to the subjective aspects of a society's institutions, and these are learned and vary from one society to another. Inglehart's study examines the degree to which internal cultural orientation is linked empirically with external social institutions (Inglehart, 1997, p. 15). The empirical data utilized in his study is from the WVS, which is the largest investigation ever conducted of attitudes, values, and beliefs around the world (Inglehart & Baker, 2000, p. 23).

Inglehart found consistent cross-cultural differences when analyzing the collected nation-level data (Inglehart, 2000, p. 82). He found two major dimensions of cross-cultural variation in the world, which showed the differences between worldviews of people from high- and low-income societies, regarding a wide range of political, social, and religious norms and beliefs. These two dimensions are *traditional values* vs. *secular-rational values* and *survival values* vs. *self-expression values* (Inglehart, 2000, p. 83).

Traditional/Secular-rational Dimension

In the traditional/secular-rational dimension, the contrast between societies is divided by preindustrial and postindustrial values. This dimension taps a range of concerns such as the importance of religion, family ties, avoidance of political conflict, emphasis on harmony over confrontation, as well as respect for authority (Inglehart, 2000, p. 83). Traditional refer to the common characteristics that preindustrial societies share. The identified traditional values belonging to preindustrial societies, involve emphasis on religion, absolute standards and traditional family values, such as the favor of large families, a rejection of divorce, and a pro-life stance on abortion and suicide (Inglehart, 2000, p. 83). Moreover, these societies prefer social conformity to individualistic achievement, favor harmony rather than open political conflict, and support deference to authority.

Although it is an oversimplification to assume that all preindustrial societies share the same values, Inglehart argues that the mainstream version of preindustrial societies can be regarded in contrast to the cultural characteristics of the industrial societies (Inglehart & Baker, 2000, p. 24). Advanced industrial societies that hold secular-rational values are proved to include the opposite characteristics and preferences to the above mentioned matters (Inglehart, 2000, p. 83).

Survival/Self-expression Dimension

The survival/self-expression dimension's main factor involves the division between materialist and post materialist values. Evidence suggests that these values tap an intergenerational shift from focus on economic and physical security toward a bigger focus on self-expression, subjective well being, and quality of life (Inglehart, 2000, p. 84). These values also characterize postindustrial societies, as a cultural shift like this is found throughout forward-thinking industrial societies (Inglehart, 2000, p. 84). In the industrial societies, the self-expression values include, among others, an increasing emphasis on environmental protection and the women's movement. Furthermore, a growing demand for participation in decision making in both economic and political life also represents the postindustrial values (Inglehart, 2000, p. 84). In fact, almost all advanced industrial societies have incorporated these values over the past twenty-five years.

In contrast, it has been reported that a relatively low level of subjective well being, a relatively poor health, and a focus on materialistic values are seen amongst societies that emphasize survival values (Inglehart, 2000, p. 84). Additionally, these societies show a low interpersonal trust and a low

support of gender equality. Moreover, they favor authoritarian governments and are relatively intolerant toward out-groups (Inglehart, 2000, p. 84). Societies in which there is an emphasis on self-expression values are more likely to be stable democracies than those societies that emphasize survival values (Inglehart, 2000, p. 84).

In sum, Inglehart argues that economic development, cultural change, and political change turn together in coherent patterns. More specifically, it appears that economic development brings steady cultural changes, resulting in the public becoming more likely in wanting democratic institutions and to be supportive of them (Inglehart, 2000, p. 95). However, wealth alone does not automatically bring democracy, although rich societies are more likely to be democratic than poor ones. It is the specific process of modernization that tends to bring cultural changes in favor of democracy (Inglehart, 2000, p. 96). Inglehart suggests that culture plays a bigger role than what has previously been indicated. Hence, democracy cannot simply be achieved by making institutional changes, as its existence depends on the values and beliefs of the average citizens (Inglehart, 2000, p. 96).

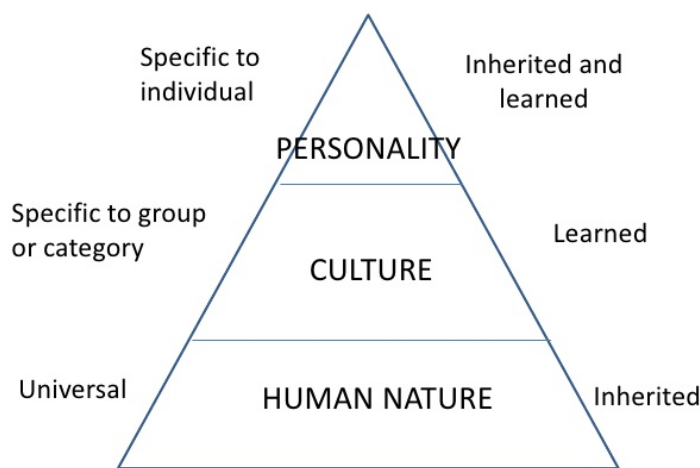
Hofstede

Before going into detail with the national culture theory of Hofstede, it is important to understand some of his underlying ideas and use of terms. We will shortly summarize his measurement of mental programs within people in general, and his definition of values and culture, as these are fundamental factors in Hofstede's theory, and therefore necessary to keep in mind when utilizing this theory in practice.

Geert Hofstede (2001) argues in his book, *Culture's Consequences* that people develop "mental programs" in early childhood, and that these are reinforced through schools and organizations. The programs contain components of national culture, and are clearly expressed in a country's different predominate values. Hofstede distinguishes between three levels in mental programs, as a person's mental programming is partly unique and partly shared with others (Hofstede, 2001, p. 2).

The most basic level, and least unique one, is the *universal* level. This level of mental programming is shared by almost all humans as it is the biological operating system and includes expressive behaviors as laughing and crying or associative and aggressive behavior.

The second level is the *collective*, which is shared by some but not all, and is often seen in certain groups or categories. This includes, for instance, a shared language, physical distance preference, the way general human activities are perceived, ceremonials, or attitude towards the elders (Hofstede, 2001, p. 2). The last level of human programming is the *individual*. This is the level of individual personality where no two people are programmed exactly alike.



Three levels of uniqueness in human mental programming

(Three levels of Human Mental Programming, Hofstede, 2001, p. 3)

The mental programs of humans can either be transferred in the genes, or they can be learned after birth (Hofstede, 2001, p. 2). It is the middle collective level where most of the mental programming is learned, and also the level that represents cultural artifacts the most. Learning through the transfer of collective mental programs is an ongoing process through life, but most of the fundamental facts of life are learned at a very young age (Hofstede, 2001, p. 4).

Knowing that people hold these different types of mental programs leads us to the next phase, namely how these mental programs are measured; said in another way, how we can observe and identify them. The key terms used by Hofstede to describe mental programs are *values* and *culture* (Hofstede, 2001, p. 5). In his book, Hofstede suggests a simplified version to use as the overall definition of culture: “*The collective programming of the mind that distinguishes the members of one group or category of people from another*” (Hofstede, 2001, p. 9). In this definition of culture, he combines culture and values, as the systems of values become a core element of culture

(Hofstede, 2001, p. 10). In his following theory, Hofstede seeks to discover the mental programs or value systems belonging to a nation, by identifying five dimensions of culture.

Between 1967 and 1973 Hofstede conducted one of the most comprehensive studies in discovering how values in a workplace are influenced by culture (Hofstede, 2001, p. 34). The study of the five dimensions is based on a large research project, founded on samples of IBM business employees across more than 50 countries. The study identified five independent dimensions of national culture differences, which each country could be positioned within (Hofstede, 2001, p. 29). The dimensions have been statistically validated as distinct and can occur in all possible combinations, though some are more frequent than others. Each dimension distinguishes countries, rather than individuals, from each other, as each country represents independent preferences for one state of affairs over another (Hofstede, 2001, p. 29). The dimensions are as follows:

Power Distance:

The first of the five dimensions of national culture is called power distance. It involves human inequality, which occurs in prestige, wealth, and power, and countries value the status of these areas differently (Hofstede, 2001, p. 79). The inequality lies in the degree to which less powerful members of a society accept or reject the fact that power is distributed unequally (Hofstede, 2001, p. 83). In a low power distance society, people demand justification for inequalities of power and strive to equalize the distribution of power (Hofstede, 2001, p. 118). A society with a high level of power distance is characterized by the underlying belief that everybody has a place, which needs no further justification.

Uncertainty Avoidance:

The second dimension of national culture is uncertainty avoidance. Uncertainty about the future is a basic fact of human life, and this dimension involves how a society deals with the fact that the future can never be known (Hofstede, 2001, p. 145). To what degree do the members of a society feel uncomfortable with uncertainty and ambiguity, i.e. do they try to control the future or just let it happen? Societies have adapted to uncertainty in different ways, and it is not only between traditional and modern societies, but also among modern societies (Hofstede, 2001, p. 146). Countries with strong uncertainty avoidance fear of things foreign, need clarity and structure, and are more resistant to changes (Hofstede, 2001, p. 161). Weak uncertainty avoidance countries maintain a more relaxed attitude, practice counts more than principles, and people are more likely to trust others who are different (Hofstede, 2001, p. 160).

Individualism and Collectivism: (App. 6)

The third dimension of national culture regards individualism opposed to collectivism. It reflects the way people live together, and how the relationship between the individual and collectivity is in a given society (Hofstede, 2001, p. 209). An independent social framework characterizes a society with high individualism, and individuals are expected to take care of themselves and their closest family only (Hofstede, 2001, p. 225). Some cultures see individualism as a source of well being, while others see it as alienating (Hofstede, 2001, p. 209). Collectivism shows a preference for a framework in society, in which unquestioning loyalty is given in exchange for relatives or members of a particular in-group to look after each other (Hofstede, 2001, p. 227). Depending on the country's position on this dimension, people are either "I" or "we" conscious (Hofstede, 2001, p. 227).

Masculinity and Femininity:

The fourth dimension involves what is considered feminine and masculine, and how societies cope with the duality of genders (Hofstede, 2001, p. 279). Where women attach importance with social goals, relationships, and helping others, men attach importance to ego goals, careers, and money (Hofstede, 2001, p. 179). Strong masculine societies are generally more competitive and express preference for achievement, heroism, assertiveness, and material rewards for success. Feminine societies are more consensus-oriented, and show preference for cooperation, modesty, caring for the weak, and quality of life (Hofstede, 2001, p. 298).

Long- versus Short-term Orientation: (App. 7)

The fifth dimension involves the perspective of the past, present and future, which a society prioritizes. Long-term oriented societies encourage perseverance and thrift as a way to prepare for the future (Hofstede, 2001, p. 359). In contrast, short-term oriented societies prefer to maintain traditions, norms and fulfilling social obligations, while being suspicious towards societal change (Hofstede, 2001, p. 360).

Hall

We will now move on to another perspective of culture that differs from the perspective of Hofstede. While Hofstede's theory gave us one definition of culture that was based on psychological factors such as values, another approach to cultural differences is based on communication (Guirdham, 1999, p. 47). Edward T. Hall comes out of a communication tradition.

Hence, he places communication at the center of cultural differentiation. He uses communication styles to provide a taxonomic approach to analyze cultures (Guirdham, 1999, p. 60).

Hall divides the world of communication into three parts, *words*, *material things*, and *behavior*. Words are the medium of business; material things are indicators of status and power, and behavior provides feedback on how other people feel and how to avoid confrontation (Hall, 1990, p. 3). The study of these three parts of communication provides a complete spectrum on human behavior, which exists outside the range of people's conscious awareness. Hall calls this the "silent language", and argues that it provides insights into the underlying principles of culture that shape people's lives (Hall, 1990, p. 3). Realizing and understanding these underlying principles are essential when communicating between cultures, and Hall offers three conceptual tools to help decipher the complex and unspoken rules of each culture (Hall, 1990, p. 4). The concepts will be described in the following.

High- and Low-Context

Context is the information surrounding an event, and it is closely bound with the meaning of the event (Hall, 1990, p. 6). Hall draws a distinction between high- and low-context communication as a basis for differentiating cultures. Although no cultures are exclusively at one end of the scale, some nation cultures are higher while others are lower (Hall, 1989, p. 91).

Hall defines a high-context communication or message as: "*(...) one in which most of the information is either in the physical context or internalized in the person, while very little is in the coded, explicit, transmitted part of the message*" (Hall, 1989, p. 91). This means that in high-context cultures people rely heavily on the overall situation and less on the explicitly spoken to interpret messages. People of this culture tend to adopt a role-oriented style, where the social role is emphasized, and the type of communication used depends on the relationship and status difference between the context actors (Guirdham, 1999, p. 60).

Low-context communication is the exact opposite, where cultures rely more on the explicit verbal content of messages, which Hall defines as: "*(...) the mass of the information is vested in the explicit code*" (Hall, 1989, p. 91). People of this culture tend to use a personal style, which emphasizes personal identity over social position (Guirdham, 1999, p. 61). This creates a less

formal and often more intimate setting as the role of relationships and status differences are less important.

Monochronic and Polychronic Time

As humans have evolved, an internal biological clock has also developed based on the cycles of day, night, and seasons. From the beginning, humans were tied to growing seasons and dependent on forces and rhythms of nature (Hall, 1990, p. 13). Based on this, Hall identifies two time systems that have evolved, *monochronic* and *polychronic* time.

The monochronic time is characterized as doing only one thing at a time. Time is experienced and used in a linear way, where careful planning and scheduling of time is the common approach to getting things done. The schedule can even become a priority above all else and be treated as sacred and unalterable (Hall, 1990, p. 13). People of the monochronic system talk of time as something almost physical, as time can be “spent”, “saved”, or “lost”. As time becomes a classification system for ordering life and setting priorities, conflict and relationship can be intensified if people do not priorities the expected or equal time for others (Hall, 1990, p. 14).

Polychronic time is characterized by a great involvement in people, and a simultaneous occurrence of many things (Hall, 1990, p. 14). Human interaction is valued higher than schedule and material things, leading to a less tangible experience of time.

Space

Every human has an invisible boundary or concern about space in many situations, varying from personal body space to parking space. Some people need more space than others, and each individual's territoriality is highly dependent and strongly influenced by culture (Hall, 1990, p. 10). People with a high territoriality also have greater concern for ownership and they tend to belong to low-context cultures. In contrast, people with lower territoriality and ownership feeling tend to belong to the high-context cultures (Hall, 1990, p. 11).

Cross-Culture Business Behavior Theory

After the description of national culture theories, we now move on to theories that focus on culture in business environments and their influence on business behavior. Although national culture is closely connected and to some extent interrelated with business culture, the theories seem to differ and undercover different aspects of culture. Hence, cross-cultural business behavior theory is relevant to supplement the theory of national culture within this thesis.

Gesteland

Richard Gesteland defines business culture as a unique set of expectations and assumptions about how to do business (Gesteland, 2012, p. 21). The theory of Gesteland contains five patterns of cross-cultural business behavior. These patterns are based on carefully observed cultural tendencies and describe similarities and differences in international business behavior. The identified patterns work as guidance for the managers to understand their own expectations and assumptions, as well as their international customers, suppliers, colleagues, and contracts (Gesteland, 2012, p. 21). The patterns of cross-cultural business behavior will now be examined.

Deal-Focused vs. Relationship-Focused Business Behavior

Knowing the differences between relationship-focused (RF) and deal-focused (DF) business behavior has a great impact on the success of managing internationally (Gesteland, 2012, p. 25). RF cultures tend to be more people oriented compared to the DF cultures that are fundamentally more task oriented (Gesteland, 2012, p. 23). The RF people often find the DF types pushy, aggressive and offensively blunt due to their continuing focus on business.

The majority of the world's markets are RF, and DF cultures are found primarily in societies of northern Europe, northern America and Australia (Gesteland, 2012, p. 25). The RF and DF cultures affect the way people do business from the beginning to the end, and therefore it is crucial to approach potential customers or partners according to their underlying DF or RF culture. For instance, the DF people rely primarily on written agreements in order to prevent misunderstandings and solve problems, whereas RF people can see written contracts as a sign of distrust and disinterest in the personal relationship (Gesteland, 2012, p. 36).

Direct (low-context) vs. Indirect (high-context) Communication

Direct and indirect language is closely connected with the RF and DF culture. People from the DF business cultures tend to use direct language while people from RF cultures more often practice indirect or vague language (Gesteland, 2012, p. 23). The difference in the use of language causes

misunderstandings and is therefore important to keep in mind when communicating with someone belonging to another type than your own.

The observed patterns of direct and indirect language by Gesteland are also defined by Hall, as previously mentioned, by the terms high-context and low-context communication. The connection between the terms lies in the fact that one must either understand the context surrounding the words or the words directly, in order to realize what is meant (Gesteland, 2012, p. 45). RF cultures communicate politely to maintain harmony, and the meaning of what they say is often found in the context surrounding the words rather than in the words themselves, which is the characteristic of high-context communication. In contrast, DF cultures communicate explicitly and the meaning is contained in the words themselves. This is characterized as low-context since the listener is able to understand the meaning of what is being said at a business meeting, without referring much to the context (Gesteland, 2012, p. 45).

Informal (egalitarian) vs. Formal (hierarchical) Business Behavior

Informal cultures, belonging to egalitarian societies, can often offend people from a more formal culture, belonging to hierarchical societies (Gesteland, 2012, p. 23). Formality concerns expectations and assumptions regarding status, hierarchies, power and respect. Informal cultures value status equality, whereas formal cultures value status differences and hierarchies (Gesteland, 2012, p. 52). Nordic countries belong to the egalitarian culture, and the rest of Europe, including Germany, belong to the hierarchical culture and therefore value status differences and formalities higher (Gesteland, 2012, p. 53).

Rigid-time (monochronic) vs. Fluid-time (polychronic) Cultures

Conflicts often arise due to cultures' different approaches to time. While some cultures seem to worship time, others are more relaxed about time and scheduling (Gesteland, 2012, p. 24). Rigid-time cultures see the people of fluid-time cultures as lazy, undisciplined and rude, while the fluid-time cultures regard the others as arrogant martinets, enslaved by clocks and arbitrary deadlines. Again, it was Hall who defined the terms monochronic and polychronic, which Gesteland was inspired by in his investigations (Gesteland, 2012, p. 63).

Trompenaars

The main concern in Fons Trompenaars' theory is cultural differences, and how they affect management and the process of doing business. He argues that cultural preferences, which can be identified in the theory or the dimensions of Hofstede, Gesteland and Hall, influence the models or

structures of organizations (Trompenaars & Hampden-Turner, 2012, p. 193). The structure of an organization is shaped by the cultural preferences of leaders and employees in the particular country.

Trompenaars explores four categorical types of corporate culture that varies in how employees think and learn, how they change, motivate, reward, and resolve conflicts (Trompenaars & Hampden-Turner, 2012, p. 194). Each type represents an ideal organizational structure, and they are therefore important in discovering how different national cultures determine which type of corporate culture they prefer. The four categorical types of corporate culture are *family*, *eiffel tower*, *guided missile*, and *incubator*, and they are described in the following.

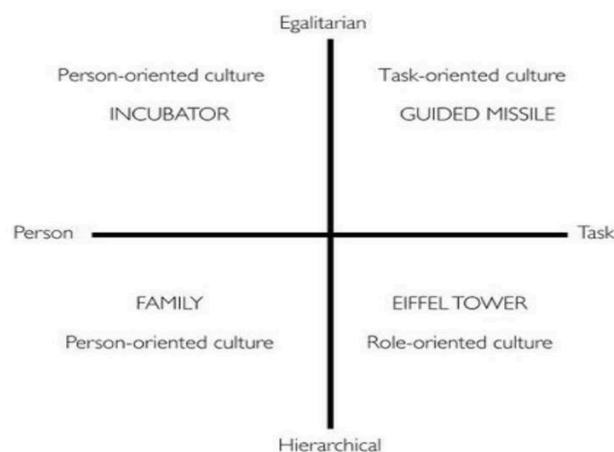


Figure 11.1. Corporate Images

(Trompenaars & Hampden-Turner, 2012, p. 195).

The Family Culture

The type of culture characterizing this type of organizational structure is power-oriented, meaning that the leader is regarded as a caring father who knows better than his subordinates (Trompenaars & Hampden-Turner, 2012, p. 196). The metaphor of family is used because the atmosphere within this type of organization in many ways mimics a home. The relationship to the corporation is long-term and devoted, and the idea is always to do more than a contract or agreement obliges one to do (Trompenaars & Hampden-Turner, 2012, p. 196). Family cultures tend to be high-context cultures, as internal jokes, traditions, and costumes increase the feeling of belonging, which is the preferable environment of such culture.

The Eiffel Tower Culture

This type of culture is built around a bureaucratic division of labor with roles and functions that are prescribed in advance (Trompenaars & Hampden-Turner, 2012, p. 204). The Eiffel Tower in Paris

symbolizes this culture because it is steep, symmetrical, and narrow at the top and broad at the bottom. The role and function at each level in the hierarchy are clearly defined and hold together the levels beneath it. Status is ascribed to the role in the company, and the boss is therefore only powerful because the rules sanction that person to act (Trompenaars & Hampden-Turner, 2012, p. 205). The organization of this culture is role-oriented where employees tend to get nervous in the absence of order and predictability, and obligation is a feeling within the employees and their tasks, and not an obligation towards another individual.

The Guided Missile Culture

This culture is more egalitarian than the previous two types mentioned, but it is also impersonal and task oriented. The guided missile culture focuses a lot on reaching a target or completing a task, but the process is not fixed in advance (Trompenaars & Hampden-Turner, 2012, p. 212). As it allows a wide variety of different specialized people to work with each other on a temporary basis, this culture tends to be individualistic, and people avoid getting to know each other closely (Trompenaars & Hampden-Turner, 2012, p. 214).

The Incubator Culture

The underlying belief of this type of culture is that organizations are secondary to the fulfillment of individuals (Trompenaars & Hampden-Turner, 2012, p. 214). Organizations are only there to serve as tools for self-expression and self-fulfillment, as the purpose is to free individuals from routine activities, in order to become more creative and minimize time spent on self-maintenance. This culture is both personal and egalitarian as there are no structures at all, but people are there to confirm, criticize, develop, find resources for, and help completing the innovative product or service (Trompenaars & Hampden-Turner, 2012, p. 215).

Organizational Culture Theory

Until now, the main focus of the theories has been to investigate and outline national and business cultural differences across countries. However, organizations also develop independent cultures, which differentiate organizations from each other. The following theory will concentrate on organizational culture only and how to identify it, and it is therefore neutral to national or cross-cultural influences.

Schein

In his book *Organizational culture and leadership*, Edgar Schein emphasizes that understanding culture at any level involves some understanding of all of the levels (Schein, 2010, p. 5). According to Schein, the concept of organizational culture is important because culture is an abstraction, but the forces that are created in social and organizational settings originating from culture are powerful. As he explains, we risk becoming victims to these forces if we do not understand the operation of them (Schein, 2010, p. 7).

The most interesting feature of culture is that it leads to phenomena that are below the surface and influential in their impact but hidden and, to a significant degree, unconscious (Schein, 2010, p. 14). In other words, culture is to a group what personality or character is to an individual (Schein, 2010, p. 14). Schein argues that we must avoid the superficial models of culture and form on the greater and more compound anthropological models. Such models assign to a broad variety of observable measures and underlying forces (Schein, 2010, p. 14).

It is known that if there has been sufficient history and shared experience; even large organizations can have a shared culture. Moreover, it has been proven that culture and leadership are very closely related and if leaders do not become aware of the cultures, in which they are surrounded, those cultures will manage them. Thus, it is necessary for everyone to achieve cultural understanding, but crucial to leaders if they want to lead (Schein, 2010, p. 22).

In defining what organizational culture actually is, Schein offers an important contribution, as he divides organizational culture into three levels; the level of *artifacts*, the level of *espoused beliefs and values*, and the level of *basic underlying assumptions* (Schein, 2010, p. 23). Therefore, culture can be analyzed at different levels to which the cultural phenomenon is visible to the observer. These levels range from the very explicit signs that one can see and feel, to the basic assumptions

that are deeply implanted and unconscious and are the essence of culture (Schein, 2010, p. 23). In between these layers, different espoused beliefs, values, and norms of behavior exist.

Artifacts

The level of artifacts is seen at the surface and involves everything one can see, hear, and feel when meeting a new group with a new culture. Artifacts include a group's visible products such as its language, physical environment, emotional displays, and manners of address (Schein, 2010, p. 23). Despite that the level of artifacts is easy to observe, it is very difficult to decode. This is due to the fact that observers can explain what they see and feel, but cannot tell what those things mean in the given group. If the observer wishes to achieve an understanding of the level of artifacts quickly, he or she must speak to insiders in order to analyze the espoused values and norms in which their behavior is based upon. This leads to the next level of Schein's model.

Espoused Beliefs and Values

When analyzing espoused beliefs and values one must carefully distinguish among those that are consistent with the underlying assumptions, those that are part of the organization's ideology, and those that are rationalizations or just hopes for the future (Schein, 2010, p. 25). With espoused beliefs and values, behavior is often not explained, which makes the observer feel that he or she understands some of the culture, but far from it all. Hence, the level of basic assumptions needs to be analyzed in order to decode the patterns, and to give a correct prediction of the future behavior (Schein, 2010, p. 25).

Basic Underlying Assumptions

Basic assumptions are the deeply fixed and taken for granted behaviors, which are normally unconscious but reflect the shared values within the specific culture (Schein, 2010, p. 32). Such assumptions determine behavior, perceptions, thoughts, and feelings and are usually deeply integrated in the work dynamic, making them hard to identify from within. Schein has argued that within a social group one will not find much variation because basic assumptions have become taken for granted (Schein, 2010, p. 32).

So, if one does not decode the patterns of basic assumptions that may be functioning, an observer will simply not be able to know how to interpret the artifacts properly or how much credit the espoused values should be given. Thus, the basic underlying assumptions contain the core of a culture, and once those are understood one is able to understand the other more superficial levels in a correct way (Schein, 2010, p. 32).



Culture is the embedded norms we navigate by. Thus, culture is what runs through the entire company and will determine how employees and managers behave in different situations. Therefore, the organizational culture can be the determining factor between success and failure in an organization (Schein, 2010, p. 22).

Analysis

We will now identify the characteristics of German business culture based on an analysis of the national culture theories, such as Inglehart's two dimensions, Hofstede's five dimensions and Hall's high- and low-context and time concepts. Supplementary to the national theories, the cross-cultural business behavior theories by Trompenaars and Gesteland will be applied in order to unite national and business values and beliefs. Subsequently, we will utilize Schein's theory to conduct an organizational analysis of HFK, in order to discover and outline its culture. Later, a comparison of the culture of HFK and Germany will be conducted, in order to conclude how the culture of HFK aligns or not with the preferences and values of German employees.

German Culture

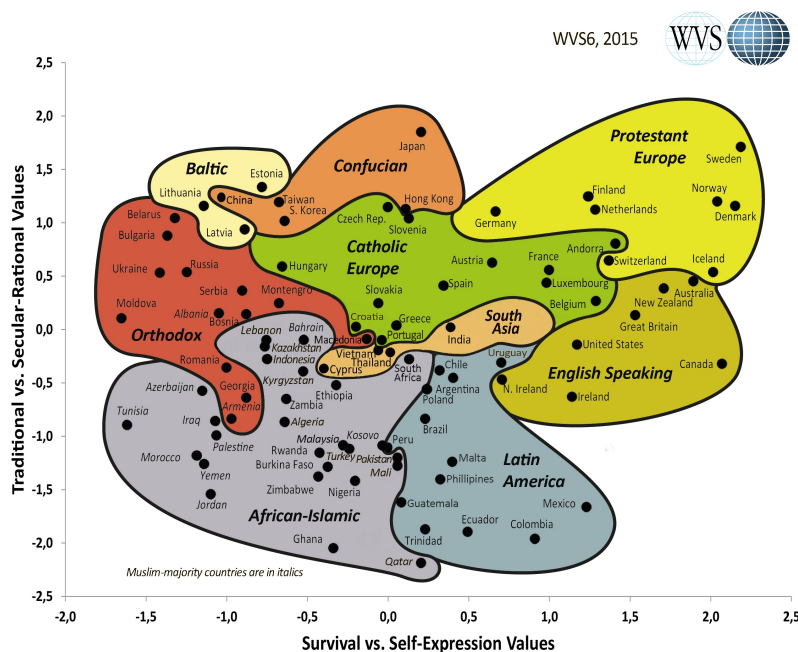
When analyzing Germany through the theory of Inglehart, it is important to note that Hamburg will be referred to as western Germany, instead of (northern) Germany, in this section only.

According to Inglehart, a society's culture is shaped by its entire economic and historical heritage (Inglehart & Baker, 2000, p. 32). In regard to economic development, Inglehart claims that the percentage of employed in the industrial and service sectors has a huge impact on the traditional/secular-rational values and survival/self-expression values (Inglehart & Baker, 2000, p. 30). The people of societies that are poor and with high percentages working in the agrarian sector tend to hold traditional values. Meanwhile, people of richer societies and where there is a high percentage of the labor force in the industrial sector, tend to hold secular-rational values (Inglehart & Baker, 2000, p. 38). In Germany, the labor force is divided by occupation in services 73.8%, industry 24.6% and agriculture 1.6%, hence we may conclude that Germans holds secular-rational values (TWF, 2016).

Inglehart reasons that religious traditions have enduring impact on a contemporary culture (Inglehart & Baker, 2000, p. 31). However, he further argues that a society's culture reflects its entire historical heritage and not only religion. A good example of this is the rise and fall of the Communist empire. Communism left a strong imprint on the value systems of those who lived under it, and since Communism ruled East Germany for four decades, East and West Germany differ today, although they form one country (Inglehart & Baker, 2000, p. 31). East Germany's value system has been drawn toward the Communist zone, whereas West Germany ranks higher in

the self-expression dimension and lower in the secular-rational dimension (Inglehart & Baker, 2000, p. 31).

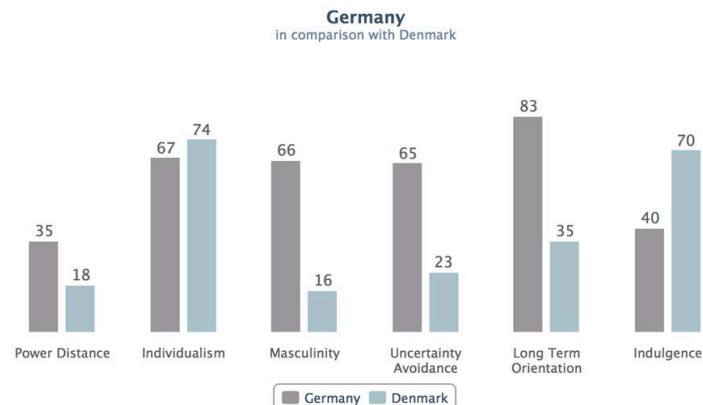
When investigating the changes of values over the years in Germany, the WVS map shows how the changes in values amongst the West German public have changed drastically from 1981 to 1997 (Inglehart & Baker, 2000, p. 40). West Germany has moved upward and to the right, giving an increase in secular-rational values and emphasis on self-expression values. Inglehart explains that the shift is due to economic development throughout years (Inglehart & Baker, 2000, p. 41). This means that if Germany or western Germany continues its increase in economic development, one can assume there will be a further increase in secular-rational and self-expression values.



(WVS6, 2015)

In the WVS map of 2015, as shown above, Germany and Denmark are almost on the same level in the secular-rational dimension. Ranking rather high means they both hold the industrial values and beliefs and put less emphasis on religion and traditional family values. However, the two countries differ on the level of self-expression. Germany is placed lower in this dimension, which means that people of the German society place more emphasis on economic and physical security and less priority on self-realization (WVS, 2016). How the two countries differ in self-expression values will be explored and analyzed in more detail in the following.

German Business Culture



(Hofstede Centre, 2016)

Low Power Distance

With a score on 35, Germany is among the lower power distance countries, but Denmark ranks even lower in this dimension, with a score of 18 (Hofstede, 2001, p. 87). Although both countries received low scores, which represent values that dislike control and hierarchy, it is interesting to see how they differ within the same category. In our questionnaires for the employees we asked whether they agree or disagree with the statement (question 12): “*A company performs best with many rules, work manuals, structure and order*” (App. 5). All of the German employees, except one, answered that they agree with the statement (App. 8). However, when the same question was given to the Danish HFK employees their responses were more diverse. Two employees answered that they agreed with the statement, while four wrote that they disagreed (App. 9). This indicates that even though the two countries scored low in the power distance dimension, there are still significant variations in the way they perceive inequality and hierarchy.

One of our German experts, Schmutz, clarifies the different points of view, by explaining that young people in Germany are going through a change in values at the moment (Rec. 1: 4.05). Generations above the age of forty expect a controlling management style, whereas the younger generation is more open to freedom in the workplace with fewer rules. Although the younger generations are more open-minded, the reality is that most companies in Germany are still utilizing a strict and rigorous leadership style (Rec. 1: 4.10).

All of the Germans we interviewed in Hamburg were under the age of forty and still they agreed with the statement that favored a controlling management style, which is opposed to what Schmutz

argued. The reason for this divergence might be due to the fact that Germans are used to hierarchy and rules, as the majority of German companies have this type of management (Rec.1: 5.02). Therefore, since there are not many German employees who have experienced a more equal environment and flat organization structure, seen from a Danish perspective, they have nothing to compare with. This may explain why they agreed with the statement in our questionnaires. Nevertheless, some of our experts claim that there is a change underway in young people's power distance values (Rec. 1: 4.05 & Rec. 2: 9.25).

The other German expert, Hallsteinsdottir, further explains this theory by saying: "*The Germans do not experience themselves as hierarchical*" (Rec. 3: 4.25). She argues that the German employees have been used to a specific type of order throughout their whole life. Therefore, the understanding of work environment is not perceived as controlling and less free, but more as a normality. She explains that the Danish view on German business is very different from the Germans' self-knowledge (Rec. 3: 4.30).

This is an important point to take into consideration, as it may help HFK to realize its own understanding of its future German employees. If HFK chooses to adapt its management style to Germany and thereby incorporate more rules, structure, and manuals in the daily tasks, the company should remember that this is simply the preferable management style for the Germans. Though, it is contrary to HFK's typical management style in the Danish stores.

When we interviewed the experts, their views seemed to differ on the matter of power distance in Germany. The German employees' agreement with the statement favoring rules and control at a workplace is in line with the sayings of Høxbroe. She explicitly claims that Germans prefer hierarchy, status, and titles in the working environment (App. 10). According to her, the German employees expect a managing style where the leader is very much in control, but of course behaves professionally. Opposite Høxbroe, Leschke argues that the German organizations have changed over the years, meaning that hierarchal management styles still exist, but have decreased a lot. This is especially seen in retail industries and specialized companies comparable to HFK (Rec. 2: 1.15). However, she adds that it is not yet as informal in Germany as it is in Denmark, but definitely more than one could expect a few years previously.

High Uncertainty Avoidance

The span between the Danish and German score in the uncertainty avoidance dimension is much wider than it is in the power distance dimension. Germany is among the countries that favor uncertainty avoidance with its high-end score 65 (Hofstede, 2001, p. 151). Denmark, however, scores low in this dimension with 23. This means that Danes do not need as much structure and predictability in their daily lives as the Germans, who prefer systematic approaches and details to create more certainty (Hofstede, 2001, pp. 169-170).

The high score in uncertainty avoidance can also work as an argument for the German's preference for control. The Germans scored rather low in the power distance dimension, but from our questionnaires we learned that they agree with the statement favoring order. Also, Høxbroe argued that Germans prefer clearly stated guidelines, task description, and delegation of responsibility (App. 10). The reason for this tendency can be explained with their high score in uncertainty avoidance, because the controlling leadership style compensates for uncertainty, by offering reliability and expertise from leaders (Hofstede, 2001, p. 168).

The management style of the stores in Hamburg we visited can be characterized as hierarchical and with orders and control. When we asked the employees in question 10 about their acceptance of the management style conducted at their workplace, the average score was 4.3 out of 5, meaning they highly accepted it (App. 8). Schmutz explained this tendency by saying: *"The Germans are scared, they are more scared than the Danes. It is part of their culture"* (Rec. 1: 13.20). This indicates their high uncertainty avoidance. The Germans feel threatened and scared by ambiguous and unknown situations, and therefore they seek for structure in organizations, institutions and relationships, to make events clearly interpretable and predicable (Hofstede, 2001, p. 148).

This tendency of high uncertainty avoidance and preference for predictability, makes the Germans perceive Danes as unstructured. Where the Danes understand their own business behavior as "freedom with responsibility", the Germans perceive them as being too relaxed during work (Rec. 3: 4.40). According to Hallsteinsdottir, the Danes and Germans have a different understanding of what is normal in business behavior, therefore she personally adapts to the German more formal business style, in order to avoid the appearance of incredibility in the eyes of the Germans (Rec. 3: 5.40). Hallsteinsdottir emphasizes the importance of explaining the Danish less controlling management style to the newly recruited Germans, simply because the Germans will get confused

and uncertain about their job tasks (Rec. 3: 6.15). This confusion means high uncertainty, which the Germans dislike and HFK should therefore avoid this by all means.

Masculine Society

Germany scores 66 in the masculinity dimension, which means it is considered a masculine society, while Denmark scores 16, characterizing a feminine society (Hofstede, 2001, p. 286). Germany as a masculine society values performance, competition, recognition and people “live in order to work” (Hofstede, 2001, p. 199). For employees in masculine societies, the salary and interest of work add more meaning to the job than relations and working conditions (Hofstede, 2001, p. 318). In our questionnaires for the German employees in Hamburg, we asked them in question 2 to write the most important qualities of their jobs (App. 5). Four chose *work assignments* as the most important quality, whereas *colleagues* was not chosen by any. This characterizes the masculine values, where relations are less important than the job (App. 8). In comparison, no Danish employees chose *work assignments* as an important factor for the quality of their job. Instead, six employees answered *colleagues* (App. 9). This shows a clear difference in preference or prioritization of what motivates the Danish and German employees.

Høxbroe supports this by saying that: “*Germans’ private life and working life is sharply divided*”(App. 11). She explains that German colleagues address each other by the formal title “Sie”, and that personal and private matter are not discussed. However, German colleagues do corporate well and they share interests and opinions about subjects such as sports or other free time activities, but they do not consider each other as friends (App. 12).

Hallsteinsdottir clarifies this tendency further by arguing that it is the management style that prevents the German colleagues from interacting with each other. When German employees are at work they are very concerned about their appearance towards the customers, and due to their high level of formality they would never have personal conversations in the store, in case a customer should hear (Rec. 3: 17.30). The German employees have therefore developed a special way of interacting with each other that does not allow them to build personal relations and friendships at the workplace (Rec. 3: 17.50). Høxbroe adds that Germans would dislike if Danes tried to start a private and personal conversation in working settings, and she therefore supports the argument that the Germans value more masculine characteristics (App. 13).

Based on the results from our questionnaires, we argue that Germans value masculine characteristics in the working place higher than Danes. As previously mentioned, emphasis on colleagues and friendship, as seen in the responses of HFK employees, belongs to the feminine values; whereas the focus on working assignments, performance and salary are masculine characteristics, which the German employees expressed (App. 8).

Low-Context

Germans highly value honesty and directness (Hall, 1990, p. 50). Their language is very literal in the sense that Germans learn from early childhood to be exact in the meaning of words. Hall claims that in Germany writing is considered to be: *“The more difficult it is to understand, the more valuable the ideas must be (...)”* (Hall, 1990, p. 51). Along with the Germans’ directness and frankness, social small talk is an absolute absence in business settings. Germans do not make small conversations. Instead, they are always serious and go directly to the matter of subject (Hall, 1990, p. 53).

As Germans communicate frankly together, they also expect other non-Germans to do the same. Hall argues that if a German employee is not performing well a superior must tell directly or else be considered negligent (Hall, 1990, p. 63). Schmutz also confirms this by saying: *“Germans are really direct, they tell you if they do not like you, and then give you their reasons. This will not be taken well for Danes”* (Rec. 1: 31.25).

This means that the management of HFK must be able to give employees direct comments and feedback. Furthermore, the management must also be very clear in what it expects from its employees and give them detailed information in either writing or by verbal communication (Hall, 1990, p. 63). Høxbroe supports this by recommending that easier tasks are communicated verbally, and more complex working tasks must be delivered in writing and with clear deadlines and delegation of responsibility (App. 14). She furthermore emphasizes that Germans do not understand the implicit in a conversation, and hence communication must be direct and concrete (App. 15).

Hallsteinsdottir confirms that if someone has performed poorly in Germany, it will be expressed in a straightforward way to that person, whereas in Denmark critique will be delivered much more implicitly (Rec. 3: 37). She explains that there is a big difference in communication between the two countries, and the normality of how much is said directly or not differs a lot in the areas of

conflict confrontation and the ability to say no. Germans take conflicts upfront and clearly say no, opposite Danes whose behavior are blurred and answers are vague (Rec. 3: 37.40). Høxbroe confirms this difference in behavior and advises Danes to communicate as clearly as possible in order to avoid conflicts (App. 16).

Monochronic

Germans are known for their *punktlichkeit*, and being late is regarded as lack of discipline and reliability (Gesteland, 2012, p. 64). According to Hall, German time is monochronic. However, it is important to point out that time is an essential part of the core of German culture, which places them at the far end, if not the farthest, on the monochronic scale (Hall, 1990, p. 35).

According to Gesteland, Germans feel very strongly about punctuality, and being on time may mean arriving a few minutes early (Gesteland, 2012, p. 357). Therefore, punctuality is crucial behavior for HFK to perform when dealing with German employees and customers. Punctuality is connected with acting professionally, and if HFK wants the German employees to perceive them as a competent Danish company it must respect their time.

Hall claims that the German approach to decision-making is rather slow due to seemingly interminable discussion. However, once the decision is made, they stand firmly and unalterably by it (Hall, 1990, p. 35). HFK must be aware of the local time system in Germany, because if the tempo of time is out of phase conflicts or misunderstandings might arise. Høxbroe also confirms that German decision-making is a slow process that takes a long time, because the Germans are very detailed-oriented (App. 14).

Formality

German formality is very much represented in businesses, meetings and greeting protocols (Gesteland, 2012, p. 358). Titles are frequently used in Germany and are important with persons of executive rank and higher academic qualifications. Formality is a way of showing respect to people, which is something the Germans highly value (Gesteland, 2012, p. 358). Another way of showing respect is through space. According to Hall, space is sacred for the Germans, and the feeling of territoriality is often extended to all possessions (Hall, 1990, p. 10). This means that if a German's car is touched for instance, it is as though the individual himself has been touched. Høxbroe also recommends that gestures such as shoulder claps and hugs should be avoided when interacting with

Germans (App. 17). For HFK, it is therefore crucial not to cross the personal space of the future German employees, as it will make them feel uncomfortable and appear disrespectful.

Hall argues that Germans are quite serious and take themselves very seriously. They do not expect to have fun at work, as work is serious business (Hall, 1990, p. 52). Hall further claims that one should not expect to see Germans smile, as they are more reserved and serious. Schmutz agrees with this (Rec. 1: 5.03). His explanation is a little different though, as he considers the working culture and strict management style to be the cause of the non-smiling Germans. Whether it is the management style or the German formal culture that affects the German employees not to smile is an interesting subject, because smiling and having fun at work is a big part of HFK's image and employee behavior (HFK Book, 2012, p. 16).

We asked Leschke directly about this issue, and her answer was that especially in cities such as Hamburg and Berlin the custom in stores is to not smile (Rec. 2: 11.55). She argues that the reason for not smiling is due to the formal cultural behavior towards the customers, but also because the Germans are taught to be more honest and direct, instead of behaving superficial such as American store assistants (Rec. 2: 13.0). She further explains that it is not part of a German job description to smile. Hence, the formality becomes the overruling behavior towards the customers in order to appear as professional as possible.

Hallsteinsdottir also explains that if the Germans do not smile, it does not mean they are unhappy and that the management style is too controlling; it is rather the Danish perspective. "*You see it with your own culture glasses*" she explains (Rec. 3: 23.41). Danes are used to employees who behave in a more informal way and according to their perspective, German employees may appear less happy due to the formality (Rec. 3: 23.45).

The formality in Germany is closely related to power distance, as a country with a high level of power distance will have more respect for titles, status, authority, and rules (Hofstede, 2001, p. 79). Even though the arguments of the German experts differ in regard to power distance, they all agree that Germans have a certain level of formality towards customers. Leschke emphasizes the importance of using the title "Sie" towards customers, and Hallsteinsdottir confirms that German employees act very formal towards customers, and are also more formal towards colleagues when

customers are present (Rec. 3: 17.55). Hence, customers increase the level of formality in the stores, and whether the employees address the last name and the title “Sie” or not depend on the type of customer.

Deal-focused

As DF cultures are characterized by northern Europe, both Germany and Denmark belong to this category. In the case of HFK, this means it may approach the potential German employees in the same way as it does in Denmark. This is because people of DF cultures are used to make initial contact with prospective employers without any previous relationship or connection (Gesteland, 2012, p. 26). The German people are relatively easy to approach because HFK already has a proven business concept, products and stores (Gesteland, 2012, p. 27). Although it would be beneficial to HFK if it had an introduction or referral in German it is not essential.

As Germans belongs to the DF culture, they also value direct and straightforward language as previously mentioned (Gesteland, 2012, p. 39). A research conducted by a Danish scholar, Malene Djursaa, reveals great differences between national cultures that are all located fairly close together on the spectrum of DF. Danish, German and British businessmen, all belonging to low-context and DF cultures, showed significant differences that could cause misunderstandings for the people doing business across these markets (Gesteland, 2012, p. 46). The study showed that Germans consider personal relationships to be more important outside their country than back home. Also, the Danes reported that they get down to business less quickly than the Germans. Overall, the survey showed that the Germans were ranked more DF and low-context oriented than the Danes (App. 18). This also adds to the hypothesis that one should not just assume that Denmark and Germany have the same culture and business behavior. Despite the close geographic location and low score in power distance, they still differ a lot within the same category such as DF.

Organizational Structure

Trompenaars’ survey divided countries by diagrams representing the type of company people worked for. Whereas Denmark is placed next to the most flat diagram of them all, Germany is placed higher between two diagrams, which are a little steeper (App. 19). According to Trompenaars, the *eiffel tower* culture is often seen in German companies (Trompenaars & Hampden-Turner, 2012, p. 205).

This type of culture relies heavily on order and structure, which is an aspect that Germans prefer according to our analysis by Hofstede. We argued that the Germans prefer this type of management due to their high avoidance of uncertainty. Also, according to the analysis of Inglehart, Germany still holds more modern industrial values than Denmark's postindustrial values, meaning self-expression has not been implemented in the German organizational structures yet. As German organizations often take on the structure of the *eiffel tower* culture, representing typically modern values, HFK can be said to belong to a mix of the *guided missile* culture and the *incubator* culture, which are typically postmodern values (Inglehart & Baker, 2000, p. 83).

HFK's Organizational Culture

This analysis will now change from the perspective of German business culture to the study and analysis of HFK's organizational culture. The culture of HFK is analyzed and uncovered through Schein's three levels of culture.

Artifacts

When discovering the surface manifestation of HFK's culture, one of the main artifacts is the decoration of the company's stores. HFK has more than 90 stores located in four different countries, and they are all designed in the same minimalistic and quality focused manner (Om HFK, 2016). Mostly, the stores include sofas and chairs in a typical Nordic minimalist design. The brand HAY, which is known for its high quality and price but simple appearance, is usually seen in the stores (Hay, 2016). This brand complements the hi-fi products very well, as the furniture do not take all the attention away from the stereos, speakers or other hi-fi products. However, the furniture still play a crucial role, as they create an understated feeling of luxuriousness in the stores, without the appearance of arrogance. The furnishing indicates a culture where the quality and sound of the products are the crucial elements, instead of being just show-off products. The complete design, from the outside to the inside of the stores, emphasizes quality and worth to the customers.

As illustrated in the picture to the right, the stereos are lined up in the stores as they would in a normal home, so that the customers can visualize how to furnish their own home (see more pictures in App. 20). This allows the customers to get comfortable in a sofa, while listening to the sound of the different



hi-fi products. These visible features and hi-fi decoration solutions in the stores indicate that HFK is conscious, not only about the products, but also about how to implement them in the natural design of any particular home of a customer. This aspect of HFK shows that the customers are the first priority, as it is their needs and wants that the decoration of the stores are built around. Even though the products are truly important to HFK, the company has designed the stores according to how the customers want to experience the products, which implies an organizational culture that highly values the customers.

Also, the company name is an important artifact, because it sends a message to the employees and customers (Buchanan & Huczynski, 2010, p. 101). Having “Klubben” as part of the name leaves an impression of a culture that welcomes and includes everyone with passion for hi-fi. It indicates that HFK wants to create intimacy between the company and its customers. Furthermore, the slogan of HFK “*Bad sound kills good music*” emphasizes the passion for hi-fi and good sound, which again relates to the preference for high quality (Om HFK, 2016). With this slogan, HFK achieves to verbally communicate its beliefs and values, also representing the culture directly to its employees and customers.

Espoused Values

After the “crisis” in 2002, HFK re-found its core values, and became very much aware of the importance of its culture (HFK Book, 2012, pp. 37-38). HFK communicated its belief in: “*Culture EATS strategy for breakfast*” which shows a realization of how important culture is to the success of the company (App. 3). It also states: “*We ARE our values*”, and hence the culture becomes an integrated part of the strategy.

According to Schein, espoused beliefs and values are formulated through vision and mission statements by the management. The mission of HFK is: “*Moving people through great sound – by providing quality products at attractive prices*” (HFK Book, 2012, p. 14). The statement implies that it is part of HFK’s culture to move people through sound, and that it is the employees’ most sacred mission to recommend the best quality product at the most attractive prices to the customers. The “quality products” become the solution and main object for great sound, and “attractive prices” suggest that the great sound is not out of reach. There is also the underlying belief that people are oblivious and that they must be informed and moved by these quality products with great sound. Customers are not just moved by the sound of the products, but also by the exceptional customer

experience provided by HFK. It is the employees' goal to move every customer who comes into the store with good sound and honest and true advice (HFK Book, 2012, p. 14).

The vision of HFK is: *"Hi-Fi Klubben is the preferred provider of great sound for any music lover who wants something more than a buy-and-throw-away product!"* (HFK Book, 2012, p. 12). This vision is the goal and guiding light that HFK strives to achieve every day, and it claims to do its utmost to achieve this. Through its vision, the company creates a culture that excludes the people who just want a "buy and throw away product" and instead focuses on the music lovers who want great sound. It communicates explicitly in this vision that it favors customers who want good sound and quality, and that these types of customers are the ones HFK values and hopes to become the preferred provider for. In order to complete this vision, HFK strives to provide the best services and products on the market to its target group.

In addition to its vision, HFK also emphasizes the importance to make the target customers feel as a part of a community, and to gain a close relation with its customers. *"We don't want customers, we want FANS"* (HFK Book, 2012, p. 41). With this statement, HFK communicates to its employees that the customers should not be regarded as consumers. Instead they should be approached as individuals with personal interests, in order to create an in-group feeling of belonging.

In all of the staff rooms in the back of the HFK stores, there is a list summarizing all the points of what a Hi-Fi Klubben customer is (App. 21). It includes statements such as: *"A customer is not just part of some cold statistics or numbers"* and *"Your customer (in person or by mail or phone) is the most important person in this company. Ever"* (App. 21). This shows a deeply implemented view on customers as the most important object for the success of HFK. Every employee is taught to live according to the culture, which is expressed and recognized through the espoused values, represented in the overall goals, mission, and vision of the company.

Basic Underlying Assumptions

We are aware of the difficulty in finding the deepest level of culture, as it is unconscious and sometimes even invisible to employees. HFK suggests its own assumptions referring to that as its "Core DNA" (HFK Book, 2012, p. 13). HFK claims that its DNA values are deeply rooted in the company, and they are the underlying foundation of its culture and business. *"Add all of these values together and you get that little piece of magic we call 'The Hi-Fi Klubben Experience'"*

(HFK Book, 2012, p. 13). These DNA values and core principles of HFK are believed to be part of every decision-making and behavior. Furthermore, they are the extra energy, happiness, and enthusiasm that the colleagues and co-workers share every day. Hence, they represent the taken-for-granted beliefs and values that Schein refers to as basic underlying assumptions (Schein, 2010, pp. 27-18). HFK's core DNA will be summarized in the following.

Passionate madness is the core value of HFK that refers to its, sometimes, extreme behavior. Examples of this kind of behavior are when employees tell customers that they can purchase one of their products at a lower cost from the competitor (HFK Book, 2012, p. 13). Also, it can be seen when the employees start dancing with the customers in the store because the music feels amazing; or travel 100km to a customer's home in order to make sure that his/her new speakers are installed so that the sound becomes perfect. The employees are not asked to do any specific extreme behavior, but they simply do it because they believe it is the normality and truth.

Competence is the basic assumption that all the employees encourage and share with each other. This is the factor that makes them wanting to know the customers' needs and wants even before they ask (HFK Book, 2012, p. 13). It drives the employees to try the products themselves in their free time, so that they can deliver the most honest, but objective answer to all of the questions the customers might have. The employees are aware that the customers visit the stores to get advice, and they feel obliged and happy to share all of their knowledge and competence with the customers, as well as with the other employees (HFK Book, 2012, p. 13).

Edgy attitude is the core belief in HFK's marketing strategy. However, it is not the employees' core principle to be negative, arrogant or appear overconfident towards a customer (HFK Book, 2012, p. 15). The edgy attitude is only present towards competitors and the industry, and it is HFK's own underlying assumption that it is the "bad boy" in the industry, meaning it allows itself to create edgy and provocative marketing campaigns.

Translators is a core value that is closely connected with *competence*, and the employees see it as a duty to translate all the technical terms into something that the customers can understand (HFK Book, 2012, p. 15). Rephrasing watts per channel, Hz, and Contrast Ratio into sayings such as "powerful", "feels like a live concert", or "easily adaptable", is a common and unconscious

behavior towards the customers, which all the employees share and use as they receive positive feedback from the customers (HFK Book, 2012, p. 15).

All the employees at HFK are *music lovers*, which creates a mutual culture where the importance of music and the sound of it becomes the essence and deepest core of their job. Their love for music is one of the key drivers of their passion (HFK Book, 2012, p. 15). The employees are aware that really good amplifiers, cables or pairs of speakers are of no value without the music. Instead, they want to give customers the real experience of music (HFK Book, 2012, p. 15).

Club community is as much a part of the HFK culture, as it is part of the name. “Klubben” is not only referring to HFK, but it is more a community for people who share the same passion for music, and enjoy listening to it from quality hi-fi and consumer electronics (HFK Book, 2012, p. 16). The HFK employees enjoy listening to the customers’ stories about speakers, just as much as they enjoy discussing hi-fi with their colleagues. The employees simply feel part of the same club or community as the customers and this underlying assumption also influences their behavior towards the customers.

Value-for-money has been one of the strongest values from the beginning of HFK, as it started out as a “discount” alternative to already established hi-fi businesses (HFK Book, 2012, p. 16). A core belief of the employees is that HFK would never charge a customer more for any product than what the company feels it is worth. This trust creates a behavior where the employees feel and act as proud and honest about the worth of the products as possible towards the customers.

Lastly, *humour* is an essential core value for the employees. The belief is that having fun while at work is one of the main ingredients in sharing the Hi-Fi Klubben Experience with colleagues and customers (HFK Book, 2012, p. 16). The working environment in the HFK stores is therefore relaxed and informal, as the employees believe fun will lead to the best experience for customers.

Comparison

After an in-depth analysis of both the German business culture and the organizational culture of HFK, it is possible to compare the two, in order to realize the alignments and to discover the areas in which cultural conflicts and misunderstandings might arise. Avoidance of confusion and conflict between Danish and German employees is crucial for the success of HFK in the German market. As HFK's success depends on its particular culture and the behavior of the employees, the question is whether the culture strategy will have the same effect in another cultural market. Therefore, the purpose of this section is to uncover the differences and similarities between the culture of HFK and Germany. We will base the comparison on HFK's core DNA values.

To begin, *passionate madness* has been described as the core value of HFK that refers to its, sometimes, extreme behavior. As exemplified earlier, such behavior could result in the employees beginning to dance with the customers because the music feels good. Such behavior may be inconsistent with the German business culture due to several factors. First, there is the element of power distance. As mentioned, both Denmark and Germany scored low on power distance, yet the results from our questionnaires showed that Germans tend to favor a more controlling management style, rules and hierarchy. Secondly, the element of uncertainty avoidance, in which Germany has a high score, shows that Germans prefer systematic approaches and it supports the argument that they favor more control. Thirdly, the element of formality also plays a significant part. Where Germans generally value honesty and directness and act in a very formal way, the employees of HFK possess a more relaxed attitude that is less formal.

As mentioned, the employees of HFK are not asked to do specific extreme behavior; they simply do it because they believe it is the normality and truth. However, their perception of normality is clearly far from the perception that Germans have. Dancing around with customers while listening to music does not fit in with the formal behavior of Germans, and therefore it can be concluded that there is a significant mismatch between the culture of HFK and Germany in regard to the company's core value *passionate madness*.

The *competence* element of the HFK culture is something that the German employees will be able to relate to. HFK employees highly value competence, in order to provide the customers with the best answers (HFK Book, 2012, p. 13). This ability requires them to listen to the products in their

free time and to study and understand the details of the products. To Germans, the emphasis on detail is not unfamiliar, as it is already a part of their working culture. Høxbroe argued that the Germans have a very slow decision-making process due to their strict attention to detail (App. 14). Because this cultural component is something HFK also values, the match between the two cultures could result in a common feeling and underlying understanding between HFK and its future German employees.

Although both the Germans and HFK share the same belief in details and competence, Høxbroe emphasized that the Germans have a sharp separation of private life and work (App. 11). HFK's Danish employees sometimes use their free time to stay after work, and listen to the new stereos in the closed stores (HFK Book, 2012, p. 21). When Leschke was told that German HFK employees should participate in music evening events, her reaction was: "*The Germans might think that HFK just wants to try to get into my their time*" (Rec. 2: 19.20). This is based on the Germans' underlying belief "live in order to work", whereas the Danish HFK employees "work for identity" (Hofstede, 2001, p. 199). Based on Høxbroe's and Leschke's arguments, it is doubtful that the German employees will use their leisure time to learn about products without being paid. Though Germans and HFK staff share the interest for details, the time and place for acquiring this competence might be in conflict.

When it comes to *edgy attitude*, the situation is a little different as this is only present towards competitors and the industry, and not inside the stores. Thus, HFK does not expect its future German employees to act accordingly to this. It is HFK's own underlying assumption that it is the "bad boy" in the industry, meaning it allows itself to create edgy and provocative marketing campaigns. Even though this element is practiced in the marketing department, and as such does not have much to do with the employees within the HFK stores, it is, however, important that all employees can identify with the company's brand. This is because it is important for organizations to achieve alignment between its internal identity and its external image. More specifically, there should be an alignment between the organizational culture experienced by employees, the corporate vision as expressed by managers, and the corporate image in the minds of external stakeholders (Cornelissen, 2011, p. 69). If these elements are not aligned, customer dissatisfaction and employee disengagement could be the result.

As seen in appendix 5, the German employees were asked to what degree it is important for them to identify with the values of the company they work for (question 11). The average score to this question was 4.7 out of a maximum of 5 (App. 8). This indicates that Germans, just like the Danish HFK employees who scored an average of 4.5 on the same question (App. 9), care about the values of the company they work for.

Therefore, it can be concluded that an edgy attitude may not correspond to the general values of German employees, as they 1) generally possess a more formal and serious attitude, and less self-expressive behavior, and 2) think it is important to identify with the values of their company. This shows that German employees might feel uncomfortable working for a company like HFK, as the attitude is not aligned with the one of the German employees.

The *translator* value shared by HFK employees is closely connected with the Germans' low-context communication habits. The Germans highly value directness and frankness when interacting with each other. Therefore, it is difficult to say whether they would be able to translate the technical terms into something the customers can understand, or if they would keep the technical terms, as these are perceived to be more correct and honest according to Germans. Also, Hall argued that the Germans believe in specialized and technical terms, when saying: "*The more difficult it is to understand, the more valuable the ideas must be (...)*" (Hall, 1990, p. 51). Since Germans rely more on the explicit verbal content of a message, one could assume that they would prefer the technical terms instead of using a less direct and implicit approach by saying such things as: "*It is powerful enough to drive even the most demanding speakers and when it plays you feel like you are at a live concert. It's THAT good*" (HFK Book, 2012, p. 15).

However, the frankness of the Germans' culture and communication style is in alignment with HFK's underlying trust in honest advice. HFK tells its employees to not be afraid of saying what they mean, and encourages them to provide the most honest, though objective answers as possible (HFK Book, 2012, p. 13). With the Germans' explicitly verbal language, HFK can be assured that the future German employees will be able to give the most straightforward and clear answer, though it is uncertain to what extent the Germans will be able to be translators.

It has been stated that all employees at HFK are *music lovers* and the importance of music and the sound of it has become the essence of their job, and has created a mutual culture. There are no indications suggesting that Germans are not music lovers. In fact, an article about the German music scene writes that Germany is the world's third biggest music market behind the US and Japan, despite the fact that the country's achievements on the international pop music stage have been remarkably limited (Wallace, 2012). Even though that *schlager* music still very much thrives, Germany has since the late 60s developed a fertile underground scene, and the country is now a world leader in techno and electronic music (Wallace, 2012). Berlin has become Germany's most famous musical city and has provided a base for a huge number of musicians over the years, while Hamburg has for a long time been considered a central hub of Germany's punk scene but also boasts a strong hip-hop community (Wallace, 2012).

With a great music history and being one of the top biggest music markets in the world, it is safe to say that the music scene in Germany is big. It will therefore be relatively easy for HFK to find German employees in Hamburg who are music lovers, as there is a match between the culture of HFK and Germans in this sense.

The internal underlying assumption that HFK is a *club community* for all music lovers who enjoy listening to good sound from real quality hi-fi and consumer electronics, decreases the level of formality between the employees and customers. Future German employees are expected to interact informally and perceive the customers as equal to their colleagues, as it is HFK's belief that they are all a part the same community of passionate music lovers with a sense of quality (HFK Book, 2012, p. 16). To Germans, this may be perceived as overwhelming due to their high formality, especially towards customers.

Being an employee and a part of the HFK community entails that listening to and sharing stories with the customers is part of the daily job (HFK Book, 2012, p. 15). This cultural aspect could be difficult for the Germans to grasp, as small talk is not a part of their culture. In connection with the low-context communication style in Germany, Hall claims that small talk is an absolute absence in German business settings (Hall, 1990, p. 53). Germans are used to going directly to the matter of subject and sales, due to their low-context and deal-focus culture, and this is not in alignment with HFK's core values.

On the other hand, Høxbroe argues that although Germans would never have a private conversation with a colleague at work, they might share their interest for sports and other free time activities (App. 12). Since music belongs to such a category of interest, the German colleagues might share this with each other, meaning that they may also be able to share it with a customer. Based on Høxbroe's argument, one can assume that the German employees could lower their level of formality towards the customers, and share their music stories, as it is not a private subject. However, we do assume that the German version of HFK's community story sharing, between employees and customers, will be more formal than the normality in Denmark.

As highlighted earlier in the analysis, *value-for-money* has been one of the strongest values from the beginning of HFK. At HFK, a customer will never be charged more for a product than what the company believes it is worth. According to Schmutz, Germans are very price sensible and often compare prices (Rec. 1: 1.20). As mentioned, HFK employees never sell a product at a higher price than necessary, which indicates some level of trustworthiness. This creates a behavior where the employees feel and act as proud and honest about the worth of the products as possible towards the customers. This, together with the Germans' price sensibility, indicates that German employees will most likely feel comfortable selling the products when they know they are delivering value for money to people.

Humour is one of HFK's most valuable core elements. Employees strongly believe that having fun while doing the job is the key component in sharing the HFK experience, and to Germans this may be confusing. As Hall mentions, Germans take themselves very seriously and they do not expect to have fun at work. The relaxed, fun, and informal environment at HFK may appear as lazy, unserious and absurd behavior to both the German employees and customers. The aspect of fun in HFK's culture could decrease its credibility in Germany, which would turn it into a less attractive place to work. Thus, it is crucial for HFK to understand how the potential German employees might perceive the fun element of working at HFK, as it differs a lot from the German business culture.

Partial Conclusion

First, we analyzed the German business culture and HFK's organizational culture in order to find similarities and differences. Then we compared the two cultures to discover the potential conflict and miscommunication areas. Based on our findings, we can list two figures that clearly summarize the differences and similarities between the two cultures.

The first figure lists the identified values belonging to the cultures of Germany and HFK. These values are based on the theories of Inglehart, Hofstede, Hall, Gesteland, Trompenaars and Schein. As the theories and collected data have been examined throughout our analysis, this figure shortly summarizes and makes a clear overview of all the values included.

	Germany	Hi-Fi Klubben
Culture Values	Differences	
	<ul style="list-style-type: none"> - Medium Power Distance - High Uncertainty Avoidance - Masculine - Formal - Live for working - Believe in supervision - Work assignments oriented - Preference for rules and order - Titles & education are important - Less Self-expression - Eiffel Tower - Medium/high organization structure - Clear hierarchy - Absence of small talk 	<ul style="list-style-type: none"> - Low Power Distance - Low Uncertainty Avoidance - Feminine - Informal - Work for identity - Believe in collaboration - Relationship oriented - Freedom with responsibility - Titles & education are irrelevant - Self-expression - Guided Missile / Incubator - Flat organization structure - Less clear hierarchy - Story sharing
	Similarities	
	<ul style="list-style-type: none"> - Low-context - Monochronic - Detail-oriented 	<ul style="list-style-type: none"> - Low-context - Monochronic - Detail-oriented

(Partial Conclusion, Figure 1, Differences & Similarities)

The second figure identifies the gaps and matches between the two cultures. *Passionate madness*, *edgy attitude*, and *humour* are characterized as the most critical and contrasting areas, as only gaps have been identified. This means that conflict and miscommunication are most likely to occur due

to the divergent cultural values. *Competence*, *translator*, and *club community* are recognized as contrasting values as well but have the potential to create a connection, as they hold both gaps and matches. Lastly, *music lover* and *value-for-money* are identified as matching values, meaning that HFK and the Germans are most likely to agree and find a common ground based on these values.

Hi-Fi Klubben's Core DNA	German Business Values	Potential Conflict Areas
Passionate Madness	Gap: - Medium Power Distance - High Uncertainty Avoidance - Formality	High risk
Edgy Attitude	Gap: - Formality - Less Self-expression	
Humour	Gap: - Formality - Live for working - Masculine	
Competence	Gap: - Live for working Match: - Detail oriented	Medium risk
Club Community	Gap: - Formality - Absence of small talk Match: - Mutual music interest	
Translator	Gap: - Low-context communication Match: - Low-context communication	
Music Lovers	Match: - Big music scene	Low risk
Value-for-Money	Match: - Credible prices	

(Partial Conclusion, Figure 2, Gaps & Matches)

Identifying the similarities and differences between the German culture and HFK's culture is crucial for HFK when expanding to Germany. The company must take these findings into consideration, in order to make strategic decisions concerning its future management style, communication, and behavior in Hamburg. This leads to the second part of this thesis, which will investigate the best strategies for recruiting, motivating and retaining German employees, based on our cultural findings.

Cultural Strategy Analysis

After having identified the main similarities and differences between the German culture and the culture of HFK, we will in the following analysis examine cultural strategies based on a short- and long-term perspective of human resources. The short-term perspective illuminates how to attract and recruit the best German employees to the new HFK store in Hamburg. The long-term perspective concentrates on how to develop the most favorable working environment in Germany that will retain the most competent German employees. Moreover, HFK's current strategy is included in this section and we will analyze how the company can implement its strategy successfully, and still make HFK a favorable place to work.

Short-Term Perspective

By the short-term perspective, we refer to the external recruitment process that involves attracting and hiring new employees to the imminent opening of the HFK store in Hamburg. According to Sivertzen, Nilsen and Olafsen, recruiting is defined as: “(...) *organizational activities that affect the number and type of applications who apply for an open position*” (Sivertzen, Nilsen & Olafsen, 2013, p. 473). As HFK is an unknown company in the German market, it is important to create an effective recruitment strategy, in order to increase the number of applicants and attract the right personalities. In the following we will summarize HFK's current recruitment strategy. The theories chosen will involve *employer branding* as a strategy to increase awareness about HFK in Germany firstly, and *online recruitment* to identify new ways of finding and interacting with potential employees in Germany secondly.

HFK's Recruitment Strategy

When we asked Svend Erik Kristensen, former HFK CEO, how HFK's recruitment process takes place in Denmark he explained that the company only recruits through the company website, on which job vacancies are posted. From this channel, HFK receives many relevant applications, as the people who apply are most likely interested in the company and its products since they have visited the website (Rec. 4: 3.08). Sometimes it also happens that employees know of a friend who is interested in applying for a job at HFK. Consequently, HFK does not make use of ads in papers and career portals, nor does it use any external recruitment firms (Rec. 4: 3.45). Thus, the company's recruitment process is simple and flexible. According to Svend Erik, the company does not experience any issues with finding new talent, because HFK holds the image as being a very interesting and modern place to work at (Rec. 4: 4.08).

When asked how HFK is recruiting in Hamburg, Svend Erik explained that the company has created a job posting. This posting has been distributed through all the young people HFK knows in Germany who, more concretely, have shared it on their personal Facebook page and on other social media sites. Furthermore, HFK has posted the job description on Stepstone.de and a few other online career portals. HFK has also put a large poster on the windows of the store in Hamburg, so that people who walk past it are able to spot the job post (Rec. 4: 4.50). HFK has not utilized a recruitment agency in Germany either, as it is Svend Erik's opinion that HFK recognizes the kind of people it is looking to hire better than any recruitment agencies do. In summation, HFK has used career portals, physical posters, word-of-mouth, and social media to recruit employees in Hamburg.

Employer Branding

Organizations strive to be attractive employers, aiming at hiring the best and most competent employees. The competition in the employment market has increased over the years, and the need for organizations to become a "great place to work" has gained significant attention (Jain & Bhatt, 2015, p. 634). Due to this development, employer branding has emerged as an essential practice to create an image as a desirable employer in the eyes of potential employees. The importance of brand and corporate reputation are well known in the product market, but they have also become essential influencers when attracting the best employees (Sivertzen et al., 2013, p. 473). Effective employer branding leads to competitive advantages such as reduced cost of attracting new employees, increased employee retention, and even the ability to offer lower salaries compared with companies holding weaker employer brands (Chhabra & Sharma, 2014, p. 51).

Branham (2001) defines employer branding as a mean of ensuring access to potential employees, when saying: "*An employer brand is the package of psychological, economic and functional benefits provided to the employees by their employer*" (Jain & Bhatt, 2015, p. 635). He further explains that employer branding manipulates these benefits, in order to position the firm more positively. It therefore helps to create an encouraging image of an organization by sending out the right messages to the current or potential employees. Supplementary to this definition, Edwards (2010) defines employer branding as: "*(...) activities where principles from marketing, especially within branding, are used for HR initiatives regarding both existing and potential employees*" (Sivertzen et al., 2013, p. 474). As exemplified by these two definitions, the theoretical foundation of employer branding is rather diverse, perhaps due to its infancy as a concept (Sivertzen et al., 2013, p. 474).

To HFK, employer branding as a strategic tool is very relevant since HFK is a new brand in the German market. The limited recognizability of the brand thus requires HFK to be more active in the process of gaining attention from potential German employees than it is used to in Denmark. As the results and advantages of employer branding may take time before it shows, this strategy should be applied as soon as possible in the process of recruiting (Chhabra & Sharma, 2014, p. 49).

Communicating Culture and Values

The process of employer branding starts with the identification of a company's culture, values, and policies (Chhabra & Sharma, 2014, p. 51). As specified previously in the first analysis, HFK is fully aware of its culture because it is an essential part of its strategy (App. 3). Yet, HFK should identify the values and attributes of its culture, which are more attractive in the eyes of German employees, in order to communicate most effectively. Also, research shows that potential employees compare an organization's image with their own needs, personality, and values. This means that the more aligned HFK's values are with the Germans' values, the more attractive the company appears (Sivertzen et al., 2013, p. 474).

As also argued in the previous cultural analysis, HFK's values differ from the normality in Germany. This means that when potential German employees compare their values with HFK's, it could have a negative effect due to these differences. When Leschke read HFK's German job description, she noticed that it sometimes sounded "a little over the top" or "presumptuous" to her, as a German representative (Rec. 2: 22.40). HFK is a very informal company in all its activities, and the informality is also seen in its German job post. With this informal communication style, some potential German employees may dislike the job description, as it is too diverse from the Germans' more formal underlying values (Gesteland, 2012, p. 358). By having different values than Germans, HFK therefore risks alienating potential and competent German employees.

On the other hand, the benefit of staying true to its values entails that the Germans who actually apply for the job might be more aligned with HFK's culture and values. This is due to the fact that the *"Closer the attributes desired by the potential applicants to the value propositions offered by the organization, better would be the employer attractiveness towards the organization"* (Chhabra & Sharma, 2014, p. 50). To some Germans, HFK's informal written job description may appear refreshing, new, and exciting. It thus has the potential to attract the Germans, who are different, open-minded, value informality and are actually ready for a change in working conditions. These

types of people are exactly who HFK is looking for. Svend Erik supports this by saying: *“We like the people who are not one hundred percent traditional (...) often HFK employees differ from the common public, as the diverse types of personalities turn out to be excellent sales persons who can emphasize with the different types of customers HFK receive”* (Rec. 4: 18.30).

In regard to employer branding, HFK must consider whether it should adapt to the German culture or not. Each employee is a representative of the company that he or she works for (Cascio, 2014, p. 122). If the Germans find HFK’s culture to be too different or odd, they may not want to represent the company. Furthermore, if HFK decides to adapt its management style to one that is more favorable and familiar to the Germans, it is crucial that HFK maintains this strategy, as an inconsistent or insincere employer brand is severely damaging (Cascio, 2014, p. 122). Hence, HFK must be very clear about what its organization stands for in Germany before entering the new market. Furthermore, it must be sure that executives and employees at all levels in Hamburg perform and behave according to its employer brand.

Other attributes to consider are factors such as stability of a company, work-life balance and job security. Schmutz argues that job security is highly valued by Germans, and that they are nervous of endangering this stability (Rec. 1: 13.0). Schmutz claims that being worried is simply a part of the German culture, but he also explains that in bigger cities, such as Hamburg, it is expensive to live, and hence impossible to continue living in if one is dismissed from work (Rec. 1: 14.02). Therefore, job stability is an important factor to a German employee living in Hamburg. High uncertainty avoidance also characterizes a majority of Germans, and causes them to prefer stability and predictability in their daily work life (Hofstede, 2001, pp. 169-170). Related to this, Leschke argues that the informality and expressive writing in the job application may have a consequence for HFK, as it will be perceived as a bold but untrustworthy company, running contrary to the German’s preference for stability in working life (Rec. 2: 22.40).

Leschke also mentions the work-life balance, where the Germans sharply separate work and private life, and Danes do not. In the job description it states that future employees are expected to attend HFK music events in the evenings without being paid. Leschke points out that, according to Germans, this can be regarded as negative and as upsetting the work-life balance (Rec. 2: 26.40). Schmutz also support this statement by saying: *“(...)people are scared, and there are companies*

that exploits this (...)” (Rec. 1: 13.15). Both experts, however, argue that Germans are familiar with companies that will make their employees work longer without payment. Hence, the German employees are very cautious when a job description says: *“Selbstverständlich bist du bei Klub-Events im Laden dabei und kümmerst dich um die Gäste”*. English translation: *“Of course you’ll join club events here at the store and take care of the guests”* (App. 22).

Although most of the experts agree that Germans, especially those of lower education highly value compensation and job security, Sivertzen, Nilsen and Olafsen argue that the focus on these monetary factors should be avoided. The theorists’ findings show that when potential employees evaluate employers, psychological values, innovation values, and application values have a high influence (Sivertzen et al., 2013, pp. 479-480). The implications to HFK are that these non-monetary values are the basic factors, which it should build its recruitment communication strategy on, in combination with the Germans’ preference for financial and stability factors.

When reading HFK’s job description, factors such as sales bonuses, growth, learning, and opportunities to use skills and knowledge are mentioned (App. 22). This means that when referring to bonuses and market conditions salary, the job description covers the Germans’ preference for financial ward, which they associate with stability. Furthermore, when the job description mentions training opportunities, independent customer consulting, and passion for music, it meets the recommendation of focusing on psychological values (App. 22).

Communication Channels

Once HFK has formulated its values targeted towards the German market, the second part of the employer branding process can be applied. This part concerns the identification of communication channels for positioning the brand or company image (Chhabra & Sharma, 2014, p. 51). The channels can shift from digital to physical communication, as long as there is visibility in a proactive way and coherence between all channels.

We know that HFK already utilized channels such as physical posters in the store windows, online job portals, and personal social networks (Rec. 4: 4.25). According to the findings of Chhabra and Sharma’s survey, the time and money invested in communicating employer branding will not produce the desired results, if the employer value propositions are not communicated in the correct

manner and to the right audience (Chhabra & Sharma, 2014, p. 55). Hence, it is crucial that HFK considers its communication channels carefully.

Since HFK is looking for “nerdy” music lovers, examples of potential physical communication places to spend money on could be concerts, music events, instrument schools, music magazines, or other music related happenings (HFK Book, 2012, p. 15). The overall purpose is for HFK to take a more active and strategically approach to promote employer attractiveness, as it does not already have an established image and reputation in Germany. Hence, HFK must consider more strategic and targeted communication channels, instead of the general places such as window posters and job portals (Rec. 4: 4.25).

Another potential communication channel relevant for HFK is online recruiting. The internet has opened numerous new opportunities for recruiting, and especially social networks have turned out to be effective in the recruitment process and at a low cost (Sivertzen et al., 2013, p. 475). The benefits, limitations, and risks of using social media in the recruitment process are many, and in the following section we will go more into detail regarding the use of social media as a tool for recruitment and what risks or advantages HFK can expect.

Online Recruitment

Even though the economy has gotten better since the financial crisis in 2008, businesses are still under pressure to keep operating costs low (Doherty, 2010, p. 11). As a product of the internet and the development of social networks, new opportunities in both advertising and information sharing have been opened. As a result, organizations have changed their methodologies of trying to attract new employees (Sivertzen et. al., 2013, p. 473). Thus, many HR departments have started using social networking as part of a new cost-conscious approach to recruitment, also known as social recruitment (Doherty, 2010, p. 11). What makes social media networks unique is that they allow the users to make a public profile and expand their network online, which can help active job seekers find a job, and help employers find both active and passive job seekers (Sivertzen et al., 2013, p. 475).

Social network sites are defined as: “*Web-based services that allow individuals to 1) construct a public or semi-public profile within a bounded system, 2) articulate a list of other users with whom*

they share a connection, and 3) view and traverse their list of connections and those made by other within the system” (Sivertzen et. al., 2013, p. 475).

Social networking websites such as LinkedIn, Twitter and Facebook are continually growing and free to join, which makes it easy for organizations to attract the potential workforce using these social networks (Doherty, 2010, p. 11). It is clear that social networks have come to stay, and if HFK wants to be able to use the right tools for social networking to meet its recruitment needs in Hamburg, then the company needs to fully understand the potential benefits and difficulties of it (Doherty, 2010, p. 12).

Benefits

Some of the benefits that HFK experiences by recruiting through social media is the easy access to personal data that is available online. Such data, including employment history, hobbies, and interests, is beneficial for the company to use when evaluating a potential candidate (Doherty, 2010, p. 12). Furthermore, HFK is given a better understanding of the candidates’ skills and personality, as the CVs may reflect a generic setup lacking a personalized touch.

Social networking technology can also be beneficial for businesses looking for passive candidates to interact with. These candidates may be highly talented and not actively looking for a new job, as they are already employed (Doherty, 2010, p. 12). They may be hesitant to contact a new employer because they are not prepared and have not updated their CV. However, they do have a lot of information about themselves online that a recruiter may have access to (Doherty, 2010, p. 12). Therefore, HFK can use social media to find the passive candidates who are music enthusiasts and potential talented employees. Also, because HFK is a new company in Hamburg, the majority of potential candidates might not be aware of the open positions. HFK can thus use social networks to contact potential candidates directly and in a more informal way to, first, create more attention and secondly, to attract talented passive candidates. Social media recruiting activities can provide a new pipeline of talents, as well as a means of employer branding for the company (Madia, 2011, p. 20).

Risks

Despite all the benefits, there are also some risks, which HFK must be aware of when using social media in the recruitment process. One of the risks of utilizing social network information is that there are still many people who do not use social media, and HFK therefore risks neglecting the group of people who possess great talent, but are not online (Doherty, 2010, p. 13). Furthermore,

social media has changed the way we communicate and the boundaries between professional and private information are vague. This forces businesses to be cautious when making a hiring decision based on public non-professional information they have used (Doherty, 2010, p. 13).

Attracting the wrong candidates through social networks is an issue that many organizations run into, as they do not consider how to best target the candidates they want to attract. As an example, a professional networking site such as LinkedIn is more suitable for posting job vacancies than Facebook is, as the sites target different segments, and Facebook may yield a candidate with the wrong skill set for the job (Doherty, 2010, p. 13). To prevent this from happening, organizations have to target candidates in a clear and correct way, based on an understanding of which social media sites are used by what type of candidate. After the identification, companies will be able to build a more suitable strategy (Doherty, 2010, p. 13).

In the case of HFK, LinkedIn may not be the right page to utilize, as the target group does not necessarily have long educational backgrounds (Pew Research Center, 2015). Instead, HFK seeks people with passion for music and good sound. Facebook is therefore a much more appropriate media to use, as HFK may be able to find German Facebook groups for people with interest in music and hi-fi. When the company has identified these groups it may share its job post or contact potential candidates directly. However, the risk of this process is twofold. First there is the potential to fail in communicating clearly and thereby let qualified applicants slip away or in worst case irritate them. Secondly, there is a risk that the volume of applicants may become overwhelming for HFK's recruiters if they do not have the required resources (Madia, 2011, p. 21).

Strategies

Before HFK launches its presence on any of the available social networking sites, it is crucial that it considers the strategic process for engaging job candidates (Madia, 2011, p. 21). More specifically, HFK can create a job-applicant process that directs the right people from its official German Facebook page, to the corporate website. To optimize HFK's effort on Facebook, the best practices, suggested by Sherrie A. Madia, are relevant to include.

First, HFK must consider social media as an extension of its existing recruitment strategy, and not as a replacement for its existing recruitment tools (Madia, 2011, p. 21). This means that HFK must ensure that the German HFK webpage is up-to-date and that the Facebook posts are aligned with

the webpage. Furthermore, it is important that HFK has the resources available to engage with posts on the Facebook page, as the expectations and response-time of this social media site differ from regular mail correspondences (Madia, 2011, p. 21). If HFK does not have the resources to answer questions from potential employees, the candidates might lose interest or even change from having a positive to negative opinion of the company. A tactic, with which HFK can control the level of expectations and engagement on the page, is by creating a social media policy. This policy should clearly state the response-time, tone, style and the types of information that can be shared, as well as a legal parameter that must be adhered to (Madia, 2011, p. 22).

Another parameter for HFK to consider is how its Facebook page should reflect and align with the overall company image. Videos and photos showing the stores and daily life of the employees are effective means in creating a favorable image of the company. It can work as a behind-the-scene display, which shows the values, personalities, management, and work ethics. Not only does this let HFK share its core DNA values, but it also helps German applicants in the process of deciding whether they like the corporate culture or not (Madia, 2011, p. 22). This way of communicating and showing the company's true culture through Facebook will ideally improve the quality of the German applicants and decrease HFK's recruitment time.

Alternative recruiting reflections on social media concern the perspective of the job seekers and their intent with visiting a company's Facebook page (Madia, 2011, p. 22). By turning the view around, HFK may realize some important features that the German job seekers will look for. These include a link to the HFK website, a complete and current job description, but also an introduction of HFK, as it is unknown to Germans. Again the job seekers will also look for updates that convey the credibility of the company, and a deeper sense of its culture. As HFK's culture is much more informal than the German one, it is important to consider the level of formality on Facebook, as there is a risk of being perceived as an unserious company by the Germans.

In sum, HFK must identify the most relevant social networks to engage on, create a well thought plan before engaging, and ensure that it has sufficient resources in order to recruit successfully online (Madia, 2011, p. 24). Furthermore, it is crucial that HFK considers its online content and whether it should retain or adapt its culture and communication style to the potential German employees. This decision concerning culture adjustment is also highly relevant on a long-term

perspective. The following sections therefore concern how HFK can adapt or create a culture and working environment that is most favorable in the respect of German employees on a long-term horizon.

Long-Term Perspective

In the previous section, the focus was on organizational activities, such as employer branding and online recruiting that affect the number of applications and the attractiveness of HFK in Hamburg. However, equally important to recruiting, is the ability to retain the qualified employees and how to utilize their talents better than competitors (Sivertzen et al., 2013, p. 473). The following section thus concerns the long-term perspective of managing employees in a favorable way based on their cultural background. More specifically, by long-term perspective we refer to the internal culture and management style that can have an influence on the job satisfaction of the German employees. Therefore, we will first examine the global/local dilemma and several intercultural aspects that all contribute to effective intercultural management skills, and are hence crucial for creating a favorable working environment.

Furthermore, as it has come to our attention that HFK aims at implementing its original company culture into the German stores. Therefore, the roles of core values, learning style, and leadership will be included as effective attributes for the purpose. Finally, we will shortly recap both the short- and long-term perspectives, in order to make a clear outline and overview of the two perspectives, which will lead to the final discussion in this project.

Global-Local Dilemma

When HFK expands its presence into new markets, it must be aware of the tensions between two sets of forces; one pushing towards global integration and standardization, and the other pressuring for local responsiveness and flexibility (Schneider, Barsoux & Stahl, 2014, p. 243). This is also referred to as the global-local dilemma. Finding the proper balance between responsiveness to local needs and central control is an ongoing dilemma for multinational companies, and many do not manage this dilemma optimally. As HFK expands into new markets, this dilemma becomes more important and must be taken into account, as well as the ability to manage cultural differences. HFK may approach this based on one of the three different assumptions, which are to *ignore*, *minimize* or *utilize* (Schneider et al., 2014, p. 247).

If HFK chooses to ignore cultural differences, it is operating on the assumption that business is business; hence its strategy developed in the home country is considered readily transferable to the

additional markets (Schneider et al., 2014, p. 247). This approach is argued to maintain product quality, uphold customer service, and technological standards as all employees share the same corporate values. However, some experts suggest that a lot of money could be saved for companies if cultural differences were taken into consideration before rather than after the setup in a new market. The decision to ignore cultural differences or to impose one-way-of-doing-things needs to be carefully considered due to the potential consequences (Schneider et al., 2014, p. 250).

The second strategy for managing cultural differences is trying to minimize their impact. This approach acknowledges cultural differences as important, but mainly as a source of problems or threats to efficient and effective operations (Schneider et al., 2014, p. 250). If HFK was to minimize cultural differences, it would be based on the assumption that a strong corporate culture can be created to serve as a melting pot to reduce the impact of the different national cultures. This means that if HFK succeeds in implementing its cultural strategy in the store in Hamburg, the Germans' original values will be disregarded.

The third strategy concerns utilizing the cultural differences. For managers this implies that they need the skills to operate across country boundaries and move the workforce towards a set of common objectives (Schneider et al., 2014, p. 250). If HFK employees were to balance demands from headquarters and subsidiaries, there would come a need to step back and consider how to ensure optimal effectiveness on a worldwide and cumulative basis, and discover opportunities for organizational innovation and learning.

The process of adjusting to a new and different culture is said to follow a U-curve containing three main phases (Schneider et al., 2014, p. 183). The initial phase is characterized as hopeful and optimistic, but followed by the second period of irritability, frustration, and confusion, which then gradually adjusts into the new environment. Different factors such as prior expectations and amount of cultural distance have consequences for the intensity of the three stages. Especially the second stage, also called the "culture shock" has gained particular attention, as this phase represents the biggest risk of failure (Schneider et al., 2014, p. 183).

This is of course also the phase where HFK should be extra careful. Everything might seem acceptable initially, but increased involvement with the new culture may bring out the realization of

unsettling differences in interpersonal behavior as well as work behavior (Schneider et al., 2014, p. 183). This irritation may go both ways in the case of HFK, as the Germans might perceive HFK as unstructured and disrespectful with the informal approach, whereas HFK will think the Germans are too inflexible or reliant on rules and manuals. The realization of differences might come as a surprise to the employees, especially as the two countries are neighbors. In order to decrease confusion, irritation, and conflict, it is vital that intercultural communication is part of HFK's knowledge and focus, in order to succeed in this particular phase of cultural adjustment.

Intercultural Communication

Intercultural communication is the process of communicating between different cultures (Jacob, 2003, p. 72). As a product of globalization, the world is becoming smaller and the ability to deal with cultural differences is becoming a survival issue to succeed globally as an international leader. Intercultural communication is therefore no longer an option, but a necessity. In order to communicate between cultures, an accurate perception of what is conveyed in the verbal and non-verbal interaction is needed. Hence, intercultural communication is not just a matter of communicating but also a way of understanding, listening, and observing. There are many challenging situations when working across cultures, for instance collaboration in global teams, approaching customers or dealing with business partners, and new intercultural communication skills are required in these situations (Jacob, 2003, p. 72).

As HFK is entering a new market and employing staff from a different culture, the aspects of intercultural communication are highly relevant. A cultural approach is furthermore necessary if HFK wants to succeed in retaining the most competent employees. Without understanding cultural differences, the effectiveness and competitive advantages of its already proven culture strategy is significantly reduced. Therefore, if HFK has an active management and puts effort into developing new cultural skills, the result may be a new foundation for competitive advantages.

In our interview with Svend Erik, we asked him how many Danish employees are going to be assigned to Hamburg. Seemingly, only one Danish employee will be transferred and Svend Erik explains: *"We have the principle that in Germany we have German staff, and in the Netherlands we have Dutch staff, and in Norway we have Norwegians hired"* (Rec. 4: 8.40).

The store in Hamburg will therefore consist of three or four Germans and one Danish employee (Rec. 4: 7.42). Regarding the Danish employee, Svend Erik had the following to say about him:

“He has been working for us for nine years in Aalborg. His mother is German, his grandparents are German, and he has vacationed in Germany. He has even been with me in Germany, and he knows how to address people. He speaks almost fluent German, and then he has the advantage of nine years of experience working for the company. Thus, he knows all our products, our IT system and he knows who to email or call in case something needs to be solved” (Rec. 4: 7.49).

In order to provide the best possible foundation for HFK in succeeding in the German market, there are several cultural factors the company must consider and be aware of. The following section will therefore examine different aspects of intercultural communication, which have been found relevant in the case of HFK.

Intercultural Intelligence

The practice of cultural intelligence is a sub-aspect of intercultural communication. It is defined as: *“(...) the ability to function effectively across national, ethnic, and organizational cultures”* (Livermore, 2015, p. 4). This competence can be learned by anyone, but in regard to HFK, it is mostly relevant for the Danish HFK employees who are going to work with or support the future German staff in Hamburg. Intercultural intelligence offers HFK employees an overall repertoire and perspective that can be applied to certain cultural situations with the Germans. For the management of HFK, it is important that it can lead with cultural intelligence, and thus gaining competitive edge and control. If HFK does not consider cultural intelligence in its leadership style the risks are many, including increased time to get the job done, costs, growing frustration, confusion, poor job performance, decreased revenue, poor working relationships and lost opportunities (Livermore, 2015, p. 14). Overall, lack of cultural intelligence may have fatal consequences for the working environment in HFK’s store in Hamburg, and thus it decreases the working experience and satisfaction of the future employees.

The tasks of managing, building trust, and fostering good communication at a working place are common issues for managers. Nevertheless, learning how to do so among a culturally diverse team is a whole new challenge (Livermore, 2015, p. 16). As cultural theories recommend that human resource activities and motivational strategies are adapted to the specific cultural group, HFK can practice and utilize cultural intelligence to improve the working environment despite any differences between the culture of HFK and Germany. Cultural intelligence allows HFK to adjust and adapt its leadership style depending on the colleague or team member without changing its

whole culture and underlying values (Livermore, 2015, p. 18). According to David Livermore (2015), organizations that practice cultural intelligence are more likely to recruit and retain the talent needed to meet demands (Livermore, 2015, p. 19).

Cultural intelligence is a framework that consists of four capabilities, which offers practical and interpersonal skills needed when the cultural context changes. HFK's chosen manager, who will support the activities in Germany, should aim at succeeding in these four skills. To manage with cultural intelligence, one must comprehend and hold the four capabilities, being *drive*, *knowledge*, *strategy* and *action* (Livermore, 2015, p. 27).

Drive refers to motivation and having the interest, confidence, and drive to adapt cross-culturally. It is the motivational dimension that helps a person to work through and personally engage with cultural challenges and conflicts (Livermore, 2015, p. 27). It concerns emotions and includes empathy as well as motivation to engage in cultural encounters. Accepting positive as well as negative emotions and willingness to reflect upon them is the main practice of this dimension. A company cannot assume that an employee has the interest and motivation to adjust to cultural differences. Instead, the employee might only approach cultural training apathetically due to lack of interest (Livermore, 2015, p. 28). Without the motivation for engaging cross-culturally, the time and money spent on intercultural training is a waste. Therefore, it is important that HFK carefully chooses what employees that should engage with the German market and future German employees, as their motivation needs to be intact with the expectations of developing cultural understanding.

Knowledge is the cognitive dimension and refers to the knowledge about culture and how it shapes business environments and behaviors (Livermore, 2015, p. 29). It involves knowledge about how specific cultures differ, as well as the meta-level, which reflects on how cultures affect one's own, and others' behaviors and ways of thinking. In general, this dimension includes the overall knowledge of how a culture varies from one another. Since the Danish HFK employee, who is going to work in the store in Hamburg, already knows German culture due to his background, his need of German cultural knowledge is therefore decreased. Most likely, his practical knowledge obtained through his family and vacations in Germany, allows him to understand how the Danish and German cultures vary (Rec. 4: 7.42). Although he might not have workplace experience in

Germany, his awareness of the German core culture, language patterns, and nonverbal behavior, will build his confidence when working in the German environment (Livermore, 2015, p. 29). Other HFK employees engaging with Germans might need more German cultural knowledge. It is important to mention that unless knowledge is combined with the three other capabilities of cultural intelligence, its relevance to the real demands of leadership is questionable and uncertain (Livermore, 2015, p. 29).

Strategy is the ability to plan and organize when crossing cultures, by making sense of culturally diverse experiences (Livermore, 2015, p. 29). Strategy helps the leader to utilize the cultural knowledge to plan an appropriate strategy, correctly interpret what is happening and check to see if expectations are accurate or need revision (Livermore, 2015, p. 30). HFK must take the time to make strategic plans regarding the Hamburg store and the German employees. Also, when anticipating a cultural encounter, HFK should consider how to approach the people, topic, or situation. More concrete, HFK can only become effective in cultural intelligence when it is able to draw on its cultural understanding of Germans to solve culturally complex problems or situations.

The last dimension concerning *action* is the changing verbal and non-verbal actions when interacting cross-culturally (Livermore, 2015, p. 30). It is the ability to effectively accomplish performance goals in different cultural situations, and create a common ground for interaction with others who are perceived culturally different. The principle of this dimension is knowing when to adapt to another culture and when not to. The Danish HFK employee must learn which actions that will and will not create a favorable working environment and enhance the effectiveness in the HFK store in Hamburg. Moreover, he must learn to manage actions tailored to specific cultural contexts (Livermore, 2015, p. 30). Especially the action dimension is crucial for success, because without the ability to communicate across cultural differences, cultural knowledge, curiosity, nor strategy is sufficient.

Now that the four capabilities of intercultural intelligence have been identified, HFK should aim at teaching these to the appropriate employees. Especially the Danish HFK employee who is going to be the store manager in Hamburg should be taught these dimensions, as he plays a crucial role for the working environment and retaining of German employees. Although he already has knowledge about German culture, he still needs to have the drive and practice the other capabilities, namely

strategy and action. Learning this type of framework can help the Danish employee to engage more effectively and freely between the German and HFK culture. His cultural intelligence will then continue to grow everyday if he acts mindfully (Livermore, 2015, p. 39). In the following section we will go into the details of intercultural intelligence practice, based on Nina Jacob's (2003) experience with intercultural management in global corporations. The focus will involve intercultural training followed by language training and transcultural communication competence.

Intercultural Training

Intercultural training refers to the practice of educating one culture about another culture's rules of behavior, interaction, and communication style (Jacob, 2003, p. 76). This also includes the practice of comparing the other culture with the rules of one's own way of communicating, interacting, and behaving, in order to realize the specific similarities and differences between the two (Jacob, 2003, p. 76).

Intercultural training can contribute a great deal to managers who wish to learn the basic communication rules of a foreign culture. Research suggests that due to intercultural training, many leaders of multinational companies or teams, develop better management styles, including decision making, leadership, communication, and group work (Jacob, 2003, p. 76). Lack of awareness about effective management styles in other cultures can perhaps cause managers to make mistakes unconsciously and unintended.

Nina Jacob, author of *Intercultural Management*, suggests in regard to intercultural training that managers attend culture workshops to gain more cultural knowledge and competences. In these kinds of workshops, the specific cultures should be in focus, and the managers should be given different cultural tasks and real life cases, in order to practice their competences (Jacob, 2003, p. 77). The process in which the managers try to see themselves from the perspective of the other culture teaches them to understand the other culture, and helps them to act and communicate accordingly (Jacob, 2003, p. 77).

To HFK, it is the Germans' perspective of the Danish or HFK's culture that should be emphasized. Furthermore, intercultural training for HFK managers should contain education in effective and general management styles in Germany. As mentioned, it is recommended that the Danish HFK employee gain competence through practical workshop and training. Moreover, the top

management of HFK should also consider attending a workshop in order to enhance its cultural knowledge, which is valuable whenever it interacts with Germans in general or with the employees. Performing intercultural communication and behavior shows the future German employees an interest in their culture and respect for the differences that exists.

It must be emphasized that intercultural training is an ongoing and constant effort that can never end. According to Jacob, the training does not stop after the workshop, and it is crucial that the participants practice intercultural communication deliberately and continuously (Jacob, 2003, p. 78). This will automatically happen for the Danish HFK employee, as he will be working with Germans every day. However, he must act mindfully with the knowledge he has gained from the cultural training, in order to act cross-culturally correct instead of falling back into old HFK habits.

Knowledge of another person's cultural context and behavior is not a guarantee for successful communication, as a person must hold all the four capabilities of cultural intelligence. In connection with action and the ability to communicate culturally, verbal and non-verbal language also has an impact on success. The following section therefore concerns language training.

Language Training

Where effective intercultural training can contribute to improvements in management styles and leadership, language proficiency of the local language is essential for successful communication and interaction. Jacob claims that an effective global manager is well versed in at least two or three languages (Jacob, 2003, p. 78). The ability to speak the other culture's language enables the manager to understand the existing communication patterns that belong to the new culture (Jacob, 2003, p. 78).

Even though some theorists have argued that it is not a necessity for managers to learn the language of the particular culture, language proficiency is, however, considered a long-term value (Jacob, 2003, p. 78). As it is not HFK's intention to send a lot of Danish employees to Germany, internal language training might be unnecessary on short-term. However, on long-term HFK managers must consider the benefits of speaking German with the employees in the Hamburg store, as it enhances the feeling of inclusion and in-group, which is an important factor for working satisfaction and loyalty.

The management of HFK seems to have carefully selected the person who is going to work in Hamburg. By choosing an employee who is already familiar with the German language and the culture, HFK decreases the risks of cultural misunderstandings and poor intercultural communication. As the chosen employee already speaks German, the need for language training is minimized and the focus should instead be on training in intercultural communication and intelligence.

Transcultural Communication Competence

In relation to developing competence, transcultural communication competence refers to the integration of theory and practice (Ting-Toomey, 1999, p. 261). Transcultural communication competence consists of three components, and they are *knowledge block*, *mindfulness* and *communication skills*. For HFK to succeed in creating a favorable working environment, it needs to transform the knowledge of intercultural theories into appropriate and effective performance towards the Germans, i.e. act cultural intelligent.

Through understanding and knowledge of cultural values such as individualism/collectivism and power distance, HFK can understand the low-context and high-context communication styles that reflect such values. Furthermore, the correlation between the concepts and dimensions becomes clear and HFK should aim at understanding the links. These are for instance when individualistic cultures express themselves in low-context and direct ways due to their priorities of interpersonal efficiency and self-identity assertion, which is also evident in the case of Germany (Ting-Toomey, 1999, p. 267). In order to act intercultural intelligent, HFK must develop great sensitivity and knowledge concerning values, identities, behaviors, and situations that constitute intercultural communication.

To be mindful of intercultural differences, HFK must learn to see the unfamiliar behavior from a fresh context. Mindfulness demands creative thinking, and a person in an intercultural encounter should not always attempt to make the best choice based on the available options, but instead create new options (Ting-Toomey, 1999, p. 268). If the Danish HFK employee acts mindfully in Hamburg, he will eventually manage skillful intercultural interaction, since mindfulness is the mediating step between knowledge and skills (Ting-Toomey, 1999, p. 269).

Communication skills refer to the ability of interacting appropriately, effectively, and satisfactorily in a given intercultural situation. Several attributes associated with effective transcultural communication are identified and include tolerance for ambiguity, open-mindedness, cognitive flexibility, respectfulness, situational adaptability, verbal and non-verbal sensitivity and creative thinking (Ting-Toomey, 1999, p. 271). These qualities are what the HFK employee should aim at, and we will later give some examples of how to act according to these.

Barriers to Intercultural Communication

Cultural differences affect intercultural encounters, which may lead to misunderstanding or conflict. There are different kinds of barriers that lead to miscommunication, and it is important for HFK to acknowledge these, and thus take the first preventive step. These barriers are crucial to keep in mind when practicing intercultural communication and cultural intelligence.

Stereotyping is a tendency that can create problems. Stereotyping is defined as: “(...) *a stable set of beliefs or pre-conceived ideas which the members of a group share about the characteristics of other groups*” (Guirdham, 1999, p. 161). Stereotyping is considered a cognitive process, in which people construct boxes to put other groups of people and individuals in, in order to avoid “information overload”. As stereotypes are often based on false assumptions, it weakens the communication style or increases the risk of misunderstanding (Guirdham, 1999, p. 163).

This occurrence of stereotyping arises in different situations and ways. For instance, stereotyping influences the way information is processed, meaning that if Danish people perceive Germans as angry, it is likely that they will not notice or quickly forget if a German person is gentle and calm (Guirdham, 1999, p. 163). This is important for HFK, as it should be careful not to keep Germans in their stereotype by expecting all individual Germans to be very formal, detail-oriented or holding masculine values, just to mention a few.

In connection with the planning and opening of the store in Hamburg, HFK’s employees have had a few encounters with Germans. As an extension, Svend Erik explains that the German culture has been discussed internally (Rec. 4: 13.20). He says that HFK employees have already acknowledged the differences between the two cultures, and it is important that HFK employees do not start to create strong stereotypes based on the few encounters. Although stereotyping is an inevitable process, HFK must try to monitor the typecasting process (Ting-Toomey, 1999, p. 172). If it is the

case that HFK employees already have stereotypes of Germans, the process is to identify the attributes, in order to avoid engender stereotype-confirming communication or self-fulfilling prophecies. Stereotyping may lead to individuality being overlooked, and since Germany is an individualistic culture, HFK must avoid by all means when trying to create a favorable working environment for the Germans (Guirdham, 1999, p. 163).

Furthermore, social identity theory argues that people practice in-group favoritism and out-group differentiation for the purpose of enhancing social and personal identities, and this can be a barrier for HFK's intercultural management and communication as well (Ting-Toomey, 1999, p. 147). In-group identity is the emotional attachments and shared feeling of belonging to a selective group, whereas out-group refers to groups that a person feels emotionally detached from. To HFK this means that if the German employees feel too distinct from the corporate culture, it may increase their perception of their own in-group values and norms as more positive, desirable, and rewarding, which will effectively create two separate cultures within the company. HFK should aim at creating an open and inclusive in-group tied to its flat structured, flexible and open working environment, in order to enhance loyalty between HFK and all its future German employees (Ting-Toomey, 1999, p. 148).

Larger amounts of intercultural interactions can foster greater perceived cultural similarity, and reduce the "us vs. them" stereotypes or in-group/out-group perspectives (Schneider et al., 2014, p. 184). Additionally, interaction increases the likelihood of shared understandings, providing a greater sense of predictability and control, whereas weak cross-cultural interactions may cause friction and frustration. Intercultural intelligence and training are therefore additional necessary ingredients because increased contact alone is not enough in a cross-cultural situation (Schneider et al., 2014, p. 184).

Implementation of HFK's Culture

So far we have emphasized the importance of intercultural communication and its several aspects when creating a promising working place within a new market. We will now move on to other factors that concern how HFK can implement its unique culture in the German market, since we got the impression that it is of HFK's interest to keep its original organizational culture and implement it into the German HFK stores. This strategy belongs to the assumption that a strong organizational

culture and values will override cultural differences. Hence, the strategy minimizes the influence of national culture as also mentioned in the global/local dilemma section (Schneider, 2014, p. 250).

We found it relevant to examine the following theories concerning core values, leadership role, impression management, and learning style, as these will support the process and help HFK reach its goal. Furthermore, it will be emphasized how the implementation of HFK's culture in Germany could be beneficial in the creation of a satisfying working place for the German employees and the strategy of retaining them. However, we will also discuss whether the strategy of implementing HFK's culture in its German stores is a competitive advantage or not, as the cultures have proven to differ on several levels.

Core Values

Core values are internal beliefs about what an organization stands for, including how it values its stakeholders (both internal and external), the direction in which the organization should progress, and the nature of its work ethics (Jacob, 2003, p. 107). Since core values constitute the essence of a company's identity, it is beneficial for HFK if it succeeds in implementing these in the Hamburg store. Establishing strong core values provides both internal and external advantages to the company and, thus, plays an important role in retaining employees. The following section will thus examine core values and their importance in intercultural management.

Jacob emphasizes the importance of holding an international organization together with core values, because different cultures exist (Jacob, 2003, p. 107). In order to be effective in intercultural management, Jacob claims that organizations should first of all have significant core values that must be broadly distributed across all cultures. The key is for the employees to hold these core values superior to all other beliefs, whether individual, societal, or national (Jacob, 2003, p. 107). The following case will demonstrate how core values can be successfully implemented and utilized to bind an organization together.

The case concerns Russian and American culture, and although we are aware that these cultures differ a lot from the Danish and German cultures, the case is still relevant, as it emphasizes the importance of core values, intercultural communication, and recruitment. Furthermore, the case concerns individual McDonald's stores, and the cultural conflict that arises may be similar to the

cultural conflicts that HFK might experience with its German employees. Thus, we utilize this case and its results to draw on practical experience and advice for HFK.

Vikhanski and Puffer (1993) explain how the success of McDonald's in Russia was attributable to the emphasis that was placed on the proliferation of core values (Jacob, 2003, p. 98). The core values that were disseminated in Moscow were identical to those disseminated in the rest of the world, entailing that no cultural adaption was made from the culture of McDonald's to the Russian culture. This resulted in integration of the Russian employees into the worldwide family of McDonald's, instead of working as a separate food chain (Jacob, 2003, p. 98).

A global corporation's successful operationalization of its core values is due to two things. First, the core values should be applicable but prestigious – they must include an inspirational element and give the staff a sense of direction. Second, the corporation should have the skills to spread them across different cultures. When this is achieved, a strong bonding power will hold the global corporation together (Jacob, 2003, p. 99). If the core values are strongly embedded, there is a very limited possibility that employees will adopt skeptical views of the company, perhaps resulting in conflicts. The strong core values held by McDonald's restaurants worldwide have made the corporation a high-performance company and with no draining conflicts within the internal staffing department of the company (Jacob, 2003, p. 99).

McDonald's Moscow took several precautions to ensure that the company's core value of a strong work ethic could take place in Russia. One of them was the hiring of Moscow teenagers to its team, rather than adults, because it preferred employees without any work experience (Jacob, 2003, p. 100). As a result, the core value of a strong work ethic could be established in employees who had not yet adopted poor work habits (Jacob, 2003, p. 100). Professional events were also planned in order to strengthen the sense of a family at Moscow McDonald's, and these events had strong motivational influences on the staff. Examples of such professional activities include an employee meeting held every three months, as well as recognition of specific achievements made by certain employees (Jacob, 2003, p. 99). The employees at Moscow McDonald's did not have any difficulties with adapting to the work practices of McDonald's because they felt special and appreciated through the professional events and conversations with their manager (Jacob, 2003, p. 99).

The case of Moscow McDonald's is a good example of effective implementation of an organizational culture, despite of cultural differences, and should therefore be considered as great inspiration to HFK. There are no doubts that HFK has strong core values, and these have been described earlier in this project as passionate madness, edgy attitude, humor, etc. Hence, we imply that HFK's core values are worth the core value status as they have inspirational elements and give the staff a sense of direction. So far, HFK has also proven to have the right skills to spread the core values across different cultures, as seen in Norway, Sweden and the Netherlands.

The fact that Moscow McDonald's recruited young people to its teams and with great success indicates that it is easier to establish a company's core values among the employees if they have not yet adopted poor work habits. Although there are several benefits of hiring older and more experienced employees, including less training, we emphasize the cultural benefits of recruiting young people.

When Svend Erik was asked how he and the management of HFK are going to make sure that the corporate culture will appear in the Hamburg store, he said that he is going to take an active role in visiting the store, and follow up the opening of the store in person. More precisely, he will be present five to six times a month and ensure that everything is going as planned while also being a representative of the HFK culture. Furthermore, the German employees will attend intensive training in Denmark, and visit the headquarters as well as three of the company's stores in Aarhus. Last but not least, the employees will attend a kickoff weekend in Amsterdam together with 650 colleagues from all of the countries, in which HFK operates. This will take place in August, and according to Svend Erik, the cumulative effort will ideally increase the German employees' sense of team-spirit (Rec. 4: 9.20).

Svend Erik is thus positive that the new German employees will feel attached to HFK and eventually adapt to the company's culture. Compared to the case of Moscow McDonald's where professional events were planned in order to strengthen the sense of family, it could seem like HFK is on the right path, as it also focuses on events and bringing people together. The company can hopefully bring out a strong motivational influence on the German staff through intensive training, meetings, and conversations with HFK managers.

Svend Erik further explained that the Netherlands serves as a great example of how the Dutch employees referred to the other HFK countries as “them” in the first year, but after the kickoff weekend they started referring to HFK as “we” (Rec. 4: 9.45). Furthermore, he mentioned that he is aware of the fact that people cannot be forced to feel love for HFK and its management style and culture from the first day. Instead, the feeling has to develop naturally and staff meetings and conversations are part of the strategy (Rec. 4: 9.45).

In the upcoming part of the thesis, we will discuss practical aspects of implementing HFK’s culture in the German stores, which includes leader roles, impression management, and learning style.

The Role of Leadership

Schein claims that the role of leadership is essential for the creating and sustaining a culture, and HFK should hence consider its leadership in Hamburg in order to make sure that the values and culture are being introduced and practiced (Schein, 2010, p. 195). According to Schein, culture is developed from three sources: 1) beliefs, values and assumptions of organizational founders, 2) learning experiences of group members as their organization evolved, and 3) new beliefs, values and assumptions brought in by new members and new leaders (Schein, 2010, p. 195). Schein argues that the most important role for cultural beginning is the founder’s impact. This is also evident in the case of HFK, as Peter Lyngdorf’s vision of providing high quality products and great sound at competitive prices is still a strong part of the company’s culture (HFK Book, 2012, p. 16). His “nerdy” passionate character and personality are what the HFK employees today represent and value.

Along with the growth of HFK, is the occurrence of subcultures (Schein, 2010, p. 260). In regard to HFK, geographical differentiation is what happens when HFK expands its stores into new markets. Schein raises the question of whether a corporate culture is strong enough to assert itself in the different regions (Schein, 2010, p. 264). He argues that this is when the leadership plays an important role, as it depends on how strongly leaders feel about perpetuating and extending its core assumptions.

The current strategy for teaching and training the new German employees about HFK’s culture, is, as mentioned before, inviting them to see the Danish HFK stores where they can meet Danish colleague who are honest HFK ambassadors. The Germans will therefore go through an intensive socialization process. The Danish HFK employee who will work in Hamburg has a great

responsibility for continuing the company culture and core DNA in Hamburg. There is a risk however that the German national and business culture will shape and blend into HFK's culture as well. The process of local influence is something that HFK must consider, as it to some companies will work as a competitive advantage (Schein, 2010, p. 265).

When HFK expands its stores into new markets, it must realize the cultural consequences of this expansion, including the possible occurrence of subcultures. If a created subculture is more valuable for the Germans, but they still hold the same goals, vision and mission of HFK, the negative impact on HFK should be minimal. If the German subculture limits or is in contrast with the goals and vision of HFK however, the leaders may have to take action in order to avoid failure. Finding ways of coordinating, aligning, and/or integrating the different subcultures thus becomes the leader's task (Schein, 2010, p. 271).

Impression Management

Another method, in which HFK can influence its future German employees, is through the practice of impression management. Impression management is defined as: “(...) *the process by which people control the impression others form of them (...)*” (Dubrin, 2010, p. 1). This practice involves control of managing, shaping, and adjusting an image into a positive impression. Whether the Danish HFK employee considers impression management to be important or not, his future German employees will judge him on the basis of the impression that he creates. Hence, a favorable impression will be an advantage in the process of integrating a new culture. This is due to that fact that a leader's perceived competence is what determines if he will be able to influence followers or not (Dubrin, 2010, p. 158).

Impression management for leaders includes projecting their leadership image through different approaches (Dubrin, 2010, p. 160). Modern-day leaders must practice their self-promotion and develop skills to win over an audience, but being a skilled performer is not sufficient in its own right. An essential aspect of projecting the image of a leader is also to connect with the audience (Dubrin, 2010, p. 159). In this aspect, a vision can be useful and the Danish HFK employee should therefore put emphasis on the common goal and guiding principle of being the preferred provider of great sound for any music lover in Hamburg, in order to enhance the connection with the German colleagues.

Furthermore, symbolic management may be utilized to increase connection, and this includes professional events, annual meetings, regional meetings, sales and training lessons (Dubrin, 2010, p. 161). As being the head of a professional event is regarded as part of a leader's role, the Danish HFK employee will create a positive impression and enhance connection by conducting such events. Also, if the Danish HFK employee can tell old legend stories of HFK which symbolize the corporate culture, he achieves the impression of an aura of being emotionally connected to the company and therefore worth following (Dubrin, 2010, p. 161).

Another attribute to impression management is listening empathetically. It is already a part of HFK's strategy to listen to its employees, emphasized by the flat organizational structure. This is an aspect that the Germans might not be used to, and they should therefore be encouraged to interact. Having small conversations with the employees and listening to their stories, problems or concerns will form a good impression created only by listening (Dubrin, 2010, p. 162). The Danish HFK employee may also increase his impression further by describing follow-up actions on issues raised in previous conversations, or giving commitment to fixing problems. A crucial factor to this practice is naturally not to appear fully scripted or rehearsed, as this counteract the desired effect to the impression.

In the process of influencing the German employees into behaving accordingly to HFK culture, the Danish HFK employee must project his image of being an effective and favorable leader in accordance with HFK's values of behavior. One influence tactic to utilize is by acting as a positive role model or leading by an example (Dubrin, 2010, p. 165). The challenge here is to be consistent in actions and words, because if these do not support, confirm or clarify each other, the leader will lose respect. The Danish employee can thus suggest effective and appropriate HFK behavior, but risks a negative impression if the act is not consistent or honest.

Closely connected with being a positive role model, is the influencing tactic of being a team player. Since the HFK store in Hamburg is the first in the German market and that HFK greatly wants it to succeed, it might put a lot of focus on revenue and sales in the beginning. It is also important that the Danish HFK employee remembers to put emphasis on teamwork and the overall values, motives, and goals of moving people through great sound, instead of solely focusing on boosting revenues (Dubrin, 2010, p. 166). He must also show that he is a team player by working just as

many hours as the Germans, and support whenever and wherever there is need for it. This practice should not be unfamiliar to a HFK employee as the company's flat structure increases the need and importance of teamwork.

Learning Style

Svend Erik explained that workshops and training programs are organized in order to teach the new employees about the HFK culture. As the cultures differ, the Germans have a lot to learn, get used to, and take in during these workshops. Therefore, learning style is an essential cultural activity for HFK to consider when the purpose is to implement its values in the German store.

Learning style is defined as: “*The individual, natural and preferred way of a person to treat informations and feelings in a certain (learning-) situation which will influence his decisions and behavior*” (Barmeyer, 2004, p. 578). Culture has its influence on the development of learning style, making learning styles culture-bound cognitive schemes. Cross-cultural training is an important matter for HFK to understand, as its high quality content in the training program is not understood by the Germans, if the learning process and the transmission of knowledge is not in accordance with the German participants' culture (Barmeyer, 2004, p. 578).

To make the Germans' visit to Denmark successful and the learning affective, a possible model to consider is the *motivational framework for culturally responsive teaching* by Wlodkowski and Ginsberg (2000). This framework is mindful of different cultures and learning styles, and capable of creating a common culture that all learners in the learning process can accept (Oder, 2010, p. 288). The model consists of four essential motivational conditions that both the Germans and HFK are responsible of creating and enhancing. The four conditions are *established inclusion, developing attitude, enhancing meaning* and *engendering competence* (Oder, 2010, p. 288).

Established inclusion is the creation of a learning atmosphere in which learners, i.e. Germans, and teachers i.e. HFK, feel respected and connected to one another (Oder, 2010, p. 288). To establish the inclusion between the Germans and HFK, activities such as introducing all the participating employees to each other, engage them to talk, and build trust by giving them small tasks to solve in collaboration, are effective (Oder, 2010, p. 288). These activities work best if they are implemented in the beginning of the workshop or training program, so that the feeling of inclusion is increased

from the start. Hopefully, the German and Danish employees will change their way of thinking from a “they” to “we” perspective (Ginsberg, 2005, p. 219).

Developing a positive *attitude* involves the creation of favorable mood towards the learning experience through personal and cultural relevance and choice (Oder, 2010, p. 288). Asking the German employees beforehand which learning styles they prefer and what subjects they find most relevant to learn about, can help HFK plan the workshop in accordance with the needs and wants of the Germans (Oder, 2010, p. 288). This will enhance a positive attitude towards the learning process, as the Germans are able to voice their opinions.

Enhancing meaning refers to challenging learning experiences that include the learners’ perspective and values (Ginsberg, 2005, p. 221). This condition is best planned throughout the workshop. HFK should create realistic and practical learning activities that enhance meaning for the German employees by including their values and perspectives (Oder, 2010, p. 288). The activities should include questions that go beyond facts, encourage different point of views, and build on what HFK knows about German culture. In this way HFK can discover in which ways the German’s think and behave differently from its own culture, and thereby give them a lesson in how to think like a HFK employee.

Engendering competence refers to the process that helps the learners to identify what they know and can do after a lesson, and link it to future possible scenarios (Ginsberg, 2005, p. 221). HFK can enhance this process by creating a final chart summarizing all the learning and criteria for success, and show the Germans how they can be directly transferred into practice in the store (Oder, 2010, p. 288).

By implementing these four motivational conditions into the training program for the German employees, the learning is enhanced as the motivational framework acknowledges the role of culture in teaching and learning, without prescribing lists of learning preferences and teaching approaches for the Germans (Ginsberg, 2005, p. 219). Cross-cultural training is more effective if the culturally bound learning styles are taken into consideration. Instead of making assumptions about German learning style, an inclusion of the Germans’ opinions and input can make a real improvement in the outcome of HFK’s training (Barmeyer, 2004, p. 591).

Sum up

Recruiting the right employees is obviously a crucial element for HFK in trying to attract new employees to the Hamburg store. In short-term, we considered employer branding and online recruiting through social networks as efficient and relevant strategies for HFK to apply. On longer terms, keeping the employees motivated is just as important for the survival of the company in the German market. It has been suggested that intercultural communication, intercultural intelligence, intercultural training, language training, and transcultural communication competence are all effective tactics in the process of creating a favorable working environment. Furthermore, we argue that core values are vital when a company enters a new cultural market. Finally, we have examined the role of leadership, impression management, and learning style as practical aspects of implementing HFK's culture.

In order to answer the question of how HFK can create the most favorable working environment in the Hamburg store, it is inevitable to discuss to what extent HFK should try to create the same culture in Germany, or if it actually should look at other alternatives and perhaps, to a larger extent, adapt its management style to the German culture. One can ask whether or not the low power distance, flat hierarchy, self-expression, freedom with responsibility, and informality, characterizing HFK, will have a positive influence on working climate, team spirit, and commitment to the company in Germany. Therefore, in order to reach a conclusion to our research question, we will first discuss the dilemma of empowering employees from another culture, and secondly discuss how our suggested strategies in short- and long-term perspectives may contribute to the process of creating a favorable environment in a cross-cultural context. The discussion is followed by our final recommendations for HFK.

Discussion

Customer experience is created through various forms of interactions, including the contact of customer-customer, employee-customer, and company-customer (Schlager et al., 2011, p. 497). As the spectrum of influence on customer experience is broad, the control by a company seems to decrease, especially as customer-customer interactions cannot be controlled directly by the company. However, the importance of employees' attitudes, behavior, and appearances towards customers therefore increases and becomes an essential area for companies to understand in order to control. A favorable and positive working environment for the employees enhances the customers' experience of service and the image of a company, hence this is what companies should aim to achieve (Schlager et al., 2011, p. 505).

In Denmark, HFK has already placed great emphasis on working environment and culture as a strategy, and it is fully aware of its great influence on customer services, e.g. the HFK Experience. However, as it is important to provide the specific type of value to the employees that will increase their level of satisfaction and result in identification with the company, the main focus should be on those value dimensions that employees are most likely to appreciate and identify with (Schlager et al., 2011, p. 505). For the success of HFK in Germany, it is therefore crucial that its culture empower the German employees in the same way as it does in Denmark. As mentioned earlier in the thesis, Svend Erik has said that HFK wishes to transfer and implement its organizational culture in its new store in Hamburg. However, as the Danish and German culture and values vary on several parameters, HFK must take these differences into account, as the culture to empower Germans may not be equal to HFK's current culture that empowers the Danish employees.

Based on this, we find it necessary to discuss whether HFK should adapt its culture or not, and if so where and how? We will go into details with the different areas that we have considered in our first and second analysis, in order to discuss whether HFK should adapt its culture or implement it regarding the different areas. Thus, we will reach a conclusion and provide recommendations to HFK on what the company should do in order to become the Germans' favorable place to work.

In the first analysis, we examined the German business culture and HFK's organizational culture in order to find the differences, so that we could discover potential conflicts and possible areas of

miscommunication. Some of the biggest and most significant gaps between the German culture and HFK's culture appear in our figures 1 and 2 and can thus be said to be the differences in power distance, uncertainty avoidance, and level of formality. The fact that Germans tend to favor a more controlling management style with rules and hierarchy, due to high uncertainty avoidance, does not correspond with the management style of HFK. Also, the very relaxed and informal attitude of HFK employees is argued to be in conflict with the German formality. Hence, there is generally a big difference between German culture and the culture of HFK.

Because there seems to be more gaps than matches between the two cultures, HFK will most likely face greater challenges in implementing its original culture in Germany than it did in the previous markets into which it has expanded. Thus, it can be argued that HFK will face obstacles by applying the same cultural strategy in Hamburg, and it will at least require additional time and effort for implementation.

One could then question whether this means that in order to succeed in the German market, HFK will have to fully downplay or adjust its organizational culture and make its values more in accordance with the German culture. It is obviously extremely important that the company takes cultural findings into consideration in order to achieve a successful management style in Hamburg, but it is furthermore important to examine exactly in what settings it should or should not implement its culture, and how it should proceed doing so. We start by discussing the short-term activities, followed by the long-term behavior strategies.

Short-term Activities

In the short-term, HFK is faced with the question of whether in the job description, employer branding and online recruiting it should adapt its values to German preferences, as these are the first encounters that HFK will have with its future employees. We will therefore discuss some of the benefits, challenges and risks connected with this.

The purpose of the short-term activities is to attract talented German employees. However, as we saw in the cultural analysis of Germany and HFK, their values differ greatly. If HFK applies an employer branding strategy in Germany, it will help gain a lot of attention in the new market and attract competent German employees, but what and how it should communicate is a great matter of discussion. Some of HFK's core values, in particularly *passionate madness*, may have an influence

on the employer brand and recruitment process in Hamburg, as the company's level of formality, power distance and self-expression appear directly in the employer branding strategy. It can be argued that the benefit of staying true to the company's values through the job description, online recruitment, and other employer branding activities, is that HFK will more likely attract the right employees to begin with. Hence, there is a bigger chance that the Germans who apply for the job, will be much more in alignment with HFK's culture and values, and would even perceive the culture and values communicated as different but inspiring. If this is in fact the case, HFK will actually do itself a favor and save a lot of time on recruitment, as the chance of attracting the right candidates is increased.

Furthermore, online recruiting is a beneficial strategy for HFK as it enables effective communication through social media at low cost, which is very much in alignment with HFK's low-cost strategy (HFK Book, 2012, p. 22). This tool also enables HFK to reach its specific target group in Germany, but it is vital that HFK only apply social media recruitment activities when it has the resources to do so. A German HFK ambassador must have the time and capability to post online and quickly answer possible questions while at work in the store or even after work. As the future German HFK employees might be very busy at the beginning of their employment because they need to acquire knowledge of all HFK products and terms, this strategy is suggested to be postponed until the employees are ready and have more time and competence to perform such actions. However, as online recruitment through social media is an efficient employer branding strategy, especially in the beginning in order to create awareness in Germany, HFK may consider having an experienced HFK employee who speaks and writes German to initially control HFK's Facebook activities in Germany.

Following the strategy of communicating HFK's original culture is also a risk to take. HFK can either benefit from this, as argued, but it can also turn out to have the opposite effect. In this case, potential candidates may dislike the job description and other communication forms of HFK, as it is all too distinct from the German's more formal values. As stated earlier, Leschke argued that the German job description of HFK seemed a little over the top or presumptuous (Rec. 2: 22.40). If this is in fact how the majority of Germans feel when they read the job description or content online, then HFK risks losing potential, competent German employees, as it will receive fewer applications and, thus, miss out on great talent. Furthermore, a risk might be that HFK will be perceived as an

unserious company, not only to potential employees but also to other stakeholders such as customers or business partners.

In order to reach a somehow provisional conclusion or recommendation as to what is the best way for HFK to recruit, we have asked Svend Erik about his personal experience in the recruitment process in Hamburg. He then mentioned that it was his impression that during the recruiting conversations in Hamburg, the German applicants did not seem too worried and neither did they seem unsatisfied or uncomfortable when leaving the job interviews (Rec. 4: 17.08). It is, however, hard to tell if his experience is representative of the general attitude among Germans towards HFK, or if it is a particular event.

Nevertheless, it has been argued earlier in the thesis that there is a generation shift in Germany, which means that young employees are less formal and do not necessarily possess typical German values (Rec. 1: 4.05). In this regard, we support HFK's decision to stay true to its culture in the recruitment process, as this will attract HFK's preferred types of employees. Furthermore, we recommend that HFK aim at recruiting young employees who do not already have a lot of old work habits, and who are more likely to be open-minded towards a different culture. In relation to this strategy, online employer branding and recruitment through social media is suitable, as the majority of the younger generation is active online (Henderson, 2015). However, by making an active choice in staying true to the company's values and informal culture in the job description and other communication channels, HFK must be aware of the potential risks that come with it, as it may exclude some candidates from applying, especially if the company wishes to recruit older and more experienced employees.

Now that it has been discussed in what way HFK should recruit in order to attract the best candidates, the next step is to discuss how the company can create a favorable working environment in the long-term in the German market. The long-term perspective and activities have the purpose of retaining German employees and enhancing their work satisfaction, as this will have a positive effect on customer service and the customer experience as well.

Long-term Activities

In the long-term, the management of HFK is faced with the question of whether it should learn to communicate interculturally, act with intercultural intelligence, get training, and learn the language

as these are the identified activities that may enhance the working environment in the German HFK stores. In this context, we will include two examples that illustrate why intercultural intelligence is vital for successful communication and interaction, and how intercultural communication can work effectively in specific intercultural situations for HFK.

The first example can be found in the situation where HFK's employees sometimes attend music events in the evening, and now and then use their time to stay after work to listen to the new stereos in the closed HFK stores (HFK Book, 2012, p. 21). In the German job description it is expressed that the future employees are expected to participate in music evenings, and it indirectly states it is without being paid (App. 22). Some of our German experts have pointed out that Danes and Germans have different perceptions of work-life-balance. Since Germans sharply separate work and private life, attending events and staying after working hours with no payment might be regarded as negative and as stealing the Germans' free-time (Rec. 2: 19.20). Thus, it is doubtful that the German employees will favor using their free time in the stores without payment, as their culture is based on the value of "live for working" and not "work for identity" such as is the typically Danish approach (figure 1). In this situation, HFK is left with a big challenge of how the company can communicate and encourage the German employees to stay after work without being paid. If this situation is not controlled appropriately, it will lead to job dissatisfaction for the Germans and frustrations for HFK.

Our suggestion for HFK in such a situation is to be intercultural intelligent and use cultural knowledge. Based on the data we have examined and uncovered in our first analysis, similarities between HFK and German culture have been discovered - as well as the differences. As the particular case is concerning HFK's core DNA, *competence*, HFK should focus on the match between this value and the German values, as it will help HFK realize the similarity which can create a connection. Because the Germans are very detail-oriented in their working behavior, HFK's value of competence is something they will be able to relate to and prefer. HFK values competence in order to provide the customers the best service, and this includes emphasis on details, which is already a part of the German working culture. HFK should therefore emphasize the competence and detail knowledge, which will be gained from listening to the stereos after work, instead of focusing on working overtime. Hence, it is HFK or the Danish HFK employee's responsibility to put a higher emphasis on the matches, as it could result in a common feeling and fundamental

understanding between HFK and its future German employees rather than the gap of the work-life balance. This type of situation shows the importance of behaving based on intercultural intelligence and mastering all four capabilities; drive, knowledge, strategy and action.

The second example concerns how HFK can encourage its German employees to act with passionate madness, when this is very much contrary to German values. The reason that this is important to discuss is because passionate madness is one of the major core values of HFK, which is deeply rooted in the company and represents the behavior of all the employees. The fact that the employees at HFK are not asked to do specific extreme behavior but that they simply do it because they believe it is the normality can be argued to be a hindrance in Hamburg, as Germans have a very distinct perception of working normality. As mentioned, the differences in power distance, uncertainty avoidance, and formality play a significant part in explaining why Germans are reluctant towards this kind of behavior.

However, since this is a core DNA of the company, HFK clearly faces a big obstacle. Therefore, the question is whether HFK should consider compromising and downplay its passionate madness value in Germany. Our answer to this is, yes. We believe that HFK should indeed adapt to the German culture and be mindful when it comes to implementing this particular core value. Understandably, HFK has to stay true to its culture and identity, but this does not mean that the company cannot, in specific situations, try to adapt to the specific market and the cultural differences that come with it. The HFK management should not expect the future German employees to be as “crazy” as the Danish employees, because it is simply not a part of the German culture to act like this.

Following this, Svend Erik has mentioned that sometimes the very formal and correct behavior of Germans has been of great amusement for the HFK management, as they have discussed the Germans’ strict behavior that is unlike the typical Danish way of behaving (Rec. 4: 12.35). Based on this, it is worth emphasizing that HFK should not perceive the Germans as boring or odd, as this is only the perception HFK management has due to its own “cultural glasses”. This is where it is necessary to possess intercultural intelligence, as it includes how cultures differ and how diverse cultures may perceive one another (Livermore, 2015, p. 29). We therefore believe that through intercultural training, HFK will learn to understand how it observes Germans and the converse.

Intercultural intelligence will eventually teach HFK not to push the Germans into something that they dislike, including acting in an extreme and informal way, as it is in such a big opposition to the German culture and way of behaving. Thus, our suggestion to HFK is to put less emphasis on the core value of *passionate madness* in Germany and instead adapt and be culturally intelligent towards the German culture. Furthermore, intercultural training can be a great advantage and, in this case, crucial for HFK, in order to avoid conflict and miscommunication.

Core Values

Core values are vital for HFK as they are internal beliefs about what the organization stands for and, thus, the essence of the company's identity. Therefore, if HFK wishes to succeed in the German market and retain its German employees, it is essential that the company becomes successful in implementing strong core values in the Hamburg store. Consequently, it might appear contrary to our suggestion that HFK should put less emphasis on some of its core values, for instance *passionate madness*. It should, however, be perceived in a way that HFK must establish strong core values in order to gain both internal and external advantages, but at the same time the company has to acknowledge and adapt to the local culture, resulting in less focus on certain core values. This is because core values are what hold together an international organization, but at the same time it is important to treat different markets in dissimilar ways and, thus, adapt to each of them (Jacob, 2003, p. 106).

Considering the cultural differences between HFK's organizational culture and the German culture, we ask whether HFK's core values will in fact empower and give the German employees a sense of direction, or if the core values are simply too different from the German culture. HFK has indeed demonstrated its significant core values in the Danish market, and it is already fully aware of the importance and efficiency of these. The example from the McDonald's Moscow case was of great importance for HFK, as it concerns how to successfully create inclusion and shared feelings based on core values regardless of culture.

We argue that if HFK wishes to implant its culture in the future German employees, then it must work hard and make strategic planning of how to implement its culture. Based on the McDonald's case, we suggest that HFK invite the German employees to events, training, and teambuilding, to make them feel part of the "HFK family" and strengthen their sense of belonging to HFK. Furthermore, it is effective to influence them through professional meetings, personal

conversations, and feedback sessions, just as the Moscow case proved. Also, as it is the leader's job to make sure that the employees hold these core values superior to all other beliefs, the Danish HFK store manager will have a great responsibility in integrating the core values in the new HFK store in Hamburg.

Evidence suggests that HFK is already aware of core value strategy, and is actively trying to influence its employees to act according to its cultural preferences. This also means, that the responsibility of implementing core values is not only held by the Danish HFK employee who is moving to Hamburg, but instead the responsibility is shared by the management of HFK as well. This will make the process a lot more efficient and strong, and potentially it can reduce the time of transforming the German employees into sharing the core values of HFK.

In a follow-up email correspondence with Svend Erik, we asked him to elaborate on the purpose of inviting the new German employees to Denmark, and his response was: *“Basically, it is very important that new employees feel like they are part of the team, maybe even as part of the family, as fast as possible (...) Therefore, we invite them to Denmark so that they can meet the colleagues who they are going to interact with, and so that they see how we do things here. Furthermore, I usually invite the new members home so that they get to meet my wife and have some Danish food (...) In other words, it shortens the mental distance between the new employees and their company/boss”* (App. 23).

Altogether, it seems as Svend Erik and the entire HFK management are aware of the necessity to include the future German HFK employees and make sure that they become fully integrated into the HFK culture. It has after all worked effectively in the other countries, and thus it is not exactly the first time HFK is expanding and has to deal with new employees from different cultures. With that said, we emphasize that Germany is the first country HFK is expanding to where there are great cultural differences, and therefore the process may be harder and longer.

In our interview with Hans Peter Rietveld, Sales Manager of HFK in the Netherlands, he explained the process of opening the HFK stores in the Netherlands. In this case, the process was different because HFK took over two existing stores and kept the same employees from the old stores, though they also fired many (Rec. 5: 1.40). When asked about what challenges they faced during

this process, Hans Peter said that one of the biggest tasks was definitely to transform the previous staff culture into the culture of HFK. Today, everything is running smoothly but it took many years to implement the culture, and that has therefore been a very long and difficult process. Furthermore, when we asked about the flat organizational culture of HFK and how the Dutch employees dealt with this, he said that this was not a problem at all, since there is a similar organizational structure in the Netherlands (Rec. 5: 4.50).

This information regarding HFK's expansion in the Netherlands leaves a diversified impression of what HFK can learn from its previous experience. First, it can be said to be a bit worrying that it took several years for HFK to successfully implement its core values in the Dutch stores, considering the cultural differences of the Netherlands and Denmark are less than those between Germany and Denmark. Thus, one can argue that the implementation of the company's core values in the Hamburg store might be more challenging than otherwise assumed. On the other hand, HFK's expansion to Germany has the benefit that the company does not have to take over already existing stores in Germany, and therefore no employees will have to adapt to a new organizational culture over night.

To reach a conclusion, it can be argued that HFK has strong core values that will most likely give the German employees a sense of direction. However, this demands that HFK becomes very active in the process of implementing its culture and core values. In order to strengthen among German employees the feeling of family, inclusion, and belonging at HFK, the company should consider arranging professional events and teambuilding for its new staff. Furthermore, HFK needs to be patient as the Germans need a chance to get used to the company's culture, and moreover, HFK must work harder for implementing its culture in Germany than it might have had to do in the other markets. Closely connected to the implementation of core values, we earlier suggested that it is not all values of HFK that should be emphasized equally, as some are simply too different from the German culture, and hence will not empower the German employees in their working behavior and job satisfaction.

Learning Style

In regard to implementing HFK's core values and culture, we have argued that training, events, and professional meetings are effective activities. Acting with cultural intelligence in these training sessions is also crucial for the success of implementation. Therefore, we find it relevant to discuss

how learning style can be an effective tool to influence Germans into behaving in accordance with the HFK culture.

Workshops and intensive training programs are organized in order to teach the new German employees about the products and the culture of HFK. We argue that to make the visit to Denmark successful and the learning affective, HFK should consider using the Motivational Framework for Culturally Responsive Teaching model. As mentioned, this framework is capable of creating a common culture that all learners in the learning process can accept. Both Germans and HFK are responsible for creating and enhancing the four essential motivational conditions of the model.

One example of where learning styles and the framework are necessary is when it comes to the difference in respectively the German masculine and the Danish feminine society. For employees in the German masculine and monochronic society, salary and interest of working tasks add more meaning to the job, than relations and working conditions (Hofstede, 2001, p. 318). Thus, it is very different what motivates Danish and German employees. By utilizing the motivational framework, HFK will ask the Germans beforehand what training and knowledge areas interest them and what they want to be taught and see when visiting Danish HFK stores and the headquarters. In this way HFK can plan a targeted and interesting training session that includes the Germans' interests and enhances their positive attitude towards the workshop and HFK. If HFK does not use the framework of learning, the training program may not be efficient, and hence the process of implementing HFK's culture in Hamburg will take longer.

In sum, intercultural intelligence is not only useful in certain situations and cultural encounters. Instead, it should be utilized in all processes that HFK has with the Germans when creating a favorable working environment, including the implementation of HFK's core values and culture through impression management, learning styles, and training.

Although HFK wants to implement its culture into the German market, the emphasis on cultural differences will hopefully make HFK realize the need for acting culturally intelligent, in order to retain the German employees and make the environment favorable for them. When HFK acts interculturally, its culture can still be present in the German stores. The intercultural behavior will just emphasize the respect for the German culture and thus enhance the Germans' perception of

HFK. The German employees may eventually take HFK's culture in and behave according to it, but this depends on HFK's effort in training and behaving interculturally. There is also a chance that a subculture will occur if HFK adapts some of its behavior and communication style to the Germans, since a mix of HFK and German values will develop into a new subculture existing in the German store. This leads us to the next section concerning subculture.

Subculture

If HFK is not efficient in implementing its culture or if the Germans simply will not adapt to it, due to great differences in values, then the chance of an emerging subculture rises. A subculture has both fundamental connections with the main culture as well as individual features – including different values –, which make it distinctive from the larger organization (Egan, 2008, p. 302). Perception and reaction to the central organizational culture are influenced by values, beliefs, and assumptions shared at the subcultural level (Egan, 2008, p. 302). In this regard, we now wish to discuss the benefits and risks of subcultures, and how the leaders of HFK should act in Germany.

A subculture in HFK Hamburg may be created and hold more values of the Germans. If the HFK store in Hamburg shares the same goals, vision, and mission as the Danish HFK stores do, but still differs in other behavioral values, then the subculture is not damaging HFK's goals. If this subculture is more valuable for the Germans, and hence makes HFK in Germany a more favorable place to work, then it is beneficial. However, if a subculture limits or is in contrast with the goals and vision of HFK, then it is up to the leaders to act in order to avoid failure.

An example of where the German culture is clearly in contrast with the culture of HFK is the scenario where the German employees communicate with the Danish store manager and ask for feedback. We have previously explained how Germans highly value honesty and directness, and also expect other non-Germans to do the same. Where HFK on the other hand represents a typical Danish company, in which small talk is part of the culture and where managers give criticism in a more implicit way, there is a high risk of misunderstanding. Therefore, in order to avoid conflicts the leader of HFK in Hamburg must be able to give employees direct comments and feedback. Furthermore, as the Germans value high power distance, the HFK management must also be very clear in what they expect from their employees in their daily work, and even provide written manuals and instructions.

Although this is opposite to HFK and in contrast to its culture and management style, the leaders have to realize and accept that some cultures prefer a more hierarchical style of leadership. In order to succeed in the German market, HFK then has to adapt to certain aspects of the German culture. In this case, it is the Germans' preference for high power distance and high uncertainty avoidance that should, to some extent, be followed.

Our German expert, Hallsteinsdottir, has previously pointed out that speaking frankly to German employees should only be done in German speech, and not if the office language is English (Rec. 3: 22.02). She emphasizes that if the office language is English, the directness in the language should not be practiced, as culture follows the language. Since the store manager in Hamburg speaks German, the language communicated in the store will be in German and HFK must therefore practice directness. However, if a Danish HFK manager does not speak German, it is important that the spoken English is communicated as lingua franca and not adapted to German styles of communication.

Furthermore, Nadler (1998) argues that leaders directly influence formation and maintenance of organizational culture, making this a leadership competence (Egan, 2008, p. 308). Subcultures may differ from the central culture, leading to contrasting structures, and practices can risk being in conflict with the culture at large. Thus, subcultures can perhaps destroy the internal coherence of the company (Egan, 2008, p. 305). This is where management and leadership come into the picture, as it becomes the leader's task to find ways of coordinating, aligning, and/or integrating the different subcultures. This refers back to our suggestion of training HFK managers in intercultural communication and intelligence.

To conclude, the occurrence of a subculture in HFK in Germany is possible as the Danish HFK and German values differ on several aspects. A subculture is not necessarily a threat to HFK, as it may lead to the development of a more favorable working environment according to the Germans. Since Germans basically value more structure and guidance in their daily work, formality, clear hierarchy, and less self-expression, the culture of HFK will not empower the Germans in the same way as it does in Denmark. Therefore a subculture, in which the German employees value the same goals, vision, and mission of HFK but behave in accordance with German values, will enhance their working satisfaction and employee experience at HFK. Although HFK may wish all its employees to share and behave based on the original culture and core values, the acceptance of a German

subculture may be an obligation if it turns out to satisfy the German employees and retain them at HFK in Hamburg or its other future stores.

This leads us to our final recommendations to HFK. Based on the discussion of our analysis and the included theories and their ramifications, we are able to provide eight recommendations on how HFK can become the most favorable hi-fi store to work for in northern Germany.

Recommendations

Our recommendations are two-fold. First, we would like to list recommendations on how HFK can create the most favorable working environment in Germany, based on our cultural analysis and cultural strategy analysis, involving short- and long-term aspects. It is important to understand that these recommendations are created regardless of HFK's contemporary plans. Secondly, as HFK suggested its strategy, we would also like to list recommendations for achieving this strategy and at the same time retain and satisfy Germans, again based on our cultural analysis of both the German business values and ways of implementing strategies.

As we do not intend to create lists of German generalization, stereotypes and do's and don'ts, our recommendations are open and include overall aspects and guidance on how HFK can create the most favorable working environment in Germany.

Intercultural Strategy

- **Realize that the world is not flat**

This recommendation is in regard of the HFK management. Based on our interview with Svend Erik, it is our observation and understanding that HFK is aware of the great cultural differences between Denmark and Germany. In spite of this, it is our perception that HFK does not act according to the differences even though it realizes their existence; hence we assume HFK does not realize the consequences of ignoring cultural differences. As HFK does not include its cultural knowledge and experience in its behavior, we suggest and encourage the management of HFK to realize that the world is not flat, and act on this. In relation to this, we recommend that HFK integrate its knowledge of German culture in its strategy and behavior, as they are influential factors for its success in the German market.

- **Employer branding should communicate the original HFK culture**

In regard to the short-term recruitment process, we recommend that HFK stick to its original culture and values in order to attract appropriate candidates. By communicating its original values, HFK attracts the employees that will most likely fit into the environment of HFK. Furthermore, we recommend online recruitment as an employment strategy in Germany, as it is a low-cost strategy that will help HFK reach its specific target group. However, we do emphasize that this should only

be applied if HFK has the resources to do it. Since we see online recruitment through social networks as a beneficial opportunity for a company in a new market, if possible, we recommend that HFK find internal resources for hiring people that master the German language in order to handle the German Facebook site and other social media to begin with.

- **Obtain intercultural skills**

We recommend that the management of HFK and the Danish store manager in Hamburg get intercultural training, as it will increase their intercultural intelligence, which we argue is vital for HFK's success in the German market. By obtaining intercultural skills we refer to the integration process of theory and practice. The specific purposes of intercultural training are to acquire more information about the Germans, learn to see HFK through the eyes of the Germans, and practice intercultural communication and behavior. By obtaining intercultural skills, the management of HFK and especially the Danish HFK employee in Hamburg will be able to adjust and adapt their behavior and communication towards the particular German colleague, thus avoid stereotype behavior. We emphasize that HFK must not make generalizations about the Germans, but take the individual's personality into account, as this will increase the perception and job satisfaction of the German employees, resulting in a positive intercultural working environment.

- **Act culturally mindful**

We recommend that the HFK management, as well as the Danish employee, prioritize to actually implement and make use of the learning from the intercultural training, in order to succeed in culturally behavior. This can for example be done in follow-up cultural trainings or conversations about experiences. By utilizing the learnings mindfully in daily life, HFK can decrease the risk of misunderstandings and conflicts. More specifically, the management and Danish HFK employee in Hamburg will gain experience and learn about the Germans' perspective and, thus, realize that misunderstandings occur as a result of their interpretation of the Germans behavior, and not their actual behavior. If the Danish store manager acts mindfully in Hamburg, he will eventually manage skillful intercultural interaction, since mindfulness is the mediating step between knowledge and skills.

- **Do not believe that cultural leadership is a sixth sense**

Even though the Danish HFK employee who is going to be the store manager in Hamburg is half German, knows the language, and has experienced the culture, HFK must not overestimate his German leadership competence. We do agree that he is the obvious candidate and a great choice, but we recommend that HFK consider his intercultural intelligence. He must hold all four cultural intelligence capabilities, drive, knowledge, strategy, and action, in order to be a successful and culture-mindful leader in the process of creating a favorable working environment. When emphasizing that cultural leadership is not a sixth sense, we refer to the need for intercultural training, but also the importance of all the four capabilities, as zero drive and motivation for engaging cross-culturally will make the time and money spent on intercultural training a waste.

- **Accept cultural differences and in some areas adapt to the new culture**

We recommend that HFK adapt to the German preferences and values by decreasing the emphasis on some of its original core values, specifically passionate madness, edgy attitude, and humor. We have identified these values as the most contradictory with German culture, and would hence provoke the Germans with something that they dislike, which would reduce their work experience and job satisfaction. The other core values that are identified as less divergent but which still contain gaps between the two cultures are competence, translator, and club community. We recommend that HFK emphasize the intercultural similarities. HFK must learn to accept that there are cultural differences and that they will have a consequence if not dealt with correctly; hence the company must adapt some of its core values, as this is the only way to create a favorable work place.

Implementation Strategy

- **Be more active**

In relation to our results showing a great gap between the values of Germans and HFK, and furthermore our observation on HFK's cultural passive attitude when entering the German market, we recommend that HFK take a more strategic and active approach to the process of implementing its culture in the German store. We argue that the process will not be as easy as it was in Norway, Sweden and the Netherlands. Thus, we recommend that HFK implement workshops, professional meetings, events, and training in Hamburg with the purpose of indirectly influencing and teaching the Germans to act as a HFK ambassador. In this process it is furthermore crucial to include cultural

learning style, the role of leadership, and practice impression management, in order to make the implementation successful, positive, and effective. In this regard we recommend recruiting young employees since this will make the implementation process easier and smoother.

- **Be patient**

Due to the clear differences between German and HFK's culture, the implementation process will take a long time. The Germans need to get used to an entirely different way of thinking and behaving, as HFK expects and encourages them to act with passionate madness and with less structure in their daily work. This type of behavior is not common in Germany yet, although a cultural shift is underway in the younger generation. Hence, HFK must be patient and give the Germans a chance to get used to the new working style, which will furthermore maintain the Germans' positive attitude towards the different culture.

Conclusion

This thesis has investigated the human resource aspects of HFK's expansion into the German market from a cultural perspective. By focusing on the culture of Germany and HFK, this thesis has contributed to HFK's contemporary situation, where the company is preparing to enter the German market by opening its first store in Hamburg. In order to answer how HFK can become the most favorable hi-fi store to work for in northern Germany, we have identified the general northern German culture and business values, explored the differences between these and HFK's organizational culture, and discussed how HFK can successfully recruit and retain the most competent German employees.

This project is based on the hypothesis that the German culture differs a lot from HFK's culture, i.e. Danish culture, even though the two nations are neighboring countries. In addition, we have conducted our research on the assumption that if HFK succeeds in creating a favorable and satisfying working environment in Hamburg, the German customers will have a positive experience of the service delivered. Hence, HFK will become a successful new hi-fi retail company in the Germany market.

We have included several significant cultural and cross-cultural theorists, namely Inglehart, Hofstede, Hall, Gesteland, Trompenaars and Schein. Their cultural theories and models have provided a solid framework for analyzing the German national culture and business values, and HFK's internal organizational culture. Combined with our own collected empirical data, we were able to conduct our cultural analysis, concerning the different aspects of the two cultures and thereby answer our first sub-question. The comprehensive analyses of the German and HFK's culture allowed us to compare them and discover the areas in which they differ. This was also the concern of our second sub-question, which led to the clarification of potential conflict areas that were clearly specified in our partial conclusion.

Based on our cultural analysis, it can be concluded that the HFK and German culture differ on several aspects. The identified gaps between the two cultures were based on HFK's core DNA values, and they were most obvious in *passionate madness*, *edgy attitude*, and *humour*. These three core values of HFK were in direct conflict with the values of Germans, and since there were no

matches identified, it is doubtful that the Germans will learn to value these. Three other core values belonging to HFK, including *competence*, *translator*, and *club community*, were shown to hold both gaps and matches between German and HFK values. Hence, these have the potential to be adapted by the Germans. The last two values, *music lovers* and *value-for-money*, were considered as matches, and are thus not potential conflict areas.

In our cultural strategy analysis, we included both short- and long-term perspectives of employment and culture strategies, and this functioned in order to answer our third sub-question concerning how HFK can recruit and retain the best employees. With regard to a short-term perspective, it can be concluded that employer branding and online recruiting are efficient strategies for HFK to apply. Furthermore, HFK should keep and communicate its original culture and values towards the potential German employees in order to target HFK's preferred employee profiles in Germany.

With regard to long-term perspective, intercultural communication, intelligence, and training is concluded to be efficient strategies when the purpose is to develop the most favorable organizational behavior in another and diverse cultural setting. This conclusion is further supported by our examples of how HFK in reality can utilize intercultural intelligence in specific conflict situations that are likely to occur in the HFK store in Hamburg. One of our examples concerns the typical situation in which HFK employees stay after work to listen to the newest products in order to become more competent and gain personal experience and knowledge of the hi-fi products. As this contrasts a lot to the German normality and values, the risk of conflict is increased. We therefore illustrate and conclude the importance and effectiveness of intercultural communication and knowledge, as it will help HFK in potential conflict situations, just as the one mentioned. We further argue that attaining intercultural skills will not only make the German employees more satisfied but also enhance HFK's success in the German market.

Since HFK expressed its intention to implement its original culture in Hamburg, just as it has done when expanding to the previous countries, we identified a number of strategies, which we conclude as contributing to the implementation in its future German stores. First, emphasizing core values will provide the German employees with a sense of direction and strengthen their feeling of inclusion and belonging. Hence, HFK's values will become superior to German national values. Secondly, the role of leadership is essential for the sustaining of culture, and we suggest impression

management as an effective leadership strategy as it can shape and turn a negative impression into a positive impression. Thirdly, and lastly, a learning style is concluded to be an applicable strategy, as it is vital that the training and workshops of HFK are as strong and influential as possible.

It can be concluded that the cultural differences between German values and HFK's culture have ramifications for creating a favorable working environment in HFK's store in Hamburg. In our discussion we elaborated on our included cultural strategies in order to reach our final recommendations for HFK. The recommendations serve to answer the research question of this thesis and to be valuable and applicable for HFK to take into account in its contemporary position. The recommendations are two-fold, as some recommendations concern how HFK can create the most favorable working environment in Germany, regardless of its current plans and strategy, and others suggest how HFK can succeed with its existing strategy.

The recommendations for HFK, excluding its current strategy, are 1) to realize that the world is not flat, 2) employer brand in Germany based on its original HFK culture, 3) gain intercultural skills, 4) act culturally mindful, 5) do not believe that cultural leadership is a sixth sense, and 6) accept the cultural differences by adapting some of its core values to the German market. In broad we recommend that HFK acts with cultural mindfulness and includes intercultural intelligence in its strategy when aiming at creating a favorable working place. In the recommendations on how HFK can succeed with its existing strategy, we advise HFK to expect that the process of implementing its culture in Germany will demand more effort, strategic planning, and hard work. Moreover, HFK must be patient as the process for the Germans to get used to the HFK culture is likely to be a long process due to the significant gaps between the two cultures and values.

In conclusion this thesis provides valuable insight into the German culture and concrete strategies to handle the culture chock that will occur when two diverse cultures meet. More specifically, it offers HFK a comprehensive study on how to successfully create a favorable working environment for its future German employees.

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Appendix

USB

In the attached USB you will find the following material:

- HFK Book, 2012

Recordings:

- Rec. 1: Wolfgang Schmutz
- Rec. 2: Janine Leschke
- Rec. 3: Erla Hallsteinsdottir
- Rec. 4: Svend Erik Kristensen
- Rec. 5: Hans Peter Reitveld

Appendix 1

HFK Customer Survey

Source: HFK Corporate presentation, slide 36, 2015

**Service (4,45) and competence (4,51) is
perceived as MUCH better than competitors**

How would you rate HFK customer service compared to competitors?					
		DK	NL	NO	SE
Much higher service	5	243	192	267	218
A bit higher service	4	158	102	178	67
Same level	3	36	33	90	21
A bit lower service	2	5	5	6	1
Much lower service	1	2	0	1	1
	AVG	4,43	4,45	4,30	4,62

How would you rate HFK knowledge/competence compared to competitors?					
		DK	NL	NO	SE
Much higher competence	5	281	192	290	213
A bit higher competence	4	121	95	172	81
Same level	3	35	26	63	14
A bit lower competence	2	3	5	10	0
Much lower competence	1	1	0	1	1
	AVG	4,54	4,49	4,38	4,63

Appendix 2

HFK Customer Survey

Source: HFK Corporate presentation, slide 37, 2015

'Describe **Hi-Fi** klubben in one word

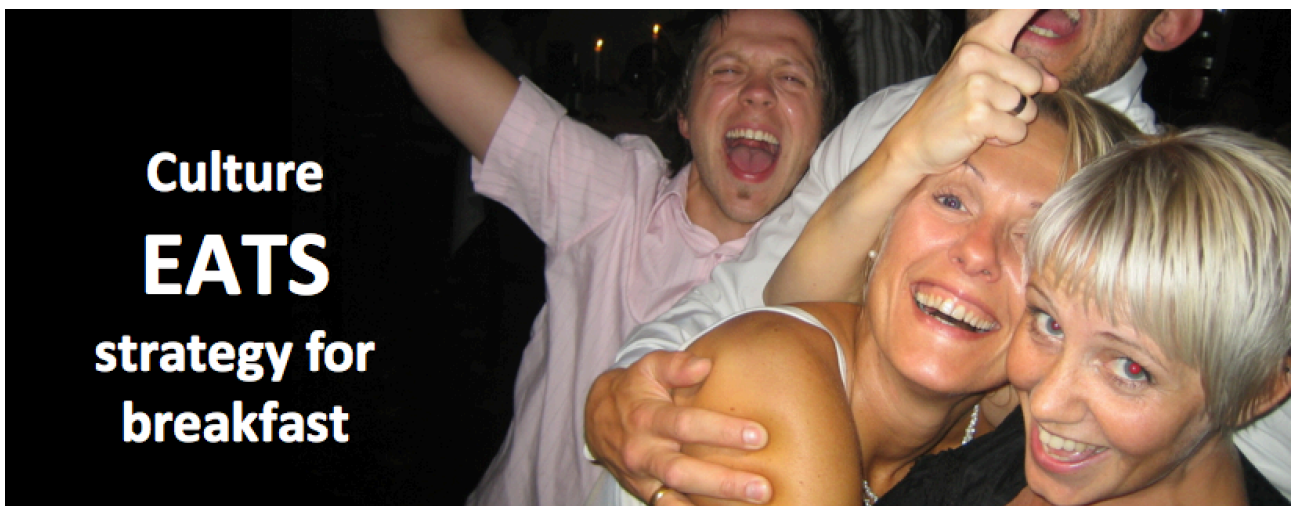
*These figures are from the Danish survey – but more or less the same across countries.
The three words below are 36% of all words mentioned in the complete survey.
The next word after 'Service' is the word 'professional' mentioned 46 times in the Danish survey. For comparison, 'price' is mentioned just seven times.*

Quality	181
Competence/knowledge	120
Service	115

Appendix 3

HFK values

Source: HFK Corporate presentation, slide 20, 2015



Have you heard about value based leadership? We ARE our values.

(We choose to be passionate mad, edgy and so on because of our enthusiasm)

Appendix 4

Critical perspective of culture theory

Source: http://www.academia.edu/4253613/Organizational_culture_A_critical_review_of_literature

More critical theory: <http://www.jstor.org/esc->

web.lib.cbs.dk/stable/2392253?sid=primo&origin=crossref&seq=1#page_scan_tab_contents

2. There is no consensus on the impact of culture on organizational performance. While some empirical findings have suggested a positive relationship, the cautionary remarks by Wilkins and Ouchi (1983), Uttal (1983) and Barney (1986), plus the case failures typified by People Express, cannot be ignored. The link between organizational culture and organizational performance is not a simple one; it appears to be mediated by strategy (Kotter and Heskett 1992) and other organizational realities (Sathe 1985). There is growing evidence, however, that all else being equal, culture can be a potent force in organizational performance. A promising framework for disentangling the complex relationships involved is given by Saffold (1988).

Appendix 5

Quick Questions (English and German version)

English version:

Company:

Gender:

Age:

Working title:

Number of years I have worked for the company:

(Disagree = 1) (Slightly disagree = 2), (Neutral = 3) (Slightly agree = 4) (Agree = 5)

1. To what degree do you like your job?
2. What motivates you at your job? (salary, customers, colleagues, the products, tasks, recognition, working hours, more?)
3. To what degree do you believe that your manager is always right?
4. To what degree do you feel a part of the decision-making of daily tasks?
Are you satisfied with this? Yes / No
5. To what degree are you passionate about the products you sell?
6. To what degree do you prefer freedom/less control during your workday with few rules and guideline?
7. To what degree do you prefer new changes over traditions?
8. To what degree do you see yourself working in the same company in the next 5 years?
9. To what degree do you have a personal relationship with your co-workers?
Are you satisfied with this? Yes / No
10. To what degree do you accept the leadership/management style at your work?
11. To what degree is it important that you can identify with the values of the company you work for?
12. Do you agree or disagree with the statement: "*A company performs best with many rules, work manuals, structure and order*"? Agree / Disagree

German Version:

Unternehmen:

Geschlecht:

Alter:

Berufliche Tätigkeit:

Wie viele Jahre sind Sie in dem Unternehmen tätig:

1. Wie sehr mögen Sie Ihren Job auf einer Skala von 1-5 ? (5 ist die höchstmögliche Punktzahl)

2. Was motiviert Sie an Ihrer Arbeit? (Die Bezahlung, die Kunden die Sie betreuen, Ihre Arbeitskollegen, die Produkte, Ihr Aufgabengebiet, die gesellschaftliche Anerkennung, die Arbeitszeiten oder anderes?)

Bitte beantworten Sie die weiteren Fragen nach dem folgenden Schlüssel:

Stimmt nicht zu = 1; Stimmt teilweise nicht zu = 2; Neutral = 3; Stimmt teilweise zu = 4; Stimmt zu = 5

3. Trifft Ihr Vorgesetzter in Bezug auf das Unternehmen immer die richtigen Entscheidungen?

4. Nehmen Sie aktiv am täglichen Entscheidungsprozess Ihres Unternehmens teil?
Sind Sie damit zufrieden? Ja/Nein

5. Sind Sie von den Produkten Ihres Unternehmens überzeugt?

6. Wünschen Sie sich in Ihrer beruflichen Tätigkeit mehr Eigenverantwortung sowie weniger Vorgaben und Richtlinien durch Vorgesetzte?

7. Bevorzugen Sie neue Strukturen anstelle von bewährten Traditionen?

8. Sie sehen eine berufliche Zukunft in Ihrem Unternehmen und können sich vorstellen in 5 Jahren noch für dasselbe Unternehmen tätig zu sein?

9. Pflegen Sie zu Ihren Arbeitskollegen auch privaten Kontakt?
Sind Sie damit zufrieden? Ja/ Nein

10. Sind Sie von den Führungsqualitäten Ihrer Geschäftsleitung überzeugt?

11. Ist es für Sie wichtig sich mit den Werten Ihres Unternehmens identifizieren zu können?

12. Stimmen Sie der Aussage *"Ein Unternehmen ist mit Hilfe von Regeln, Vorgaben und Strukturen am erfolgreichsten"* zu? Ja / Nein

Appendix 6

Individualism dimension

Germany has a score of 67 and Denmark has a score of 74, which means that the two countries do not differ much in the individualism dimension (Hofstede, 2001, p. 215). Both countries share the preference for a society with loose ties between individuals, where people take care of themselves and identity depends on the individual (Hofstede, 2001, p. 227). Since the Danish and German cultures share a high score in individualism, we will not go more into detail with this dimension in our analysis.

Appendix 7

Long- versus short-term orientation

This fifth dimension of national cultures is independent from the previous four identified in the IBM survey (Hofstede, 2001, p. 351). This dimension was found in a study of students from 23 countries around 1985. We will not go further with this dimension in our analysis, as comparable data and scores of German and Danish long- versus short-term orientation is unavailable.

Appendix 8

German Employee Results

	Gender	Age	Title	Years of employment	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12
Media@Home																
1	Male	24	Salesman	1	5	The products	4	4 - Yes	5	3	4	2	5 - Yes	5	5	5
2	Male	28	electronic information	5	4	Customers, colleagues, products, work assignments	3	4 - Yes	5	2	4	4	5 - Yes	4	4	5
3	Male	32	Salesman	3	4	work assignments	3	4 - Yes	5	1	1	5	1 - No	5	5	5
4	Male	20	electronic information	5	4	colleagues, products, work assignments	2	5 - Yes	5	4	5	3	5 - Yes	3	4	5
Bang&Olufsen																
	Male	55	Salesman	2	4	Salary, products	1	1	4	5	2	3	5 - Yes	3	5	1
Bose																
	Male	30	Sales specialist	1	5	customers, products, work assignments	5	3,5 - Yes	5	4	4	5	4 - Yes	4	5	4
Vodafone																
1	Male	28	Store manager	11	5	"Everything, we have fun - a great job!"	5	5 - Yes	4	1	5	5	3 - Yes	5	5	5
2	Male	28	Salesman	1	4	customers, colleagues, products	5	5	5	1	1	5	5 - Yes	5	5	5
Gamestop																
	Male	29	Salesman	3	4	Salary, products	4	5 - Yes	5	4	4	3	5 - Yes	5	5	5



Appendix 9

HFK Employee Results

Respondents	Gender	Age	Title	Years of employment	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	
1	Male	29	Sales Assistant	8	4	colleagues, the products, working	3	4 - Yes	4	5	3	3	2 - Yes	4	4	Agree - 3	
2	Male	38	Sales man	15	4	Customers, the products	3	5 - Yes	5	4	3	5	3 - Yes	4	4	Disagree - 1	
3	Male	49	Sales man	25	5	the products	2	1 - No	4	5	4	2	5 - Yes	3	5	Disagree - 1	
4	Male	47	Sales man	10	4	Colleagues	5	5 - Yes	5	5	4	1	3 - No	4	5	Disagree - 1	
5	Male	20	Sales man	1	5	Salary, colleagues, the products	4	4 - Yes	5	5	3	1	4 - Yes	5	5	Agree - 4	
6	Male	28	Sales man	4	5	Colleagues, the products, recognition	4	4 - No	5	4	3	4	3 - No	5	4	Disagree - 2	
7	Male	31	Store manager	11	5	Salary, customers, colleagues, the products, tasks	4	5 - Yes	4	4	4	4	3 - Yes	5	4		3
8	Male	39	Store manager	13	5	Customers, colleagues, the products	4	4 - Yes	4	3	3	5	4 - Yes	4	5		2



Appendix 10

Birgitte Høxbroe, question 1.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

1. Hvilken management stil foretrækker tyskere? For eksempel: regler/hierarki eller "frihed under ansvar".

- ✎ *Klart hierarki, status og titler (magt er vigtig)*
- ✎ *En konkurrerende kultur, man bruger albuer (ikke speciel social)*
- ✎ *Klare guidelines og opgavebeskrivelser, specifik delegation af opgaver*
- ✎ *Som leder forventer medarbejderne af dig, at du gør dig synlig. At du leder dine medarbejdere kompetent, at du styrer din afdeling med fast hånd, men med empati. Medarbejdere forventer at de får klare anvisninger!*
- ✎ *Direktionen forventer at du*
 - *styrer din afdeling effektivt, kompetent og professionelt*
 - *har klare strategier for afdelingen og dit arbejde*
 - *tænker i resultater, fremadrettet og ud ad boksen*
 - *sætter udfordrende mål, altså ikke ubetinget realistiske, der er nemme at nå*
 - *melder ind i tilfælde af problemer (inklusive løsningsforslag)*
 - *løser problemer med medarbejdere selv*

Appendix 11

Birgitte Høxbroe, question 2.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

2. Hvor formel/uformel er man over for sine kollegaer i Tyskland?

Langt mere formel end i Danmark. Man snakker ikke om private temaer med sine kolleger, overvejende siger man 'De' til hinanden. Privatliv og forretningsliv er skarpt adskilt. Men man sammenarbejder godt som kollegaer, og interesserer sig måske for sport, snakker om fodbold.

Appendix 12

Birgitte Høxbroe, question 7.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

7. Hvordan adskiller tyskere deres privat og arbejdsliv? Bliver man venner med sine tyske kollegaer?

Ja, måske igennem fælles interesse for sport. Men ikke venner.

Appendix 13

Birgitte Høxbroe, question 6.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

6. Hvordan tror du, at danskere bedst svinger sammen med tyskere, og hvor tror du, der kan opstå de største problemer?

De svinger bedst når de snakker professionelt og godt forberedt om et tema de begge brænder for. Når de vender problemerne og perspektiverne og når til en fælles løsning, som føres ud i livet, når de viser dyb respekt for hinanden. Ikke når danskerne forsøger at skabe small talk eller udbreder sig med deres skæve humor, som ingen i Tyskland forstår! Eller når danskere kommer uforberedt til et møde, eller bliver 'private' i samtalen.

Appendix 14

Birgitte Høxbroe, Germany.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

Tyskland:

Ranking/hierarki:

- ↳ Tydeligt hierarki (klar definition af opgaver og ansvar, konkurrerende kultur)
- ↳ Status / titel vigtig
- ↳ Ledere er synlige og leder med klare målsætninger og forventninger (kontrol)
- ↳ Beslutninger tager tid

Responsibility:

- ↳ Ansvar og opgaver klart defineret
- ↳ Delegation: Lette opgaver verbalt, komplekse opgaver skriftligt med deadline og klar definition af ansvar / evt. milestones

Risk:

- ↳ Respekter hierarki!
- ↳ Vær synlig, ellers ingen personlig udvikling/karriere
- ↳ Mindre risiko end i dansk kultur fordi rolle og opgaver (ansvar/målsætning og forventninger) er klart/præcist definerede
- ↳ Beslutningsproces på toplevel uden den fornødne faglige ekspertise

Appendix 15

Birgitte Høxbroe, Do's.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

Business - Do's

- ☛ Vær altid super godt forberedt, vis disciplin
- ☛ Vis respekt for din chef og respekt i hierarkiet
- ☛ Vær høflig og imødekommende
- ☛ Hav tydelig check på dit arbejdsområde
- ☛ Interesser dig for dine kollegaer og deres opgaver (ikke for privat)
- ☛ Kom til sagen i en business samtale, fat dig kort og målrettet og undgå for meget small talk, no jokes (især ikke dansk humor)
- ☛ Kommuniker direkte og konkret! (Tyskerne forstår ikke det underforståede)
- ☛ Gør dig synlig, men professionelt, på den gode måde (konkurrerende kultur)
- ☛ Fat sammen i slutningen af samtalen (eksplicit kommunikation)
- ☛ Gør opmærksom på det, hvis du har lavet en fejl, men følg op med forslag til løsning/forbedring

Appendix 16

Birgitte Høxbroe, Avoid Conflict.

Source: Birgitte Høxbroe, *Guideline til et succesfuldt samarbejde*. Høxbroe Consulting. Date: 13th of March 2016.

5. UNGÅ KONFLIKTPOTENTIAL

- Udtryk dine behov, ønsker, meninger og spørgsmål verbalt og tydeligt. Tyskerne forstår ikke andre kommunikationsformer end ikke-tvetydige ord!

De vil ikke forstå dig, hvis du bruger andre signaler til at formidle, hvad du mener. Uanset hvad du siger, så prøv at sige det så klart og direkte som muligt.
- Hvis du føler dig misforstået, så overvej ord for ord hvad du har sagt. Var der nogen ikke-verbal besked/forventning/indhold?
- Led ikke efter nogen "hidden agenda" bag det tyskere siger. De siger så godt som altid det de mener.
- Sig præcis og direkte hvad du mener, hvad du har brug for, uden høflighedsfloskler.
- Det er en god ide at sætte en deadline, når du laver en aftale med tyskere. Så har du også en konkret mulighed for at følge op på temaet.
- Sig klart NEJ, når du mener nej, og forklar grunden til dit nej klart og tydeligt. Kontroller at din samtalepartner har forstået dig rigtigt. Et "måske" kan føre til flere problemer.
- Hvis du giver et klart JA, skal du vide, at det bliver forstået som en bindende aftale!
- Forskellige meninger og holdninger bliver ikke betragtet som en konflikt, men som en god grund til at gå dybere i detaljerne for at diskutere problemet og for at finde en holdbar løsning.

Appendix 17

Birgitte Høxbroe, Guideline.

Source: Birgitte Høxbroe, written interview. Date: 13th of March 2016.

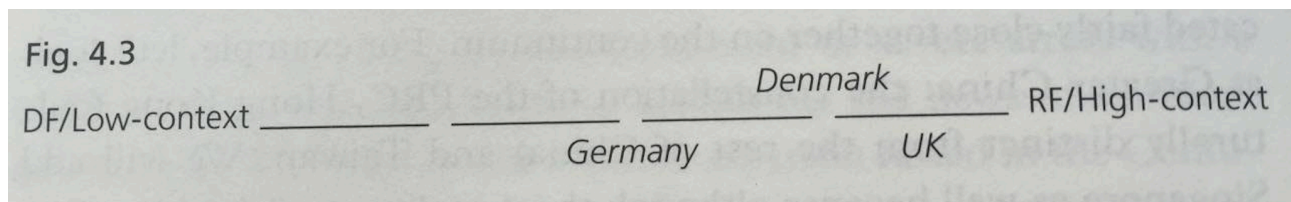
Vigtigt: **Hold professional afstand**, man hilser ofte med stift udstrakt arm, er altså langt mere distancerede end vi danskere (ingen klappen på skulder etc.).

Tænk på dit kropssprog: Sid ordentligt på stolen, pas på en for afslappet holdning, også når du står (f.eks. hænderne i bukselommerne).

Appendix 18

Gesteland, figure 4.3.

Source: Gesteland, Richard R. (2012). *Cross-Cultural Business Behavior – A guide for Global Management*. Fifth Edition. Denmark: Copenhagen Business School Press, Narayana Press, Gylling. Page 46.



Appendix 19

Trompenaars, figure 11.3.

Source: Trompenaars F. & Hampden-Turner, C. (2012). *Riding the Waves of Culture: Understanding Diversity in Global Business*. Third Edition. London: Nicholas Brealey Publishing. Page 200.

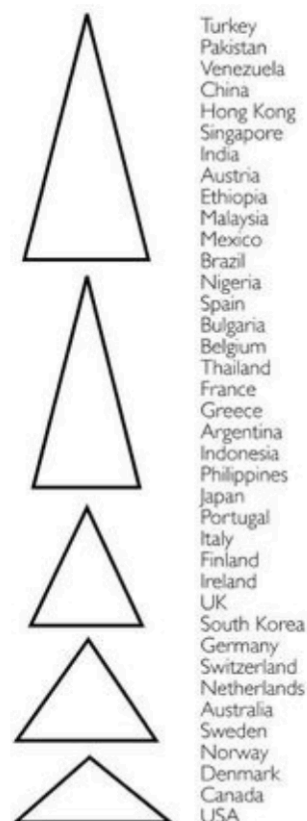


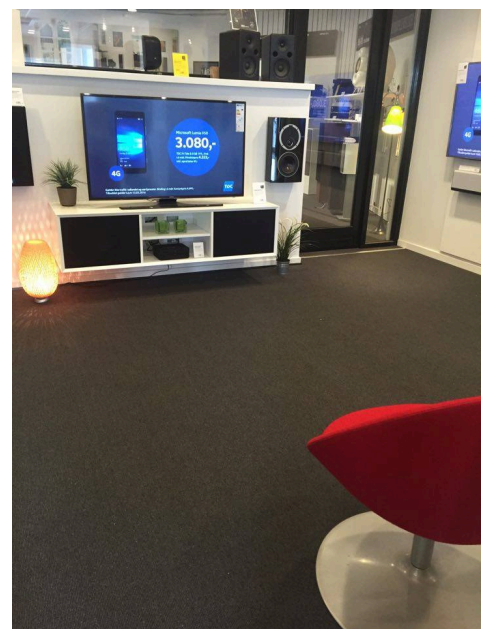
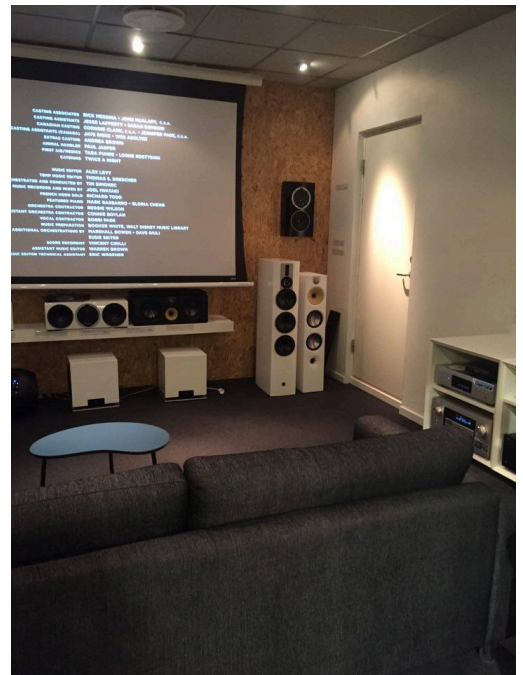
Figure 11.3. Company Triangles



Appendix 20

HFK store decoration

Source: Aaboulevard 56-58, 2200 København N. Date: 10th of March 2016.



Appendix 21

HFK customers

Source: HFK Corporate presentation, slide 42, 2015

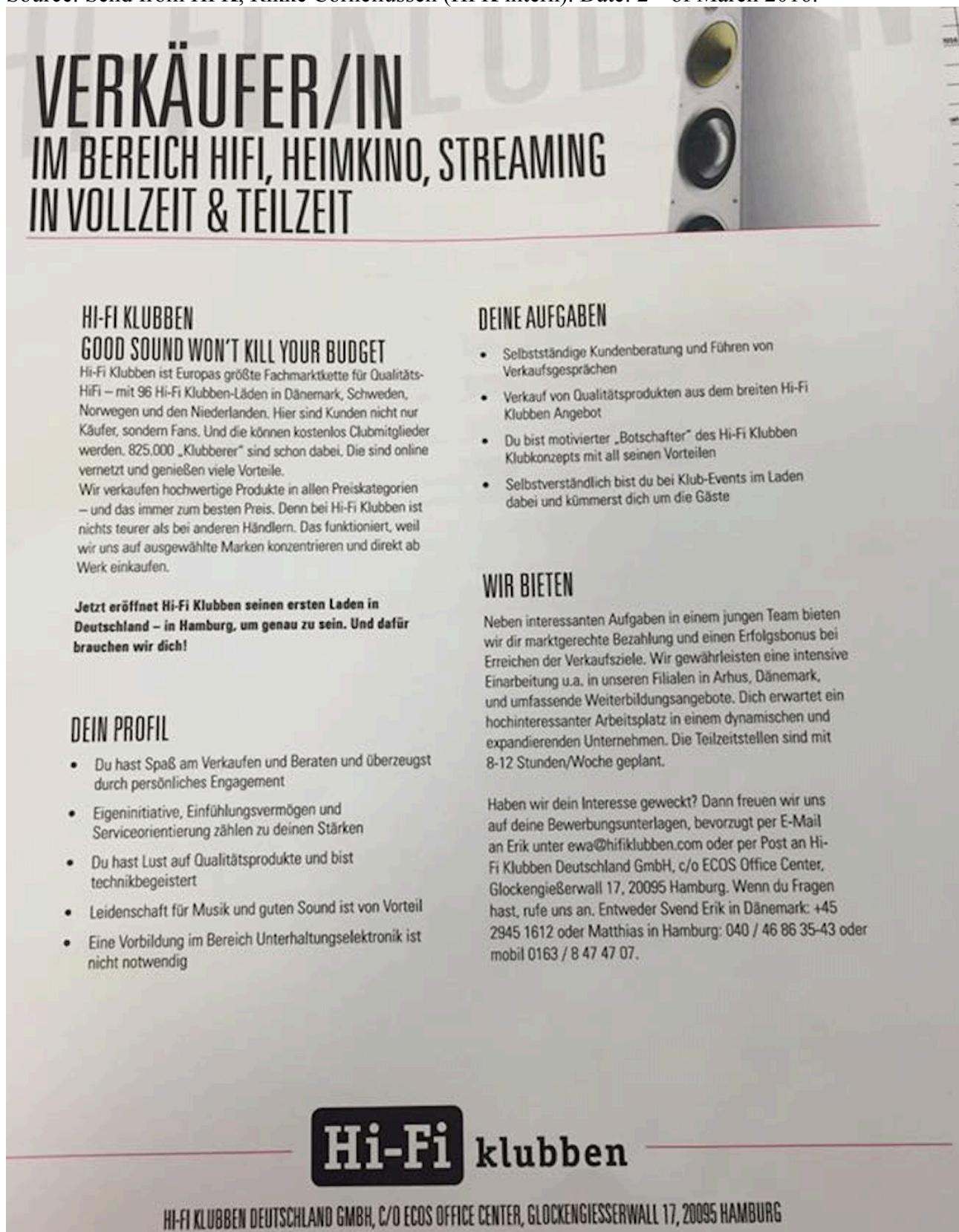
What is a Hi-Fi Klubben customer?

- Your customer (in person or by mail or phone) is the most important person in this company. Ever.
- A customer is not dependent on us, we are dependent on him/her.
- A customer is not an interruption of our work, he is the purpose of it.
- We are not doing our customer a favor by serving him, he is doing us a favor by giving us the opportunity to do so.
- A customer is not someone to argue or match Hi-Fi wisdom with – nobody ever won an argument with a customer!
- A customer is a human being with needs and wants - it is our job to handle them profitably to him and to ourselves.
- A customer is not just part of some cold statistics or numbers. A customer is a human being just like you and me.

Appendix 22

HFK job description

Source: Send from HFK, Rikke Corneliusen (HFK intern). Date: 2nd of March 2016.



The advertisement is for a sales position at Hi-Fi Klubben. It features a large title at the top, followed by two columns of text detailing the company, tasks, and benefits. The bottom section includes the company logo and contact information. A background image of a speaker is visible on the right side of the top section.

VERKÄUFER/IN IM BEREICH HIFI, HEIMKINO, STREAMING IN VOLLZEIT & TEILZEIT

HI-FI KLUBBEN

GOOD SOUND WON'T KILL YOUR BUDGET

Hi-Fi Klubben ist Europas größte Fachmarktkette für Qualitäts-HiFi – mit 96 Hi-Fi Klubben-Läden in Dänemark, Schweden, Norwegen und den Niederlanden. Hier sind Kunden nicht nur Käufer, sondern Fans. Und die können kostenlos Clubmitglieder werden. 825.000 „Klubberer“ sind schon dabei. Die sind online vernetzt und genießen viele Vorteile.

Wir verkaufen hochwertige Produkte in allen Preiskategorien – und das immer zum besten Preis. Denn bei Hi-Fi Klubben ist nichts teurer als bei anderen Händlern. Das funktioniert, weil wir uns auf ausgewählte Marken konzentrieren und direkt ab Werk einkaufen.

Jetzt eröffnet Hi-Fi Klubben seinen ersten Laden in Deutschland – in Hamburg, um genau zu sein. Und dafür brauchen wir dich!

DEIN PROFIL

- Du hast Spaß am Verkaufen und Beraten und überzeugst durch persönliches Engagement
- Eigeninitiative, Einfühlungsvermögen und Serviceorientierung zählen zu deinen Stärken
- Du hast Lust auf Qualitätsprodukte und bist technikbegeistert
- Leidenschaft für Musik und guten Sound ist von Vorteil
- Eine Vorbildung im Bereich Unterhaltungselektronik ist nicht notwendig

DEINE AUFGABEN

- Selbstständige Kundenberatung und Führen von Verkaufsgesprächen
- Verkauf von Qualitätsprodukten aus dem breiten Hi-Fi Klubben Angebot
- Du bist motivierter „Botschafter“ des Hi-Fi Klubben Klubkonzepts mit all seinen Vorteilen
- Selbstverständlich bist du bei Klub-Events im Laden dabei und kümmerst dich um die Gäste

WIR BIETEN

Neben interessanten Aufgaben in einem jungen Team bieten wir dir marktgerechte Bezahlung und einen Erfolgsbonus bei Erreichen der Verkaufsziele. Wir gewährleisten eine intensive Einarbeitung u.a. in unseren Filialen in Århus, Dänemark, und umfassende Weiterbildungsangebote. Dich erwartet ein hochinteressanter Arbeitsplatz in einem dynamischen und expandierenden Unternehmen. Die Teilzeitstellen sind mit 8-12 Stunden/Woche geplant.

Haben wir dein Interesse geweckt? Dann freuen wir uns auf deine Bewerbungsunterlagen, bevorzugt per E-Mail an Erik unter ewa@hifiklubben.com oder per Post an Hi-Fi Klubben Deutschland GmbH, c/o ECOS Office Center, Glockengießerwall 17, 20095 Hamburg. Wenn du Fragen hast, rufe uns an. Entweder Svend Erik in Dänemark: +45 2945 1612 oder Matthias in Hamburg: 040 / 46 86 35-43 oder mobil 0163 / 8 47 47 07.

Hi-Fi klubben

HI-FI KLUBBEN DEUTSCHLAND GMBH, C/O ECOS OFFICE CENTER, GLOCKENGIEßERWALL 17, 20095 HAMBURG

Appendix 23

Svend Erik e-mail interview

Source: E-mail interview. Date: 4th of April 2016

Helt grundlæggende, så er det enormt vigtigt, at nye medarbejdere kommer til at føle sig som en del af teamet (ja næsten som en del af familien) hurtigst muligt. Først når en ny medarbejder føler sig 100 % indlemmet i teamet, begynder han at tænke i "vi"-baner.....

Det er så eneklt at få den proces til at ske i de skandinaviske lande, hvor hver ny medarbejder pr definition vil være omgivet af hundredvis af kolleger, der allerede er Hi-Fi Klubben ambassadører.....

Men når der kommer et nyt land til – Holland i november 2011 og nu Tyskland april 2016, så er de nye medlemmer af teamet ikke omgivet af hundredvis af gamle ambassadører....

Derfor tager vi dem til DK, så de kan få sat ansigt på de kolleger, de får samspil med, så de ser, hvordan vi har indrettet os og hvordan vi sidder – jeg plejer at invitere de nye med hjem, så de træffer min ægtefælle og får noget almindeligt dansk mad – det virker fantastisk godt.

Pludselig er man ikke bare en CEO, der kan bestemme over folk, men en ganske almindelig person, der selv har familie og privatliv etc.

Men andre ord – man forkorter den mentale afstand mellem de nye medarbejdere og deres firma/chef.....