We talk about American styles of management, Japanese methods, the “Swedish model”, and of gallic spirit... should we also be talking about national models of management?

In one sense, yes, says Philippe d’Iribarne, who maintains that the best way to get people working together depends largely on the norms and customs that they share.

Certainly not, according to Erhard Friedberg. Talking of national management models can hide cultural differences that exist between different companies.

Understanding national management traits can help us to avoid making mistakes, says Jean-Louis Beffa, we should bring traditions closer together without melting them all together in a single mould.
INTRODUCTION

Jean-Marc Oury: We in Paris and France no doubt have our own unique way of approaching management. This is why the Association des Amis de l'Ecole de Paris du management was set up, so that meetings between our contributors to management thought could be organised and reports circulated.

Today's discussion concerns the question "Is it possible to talk about national management models?" Philippe d'Iribarne and his research team are studying the influence of national culture on management. He has published a definitive book on the subject, entitled, La logique de l'honneur and is going to present his view on the national dimensions of management. Erhard Friedberg has a different interpretation to Philippe d'Iribarne on the role of national cultures and he will explain the reasons why. Jean-Louis Beffa is going to share his experience as Managing Director of Saint-Gobain, a company which operates on all five continents with major local installations. A debate will follow between our speakers and the audience.

I - NATIONAL MODELS
by Philippe d'Iribarne

Talking about national management models often raises some a priori objections. Realists state, "Management is simple: you buy cheaply and sell at a high price and that's it. Anything else is of trifling importance". Idealists say, "It's not right to legitimise local peculiarities at a time when the world is becoming fragmented and ethnic ties are causing considerable problems". However, one cannot deny that, however banal they may seem, management situations involve an element of meaning which is sensitive to a variety of cultural contexts; taking account of this enables us to see clearly the issues involved when looking at national management models.

The meaning of facts

On April 6, 1994, the CGT published a leaflet which commented on the five-yearly labour law, stating that "calculating working hours on a yearly basis puts salaried staff at the employer's complete disposal". It is surprising to read this, since employers are bound by so many rules and regulations that the idea of employees' complete disposal fails to make sense. Nevertheless, if one looks more carefully at the remarks, one sees that they evoke an image of the employee reduced to slavery. The measure is therefore decidedly important, begging the question of whether the employee who submits to the authority of his employer can be a free person, or whether this puts him in the position of losing his dignity as a citizen.

To take another example, an RATP supervisor declares that "the notion of incentives, or "the carrot at the end of the stick" for selective promotion is completely disastrous. How can you have healthy relations with the people you know are going to assess your performance? Do you bribe them?" Selective promotion poses a serious question: will there be a movement away from a pervading pride in good work towards a system whereby favourable assessments can be bought?

Therefore some apparently banal management situations can also have some major implications, such as "On which side do I stand: with the masters or with the servants? Am I Somebody?"

Culture and meaning

The same facts take on very different meanings depending on the context. This is where culture comes in. To go back to one of our previous sessions on transatlantic misunderstandings, let's look at a passage from Michel Crozier's book *Le phénomène bureaucratique*\(^2\). On the subject of staff supervision by the factory manager, Crozier points out that managers are too distanced from the factory floor to be able to directly control workers by bargaining relations. He adds that "the foreman’s behaviour 'fits' with neither the size of the unit for which managers are responsible nor the prestige conferred on them by their position". He uses the term "sied" in French, which the dictionary translates as "to fit" in English, suggesting that the behavior is objectively appropriate which refers to a very different world of meaning to the one in which the French term is used. In other words, worker supervision involves something which holds a very special meaning for the French: does the close supervision of subordinates allow one to maintain one's rank? This reference to rank and to the nobility of one's occupation plays an important role at all levels of French society. So says François Mitterrand: "Mon mandat, c'est une noblesse et je veux en être digne de la manière que je déciderai."

Accounting for the status associated with this world of meaning permits an understanding of the French style of management, including the difficulties of supervision; the distinction between "cadres" and "non-cadres" staff; an elitist education system which supplies graduates to fill positions of responsibility; the relations between salesmen and technicians, maintenance and production; and even the way in which competition is considered. Whenever management tools are used, decisions made or regulations introduced, the question of the ‘nobility’ of the task performed arises, pre-conditioning the task's effectiveness. Such peculiarities explain the problems we have in understanding Anglo-Saxons and vice-versa.

However, it should not be thought that the question of the emotional associations of certain meanings is not present in American or British contexts. These cultures also feature noticeably the importance of knowing whether one is free, although the signs of freedom are different. For John Locke, the great British philosopher, a free man has a temporary contract which represents the exchange of a salary for a task, in contrast with a state of servitude in which workers are subject to an arbitrary power\(^4\).

It is very useful to look at the way in which the Americans regard management. In order to defend themselves from an arbitrary power, their relations are based on legal contracts. This explains certain surprising aspects, such as the importance of business figures, the role of the quarterly report, the obsession for precise legal definitions, and even the way in which the US Stock Exchange Commission defines insider trading.

A Frenchman considers himself free when he maintains his rank, an American when he respects a legal contract.

National models

Is it possible to talk about national models? First of all, the notion of "model" should be clearly understood. A model can refer to a set of guidelines or a general pattern, a synthesis of reality. If one is given a description of a management situation and asked to say whether it takes place in country A, B or C, one will be able to answer correctly if familiar with these countries. But there is no normative model which allows one to say precisely how a style of management should be adapted.


\(^3\) Presse Conference April 12, 1992.

\(^4\) Two treatises of Government, II, 85.
Is it useful to try to build national management models? It all depends on what one wants to do. If things are going well, such models are only of speculative interest: there is no need to explore national meanings since they will be spontaneously inherent in management through laws and customs. For example, American and French labour law is profoundly marked by their nations' view of freedom.

As long as one sticks to habits, there is little use in making the culture explicit, but it is quite another matter when one wants to change how things are done, particularly when importing foreign management methods. This is what many companies are trying to do these days. France is currently taking inspiration from two main sources: the United States and Japan. Companies which are run along the lines of French bureaucracy are trying to convert their bureaucrats into managers in charge of American-style business units. New approaches to quality management and the Japanese-style Kaizen are also being brought in. This is where it becomes useful to explain special national characteristics.

Our research centre is often asked by companies and even consultants for help in introducing changes which look superb on paper but in practise do not work. It is tempting to explain the resistance shown to such reforms in terms of archaic attitudes, and to envisage forcing people towards progress. But more often than not it leads to changes that are little more than cosmetic measures. And although purely empirical adaptations to the local environment sometimes allow reforms to become part of the customs, this is far from being the general case. It is therefore worth trying to understand the nature and implications of the resistance shown to change, so that the grafts can be incorporated.

II - DID YOU SAY NATIONAL MODELS ?

By Erhard FRIEDBERG

I agree that culture is an important phenomenon in social interaction. My comments will concentrate on your analysis and the conclusions that can be drawn concerning action.

Culture ? What culture ?

It would be inappropriate for me to deny that cultural differences exist, since coming from a foreign culture myself and having only discovered France at the age of twenty, I am well equipped to measure the role of cultural factors in ways of thinking and acting. I am struck by differences every time I cross a European border. In Naples, I need to know that people drive through red lights, and in Germany I have to be careful because as a pedestrian in France I have learnt to take liberties that a German would never dare to take.

My action analysis is centred on culture. In fact, I reason along the lines of limited, i.e. contextualized rationality; that is, there is no model of universal rationality, only ways of behaving which are rational in the right context. Moreover, I do not see any opposition between emotion and rationality: the latter takes various forms depending on the context. It is up to the sociologist to reconstruct meanings. I therefore subscribe to your insistence on the importance of culture, although I would word it differently. But which culture are we talking about?

It would be difficult to talk about one single French culture. As soon as a close study of companies is made, some considerable differences become apparent. At the time of your study on the running of aluminium factories, a merger of production and maintenance services in the French steel industry was launched at an incredible speed. I was able to watch the progress of this change which took place without causing any major internal crises and which was remarkably effective. At the time, things seemed to have come to a standstill in other industrial sectors. So which culture is relevant to our discussion? There are regional cultures, professional cultures and social cultures. Perhaps we could also say that there is an aristocratic culture? The emphasis on rank is a distinctive characteristic of the aristocratic culture in every European country.

The Milanese pedestrian in Naples feels just as disoriented as I do, since people respect red lights in Milan. Yet he lives in Italy all the same. It could therefore be said that it is not the same
Italy. So how consistent is a national culture?

Local and global factors

Obviously, traces of culture can always be found, in the same way that there always seems to be some truth in what astrologers say. Questionnaires carried out by professional pollsters highlight cultural influences but this does not tell us much about how to act.

But you (Philippe d'Iribarne) are not working from questionnaires; rather, you are trying to pinpoint the influence of national cultures through "ethnological studies". However, when an ethnologist studies a distant tribe, he analyses an isolated phenomenon. Yet a company is not an isolated phenomenon since it has links with other firms, both French and foreign, and is immersed in a society. Thus the analogy with ethnology is problematic. Another problem concerns how you can come up with a national culture by making detailed observations inside one plant of one company. What is needed is a dual approach, to enable comparisons from one plant to another, in order to reconstruct empirically some convergent patterns which would be valid for that particular company.

There is thus the need to decide between two possibilities. Either a culture is open to numerous variations, and in that case I fail to see how a national culture could be derived from the study of the functioning of one plant: at least, this is what my experience as a corporate clinical sociologist tells me. Or there is a strong link between the national culture and a company's local operations; in other words, culture does not allow for local variations. This seems to be your point of view, but in this case I see a contradiction not only with the empirical evidence available, but also with the preface of the latest edition of your book, where you have stressed the diversity of local specificities.

The danger of local typologies

Anything which can increase the knowledge we have of our societies is welcome. The study of national culture is important, since companies can be faced with a shock vis-à-vis foreign cultures. The problems with the Renault-Volvo merger might well have been avoided if the Renault chiefs had paid more attention to Swedish society and studied Swedish history. The same advice is relevant to human resource management and multinationals expatriating managers. It is useful to put so-called universal precepts into proportion and to draw attention to the problems of transferring methods.

However, I am sceptical about the plan to build national models as you have defined them. You can't base plans of action on an understanding of such an elusive notion as national culture. You run the risk of falling into an unwarranted conservatism which says, "it is impossible to transfer anything from one culture to another", or of staying with a very deterministic philosophy. These models also have one possible negative consequence: making managers lose their curiosity. If they are given the impression that they already know the essentials, they will believe that they have understood everything and will not bother tuning into local factors. It is important to keep an ear to the ground and to equip oneself with the necessary intellectual tools for decoding local peculiarities.

I am struck by how we have an enormous asset in the well-managed transfer of Japanese methods to French companies. This has been extremely enlightening, since these methods have not been merely imposed, but rather they have been adapted appropriately. The transfersal has not been from culture to culture but between factories, from headquarters to factories and between different levels in each factory. This calls for a minimum of local autonomy, tolerance of diversity and attentiveness to true local capabilities. Placing too much emphasis on cultural models hinders attention to local factors and tolerance of local autonomy and diversity.
III - MAKING GOOD USE OF LOCAL CHARACTERISTICS
by Jean-Louis BEFFA

National factors influence business management but non-national factors are playing an increasingly important role as companies try to transcend local differences. In order to study the relationship between local and global factors, I will look at four areas: clients, personnel, shareholders and local environments. Then I will show how our company uses differences to its advantage. My ideas are linked to the observations I make at work. They therefore contain many elements which are specific to the company; however, they also make use of readings and numerous discussions with the heads of some major international companies. I think therefore that these ideas can apply to other cases besides Saint-Gobain.

Local factors and global factors

Clients
Clients' demands vary with the country and companies should make allowances for this. However, companies gain their strength from operating in increasingly wide markets: they try to lower costs by raising volumes, play on technological leadership and need increasingly large turnovers to amortise investments. They therefore try to impose a brand or product (or both) which will sell in several countries. However, at the same time, companies should learn from contacts with their clients from different cultures. Saint-Gobain's task in Europe was made easier by shared European characteristics. The difference with Latin America was not too great, thanks perhaps to European settlements. More effort was needed in order to adapt to the United States. Finally, in Asia, we discovered that certain things which seemed easy elsewhere could pose major problems. Approaches need to be specific to each market and sales forces should be firmly rooted in local traditions. This is why I use the American formula: "Think globally, act locally".

Personnel
There are obviously national aspects to personnel management. Labour law is never the same: neither recruitment nor dismissal is carried out in the same way in different countries. Negotiations with unions are different in Germany, the United States, Brazil, Korea, Spain, France and Italy. Differences are created by traditions and legal structures. However, I feel that these differences are diminishing. This is very striking in Europe: many company leaders are surprised to hear that the UK deviated from the European social policy after Maastricht: this means nothing concrete to them since they treat the UK like any other European country. There are many factors favouring convergence: for example, the same type of information is provided in Germany, France and Italy, and the types of social issues are becoming more similar. There even seems to be a convergence with the United States: when a company is restructured, the same things are said to American personnel as to French staff. What is happening in Europe now looks similar to the Japanese way of associating their employees, and American management is adapting to Japanese methods.

We are confident in different contexts, and huge mistakes can be made by wanting to cast everyone in the same mould, but the differences are becoming smaller.

Shareholders
I have often asked managers whether they see themselves at the head of a multinational business or a company with international ambitions. They often consider their company to be multinational. However, a company's strategy is strongly influenced by the nationality of its main shareholders, the people to whom the Managing Director reports, through the intermediary of the Board of Directors\(^5\).

This is not really the same having about thirty companies from the Mitsubishi group having

each 2% of its shares, like my Japanese competitor Asahi Glass, or when the company is quoted on
the New York stock exchange, waiting to see the position of an American pension fund. Shareholder expectations are therefore very different depending on whether 'shareholder' refers to
the Deutsche Bank, a stable shareholding group, Mr. Agnelli, an American pension fund or the
Mitsubishi conglomerate. Siemens' strategy is linked to expectations concerning German
shareholders, whereas General Electric and Exxon base their strategies on the expectations of
American shareholders. In France, the situation is evolving considerably and the privatisation of the
three largest banks and the three largest insurance companies will have important long-term
consequences.

In my view, there are no multinational companies, since there is no unique shareholder
expectation: capitalism is organised according to national expectations. Today, there is not even a
uniform European expectation. It seems to me that, with the exception of the UK, there is a general
movement towards the German model. This evokes some recent work by Philippe de Woot which
was commissioned by the European Round Table (made up of the forty largest European
companies). Forty managers from major companies were questioned on the theme "Does European
management exist?" The survey shows that for the most part, companies recognise their
management style as following the German model. It also shows that important transformations
have taken place. Only one nation shows a divergence, and this is the UK, where management style
is closer to the American model.

**Local environments**

It is up to companies to comply with local characteristics and to make the most of them in
their management. We at Saint-Gobain do take national factors into account, but our goal is to
transcend nationalities as far as possible.

**Using difference**

In our group, the business element is represented by *branches*, and the national element by
delegations. However, the official rule is that in the case of any argument, the branch will have
authority over the delegation: business takes priority.

On the other hand, some of our other management traits are more linked to nationalities. As
our company is of French origin, the majority of our managers are currently French. This needs to
be explained. We make it known that the group's official language is French, and we point out that
a second language, English, will be recognised, but no other.

We train our managers by placing importance on different cultures as a means for the
company to make progress. In this way, we try to take into consideration what we see as the best
elements of each national culture. We have introduced new ITT-style reporting methods, i.e. very
precise and rigorous, and we have imposed them on every nationality, including the French. We
have taught the Germans to draw up three-year plans, and likewise we are going to integrate
elements of Japanese and Scandinavian characteristics.

Our market-penetration strategy uses culture to its advantage. We have decided that the
Baltic States will be entered by our Scandinavians, the Czech Republic by the Germans and
Hungary by the Austrians. In Poland we have identified that it will be better for us to concentrate on
the zones which were formerly German.

We recommend work methods which respect certain cultures. For example, it is considered
very annoying to interrupt a presentation in German and American cultures.

Thus national and non-national factors co-exist. But what I am most interested in at present
is not knowing whether national models exist, but rather how to make the most of cultural
differences. Finally, I hypothesise that management models are converging increasingly without
leading to one single style. In any case, I still do not believe in the idea of a completely
multinational company.
IV - DEBATE

Accountability

Q: According to Jean-Louis Beffa, shareholder expectations differ according to nationality. Why is this?

J.L. Beffa: This stems from the limitations of the language we use which is influenced by the Anglo-Saxons: when we talk about maximising "shareholder value", this is a very simplified model of our relation with shareholders.

In fact, two models of relationship between finance and industry exist in practice. The imaginative American model plays on volatility: restructuring takes place, the company is split up to make it easier to supervise, and this creates volatility. But such volatility has negative effects on the implementation of industrial strategies. Contrary to this, the German model requires companies to prosper so that the banks earn money. This model also has its limitations, but it is better for the development of industrial strategies.

Ph. d'Iribarne: Jean-Louis Beffa talked about being accountable to shareholders. Firstly, it should be noted that individual shareholders carry far less clout than do the institutional shareholders, such as pension funds, banks, and so on. Secondly, the generic term "being accountable" hides a variety of different implications in different cultures.

The Americans always run the risk of being sued. Therefore they have to be able to prove that their choices are not detrimental to shareholders. It is easier with short-term profits to prove that the company has acted in the interests of its shareholders than it is with long-term strategies. Therefore, some arguments may be relevant to German or Japanese organisations but not to Americans.

Here, one sees the same type of relation as at lower levels.

J.L. Beffa: I would like to mention a fact which I cannot explain. Dutch and Swiss companies which appear to be truly international firms have the most astonishing capital structures. At Philips, it is statutory for the directors to be appointed by fewer than 1/000 of the shareholders. The legal status of Swiss companies is also very closed. Therefore, directors are least obliged to report to multinational shareholders when they belong to companies which have moved furthest beyond national characteristics.

Is there a simple explanation of Culture?

Q: The reference to national cultures cannot be reduced to people's ideas of rank and freedom. In particular, one should consider the different attitudes towards human resource management: listening to staff, paying attention to safety, working conditions and varying degrees of tolerance towards inequalities.

Ph. d'Iribarne: You are going too fast when you say that these are other dimensions. On the subject of unemployment, it can be shown that differences in attitudes towards employment in the service industry are linked to different ways of looking at service: in France, one feels servile in serving someone else; we also talk about casual jobs ("petits boulots"), a term which has rather negative connotations.

It can be tempting to divide culture up into separate parts, but in fact when one looks further into the matter, one realises that all the elements come together to form a coherent whole.

J.M. Oury: This is perhaps the moment to respond to Erhard Friedberg's comments.

Ph. d'Iribarne: Is "rank" a typically French concept? For a long time, the European aristocracy spoke French, and in English, the expression "noblese oblige" is still used. It is therefore hardly surprising to find a link between aristocratic and French values. More generally, you raise the question of individuality and shared characteristics: can different phenomena have something in common? My team and I study companies of different sizes and operating in various sectors and geographical areas. The idea of what makes an honourable occupation can vary in France from one place to another. However, time and time again we came across the same preoccupation with knowing if one's activity belongs to the noble or the ignoble. One sees this in an SNCF inspector, a Renault foreman and a factory worker at a small French company; on the other hand, we have not found this sort of preoccupation in the United States nor even in Belgium.

On the subject of methodology, you have raised a question which has long been a topic of debate among ethnologists: Do we study villages, or do we study in villages? One does not understand the subtleties of how people live together by flying over a large number of territories, but rather by devoting oneself to an in-depth study of one particular place. This is how many ethnologists have explained themselves. Of course, with a study of one particular area, there is the risk of making generalisations from special cases. The research process aims to test the generality of hypotheses. Our experiment led to some findings which hold up well under scrutiny. I have even found some facts to support my argument in a work by E.Friedberg and Christine Musselin. On pages 182-183 there is a description of the differences between French and German teachers concerning their relationships with their respective institutions. For some, and you will guess who, their institution's demands "should interfere as little as possible in the activities which they intend to carry out". The authors specify that "with teacher-researchers, the expectations of their institutions and peer pressure have less impact on their commitment than their own professional conscience, preferences and particular interests". You have therefore seen the same thing in universities as we have in companies.

Finally, I find it paradoxical that Erhard Friedberg fears that the practitioners' natural curiosity may be dampened by an enhanced understanding: this could be seen as condemning any kind of researchers' work.

E. Friedberg: It is strange that you used universities as an example: French universities are far less preoccupied with their rank than German universities.

On the subject of curiosity, I would like to clarify my remark: by giving people a false confidence of their knowledge, one also gives the impression of having all the answers. In the United States, if one believes that contracts are all-important, then there is the temptation of looking at everything from a legal angle.

A participant: The notion of culture effectively leads to superficial understanding and mechanical applications. I once chaired a meeting between some French and Swedish speakers. I opened the debate by pointing out that there would be few interruptions in the presentations since the Swedes do not like to be interrupted. The Swedes replied, "We have just been on a course on culture, where we learnt that you are used to being interrupted". We were therefore placed in a paradoxical situation where the French had prepared presentations and the Swedes interrupted continually. It must be important to know how people use this type of knowledge in their interpretations and tactics.

Culture and various interests

Q: Jean-Louis Beffa has quite rightly steered us towards certain subjects which are no longer studied in sociology: the difference in ownership structures allows an understanding of differences
in companies' behaviour and in economic systems. I would like to add that the termly report did not just suddenly appear in the United States: its appearance has a history linked to the development of stock-market capitalism and regulatory mechanisms. This is not a cultural phenomenon but a result of a combination of interests.

**Ph. d'Iribarne**: Few serious works consider culture simply as something which acts through unseen channels. All modes of action are influenced by certain stakes. The constitution of the “cadres” in France or the stock-market institutions in the United States undoubtedly resulted from various influences. But the underlying stakes were not independent of the French ideas of rank nor of the American views of fair relations with contractors.

**E. Friedberg**: What is important is the way in which the interests of various parties build institutions. These interests refer to meanings, but talking merely about national cultures short circuits the issue.

**What does being French mean?**

**J.L. Beffa**: The book *La logique de l'honneur* provides fruitful reading for the practitioner: for me, it has clarified certain characteristics of French management which were not easy to define. I have read numerous analyses, notably by Michel Crozier, but these were not as clear in showing the deep roots of our behaviour.

**Q**: We have a principle of approaching problems rationally which is remarkable when it does not end up in sterile debates. This is a gift for formulating strategies. The French way is imaginative in practise, contrary to what one might believe. French structures have been evolving in an extraordinary way for some time, along with the Italians. Finally, we are revealing a greater ability to change than the Germans or particularly the Spanish. But I have trouble in seeing how the honour logic coexists with this creative rationality.

**Ph. d'Iribarne**: I can see one answer: when you feel that you are accountable to yourself more than to others, you will try to do things that have not been asked for.

**J.L. Beffa**: I would like to call for new research. Everything today is changing. Students are travelling and this is smoothing out cultural differences. In our group, working in Europe or the United States is no longer considered expatriation. Companies’ concern for efficiency is a unifying factor. This is why they are the modern-day melting pots. Let’s not allow ourselves to get stuck with a fixed vision of traditions but let’s look at the way in which they are evolving through their contacts with other traditions.

**Ph. d'Iribarne**: I can only agree: there is still a lot of research to be done in an ever changing world.