

INTERCULTURAL DIMENSIONS IN SWEDEN AND CHINA: COMPARATIVE STUDY

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ANGELA PIRLOG, dr., conf. univ.,

ASEM, Republica Moldova,

mun. Chișinău, strada Mitropolit G. Bănulescu-Bodoni 61

e-mail: angela.pirlog@ase.md

e-mail: angela.pirlog@ase.md

ORCID ID [0000-0003-1137-1555](https://orcid.org/0000-0003-1137-1555)

ADELINA ALEXA,

ASEM, Republica Moldova,

mun. Chișinău, strada Mitropolit G. Bănulescu-Bodoni 61

e-mail: alexadelina@ase.md

Abstract. *In the context of multiculturalism, the relevant economic models play a key role in modern societies, with Sweden and China serving as prominent examples. The impact of internationalization on these two countries is reflected in their level of development, highlighting distinct intercultural dimensions. While Sweden tends to focus on individualism, egalitarianism and a high level of social trust, China puts more emphasis on collectivism, hierarchy and respect for authority. These differences, shaped by historical, social and political factors, reflect the unique cultural identities of each country. By using Hofstede's model of analysis, we can better understand the cross-cultural dimensions of Sweden and China, illustrating how global influences shape cultural dynamics while keeping their distinct characteristics.*

Key-words: *Cultural beliefs, global connectivity, lifestyles cultural background, society rules, internationalization.*

JEL CLASSIFICATION: R11, F23, F02, Z13.

INTRODUCTION

Every country follows a unique path to development, influenced by its own economic model, shaped by historical, social, and cultural factors. These models, whether liberal, planned, or mixed, reflect not only economic conditions but also the values and traditions that define each nation.

Countries like China and Sweden provide notable examples of how development is rooted in cultural and historical contexts. China, with a system focused on centralized planning, blends socialism with market elements to achieve rapid industrialization and technological progress. On the other hand, Sweden's social-democratic model prioritizes citizens' welfare and a balance between the state and market economy, driven by Scandinavian values of equality and sustainability. Both countries present case distinct paths to prosperity, each shaped by its unique national identity.

The purpose of this research is to explore and compare the economic models of Sweden and China, focusing on how their distinct cultural values and historical contexts influence their development paths. By analyzing the relationship between state and market forces in both countries, the study aims to highlight the intercultural dimensions that shape their economic strategies and priorities. This comparison is crucial for understanding how cultural differences impact negotiations and interactions in global contexts.

The objectives of this study are:

- Description of the terms „internationalization” and „economic models”;
- Analysis and comparison of the country profiles of Swedish and Chinese citizens in terms of cultural specificity;

The methods used in this study were analytical, Hofstede model, deduction and induction, comparative method and others.

The general methods that are used in the research are:

- *The analytical method*, to identify and examine in depth the relevant data and information about cross-cultural dimensions and their contribution to building internationally developed economies by analyzing each element individually.
- *The deductive method*, used to develop hypotheses and derive conclusions based on general theoretical principles on the role of intercultural dimensions in economic development.
- *Systematic method*, applied to structure and organize information and data in a coherent and logical manner, ensuring the scientific rigor and consistency of the research.

CONTENT

Although every country in the world follows a unique path to development, the factors influencing progress are not always the same. Each nation builds its path according to its own economic model, adapted to its historical, social and cultural context. Whether liberal, planned or mixed economy approaches, economic models reflect not only economic conditions but also a nation's values and traditions. In this respect, countries such as China and Sweden offer significant examples of development based on their cultural and historical specificities.

China, with an economic system more focused on centralized planning, combines the principles of socialism with market elements, promoting quick growth thanks to a strategy of massive industrialization and technological development. In contrast, Sweden, with its social-democratic economic model, emphasizes the welfare of citizens and the balance between the welfare state and the market economy. Its Scandinavian traditions of equality and sustainability deeply influence its economic structure. So, while both countries have reached remarkable levels of development, each retains its own specificity, built on a foundation of national values and traditions.

Now that we have outlined the purpose of the article, let's move on to understanding what internationalization means.

What is internationalization?

Internationalization is the process of designing products or services, but also behaviors, so they can be easily adapted for use in different countries. In business, it refers to companies expanding to markets outside their home country. (Sheldon, 2023) This global expansion helps connect economies and increase trade between nations. Also, it represents the process of creating and developing a product in a way that it remains neutral to any particular culture or language. (Hudzik, 2011) Internationalization simplifies adapting the product for different target markets without needing to modify the core code for each one. (Hayes, 2021)

Internationalization is frequently mistaken for localization, yet each term has its own distinct definition. The figure below illustrates the difference between the two concepts.

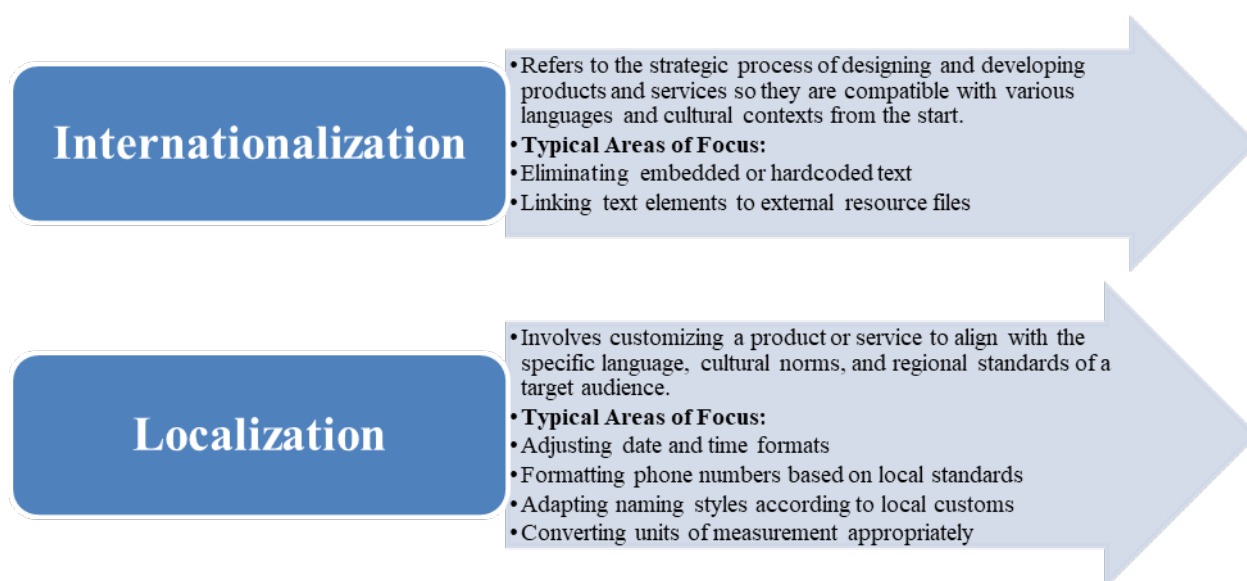


Figure 1. Key differences between internationalization and localization in product development

Source: Author's research based on [8] What is internationalization (2025)

This comparison between internationalization and localization highlights how adaptable product design supports global market strategies. In the context of economic models for countries, such adaptability is essential for businesses aiming to enter diverse markets and align with local consumer behavior and regulatory environments.

An economic model is a simplified representation of reality used to create and test economic behavior.

Economic models are inherently subjective, as they reflect the perspectives and interpretations economists hold about how economies function. These models come in various forms, primarily categorized into theoretical and empirical types.

Theoretical models focus on analyzing economic behavior under the assumption that individuals and organizations act to maximize their objectives within specific constraints.

In contrast, empirical models incorporate external variables—such as government spending, taxation, and inflation rates—to understand and explain real-world economic dynamics.

Economic models play a vital role in addressing complex issues, such as asymmetric access to information and market failures. Over time, countries have continuously adapted and refined these models to support sustainable economic growth and enhance the overall quality of life for their populations. (Pirlog, 2025)

The economic model in Sweden:

The economic model used in Sweden is Nordic model, which is built on the principle of solidarity among citizens, aiming to create an inclusive and stable society. A key feature of this model is progressive taxation, which is widely accepted as essential for ensuring a high quality of life and overall well-being. Women's active participation in the workforce is another cornerstone, contributing significantly to economic growth and equality. (Nordic Model, 2022)

Strong social protection systems provide citizens with a sense of security, which in turn fosters social cohesion and stability. A notable aspect of the Nordic model used in Sweden is the

cooperative relationship between employees and employers, where mutual respect helps prevent workplace conflicts. Additionally, there is a well-functioning partnership between the private and public sectors, designed to strike a balance between economic efficiency and core social values. State intervention is primarily directed toward social policies that safeguard the welfare of all citizens.

This model also relies heavily on social partnership, involving close collaboration between trade unions, the government, and employers to maintain both economic stability and social justice. (Rutholm, Melin 2015)

The economic model in China:

The economy operates on a socialist market model, combining strong state control with market-oriented reforms to drive growth and development. This unique system allows the government to maintain influence over key sectors while encouraging private enterprise to contribute to economic progress. Progressive taxation is implemented to address wealth distribution, though the tax structure is generally less progressive compared to Western economies.

Both men and women actively participate in the workforce, with an increasing number of women joining urban labor markets, reflecting social changes and efforts toward gender equality. Social protection programs are gradually expanding, but disparities remain between rural and urban populations in terms of access and benefits.

Cooperation between employees and employers is largely guided by the state, with limited opportunities for collective bargaining or union-led negotiations. The private and public sectors collaborate closely, especially in strategic industries and infrastructure projects vital to national development. State intervention remains significant, shaping economic policies and maintaining a central role in social partnerships. However, the input from unions and private sector representatives in decision-making processes is relatively limited, underscoring the dominant position of the government in economic governance. (Al-Haschimi, Spital, 2024)

So, economic models provide a framework for understanding how nations interact and pursue growth, which is particularly relevant when examining international collaborations such as the partnership between Sweden and China.

Sweden was the first Western nation to officially recognize the People's Republic of China, establishing diplomatic relations on May 9, 1950. (Letzte, 2020)

By 2006, the total trade between the two countries had reached \$6.73 billion. As of 2016, Sweden ranked as China's ninth-largest trading partner within the European Union, while China had remained Sweden's top trading partner in Asia for four consecutive years.

It is also important to mention that there are active cultural exchanges and academic collaborations between Sweden and China, with students, researchers, and artists engaging in various programs and initiatives.

In his 2009 article “*Chinese Views on Swedish Management*,” Isaksson examines Swedish management styles through the lens of Chinese perspectives. His research highlights that:

- In Sweden, both managers and employees are generally expected to carry out their responsibilities independently, without the need for constant supervision.
- Swedish managers place strong importance on empowering their teams.
- A fundamental element of Swedish leadership is a deeply rooted culture of trust.

- Regular team meetings that encourage open participation from all members are a common practice, though this approach may appear unfamiliar to those from other cultures.
- Swedish leaders tend to avoid direct confrontation, preferring that employees resolve conflicts on their own. However, they are prepared to step in firmly if tensions escalate. (Rutholm, Melin 2015)

In this context, it becomes essential to analyze the cultural dimensions that shape the management styles and workplace behaviors in both Sweden and China. A useful framework for this analysis is Hofstede’s model of cultural dimensions, which offers insights into how national cultures influence values, communication, and organizational practices. For instance, Sweden scores high on individualism and low on power distance, reflecting a culture that values personal autonomy, equality, and participatory decision-making.

This aligns with Isaksson’s observations of Swedish management, where trust, empowerment, and non-hierarchical interaction are central. In contrast, China tends to score high on power distance and collectivism, suggesting a more hierarchical structure and a stronger emphasis on group harmony and respect for authority. (Hofstede, 2025)

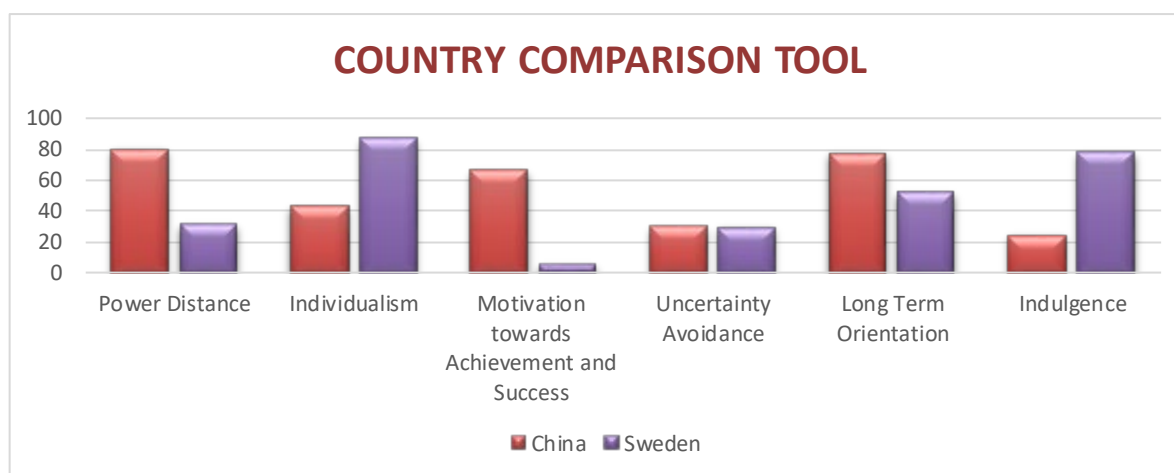


Figure 2. Country Comparison between China and Sweden

Source: Author's research based on Hofstede insights country comparison tool (2025)

Understanding these cultural differences through Hofstede’s model helps explain why certain Swedish practices - like open team meetings or indirect conflict resolution - may appear unusual or even challenging from a Chinese point of view. Therefore, applying Hofstede’s dimensions provides valuable context for interpreting cross-cultural partnerships and enhancing mutual understanding in international business relations

Table 1. Comparison of cultural dimensions in China and Sweden

<i>Dimentions</i>	<i>China</i>	<i>Sweden</i>
Power Distance	China scores 80 on the Power Distance Index, indicating acceptance of social inequality. The subordinate-superior relationship is polarized, with limited protection against power abuse. People follow authority, are optimistic about leadership, and don't aspire beyond their rank.	Sweden scores low on the Power Distance Index (31), reflecting a culture of independence, equal rights, and accessible leaders. Hierarchy is for convenience, and management is supportive, empowering, and based on team experience. Employees expect consultation, informal communication, and direct, participative interaction. Power is decentralized, and control is not valued.
Individualism	China, with a score of 43, is collectivist, where group interests come first. Hiring and promotion are influenced by group ties, and internal relationships are cooperative, while external ones are distant. Employee commitment to the organization is low, and personal relationships take priority over work.	With a score of 87, Sweden is an individualist society, where people prioritize themselves and their close families. Crimes cause guilt and loss of self-esteem. The employer-employee relationship is based on mutual benefits, and hiring/promotions rely solely on merit. Management focuses on managing individuals.
Motivation towards Achievement and Success	With a score of 66, China values achievement and success highly. People often sacrifice family and leisure for work, with services running late into the night. Migrant workers leave families for better job opportunities, and students prioritize exam results and rankings as key to success.	Sweden scores 5 in Achievement Motivation, focusing on work-life balance, equality, and inclusion. Decisions are made collaboratively, and "lagom" promotes moderation. Flexibility and free time are valued, while "Jantelagen" discourages boasting or superiority.
Uncertainty Avoidance	China scores 30 in uncertainty avoidance, embracing flexibility, pragmatism, and ambiguity. Most businesses are small, medium-sized, and family-owned.	Sweden scores 29 in uncertainty avoidance, valuing flexibility, minimal rules, and innovation. Ambiguity is tolerated, and hard work is done when needed, not for its own sake.
Long Term Orientation	China scores 77 in this dimension, indicating a highly pragmatic culture. People believe truth depends on the situation, context, and time, and they easily adapt traditions to changing conditions. They value saving, investing, frugality, and perseverance in achieving results.	With a moderate score of 53, Sweden does not show a strong preference on this dimension.
Indulgence	China, with a low score of 24, is a restrained society where people control their desires, value social norms, and view indulgence as wrong.	With a high score of 78, Sweden is an indulgent society where people prioritize enjoying life, have a positive attitude, value leisure, and spend money freely.

Source: Author's research based on Hofstede insights country comparison tool (2025)

The intercultural dimensions of Sweden and China reveal striking contrasts that significantly influence social norms, workplace behavior, and communication styles. One of the most prominent differences lies in power distance: Chinese society tends to accept hierarchical structures and social inequality, whereas Sweden strongly values egalitarianism and decentralized authority. These differences shape how individuals relate to authority and decision-making processes in both cultures.

In terms of individualism, China is a collectivist culture where group harmony and loyalty are prioritized over individual goals. By contrast, Sweden represents a highly individualistic society, where personal autonomy and self-expression are central values. This divergence influences social behavior and expectations in both personal and professional contexts.

When looking at motivation and success, the Chinese tend to prioritize achievement and status, often at the cost of personal life, reflecting a competitive environment. Swedes, however, emphasize work-life balance and social equality, promoting a more relaxed approach to professional success. This reflects broader societal values in each country.

Regarding uncertainty avoidance, both countries display relatively low levels, showing a willingness to adapt and tolerate ambiguity. However, China demonstrates slightly more comfort with uncertainty, likely due to its long history of cultural flexibility and strategic thinking.

Long-term orientation further highlights the contrast. China strongly values future planning, persistence, and saving for long-term benefits. Sweden, on the other hand, adopts a more balanced, present-oriented approach, with less emphasis on long-term strategic goals.

Lastly, indulgence marks a key cultural difference. China is a restrained society, where gratification is controlled by social norms, while Sweden is more indulgent, encouraging leisure, enjoyment, and personal freedom.

These cultural dimensions illustrate the fundamental contrasts between Chinese and Swedish values, offering essential insight into the broader theme of this research. Understanding these differences is crucial for effective cross-cultural communication and collaboration.

CONCLUSIONS

The cultural distinctions between China and Sweden play a crucial role in preserving each nation's core values and identity. Even in the face of globalization and increasing international integration, both countries manage to uphold their unique cultural traits. These differences not only define national character but also influence how each society responds to global trends and external pressures.

Economic development in both nations is deeply intertwined with cultural factors. Sweden, shaped by a culture of individualism and low power distance, fosters innovation, entrepreneurial freedom, and a strong focus on personal initiative. In contrast, China's collectivist orientation and emphasis on long-term planning support coordinated growth, social cohesion, and strategic resource management. These culturally informed models guide each country's path toward sustainable economic development.

Hofstede's cultural dimensions framework offers a valuable lens through which these differences can be understood. Variations in power distance, individualism versus collectivism, achievement orientation, uncertainty avoidance, long-term orientation, and indulgence reveal how

culture influences not only social behavior but also economic practices and organizational structures in both countries.

This comparative study has deepened my understanding of how cultural values shape economic behavior and policy-making. It underscores the significance of cultural awareness in forming effective policies, enhancing international cooperation, and ensuring that resources are used efficiently.

Overall, the analysis highlights the importance of integrating cultural understanding into global interactions, which is essential for successful communication and collaboration in an increasingly interconnected world.

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