

## ***The impact of national cultures on the development of Effective Team Working and Management Cultures in an Anglo-French context***

### **Abstract**

Globalization has been described as, “a catch-all phrase for team heterogeneity within a micro organizational context,” (*Earley & Mosakowski 2000*) and the continuing trend towards convergence or ‘globalization’ in the world’s economy, supported and facilitated by increasingly sophisticated communications technology, is forcing multinational corporations in particular to examine more closely how best to reconcile different management cultures and leadership styles in pursuit of improved business performance.

Drawing upon the work of d’Iribarne and Hofstede, as well as others exploring and carrying out empirical testing in the field of intercultural anthropology, this paper will review current thinking and explore the question: ‘how to develop an effective management style in an Anglo-French organization?’ recognizing the different historical, social & economic perspectives that have conditioned the different ways in which the ‘managerial ethos’ is viewed and been adopted in the UK and France. It will also consider how these perspectives have led to the emergence of what are, at times, contrasting or even opposed leadership styles and the impact these have in the operation of multinational corporations.

In conclusion, current theory will be compared and contrasted to the author’s own experience as a senior executive responsible for a UK subsidiary of a large French state-owned multinational corporation; recommendations are developed on how to best adapt and develop managers and management processes in such organizations.

### **Comparison of the different historical, social & economic perspectives**

The challenge of how to best integrate foreign subsidiaries into multi-national businesses and the impact that different national cultures have on their effective management has been an area of considerable research, particularly in the context of post-merger or post-acquisition analysis. Whilst it is accepted, (*Naulleau & Harper, 1993*), that there is a European convergence in the construction, execution and deliverable objectives behind general approaches to Management Development (MD), in terms of addressing how the evolution of these different national cultures may affect the success of such development programmes, there are difficult questions to answer. How far should a multi-national go to standardize the content and delivery of MD and run the risk of failing to deliver the required benefits due to a lack of understanding of local factors and/or local management styles?

Whilst anecdotally there may be a ‘European’ style of management, different perhaps to the United States or Japan, there are some significant differences between the countries that view themselves as the major economic forces within the EU, broadly differentiated by those countries that are ‘Latin’ in origin, (France, Italy & Spain) and those that aren’t, (e.g. Denmark, UK). These differences are reflected in the ‘Power-Distance Index’, (*Hofstede, 1994*), a measure of the way in which different national cultures deal with (organizational) inequality based on earlier research undertaken by the Dutch

experimental social psychologist, Mauk Mulder. Some example Power-Distance Index (PDI) values for different countries and different regions are shown below in table 1:

Table 1: Example power distance index (PDI) values for selected countries & regions<sup>1</sup>

Score/Rank	Country or region	PDI Score
1	Malaysia	104
14	Brazil	69
<b>15/16</b>	<b>France</b>	<b>68</b>
31	Spain	57
34	Italy	50
38	USA	40
<b>42/44</b>	<b>United Kingdom</b>	<b>35</b>
51	Denmark	18

There are results from other studies that confirm the differences between French and British managers – particularly in the way in which they (respectively) perceive the purpose behind management organizations and their roles. For French managers, organizations are perceived as, “sets of games and power strategies,” that define a political system, (*Laurent, 1983*), and that authority is more the property of an individual rather than the British perception that power belongs to a function or role. Yet there is close agreement between both that organizations play an essential part in defining, formalizing and specifying management roles. However, when considering organizations as ‘hierarchical relationship systems’, there is once again divergence. Laurent proposed that this particular dimension would be very useful in determining how best to design transnational organizations and cites the example of introducing a matrix style organization in such a scenario – this will be discussed later in the context of the author’s own personal experiences.

In order to examine the differences in the way in which the management ethos has been adopted in France and the UK, it is necessary to understand that this did not follow the same pattern nor occur at the same rate (*Nauelleau & Harper, 1993*), although in general terms, the economic and industrial development of both countries has been largely parallel over the last 75 years i.e. the period during which the concept of management as an academic discipline has emerged and been accepted into everyday industrial life.

Initially it was the different responses from the elites in each country, coupled with the strong but different social and political structures, which determined the way each nation adapted ‘management practice’.

### **The Evolution of a French Management Style**

In France, successive historical elites valued industry as a primary source of wealth, although originally the focus was very much around the ‘technical’ practices of organizing the design, development and production processes. This mirrored the historical legacy of applying science to the organization of a more equitable social order supported by the ‘Scientism’ ideology of Saint-Simon in the 18th century who advocated

<sup>1</sup> Taken from a sample of 50 countries, 3 regions (HOFSTEDE.G. Cultures & Organizations – 1994)

that “the rational administration of things would replace the government of people”. In itself, ‘Scientism’ facilitated the French industrial elite’s rapid acceptance of the works of both Taylor with his ‘Scientific Management Movement’ and Fayol whose main work was a treatise on “General and Industrial Administration”. Such concepts as defining the functions / roles of command and optimizing a leader’s ‘span of control’ were empathetic to a professional class of engineers that already existed.

In addition, the French elite’s traditional preoccupation with diplomas awarded within a strong, rigid yet meritocratic educational system, created the legitimacy and authority so valued in French organizations. It has been academic success rather than ‘individual performance’, which has traditionally provided access to power within French organizations – a situation which still partially persists to this day and which provides for considerable confusion in multi-national organizations where subsidiaries often operate in countries with totally different, unfamiliar and perhaps less effective educational systems. The difficulty that many French Executives have in understanding, for example, the British education system, with its vocational elements, is perhaps best explained by Phillipe d’Iribarne’s critique of ‘Management in France’ (1990) by J.L. Barsoux and P. Lawrence, in which he notes with some concern that; “the stratification of French society, so heavily dependent upon educational pedigree, deprives the nation of those individuals whose talents or dispositions are not suited to the strict regime of preparatory schools”. This review also explains what to many ‘outsiders’ are fundamental dilemmas in the French Management ethos, describing them as the ‘diabolic hexagon’: *Equality Vs Hierarchy, Freedom Vs Dependence, and Brotherhood Vs Defence of Vested Interests*.

It is interesting to note that only by modeling themselves on the pre-existing Engineering Schools, did Graduate Management Schools in France become legitimized. Graduates from the various ‘Grandes Ecoles’ now form the majority of those who are described as being in the social group of ‘cadres’ or intermediate executives/managers. The ‘cadres’ have helped to institutionalize and reinforce the concept of the manager as an expert, thus weakening ‘meritocratic access’ to positions of power whilst at the same time diffusing tensions, by clearly defining and ritualizing authority between those with power and those who are subordinate.

Given the above, it is therefore not surprising that in France ‘technical’ functions with a high intellectual content such as Engineering Development and Production Management are highly respected, although in relative terms large organizations do not distinguish hierarchically between the relative values of different functions. An ability to apply a theoretical approach coupled with analytical and deductive abilities are the most highly respected personal attributes; in this sense leadership is about the management of things rather than the management of people and what they do. Where industry has enjoyed a close relationship with government either directly through nationalization or indirectly through government sponsored programmes, there is significant movement of people in senior positions between companies and the civil service. The effect has been to reinforce the importance of ‘political skills’ and the development of relevant personal networks rather than broader based ‘social skills’. Such movements have also reinforced an autocratic approach to decision-making, a preference for formality in working relationships and an over reliance on written rather than oral communication.

## **The Evolution of a British Management Style**

In contrast to the French elite, the traditional British land-owning, upper classes demonstrated little enthusiasm for commerce trade and industry. Their values were based around the obligations of rank, ('noblesse oblige'), rather than managing a business to make money or take profit. Careers in politics, medicine, law, 'the City' or in managing an estate were traditionally much more 'acceptable' than what has today become 'industrial management'. In turn, these careers became the ambition for many self-made industrialists' children at the height of Great Britain's economic power during the Industrial Revolution, so perhaps contributing to the decline of the UK as an industrial nation.

Inherent in those upper class values were concepts completely at odds with the reality of an industrial society; a 'classical' rather than an 'applied' education, a preference for quality in craftsmanship and a disdain for anything 'mass-produced'. The consequence was that engineers and technicians never enjoyed quite the same social status as their counterparts in other countries and in turn Taylor's concept of 'Scientific Management' would not be able to support their emergence as an upwardly mobile 'technocratic' class either in organizations or society in general.

British entrepreneurial groups such as the Quakers considered that 'Scientific Management' lacked a necessary humanistic view of the workforce and contradicted strong beliefs in 'individualism'. Trades Unions were also suspicious of the implied harshness in Taylor's ideas. Thus for a variety of reasons and pressures from different social groups, the emergence of a management ethos in the UK between the two world wars took on a very different appearance which was accelerated as the country faced up to the significant economic and social problems in the immediate aftermath of the second world war. The compromise that emerged was what has been called 'humanistic Taylorism' (*Naulleau & Harper, 1993*), where basic scientific methods were applied by managers to improve industry in parallel with the emergence of the 'welfare state'. Managers were not necessarily trained in the same disciplined way as their counterparts in other countries and so it was equally possible for both the successful 'enthusiastic amateur' and the 'trained professional' to succeed in and lead industrial organizations.

Nevertheless, those functions within an organization that had an outside connection with 'the professions', (e.g. accountancy and law), were still valued above their 'technical' counterparts. As a paternalistic approach and displaying social position / social skills were more vital to career development than qualifications, (other than professional qualifications), decision-making became reliant on consensus and a senior manager's authority could therefore be more easily undermined. Leadership amongst British managers is therefore more person than task oriented with a strong emphasis on pragmatism and informality in relationships.

## **Studies in the impact of hybridizing different national cultures within the same team**

Given the above, it is clear that members of teams comprising more than one nationality and in particular those comprised of just French and British managers, may have some difficulties in working together. Such teams will not necessarily immediately develop

shared meaning systems and given that, “nationality is a superordinate determinant of a person’s self-identity, derived through a meaning system shared with others,” (*Earley & Mosakowski, 2000 – after Shweder & Levine, 1984*), there is a need to consider how such teams may perform in both the short term, during which shared meaning systems may be developed, and the long term when these are either operating or not. The development of effective multinational or transnational teams will be dependent upon the demographic background of each member as this will have the greatest influence on each member’s self-construal view and his/her view of the other team members.

Earley and Mosakowski proposed and tested three hypotheses related to transnational team functioning:

1. In the short term, teams of homogeneous nationality will outperform moderate or highly heterogeneous teams and experience greater satisfaction with their team’s performance
2. In the long term, there is a curvilinear (U – shaped) relationship between team nationality heterogeneity and team performance/outcomes. Thus, moderately heterogeneous teams will under-perform in comparison with highly heterogeneous or homogeneous teams and their sense of satisfaction with team performance will be much less
3. The relationship of team member heterogeneity to performance and member satisfaction will be mediated by member’s shared identity, team efficacy, expectations and intrateam communication

Testing of these hypotheses was carried out in three separate studies commencing with employees from a large multinational clothing manufacturer and then extended to more than 250 participants in courses at a European Business School from as many as 34 different countries.

Earley and Mosakowski’s conclusions corroborated all three hypotheses and in particular that, “nationality is the primary status determining characteristic within transnational teams.” However, it was not clear from the results how team performance would be affected by other ‘auxiliary traits’ nor how these vary by cultural background. Yet it was clear that if these traits are identified with as overlapping team members’ own perceptions then this would have a significant impact on the team’s level of heterogeneity. There were also other specific observations that have a direct relevance to the author’s own experience:

- Highly heterogeneous teams will form a strong and useful common identity (only) after a specific threat or challenge has been experienced
- Moderately heterogeneous teams experience relational conflict (based on national differences), communication problems and low levels of team identity / coalescence
- People psychologically trade off individuality needs against team needs implying that highly heterogeneous teams will counterbalance their own sense of individuality and actively seek out common identities

- International joint ventures (or mergers?) consisting of two major partners often run into problems as a result of strong subgroup (national, cultural?) identification

## **Discussion & comparisons with the formation of Hurel Hispano SA**

Hurel Hispano SA is a wholly owned subsidiary of the French state owned corporation – Snecma<sup>2</sup>, which is a major player in the aerospace engine and equipment markets. Hurel Hispano designs, develops and manufactures nacelle systems for a wide range of private and commercial jet aircraft and is positioned second only to the Boeing Corporation in the USA in terms of market share. Turnover of the Hurel Hispano group is approximately \$0.5Bn and the total number of employees is just over 2000.

In December 2000, Snecma very rapidly acquired the privately owned nacelle systems company, Hurel Dubois SA without undertaking any (customary) ‘due diligence’ process and merged it with its’ own nacelle systems company, Hispano-Suiza Aerostructures, to form Hurel Hispano SA. Through the process of acquisition, and as a consequence of the strategic direction that had been pursued formerly by Hurel Dubois in 2001, Hurel Hispano became a company with one large subsidiary in the UK and six other smaller subsidiaries in France. It also acquired at that time, interests in a number of strategic risk sharing Joint Ventures (JVs) with other European aerospace corporations in Ireland, France and in Italy. A management board comprising senior executives from both Hispano-Suiza and Hurel Dubois was appointed to run the company. This board was (and remains) composed of nine French nationals and two British nationals. Aside from the obvious national differences, there were at least four different industrial cultures, (legacies from previous mergers) and two different industrial development strategies. It is therefore proposed that the management board and its offshoots were ‘highly heterogeneous’ in nature. Unfortunately during the preceding ten years, there had been a long running legal battle between the French element of Hurel Dubois and Hispano-Suiza Aerostructures that led to an undercurrent of distrust between certain parties.

By the end of 2003 the structure of the Hurel Hispano group had changed significantly. There remains only one subsidiary in the UK, which is maintained primarily to reinforce the parent company’s strategy to be seen as ‘internationally diverse’ or global and only one joint venture (with an Italian company). The significant reduction in the number of subsidiaries has been achieved by the restructuring of legal entities together with the divestment of what were declared to be ‘non-core businesses’. The reduction in the number of risk sharing JVs has been achieved by acquisition of other partners’ interests.

As an aerospace company, Hurel Hispano continues to be subject to the same pressures of globalization that led to its formation in the first place. Increasingly, Aerospace companies both large and small are merging and integrating, illustrated by such examples as the Boeing acquisition of McDonnell Douglas and the merger of British Aerospace and Marconi to form BAE SYSTEMS. A very commercially successful JV between Snecma and the General Electric Corporation (GE) in the USA, known as CFMI, has had a significant impact on the way in which Hurel Hispano has developed its own integrated identity and structure. This is due partly to the fact that the President of Hurel Hispano

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<sup>2</sup> Societe Nationale des Etudes et Construction des Moteurs des Avions

was formerly employed at a senior level in a technical/ programme role within CFMI; it is also true that Snecma has relied heavily on its experiences through this JV to prepare itself for an initial public offer of its share capital and to develop appropriate ‘internationalization’ strategies including acquisitions and extended world wide after-market presence. In terms of market capitalization, numbers of employees, previous business performance etc GE is the senior partner in this JV and without doubt has exerted influential help on the way in which Snecma is preparing itself for ‘privatization’ – the goal being to become a major shareholder in Snecma, consistent with the process of globalization described above.

A matrix style organizational model used within CFMI was imposed upon Hurel Hispano eighteen months after acquisition and only nine months after the terrorist attack on New York in September 2001 which had a very significant and detrimental effect on the global aerospace industry. Arguably this event was the single biggest challenge (and threat) the transnational management board of Hurel Hispano had to face since the integrated company was formed; turnover and manufacturing volumes fell by over 35% within two months and the sustained reduction in the number of route passenger kilometers flown, (rpk = traffic density), in all international regions has led to a prolonged recessive period before recovery to pre-September 2001 levels of business.

This major challenge/threat is analogous to the sort of event that is cited by Earley and Mosakowski as fundamental to bringing highly heterogeneous teams to optimum operating performance. Arguably the decision to impose a more homogeneous matrix style of organization was taken before the highly heterogeneous organization structure had developed fully. The reasons given were rooted as much in the French tradition of management (or ‘pattern of action’ – *d’Iribarne*), as they were in the need to present a more unified and integrated company to customers. Indeed in spite of the changes made, there has been no significant, appreciable improvement in any customer satisfaction metrics that Hurel Hispano employs for or receives from its major clients. In the same period financial results have deteriorated slightly. The specific elements of the French tradition that the author considers underwrote the imposed change in organization structure were:

1. *Reluctance to deal with matters on a ‘face to face’ basis* exacerbated by the different *power-distance* indices for the two nationalities in the management board
2. Misunderstandings and concerns over the (*educational*) capabilities of the engineering and technical functions within the former Hurel Dubois factories
3. Dysfunctional mismatches between the different organizational layers at each of the operating sites, particularly the *different cadres* on the French sites and the lack of an instantly recognizable equivalent in the UK subsidiary
4. Lack of any appreciable post acquisition ‘added value’ justification for the merger leading the most senior executives within Snecma to question the Hurel Hispano President’s own *professional capability*

5. An inevitable discomfort with the lower levels of *impersonal regulation* that existed in the former Hurel Dubois factories in comparison with the ‘Snecma norm’

Whilst accepting that his own position is not impartial, and that the fact that he is British, may influence the author’s analysis of the events outlined above, his justification for these assertions is as follows:

- The matrix style organization introduced in 2002, allowed the management team who reported into the Management Board to become more homogeneous and almost exclusively (90%+) French, in spite of the fact that one in five employees within Hurel Hispano is British. This facilitates an easier management process, whereby the most important face-to-face relationships are minimized and less disrupted by British employees who are unaware of the relevant power strategies (*Laurent, 1983*) and whose expectations of the intragroup interactions are prejudiced by a very different PDI.
- Notably, French nationals, the majority of whom had worked previously for Snecma, filled all the most prestigious and senior engineering positions. This effectively created an exclusive French engineering ‘cadre’ mostly located at one site, thus simplifying the communications within the group and so reinforcing the concept of an ‘aristocracy of talent’ (*d’Iribarne, 1994*) with ‘amicable internal relationships’.
- Initially the matrix organization did not allow for the continued presence of a Managing Director on site, in spite of the fact that the UK subsidiary would continue to operate as a registered UK Limited Company (this was subsequently changed at the request of the author).
- Given the external regulatory requirements imposed on all aerospace corporations, the integrated and matrix style organization provided an opportunity for the introduction of common procedures and processes based on the much more complex and (over) detailed pre-existing Snecma documentation. In so doing the level of impersonal regulation has increased whilst the levels of local autonomy and decision-making have reduced.
- Although anecdotal in nature, it is also worth noting that in creating a more integrated company, the Company President has been able to justify a reduction in the number of occasions when he visits the former Hurel Dubois factories.

## Conclusions

It would appear from analysis above that in spite of the globalized nature of (the aerospace) industry, the French tradition of management is still largely unchanged and that this has significant implications for French organizations that need to expand internationally and organizations in other countries that wish to either expand into France or acquire French interests.

The key lesson would appear to be that the French management tradition is more 'au fait' with nationally homogeneous teams that are able to demonstrate a 'technical credibility' or a level of recognizable educational achievement (the aristocracy of talent) and that such teams need to be organized in such a way that they align with the basic divisions within French industrial society, namely: workers, supervisory staff and engineers (cadre).

In comparison with the more obvious difficulties associated with overcoming the language barriers presented in particular by the poor status of foreign language training within the UK at secondary school level, the differences in management culture and expectations between the UK and France are embedded and represent significant barriers to successful transnational team working. The way in which the lessons learned by Snecma through its involvement in CFMI have been re-interpreted in a manner that is more appropriate for a French company than an 'Anglo-Saxon' counterpart, is arguably consistent with the way in which French society historically integrated and annexed Scientific Management and compromised between Crozier's Bureaucratic Model and the Honour Principle propounded by Montesquieu and Tocqueville.

The author therefore contends that for French/UK transnational team working, the key to success is to allow UK nationals to operate, where appropriate, in highly heterogeneous teams or homogeneous teams whilst French nationals should only operate in nationally homogeneous teams.

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