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**A CULTURAL KALEIDOSCOPE:  
MANAGING THE EUROPEAN COMPANY**

by

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**A thesis presented for the degree of  
Doctor of Philosophy  
at the University of Leicester**

**1999**

AMDG

**Je dédie cette thèse à mes parents, Isabelle et Charles Communal.**

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## **Summary**

**KEYWORDS: NATIONAL CULTURE - NATIONAL VALUES - MANAGEMENT - GREAT BRITAIN - FRANCE - SWEDEN - GERMANY - DIVERGENCE - CONVERGENCE - EUROPEAN COMPANY - IT OUTSOURCING - KALEIDOSCOPE.**

**This thesis provides a comparative study of managerial practices in Europe. Patterns of behaviour and preferred modes of organisation are identified in four countries, based on an in-depth case study of a chosen/specific European company.**

**While the corporate culture and industry remain constant, national context manifests itself as the essential variable between the different operations. The thesis proposes/argues that this factor – national context – is a powerful variable which frames the activity of management.**

**Europe is a continent of diversity; each nation has unique traditions, particular historical and cultural roots as well as its own institutional framework. This diversity means that managers learn to operate in a manner that suits their particular context. The thesis documents such national divergence in terms of managerial practices and behaviour.**

**The processes of integration of European Union member States and of globalisation also contribute towards the shaping of management. The case study company, as a leading provider of Information Technology services, is among the avant-garde pioneers of a technological, borderless world. Common pressures affecting managers across the board – and thus regardless of national context – are also identified: these include the pressure to achieve profit and efficiency. In addition, a degree of convergence between human resource management policies and practices also makes itself visible.**

**The thesis demonstrates, above all, the influence of national culture and national environment vis-à-vis management; an argument which may be reaffirmed given the context of globalisation. In brief, a European company is a cultural kaleidoscope.**

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# **1. INTRODUCTION**

## **A KALEIDOSCOPE**

A kaleidoscope is a fascinating object. It is a tube containing mirrors, at the end of which are pieces of coloured glass. Each piece of glass is different with its own shape and colour. When someone looks through the tube and turns it, they see a moving picture, but the basic shapes and colours from which the picture is made remain the same. I built a kaleidoscope at school when I was younger. The picture was remarkable, always changing, yet always the same. As I engaged in the writing of this thesis, it seemed that the research undertaken had been like looking through a cultural kaleidoscope.

The thesis presents an examination of management in a European company. This involved the exploration of different national cultures and their interplay – hence, a cultural kaleidoscope.

The research was based on an investigation into one multinational - albeit European based - company. The company itself, its structure and its industry, provided me with a frame (the tube of the kaleidoscope) within which I examined the characteristics of management in four national divisions of the company: Great Britain, France, Sweden and Germany (these divisions were my coloured pieces of glass). Finally, I looked at the overall picture, how it changed and how it converged (the kaleidoscopic view).

Looking through a kaleidoscope gives an impression of diversity within a single picture. Indeed, the company is diverse: it is composed of many cultures, yet it is still one company. A kaleidoscope also conveys the idea of movement, which provides a further analogy for the way in which a company is always changing and adapting to the shaping influence of the market. In a kaleidoscope, elements may be

added or subtracted. In a similar way, a company can acquire businesses or sell them. This constant change helps to shape the overall picture, although the core of the picture is constructed from the same basic elements. Similarly, developments in the market and company strategy contribute to the shaping of success or failure, yet the diversity of approaches to management in different countries is at the core of the business.

The metaphor of the kaleidoscope can be explored in another way. The coloured pieces of glass can be associated with the company rules, the technology, and the industry. In the hands of different people the same elements, shaken together, would look different. Indeed, the British, French, Swedish and German divisions shake the kaleidoscope in a different way – nevertheless, they all have basic similarities.

The kaleidoscope I built at school was different from the ones the other children had built, it had its own patterns and the colours converged together in a particular way. Yet we all built kaleidoscopes. Similarly, the multinational company within which the research enquiry took place is a unique organisation. Even so, it is a commercial organisation like any other, concerned with its figures, its people, its products, shareholders and stakeholders. In that sense, the thesis informs management in general.

Managing a European company is, as this thesis illustrates, like managing a cultural kaleidoscope: diverse, complex and enriching.

## **MANAGEMENT COMPARED**

Comparing management practices in different countries is about understanding the process of management. Most people would agree that a major part of managing a company successfully means establishing efficiency.

Thirty years ago, it seemed common sense that efficiency in firms could be

achieved by applying 'rational', 'scientific' techniques to organisation. There was a 'one best way' of managing. Taylor (1947) and Weber (1964) were amongst the first to argue for productivity and bureaucratic efficiency. Taylor was interested in the standardisation of work and developed scientific methods of management. Emphasis was placed on planning, breaking down tasks and responsibilities and measuring performance quantitatively. The scientific method encouraged the belief that businesses ought to be organised in the most efficient way, thus establishing a constant (of what was perceived to be most efficient) regardless of location in the world. Weber also argued for the notion of a 'one best way', and a rational organisation. He emphasised specialisation, hierarchy and authority as well as formal rules and procedures. The belief in a 'rational' and 'scientific' management spread particularly in the United States. At the same time there was an unprecedented enthusiasm for the American business schools. The success of the American economy, in particular following World War II, reinforced the concept of the 'one best way'. This successful management model was not perceived as being specific to the American culture but was seen as an expression of universal rationality.

This paradigm shifted with the relative decline of the US economy and the rise of Japanese firms. By the 1980s, it seemed that the Japanese had managed to integrate certain values inherent to their society into new and powerful management techniques. The West became fascinated by quality circles which evolved from a traditional sense of group responsibility in Japan, the belief in *kaizen*, the aspect of refinement and quality, the principle of Just-In-Time manufacturing which developed through the traditional *keiretsus*. A *keiretsu* is a cluster of companies often comprising of manufacturing entities, banks and trading houses, each supporting each other, and favouring close links between buyers and suppliers.

The success of Japanese management techniques enriched the management techniques taught by American business schools. It also raised the idea that other forms of management might be as good or even better than those previously deemed unquestionable. However, Western experimentation with these more Eastern techniques brought forth new conclusions: management techniques developed in one



culture may not be easily transferred into another. Hence, the ascendancy of a new mode of thinking – the notion that management could be culturally bound. The field of comparative management started to attract ever-increasing attention.

## **RESEARCH AIMS**

The thesis aims to investigate management in four countries: Great Britain, France, Sweden and Germany. In order to establish a suitable comparative basis, the fieldwork will be based on the examination of the national subsidiaries of the same European-based company - Sema Group. Sema Group operates in the sector of Information Technology (IT). Taking the same company, industry and technology and investigating subsidiaries in various countries, one would expect to find a degree of homogeneity in terms of their management. This is what I propose to test.

Despite keeping the corporate culture constant, the industry constant and the global technology of IT constant, research suggests that a number of differences may be based on national specificity. My hypothesis is, therefore, that differences will remain in spite of hopes for homogeneity.

Nonetheless, I also intend to note similarities. In this way, the thesis should provide elements of reflection on the movement of globalisation.

## **STRUCTURE OF THE THESIS**

Following this introductory chapter, Chapter 2 surveys the literature relating to comparative management. This forms a background for Chapters 3 to 6, which discuss management generally in Great Britain, France, Sweden and Germany in more detail. Chapter 7 describes how the research was carried out. It also summarises conclusions drawn from a pilot study that was carried out with a

company based in Northampton, UK. The European-based multinational company, Sema Group, within which the research took place, is presented in Chapter 8.

The research results are presented and discussed in Chapters 9 to 12. These chapters generally support the divergence theories of management, whilst Chapter 13 provides evidence to support the convergence of some specific management practices. This last chapter also draws conclusions from the study.

## **2. CONVERGENCE OR DIVERGENCE**

The world has become a smaller place with telecommunications enabling connections to be established to any point of the globe within seconds. Physical means of transportation are also constantly being improved, rendering them speedier, secure and comfortable. The likelihood of international encounters has been multiplied exponentially. A process of globalisation is consolidating - based on ever more efficient communication links. A global business culture is emerging and as a consequence, it is easy to presume an increased degree of homogeneity between different countries. On the other hand, a number of differences exist from one country to the other and these differences remain important. This debate is known as convergence versus divergence. This chapter reviews the arguments in this debate and sets the scene for the thesis.

Culture is a key concept in the convergence versus divergence debate as it can be configured in both ways, namely:

- a) As a concomitant of industrialisation (Kerr et al., 1970) culture becomes homogenising.
- b) Similarly, as the property of a single company such as IBM (Hofstede, 1980), or the case study company Sema Group, culture is a force for cross border homogeneity.
- c) However, culture as the concomitant of separate countries is a force for heterogeneity or divergence.

For the purpose of this thesis, it is essential to understand this distinction between culture as a concomitant of globalisation and culture as a concomitant of diversity, indeed Ajiferuke and Boddewyn (1970, page 154) warn that "Culture is one of those terms that defy a single all-purpose definition and there are almost as many meanings of culture as people using the term."

If Ajiferuke and Boddewyn are correct and the word 'culture' is attached to a number of meanings, the need to define culture in the context of comparative management is all the more pressing. Etymologically, 'culture' is associated with the word 'agriculture', meaning cultivation. Hence, culture is the result of cultivation. A culture is not fixed, it grows and evolves. Certain patterns allow one culture to be differentiated from another. In biology, for instance, a 'culture' is a crop of micro-organisms. The same micro-organisms put on a different base will evolve in a different 'culture'. The environment is therefore a shaping factor in any 'culture'.

Commonly, culture is understood to refer to 'civilisation' and the refinements of civilisation, such as art and literature. In fact, particularly in social anthropology, the word has a much deeper meaning.

In the 1950s, a team of American anthropologists identified over 160 different definitions of culture (Kroeber and Kluckhohn, 1952). They suggested the following synthesis:

Culture consists of patterns, explicit and implicit of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditioning elements for future action.

(Kroeber and Kluckhohn, 1952, page 181).

Lane (1989) encourages each researcher to define their own understanding of culture, so as to establish a rigorous basis for fieldwork. Consequently, I decided upon the following working definition. Culture is a manifestation which is:

- **Collective:** culture is a collective phenomenon as opposed to an individual characteristic.
- **Learnt:** any group has to find its way of coping with its environment. The lessons learnt from coping with the environment slowly become assumptions (about the 'right' things to do). These assumptions are taught to the new members of a group – thus, culture is learnt.

- **Stable but also open to evolution:** a culture can develop if better solutions to the problem of ‘coping with the environment’ are found and accepted by the group. A culture is therefore both stable over time and evolving in the face of a changing environment.

In addition to the above comparative management, as the comparison of management in different countries, implies a special reference to national culture. It is therefore important to distinguish between national culture and other levels of culture such as youth culture, company cultures or industry cultures. Other levels of cultures are relatively superficial phenomena in an individual’s life. Indeed, contrary to a company culture, the sense of national culture resides in deeply rooted values brought about through childhood and early socialisation.

To illustrate what is national culture, some researchers in the field of comparative management have used metaphors. For instance, Hofstede (1991, page 4) employs a metaphor from computing: “Culture is the software of the mind”. The implication is that a person’s behaviour is partly determined by the mental programme they have acquired through life’s experiences.

In another metaphor, Sundaram and Black (1995) suggest that culture be compared to an iceberg made of:

- **Tangibles;**

The top of the iceberg is what is tangible, for instance: culinary traditions, language, fashion, architecture and art. These are manifestations which can be readily observed - the artifacts of civilisation.

- **Cultural values;**

This part of the iceberg is hidden under the surface of the water, however it is more sizeable than the observable tangibles. This hidden part of the iceberg represents cultural values. Values are not immediately apparent. One has to get to know people from a different culture to begin to assess their values. These determine how a society decides what is good or bad, normal, rational, acceptable or valuable.

- **Assumptions;**

To conclude their analogy Sundaram and Black (1995) suggest that the deepest parts of the iceberg correspond to deep assumptions that a group makes about approaching reality. For example, some cultures have a more positive view of the goodness of mankind than others (Kluckhohn and Strodtbeck, 1961).

It is difficult to convey convincingly the reality of national cultures to a person who has never spent some time in a different country. The problem is that individuals normally become so embedded in their own national culture that they forget to recognise that it is there. Only when they go abroad and are faced with explicit and implicit different rules of behaviour and a different institutional background do they become sharply aware of their own national identity.

Nationally embedded values and assumptions shape a person's perception of the world and this perception of reality influences behaviour. The implication for this study is that managers in different countries will experience the problems of organisation in a different manner.

The subject of comparative management has long been underpinned by arguments supporting the convergence of managerial theory and practice and the counter arguments claiming that divergent national background contextualise management (Lammers and Hickson, 1979). The debate is still open about the impact of national environments on management.

For instance, the convergence view considers management theory as universal and the impact of national cultural determinants as limited. Globalisation and internationalisation are seen as gathering momentum. Within this context, organisations across the world are increasingly under the same competitive pressures and, consequently, the same benchmarking rules apply. The role of managers is perceived to be independent from the national culture in which organisations operate. In other words, the nationality of managers matters less than their organisational constraints.

In contrast, the divergence view holds that management takes place within a

national context. Nations differ one from the other, particularly with regard to national culture, and management is therefore seen as culture-specific. The argument at this point does not consider that management practices are becoming increasingly different from one nation to another. Rather, divergence is seen as a historically stable phenomenon. Proponents of the divergence view argue that managers in each country share a set of cultural assumptions. It follows that managers within one country behave in a way which is noticeably different from managers in other countries. Additionally organisations operate within the framework of national institutions and legal systems, which will of necessity influence the activity of management.

Both the views in favour of convergence and those in favour of divergence have strong advocates. These are reviewed below, thus opening a number of research perspectives.

## **CONVERGENCE**

A number of reasons have been suggested as drivers of homogeneity and these are reviewed below.

### **Profit and Efficiency**

Focusing on bear minima, all managers are under one pressure - to achieve an operating profit. Profit may be understood in the wider sense of the word, for instance public sector organisations have to operate in a sustainable way and deliver value for money to the community. Charitable organisations have to break even to continue helping. Consequently, profit may be understood in the wider context of efficiency. All managers have to achieve efficiency. Of course, it could be argued that the concepts of profit and efficiency, although perfectly sensible globally, might be interpreted differently in different countries, with varying degrees of emphasis on one aspect or another. For instance, efficiency being understood by Dutch managers

as the ability to provide and maintain full employment (Lawrence, 1991b) or profit in the UK understood as being in the form of immediate financial returns (Hickson and Pugh, 1995) or again Japanese efficiency meaning achieving a high market share (Smith and Misumi, 1994). However, for the sake of this argument, profit and efficiency are understood in general terms.

Marx (1946) developed a series of arguments associated with the ideas of profit and efficiency. He was one of the first to ascertain that private ownership, competition and production for a profit creates similar pressures across countries. Indeed, because of the competition between capital, managers must find a way to maximise efficiency. If managers are always aiming for efficiency, their role of managers, no matter which country they come from, is relatively similar.

Marx also underlined what he described as a fundamental conflict of interest between capital and labour. It is in the interest of capital to maximise efficiency from labour, while it is in the interest of labour to maintain some control over their work and to improve levels of pay and skills. This conflict is characteristic of any capitalist society, which presupposes similar pressures across organisations in 'capitalist' countries. The conclusion must be that the capitalist system creates the same problems and opportunities for managers. Thus, there is a degree of convergence due to the goals of profit and efficiency.

### **The influence of America**

Management practices in different countries are said to be converging because of significant American influences on management thinking. The Americans pioneered the teaching of management and business as education subjects. The first business school was created in Wharton, USA, in 1881. Comparatively, Cranfield School of Management and London Business School were only created in 1965 - 84 years later (Locke, 1989). Americans have led the way in terms of management education. Many business subjects were invented in America: Marketing, Human Resource Management and Corporate Strategy. Following on, the majority of the world's books on management and business have been written by Americans. In terms of



journal publications, the Harvard Business Review is a world reference for academics and practising managers. It has been argued that Americans display a particular awareness of the activity of management which is not matched by any other country (Lawrence, 1996a). Not surprisingly, America has therefore excelled at teaching management as a subject - the American born Master of Business Administration (MBA) qualification is a world flagship in terms of managerial education.

The American influence has also been facilitated by the use of English in international business. Many countries frequently employ literature in the English language. The spread of the English/American language was first established through British colonialism and later reinforced by such factors as the US military presence in the world, the US economic supremacy and also the fashionable pop culture. Managerial thinking framed by this international American/English language has tended to be seen as an expression of universal rationality rather than as explicitly Anglo-American. Furthermore, the American economy has been the largest in the world for several decades. It is worth remembering the vital support and contribution of the American economy and American people to the Allied Forces during World War II and their follow-up support to a number of national economies through the Marshall plan. America was clearly leading the way. Consequently, many American multinationals, building on the strength of their home market, have carried the presumption that their management is the best.

These factors have contributed significantly to the spread of a uniform Anglo-based approach to management. However, more recently this contribution has been disputed with the rising awareness of the variety of approaches to management which exist across the world (e.g. Hickson, 1997). This growing awareness of variety has, strangely but predictably enough, come about with the rise of giant American corporations (Hall, 1960) in the process of internationalisation and the difficulties encountered by American executives when going abroad. Nevertheless, a head-line article in the European (15-21 June 1998) pointed out the enormous leading influence of American marketing philosophies and techniques in Europe.

The article was in the context of the preparations for the launch of the Euro, reviewing the know-how the Americans have in terms of exploiting the advantages of economies of scale in a single currency. With their experience in distribution across a vast geographical area, pricing strategy and transaction processing, the American leadership is clear. For example, Reebok International, the American multinational with headquarters in Massachusetts, had as many as 14 distribution warehouses in Europe in 1995. By 1 January 1999, date of the introduction of the Euro, the company had one warehouse in the Netherlands, serving the whole European Union (EU). In comparison with American companies, the European companies are once again on a steep learning curve.

### **Internationalisation**

The process of internationalisation is heavily driven by multinational companies. The past decades in particular have seen a vast increase in international trade. Multinational companies encourage contacts between managers across borders. Thus, one of the main arguments in support of convergence is that even if the approach to management in different countries is different, the differences will be lost over time. Closer contact and better communication push for unified practices. Ohmae (1990) illustrates these developments by defining the concept of an Inter-linked Economy, which currently includes the US, Europe, Japan and aggressive economies such as Taiwan, Hong Kong and Singapore. He describes the emergence of 'global citizens' who have access to the same information through a common language (English/American) and who will buy 'global products' manufactured using the same technology.

Ohmae (1990) urges that managers will need to develop an equidistant view of who they are and what they want. An equidistant view means to see and think global first. This requires considering not just 'home' customers (or managers) but to consider them all with the same respect and attention - and choose the best. To sum up, the existence of an inter-linked economy and of world markets calls for

managers to operate with globally valid approaches to business.

The convergence view also emphasises the widespread benchmarking practices of organisations, or the diffusion of “best-practices”. Indeed, the search for successful management techniques from America and Japan in particular and the impact of management books such as “In Search of Excellence” (Peters and Waterman, 1982) cannot be underestimated. They have doubtless contributed to shaping similar forms of organisation across countries as well as similar curricula in business education (Locke, 1989).

Other important influences which have facilitated the process of internationalisation include the development of fast and reliable means of transport (air, underground, road networks and maritime connections) as well as means of communicating. Communication technology, including satellite television, the Internet, Email, fax and mobile telephony, now means that managers at one end of the planet are, within seconds, connected to their counter-parts at the other end of the planet. This is unprecedented in the history of humanity. The ease with which managers can communicate from one end of the planet to the other implies, of necessity, increased contacts. In turn, it is reasonable to expect that through increased contacts cultural differences will be lost over time and, in particular, that cultural differences in terms of approaches to management will also be lost.

### **Contingencies**

Proponents of the convergence view have identified that management is heavily influenced by its business context. The business context is a mixture of elements in the internal and external environment. These elements include the size of the organisation, the technology, the industry, the type of customers, the characteristics of suppliers, the company structure or links with a parent group and subsidiaries. These elements of the business context can be called ‘contingencies’. The contingency thesis is associated with the work of a group of researchers at the University of Aston in Birmingham (Hickson et al., 1974; Pugh and Hickson, 1976; Hickson and McMillan, 1981). The thesis they put forward was the following:

“Relationships between the structural characteristics of work organizations and variables or organization context will be stable across societies.”

(Hickson et al., 1974, page 63.)

This thesis was supported by a study comparing companies in the United-States, Canada and Great Britain. Their central findings are that the degree of specialisation of activities in a company correlates with its size and similarly, the degree of formalisation correlates with the size of the parent company. These findings were found to hold in the different countries yet the study was criticised for not having a mix of sufficiently ‘different’ countries (this point is developed later). Nonetheless, the contingency thesis offers valid arguments which are reviewed below.

### *Size*

The contingency of size implies that as a firm grows certain activities become separated: sales from marketing, human resources from personnel, research and development from production. More specialised departments are created for improved efficiency. If size calls for specialisation, specialising in turn calls for improved co-ordination and control mechanisms. The imperative of size therefore compels more specialisation and co-ordination. Although the original study (Hickson et al., 1974) is dated, these contingencies are still valid. In a more recent paper Mintzberg (1991) calls for co-operation and competition as a ‘catalytic’ to forces within organisations.

### *Formalisation*

When a company is acquired, or becomes part of a big parent group, the primary effect is an increase in formalisation. This is normal as uniform reporting procedures tend to be imposed to all units in the same group.

### *Technology*

The role of technology, introduced above as a contingency, is an important argument

in support of the convergence of management.

Kerr and his colleagues at Harvard University posited that technology, industrialisation and convergence are interrelated (Kerr et al., 1960). Their starting point is that industrialisation is a world wide phenomenon. Industrialisation involves the application of technology to production. Technology and science are, by definition, universal and they can be applied anywhere. This means that when technology is used for production, the same technical processes are applied. If technology tends to shape or dictate the way in which work is organised, technology must have a standardising influence on the management role.

In essence, science dictates a single best way to reach efficient production whatever the national background of organisations and managers. The application of common technologies leads to a 'one best way' of managing and organising, whatever the culture. The counter-argument would consist in saying that any technology requires people to operate it and that if people have different preferences regarding the way they choose to organise their work, they will behave accordingly (this point is developed below). However, it does remain a fact that science and technology are universal, and as such they are truly global.

To sum up the contingency thesis, organisations in different countries will be subject to the same relationships regarding the contextual variables of size, dependence on parent group and technology. Other contingencies might include relationships with customers or suppliers or dependence on a particular workforce. The management role is seen as influenced by contingencies and in view of these powerful contingencies, organisations across the world are thought to be similar. The impact of national culture on management is regarded as relatively insignificant. In fact Hickson et al (1974, page 59) posit "the culture-free context of organization structure".

The contingency thesis has some limits. First, the original study by Hickson et al (1974) compared companies in the United-States, Canada and Great Britain. These nations have strong common historical roots and share the same language.

Consequently the impact of national culture on organisation was relatively tempered. More importantly, the research focused on general features of organisation. Regardless of the country, the bigger a company, the more formalised it has to be. This does not rule out cultural variations. Indeed their conclusion is mixed:

though organizations in different societies may differ, for example, in deferential behaviour towards higher status ranks, or in role obligations external to the organization, or in traditionalistic custom as a control instead of documentation, all will be subject to the same relationship with their contextual 'task environment'.

(Hickson, et al, 1974, page 74.)

Child and Kieser (1979) reached a similar conclusion. They carried out a study comparing organisations and managerial roles in British and German companies and found that the contingencies of size, structure and role were apparent - thus supporting the culture-free thesis. Yet companies in the two countries displayed different patterns of decentralisation and different managerial role characteristics. These contrasting patterns could not be explained by size or any other contingent factor. However, they could be explained with reference to the British and German cultures. Child and Kieser suggested that culture might be a contingency on its own, which could help within the contingency model to explain variations across cultures in terms of managerial ideas and organisational characteristics as well as account for possible similarities.

### **Convergence of nations**

Observing the traditional business contingencies (excluding culture) and the process of world-wide industrialisation, Kerr et al (1960) claimed that these influences would not only drive management to adopt similar ways of tackling the problems of organisation, but would also drive nations to adopt similar economic and social features. Galbraith (1972) gave the argument a further thrust by demonstrating that multinational companies play a role in shaping more stable educational and financial structures across nations. The premise is that larger businesses are in a better position to deploy the amounts of capital required to sustain research and

development for the advances of technology. However, to support their technical competence larger firms require national education systems geared towards producing highly qualified employees. National States will also play an important role in regulating wages and taxes and equally importantly will play a role as a customer. Hence, multinational companies and States are quite interdependent. Returning to the argument supporting convergence, as multinationals grow their role in shaping more stable educational and financial structures across nations will be enhanced. This means that nations across the world will become more and more similar.

The development of the EU is an illustration of the process of convergence of nations. The launch in 1992 of the Single European Market has allowed physical, fiscal and technical barriers between the member States to be progressively removed. This has encouraged businesses to trade outside their domestic market. As companies internationalise, they look for stable educational and financial structures. The construction of the European Union is, by definition, a process of creating an open market as well as shaping stable educational and financial structures across the States. It is one step towards the global village. In that sense, Mueller (1994, page 420) argues that “broader contextual changes have brought about a general weakening of societal effects and hence calls for a reassessment of divergence”. The proponents of divergence disagree.

## **DIVERGENCE**

The case for divergence takes the view that managing in different countries is not the same. There are important cultural differences which distinguish the way in which managers work from one country to the other. This section reviews several studies which show that management in different countries can be expected to be different. These studies can be broadly classified under three headings, namely: dimensional studies, culturalist studies and institutional (societal) studies.

### **Dimensional studies**

Dimensions are typically used to classify and group cultures in an attempt to make sense of the diversity. I shall review in chronological order a selection of relevant studies which identify cultural dimensions or suggest cultural groups of countries.

De Madariaga (1922) was a Spanish Diplomat and he is worth mentioning as an early commentator on the European identity. He observed a polarity between “rational and non-rational” cultures. To him, the French, German and Italian cultures are ‘rational’. In these countries, people have a predilection for critique, legislation, creating and keeping rules. They will be moulding categories and forms, which allow them to make sense of the world. He also suggested that the English, Spanish and Russian are the ‘non-rational’ peoples of Europe. They will venture comfortably into fields which have not been chartered.

In a later piece of work (1966) he assigned certain key attributes of three nations. These are a bias for action (England), thought and intellect (France), passion and feeling (Spain). Furthermore he maintained that these key attributes would be found in diluted versions in other nations. Other European countries, such as Germany or Italy, could therefore be placed in appropriate in-between positions. Although the later part of his argument (the presumption of lead-cultures and in-between cultures) is reductionist, it is the aspect of key cultural attributes which is of interest.



A different author Hall (1960) points out two basic dimensions: a time dimension and a communication dimension. He argued that our view of time is affected by the culture from which we come from. Time can be seen as either monochronic, i.e. linear and sequential, or polychronic with past, present and future interrelated. Anglo-Americans, Germans and Scandinavians often have a monochronic view of time: they do one thing at a time and take deadlines and schedules seriously. In Latin countries however, people often have a polychronic view of time: they might do several things at once and be highly distractible and subject to interruptions. They will consider time commitments as an objective to be achieved if possible (Hall and Reed Hall, 1990).

Communication patterns in different countries are also affected by culture. In some countries the context in which communication takes place carries a lot of the message (high context). This means that the meaning of a conversation is in the situation. In other countries, the context matters relatively little compared to the explicit message (low context). In low-context cultures, people need structured and explicit information.

These dimensions allow countries to be classified, for example:

- Japan has a polychronic view of time and is a high context society.
- The USA have a monochronic view of time and are a low context society.

Another piece of research regarding patterns of communication is attributed to Weinshall (1977). In 1959, he started looking at communication patterns of American managers. Later on at INSEAD (Institut Européen d'Administration des Affaires), an international business school in Paris, he pursued the study with some of his students. He basically checked communication patterns of managers in different countries including the USA, France, and the UK. It appeared that in an average working day, the American and British managers were five times more likely to talk to people than were the French. These differences in face-to-face communication patterns had never been recorded before. Weinshall concluded:

National differences in communication patterns would seem to be the basic and probably most important cultural characteristic to be overcome in the education of multinational managers.

(Weinshall, 1977, page 170.)

A key study of cultural dimensions is that of Hofstede (1980). His work is based on questionnaire surveys of IBM employees working in 53 different countries. The fact that the study was carried out within IBM meant that the corporate culture was held constant; differences in norms and values originating from the country culture would appear more sharply. Interpreting the results of the surveys, Hofstede identifies four dimensions which could be used to classify the cultures of different countries:

- The first dimension he identifies is called 'power-distance'. It is about the willingness of people to accept differences in power in organisations. In some countries differences in power are seen as normal and acceptable. In other countries people are less inclined to accept differences in power. The table below gives the ranking for France, West Germany, Great Britain and Sweden as well as the lowest and highest benchmarks.

<i>Power Distance Ranking</i>	
The ranking is from 1 to 53	
High ranking = acceptance of differences in power	
Malaysia	1
France	15
West Germany	42
Great Britain	42
Sweden	47
Israel	52

- The next dimension is 'individualism'. It describes the degree to which the ties between people are very loose (individualism) or very tight (collectivism). Do people look after themselves first and foremost or do they consider that their responsibility is above all to their group and extended family?

#### *Individualism Ranking*

The ranking is from 1 to 53

High ranking = high value on individual achievement

United States	1
Great Britain	3
France	10
Sweden	10
West Germany	15
Guatemala	53

- The third dimension is 'masculinity'. Masculinity describes an emphasis on assertiveness and competition in organisations. At the other side of that pole femininity describes an emphasis on nurturing values and on the quality of life.

#### *Masculinity Ranking*

The ranking is from 1 to 53

High ranking = high degree of assertiveness and competition

Japan	1
Great Britain	9
West Germany	9
France	35
Sweden	52

- Finally ‘uncertainty avoidance’ refers to the extent to which people feel threatened by ambiguous, unstructured situations.

#### ***Uncertainty Avoidance Ranking***

The ranking is from 1 to 53

High ranking = uncomfortable with uncertainty

Greece	1
France	10
West Germany	29
Great Britain	47
Sweden	49
Singapore	53

The dimensions combined together (e.g. power distance and individualism) allow countries to be plotted on charts and their position to be compared one with the other. In this way, country clusters can be identified. Hofstede’s work has proved valuable because of its scale and the way in which it demonstrates the range of national values for each dimension. As a consequence, a number of researchers have used Hofstede’s data to interpret results of smaller scale studies (e.g. Adsit et al, 1997). However, Hofstede’s (1980) analysis remains general in the sense that it does not allow any understanding of why values are different and how they came about. Additionally, the scores on the dimensions are not always reliable. For instance, France came 35th on the masculinity dimension, a score which implies an emphasis on nurturing values, which contrasts with what other commentators have observed, namely that French managers tend to be assertive and competitive (Barsoux and Lawrence, 1990a). This example demonstrates that a score on a linear dimension can be misleading and cannot fully encompass the richness of a nation’s cultural characteristics.

Regarding methodological issues, Hofstede (1980) argues that one has to

dissociate the cultural level of analysis (societies) from the individual level of analysis (personal values). This point has been challenged in more recent work by Schwartz (1992, 1994) and Schwartz and Sagiv (1995). The latter propose that cultural-level and individual-level values are interrelated and offer a model which shows the interaction between personality and cultural factors. This model was tested in an empirical study including 88 samples in 40 countries. His conclusion is that individual-level value systems also organise culture-level value systems (Schwartz, 1994).

In contrast to Hofstede's focus on managers from the same company, Laurent (1983) surveyed the views of managers from many different companies. This study underlined how the national origin of managers significantly affects their views of what management should be like. Professor Laurent held a position at INSEAD and found it difficult to teach the groups of French managers about the potential benefits of matrix organisations. They just could not see the point of having two bosses instead of one. This led him to devise a questionnaire to find out about the managers' implicit theories of management. The idea was simply to record their opinions and use it in the pedagogical process. The questionnaire was administered to a group of managers - 40 from France and 20 from several other European countries. The differences between those two groups were intriguing. From then on, the questionnaire was systematically administered to all managers on executive development programs at INSEAD between 1977 and 1979. Results were obtained for 10 different nationalities. Questionnaire items, which are relevant as a basis for comparison of the findings presented later in this thesis, are detailed below. For the sake of clarity, the items below only include the highest score and the lowest score on each item, as well as the scores for the British, French, Swedish and German managers – rather than results for all 10 nationalities surveyed.

**“Most organisations would be better off if conflict could be eliminated forever.”**

<i>Nationality of Managers</i>	<i>Agree (%)</i>
Italian	41
French	24
German	16
British	13
American	6
Swedish	4

**“It is important for a manager to have at hand precise answers to most of the questions that his subordinates may raise about their work.”**

<i>Nationality of Managers</i>	<i>Agree (%)</i>
Italian	66
French	53
German	46
British	27
American	18
Swedish	10

**“Most managers seem to be more motivated by obtaining power than by achieving objectives.”**

<i>Nationality of Managers</i>	<i>Agree (%)</i>
Italian	63
French	56
Sweden	42
British	32
German	29
Denmark	25

These questionnaire items depict organisations as ‘hierarchical relationship systems’. French organisations would tend towards being hierarchical as opposed to Swedish organisations, which would tend to be flatter. Laurent also found that 62% of the

French managers in his sample considered organisations as political systems. The score for Sweden was significantly lower with 42%. Laurent comments that the different scores indicate the existence of collective mental maps, which dictate what management should be like or what it should not be like. He also identifies another interesting concept, that of organisations as 'role formalisation systems'. The following questionnaire items are attached to this concept:

"When the respective roles of the members of a department become complex, detailed job descriptions are a useful way of clarifying."	
<i>Nationality of Managers</i>	<i>Agree (%)</i>
Swiss	91
German	89
French	87
British	86
American	76
Swedish	56

"The more complex a department's activities, the more important it is for each individual's functions to be well-defined."	
<i>Nationality of Managers</i>	<i>Agree (%)</i>
Swiss	94
German	93
British	85
French	83
American	69
Swedish	66

It is clear from the responses to the above questions that the scores for Germany and Sweden are at opposite ends. Unfortunately Laurent (1983) does not attempt to explain why these values are so different. Nevertheless, he concludes that the findings:

"cast serious doubt on the universality of management and organizational

knowledge and praxis.”

(Laurent, 1983, page 95.)

The various values identified by the research reviewed above (Hofstede, 1980; Laurent, 1983) are useful constructs. However, they lack context as well as explanatory material to account for and illustrate what type of consequences these values might have for managerial practice. Consequently, such constructs are an insufficient basis upon which to study the phenomenon of national culture. Nonetheless, their value resides in helping individuals map one national culture in relation to another. In the tradition of grouping countries according to dimensions, Ronen and Shenkar (1985) synthesised the work of others and found the following clusters.

NORDIC	Finland, Norway, Denmark, Sweden
GERMANIC	Austria, Germany, Switzerland
ANGLO	United States, Canada, Australia, New Zealand, United Kingdom, Ireland, South Africa
LATIN EUROPEAN	France, Belgium, Italy, Spain, Portugal
LATIN AMERICAN	Argentina, Venezuela, Chile, Mexico, Peru, Columbia
FAR EASTERN	Malaysia, Singapore, Hong Kong, Philippines, South Vietnam, Indonesia, Taiwan, Thailand
ARAB	Abu-Dhabi, Bahrain, United Arab Emirates, Oman, Kuwait, Saudi-Arabia
NEAR EASTERN	Turkey, Iran, Greece
INDEPENDENT	Brazil, Japan, India, Israel

Such a classification remains too basic, offering no sociological background and no



concrete examples of the possible impacts on managerial behaviour. For the purpose of my enquiry, the main interest of the studies reviewed above is that they allocate the UK, France, Sweden and Germany to different clusters. One can therefore assume that significant differences are likely to be found regarding managerial values and the consequences of those values in the four countries.

At first sight country groupings and cultural dimensions appear valuable. However, although helpful, dimensions are at best incomplete. Indeed, the danger of presenting an oversimplified and distorted reality is great, if one adopts the view that dimensions alone can describe management in a particular country. Similarly, country groupings are controversial. Clusters are a useful point of departure when examining cultures around the globe; yet, these classifications are not enough to gain an understanding of what management is like in a particular country. The discrepancies resulting from the reduction of culture to a few attributes have led researchers to adopt other ways of describing reality as well as to develop other research methodologies.

### **Culturalist studies**

The culturalist approach concentrates on describing in detail the 'cultural' preferences of each nation. The values, ideas and beliefs of people are seen as being rooted in history, geography and traditions. The process of socialisation is important: values are transmitted through the family and education.

Crozier (1964) maintains that the phenomenon of bureaucracy is, to some extent, characteristic of the French culture. His arguments are based on interviews carried out and observations made in two French organisations. He documents how the concept of 'bon plaisir' (good will) shapes the pattern of relationships between employees and managers. Everything is organised so as to minimise the need for personal communication, which could be embarrassing if employees showed a lack of good-will. Impersonal rules and written communication dictate how the game is played. This means that each level of hierarchy is quite isolated. Furthermore the

situation fosters parallel power relationships which reinforce the whole system.

In the same tradition, D'Iribarne (1989, 1994) points to a social pact in French organisations. His research is based on a comparative study of matched organisations (aluminium smelters) in different countries. He identifies a certain feeling of belonging amongst French employees in the same job and at the same level. Their honour is at stake if one of them is appointed as manager and they will refuse to take orders from somebody whose skills are not decisively superior or whose status is not sufficiently high. By relating his findings to the Voltarian picture of 18th century France, D'Iribarne argues the stability over time of cultural traditions:

“Since we have to serve, I would prefer to do so under a lion from a good family, who was born much stronger than me, than under two hundred rats of my own sort.”

(Voltaire quoted by Tocqueville, 1856.)

D'Iribarne links his observations of today's France with observations of France a few centuries ago and therefore underlines the influence of history in the cultural make-up of a nation.

Tackling cultural influences from a different angle, Van de Vliert & Van Yperen (1996) and Peterson & Smith (1997) investigate the relationship between climate and managerial behaviour. They argue that temperatures, along with other geographical factors, have historically influenced the development of economies and contributed to shaping diverse cultural orientations.

The examples of culturalist studies demonstrate that the qualitative method is useful in investigating the idiosyncrasies of management in particular countries, especially when compared to methods identifying flat dimensions and country clusters. However, critics of the culturalist approach (Maurice, 1989) see in it a set of vague cultural preferences. They argue that it is more useful to examine cultural differences by studying the structural aspects of national institutions e.g. education system, industrial relations system, legal framework.

## **Institutional studies**

The institutional approach was developed and pioneered by a group of researchers from the Laboratoire d'Economie et de Sociologie du Travail (LEST) in Aix-en-Provence, France. The institutional approach emphasises the distinctiveness of the social arrangements in a nation and examines some of the institutions likely to shape the social construction of an organisation. Among the institutions examined are the general and vocational education system and the industrial relations system. The institutional approach postulates that the structure of organisations in a country reflects the country's particular institutional arrangements – this is known as the 'societal effect' (Maurice, Sellier and Silvestre, 1977).

To test their hypothesis, the French researchers carried out a study comparing a sample of French and German firms matched by product and by size. The study revealed a range of systematic differences between the French and German firms which could be explained by the different social arrangements of each nation: a different education system, a different industrial relations system and a different social construction.

The study found that:

- \* German firms had fewer levels of hierarchy in production than French firms.
- \* More staff were employed in non-production in the French firms compared to the German firms.
- \* The gap between the lowest paid and the highest paid employees was much greater in the French firms than in the German firms.

These findings were partly related to the existence of an elitist higher education system in France, which confers a high status on the managers who graduate from top institutions ('grandes écoles'). The elitist education explains the bigger gap between salaries and the taller hierarchy. In Germany a more egalitarian education system prevails and a technical, vocational education is valued. Furthermore, German industrial relations are characterised by an institutional system of co-determination.

In brief, the differences showed that the French firms are managed in a more

centralised way which calls for a higher hierarchy as well as an emphasis on graded wage differences. In Germany, firms are flatter and rely more on the expertise of well- trained employees in production. These findings refute the culture-free thesis (contingency approach) since size and technology were controlled in the sample and significant differences still prevailed.

While the comparison of French and German companies by Maurice, Sellier and Silvestre was ongoing, two other researchers, Sorge and Warner (1986) added British companies to the original sample. Their findings strengthen the societal-effect argument, providing evidence that the system of education and training of apprentices in Germany contributes to achieving an integration of technical and managerial tasks. In Britain however, authority and expertise are more readily differentiated – due to the more academic character of British education.

One of the advantages of the societal approach is that it identifies clear elements of culture which arguably have an effect on organisational structure (Maurice, 1989). However, a country's culture does not grow exclusively from its institutions. History, language and geographical location alone can shape culture to a great extent. It seems that neither an exclusively culturalist or institutional study can be satisfactory. The danger would otherwise be that some elements of the context in which management operates would be missed. However, these approaches do not have to be exclusive. The real world is rarely black or white and more often than not it is shaded.

## **BEYOND CONVERGENCE AND DIVERGENCE**

The convergence view is gathering momentum in the light of growing cross-border business opportunities. With global competition, the opening up of previously protected markets, and advances in information and communication technology, the world is getting smaller. These are convincing forces for a global understanding of management.

Yet proponents of the divergence view maintain that national culture imposes strong and early influences on individuals by framing the educational development of children and establishing socially acceptable values and behaviours. Proponents of the divergence view also argue that the national environment and its institutions set the framework in which individuals operate, and in particular in which managers run their organisations.

Given the endurance of the arguments, the veracity must lie in a mixed reality. In that respect, Porter (1990) argues that nations succeed in particular industries because their home-environment is particularly challenging: good pool of skilled labour and a supporting infrastructure, demanding customers, competitive rivalry amongst companies and supporting industries. These factors contribute to the establishment of world-class companies delivering world-class products - not average products.

Building on this perspective, Sorge (1991) puts forward a neo-contingency theory according to which an industry, sector or company will perform best if its organisational profile matches the profile of the institutions prevalent in the wider society. Ebster-Grosz and Pugh (1996) also point out that certain national environments are by their nature more supportive of certain industries than others. Comparing Germany to Great Britain, they advocate the structured character of the German environment, traditionally towards engineering and chemical industries. They also point to a relative liberalism in the British national environment, supporting faster moving industries. These studies underline the crossovers between global forces and national context. In that respect, convergence and divergence viewpoints are not mutually exclusive. The research orientation will, therefore, adopt an open approach. This chapter has investigated the forces for convergence and divergence in general terms. In the rest of the thesis we will look at the issue in the four countries - Great Britain, France, Sweden and Germany - both via the literature and in our own research findings.

### 3. CONTEXT OF MANAGEMENT IN GREAT BRITAIN



Courtesy of Microsoft ® Encarta (1995).

Management, and the work of managers, does not take place in a void but within a context. For this reason it is essential to review, at least in a few brushstrokes, some aspects of this context. This chapter includes an introduction to the geography, history and political arrangements in Great Britain and how these factors influence the British identity. Distinguishing features of the education system and of the industrial relations system in Great Britain are then presented. These, as argued by Maurice, Sellier & Silvestre (1977) and Sorge & Warner (1986), have a shaping influence on management. Finally, a number of points

regarding the general context of management in Great Britain are introduced and it is these points which highlight potential areas of interest for the fieldwork.

## **GREAT BRITAIN: AN INTRODUCTION**

### **A mixed British identity**

Definitions are important and it is worth pointing out that Great Britain today comprises England, Wales and Scotland. Great Britain together with Northern Ireland also forms the United Kingdom (UK). In this enquiry emphasis is placed on Great Britain.

Great Britain itself has a mixed identity including English, Welsh and Scottish traditions as well as a number of ethnic minorities, in particular: Indians, Pakistanis, Bangladeshis, Chinese, Africans and Arabs. However, it is not the purpose of this thesis to explore the cultural peculiarities of each group. Rather, the purpose is to explore aspects of management in Great Britain\* in relation to management in France, Sweden and Germany. This chapter examines aspects of the British Nation which inform the context of management.

Great Britain is an island situated in Northern Europe, off the coast of France, Belgium and the Netherlands (see map above). Throughout history, the English Channel has been a natural barrier which has fostered both the protection as well as the isolation of the British Isles from continental influences. British history is indeed, in contrast with French and German history, an example of stability and continuity. The last foreign invasion of Great Britain dates back to 1066, when William the Conqueror successfully claimed the English Crown. The present day sovereign, Queen Elizabeth II, is a descendant of this early conqueror. Consequently, there is in Great Britain a strong sense of continuity between the past and present. Things of the past tend to be valued and looked upon with

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\* Some figures and remarks actually apply to the whole UK as opposed to Great Britain only. However, regarding figures about the case study company, to be introduced later, it is worth pointing out that the British subsidiary is referred to as the 'UK' organisation even though

nostalgia.

As a reminder of the past, Great Britain of today is a multicultural society - the English, Welsh, Scottish and Irish accounting for 94% of the population but ethnic minorities from the Commonwealth adding to a cosmopolitan image. These ethnic minorities largely originate from the countries of the Commonwealth. The United Kingdom is indeed, at least symbolically, the head of the Commonwealth of Nations which includes 51 sovereign nations and several dependencies. The Commonwealth of Nations is a loose and voluntary association of countries which used to be part of the British Empire. The members give symbolic or actual allegiance to the British crown as Great Britain - once a great colonial nation - still has a special bond with the former colonies. The British feel very attached to the Commonwealth. The question of Europe, however, is a different matter. Despite the UK membership of the European Union since 1973, and despite the strong commercial links and the physical proximity with mainland Europe, Great Britain seems to have more affinities with the US and the Commonwealth than with its European partners.

Historically, the English Kings and Queens tried to extend their rule over Wales and Scotland. After centuries of conflict, England eventually annexed the principality of Wales. In 1707, Scotland agreed to sign an Act of Union with England and London became the capital of the entire island. From then on, Great Britain had a single Parliament and a single system of national administration, taxation and weights and measures. All tariff barriers within the island were abolished. However, to this day England and Scotland continue to have separate traditions of law, education and separate established churches - the Presbyterian in Scotland and the Anglican in England and Wales. Additionally, under the Tony Blair's government policy of devolution, an independent parliament for Scotland and an assembly for Wales have been restored.

A treaty of unification was signed with Ireland in 1801 but in 1922 the Irish Free State broke away from the union with Great Britain and only the Northern part of Ireland remained united to Great Britain. This situation has

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strictly speaking there were no operations in Northern Ireland during the field work period.



never been peacefully accepted by all parties and the people of Ireland and the United Kingdom are still to find a long-term solution to put an end to the conflict between them\*.

Not only is Great Britain composed of varied population groups but it is also a very populated island. The total area of the UK is 244,046 km<sup>2</sup> and the population is estimated to be 58,613,000 (OECD Economic Surveys, 1998). These figures account for a high population density of 239 persons per km<sup>2</sup>, which is higher than in Germany (229 persons per km<sup>2</sup>). Although there is an uneven spread between the South of England and the North of Scotland, with higher population densities in the South, almost 92% of Britons live in urban areas (Microsoft ® Encarta, 1995). The largest cities in Great Britain are London, Birmingham, Liverpool, Manchester, Leeds, and Glasgow. Interestingly, Wiener (1981) argues that although England is overwhelmingly urban, it seems that most English people associate England with rural life. The small villages, the old cottages, the countryside and its community, all form the essence of English dreams. This idyllic picture is, according to Wiener (1981), a form of romantic nostalgia for pre-industrial England. Indeed, Great Britain was one of the first nations to industrialise. This process of industrialisation was difficult in many ways as people started gathering into towns to seek low paid jobs as manual workers and working and living conditions were arduous. With industrialisation came pollution and the transformation of the landscape from blissful nature to dirty towns and sweatshops. Meanwhile, the British revelled in the thought of rural life, far removed from the painful beginnings of mass production and manufacturing. In Britain the image of the countryside, and of the past associated with it, is important. This sense of historical roots and stability is also reflected in the system of government, for the UK has the longest reigning parliamentary monarchy in the world.

The constitution is unwritten and resides in judicial precedents (common law), custom, as well as in historic documents including the Magna Carta

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\* This political instability, of course, directly affects businesses. To give a practical example from the case study organisation (presented in Chapter 8), 1997 saw a terrorist bomb attack on the rail-line near Wilmslow train station (Greater Manchester). The company, which has an

(1215), the Petition of Right (1628) and the Bill of Rights (1689). Thus, the constitution is based on traditions, which may be changed by Acts of Parliament. Legislation passed by Parliament becomes law upon Royal assent.

The Parliament consists of the House of Commons (elected directly by the people) and of the House of Lords (made up of hereditary peers and appointed members—archbishops, senior bishops, law lords, and life peers). The survival of the Monarchy - the oldest in the world - and of the House of Lords imply the existence of a class system and of distinctions in terms of status between individuals by right of birth. This theme will be developed later on. In practice the influence of the Monarch and of the House of Lords is limited. Several Acts of Parliament have reduced the power of the House of Lords whose role is now largely consultative.

Legislation is mostly determined by the policy of the Prime Minister and cabinet. The Prime Minister is usually the leader of the majority party in the House of Commons and by custom, Cabinet Ministers are selected from among members of the two Houses of Parliament. The Prime Minister and the Cabinet initiate virtually all proposed bills and are politically responsible for the administration of the law and the affairs of the nation.

Several parties sit in the House of Commons but two parties have dominated the political scene since the 1920s. The two main parties are the Conservative party and the Labour party. The majority party forms “His or Her Majesty’s Government”, while the second party is officially recognised as “His or Her Majesty’s Own Loyal Opposition”. The Labour party is generally socialist and was formed in 1900 as the political arm of the trade unions, with the intellectual impetus of the Fabian Society. After an election victory in May 1945, the Labour Party began a programme of nationalisation of selected industries. The Conservative Party, on the other hand, has favoured private enterprise with minimal state regulation. However, since World War II (1939-1945) the Conservatives have accepted social programmes, such as the Beveridge Plan. Nonetheless, Great Britain of the 1980s and early 1990s has

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office very near, had to close for a day and deal with employees’ stress following the event.

been dominated by the private enterprise ethos of the successive governments of Margaret Thatcher and John Major. The current Labour Prime Minister, Tony Blair, has also adopted a more liberal approach to politics and re-launched his party as New Labour. The traditional political boundaries are therefore shifting, reflecting a pro-business approach in British society.

There is no constitutional division of powers between central and local authorities in Britain, but local units are responsible for many aspects of government - including police, fire services, highways, traffic, housing, building regulations, environmental health as well as libraries and education. This later area of education is introduced in the next section in relation to its shaping the profile of managers.

## **EDUCATION IN GREAT BRITAIN**

Examining certain aspects of the education system of a nation is relevant to management in the sense that it highlights by which process managers are formed. Investigating preferred educational routes for potential recruits into management and putting these in a comparative perspective with preferred educational routes for young achievers in other countries is a particularly useful way of highlighting strengths and weaknesses of a national economy (Glover, 1978). It is the search for these strengths and weaknesses that I propose to start with, providing the context of the British education system and the routes into leadership.

Historically, British education has derived much of its standing from the quality of its private preparatory and secondary schools. These were established long before the State made public provision for schooling. During the 19<sup>th</sup> century a few voluntary schools were created for the lower classes but state provided primary education did not begin until 1870 when the Elementary Education Act was passed. Public provision of secondary education was established in 1889 in Wales and in 1902 in England. Education in Scotland

developed independently but followed a very similar pattern.

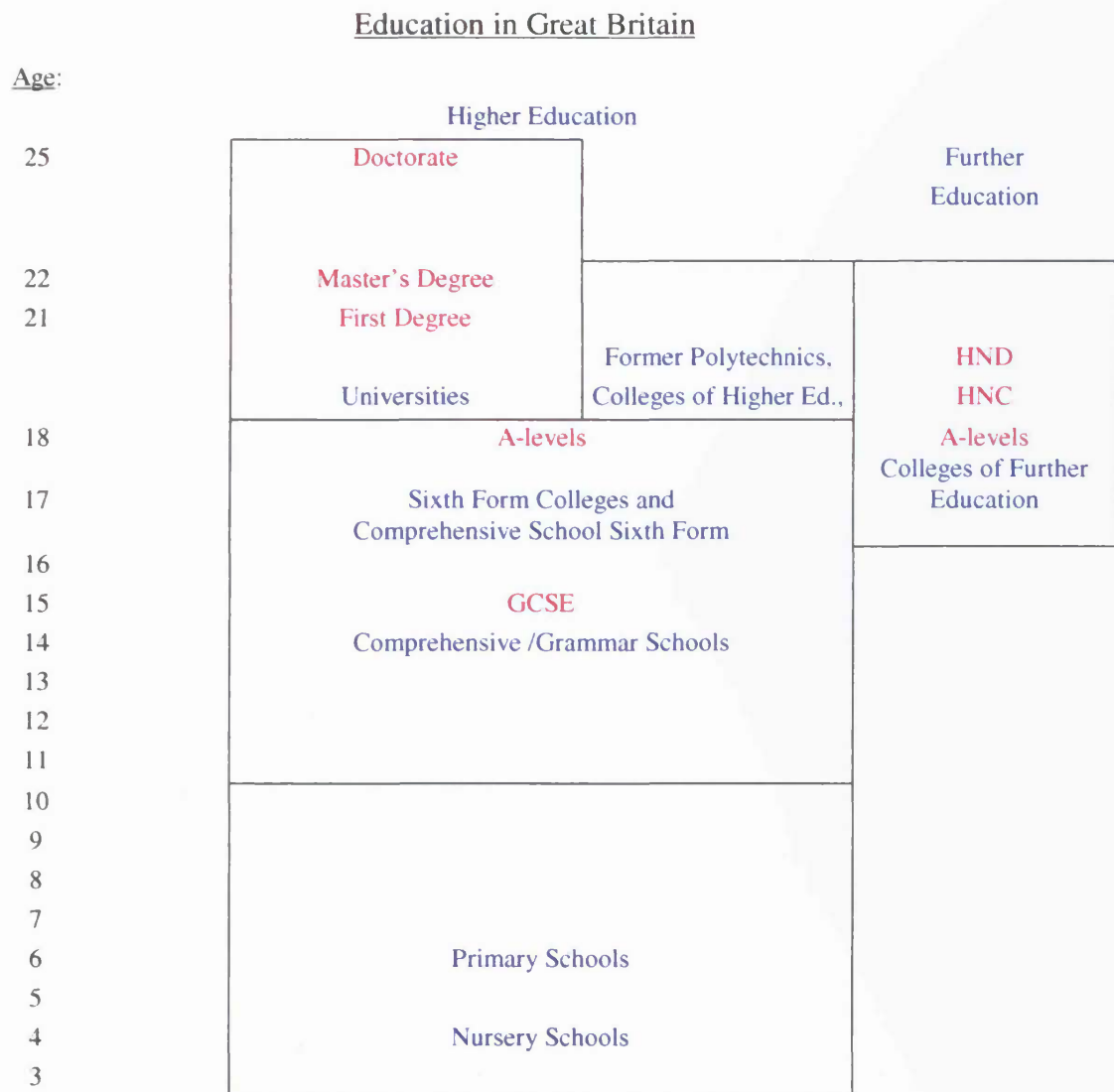
In Britain children either attend a state school or a private school. Privately funded schools are in fact referred to as 'public' schools. Many of the public schools offer full board; Eton and Winchester are amongst the most prestigious. Nearly all public schools have a good social status, which is an integral part of the educational ethos. There, the children will mix with other children from well-off families like their own. Pupils pick up distinctive, educated manners of speech. This grounding of appropriate connections and polished education often facilitates, later in life, entry into the job market and potentially into managerial positions. The correlation between public school education and membership in the British social and educational élite is well documented (Banai & Gayle, 1993). The latter authors nonetheless point out that in the past top managers, often males, had typically attended a public school and had then studied at Oxford or Cambridge. However, times are changing and opportunities are now more equally distributed in terms of educational background and also with respect to a more open access to women and other minorities into top management (Davidson and Cooper, 1992; Marshall, 1984).

The British education system is also characterised by some variation in the educational provision from one Local Educational Authority (LEA) to another, although for all but a few counties a system of comprehensive secondary schools was introduced in the 1960s. Before the 1960s however, there were two kinds of state secondary schools: grammar schools for the more able children and secondary modern schools for the remainder. The government then decided to join the two different schools to create the new comprehensive schools, though there are still some grammar schools left in a few counties, for example Lincolnshire and Buckinghamshire.

Regardless of which school they come from, all 15 to 16 years olds must take a series of exams for the GCSE (General Certificate of Secondary Education). This is compulsory for both public schools and State schools pupils. Sixteen is the official school leaving age but students can stay on for two more years to take A-levels. The A-levels examination is the equivalent of the French 'baccalauréat' or the German 'Abitur', although the continental exams have a

broader orientation. After A-levels, the students can enter higher education.

The former polytechnics and colleges of higher education were originally created to provide a more vocational education but the polytechnics were granted university status in the early 1990s and now offer a range of first and postgraduate degrees as well as vocational qualifications. Such qualifications include the HNC (Higher National Certificate) or HND (Higher National Diploma). A number of colleges of further education also offer degree courses as well as vocational courses, but the former are often validated externally by one of the universities.



Colleges of further education mainly offer a range of vocational courses, such as craft apprenticeships. The system combines on-the-job training with college education but it is generally held that the provision of vocational training is mainly the responsibility of employers. The number of craft apprenticeships has declined considerably over the past twenty years and vocational education is underdeveloped in Britain compared to Germany and France. An attempt was made to reform the vocational system in 1986 with the creation of National Vocational Qualifications (NVQs). The new qualifications were created to support the needs of modern industry and commerce, and four levels of qualifications were created with level one being the most basic and level four requiring a management/supervisory standard. Training for NVQs takes place on-the-job and through long distance learning. There are no independent examinations and a supervisor judges the level of attainment. The NVQ system is reported to be under performing when compared to the German vocational system - in Germany 80% of the students achieve the vocational equivalent of Level 3, whereas in Britain only 60% achieve Level 2 (BBC, News and Current Affairs, 1996).

As far as business education is concerned, Great Britain has several well-known business schools such as the London School of Economics or Cranfield School of Management. On the whole, business education is attracting more and more students and large numbers of business schools have been created in the past twenty years to cater for an increasing demand. The business schools are often attached to a college or university and they offer a range of courses and qualifications. Namely, part-time and full-time courses; first and masters degrees in management or business; degrees in related subjects such as accounting, marketing or human resources; general programmes such as the MBA (Master of Business Administration); short courses leading to diplomas, certificates and NVQs.

Amongst business degrees, qualifications in accounting and finance are particularly valued for a career in management (Brewster et al., 1992). Indeed, the success of British companies depends heavily on their short-term financial

performance as most companies are quoted on the stock market (Lane, 1995). This aspect is explored later.

On the whole, the wide range of business qualifications available gives some indication of how the British view management. The underlying concept is that management is a subject, which can be taught both through a set of theories and as a reflection on management practice. The importance of management qualifications is growing (Fripp & Wilson, 1996) and management is increasingly becoming a separate subject of study in terms of a distinctive attachment to a body of knowledge and a set of techniques. It follows that British managers tend to have a good general understanding of the forces at play in organisations. In fact, Lawrence (1996) argues that British managers have a generalist orientation: management is seen as a general activity, which operates above and beyond the boundaries of specific organisational functions. In contrast German, and perhaps French managers, tend to be specialists in a particular function. In Great Britain, there is a certain unwillingness on the part of the managerial elite to be associated with manufacturing or production functions and an historically evolved penchant for general management.

Management in Britain used to be somehow inextricably linked to the class system - Britain is after all still a monarchy. In the past, social origin and gentlemanly manners could be more useful for promotion than technical competence. The British were not very interested in practical and technical business matters. The prejudices against engineering and engineers in Britain today are still striking when compared to the situation of engineers in Germany and France (Lawrence, 1980; Shaw, 1995). This is reflected in the education system, which in Great Britain gives greater value to the arts and classics than to engineering and technology. A general education tends to be more valued than a specialist technical education. This value system partly explains the generalist orientation of management in Britain.

Summing up, the literature indicates that in Great Britain the privileged route into management comprises a good general education, a public school background being an asset, followed by a degree preferably obtained from an established business school or from an old university.

Aspects of the British education system, which are indicators of trends in the portrait of management in Great Britain, have been examined. I shall now review the system of industrial relations so as to explore whether it is likely to have a significant impact on managerial activities.

## **INDUSTRIAL RELATIONS IN GREAT BRITAIN**

The election of Margaret Thatcher as the Prime Minister of a Conservative government in 1979 marked a turning point in British industrial relations. From then on, the trade union movement was confronted with the introduction of particularly strong and hostile legislation. A series of Acts of Parliament were passed - notably the Employment Acts of 1980, 1982, 1988, 1989 and 1990, the Trade Union Act of 1984 and the Wage Act of 1986. These measures have provided a legal framework for industrial action and eradicated the closed shop system (Edwards et al., 1992). This framework has also reasserted management influence to the detriment of worker demands.

In Great Britain trade union membership has been falling steadily. There are various reasons for the fall in union membership, one being the introduction of legislation curtailing the use of the strike and eradicating the closed shop system. More significantly the decline in union membership is a consequence of the decline of the traditional industries where trade unions had a power base. Other negative influences on trade union membership include the increasing proportion of women and part-time workers in the labour force - these groups appear to be more reluctant to join trade unions (Tyson, 1994). Unions have also failed to recruit members in the service sector and the new high tech sectors of industry. The case study organisation on which the field work is based is an information technology company and it is not unreasonable to assume that issues related to industrial relations are not likely to be as salient to management as in a manufacturing type of company.

Trade unions in Great Britain are organised in a number of different ways but not exclusively by industry, as in Germany, or by political allegiance as



in France. Consequently, in 1989 there were as many as 313 trade unions in Great Britain with a total of 10 million members. Most of the unions are affiliated to a single association - the Trades Union Congress (TUC). Also, there are as many as 250 employer's associations and one large confederation - the Confederation of British Industry (CBI).

The trade union movement has declined significantly, but with a working population of 26 million people a membership of 10 million is quite substantial. The working population in France is 24 million and French unions only have about 3.6 million union members. It is therefore quite remarkable that in the face of an adverse political and economical environment the British unions have maintained such levels of membership (Hollinshead & Leat, 1995).

Increasingly bargaining now takes place at company level. However, on the whole it seems that British firms have not achieved the positive collaboration with workers and unions which prevails in Germany or Sweden. The British have not yet developed a strategic approach to industrial relations and this is exemplified by the poor record on training (Edwards, 1992). British managers try to maintain good industrial relations but seem to have not understood the full benefits of fostering good collaboration.

### **COMMENTARIES ON BRITISH MANAGEMENT**

Commentaries on business life in Great Britain are to be found daily in newspaper publications and the media in general. From the point of view of an insider - islander -, it is quite difficult to discern general patterns in British management but when taking the viewpoint of outsiders a number of aspects stand out.

Various described as Britain's greatest natural asset, her finest invisible export and indispensable to her survival in 1940, the British sense of humour is credited with many things. It is that which simultaneously draws foreigners to her shores and provides them with a ready excuse for not laughing at British

jokes.

(Barsoux, 1993, page 151.)

Starting on a light note, Barsoux (1993) argues that British executives particularly excel at suffusing business with humour. From casual office conversations to important negotiations, the British working day is punctuated by humour. In France, conflict is common as a form of expression and dialogue. D'Iribarne (1989) notices that shouting to convey orders or dissatisfaction on the shop floor of French companies is quite normal. In Britain, conflict is seen as ungentlemanly. Terry (1979) argues that the British are not at ease with outspoken conflict and that reserve and decency are particular British values. Humour, however, is a subtle weapon and is a gentleman's best friend - and a British gentleman can be rude provided it is funny as well:

British humour seems to run the spectrum of possibilities. Despite their well-recognized reserve, the British have a basic aversion to seriousness, and prefer to lighten most events with humour. On the one hand, there is the dry, satirical humour [...]. At the other end of the spectrum, the British love the broadest slapstick, replete with rude jokes and outrageous behaviour.

Gannon (1994, page 36).

Hofstede's work (1980) shows that the British culture is not just characterised by a developed sense of humour but also by a relative informality, termed 'low degree of power distance' (see Chapter 2). At work in particular, the British interact in an informal manner. For instance, people address each other using their first name. The use of formal titles is not usual in conversation in Great Britain; in Germany or France, however, the use of titles such as 'Herr Doktor' or 'Monsieur le Directeur' are quite normal. Arguably, the fact that managers do not commonly use titles might be an expression of British reserve:

"Although it is fine for a gentleman to have rank, a gentleman does not pull rank."

(Lawrence, 1996b, page 41.)

On the surface, the British are rather informal. However, the English language

enables listeners, through the variety of accents, to distinguish the social and educational background of the speaker. In practice, these accents convey certain class distinctions. In fact, the informality in the form of address hides a system of authority related to class and educational credentials.

Besides informality, Hofstede (1980) also points out that the British value individualism and display a clear belief in free enterprise - individual initiative is fostered, valued and rewarded. The British also display a preference for assertiveness, challenges and earnings - Hofstede (1980) terms this dimension 'masculinity'. The relatively high British score on this dimension indicates that business people are willing to work long hours and accept relatively high levels of stress in exchange for a successful career with a suitable salary and benefits. British businesses also favour short-term strategies and quick return on investment. A few centuries ago, Voltaire (1732) noted this emphasis on financial achievement for both individuals and companies, as well as the belief in free enterprise. In Chapter 2 (Convergence or Divergence), culture was presented as being stable over time as well as open to evolution. Throughout the centuries, travellers have noted their impressions of the countries they visited. Voltaire (1732) eloquently expressed his impressions in *Philosophical Letters*; in Letter X, he depicts how commerce has enriched the citizens of England and, by the same token, brought them a certain freedom:

“Le commerce, qui a enrichi les citoyens en Angleterre, a contribué à les rendre libres, et cette liberté a étendu le commerce à son tour; de là s'est formée la grandeur de l'État.”

(“Commerce, which has brought wealth to the citizenry of England, has helped to make them free, and freedom has developed commerce in its turn.”)

(Voltaire (1732), Lettre X, translated by Dilworth (1961).)

Bearing in mind Hofstede's (1980) findings, reviewed above, Voltaire's (1732) observation concerning the central role of commerce a few centuries ago is still relevant today. London is also now one of the world's leading financial centres. Thus, commerce, business deals and banking activities have consistently been at the heart of the capital. A picture of the British business culture today would not

be complete without mention of the importance of London as a financial centre. In fact, the stock-market in the United Kingdom is three times larger than that of Germany and four times larger than that of France (Randelsome, 1993). The sheer size of the financial market impacts on the British business culture as managers are called to concentrate on maximised profits and short-term considerations. This situation requires managers skilled in finance. The number of financial transactions in the City make the threat of a take-over very real; this in itself is not conducive to the long-term orientation which should be characteristic of manufacturing industry. Arguably the short-term profit maximisation orientation encouraged by the business culture restricts investment in research, equipment and training for the future.

Tayeb (1993) argues that the 1980s, under the direction of Margaret Thatcher's government, saw a resurgence in the desire of Britons to do well in business and to make money. Indeed an increasing proportion of young people now choose to get a business education - management consultancy, stockbroking, marketing and financial services being the most attractive. However, industry and technical skills still suffer from a nineteenth century stigma - they are too practical for a gentleman (Wiener, 1981).

Finally, another of Hofstede's findings is that the British are willing to take risks and accept uncertainty about the future (Hofstede, 1980). It is likely that, as argued at the beginning of this chapter, the continuity of British institutions and history fosters a feeling of security. Given a stable past, there are no reasons to believe the future should be unstable! The British have a relatively high tolerance for uncertainty. In fact, the British tend to invest less in the future than German or Swedish companies. For instance, British firms would rather recruit externally than foster internal promotion through training. Besides, given the importance of the financial market and the means of issuing shares for companies to raise money, the provision of dividends to shareholders is relatively more important than savings for investment. Financial rewards being important, companies will also readily offer large rewards for performing managers. These traits have so far proven beneficial to Britain's economy and the rate of change in the environment has meant that speed and flexibility are

considered attributes for success (Ebster-Grosz & Pugh, 1996). The only potential danger is that of sustainability.

Summing up, although Great Britain is characterised by a long-standing class system, the management style tends to be informal. The British dislike conflict and will aim to avoid it and in this respect, humour is a particularly useful tool. British management is also largely influenced by the importance of London as a leading financial centre. A large number of companies are quoted on the stock market and it follows that short-term profit maximisation strategies tend to have priority. On a positive note, being in a multi-cultural society, British companies are increasingly open to welcoming minorities into management and are making progress towards offering equal opportunities for women and ethnic minority groups in particular.

#### 4. CONTEXT OF MANAGEMENT IN FRANCE



Courtesy of Microsoft © Encarta (1995).

As a French national, characterising Management in France is an amusing exercise. It would be a more difficult exercise had I not spend several years away from France - living abroad is indeed an effective way to gain insight into one's country. As I began to discover national cultures other than my own, I became acutely aware of a

number of foreign values\* which clashed dramatically with the values I had been brought up with. I had previously not particularly given much thought to values or attitudes, some things were simply right and others wrong; I took them for granted. In the process of living abroad, I discovered numerous shared values with other French nationals whom I met while abroad. This experience was invaluable. With time, I began to adapt and feel comfortable with different sets of cultural values. Living abroad has allowed me to reflect upon what is culture and more particularly, on what characterises France. I may now look at France with a double vision: as an observer from the outside, and as a participant from the inside.

### **FRANCE: AN INTRODUCTION**

Plusieurs choses gouvernent les hommes: le climat, la religion, les lois, les maximes du gouvernement, les exemples des choses passées, les mœurs, les manières ; d'où il se forme un esprit général qui en résulte.

(Men are influenced by various causes, by the climate, the religion, the laws, the maxims of government; by precedents, morals and customs, from whence is formed a general spirit that takes its rise from these.)

(Montesquieu, 1748, Livre, XIX, English edition by Carrithers, 1977.)

As pointed out a few centuries ago by Montesquieu (1748), geography, history and political system form part of the cultural background of a nation. In that respect, it is relevant to the enquiry as a basis upon which to contextualise management in France.

France is one of the larger countries in Western Europe. Richelieu (1585-1642), a French cardinal and statesman, had the vision, which was taken up by his successors at the head of the nation, to pursue a 'politique du pré carré' (square field policy). Throughout its history France has striven to achieve natural borders (Sorge,

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\* Values determine what is good or bad, normal or strange, rational, acceptable or valuable (see literature review, Chapter 2).

1993) and this endeavour has been quite successful since the French mainland territory is approximately hexagonal in shape. France is bordered in the East by the Rhine River which separates her from Germany and the Alps shape a natural border with Switzerland and Italy. In the Southeast, the natural border is the Mediterranean coast. In the South, the Pyrenees Mountains separate France from Spain. The natural borders continue in the West with the Atlantic front and the Channel. Finally, in the North the border with Belgium and Luxembourg is drawn almost as if to complete the perfect hexagon. The capital and largest city, Paris, has a central geographic position. France has several overseas territories spread in South America, the West Indies and in the Indian Ocean. The total area of metropolitan France, which also includes the island of Corsica in the Mediterranean, is 543,965 km<sup>2</sup>. The French therefore grow up with the sense that their country has a particularly good geographical balance and central position in the world.

The population of France was estimated at 58,141,000 in 1995, giving the country an overall population density of about 106 people per km<sup>2</sup>. This is less than half the population density of the UK - 239 people per km<sup>2</sup>, (OECD Economic Surveys, 1998). This disparity means that the French experience a greater degree of independence and, to some extent, freedom. Land is available at a reasonable price and this usually results in the French purchasing a piece of land to build their house on. Many households actually have a second house which they call 'maison de vacances' (holiday house). All this is part of an 'art de vivre' and although most French people live in towns, it is usual to spend weekends and holidays in the country. The weekend switch between busy town life and peaceful country life is characteristic of life in France: modern and traditional.

In many ways the French culture is based on the conciliation of contrasts. For instance, France is an overwhelmingly Catholic nation: 76% of the French are Roman Catholics (Islam, Protestantism, and Judaism are next in popularity). The nation may be Catholic but the State is lay. Unlike in the UK, where the Queen is head of the State and of the Anglican Church, in France there is a clear distinction between religion and State. This antagonism between laity and religion is

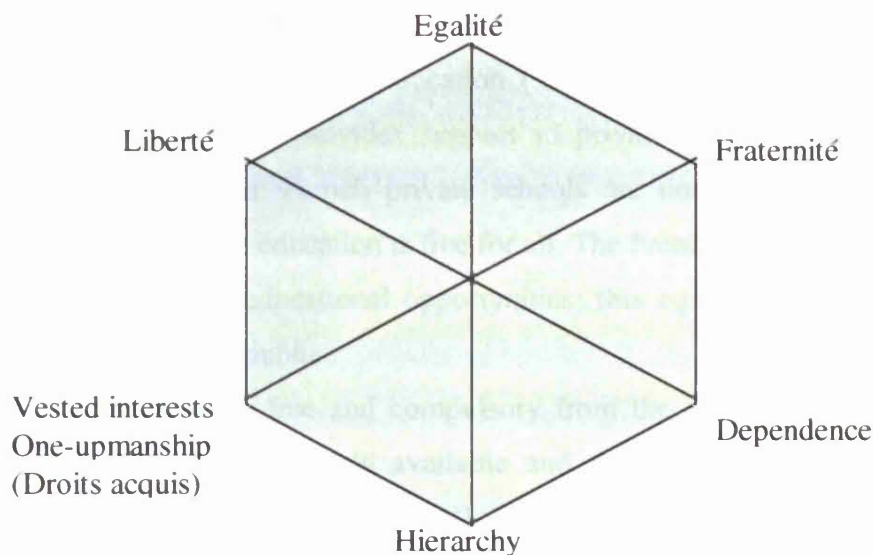


pronounced and it is one of the country's many contrasts.

In another French balancing act, republican and monarchic tendencies continue to co-habit. France is indeed a Republic ('la République Française'). In September 1958, General De Gaulle submitted a newly drafted Constitution to a referendum. The approval of the new Constitution marked the beginning of the Fifth Republic and the present system of Government is based on the 1958 Constitution. However, the French like to remind themselves that they are still under the Fifth Republic, wondering whether they should, after all, restore the French Monarchy, even though the possibility seems remote. This question of balance between different trends illustrates quite powerfully one of the aspirations of the French - reconciling democracy and hierarchical authority.

Monarch or not, the French head of State is vested with large powers and responsibility. The head of State is a President elected for seven years by direct universal vote. The President is also commander of the armed forces, he (there has never been a 'she') presides over the High Council of the Judiciary ('conseil supérieur de la magistrature'), and the Cabinet ('conseil des ministres'). The President designates the Prime Minister ('premier ministre') and appoints Cabinet Ministers. The President is the most important person in France. However, the Fifth Republic is vested in the power of all French citizens who elect the President and the Parliament, and express their decisions through referenda. All citizens are equal by law but they elect a representative and grant him great powers. Hence equality and authority are, for the time being, satisfactorily reconciled. Barsoux and Lawrence (1990) present these paradoxes in a witty diagram based on the symbolic view of France as a hexagon (see next page). The diagram also rests on the Republican motto to be read in town halls all over France: 'Liberté, Egalité, Fraternité' (Liberty, Equality, Fraternity). The patriotic values in the motto are the pillars of the Republic, yet the opposite poles are also visible in French society - namely dependence, hierarchy and vested interests. France is hence characterised by the conciliation of seemingly opposite values. As suggested above, a number of other opposites include the balance between laity and religion, as well as between town

life and country life or Republican and Monarchic aspirations.



Source: Barsoux, J-L. ; Lawrence, P. (1990) Management in France, page 10, London: Cassell Educational Limited.

The association of each value with its counterpart is, in the French understanding, a sign of stability and balance. Hierarchy, for instance, is accepted because it is based on a principle of equality of opportunity. This conciliation is rooted in French history and, in particular, in the evolution of the education system\*. Indeed, the French education system, as in the case of Great Britain, plays a key role in shaping attitudes to management and leadership.

## **EDUCATION IN FRANCE**

Education in France is very centralised. The centralisation of school administration

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\* The conciliation of the other values in the diagram put forward by Barsoux and Lawrence (1990), namely: Liberty and dependence as well as Fraternity and vested interests, is also to be understood with reference to the education system. The latter is reviewed next.

started under the influence of Napoléon at the beginning of the 19th century. However Jules Ferry, education minister between 1881 and 1886 is the father of the modern French education system. He enacted laws which until this day provide for free and compulsory public education ('école publique, gratuite et obligatoire'). Today the State also provides support to private schools, including those with religious affiliations. French private schools are not to be compared to English public schools since education is free for all. The French State endeavours to give all children the same educational opportunities: this equality is one of the founding principles of the Republic.

Education is free and compulsory from the age of 6 until the age of 16. Nursery education is widely available and the vast majority of children attend nursery school ('école maternelle') although it is not a requirement. Primary education lasts for five years, after which the pupils attend a 'collège' (secondary school) for four years. The successful pupils then enter the 'lycée' and take the 'baccalauréat' (abbreviated as 'bac.'). The 'baccalauréat', the equivalent of the British A-levels examination, guarantees entrance to university. The best students are likely to follow a different track and attend specific élite institutions of higher education\*. These are called 'grandes écoles' and are independent from universities.

The French education system is based on a progressive selection and discrimination of pupils and students. This process ensures that the élite of an age group will be selected and trained in top-level establishments of higher education. The nation's star pupils will eventually be promoted to the highest managerial positions in the public and private sector as well as in government.

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\* Amongst the most famous élite institutions are: 'L'Ecole des mines'; 'L'Ecole polytechnique'; 'L'Ecole centrale'; 'L'Ecole nationale supérieure des arts et métiers'; 'Hautes Etudes Commerciales'; 'Ecole Supérieure des Sciences Economiques et Commerciales'. The particularities of the system of élite higher education are discussed later in this chapter.

## Education system in France

### Age

25	Doctorat	
23	DESS (Diplôme d'Etudes Supérieures Spécialisées)	
- 3ème cycle:	DEA (Diplôme d'Etudes Approfondies) or	Diplôme d'Ecole
22	Maîtrise	
21	- 2ème cycle: Licence	Ecole
	DEUG (Diplôme d'Enseignement Universitaire Général) or	Classes
19	- 1er cycle: DUT (Diplôme Universitaire de Technologie) or	préparatoires
	BTS (Brevet de Technicien Supérieur)	Grandes Ecoles
	<u>Université</u>	
	Baccalauréat	Baccalauréat technologique ou professionnel
18	- terminale	- terminale
17	- 1ère	- 1ère
16	- 2nde	- 2nde
		Brevet d'Etudes Professionnelles (BEP)
	<u>Lycee</u>	<u>Lycee d'enseignement professionnel</u>
	Brevet des collèges	Certificat d'Aptitude Professionnelle (CAP)
15	- 3eme	- 3eme technologique
14	- 4eme	- 4eme technologique
13	- 5eme	
12	- 6eme	
	<u>Collège</u>	
11		
10		
9		
8		
7	<u>Ecole primaire</u>	
6		
5		
4	<u>Ecole maternelle</u>	

The first selection stage takes place at the age of 12/13 when the children with different abilities may be oriented towards vocational education. The others carry on with general education and at 14/15 have to take an examination called 'Brevet des collèges', which is the equivalent of the British GCSE. A second selection stage takes place at the end of the 'collège', when the teachers advise each pupil on whether entering the 'lycée' is within their reach or whether a vocational curriculum is more suited.

Vocational education is not valued in France. The number of students who received a basic professional training was 300,000 in 1991. This is a very low figure compared to Germany where 1,500,000 students received professional training. The CAP (Certificat d'Aptitude Professionnelle), the first level qualification for blue-collar workers, is increasingly being abandoned. Only 85,000 pupils took this certificate in 1991 (Trouvé, 1994). The debate on reform of the education system is ongoing in France. Proposals for reform include a re-valued system of apprenticeship based on the German model and a partnership between the State and industry (Renouveau, 19 April 1996).

At the 'lycée', the students must choose options that determine the type of 'baccalauréat' they will take. The type of 'baccalauréat' with the highest content of mathematics and physics is the breeding ground of the élite. Indeed the selection to enter the preparatory years of the 'grandes écoles' invariably requires the highest mathematical skills.

There are two parallel systems of higher education in France. Firstly, a system open to all. The universities belong to the open system: they have to grant access to any student holding a 'baccalauréat', regardless of grades. There is a progressive selection of students as many drop out or fail in the first year and hence do not complete their degree. Secondly, there is a closed system to which the 'grandes écoles' and some specialised university sections ('Instituts Universitaires de Technologies et Sections de Techniciens Supérieurs') belong. The closed system is based on the highly competitive selection of students at entrance. Once a student has been accepted, it is unlikely that she or he will fail (Barsoux and Lawrence,

1990; Bourmois, 1992).

The first 'grande école' was founded in 1715: the 'Ecole nationale des ponts et chaussées'. Other famous schools of engineering include 'l'Ecole des mines' (founded in 1783), 'l'Ecole polytechnique' (1794) and 'l'Ecole centrale' (1829). The first 'grandes écoles' of commerce were also founded before the turn of the century. The early establishments were created under Napoleon to train the military, engineering and administrative élite of the nation. The 'grandes écoles' today have either an engineering or a commercial and administrative orientation. League tables of the best 'grandes écoles' are published regularly and according to a 1996 survey (Le Nouvel Economiste, 1996) the highest ranking engineering schools today are: 'Ecole centrale de Paris', 'Ecole nationale supérieure des télécommunications' and 'Ecole nationale supérieure des arts et métiers' ('Ensam'). The highest ranking business schools are 'Hautes Etudes Commerciales' ('HEC'), 'Ecole Supérieure de Sciences Economiques et Commerciales' ('Essec') and 'Ecole Supérieure de Commerce de Paris' ('ESCP').

The 'grandes écoles' are a particularly French institution. They are élite institutions whose task has traditionally been to train engineers and public servants of the highest calibre.

Thus, the French education system is said to be élitist. It is organised so as to value general education as opposed to technical/vocational education. The French appreciate above all the ability to acquire theoretical knowledge, to analyse, to synthesise and to argue (Barsoux and Lawrence, 1991a). Abstract subjects are the most prestigious. In this respect, Barsoux and Lawrence (1991b) observe that the French have a bias for intellect as opposed to a bias for action.

Achievement in mathematics is highly thought of and is used as a selection criterion for entrance to most 'grandes écoles'. Indeed, those students wishing to enter one of the 'grandes écoles' spend on average between two to three years after their 'baccalauréat' preparing for the selective entrance examination to the 'grande école' of their choice. Students generally take several of these entrance examinations ('concours') to stand a chance to be accepted in at least one institution; each

institution has its own entrance examination. Mathematics tends to be one of the preferred and the toughest subjects of examination, closely followed by philosophy. In France Philosophy is a compulsory subject for students taking the 'baccalauréat', in contrast to most other European countries where it does not appear below university level. Looking at European history, France has bred many philosophers including Pascal, Descartes, Rousseau or Sartre. The French display a concern for philosophical truths and mathematical certainties. This form of Cartesianism\*, and in particular the discrimination of intelligence based on mathematics, is being increasingly criticised in France:

La dictature des mathématiques sur les concours doit être allégée au profit d'autres formes d'excellence, car les élites du pays doivent pouvoir résoudre des problèmes concrets, et pas seulement des équations.

(The dominance of mathematics in the competitive entrance exams must be lessened to the benefit of other criteria of excellence, indeed the élite of the country must be able to solve concrete problems, not just equations.)

(Reverchon, 1998, page 92.)

In France, the importance of having a good degree is so paramount that advertisements for top managers will go as far as to suggest from where the acceptable candidates should be graduates, for instance 'HEC', 'Centrale' or 'X'\*\* (Barsoux, 1992). As a consequence, the common methods of recruitment in the UK, such as the use of assessment centres, are less relevant in France. An individual is judged, to a great extent, on his/her initial degree as well as on his/her efficiency throughout his/her career (Bournois & Rousillon, 1992). The privileges obtained by students graduating from the 'grandes écoles' are legitimised by the harsh and demanding training they have to go through to get there in the first place. In theory at least, anybody with the right intellect and calibre can enter a 'grande école' - there

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\* Cartesianism is a philosophy emphasising logic and rationality named after René Descartes (1596-1650).

\*\* 'X' symbolises two swords crossing and refers to 'L'Ecole polytechnique', which is a military institution of higher education.

is equality of opportunity, regardless of the social origin of the candidates. Intelligence and merit are the selection criteria; this equality of opportunity justifies the privileges acquired by those who succeed in the 'grandes écoles'. Yet the equality of opportunity, although perceived as real by the vast majority of the French, is doubtful when one considers the results of empirical work (e.g.: Groux, 1983; Duru-Bellat, 1998). The reports consistently show that the young people who access the 'grandes écoles' tend to come from better-off families, their parents having already achieved high levels of qualifications. Additionally, Groux (1983) and Duru-Bellat (1998) point out that the universities and the lower strata of 'grandes écoles' ensure the reproduction of the social group of middle managers, while the top 'grandes écoles' ensure the reproduction of the social group of top managers.

In an interesting piece of comparative research, Bauer and Bertin-Mouroto (1992) identify three different types of managers:

- the 'entrepreneur' managers, who achieve their success by founding companies or by building on 'inherited' businesses;
- the 'institutionalists' - managers who have come through the State bodies: cabinet ministers, top civil servants and politicians;
- the 'career' managers, who owe their success to their experience and performance within the company.

Bauer and Bertin-Mouroto (1992) subsequently reveal that an overwhelming 44.5% of the top French managers come from the 'institutionalists' group whereas the figure for Germany is only 8%. Indeed, 'grandes écoles' graduates often find employment as top civil servants, and they are then parachuted from government positions into industry. This transition is made very smoothly and easily for the lucky few and it is referred to as 'pantouflage'. These findings complement the results of Groux's (1983) study, that in France the 'grandes écoles' ensure the reproduction of the social group of managers. Barsoux and Lawrence (1990)



observed that even the heir to a family business would ideally try to go through the 'grandes écoles' system, as a means of legitimising the taking over of the family business.

However, for the first time in the history of the 'grandes écoles', it seems that the prestige surrounding these institutions is loosing ground. In particular this concerns the lower strata of 'grandes écoles' and those which charge fees. Indeed, universities are free and have developed programmes of study which, in some cases, are more attractive than the 'grandes écoles'. Particularly successful is a 'DESS' ('Diplôme d'Etudes Supérieures Spécialisées' - 'Bac+5'). A 'DESS' is a practical and specialist course designed to launch students successfully on the job market. A wide variety of 'DESS' subjects are available. The most successful courses even recruit amongst 'grandes écoles' students (Le Nouvel Economiste, 1996).

Other successful new courses include the 2 year technical or commercial degrees ('DUT' and 'BTS'). However, these courses have added to the devaluation of more traditional vocational courses such as apprenticeships. Given the high levels of unemployment, a prospective employer who has the choice, for the same salary, between a worker with a first level vocational qualification ('CAP' or 'BEP'), or a worker holding a 2 year vocational degree, will recruit the most qualified candidate. The devaluation of qualifications is creating tensions in French society as young people, given the opportunity, will choose to prolong their studies to have better chances of finding a job. Longer years spent studying means less social contributions for the State and pressure on the pension schemes to maintain the same benefits. More worryingly, the section of the population with no or low qualifications is put in a difficult situation. As the status of workers with no qualifications is undermined, the stability of the hierarchy is also undermined by the workers who feel threatened by the lack of security regarding employment, salary-levels, benefits or pension schemes (D'Iribarne, 1990). This insecurity creates social unrest and large strike movements are a common feature of French industrial life.

## **INDUSTRIAL RELATIONS IN FRANCE**

Goetschy & Rozenblatt (1992) identified several 'anomalies' in the French system of industrial relations. Firstly, industrial relations have been characterised by industrial conflict and legal intervention rather than collective bargaining. Secondly, trade unions and employers have weak organisations and are driven by political and ideological considerations. Thirdly, the French labour movement has witnessed a drastic decline in union membership.

Industrial relations in France often tend to be characterised by conflict. Strikes are particularly common in the public sector as salaries stagnate (Gordon, 1993). The French State, as a major employer, legislator and negotiator is at the forefront of the system of industrial relations. State intervention through social legislation is extensive: for example, the government administers comprehensive insurance programmes for workers. Minimum wages are also established by government decree and pay scales are determined by institutionalised bargaining. As a result of the extensive jurisdiction of the system, human resource managers are required to have juridical as well as social competencies (Brunstein, 1992).

The power of the French trade unions has been protected and enhanced by legislation. However, the French unions are actually weak and fragmented and this is one reason why the State has been forced to play an interventionist part. Each union is keen to maintain some independence from the government and from other unions - there is no umbrella organisation comparable to the British TUC or the German DGB. Trade union membership has decreased sharply over the 1980s. Poirson (1993) suggests that this loss of trade union membership is due to the decline of traditional industries (coal, steel, car industry), the powerlessness of unions in the face of lay-off plans and the increasing age of militants.

Nonetheless, in the 1980's initiatives from the socialist government led to several laws being passed to reinforce the rights of employees. The 1982 Auroux Laws, named after the Minister of Labour, established employees' rights to be consulted over the content of work, working conditions and work organisations.

These laws extended trade unions' rights and enlarged the powers of employee representative bodies (Szarka, 1992).

There are four institutional forms of employee representation. Employees are first represented in the 'conseils de prud'hommes' (industrial tribunals or labour courts). Each court is composed of two employer representatives and two employee representatives. Only unions can put forward candidates, thus reinforcing the power of the unions. The role of the court is to settle individual disputes over employment contracts, but most cases are from workers seeking compensation over unfair dismissal. The courts seek to reach a conciliated agreement - failing that they impose a decision.

Second, employees are represented through employee delegates ('délégués du personnel'). The election of employee delegates is compulsory in firms with ten or more employees. All employees are entitled to vote but only unions can put forward candidates in the first round. If less than 50% of the electors vote at the first round, then a second round is held when anyone can stand. The employee delegates act as communication channels between employees and management.

The third form of employee representation is through the 'comité d'entreprise' (literally company council). 'Comités d'entreprises' are consultative bodies and exist in firms with 50 or more employees. The members of a 'comité d'entreprise' are elected employee representatives and the major unions have the right to nominate a representative. The influence a 'comité d'entreprise' may have depends to a great extent on the attitude of management.

The last form of institutional employee representation occurs through the 'sections syndicales' (union sections within the workplace). Union sections are entitled to an office and other facilities in the workplace. Union officials are allowed to engage in union activities on the premises and are protected from dismissal. Union representatives serve as communication channels and can negotiate salaries and working conditions with employers.

Collective negotiations and bargaining may take place at all levels - company, branch, industry and may apply locally, regionally or nationally. On the

whole, negotiations at a national level establish general rules such as the minimum wage, the length of the working week or the retirement age. Negotiations at sector level are more concerned with setting minimum standards. Negotiations at company level agree salaries, working hours and other relevant problems of organisation. When there is conflict, the State often plays the role of an arbitrator.

Segrestin (1990) highlights the fact that in recent years 'non-institutional dialogue' with employees in the form of discussion groups, semi-autonomous groups or quality circles has become common practice. These forms of dialogue take place without union representation. This may have long term implications for the industrial relations system in France as many of the larger companies are following the trend towards participative management. In the service sector in particular, industrial relations traditions have less grip and employers have a greater freedom to experiment with the reorganisation of working hours, personnel status and so on. It remains to be seen in the case study organisation whether the management of industrial relations is conflict-laden and difficult, or whether it is a non-issue.

## **COMMENTARIES ON FRENCH MANAGEMENT**

There are a few points worth remembering about French management. First of all, the French have a particular term for 'managers', namely 'cadres'. The term 'cadres' encompasses several categories of managers (middle and top management) as well as high ranking and mid-level professional employees. In France, 'cadre' status is a privilege and implies some form of nobility, as well as more tangible benefits (Boltanski, 1982; Bourdieu, 1985). The first level of supervision or foremen are not considered to be 'cadres' and the passage from 'non-cadre' to 'cadre' is very restricted for those who do not hold the appropriate qualifications (Rojot, 1993); again, this illustrates the influence of the French education system on management.

The dimensions identified by Hofstede (1980), and reviewed in Chapter 2,

also give a number of clues regarding management in France. For instance, the high degree of 'power distance', which Hofstede identifies in French society, reflects distinctions in terms of status between 'cadres' and 'non-cadres'. It implies that in France, people are prepared to tolerate a degree of inequality between the different hierarchical levels. Hofstede (1980) also identifies an individualistic trend amongst French workers and managers. This is not surprising when considering the level of competitiveness fostered by the French education system. The 'grandes écoles' in particular primarily emphasise individual achievement. On a different dimension, Hofstede's research shows that the French have developed certain nurturing values and an emphasis on the quality of life (feminine dimension). Indeed, one can expect that the French 'art de vivre' is not just reserved for week-ends and holidays but also exists at the work place (Mayle, 1990). Lastly, Hofstede identifies in French society a significant aversion for uncertainty. The French do not feel at ease in unstructured situations. In order to cope with uncertainty they have a number of established safeguards including institutions, written laws and rules. Hofstede further argues that a country such as France deals with uncertainty by displaying strong beliefs in philosophical, or religious, truths and certainties.

Related to the idea that the French are prone to seeking certainties, Laurent (1983) found that managers in France are greatly attached to the notion of unity of command. Indeed the French seem to prefer organisations where power and decision making are concentrated at the top. Hofstede (1989) acknowledges that the national cultural background has implications for the structure of organisations. He argues that in countries displaying a large power distance, and a high degree of uncertainty avoidance, corporations have a strong tendency towards centralised decision making. Fayol (1916), French engineer and industrialist, was one of the first to advocate such principles of management (unity of command and a degree of centralisation). These principles lead to pyramidal forms of organisations. Maurice, Sellier and Silvestre (1982) demonstrated the tendency for French organisations to adopt a pyramid shape in a comparative study of similar organisations in France and Germany. For instance, they found that in French companies the white-collar

workers were more numerous and relatively better paid than in the German companies. They also found that more of the managers in France were graduates (notably from the 'grandes écoles'). In brief the French organisational structure tended to be taller than the German structure.

In the same vein, Crozier (1963) carried out an early study of two different French organisations and made similar observations for both. He identified a number of the cultural traits confirmed by later research, namely: the way in which employees and managers protect themselves against uncertainty through formality and the existence of numerous written rules. Above all, he noted the formality of relationships between hierarchical levels and the weight of status, which rendered communication difficult, leaving each level of hierarchy quite isolated. As a consequence, the running of the organisations was based extensively on written rules and formal patterns of communication - thus reducing the need for direct, personal interaction. Written rules are also a way of avoiding abuse of power as each employee operates within the restraint and protection of the rules. Therefore, a hierarchical superior has very little room for rewarding, reprimanding or influencing the career of subordinates. The French business culture has evolved over the past 30 years and it is fair to say that relationships between levels of hierarchy are a little less formal. However, some elements of Crozier's commentaries from the 1960s are still valid in the 1990s. In a recent book, Crozier (1995) condemns the élite for their incapacity to change. He urges them to remedy the distance and conservatism between them and lower level employees.

In the same ethnographic and culturalist tradition, D'Iribarne (1989) carried out a comparative study of the social attitudes of workers from the production units of a French industrial group and its subsidiaries in the United-States and in the Netherlands. D'Iribarne shows that in each country a different social pact exists. According to him, the Americans favour a contractual logic. They are keen to respect the rules of their employment contract. Clear objectives are set and the objectives agreed are the personal responsibility of the worker. This logic has shaped notions of fair practice and fair behaviour. In the Netherlands, D'Iribarne

observed a consensual culture. Managers discuss objectives so that the workers accept and adhere to them. A consensus has to be reached before workers agree to implement objectives. In the French production unit, D'Iribarne identified an opposition between what were considered common tasks and noble tasks. In the wider French culture there does not appear to be a consensus about what is noble and what is not. However, the particular definition of noble and common tasks in the production units was important in understanding the behaviour of employees. Those workers who considered that they had a more 'noble' job felt more motivated. More generally, all groups of workers rejected a 'servile' form of obedience. The workers' first sense of duty was towards the group to which they belonged. D'Iribarne noticed that the way to motivate workers was to appeal to their sense of honour and the subsequent pride that they could take in their work and in their group. He identified this logic of honour as being characteristic of the French culture. A sense of honour is therefore what drives the students willing to go through the trauma of the 'classes préparatoires' in order to enter one of the prestigious 'grandes écoles'. The same sense of honour drives workers to defend the interests which they feel might be threatened by management. This sense of honour gives each stratum the feeling of belonging to a group with a particular role and duties. One of the counter-effects of this duty to equals is that in French organisations, the different strata lack cohesion (Crozier, 1995).

Despite the empirical observation of a relative lack of cohesion between the different levels of organisations, Barsoux and Lawrence (1997) do identify one unifying notion in French organisations. They argue that the French are likely to unify willingly in the drive to achieve a prestigious project. Examples include the TGV (Train à Grande Vitesse), the French high speed train or the Ariane space rocket. When honour is at stake, it serves to elicit cohesion within the organisation as well as the national pride.

This literature review would not be complete without a mention of the work by Hall and Reed Hall (1990). They reassert that France is, above all, also a Latin country. This means that the context in which communication takes place is

important: rigid and hierarchical communications patterns at work do not rule out very friendly and open conversations between the same people but in a different setting, e.g. at lunch time. They also identify that French managers tend to have a 'polychronic view of time' which means that they have a predilection for handling different things at the same time and are likely to welcome interruptions. Hence, appointments are prone to rescheduling.

Finally, as regards women in positions of management, France is also a Latin country. Duhamel (1998) and Cross (1995) point out a number of prejudices women have to face when they seek to climb the ladder. Steinmann (1998) points out that the 'grandes écoles' used to recruit male students exclusively and have only gradually increased the proportion of female recruits. 'L'Ecole polytechnique', for instance, only opened its recruitment to females in 1972 while 'HEC', one of the top business schools, opened its doors to female students in 1973. Although an awareness of equal opportunities is beginning to emerge, it does not appear to be a burning issue in the managerial press (Marshall, 1998).

In this chapter, I have reviewed a number of issues potentially relevant for the fieldwork. Of particular importance is the 'grandes écoles' background as a key to understanding the strengths and weaknesses of French management. Leaving the Latin sphere, I shall now move North towards Scandinavia - in particular Sweden.



## 5. CONTEXT OF MANAGEMENT IN SWEDEN



Courtesy of Microsoft ® Encarta (1995).

This chapter reviews the context of management in Sweden. Factors investigated include aspects of the geographical, political and economical environment. Other areas of interest which condition management in Sweden include the education system, as well as the system of industrial relations. General points also able to inform the fieldwork in Sweden are introduced below.

## **SWEDEN: AN INTRODUCTION**

Sweden is situated in Northern Europe in the Scandinavian peninsula. In the North, Sweden shares a border with Finland, while to the West Sweden shares a long border with Norway - the other borders are coastal areas. The West coast opens up onto a stretch of water called the Kattegat Strait which separates Sweden from Denmark and which gives Sweden access to the North Sea. The South and East coasts open up onto the Baltic sea, beyond which lie Germany, Poland, Lithuania, Latvia, Estonia, Russia and Finland.

Sweden is a Nordic country and its geographical position has an impact on the cultural traditions of the country. The Swedish landscape varies considerably from North to South, with mountainous regions in the North sloping down to coastal plains. In the South the landscape is flatter with numerous islands off the Eastern and Southern coast. Climatic variations are also significant between different parts of the country. In the northern city of Kiruna, the mean temperature for February is -12.9°C, in the capital Stockholm -3.1°C, and in Malmö just below freezing at -0.7°C. In July, the mean temperatures are 12.8°C in Kiruna, 17.8°C in Stockholm and 17.2°C in Malmö. Overall, the Gulf Stream gives Sweden a milder climate than other areas in the world which are equally far North (Johnsson, 1995).

Proximity to the Arctic Circle means that Sweden benefits from an increased proportion of daylight hours in the summer, but on the other hand is exposed to many more hours of darkness for long winter months. The higher the latitude, the more this phenomenon is accentuated. As a consequence, the summer months, with their warmth and daylight, are seen as very precious. Features of the landscape include large forests, numerous lakes and rivers and long coastlines. It follows that climate and nature are important elements in the Swedish context. A report by Svenska Institutet (1996) points out the range of outdoor activities practised in Sweden: from sailing on the lakes, at sea, or in the archipelagos, to hiking in the mountains. These pursuits close to nature seem to be taken for

granted.

Another characteristic of Sweden is its very low population density, namely 20 inhabitants per km<sup>2</sup>, with an area of approximately 450,000 km<sup>2</sup> and only 8.8 million people. However, about 85% of the population actually live in the South, which, as pointed out above, has a much milder climate (Microsoft ® Encarta, 1995).

Sweden is an unusual country in Europe in the sense that it has enjoyed a period of 180 years of continual peace. The thrust of Swedish foreign policy has consistently been that of neutrality. This neutrality has fostered a climate of tolerance. Extreme ideas are not a common feature in Swedish politics.

Sweden is a constitutional Monarchy. The current Monarch, King Carl XVI Gustaf, is Head of State but his duties are essentially ceremonial - they include opening Parliament and presiding over certain Cabinet meetings. Parliament consists of one chamber whose members are directly elected by proportional representation for terms of four years. The striving towards equality of representation between men and women is an important aspect of parliamentary and governmental life in Sweden. Indeed, according to the Ministry of Health and Social Affairs (1995), in 1994, there was a proportion of 40% of women in parliament and 50% of women in government. Sweden has pursued a policy of gender equality for a number of years and this endeavour is part of a larger programme of welfare.

The Social Democratic Party, 'SAP' ('socialdemokratika Arbetarepartiet'), which first came to power in 1920 has, with a few interruptions, dominated the political scene and supported welfare policies. Government legislation mostly introduced by 'SAP' has striven to establish a society with few differentiations between different groups of individuals. Gender equality is one such area supported by legislation. In fact, an Act of Succession adopted in 1980 specifies that the oldest child of the Monarch will inherit the Throne of Sweden, regardless of gender. This means that Crown Princess Victoria is heir to the

Throne and not her younger brother Carl Philip. Clearly, a sense of gender equality is important in Sweden.

Lawrence and Spybey (1986) point out a general egalitarian trend which is not limited to the area of gender equality and encompasses different aspects of life. They argue that there is a low degree of differentiation between people. In that respect, class is a weak ideological and behavioural concept in Sweden. This low differentiation in Sweden is manifest, for instance, at the level of income distribution. Indeed, government policy has put in place a structure whereby high taxes enable the redistribution of wealth across the population as well as the financing of generous welfare provision. From the 1950s until the late 1980s, this system was highly successful in creating an integrated society. The Swedes enjoyed high standards of living and State provisions ensured little differentiation between those who had more and those who had less. This is still true but less so. Critics argue that a large percentage of the population has come to rely on State provisions and that high levels of social charges hamper business. This situation is generally thought to be detrimental to the country's economic dynamism (Johnsson, 1995). The same author points out that in 1994, Sweden's expenditures for social welfare, including pensions and unemployment benefits, were equivalent to 39% of Gross Domestic Product (see appendix A) while the average for other EU countries was 26%. The Swedes are accustomed to high levels of social provisions and are strongly attached to the notion of equality.

The strong commitment to egalitarianism is also visible when one compares the values associated with the Swedish education system with those associated with the French education system (as reviewed in the last chapter on the French context of management).

## **EDUCATION IN SWEDEN**

The Swedish education system is straightforward in the sense that most children attend schools which are comprehensive and come under the responsibility of the State. One peculiarity is that in the North of Sweden, certain schools cater for the children of the Sami (Lapp) community. There are about 17,000 Samis in Sweden, for the most part inhabiting the northern areas of the country (Svenska Institutet, 1996). The only other exception to the comprehensive system is for special schools to cater for children with a disability. Within that framework, education is compulsory and free for all children aged between 7 and 16.

Some independent schools are allowed to charge fees but are nevertheless, for the most part, financed by the municipalities. These independent schools tend to be few and far between; indeed about 98% of pupils attend the State comprehensive system (Svenska Institutet, 1996).

One of the characteristics of the 9-year compulsory programme is that it integrates traditional as well as vocational study. This means that rather less differentiation is made between children with different abilities.

Another interesting aspect of the Swedish education system, in contrast to the French education system, is its openness to adult education. The French education is based on the progressive and early selection of the better able, which does not encourage late-starters or returnees. In Sweden, however, one of the principles of the system is that adults, if they so wish, should have easy access to an education programme equivalent to that offered to children by the comprehensive schools. To facilitate this, the State offers financial assistance for adult study. Students between 16 and 20 also receive financial assistance to encourage them to continue their education beyond the compulsory age of 16, and so to attend upper secondary school ('Gymnasium'). There students choose various subjects which lead them to the 'studentexamen' (equivalent of A-Levels). Another set of courses lead to vocational types of qualifications, e.g. 'Gymnasiumingenjör' or 'Gymnasiumekonom'. A third set of courses at the 'Gymnasium' lead to lower level

qualifications. The Swedish 'Gymnasium' is very comprehensive.

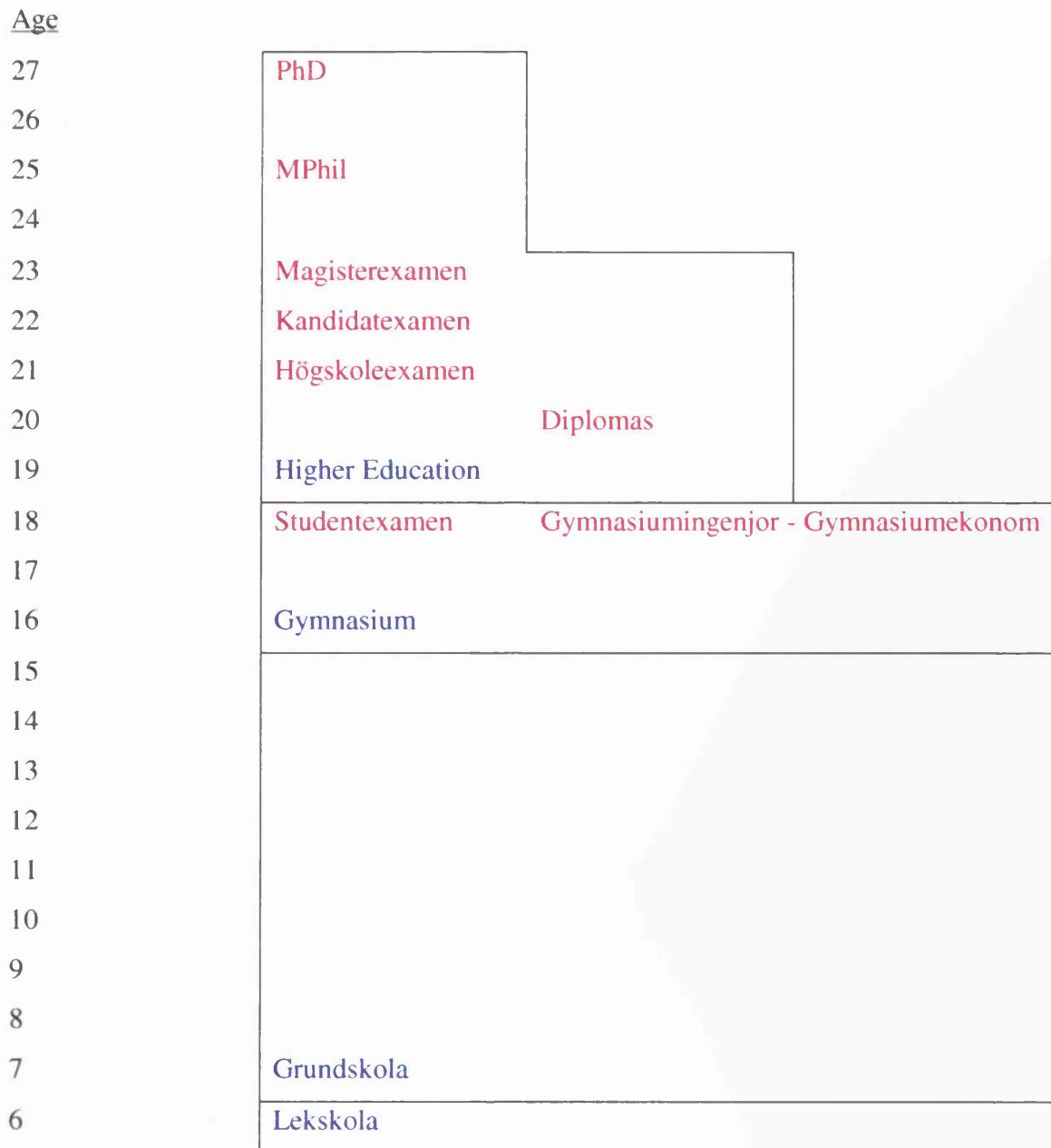
The comprehensiveness of the Swedish education system in general is underlined by Hickox and Lyon (1998) who base their argument on a comparative study of vocational education in Great Britain and Sweden. They argue that the education systems developed in the two countries after the war carried different values:

In Sweden vocationalism formed one part of the ideological and economic package which went to make up the post-war Swedish corporatist 'class compromise'. In Britain, however, vocational education took a different form and was subordinated to a tradition of 'gentlemanly' capitalism and a neo-liberal economic order, both of which combined to give it a marginal status within the education system.

(Hickox and Lyon, 1998, page 25.)

Despite a still visible British conservatism regarding vocational education and the Swedish commitment to a universal education system, Hickox and Lyon (ibid.) suggest that in the light of common pressures from an increasingly globalised world economy, the attitudes of the two countries toward education are showing some signs of convergence. There are indications that the Swedes might be growing dissatisfied with comprehensiveness and thus would welcome a system of education that is more selective. This reflects an increasing capitalist influence and openness to more flexibility in terms of financial differentiation between people. In Great Britain, on the other hand, awareness of a deficit in skills (Hutton, 1995) and a desire to revalue the British industrial base are fostering more positive views toward vocationalism. To date though, vocational education remains undervalued in Great Britain while in Sweden, the commitment towards a comprehensive education system remains unchallenged.

## Swedish Education System



The Swedish emphasis on an open education system also applies at the level of higher education. One aspect reflecting this openness is the flexibility of entry requirements for higher education. The normal requirement is to have passed the

‘studentexam’ or alternatively a potential candidate can be accepted on the basis of lower level qualifications, work experience or other assessments such as through interviews - these are ways in which to earn credits. A certain number of credits grant access to higher education. This flexibility mirrors that ethos now prevailing in Great Britain but is a far cry from the very competitive and restricted admission procedures of institutions of higher education in France - the universities and in particular the ‘grandes écoles’, a number of which restrict entry to those in the 18-25 age range. The Swedish system, on the other hand, encourages late-starters. The flexibility of the Swedish system thus underlines an egalitarian trend and an emphasis on equal opportunities.

Higher education is covered by six universities (Uppsala, Lund, Göteborg, Stockholm, Umeå and Linköping) as well as a number of other institutions including the prestigious institutes of technology ‘Kungliga Tekniska Högskolan’ in Stockholm and ‘Chalmers Tekniska Högskolan’ in Göteborg, and prestigious business schools: ‘Handelshögskolan Stockholm’ and ‘Handelshögskolan Göteborg’ (Söderström and Syrén (1992). Given the small number of higher education institutions and the relatively low number of inhabitants in Sweden, top managers in Sweden tend to have attended the same establishments cited above and, therefore, tend to know each other.

Two types of degrees are available for study in Sweden, namely: general degrees and professional degrees. Both types run in parallel and tend to be equally valued. The various levels are:

- ‘högskoleexamen’ (2 years of full-time study);
- ‘kandidatexamen’ (3 years of full-time study);
- ‘magisterexamen’ (4 years of full-time study).

Technical subjects are not undervalued compared to arts subjects, and for reasons developed later, technology and production tend to have more status in Swedish organisations than in British organisations. When it comes to what type of qualifications managers hold, a degree in economics or engineering tends to be the



norm (Lawrence and Spybey, 1986). Hence a 'civilekonom', university graduate in economics, or 'civilingenjör', university graduate in engineering, would be potential recruits for managerial positions. Economics tends to be the background of commercial managers, with engineering the background of production managers. This means that Swedish managers tend to be competent in their own field. However, Lawrence and Spybey (1986) point out that the degree of specialisation of Swedish managers is not as clear-cut as that of German managers.

Having examined aspects of the Swedish education system and some of the values it supports, I shall now turn to the subject of industrial relations and how it might frame the practice of management in Sweden.

## **INDUSTRIAL RELATIONS IN SWEDEN**

The history of industrial relations in Sweden is one of moderation; from early on employers and employees managed to achieve a high level of co-operation. The first forms of modern social movement in Sweden were made official by the creation in 1889 of the Social Democratic Party, 'SAP' ('socialdemokratiska Arbetarepartiet') – with small trade unions providing the base for the party. In 1898, a number of small unions joined forces to create the Swedish Trade Union Confederation, 'LO' ('Landsorganisationen i Sverige') and a few years later, in 1902, employers matched the developments and created the Swedish Employers' Confederation, 'SAF' ('Svenska arbetsgivareföreningen'). Although the beginnings of the trade union movement were a struggle, in the early days, both sides recognised each other's rights (Forsebäck, 1980). A landmark date in Swedish industrial relations is 1938 with the signature of the Saltsjöbaden\* Agreement. It marks the beginning of co-operation between management and employees with the regulation of collective bargaining. This regulation of relations between management and employees established a basis for greater mutual trust.

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\* Saltsjöbaden is a seaside resort near Stockholm, where the document was signed.

Meanwhile, in 1947 another confederation was formed called 'SACO' ('Sveriges Akademikers Centralorganisation'), the Swedish Confederation of Professional Associations. 'SACO' is an organisation that caters in particular for university educated employees, although this criterion is not exclusive. The degree of unionisation has always been very high in Sweden, with over 80% of the working population being a commonly cited figure for the 1990s (Svenska Institutet, 1996).

During the 1950s and the 1960s, the relative absence of industrial actions on the Swedish scene brought about the concept of a "Swedish Model". Industrial peace was considered as an important contributing factor for Sweden's growing prosperity. The Swedish system of industrial relations is characterised by a high degree of unionisation, the reconciliation of the interests of management with those of workers and a relative non-polarisation between both sides.

In 1976 a final Co-determination Act was passed by parliament ('Medbestämmandelågen' - 'MBL'). The Act established that both sides have a right to negotiate ('Förhandlingsrätt'). In practice, employers have an obligation to provide information on a variety of issues: for example production, organisational structure, budgets, human resource management. If the local unions dislike a particular development or change, they have the right to demand negotiation. If at this stage no agreement can be reached, the unions may ask for negotiations within a national framework, with one local member of 'LO' and one local member of 'SAF'. Following such negotiations, and if an agreement still cannot be reached, the employer retains the right to take an independent decision. Lindkvist (1995) argues that the system works well, given the traditional Swedish preference for compromise and the general distaste for individuals or groups who attempt to impose extreme views and stand out from the majority.

However, in 1990 Ulf Laurin, Chairman of 'SAF' (Employers' Confederation), declared: "the 'Swedish Model' is dead" (Czarniawska-Joerges, 1993). Indeed, the co-determination tradition requires long negotiations, which, of necessity, slow down decision making processes (Axelsson et al, 1991). Faced with global competition and the need for rapid moves on markets, the "Swedish Model",

with its emphasis on consultation and slow decision making, does not seem as advantageous to organisations as it was some decades ago. Additionally, in recent years the Swedish economy has undergone a recession with a decline of GDP and rising unemployment. In that context, companies have had to learn to operate more efficiently and, to some extent, challenge co-determination traditions. The system may be showing signs of strain but is none the less still prevalent and is part of the content of our fieldwork.

### **COMMENTARIES ON SWEDISH MANAGEMENT**

Once upon a time there was a poor and isolated country in northern Europe; then along came industrialization and everything started to get better; then barely a hundred years later they found themselves just about the richest country in the world.

(Lawrence and Spytbey, 1986, page 57.)

The above narrative is an account of Swedish industrialisation as perceived by the Swedes folk memory. The anecdote is picturesque and yet factual. Lawrence and Spytbey (1986), who show that Sweden industrialised late compared with other nations, detail these facts. In the XIX century, Sweden was overwhelmingly agrarian. Historians suggest that in 1870 75% of the Swedish population worked in agriculture, but this proportion had reduced to 55% by 1900 (op cit). Recent figures suggest that about 3% of the working population are now employed in agriculture (see Appendix A). The Swedish economy was transformed particularly fast; from being a poor nation Sweden became, in a matter of one hundred years, one of the richest nations in the world. In 1970, Sweden held fourth position in the ranking of nations in terms of Gross Domestic Product per capita. This position has slipped in recent years; in 1994 Sweden's position was 18th. This is still significantly high compared to the UK in 28th position (Atlasco, 1997; Financial Times, 15 April 1998).

Lawrence and Spybey (1986) argue that the transitional phase to industrialisation was sustained in Sweden by a series of inventions and these provided a basis for manufacturing. The period 1880-1910 in particular was rich in such developments. For instance, Lars Ericsson developed the first table telephone and founded the Ericsson company. Similarly, the Aga Company was founded following the pioneering useage of gas for lighthouse equipment. Refinements of the technology used in refrigerators led to the creation of Electrolux. The SKF Company was also founded following the perfecting of ball bearings. These companies are now worldwide brand names. They have in common the vision of their founders to take full opportunity of technological developments and the entrepreneurial drive to establish manufacturing plants.

These technological developments established a basis upon which many companies thrived and thus brought wealth to the people of Sweden. In the Swedish folk memory, industrialisation became associated with higher living standards, wealth, comfort and security. Technology was a synonym of national pride.

The British experience of industrialisation was quite different in many respects. First of all it started earlier, from 1760 onwards, and looking back at these decades scholars felt that the motions of change had been so deep that they called them the 'industrial revolution' (McCloskey, 1994). Historians often point out the squalor of the new towns, pollution, disease, as well as the harshness of working conditions (Lindert, 1994). It was a more difficult adventure from a manufacturing point of view and from a human point of view. For the working class, labour conditions were hard and town housing standards were low. Furthermore, in that period in Britain income distribution shifted in favour of middle and upper classes (Hudson, 1992) and these developments spurned a negative view of manufacturing (Wiener, 1981). In Sweden however, the transition to an industrial economy was faster and smoother and as a consequence, industry in Sweden is not associated with the same stigma as in Great Britain. Lawrence and Spybey (1986) argue that in the Swedish context, production is a more highly valued organisational function.

Indeed, Sweden has a successful track record in manufacturing and exports

with a positive trade balance of 118 billion Swedish Crowns (OECD Economic surveys, 1998). Sweden has now become a service-based society - 71.6% of the working population was employed in the service sector in 1994 (see Appendix A). Nonetheless, industry and production remain valued as in the same year (1994) manufacturing accounted for 80% of total merchandise and service exports (Svenska Institutet, 1996).

The growth of Swedish industry has been supported by expansion into markets outside Sweden. The importance of internationalisation for Swedish businesses cannot be underestimated. Indeed, the small Swedish population base (8.8 million inhabitants) on its own could not have sustained the growth of large companies such as Volvo, Saab-Scania, Astra, Asea Brown Boveri (ABB) or Ericsson. It follows that the country has the tradition of an open approach to international affairs.

Sölvell et al (1992) similarly insist that Sweden is a small and homogeneous country; this fosters close links between business managers, firms and industries. It was pointed out above that top managers tend to have attended the same establishments of higher education, hence a sense of a rather tightly knit business community. Sölvell et al (1992) argue that the close links between managers have fostered the growth of industry clusters and that such clusters have been paramount in supporting a competitive advantage on international markets. Such clusters include, for instance, forest products, transportation equipment and telecommunication.

Overall, Sweden is undeniably an economy open to international trade. At the political level, Sweden is also open to international co-operation. Sweden is strongly committed to the United Nations and allocates about 1% of its Gross National Income for international development aid (Johnsson, 1995). This philanthropy has also been expressed, since World War II, by a defence policy of neutrality. During the Cold War, and given its proximity with the Soviet Union, Sweden was keen to maintain a position of non-alignment. While Sweden upheld political neutrality, from an economic point of view Sweden has always had close

links to its European neighbours. In particular, Sweden has been an active member of the Nordic Council and was also one of the founding members of the European Free Trade Association (EFTA). The end of the Cold War created new conditions for the Swedish foreign and security policy, which led Sweden to join the European Union (EU) in 1995 as a fully participating member. Thus, it is to be expected that Swedish managers will have an open approach to international affairs.

Besides openness to international business, a number of commentators on the Swedish management culture have emphasised the aspect of participation and involvement (Joynt and Grenness, 1996; Parkum and Agersnap, 1994). Brewster et al (1993) similarly argue that the activity of management in Sweden is often centred on business ideas. The trend is for subordinates to be involved in the generation, discussion and support of these ideas. This aspect of participation is unwrapped by Holden (1996) based on a comparative survey of employee involvement in Britain and Sweden. He introduces a distinction between involvement at micro level, which he defines as the work place, and involvement at macro level, which he defines as the organisational level. Holden (1996) reports that the Swedish employees enjoyed a high level of involvement for micro level changes or decisions. However, despite the existence of structures of co-determination, the Swedish felt as much estrangement as the British regarding higher-level business issues. Swedish employees might, therefore, be expected to enjoy a higher degree of involvement than the British. However, participation may only go so far as particular spheres of decision-making.

Another interesting aspect of participation is that of equal opportunities between women and men. It is a significant theme in Swedish society:

The Goal of Swedish equal opportunity policy is to ensure that women and men enjoy equal rights, obligations and opportunities in all areas of society. Shared power and shared responsibility between women and men are two cornerstones in achieving this objective.

(Mona Sahlin, Deputy Prime Minister, Ministry of Health and Social Affairs, 1995.)

As pointed out earlier, following the general election of 1994, 40% of Members of Parliament and 50% of the Cabinet were women. Promotion of equality is highly visible at government level. A number of bodies act as watch-guards in that matter:

- The Equality Affairs Division ('Jämställdhetsenheten') is concerned with advising the government and preparing government decisions.
- The Council on Equality Issues ('Jämställdhetsrådet') is an advisory body with representatives of women's organisations, employer and employee organisations and political parties. The Council meets four times a year to exchange and discuss issues on the agenda.
- The Office of the Equal Opportunities Ombudsman ('JämO') is an independent agency, funded by the Government. The agency ensures compliance with government legislation, in particular with the Equal Opportunities Act (EqA)\*.
- The Equal Opportunities Commission ('Jämställdhetsnämnden') can, at the request of the Ombudsman, order an employer to take active measures so as to comply with the EqA.

The EqA mainly consists of two parts: first, it requires the employer to take active measures to promote equal opportunities and second, it prohibits an employer from discriminating against a person because of gender. These measures give a very favourable impression of Sweden; in practice the view in Sweden is that the situation of women is still less advantageous than that of men in terms of employment opportunities, division of the housework and participation in political and economic decision-making (Oláh, 1998). The principle of equal pay for equal work has, for instance, long been affirmed in Sweden by legislation and collective agreements. In practice however, women still earn on average less than men (Svenska Institutet, 1996.)

In brief, Sweden is depicted as a country that reckons with tolerance and equality. Organisations it seems welcome a degree of participation of employees in decision making. It is argued that these values are supported by the principles

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\* The first EqA came into force in 1980 and has since regularly been reviewed.

guiding the system of education in Sweden as well as the system of government. It was also pointed out that Sweden industrialised very rapidly. Industrialisation was a starting point for higher living standards, as such industry is still a valued economic sector in Sweden, even though Sweden is now a service-based economy. Concluding the presentation of the Swedish managerial context, I shall turn to the context of management in Germany.



## 6. CONTEXT OF MANAGEMENT IN GERMANY



Courtesy of Microsoft ® Encarta (1995).

This chapter reviews aspects of management in Germany and in particular what makes that country interesting from a comparative perspective. The format is as established in the previous chapters; a short presentation of the geographical, political and economical orientations of Germany. This leads to an examination of the education system and how it informs the background of German managers. The

system of industrial democracy and other aspects of the German context are also introduced. A picture of German management begins to emerge so as to provide grounding for the fieldwork.

## **GERMANY: AN INTRODUCTION**

Germany is situated at the centre of Europe in many ways. It has borders with nine other European countries and opening to two different seas. To the north, we find the North Sea, a border with Denmark, and the Baltic Sea; to the east, a long border with Poland and the Czech Republic; to the south, Austria and Switzerland; and finally to the west, France, Luxembourg, Belgium, and the Netherlands. This description raises one comment: from a business point of view, Germany has a privileged geographical access to the markets of the neighbouring countries. The proximity with as many as nine other countries gives Germany a certain export advantage. It also means that German managers are quite aware of opportunities and threats from the surrounding economies. This awareness is, of course, a consequence of the historical background.

Germany only became a unified nation in 1871, the last century being deeply marked by devastating wars. After World War II (1939-1945) the French, American and British zones of occupation were merged into the Federal Republic of Germany in 1949 (commonly known as West Germany), while the Soviet zone became the German Democratic Republic (commonly known as East Germany). Germany was thus divided by the cold war. In the West reigned a social market economy based on the capitalist system of free enterprise, tempered by the will to ensure the welfare of the population as a whole. In the East ruled a centrally planned economy and a communist regime. In-between the West and East was one of the best guarded and potentially most explosive borders in the world (Müller, 1990).

Despite great damage to both East and West Germany during World War II,

both nations had emerged as strong economies by the 1960s. The German 'Wirtschaftswunder' (economic miracle) developed from the 1950s until into 1970s and 1980s with West Germany as an economic world power, rival to the USA and Japan. On the other side of the Berlin wall, East Germany was a leader among the economies of the Warsaw Pact\*. However, during the same years an enormous gap began to grow between the standards of living and freedom enjoyed in the West as opposed to those in the East. Following the fall of the Berlin Wall in 1989, and the subsequent collapse of the communist regime, East Germany became part of the Federal Republic of Germany. The process of reunification has put an incredible strain on the economy of both nations. The West had to raise already high taxes to fund improvements in infrastructure, environment, and industry in the East. At the same time many Eastern enterprises have collapsed in the face of Western competition. As the Deutschmark (DM) was extended to East Germany (July 1990), Eastern businesses have also faced great payment difficulties with their trading partners of the former communist block, whose currency was hardly convertible. Still, Germany seems to have taken up the challenge and despite the enormous pressures of the reunification, it remains a powerhouse in the world economy (Arkin, 1992). Meanwhile Germany actively prepared to join the Euro, the new European currency launched on January 1<sup>st</sup> 1999. Hence, despite a relative economic decline, Germany has one of the leading economies in Europe.

Returning to geographical factors, in 1995 Germany had a population of 81,662,591 inhabitants living on an area of 356,854 km<sup>2</sup>. Consequently, the population density of 229 people per km<sup>2</sup> is quite high - although Great Britain actually has a higher population density. Population densities in the former East Germany are also generally lower than in the western part of the country. The nation is then urbanised, with 86% of the people living in communities of at least 2000 people (Microsoft ® Encarta, 1995). In this context, the Germans have learnt to

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\* The Warsaw Pact was an alliance between nations associated with the Communist regime of the Eastern bloc led by the USSR. Following the reunification of Germany in October 1990 and the collapse of Communism, the alliance was dissolved in July 1991 (Microsoft ® Encarta, 1995).

organise community life and to live in harmony. Indeed, the first time traveller to Germany is likely to be impressed by the neatness and tidiness of the towns, villages, houses and gardens. The argument goes that if people did not care for their environment, the high levels of population density would soon become unbearable. This is true not only of the physical environment but also of the way in which business life is organised. In businesses, organisation is a key word, as well as respect for authority and education.

As pointed out above, for much of its history Germany was not a unified nation but a geographical term for an area occupied by many states. Indeed, modern day Germany is a federation of regional states ('Länder'), the country's official name being the 'Bundesrepublik Deutschland' (Federal Republic of Germany). Germany is governed under a 'Grundgesetz' (Basic Law), which was promulgated in May 1949 for West Germany, and later amended several times. On 3<sup>rd</sup> October 1990, West Germany's 'Grundgesetz' was extended to cover the entire unified country. The former regional states in East Germany were re-established; reunified Germany consists of 16 'Länder' (regional states), with Berlin as the capital. The 'Länder' have their own parliaments and budgets and have authority over educational matters. The 'Länder' do not always agree with each other and may have conflicting interests - as a consequence the federal government has developed the art of constructive negotiations. This is necessary in order to run the country as a unified nation. Similarly, in companies managers and employees may have conflicting interests but there is an understanding that, since they work in the same business and in the same industry they have to reach an agreement. Germany is indeed sometimes referred to as a 'soziale Marktwirtschaft' (social market economy) which implies a free enterprise system combined with social policies that encourage general welfare, continuity of employment, vocational training and a system of industrial democracy. Randelsome et al. (1993) argue that these social and business orientations help achieve a stable business environment.

I shall now turn to examining the German education system and its relationship with management and business.

## **EDUCATION IN GERMANY**

The West German education system proved to be very successful over the years and at the time of reunification was extended to the new 'Bundesländer' (new federal regional states). In unified Germany, schooling becomes compulsory from the age of 6 until 18. From 16 to 18 part-time education is possible in conjunction with training in industry.

Education is controlled by the government of each 'Land' (regional state). The education system is therefore decentralised. However, federal co-ordinating groups do ensure that standards are equivalent throughout the country.

Most children start school at the age of six in a 'Grundschule' (primary school). Children spend four years at 'Grundschule' and, at ten, they have to take tests which largely determine their subsequent schooling. Contrary to the situation in Britain, there are few comprehensive schools in Germany. After 'Grundschule', there are three possible tracks of secondary education:

- 'Hauptschule' (technical school),
- 'Realshule' (vocational school),
- 'Gymnasium' (grammar school).

The 'Hauptschule' is vocationally oriented, with emphasis on practical and technical skills. The 'Hauptshule' offers a five-year program, at the end of which students mostly undertake a three and a half year apprenticeship, which combines on-the-job experience with classroom teaching at a 'Berufsschule' (vocational school). In 1989 as many as 32% of the pupils were attending a 'Hauptschule' after their primary school years (Gaugler and Wiltz, 1992).

Alternatively, the 'Realschule' offers a six-year program. At the end of primary school approximately 22% of the children will attend a 'Realschule'. After the 'Realschule' the students generally enter a two-year vocational college ('Fachoberschule').

The last and most challenging option is the 'Gymnasium'. It offers a nine-

year programme leading to the 'Abitur', which is an examination equivalent to the British A-levels or the French 'baccalauréat'. As in Great Britain or France, the 'Abitur' is a requirement for university entrance. About 39% of the 'Grundschule' (primary school) pupils enter a 'Gymnasium'.

There are no rigid distinctions between the three types of schools ('Hauptschule', 'Realschule' and 'Gymnasium') and the students are even allowed to change from one kind of school to another if it better suits them (Gaugler & Wiltz, 1992). The 'mittlere Reife' (GCSE equivalent) is usually taken by the pupils from 'Realschulen', and also by the pupils from 'Gymnasium' who do not wish to go on preparing for the 'Abitur'.

What is characteristic about the secondary education system in Germany is that early on it encourages pupils to follow a programme of study best suited to their capabilities and aspirations. The 'Gymnasium' offers the most academic programme and is consequently more prestigious than the other two schools. However, the 'Hauptschule' and 'Realschule' are not altogether seen as second rate. They are simply different: being vocationally oriented they offer real chances of job, training and career opportunities for those pupils who might have failed in a traditional 'Gymnasium'.

In Germany, vocational training is valued by businesses. Vocational training is sanctioned by formally recognised diplomas which give the worker a worthwhile status. This has implications for the style that managers will subsequently adopt in relation to their workers. Managers will quite readily delegate a lot of responsibility to the workers who have received a thorough technical and theoretical training. Having more control over their work means that the qualified workers feel valued and will take pride in a quality product. Workers therefore tend to enjoy good working relationships with their managers.

## Education system in Germany

Age

30			Doktorat
28			Diplom
26	Meisterbrief	Graduiert	
	Fortbildung	Fachhochschule	Universität
19			Abitur
18	Facharbeiterbrief	Fachhochschulreife	
17	Berufsschule	Fachoberschule	
16		mittlere Reife	
15			Gymnasium
14			
13	Hauptschule	Realschule	
12			
11			
10	Grundschule		
9			
8			
7			
6	Kindergarten		

In Germany, further vocational training is attractive even compared to the classic university track. Vocational training emphasises technical and engineering expertise; this type of expertise is particularly valued in Germany. Lawrence (1980) underlines the importance that the Germans attach to the concept of 'Technik'\*. Lawrence (1980) also points out the relatively high status of the production function in German companies. This is a contrast with the negative British attitude to aspects related to production (see Chapter 3). However in Germany, 'Technik' is valued and this notion is so central that it has an integrating effect on the different levels of hierarchy. From production workers, supervisors, up to production managers and across to commercial departments, the notion of 'Technik' helps to build a corporate identity. Warner and Campbell (1993) argue that the pride taken in producing a quality product is a key motivational factor. Indeed, the manufacturing performance of Germany is impressive (Limprecht and Hayes, 1982; Simon, 1990, 1992) and companies such as Siemens, BASF, Bayer or BMW rate amongst the best in world. Germany's manufacturing sector is more developed in comparison to the other countries in the study (see table below). Manufacturing is in many ways at the heart of German management.

Proportion of companies by country and sector (%)

Sector	Germany	France	Great Britain
Manufacturing	<b>58</b>	44	41
Services	17	17	36
Retail/Wholesale	16	35	12
Construction	5	3	5
Transport/Communication	4	1	6

Source: 3i European Enterprise Centre (July 1995) Investment Criteria in Europe.

Vocational training, being directly related to 'Technik', is particularly valued.

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\* There is no word in English equivalent to the word 'Technik'; it implies engineering but also the smooth running of machinery and more generally, the conception, construction and practice of technical work.



Apprenticeships ('Lehren') are at the heart of the German vocational training system. A 'Lehre' usually lasts three and a half years. It combines in-company training with specialised and general education at vocational schools ('Berufsschulen'). This kind of training takes place both in a company and at school and is called the dual system. Within this system, the 'Länder' (regional states) are responsible for the 'Berufsschulen' (vocational schools), while the 'Industrie- und Handelskammern' (Chambers of Commerce and Industry) or the 'Handwerkkammern' (Craft Chambers) are responsible for monitoring the in-company training. This illustrates again the German ability to bring different partners together to organise something successfully. The Chambers are responsible for setting the exams. There are several different types of apprenticeships: 'Industriellehre' (industrial apprenticeship), 'Handwerkslehre' (craft apprenticeship) or 'Kaufmännische Lehre' (commercial apprenticeship). On successfully passing the examination, the apprentice is awarded the 'Facharbeiterbrief' (skilled worker's certificate). Since education is compulsory until the age of 18, a vast number of young people attain this vocational qualification. As a direct consequence of the system, the average member of the German workforce receives a higher level of initial vocational training than his British counterpart (Prais & Wagner, 1988).

Continuing education for adults ('Fortbildung') is also popular in Germany. A variety of part-time or evening courses are available and they are invariably sanctioned by diplomas and/or degrees which are recognised throughout the country (Randelsome et al, 1992). The skilled workers, with at least two year's experience in their trade, can take a higher qualification called the 'Meisterbrief' (master's certificate). Qualified workers in the field of business and commerce may also take further education so as to become 'Fachkaufleute' (commercial experts). It is not uncommon to attend a course at a 'technische Fachhochschule' (college of higher education specialised in technical/engineering subjects) after an apprenticeship. 'Technische Fachhochschulen' (colleges) have been very successful and companies have widely recruited and promoted their students into management. This means that the vocational track offers real possibilities for students to attain management

positions. This contrasts with the preferred French route into management - the 'grandes écoles'. However, it must be said that with a rising rate of unemployment in Germany\*, competition between students has increased the drive for higher levels of qualification.

Parallel to the 'technische Fachhochschulen' (colleges), 'technische Universitäten' (engineering/technical universities) also teach engineering. The 'technische Universitäten' have an enhanced status and their entrance requirement is the 'Abitur'. The pressure for higher qualifications is therefore making it more difficult for students with a strict vocational background to reach management positions.

Another trait of management in Germany is that it is based on professional expertise (Lawrence, 1980 ; Warner & Campbell, 1993). People who are appointed managers tend to be experts in their own field: typically engineering, chemistry, business economics, or law. Management education, per se, is not developed in Germany. In essence, if the British manager is a generalist, the German manager is a specialist. German pupils and students are encouraged to specialise at an early stage and to choose subjects directly related to their career aspirations. The subjects students choose to pursue for their 'Abitur' (A-levels) are important, because they condition the subject the students are likely to pursue successfully at university, and subsequently in a career. The tendency is for early specialisation as German companies demand career related competence at the recruitment stage. What counts is the 'Fachkompetenz' (competence in one's subject) and 'Leistung' (performance).

However, the importance of experience in practical and technical work is losing ground. Quack (1994) warns that the growing number of young people who choose university education instead of an apprenticeship may potentially damage the social consensus. This is because the weakening of the vocational system implies

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Year	1991	1992	1993	1994	1995	1996*
Unemployment rate	6.7	7.7	8.9	9.6	9.3	10.3

Source: L'Expansion Documentation (March 1996) 50 ans de statistiques économiques, page 23, (1996\* February figure), from Le Nouvel Economiste, No. 1041, 29/03/96, page 65.

reduced promotion prospects for the qualified workers. The opportunities for promotion are the central issue: without career prospects, the integration of the workers and different hierarchical levels within the firm may be endangered and with it the smooth running of the companies. The following quote highlights the advantages of the endangered system:

The chance of progression in the system of vocational education and training, from skilled worker via technician and foreman right up to professional engineer, has [...] important effects: it provides common understandings and orientations and reduces divisions between hierarchical levels. This, in turn, contributes to the creation of a craft community and obviates the 'minimum involvement' relationship between management and labour, traditional in Britain.

(Lane, 1994, page 175.)

Quack (1994) urges that the vocational dual system be promoted to prevent any damage to the German business culture, which has been very successful and is currently under strain. To address these problems, Tessaring (1993) suggests that there should be more permeability between the vocational training and general higher education tracks with, for instance, equivalence between vocational diplomas and the 'Abitur'. This might re-establish the balance between the career prospects of university graduates and the prospects of those students from the vocational system.

Times are changing and the character of management education in Germany is also changing rapidly. 'Betriebswirtschaft' (Business Administration) is becoming very fashionable and the number of 'Wirtschaftshochschulen' (business schools) is on the increase. So while Great Britain might be influenced by some aspects of the German system (i.e. specialisation and orientation towards vocational education), Germany too is being influenced by Anglo-American style business education. In fact, Wehowsky (1996) reports that business studies have become the favourite choice of German students - the next favourite subjects being medicine, engineering, law and German. It is hard to predict how these new trends will affect German management, although there is no doubt there will be changes. The fieldwork will

investigate this.

## **INDUSTRIAL RELATIONS IN GERMANY**

Germany has a system of industrial democracy which ensures that the rights and obligations of workers and shareholders are put on a relatively equal footing. This system has helped to contain industrial conflict and strikes.

Jacobi, Keller and Müller-Jentsch (1992) point out that the representation of workers concerning the bargaining system for wages and working hours takes place at industry level. This means that a strike can only be decided at industry level and not at the workplace level. It largely explains why strikes in Germany are far less common than in Great Britain or France. Bargaining over wages and conditions is not a matter for every single company to decide independently. Bargaining takes place at industry level. This collective bargaining is the responsibility of unions and employers' associations and takes place at regular fixed intervals. The distinction between an industry level representation and a company level representation is the most important principle, though it is under pressure in the late 1990s.

Workers are represented at company level through a works council or 'Betriebsrat'. The 'Betriebsrat' deals with all personnel matters other than salaries and working hours. The 'Betriebsräte' are, by law, formally independent of the unions. Each company of more than 5 employees must have a 'Betriebsrat' and their aim is to facilitate the worker's involvement in management decisions regarding a host of matters including recruitment, redundancies, transfers, promotions and safety. This system is called co-determination ('Mitbestimmung'). In public limited companies, the Board of Directors ('Vorstand') is appointed by, and is answerable to, a Supervisory Board ('Aufsichtsrat'). The 'Aufsichtsrat' is composed of representatives of shareholders and employees. These arrangements help safeguard the system of industrial democracy.

Lawrence (1980, 1991) points out that the German model of industrial

democracy is based on an extensive legislation - indeed law strictly codifies the relations of the different actors. Similarly, Jacobi, Keller and Müller-Jentsch (1992) identify a legalistic bias in the German character. Schregle (1987) also insists that the reluctance to accept ongoing conflicts of interest between management, workers and shareholders results in:

“a tendency to spell out in detailed legislation the functions, rights and obligations of each of the parties concerned”.

(Schregle 1987, page 318.)

Furthermore, Jacobi, Keller and Müller-Jentsch (1992) point out the extent to which the institutions of collective representation ('Betriebsräte', as well as unions' and employers' associations) can rely on the goodwill of all actors. 'Betriebsräte', for instance, can often take decisions for the entire workforce and be confident that these will be accepted. The obligation is not formal but informal. Employers' associations can also be confident that they represent most employers in their industry. This is not by law but by the strength of the system. In collective bargaining, trade unions must represent the interests of all workers, not just of the union members - this is supported by law.

Finally, Jacobi, Keller and Müller-Jentsch (1992) identify the relative centralisation of the workers' trade unions involved in the process of bargaining. The 'DGB' - 'Deutscher Gewerkschaftsbund' (Confederation of German Trade Unions) is an umbrella federation for 17 industrial unions. With 11.8 million members at the end of 1991, it is the largest trade union federation in Europe\*. Employers too are organised in a central confederation ('BDA' - 'Bundesvereinigung der Deutschen Arbeitgeberverbände'). This centralised bargaining is ironic considering the extent to which Germany is decentralised and

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\* Additionally, there are smaller federations in Germany including the 'DAG' - 'Deutsche Angestellten-Gewerkschaft' (employees' union), the 'DBB' - 'Deutsche Beamtenbund' (union of German civil servants) and the 'CGB' - 'Christliche Gewerkschaftsbund' (Christian union) but their influence is limited as opposed to that of the central confederation the 'DGB' - Deutscher Gewerkschaftsbund'. (Labour Research, 1993).

federal; however, the collaboration of the various trade unions in Germany has generally proven positive. The existence of industrial unions and the centralisation of trade unions as a means of representing all employees and their interests makes the likelihood of demarcation dispute remote. A number of authors, (Gaugler and Wiltz, 1992; Lawrence, 1982; Schnabel, 1991), argue that while the influence of trade unions on productivity has not been proven to be significant, it is nevertheless accepted that the good relationships between trade unions and employers' associations have contributed to Germany's economic success.

The unions have traditionally enjoyed a comfortable level of bargaining power. However, with the rise of unemployment the bargaining power against employers has been weakened (Jacobi & Müller-Jentsch, 1990; Knudsen, 1995). When the reunification of Germany was accomplished on 3<sup>rd</sup> October 1990, the entire West-German constitutional system was extended to cover East Germany and the former East German system of industrial relations was dissolved. As a consequence, West-German trade unions and employers' associations extended their organisation to the new 'Bundesländer'. Free bargaining power was introduced. For fear of the negative impact of low East German salaries on jobs in the West, the trade unions managed to secure significant salary increases for the workers in East Germany. Trade unions and employers' associations feared that too great a differential between salaries in the West and salaries in the East would result in an increased emigration to the West (Edwards & Lawrence, 1994). The salary increases have not, however, been matched by productivity gains. According to Buchtemann and Schupp (1992) German managers face a crucial choice of either:

"Finding a way of balancing organisational goals with macro-economic imperatives or becoming the syndicalist representatives of a shrinking population of employed 'insiders' at the price of continuing mass employment of 'outsiders' and delayed economic reconstruction in the East".

(Buchtemann and Schupp, 1992, page 105.)

It remains to be seen whether the traditional system of industrial democracy prevails

in the case study company or whether it is being sacrificed for economic imperatives.

## **COMMENTARIES ON GERMAN MANAGEMENT**

It is worth underlining that the German education system, as well as the system of industrial democracy, is very structured. Indeed, the environment in which German businesses operate is orderly. For instance law and the respect of law is important. One reason why companies employ lawyers is to avoid breaking any law, rather than to defend themselves after having broken the law. The general idea is that the national context in which German businesses operate is relatively structured. This claim is supported by evidence published by Ebster-Grosz and Pugh (1996), who describe the national environment of Germany as being structured in comparison to that of Great Britain, which is seen as liberal. This would imply that British and German managers are traditionally used to adopting different attitudes to work, which are encouraged by their own national context. It is potentially an area of investigation for the case study.

Moving to a different theme, a few words have to be said concerning the position of women in organisations and the recent historical context. Although the two German states shared centuries of cultural history, the former German Democratic Republic was deeply influenced by 50 years of Soviet rule. This created a cultural gap between the 'Ossis' (East Germans) and 'Wessis' (West Germans). For example, the different values regarding provision of nursery education have had a visible impact on the presence of women in the workforce. The former East Germany was organised on the basis of the wide provision of nursery education and this allowed the State to maintain close (dictatorial) control over the education of children but, on a positive note, it also allowed the promotion of women in employment. In West Germany nursery education has never been developed or encouraged. On the contrary, the pressures from society on mothers to stay at home

and look after their young children are very strong. This may be one factor preventing women from having wider access to managerial positions (Wächter and Stengelhofen, 1992). However, women in the former East Germany had been rather more free to climb the 'business' ladder while the State made nurseries widely available. This facility no longer exists, or has become very expensive. The implications of the change ('die Wende') triggered by the reunification process are not just economical but also social (Blum, 1994).

Another area worth pointing out regarding the context of German management is the relationship between the German financial system and the larger firms. The 'AG'\* type of firms (Public Limited) traditionally have close ties with banks. These companies have a managerial Supervisory Board ('Aufsichtsrat') as well as an Executive Board ('Vorstand'). As a consequence, senior executives of the company's bank may sit on the 'Aufsichtsrat'. These close ties between bank and companies result in a particular trust, which facilitates long-term lending. Additionally, the German stock market is quite underdeveloped by British standards and this means that hostile take-overs remain rare. The relative stability of ownership and the good relationship with banks creates an environment that encourages businesses to take a long-term orientation (Lane and Bachman, 1995). This long-term view is in contrast with the short-term attitudes prevalent in Great Britain (see Chapter 3). Although the case study company in Germany is a 'GmbH\*\*' (private limited), the general long-term orientation in the German context is a potential area of interest for the fieldwork.

Taking a different theme, Hartmann (1970) identified a number of German managerial values which emerged in the early 1950s. These are:

- a certain pride in work;
- a sense of paternalism;
- a sense of responsibility to the society in general for the common man.

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\* 'AG: Aktiengesellschaft'.

\*\* 'GmbH: Gesellschaft mit beschränkter Haftung'.



The above values are arguably still visible in Germany. For instance, the pride in work can be related today to the emphasis on professionalism and quality (Molz, 1993). As argued earlier the education system, and within it the central role of vocational education, contribute towards shaping the professional bias of German management. The second value identified by Hartmann is a sense of paternalism; this is exemplified by a sense of generosity on the part of many German companies towards their employees. Indeed, Lawrence (1982) notes the comfortable remuneration package including pension provision and holiday entitlement, which were provided by companies he researched in West Berlin in the early 1980s. Paternalism is linked to the third value, that of the responsibility of society towards the common man. This social responsibility is, as pointed out previously, shared by the federal and regional states and also by the industry. Indeed, the industry tends to contribute to the education and general well-being of workers. This is not perceived as an imposition, as it could be in the British context, but as a normal responsibility for the good of all.

Bommensath (1992) also suggests a characterisation of German management - according to him German businesses operate on the basis of four interacting models of organisation:

- a family;
- an institution;
- an entity with a social and collective role;
- a place where the trade is more important than the optimisation of financial gain.

These models sum up issues developed in this chapter. Indeed, German businesses can be considered as families because of the role they play in the vocational education system. They are institutions in the sense that they tend to be structured and codified. They are also an entity with a social and collective role since they offer a background for partnership between trade unions and employers' associations. Finally, the profit objective does not tend to be an explicit aim as much as the importance of delivering quality goods or services, as well as the development of the

workforce and the general well being of society. This is supported in the German context by the limited role of the stock exchange and the close ties between businesses and banking institutions.

Summing up, a review of the literature suggests that German management is relatively future oriented in the sense that it is not focused on immediate financial returns on investment but on long term investment in people and quality products and services. Above all, German management is more product led than marketing led; and, in that respect, is also more specialist than generalist. Besides, it seems to be more concerned with social issues, education and welfare than is Anglo-American management. This account of the context of German management marks the end of the literature review section of the thesis. The next chapter is an examination of methodological issues regarding the fieldwork.

## **7. METHODOLOGY**

### **ELABORATION OF METHODOLOGY**

#### **A qualitative, case-study approach**

Culture, as argued in the literature review, is not dependent upon a single factor but rather upon a variety of factors. Bearing this in mind, the research methodology was chosen so as to provide qualitative material on which to draw a detailed picture of organisational dynamics in the various national contexts. Indeed, Lawrence (1988) suggests that to understand the managerial culture in a particular country one has to take into account the context in which management operates through the gathering of background information. This should be followed by interviews with practitioners and periods of observation.

Furthermore, a number of researchers propound the careful examination of one or a few case studies rather than trying to generalise over hundreds of cases (Kilduff and Mehra, 1997; Hamel, 1998), considering quality and depth to be more important than mere sample size. Following such a case study approach, the research findings are not grounded in a representativeness in terms of the laws of probability but rather on how well a case study is constructed. Ethnographers and certain proponents of culturalist studies favour such an approach, writers including Crozier (1963) and D'Iribarne (1989) have successfully applied it to the study of management. A similar methodology was adopted in order to investigate aspects of management in Great-Britain, France, Sweden and Germany; namely an in-depth case study approach and a triangulation of research methods including interviews, observation and examination of company documentation.

#### **Pilot study**

The methodology was first tested in a pilot study of a British Paper Merchant called

Robert Horne, whose head office is in Northampton. This pilot study was an opportunity to test questionnaire items and interviewing techniques. General impressions were also recorded, these impressions being gathered from various sources. Firstly, from the formal interviews. Secondly, from informal encounters with other employees, during a tour of the company premises. Finally, from notes taken during a company meeting in which I was given an opportunity to participate as an observer. In addition to the formal interviews and general impressions gathered through observation, I also gathered company documentation.

Above all else, the pilot study was a learning experience. A first surprise was the speed at which enormous amounts of data can be gathered and also the time it takes to sort through the data once they are gathered. A second surprise was the extent to which comments gathered from one interviewee to the other overlapped. The interviewees were managers chosen across a variety of functions in the company - a Personnel Director, an IT Manager and a Marketing Services Manager. The overlap between points made by interviewees produced a consistency and allowed me to check on certain areas so as to obtain a more detailed picture of a situation. When the same issues arose, I could collect various viewpoints. In a case study methodology, such coherence is paramount. Consequently, the exercise of the pilot study was a worthwhile experience, as well as a learning process on which to build the main study.

I was very surprised by the extent to which the managers interviewed welcomed the opportunity to reflect upon their role and the problems or challenges the company faced. This point is worth discussing. I would start each interview by introducing myself and saying a few words about why I was interested in meeting the person in front of me. It generally took a few minutes for interviewees to assess my position - not being a line manager in front of whom one had to perform, a subordinate one had to manage appropriately, or even a client one had to win or impress. During that initial period some interviewees would give me some form of official line about company policies or might adopt a relatively careful or defensive mode of communication. At the beginning of each interview there was a period during which my position was slowly being assessed as relatively neutral. As the

interviewee answered a few factual questions or was encouraged to talk about familiar subjects, themselves for instance, their trust would slowly increase. During that period, the interviewees were opening up gradually until the level of communication shifted to a deeper level. I could then ask about the reality of their role, and be confident that the answers were honest. It struck me that managers rarely have such an opportunity to talk - talk in the real sense of the word, namely in an opportunity to reflect safely about practices with a non-judgmental, yet informed person. Looking above them, managers have to impress their own managers or shareholders and below them, they have a duty to show leadership and professionalism. With customers or suppliers they are constantly selling the organisation in the best possible light. In their private lives, they might not necessarily have the partners or friends to listen to them, and should that not be the case, these will still be too close to them to be able to provide an impartial listening. Additionally, friends or family do not necessarily have an appropriate understanding of organisational dynamics. I was surprised (once the right level of communication had been established) at how keen the managers interviewed were to reflect on their role, the role of their department within the company and the immediate issues they faced, as well as the wider strategic implications for the company.

Whatever the personality of the interviewees, I found that the interviews facilitated in-depth reflections. As a consequence, the interviews were often prolonged on their request and their warm thanks expressed at the conclusion. It struck me that interviews were not dry but were about meeting an individual exactly where they were. I found the experience fulfilling from a human point of view and fascinating from the point of view of research into managerial practices. Prior to the pilot study, I had not fully anticipated that such real deep levels of communication would be achievable in interview situations. I am quite certain that the interviewees never anticipated such reflections either – a pleasant surprise on both sides.

Another aspect of which I became acutely aware was how I had to tune into the interviewee's personality to establish some real contact. Indeed, I shifted the way in which I might formulate the same question according to the individual in front of me. For instance, certain interviewees were quite familiar with business studies

vernacular and concepts such as 'key success factors' or 'business-process re-engineering'. Others might not have used these exact words but described similar phenomena. It was important for me to match their style so that they would feel comfortable. At the same time, I tried to keep a low profile and only interrupt so as to encourage them to talk, or to redirect the conversation.

Certain managers were particularly eloquent and articulate, whilst others were more direct and plain. Others still remained hesitant. Meeting them where they were meant being sensitive and aware of their style and mirroring it to a certain extent. This process is described in detail in the literature on interpersonal communication (Burton and Dimbleby, 1992); it is also referred to as Neuro-Linguistic Programming (NLP) (O'Connor and Seymour, 1993). I only discovered this body of literature during the course of the fieldwork, but I felt it matched my particular approach to meeting interviewees. The essential point was to really meet people so as to gather authentic experiences as opposed to gathering an 'official' line or a 'defensive' discourse.

A last point regarding the pilot interviews was that they allowed the questionnaire to be fine-tuned and for me to practice using it. This was important in terms of learning how to direct a conversation and to establish what were the most important items in order to lead an interviewee to answer them. It became clear that my role had to be that of a low profile discussion facilitator as opposed to that of a strict interviewer. To that effect, the questionnaire was relatively open and more of a discussion guide than a questionnaire.

In conclusion, the pilot study proved to be a particularly effective experience in terms of trying out research methods and gaining confidence with them. Given financial restraints, it did not tackle the comparative aspect of the methodology since a matching organisation abroad was not investigated. Nonetheless, the pilot study provided a unique opportunity to safely test the waters, particularly regarding interviewing techniques. Given the qualitative approach of the research, the importance of developing appropriate interviewing skills cannot be underestimated. In that respect, the pilot study strongly contributed to establishing a sound qualitative methodology.

## **AN INVITATION BY SEMA GROUP**

Sema Group is a European company providing Information Technology Services. The first contact with Sema Group, which was to become the case study company\*, was made through an appointment with Mr. Frank Jones, Executive Vice President. I met Mr. Jones on 12th August 1996 at the head office in London. In the company, Mr. Jones is responsible for the co-ordination of IT Outsourcing activities across Europe and Asia; international management is therefore one of his priority tasks. To illustrate the issues he was facing, Mr. Jones narrated the following story:

Recently I had a meeting with several managers who report to me. A British guy, a French man, a Swede and a German. We talked about rolling out a project [X] in each of their respective subsidiaries. They agreed and they were to report to me at the next meeting.

A month later, we met again:

- The British manager reported about the implementation of that project [X] in the UK organisation;
- The Swedish manager informed me that it was taking time to build consensus with colleagues as to what was the best way in which to carry out the project.
- The French manger presented outlines of a planning phase.
- The German manager had not received written confirmation about the project launch and consequently had not proceeded with it.

Mr. Jones was not asking whether managers were affected by national culture. He clearly felt they were and accordingly, was seeking a few explanations.

"If something works in one culture, there is little chance that it will work in another."

(Trompenaars, 1993, page 1).

It was agreed that management behaviour was the central area of interest. This would be the focus of the enquiry and I would spend some time talking, interviewing and observing the work of the British, French, Swedish and German managers in their local operations. The aim of the enquiry was to document and

explain the inexplicable logic of foreign managers, i.e. to investigate formally and write about what was different and interesting about management in the four countries.

I was also interested in finding out about the impact of culture on the structure of the company and on business processes. Mr. Jones warned that the structure was largely dependent on the size of operations; also, because of the nature of outsourcing, the organisation was constantly changing and growing and structure was a very difficult area to investigate. A decision was taken to leave aside the search for quantitative information, which was difficult to obtain because of the changing nature of the organisation, and to adopt a qualitative research approach.

## **RESEARCH METHODS DETAILED**

The aim of the exercise being to investigate what management is like from the British, French, Swedish and German cultural perspective, ethnography appeared to be a suitable basis upon which to start:

Ethnography is the work of describing a culture. The essential core of this activity aims to understand another way of life from the native point of view. [...] Field work, then, involves the disciplined study of what the world is like to people who have learned to see, hear, speak, think, and act in ways that are different. Rather than *studying people*, ethnography means *learning from people*.

(Spradley, 1979, page 3.)

Spradley (1979) insists that in order to understand a culture, the researcher must become a student. That implies acknowledging the researcher as an outsider who does not know the rules of the game but, as someone interested in the game, wants to learn about them. The researcher may not impose his/her own culturally bound ideas, but rather be like a child, observing and learning. This implies listening and looking for clues.

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\* For details of the company and its activities see Chapter 8.



In each of the countries studied, I therefore put myself in the position of an outsider. I consciously started each interview by establishing a basis upon which the interviewee would feel comfortable and in control. For instance, I might say to British interviewees: 'I am not British and I don't know the industry as well as you do. Tell me the basics. What is important?' I was asking each individual to teach me the rules. In France: 'I am French but I have been living abroad for several years'. In Sweden: 'I have never lived in Sweden, tell me about what is really important in your country'. In Germany: 'I am a French person living in England, tell me about the way in which things work in Germany? '. It was paramount for me to put myself in that modest position. To the interviewee, therefore, I was non-judgmental. At the same time, I had sufficient background information, I was open and interested. I showed my interest by endeavouring to speak the interviewees' language and taking a genuine interest in their story. This methodological position impacts on the way in which the field work in general, and the interviews in particular, were directed - namely, the researcher is learning as opposed to studying. Indeed, Geertz (1995) urges researchers not just to leave aside their cultural assumptions but also to learn to appreciate the other person:

"If we are going to cling - as, in my opinion, we must - to the injunction to see things from the native's point of view, where are we when we can no longer claim some unique form of psychological closeness, a sort of transcultural identification, with our subjects? What happens to *verstehen* when *empfinden* disappears?"

(Geertz, 1995, page 26.)

Researchers in the field of ethnography attempt to understand the patterns of culture as well as its dynamics and changes by observing and sharing with their informants as well as their environment. This approach is well tested and is advocated by anthropologists and cross-cultural psychologists (Berry et al, 1992); it has also inspired research into management practices (Crozier, 1963; Lawrence, 1988; D'Iribarne, 1989). The methodology adopted in this work is inspired from the ethnographic perspective and is rooted in the tradition of qualitative research. In particular, it is concerned with the in-depth examination of a case-study organisation

and its operations in four countries. The approach is not only focused on investigating differences in terms of management practices, but is also open to similarities and potential areas of convergence. Within that framework this comparative investigation focused on the following aspects:

- the social construction of workers and managers and how these are made;
- the informal processes of team and group working;
- the relationship between formal and informal structure, strategy and operations;
- the organisational culture and the use of signs and symbols which convey that culture;
- how the latter organisational culture overlaps with the national context of management.

The methodology can be broken down into four categories:

- interviews with workers and managers (using a discussion guide);
- examination of company records (printed material, internal documents);
- unstructured accounts of workers and managers;
- non-participant observation of group process.

The interviews were sampled from amongst the managerial ranks and across a variety of managerial functions. A small number of workers were also added to the sample. Indeed, the focus of the investigation is on the managerial role in general, as opposed to managerial positions within a particular organisational function such as marketing or operations. The sampling of interviewees sought to include at least the managing directors, personnel managers, marketing managers, operations managers and sales managers. The sample also included a proportion of female managers wherever possible and some workers were interviewed to inform me in the perception of management. A total of 69 interviews were carried out; for a detailed list of interviewees, identified by position, see Appendix C.

The discussion guide tested in the pilot study and used as a basis upon which to structure the formal interviews is presented in Appendix B - together with the French and German versions. Indeed, the fieldwork enquiry was carried out in the

respective languages of each country - namely English, French and German. Sweden was an exception as I was not able to speak Swedish at the level required. However, I found that all Swedish managers spoke fluent English and much of their work was carried out in English anyway. It was effortless to them and could be taken for granted. None the less, I endeavoured to learn some basics in Swedish and use them whenever possible. During the fieldwork, I also took the opportunity to have various Swedish expressions or words explained to me. This process of using language with which interviewees are comfortable conversing in, is extremely important from a cultural viewpoint. Many linguists have argued that language conditions thinking (e.g. Saussure, 1857-1913). As such, language is a cultural element. For practical reasons as well as methodological reasons, the fieldwork was carried out using English, French or German, according to the respective location. The interviews were arranged at the interviewees' work place, namely in various locations in Great Britain, France, Sweden and Germany. This was also important since, according to the ethnographic perspective, the researcher is in the position of a learner rather than that of an interrogator or judge. The researcher learns best if interviewees are in their usual environment and are allowed to use their mother tongue or a language they feel comfortable with.

The interviews were tape-recorded, except when the interviewee did not so wish this to be so. Notes were also made during the interviews and the tape-recordings were used as a check-point for the notes.

As regards the other aspects of the investigation, I was given the opportunity to spend some time in each national subsidiary. This allowed me to attend various meetings, follow certain managers in their working day and generally talk to people other than during formal interviews. Notes and various other documents were gathered throughout this enquiry.

The notes, impressions and other written documents gathered throughout the field work were structured using a process of content analysis and clustering of data into categories which arose from the field research itself. This approach of yielding categories from empirical data is known as grounded theory (Glaser and Strauss, 1967). In that respect, the process of data analysis is also one of theory building

(Miles and Huberman, 1994). This approach, being consistent with an open approach, was expected to yield findings in the areas of divergence as well as in the area of convergence. The research findings were classified accordingly and are presented in Chapters 9 to 14.

Any quotes used to illustrate research findings have been translated by me unless otherwise stated; to avoid any ambiguity, the translation is always provided alongside the original language version.

## **Conclusion**

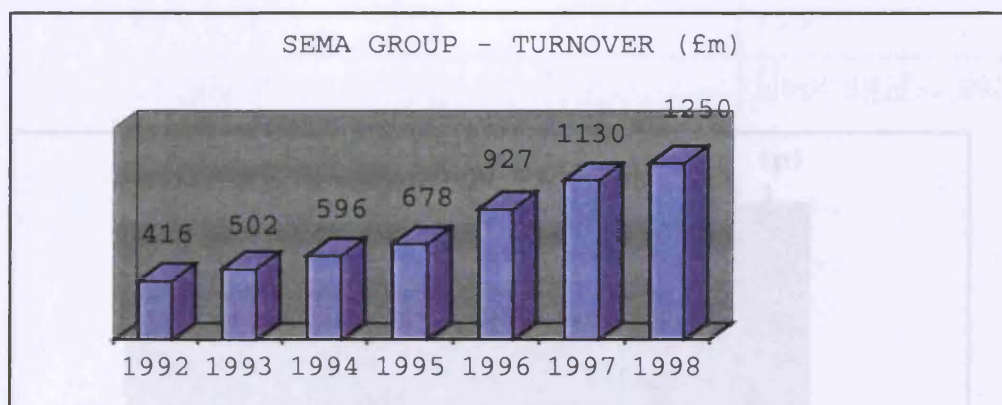
The methodology is inspired from an ethnographic perspective and is built around the careful development of detailed comparative case studies. The research enquiry is qualitative, using both structured and grounded methods of gathering data. This approach aims at constructing a detailed picture of managerial and organisational dynamics within each national subsidiary, as well as at gathering potential elements of convergence.

## 8. CASE STUDY: SEMA GROUP

### KEY FACTS AND FIGURES

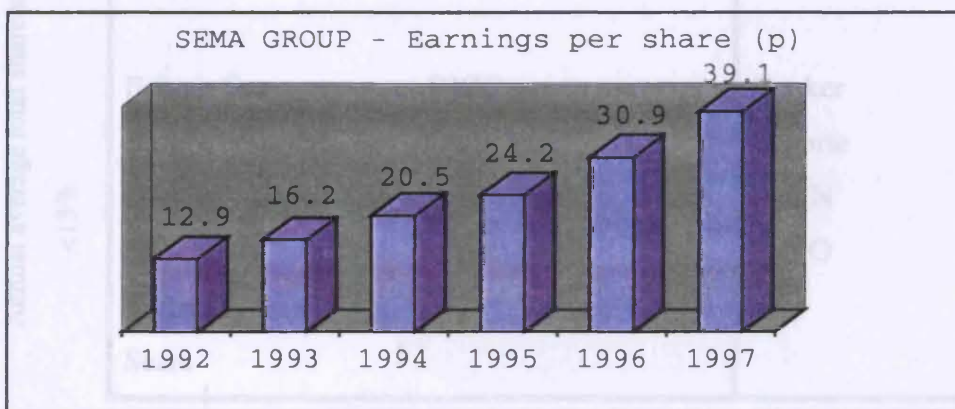
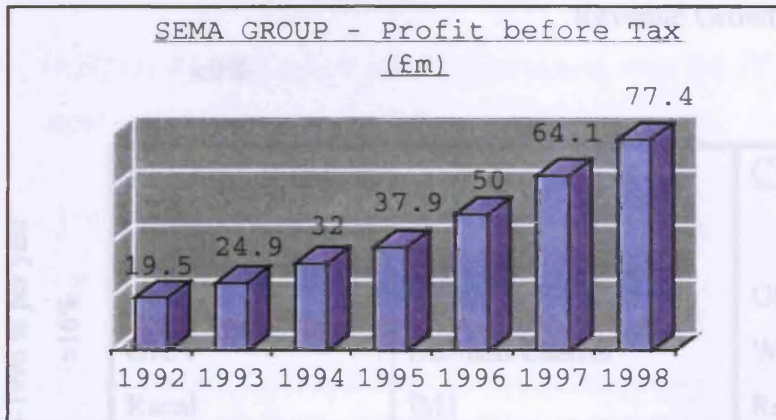
Sema Group is a young and growing Computer Services company. It was created in 1988 from a merger between a French company (Sema Metra) and a British company (Cap Group). Its leading activities are outsourcing, systems integration and consultancy. The Sema Group workforce consists of 16,300 people in over 120 locations\*.

The corporate organisation is a Public Limited Company quoted on the London and Paris stock exchanges. Sema Group turnover in 1998 was £1,250 million, an increase of 21% on the previous year. It is a rapidly growing company.



Sema Group has a relatively low profile and yet is competing with well-known companies such as IBM, Cap Gemini, Andersen Consulting, EDS or Reuters. Despite its relatively less known marketing image, Sema Group is a top performing and fast growing company in the industry. Its turnover, profit and earnings per share over the period 1992-1998 reflect this strong growth.

Growing profits and high shareholder return on investment have attracted the attention and appreciation of City analysts. Indeed, Sema Group announced in September 1998 that it had been included in the FTSE 100 index of leading shares by market capitalisation (see tables below).



Source: Sunday Times (20.12.96)  
Deaton Associates.

Indeed, based on revenue growth and shareholder return, Sema Group was rated as a “champion” by the Sunday Times (1996).

\* Accurate as of March 1998.

## SEMA GROUP – A Champion!

Based on 1986-1996 figures

Revenue Growth	
<9%	>13%
<p><u>Earning enhancers</u></p> <p>EMI GKN Racal BAT BP</p> <p>Whitbread Burmah Castrol IMI Greenalls</p>	<p><u>Champions</u></p> <p>Glaxo Wellcome Reuters Securior Rank</p> <p>Airtours Emap Rentokil <b>Sema Group</b></p>
<p><u>Companies in decline</u></p> <p>British Gas BT Dalgety Storehouse Tarmac Sears</p> <p>BICC De la Rue WH Smith Unilever</p>	<p><u>Unprofitable growers</u></p> <p>Booker Laporte T &amp; N P &amp; O</p> <p>WPP</p>

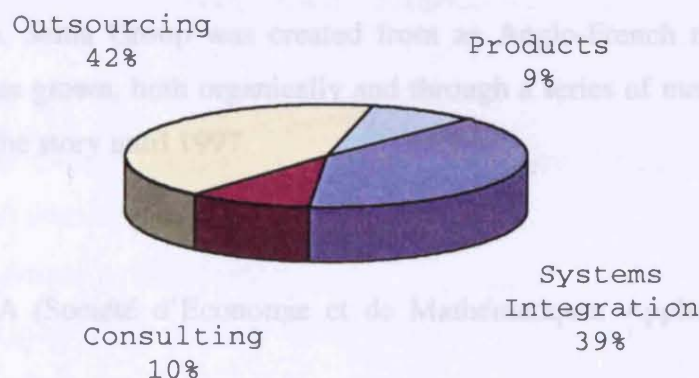
Source: Sunday Times (29.12.96)  
Braxton Associates.



The basic business areas of Sema Group include:

- **SYSTEM INTEGRATION** which is the process of integrating software, hardware, telecommunications and human systems. For instance, Sema Group provided the operational, information and results systems management for EURO '96, the European football championship;
- **OUTSOURCING** which involves presiding over the IT function of a customer-organisation;
- **CONSULTANCY** which is primarily aimed at supporting system integration and outsourcing;
- **SOFTWARE PRODUCTS** which is the development of software tailored to the needs of customers.

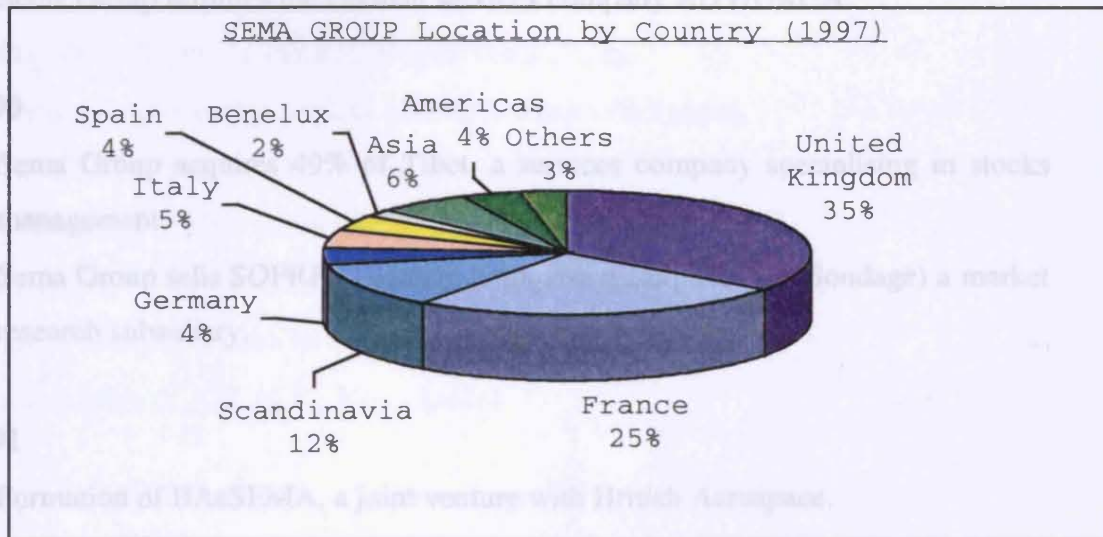
BUSINESS AREAS (in % of turnover)



Year: 1997



Even though, Sema Group is expanding very fast in other regions of the world, the company is truly European. Firstly, it was created from a merger between a French and a British company. Secondly, the activities of the Group by country reflect a strong presence on the European market.



## COMPANY HISTORY

As mentioned above, Sema Group was created from an Anglo-French merger in 1988. Ever since it has grown, both organically and through a series of mergers and acquisitions. This is the story until 1997.

### **1958**

- Creation of SEMA (Société d'Economie et de Mathématiques Appliquées) in France.

### **1962**

- Creation of CAP GROUP (Computer Analysts and Programmers) in the UK.

## **1988**

- **Birth of Sema Group**, from a merger between Sema Metra (France) and Cap Group (UK).

## **1989**

- Sema Group acquires the German services company ADV/ORGA.

## **1990**

- Sema Group acquires 49% of Tibet, a services company specialising in stocks management.
- Sema Group sells SOFRES (Société Française d'Enquêtes par Sondage) a market research subsidiary.

## **1991**

- Formation of BAeSEMA, a joint venture with British Aerospace.

## **1992**

- France Telecom becomes shareholder of Sema Group, through a holding controlled by Paribas.
- Creation of Sema Group Outsourcing GmbH (Germany).

## **1993**

- Creation of Sema Group Telecom, a joint company with France Telecom, specialising in civil telecoms.
- Sema Group sells Axone to IBM France
- France Telecom acquires 24% of Sema Group facilities management in the UK.
- Sema Group acquires the outsourcing, consulting and systems integration activities of SKD Foretagen AB, a Swedish state-owned company (1,200 employees).

## **1994**

- Sema Group acquires Contact Group in Spain (facilities management of payment and fidelity cards).
- Sema Group acquires Aero (France).

## **1995**

- Cap Gemini sells its shareholding in Sema Group.
- Sema Group disposes of Easy packages (France/Belgium).
- Sema Group acquires 51% of Progenia (France).
- Acquisition of 45% of Paradigm (South Africa).
- Sema Group increases its holding in Tibet (France) to 100%.
- Sema Group increases its holding in CAP-RS (UK) to 100%.
- Acquisition of 40% of TS-FM (France).

## **1996**

- Acquisition of Datashield (UK).
- Acquisition of Mouncey & Partners (UK).
- Acquisition of 75% of Infoservicios (Spain).
- Sema Group sells Pleiades packages (France/Belgium).
- Acquisition of Syntax Processing, with branches in Italy, UK, Belgium and France.
- Acquisition of Telis (France).

## **1997**

- Acquisition of BR Business Systems in the UK.
- Acquisition of Devotech (France)
- Sema Group is freed from restrictions which prevented its expansion in the USA, following the reorganisation of Financière Sema shareholding
- Acquisition of remaining France Telecom interests in outsourcing joint venture.

The history of Sema Group is a history of acquisition, organic growth and change. In this respect, the company is used to integrating many different business cultures. Again the metaphor of the kaleidoscope is helpful. Sema Group company culture is at any point in time made up of a variety of other cultures from acquired businesses. As these gradually integrate, other businesses are acquired. The development has been continual.

Sema Group is a growing organisation and it is therefore difficult to freeze its structure at any one point in time. It is by its nature a service organisation and work tends to be organised by projects, where teams are formed and reformed accordingly. There is none the less a geographical structure but it is superimposed onto a complex matrix based on business areas and client sectors.

Business areas include system integration, outsourcing, consultancy and software products. Client sectors include telecommunications, defence, enterprise, energy and utilities, public sector and finance. It was beyond the scope of one person to tackle all areas of the company, especially as the business areas tend to be businesses in their own right. The decision was taken to concentrate on one branch of activity, namely outsourcing.

## **IT OUTSOURCING**

The business of IT outsourcing consists of providing information systems equipment and services to client companies. More precisely, IT outsourcing implies a long-term relationship whereby the client delegates all, or a major portion, of its IT operations to the service provider (Input, 1995). IT Outsourcing has become a trend in the 1990s (Earl, 1996), and the market is growing rapidly, particularly in the UK where there was a 38% growth in 1996 compared to 1995. Analysts predict a continued but slower growth at about 20% per year until 2000 (Computer Weekly, 1997). The objectives of client organisations often include the cutting of costs and a desire to focus on their core business and not on IT (Sweet, 1994). British Petroleum Company is such a company for whom Sema Group is an IT services provider and

John Cross, head of IT for British Petroleum Company, says the following about the decision to outsource:

We at BP Exploration, like many other managers at companies across Europe and North America, had concluded that the company no longer needed to own the technologies that provide business information to employees. The market for technology services had matured during the previous decade, and it now offered companies like ours a broad array of high-quality choices. Additionally, the problems encountered in most internal IT departments, with their mix of old and new machines and skills and their traditional tendency to focus on technological details rather than on business issues, distracted senior IT management and frustrated executives. We believed the marketplace offered us an opportunity to trade ownership for results.

(Cross, 1995, page 94.)

The market is indeed growing with large companies including Andersen Consulting, IBM, EDS or Cap Gemini competing with Sema Group. Despite the success and growth of this market, the thought of outsourcing part or all of IT is an important decision for any company. It can be perceived as a good value-for-money policy with relatively few risks. It can also generate strong emotions since it often implies the transfer of employees and equipment to the service provider and a selling off of part of an organisation. Indeed, once an IT department is outsourced, it becomes the responsibility of the service provider (Alexander and Young, 1996).

For the outsourcing area of Sema Group, it means that employees come from a variety of organisations and operate on a variety of sites, often in client organisations. Again, the metaphor of the kaleidoscope is quite useful. By the nature of the outsourcing activity, the company is constantly acquiring parts of other companies' IT businesses. The organisational structure is very fluid and the 1997 annual report describes the company in the following manner:

[...an almost organic structure: mirroring the natural movement and complex - seemingly chaotic - existence of living organisms. But hidden under the surface, there is a strong thread of organisation and order, generated from within.

An architecture based on a system of multiple interactions, which rather than

working against each other, mutually support and inform each other.

(Sema Group 1997 annual report, covering page.)

Sema Group is at all times a changing company. Unsurprisingly, change was also on the agenda during the period of the fieldwork (1996-1997). In the UK in particular, three of the business areas (consulting, outsourcing and systems integration) were merged on 1st January 1997. Formerly, these business areas had operated relatively independent of each other. The new structure meant that the outsourcing branch could not be as easily distinguished as in the past. In the other countries, the outsourcing operations were still separate business entities. As of 1st January 1997, the subsidiaries employed the following number of staff:

Sema Group Business Systems Plc (UK)	2,400 employees
Sema Group Outsourcing SA (France)	530 employees
Sema Group Outsourcing AB (Sweden)	953 employees
Sema Group Outsourcing GmbH (Germany)	125 employees

(The number is higher in the UK because of the merging of two other business areas with outsourcing).

The above figures changed during the fieldwork and by the time of writing, they had already changed. Therefore, their relevance is not paramount. It is still worth pointing out various historical roots: in the UK organisation, a number of employees come from Cap Group, the British company which merged with Metra in 1988 to create Sema Group. The French outsourcing subsidiary is a recent acquisition from France Telecom. The company culture of the French subsidiary is visibly fragmented, with various parts originating from:

- 'Telesystème', a former subsidiary of France Telecom;
- 'Thom'6', a former subsidiary of Thomson;
- 'Symédia', an IT services company.

The Swedish operation is also a recent acquisition. It used to be a State-owned

company, DAFA Data AB. As for the German operation, it is a Sema Group start up. These roots are visible in each of the national subsidiaries and yet every new outsourcing contract brings the challenge to integrate the culture of a new client organisation. This challenge is repeatedly mentioned in the literature on IT outsourcing:

Outsourcing organisations take in employees from organisations with diverse cultures - from commercial companies, local authorities and non-profit organisations. All must be moulded into the new company's culture.

(Hinton, 1996, page 45.)

In this respect, Sema Group tends to be described as a tolerant organisation in the sense that it is happy to accommodate a variety of micro company cultures. Given such a case study company and the diversity of micro-company cultures it embraces, one might argue that the national background might have a dim influence on management. The chapters which follow present and discuss the results of the research to ascertain to what extent this is true.

## **9. FEATURES OF MANAGEMENT IN GREAT BRITAIN**

In this chapter, British management is explored as it appeared to me as a French observer living in the UK. The aim is to try to determine what is characteristic and different about the British operation of the case study company, Sema Group. Of course, British nationals largely staff this operation. This chapter examines various themes which arose from the field work (interviews, observation, documentation). The first theme reviews how a sense of humour seems indispensable to survive, let alone succeed, in British companies. Informality, bold optimism, salesmanship, inventiveness and a spirit of improvisation are also presented as characteristic of the British operation. Other aspects such as decision making, the concept of authority, financial rewards, profit, managerial education, a generalist orientation and mobility are developed, as is the theme of women in management. Above all, it is argued that the British managers have a positive approach to financial deals and that other aspects of business tend to be subordinated to this aim.

### **A sense of humour**

*"L'humour inné des anglais."*

(The innate English sense of humour.)

(A French Sema Group employee.)

Drawing on interviewees with various British managers, Barsoux (1993, p. 192) concludes his analysis with the statement: "Humour is the sharpest arrow in the manager's quiver". He reports that the British have mastered the art of using humour in the workplace. This trait is also reported in other studies (Barsoux and Lawrence, 1990b; Lawrence, 1996b). British people seem to use humour to create an atmosphere conducive to business and team-work. Joking allows differences in opinion or status to be smoothed over. There is a sense that a meeting is not a good



meeting if it is not punctuated by jokes and outbursts of laughter. Humour can also be used as a powerful weapon against annoying situations or individuals. In this context, humour is to the British what shouting is to the French. This latter theme is developed in the next chapter. Returning to the UK in the Sema Group case study, humour appears to be a particularly strong characteristic of management.

Drawing on observations during the fieldwork, it was noted that humour is used in a variety of ways, positively or negatively:

- to alleviate some of the work pressure;
- to establish a positive atmosphere;
- to transcend differences of opinion or interest;
- to help build a team;
- to introduce wild ideas, without risk;
- to ease a situation when it becomes tense;
- to gain appreciation from colleagues;
- to demonstrate a quick and sharp intellect;
- to enjoy work;
- to show disagreement with somebody;
- to show contempt or mock somebody;
- to criticise and have an even chance of getting away with it.

Fun can be introduced in the form of jokes, irony or sarcasm. For a non-native speaker it can be difficult to differentiate between a neutral statement, an understatement and an exaggeration. The British constantly change the mode of expression. The meaning is carried through the tone of voice, or context, not only through the words.

Never having worked in the UK prior to starting my doctoral programme, I was unaware of how important this aspect of fun was in British organisational life. It was a painstaking norm for me to get used to; through the process of acculturation I slowly began to grow accustomed to the regular jokes. Eventually, I was forced to remember that a sense of humour at work is typically British and that the Germans

are not so inclined to employ humour where business is concerned.

My first encounter with the British sense of humour at work was through attending course team meetings within my institution. No meeting could start without people establishing rapport and laughing about one thing or another. Work was interrupted by jokes which were inappropriate to a French person. I distinctly remember feeling frustrated at the time wasted and wishing that work would be promptly resumed. However since I was in a minority, I would grin and bear it.

The concept that work and fun could be closely associated in the UK was powerfully indicated to me during a pilot interview with a manager of Robert Horne PLC, a British company with headquarters in Northampton. He narrated the following anecdote:

In 1990 the company was taken over by the Dutch group Buhrmann-Tetterode, so two Dutch Directors came over to meet our managing team. We were all a bit anxious about the take-over and what would happen to us. Anyway, we had a meeting and one of the Dutch Directors was the Chairman. At first we were all sitting around the table in silence, so somebody told a joke and people started laughing. Then we realised that the Dutch looked upset so everybody went silent and the Dutch Chairman said: "No jokes please, this is work."

At that point the Dutch Chairman was probably starting to wonder whether he had made a mistake in acquiring a company in Britain whose managers seemed so unprofessional. The British manager, seven years later, still recalled the incident with shock and utter disbelief. Of course, the Dutch do have a sense of humour but it is not generally associated with work.

Observation of Sema Group managers in the UK showed a similar natural association between work and fun. Meetings inevitably start with a joke and a certain informality seems to have to be established before work can begin. Then there follows a smooth interplay between jokes and work. The British excel at short, snappy and funny statements, which are delivered as part of a dynamic process of communication.

It soon became apparent that I had become accustomed to this process when

I started a series of interviews in Germany. I began the first interview with an open question about the business. The German executive smiled and gave the following answer:

“Wir haben uns von Mitarbeitern trennen müssen.”

(We've had to let people go.)

To my great embarrassment, I reacted as if this was a joke! I felt his smile meant the company was thriving. After all, the company was thriving in the UK and the corporate results were impressive, why should the group not be doing equally well in Germany? Quickly realising from the disturbed look on my interviewee's face that his statement was true, I spent five minutes apologising and explaining why I had laughed at his statement. This type of misunderstanding had never happened to me before. I suddenly experienced a sense of British identity!

British managers often use humour to initiate a conversation. It is similarly used to make a difficult situation manageable, to dampen tension and 'test the atmosphere'. It is a way of doing business that clearly characterises the British approach.

### **Informality**

The use of humour and fun at the workplace is related to a certain informality between people. Christian names are used at all levels in the organisation. British managers are informal, particularly by French standards. One illustration of this is the relative ease with which interviews were arranged. The top managers made themselves available and appeared to be equally available to their staff. This was particularly striking in the context of a demanding work environment, with long hours and heavy workloads. Verbal skills are very important and considered an asset in the British context:

“My strength is that I communicate with people very well.”

(A British Sema Group Manager.)

Informality is encouraged by the open plan offices that predominate at Sema Group in Britain. Managers may have a private office but they have an open door policy and few secretaries. I was surprised when on various occasions, wanting to get in touch with a senior executive on the telephone, they would answer the telephone directly. There are few barriers to gaining access to people. This was in sharp contrast with the situation encountered in the French operation of Sema Group, where such direct contact was simply impossible.

To ease interaction between people, Sema Group UK managers use a time management software system called Schedule +. It is a computerised diary on which each manager logs his or her appointments, tasks, things to do, holidays and so on, just as with a traditional paper diary. The difference is that other people can access parts of their computerised diary. Of course, some details are kept confidential. If one wants to arrange a meeting, one can check the availability of other people. This saves time and secretaries. The system works well because people respect appointment times and meetings generally start and finish on time. The main argument here is that such systems reduce the need for secretarial staff. As a consequence, certain barriers between people are lifted, contributing to an open and informal work environment.

It is interesting to note that to be effective, such a time management system requires that managers have a monochronic view of time whereby time is considered a linear and sequential commodity. Hall and Reed Hall (1990) developed the distinction between a monochronic view of time and a polychronic view of time. They argue that Anglo-Americans often have a monochronic view of time, which leads them to take deadlines and schedules seriously. My observations are consistent with this argument. It is unlikely that such a system would be helpful in Latin countries where people are more likely to do several things at the same time and will welcome interruptions and shift deadlines accordingly.

British informality is characterised by a relatively open access to top managers and technology is used to facilitate communication between people. As a consequence, the hierarchy is less visible than in France or Germany. Another illustration of this is the extensive use of Email:

**"I use Email extensively. I make a point of handling my Email personally first thing in the morning. It means people do have access to me. It is a very fast mechanism of getting communication to me."**

**(Sema Group UK Business Systems Managing Director,  
responsible for 2,000 employees at the time of the interview.)**

**"I rely a lot on Email. I have no secretary."**

**(A Sema Group UK Senior Manager.)**

**This study shows that informality is a characteristic of Sema Group organisational life in the UK. It appears that this informality and sense of fun in interrelations between people contributes to a certain dynamism and optimism in the approach to work.**

### **Bold optimism**

**With a sense of fun and informality constantly being injected into the workplace comes a sense of optimism and a readiness to take on board challenges. In this context, the outgoing and positive manager will be successful.**

**"It is the idea that you can shape it if you want."**

**(A British Sema Group Manager.)**

**"I like a challenge and this job is definitely a challenge."**

**(A British Sema Group Manager.)**

**This optimism particularly struck the Swedish managers who had had the opportunity to work with the UK branch, as this passage illustrates:**

**We worked with UK people and a UK person reported on what had happened. Then we were not sure whether we had been working together anymore. That's because the way of expressing things is not the same. The UK person said the problem was all solved. We would have expressed it as: "We don't know what it is all about yet. It is not solved, we don't know the solution yet". So the British have a way of**

expressing optimism which we don't have. We are more cautious perhaps. Sometimes we admire this, but we are different here.

(A Swedish Sema Group Manager.)

When encouraged to reflect upon these remarks, this Swedish interviewee linked this British positiveness to American management:

The British are more like the American people, if I may say so, with a more positive way of handling things. Here we are more cautious and say: "Perhaps we can solve it by doing this and this and that". The British when they talk to customers, or whoever, say: "OK, come with us, we have already solved it, damn it, hundreds of times". In fact they don't even have the solution yet. [Laugh].

This similarity between British and American management has been noted by a number of writers. A recent survey (Lawrence and Senior, 1998) suggests a considerable overlap in the views and orientations of British and American managers. Similarly, Calori (1994) argued that the approach to management in Great Britain was significantly different from the approach to management in the rest of Europe. He also pointed out that management in the UK had several characteristics in common with US management, among which are more direct and pragmatic relationships between people.

This particularly Anglo-American way of expressing optimism by being positive can lead to difficulties and misunderstanding in cross-cultural management:

When I say to the British Executive Vice-President for instance that I can manage something here, that it is tricky but perhaps I can do it, he gets really nervous. That's because when a Brit says it like that, he expresses uncertainty. A Brit may have said instead: "I'm sure I can make it, of course I can, it's easy." [Louder voice, bangs the table].

It means the same but that's a different way of expressing it. When we talk in English, we still have a Swedish way of thinking.

(A Swedish Sema Group manager.)

This distinction between what one says and what one means is a classic distinction

in linguistics. Ferdinand de Saussure (1857-1913) refers to the difference between *signifiers* and *signifieds*. The potential misunderstandings between a chosen word (*signifier*) and its attached meaning (*signified*) are amplified in cross-cultural relations as the conventions attached to words are culturally bounded. In the above example, the same meaning is expressed in a completely different way.

On the whole, the British tend to project optimism and trust in their capabilities more than the Swedes do. This means that the British tend to be more confident about the future and deal more effectively with uncertainties. This finding is particularly consistent with the low rank of Great Britain on the uncertainty avoidance dimension\* developed by Hofstede (1980). This trust in the future also finds an expression in a form of optimism, which particularly strikes other nations. Speculating on causes for this optimism, one might want to consider:

- an enduring British attachment to appearances and notions of leadership and personal charisma,
- the entrepreneurial culture engendered in the 1980s under the government of Margaret Thatcher,
- the key significance of finance capital in the UK and the British enthusiasm for any business that does not involve manufacture.

The latter point is crucial to understanding British management. It is therefore developed below and indeed the optimism and confidence displayed by the British in commercial ventures have implications for the way in which markets are broken into.

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\* The uncertainty avoidance dimension refers to the extent to which people feel threatened by ambiguous, unstructured situations. Levels of tolerance of uncertainty vary considerably from one country to the other, Hofstede (1980). For additional details refer to Chapter 2.

## **Salesmanship**

Consistently, it appeared that the British were very good at winning contracts. This was their objective, this was what they felt they were good at, and what they were proud of. To some extent winning in the market place was more exciting than the technological advances. Sales were clearly at the top of the agenda:

“We are a sales led organisation.”

(A British Sema Group Manager.)

“Where are the deliverables? We have to deliver some sales.”

(Comment during a departmental meeting. Emphasis on the word ‘sales’.)

The following passage illustrates this distinct preference for the business as opposed to the engineering. I asked a senior British manager whether anything struck him about the way in which the British and the Swedes approached work:

We were developing a concept of service on distributed systems (PCs, Desktops, etc.). We had always concentrated on mainframe services so it was new. The Swedes were developing the same concept at the same time.

Well I guess we have always put a lot of emphasis on salesmanship, so we went out and won contracts in that area and developed a way of delivering those contracts as we were winning them.

The Swedes developed a plan over 18 months on how to deliver the service. They actually had a much better plan, I was very impressed with what they did, the service models looked very, very good, but they were so far behind the market place, had no track record, no client list.

And I think our way was right, I’m trying to be objective but I can’t. Our way was better, it was more risky, we could have had a very big contract that went very badly wrong because in effect we were learning as we went along. And you’re probably stupid or very confident. Our way was probably high risk but more successful than theirs. I think the engineering in Sweden was used to foretell, they wanted to plan it, engineer it, plot it out and see the structures in place. They wanted to be confident before they went out to speak to a client. We didn’t, perhaps we’re more like pirates I guess.



Emphasis on sales is at the expense of other functions in the organisation, hence the disparaging expression “techies” to refer to technical people in the company:

“It’s only at a later stage that the techies come in.”

(A British Manager talking about the sales process.)

Quite characteristically, the word “production” is not used in the UK organisation whereas it is a clearly labelled functional area in the other countries. This is particularly the case in Germany and Sweden, and to a lesser extent in France. The British use expressions such as “service delivery” or “applications management”. These clues point in the same general direction for if one wants status in the British organisation, it is advisable to be on the commercial side rather than the engineering side. These observations are consistent with earlier observations on the high status of *Technik* in Germany and its comparatively low status in Great Britain (Lawrence, 1996b).

### **Inventiveness and a spirit of improvisation**

As demonstrated above, selling is extremely important in the British organisation, to the extent that it is not unusual for a sales contract to be won when the technical solutions have not yet been established. This calls for a good measure of trust in the capabilities of the company, a measure of inventiveness when put on the spot and a measure of improvisation. This does not mean that the British commit themselves to agreements they cannot deliver - they do deliver. According to a survey of the IT Outsourcing industry in the UK, Sema Group outperforms the industry in terms of achieving Service Level Agreements (Input, 1996). Therefore, it does not seem that the emphasis on sales has damaging effects on the quality of the service delivered. It is more a sign of confidence and trust in what the technical side can achieve. It is also an incentive for the technical infrastructure to find rapid and effective solutions. After all the solutions have been sold, they have to be delivered. Necessity is the mother of invention.

This British focus on quick and practical solutions; ‘thinking on your feet’

was also pointed out in a recent comparative study of British and German managerial roles (Stewart et al, 1996).

Unsurprisingly, the British operation of Sema Group tends to have the lead over the other operations in terms of developing new methodologies and exporting expertise. When I asked about transfer of know-how between the four national operations, one British manager commented:

“We are exporting expertise more than the other way round”.

This was confirmed by remarks from the Swedish and German interviewees:

I was in Birmingham last week and I think we are going to establish a very close relationship. They have done something with the customer service management, the service desk. They have a system logging and taking care of problems, orders and so on. They have developed it very much, so it's a good product. We like it and we are going to install it here in Sweden.

(A Swedish Sema Group Manager.)

In zwei Tage kommt Besuch aus Birmingham, die Britischen sind sehr hilfsbereit. Es gibt ja ein größeres Know-How in UK. Wir übernehmen die Struktur und die Software so wie sie in England läuft.

(In two days we shall have people from Birmingham coming to see us. The British are very helpful. There is more know-how in the UK. We are going to take over the structure and the software as it runs in England.)

(A German Sema Group Manager.)

Although the British were proud of their track record in terms of work and inventiveness, some felt running ahead meant they had to work by trial and error:

“In the UK, we are intense about work, we go at it and make sure it happens, on the down side, we make the mistakes first.”

(A British Sema Group Manager.)

On the whole, it seemed that the British were comfortable committing themselves to ambitious agreements. The challenge pushed them to find innovative solutions. This

confirms the results of Hofstede's (1980) research that the British were extremely comfortable with uncertainty compared to other nationalities (rank 47, on a scale of 1 to 53, where 1=highest level of uncertainty avoidance). Observation and interviewees in Sema Group consistently confirmed this British trait.

This relative comfort in the face of uncertainty has further consequences for management style. The employees of Sema Group UK are given a great deal of freedom to organise their work. The following passage from a senior Sema Group UK manager illustrates forcefully the relation between the need to deliver the company strategy and the available freedom on how to do it:

The people who deliver the strategy are the people down there. What we are trying to do is to put a strategy in place that doesn't define the way they do their jobs but tells them what the outcome is that we want from it. In other words, we want to have two, three clients of this type. I want to have a business of this sort of volume but I want to say to them, within that context, I don't care the way we do it, because you're the people who will see the varying changing conditions, you're the people who are going to say, well I'm not going to do it the way we normally do it, I'm going to do it a different way, because we can still deliver the strategy that we want at the end of the day. So it's freedom to decide how you are going to do something, as long as it delivers the strategy.

Now that's something I find is not typically French.

(A Senior Sema Group UK Manager.)

The idea is that British managers do not have the urge to control in detail how work is progressing. Emphasis is on the target, not so much on the way to get there. This freedom given to employees in how to organise work encourages them to try out different ways of tackling issues and to be inventive. This theme of improvisation is associated with the relaxed attitudes when faced with uncertainty. However, freedom only goes so far and is limited to the parameters of the superior's decision.

### **Decision making and authority**

The process of decision making in the British operation of the case study company

was unwaveringly depicted as being rather authoritarian. This might seem surprising in the light of the informal and casual relationships between people at different levels in the hierarchy and in reality some measure of informality and arbitrariness easily go hand in hand in Britain. The exercise of authority on the part of the British managers was actually pointed out by a German executive who had worked in the UK:

In England, die Kollegen sind hierarchiegläubig, was der Chef sagt gilt und wird gemacht, hier wird diskutiert, ob es richtig ist oder nicht. Es wird länger diskutiert in Deutschland, es gibt mehr Austausch. Ob es schlecht ist oder nicht, weiß ich nicht. Wenn man offen über alles reden kann, bekommt man Unterstützung.

(Our colleagues in England believe in the hierarchy, when the boss says something that's it and it is done. Here we challenge whether it's the right decision or not. We talk about it for longer in Germany, there is more exchange. I don't know if it's good or bad. When one can talk about everything openly, one also gets support).

(A German Sema Group manager.)

One might want to suggest the traditional view of conflict as ungentlemanly as a tentative explanation for the surprising ease with which 'arbitrary' decisions are accepted in Britain. This view of conflict as ungentlemanly is advanced by several writers including Terry (1979) and Wiener (1981). In particular Terry (1979) develops the themes of reserve and decency as inextricably linked to the British sense of identity. To these one could add a sense of self-control and the view that display of emotions, loudness and impertinent argumentation are out of place.

The above passage suggests that German managers have a greater belief in the positive effect of conflict than British managers, so long as the corporate interest is not lost from sight. This confirms the observation of various commentators (e.g. Budde et al, 1982; Lawrence, 1980). Speculating on reasons why German subordinates are keen to challenge a superior, one might want to consider the generally higher standards of education the latter might enjoy. A comparative study of manufacturing units in Great Britain and Germany, carried out some years ago, reported a tendency for German workers to openly challenge their superiors to a

much greater extent than British workers (Sorge and Warner, 1986). In that study, the readiness to challenge seemed linked to the quality training the German workers had received through the system of apprenticeship - the thorough training being associated with a certain status and higher levels of confidence. In the context of the IT industry however, the argument is less salient as employees in both countries have a variety of educational profiles. It is only in the past decade that dedicated IT courses have developed and attracted students.

A more likely cause of the relatively high level of arbitrariness exercised by the British managers and employees' acceptance of it, might lie in the contractual relationship. It is much easier for a British manager to sack an employee than for a German manager to sack an employee - the British government has not, to date, signed the social chapter of the Maastricht treaty. A concern to keep one's job is arguably a good enough reason to agree with the boss.

Leaving aside speculation and returning to simple observations at Sema Group, it seems that the British and German managers strike a different balance in terms of their relationships with subordinates. British managers tend to be relatively informal and yet strict when it comes to making a decision, although consultation is also seen as essential. German managers on the other hand tend to be more formal in their relationships with subordinates. This will be balanced by more extensive discussion with subordinates regarding decisions and less exercise of arbitrariness when the line has to be drawn. These observations are summarised in the table below:

Management	Formal	Arbitrary
UK Managers	Low	High
German Managers	High	Low

The British managers in the sample happily confirmed their authoritarian slant: "democracy doesn't rule" says a senior manager in the next extract:

I take a decision in three stages:

Personally I make up my own mind up, I don't mean in absence from any of the information but with the information that I have. I analyse it myself and come to what I would tend to describe as a 'subjective conclusion'.

Then consulting, discussing with other people. Phase one is useful because it means not just listening to other people but being able to challenge them, even if my view is completely wrong. Even if they do give me a view that's the same as mine, I'll challenge it anyway, not to be divisive but simply to see that we've looked at all aspects of it.

The third stage is putting it all together, and sometimes rationalising a very difficult decision. The third stage is my decision. The managers know they've had some input, if I disagree with them I'll tell them why and why I'm going to do it this way but at the end of the day democracy doesn't rule. At the end of the day, I sit behind the desk and it's my decision.

(A Senior Sema Group UK Manager.)

So far it has been shown that in an informal context, management decisions appeared as relatively arbitrary. Earlier, I also showed that the British employees are given relative freedom to organise work as they choose, within the constraints of strict objectives to be delivered. These themes begin to thread a certain conception of authority. Indeed, the process of decision-making described above highlighted a degree of arbitrariness. However, a managerial position in Britain is not about unchecked supremacy. Authority is counter-balanced by an acute sense of personal responsibility and accountability regarding decisions:

"My accountability is very important."

(A British Sema Group Manager.)

Because of my role, I will always be responsible. It doesn't matter whether someone else did whatever it was because I am seen as the head of this department and I am going to be held responsible.

(A British Sema Group Manager.)

It was clear that the UK managers were paid to succeed in the marketplace

(emphasis on sales) and that this required some bold and at times risky decisions. Although consulting widely was always mentioned as unavoidable, each individual manager was responsible and accountable for a particular decision. This was duly documented, as each new project or outlay would not go ahead without a 'Champion' to take responsibility for it. The qualitative observations clearly confirm Tayeb's (1984) argument that 'a strong sense of responsibility' is the most significant characteristic attributed to the English.

Consequently, in the Sema Group case study the managers were not seen as facilitators but leaders - 'the boss is the boss'. These leaders take responsibility and are clearly accountable. This situation creates a certain pressure to deliver and pressure to prove the decision was correct, hence to make sure the implementation is successful.

The emphasis is on judgement based on personal authority and responsibility and it is a form of leadership which highlights general management skills as opposed to technical knowledge. The important thing is that performance can be measured and controlled. Personal accountability is also considered important in terms of performance review, motivation and financial rewards.

### **Financial rewards**

One way in which to find valuable information about an IT company is to go on the Internet and examine the company's web site. For IT companies, presence on the web is particularly important and the information displayed is extensive. Most IT companies use the web as a recruitment tool. A quick glance at the recruitment pages of the British, French, German and Swedish operations is quite instructive: the British page was the only one to mention remuneration and benefits. This illustrates the importance of rewards in British management. This point is consistent with the findings from a comparative study of British, French and German advertisements for managerial appointments (Communal and Senior, 1999). The British show no reservation about displaying their salary and achieved success. The financial package reflects finely tuned differences in status, reminiscent of the 'class system'.

This characteristic of British society has been pointed out by a number of observers (e.g. Tayeb, 1994). This is what the Sema Group UK web pages advertise:

- competitive salaries
- life and health insurance
- company pension scheme
- relocation allowances
- company cars for senior positions
- profit-related pay
- discounted holiday packages

In contrast, the other country sites display no information whatsoever regarding salaries and benefits. It does not mean that these do not exist but rather that the practice of displaying financial packages is particularly British.

Barsoux and Lawrence (1997) advance two explanations for the French reticence to exhibit salary and benefits. The first explanation is a certain tradition that in Roman Catholic France not to boast about one's personal fortune is expected. It is very much worth adding that France is a Republic whose motto includes 'equality' and 'fraternity' - principles established by the French Revolution. It is not as socially acceptable to show off one's success in France as it is in Great Britain. The Revolution was not fought in vain; as a matter of republican principle, one may have money but a certain discretion about it is preferable. The second explanation is a different emphasis in deciding the level of remuneration. The salary is more closely related to the nature of the job in Anglo-Saxon countries than it is in France. Factors more relevant to deciding the level of remuneration in France are the individual's educational credentials, age, experience or even contacts, and especially the force of these. The above points are explored further in the next chapter.

The lack of information regarding salary and benefits disclosed to job applicants in Germany was noted in a comparative study of advertisements recruiting candidates for managerial positions (Communal and Senior, 1999). The authors argue that in Germany, owing to powerful trade unions, wages tend to be



predictable. With a certain number of year's experience, with a certain level of education and for a given job, the possible range of pay will be narrow. The candidates will therefore have a fairly accurate expectation of what the salary will be for a particular appointment. There is no need for the salary to be displayed.

The Swedish Internet site did not provide any information regarding either salary or benefits. This is not surprising considering that the range of salaries in Sweden is relatively narrow compared to the range of salaries in other countries (Fact Sheets on Sweden, 1996). The relatively even distribution of income and wealth in Sweden means that the level of remuneration is not going to be a key factor in attracting the right candidate. This situation is reversed in the UK.

Calculations of the salary ratios in the company reflect the qualitative observation of the importance of salary in the UK and the distinctions in terms of personal status associated with it.

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Distance between the highest paid and the lowest paid organisational member, 1997.

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Sema Group UK	£ 162,780	
Sema Group France	Undisclosed	
Sema Group Sweden	£ 94,870	(1,238,400 SEK)*
Sema Group Germany	£ 84,889	(250,000 DM)*

\* Exchange rate as of June 12, 1998 provided by the Federal Reserve Bank of New York.

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It is worth pointing out how much greater the distance between the lowest and highest paid organisational member is in the UK operation compared to the others.

This point has to be qualified with the greater size of the UK operation (2,400 employees) compared to the Swedish operation (953 employees) and the German operation (125 employees). None the less, the variation in organisational size does not fully account for the differences. The main point is that generous financial rewards for top managers is a feature of management in Great Britain.

Generous financial rewards are actually only the tip of the iceberg. They are an

acknowledgement of success in achieving profit targets. The latter carry an enormous importance in the UK context.

### **Profit**

Grinyer et al (1998) suggest that UK companies are particularly short-termist in their orientation to profit. This attitude is associated with managerial perceptions of capital market valuation practices.

When I asked a British Sema Group employee what they thought the priorities of the company were, I got the following prompt reply:

“ ‘Profit, profit, profit’, it’s a quote from management.”

Another British employee added:

“I think delivering on the numbers, so that we meet the expectations, is the overriding thing.”

The reasons for the pressure to meet the numbers were quite clear:

The Chief Executive is setting company targets with the share price in mind. The share price and the shareholder value, that does direct his thinking.

(A British Sema Group Manager.)

Profit performance was unequivocally the measure by which all company activities were judged. This sounds reasonable and unavoidable in a competitive market place and given the need to satisfy shareholders. There is, however, a downside. The performance of essential activities such as marketing or human resource management are notoriously difficult to measure in terms of operating profit. If this is the case, then their budget and level of importance on the corporate agenda will be low.

Marketing is essentially an overhead to the organisation. Every Pound that we spend is a Pound that isn’t profit. And therefore we have to make sure that those Pounds

work as hard as they possibly can for the company.

(A British Sema Group Manager.)

According to classical marketing management philosophy, achieving organisational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than competitors (Kotler and Armstrong, 1991). The emphasis therefore is on clear target markets as well as on sensing, pre-empting, satisfying and monitoring customers' needs. In the British operation of Sema Group, marketing has a slightly different connotation:

In every successful business there is a focus on the numbers but the success of our managers is judged solely on whether they make their numbers for the quarter, and consequently they will happily talk to you about strategy, they will happily talk to you about marketing but actually the thing is how are we going to make the numbers this quarter.

(A British Sema Group Manager.)

This means that the strategy is not so much determined by a clear choice of target markets, rather that anything will do, provided the figures are met. This leads to a lack of strategic focus.

The conditions for success in the British operation are making the numbers and preferably having an outgoing, jolly personality. These observations are consistent with the studies of British management reviewed earlier in the thesis (e.g. Hampden-Turner and Trompenaars, 1993). In a context where profit and personality matter, the educational background of managers is not a particular source of boasting.

## Education

In France, the condition *sine qua non* to an appointment into senior management is most decisively the educational background of the candidate. This is not so in Great

Britain. When asked about their educational background, the British interviewees would characteristically start by naming their lowest qualification, work their way up and then, when it was the case, state their membership to a professional organisation. It was almost as if a higher qualification was something to be kept quiet, a detriment to the image of the outgoing entrepreneur and deal maker. This was particularly true of the older managers. E.g.:

"O' Level, A Level and I am an Associate Member of the Institute of Data Processing."

(A British Sema Group Manager)

None the less, the interviewees always started by stating their lowest qualifications and stated higher qualifications last. Some interviewees went so far as to specify what kind of school they went to, for instance a Grammar School or other. This was unique to the British interviewees. One might want to speculate about the reasons that lead the British to answer a general question on their educational background by reaching so far back in their personal development. Some observers of British culture have pointed out that the past is particularly important in British society. For instance, Gannon (1994) suggests that a strong sense of history is the foundation on which society rests today. This has implications for the British sense of identity and for the way in which individuals situate themselves within society. This spontaneous reaction, to state which school one attended, reflects on the one hand the diversity of institutions in the British education system and on the other, it highlights the finely tuned distinctions of status associated with the various schools. These distinctions have been pointed out in the literature review. Noteworthy was the fact that the majority of interviewees holding a degree mentioned which University/Institution they had graduated from, for instance Cambridge, Aberdeen, Bristol, etc. Again, this is reminiscent of the distinctions of status associated with one institution or the other in Great Britain. In contrast, not one of the German interviewees mentioned the university where they had studied.

Interestingly, if they had studied at university, the interviewees often had to be prompted before specifying the subject they studied. E.g.:

**"I did O' Levels and A-levels at school and I went on to do a University Degree.**

***What type of Degree?***

**In Psychology and Computing, an Honours Degree."**

**(A British Sema Group Manager)**

The spontaneous answer was 'a degree', hence an emphasis on a degree in general. This may be related to the generalist orientation of management in the UK, a theme that will be explored later. The variety of subjects, which had been studied at university by the managers interviewed, was large. Some had read ancient history, others nuclear physics. On the whole, however, the younger managers were more likely to have degrees very closely related to the IT industry, for instance a science degree in computing information services or in microelectronics. It seemed that younger managers tend to be better educated and hold qualifications more closely related to their position than older managers did. This may point to a shift to a more specialist approach to management.

Another feature of the answers was the trend for managers to embrace and be proactive in seeking continuing education. E.g.:

**"I have got A-levels and after some years I did a Diploma in Accounts and Finance."**

**(A British Sema Group Manager.)**

**"I have recently taken the Certificate in Service Management."**

**(A British Sema Group Manager.)**

This trend implies a will to better oneself and an environment where such endeavour is encouraged. It is a way for British managers to enhance their employability or to seek the educational credentials that match the position they have already achieved in the company. The possibilities for further education imply a belief that individuals can always better themselves and development is within reach if they so

wish. It is a sign of the vitality of British management that the system allows flexibility, gives opportunities to late starters and facilitates career changes. This frame of mind is only slowly beginning to gain advocates in France, where further education has relatively little value (Barsoux and Lawrence, 1997). Indeed, in France the 'wrong' initial qualification will only be partially made up for by professional training qualifications obtained later in the course of one's career. This illustrates the importance of pre-entry qualifications in France as opposed to the importance of experience in Great Britain. In effect, the post-experience education trend means that experience is more valued in the UK than a formal education. This derives from the more entrepreneurial business culture in the UK and the value placed on rapid financial success. A formal education, on account of the low value of technical skills and reminiscent of the early industrial revolution and of a different understanding of 'Wissenschaft', is not paramount. Work experience is thus associated with success and promotions will be dependent on it, success being measured in particular through the achieved contribution to company profitability, a theme that has already been explored. A successful manager therefore needs experience, i.e. a track record, in contributing to the company's financial goals.

### **Generalist management**

It has been argued elsewhere that in Britain there is a general awareness of the activity of management as something quite distinct from a functional role (Sorge, 1978; Lawrence, 1986; Stewart et al, 1996). Our research confirms this view.

The British see management as something that is separable from the practical activities of the company. In contrast, the German managers of the company see their job as being applied to a particular function and as requiring a blend of management and applied skills. For instance, high level of technical knowledge is required at top level.

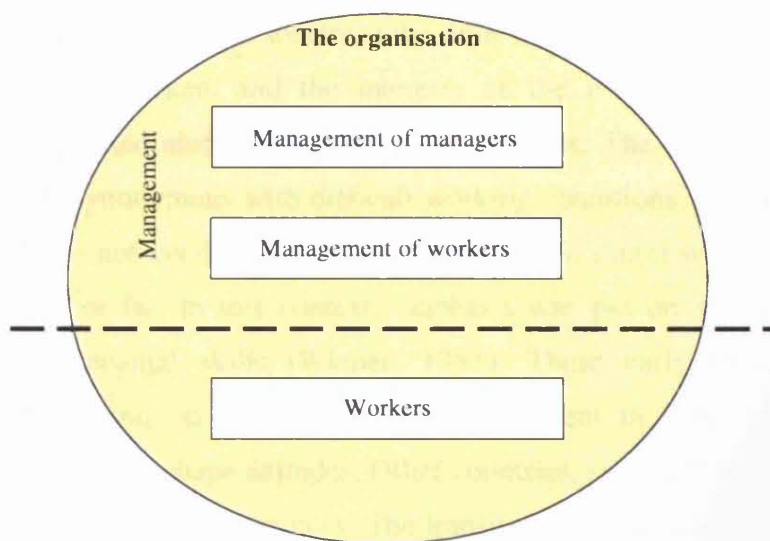
In Britain, there is a clear hierarchical threshold. Management is seen as a set of jobs over and above other jobs. Above a certain level of hierarchy, people are expected to manage. Below a certain level of hierarchy, technical skills are needed.

One of the British employees explained the structure of the organisation in these terms:

“It is simple really: you have the workers, who do the job, then the management of workers and then the management of managers.”

(A British Sema Group UK employee.)

The drawing below is based on the quotation; this is how the interviewee saw the activity of management:



Indeed, British managers tend to have an acute awareness of their general managerial role. This is in contrast with their functional role. They talk about management: managing people, managing resources, managing their time, project management. One of the consequences of this all-or-nothing view of management is that British managers do not tend to be especially technically minded, since such expertise is not deemed to enhance their managerial reputation or performance. *Technik* is not their priority. In fact, one of the most senior British executives quite happily admitted to me that he had no idea how computers worked, or even how to use a word processor. What a lovely comment from the manager of an IT company!

The tendency in Britain is to see management as a job in its own right. In

contrast, the employees in Germany were not sure what management was. The managers in Germany do not tend to emphasise general managing activities so much as the job at hand. Attitudes to management in Germany are presented and analysed in Chapter 12.

If management can be considered on a continuum with specialist management (technical, applied expertise) at the one end, and general management at the other, then management in Great Britain firmly stands at the generalist end of the continuum. A historical argument justifies this preference for general management. Great Britain was one of the first nations to industrialise and, for reasons inherent to society at the time, there was a great divide between the interests of the workers and the interests of the owners or managers. Industrialisation progressed along with engineering prowess. The manning of machinery, however, was synonymous with difficult working conditions, hard physical work, sweat, and dirt – not conditions owners, or managers, might want to be involved with, from near or far. In this context, emphasis was put on general organisation skills and interpersonal skills (Wiener, 1981). These early trends have made a lasting impression on the concept of management in Great Britain and, it is argued, continue to shape attitudes. Other countries, such as Sweden, industrialised later and in different circumstances. The transition from a rural economy to an industrialised nation was much smoother. This meant that managers sought to understand and take part in the technological advances which were set to improve the well being and standard of living of a whole nation. Hence a more specialist orientation to management.

The historical arguments may only provide one clue as to today's attitudes to management and speculations remain debatable. Yet, the consistency between findings from this case study and other similar research findings and historical accounts is remarkable (e.g. Lane, 1995; Stewart et al, 1996; Lawrence, 1996b). To conclude the British managers of the Sema Group operation were found to have an appreciation of the role of management as something general and distinct from a functional role. To be eligible for promotion, managers are also increasingly required to be geographically mobile, and not fixed to a single location.



## **Mobility**

Mobility is a buzzword, but it is certainly happening in the British operation. Some years ago, Handy (1989) described a 'shamrock organisation' in which employees would not necessarily have an assigned desk but be highly mobile, work from home, at client's sites or use a desk for a day in their own organisation. This description fits the British operation of Sema Group quite appropriately. All interviewees, without exception, travelled extensively. The series of quotes below illustrate this trend:

"I don't have a base location. I live in London. I work either in London, Birmingham or other locations."

"My work location is home but then every day is different. I travel extensively."

"On average, in a typical week, I spend two days in Birmingham, two days in London and one day on a customer site"

"London is my base location but I am not here every day mainly because my customers, and the people I am supporting, are in other locations."

(British Sema Group Managers.)

Consequently, on every site there are so called 'hot-desks'. These are not allocated to one person in particular but to whomever happen to need it. This flexibility might be admirable but not everyone agrees:

The requirement that people should travel is unrealistic. Some people who were in London are now going to be in Newcastle for a year. It is crucial to move around to get on. The emphasis is on mobility. I don't know if it is the nature of the industry. I was asked whether I was willing to travel when I joined Sema and I said yes, expecting one day here and now. But to spend Monday to Friday away from home and only have the weekend is not the same. You get travel expenses, so the financial compensation is good, but it's about the kind of company Sema is. Some people barely feel like Sema people at all.

(A British Sema Group employee.)

The above paragraph introduces the theme of corporate identity and loyalty of employees to the company. When individuals are constantly being moved from one location to the other, the notion of workplace changes. Fostering a sense of belonging is quite important to create positive attitudes for the company. If the requirement for mobility is pushed too far, the above interviewee seems to suggest, the strength of the corporate culture starts eroding. A number of writers consider that a strong corporate culture is a competitive advantage which is difficult for competitors to copy and gives a certain edge to a company (e.g. Schwartz and Davis, 1981; Kanter, 1983). Corporate culture is seen as a glue that is essential if employees are going to feel genuinely part of a team. Sema Group has demonstrated that a strong corporate culture is not necessarily a measure of success. Indeed, the company has until now kept internal and external communication budgets at staggeringly low levels. Pressure to address the issue of building up a corporate culture and boosting the motivation and sense of belonging of employees will inevitably rise as the company grows. This issue aside, travelling, flexibility and positive attitudes to change have been found to be attributes expected of Sema Group managers and employees in the UK. These requirements, whether welcome or not, are an increasing feature of the British operation of the overall company.

### **Women in Management**

The issue of women in managerial positions is on the agenda in British society (Alimo-Metcalfe and Wedderburn-Tate, 1993; Marshall, 1984). It seems that the advance of women into what had been a male preserve is a slow process. Never the less, over the past decades there have been a number of initiatives to encourage women to break the so-called 'glass-ceiling', particularly in companies openly 'working toward equal opportunities' (Davidson and Cooper, 1992). In the course of the pilot study, with a British company with headquarters in Northampton, I

encouraged the personnel manager to reflect about women in top management positions in his organisation:

We've got no hang-up about it. To get people to operate at this level, the problem ought to have been addressed 25 years ago and it wasn't. Halfway down the organisation, it looks much better. We take on graduates with a view to them being the managers of the future and in fact we take on more female graduates than we do male graduates now. That's because they are better, not because they are female. They are of a higher calibre, more mature than the male graduates that we see.

We don't have a problem paying equal pay for equal jobs. We just have a problem in the hierarchy because of our inaction in the past if you like. Because women intended years ago to have babies and then leave and now they can have babies and still come back.

These particular comments were interesting because they raised a series of issues, which predictably also came up with the Sema Group case study:

"If you look at Sema's hierarchy, there are very few women around. It is very difficult to get anywhere within Sema. Although, now there are a few more female managers."

(A female British Sema Group Manager.)

There are relatively few women in management, yet the ratio of male to female employees was highest in the UK operation of Sema Group, namely 2.5\*, that is to say the British operation had relatively more women managers. This would imply more equal opportunities for employees in the UK than in the other countries. This is consistent with research on women in management in Europe (Davidson and Cooper, 1993). The 1997 Labour Force Survey shows that, in the UK, of all those employed in the top two social classes (professional and managerial/technical) 34% were women (Sly et al, 1998). The environment in the UK seems to support women in management better than in other countries. Also the high levels of unemployment in France, Germany and Sweden in recent years have hit women harder than men.

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\* Ratios of male to female employees in Sema Group:

- UK	2.5
- Sweden	3.3
- Germany	5.2

Yet, the situation in the UK is not perfect as individuals are still facing difficulties:

“There aren’t many women in Sema. It took a long time to get recognised.”

(A female British Sema Group employee.)

Women employed in the technical side of the organisation seemed to face even more difficulties, as the next quote illustrates:

I have no evidence that equal opportunities are not there. Yet you find various parts of the company where there are no women. There are no women managers on the technical side. It is a danger because staff notice. It has consequences on any ambitions to climb the management ladder. There are women in Finance and HR. Not in technical jobs. Technical jobs belong to men. I was told early on: ‘Why not take a customer facing role?’. They meant be moved away from technical work.

(A female British Sema Group employee with a technical background.)

On the other hand, it is fair to point out that the female managers whom I interviewed or who were kind enough to allow me to follow them throughout a day, made a lasting impression on me, in terms of the high level of skills they displayed. This was particularly obvious in meetings, where the females tended to put forward an outstanding analysis of a particular situation or critically review a project in a convincing manner. Females also tended to re-focus the debate, while the jokes and interruptions were more often introduced by male colleagues. These observations would confirm the commonly held idea that to get to the top a woman has to be twice as good as a man. These impressions, although to some extent anecdotal, are very consistent with the comments of the personnel manager in the pilot study. In that case, in Great Britain the future actually looks brighter for a broader access for top performing women to higher managerial positions. They are already on the path.

In conclusion, it is claimed that British managers have a bias for proactive business and against engineering. Successful business in Great Britain is associated with achieving financial results and in that sense a track record, management experience, an outgoing personality and mobility are valued more than a particular education.

Having identified these traits as characteristic of British management as perceived from the interviews, observation and written material gathered in the case study company Sema Group, I shall now turn to the French side of operations and try to establish how their managers compare.

## **10. FEATURES OF MANAGEMENT IN FRANCE**

This chapter examines the peculiarities of management in France on the basis of the case study organisation, Sema Group. The themes explored here include Cartesianism, freedom, individualism and authority, intelligence and noblesse. Other themes include the French reluctance to share information, the Latin character of French managers as well as their specific approaches to sales, technology and strategy. Finally, impressions about the role of women in management are offered. Overall the chapter suggests that a number of traditional features of management in France are shifting.

### **Descartes**

C'est curieux parcequ'on est un peu poussé par Descartes et assez obsédé par l'élite qui a été formée par les maths. Ce qui pour moi est une erreur. Mais ça ce n'est que personnel. C'est-à-dire que le rapport entre le cerveau gauche et le cerveau droit est mal foutu dans la sélection française.

(It is curious, we are somewhat influenced by Descartes and obsessed by an élite which has been bred on mathematics. I consider that a mistake. But that is my personal opinion. The balance between the left part of the brain and the right part of the brain is completely wrong in the French selection process.)

(A French Sema Group Manager with a 'grandes écoles' background.)

Cartesianism, named after the French philosopher René Descartes (1596-1650), is a rational method of deduction, a method associated with logic and intellectual rigour. The education system in France has been traditionally underpinned by a Cartesian education philosophy. An illustration of this philosophy in the French curriculum is a high regard for subjects such as mathematics and philosophy. Another illustration

is the preference for assessments of arts subjects in the form of logically argued essays ('la dissertation'). A number of observers of French culture point out that Cartesianism is considered as an ideal in France (e.g. Shramm, 1996; Barsoux and Lawrence, 1997). Indeed, it is seen as a powerful framework applicable to most intellectual activities. Illustratively, one of the interviewees from the Swedish organisation noticed:

"My impression is that the French are much more directed to questions of statistics and formalities than the Swedes."

(A Swedish Sema Group manager.)

Although the French are proud of the Cartesian tradition of the education system, they are also openly critical of it (Deschamps, 1998). In such a background, it was not a surprise to hear a French manager spontaneously raise the issue (see the above quote). The comments illustrate two points:

- Cartesianism remains strongly embedded in French management,
- Cartesianism is heavily criticised.

A number of French managers are increasingly expressing doubts about the Cartesian philosophy being a suitable basis to train flexible managers: Cartesianism and flexibility are seemingly a contradiction in terms, hence the attempts to reform the education system in France (Léotard, 1998). When I asked the interviewee quoted above to explain why he felt the emphasis on mathematics was potentially a mistake, he explained:

Le métier que l'on fait, vous vous occupez des clients. Je m'occupe de clients depuis de longues années, ce qui m'a permis de rencontrer des centaines de personnes. Le métier de concevoir des systèmes d'informatique ou le métier de vente, ce sont fondamentalement des métiers d'écoute. L'écoute, c'est la base même.

(In the job we do, we have to look after customers. I have been looking after customers for many years, which has allowed me to meet hundreds of people. The

business of creating concepts for information systems and the selling process is fundamentally about listening. Listening is the basis of everything.)

The main point of the argument is that the skill of listening is far more important in order to succeed than the emphasis on mathematics imposed by the 'classes préparatoires', the two to three years post-'baccalauréat' which train students for the highly competitive entrance exams of the 'grandes écoles'. The purpose of the 'grandes écoles' is to train the élite of the nation, so it follows that a significant proportion of top French managers come from these institutions. The selection system of the 'grandes écoles' is largely based on mathematics. However, listening is a human, soft skill not particularly related to mathematical virtuosity at the age of 19 to 21:

"Ce n'est pas parceque vous étiez doué en math à 20 ans qu'à 50 ans vous êtes doué. C'est peut-être l'inverse."

(If you were gifted in maths at 20, you are not necessarily gifted at 50. It could be the other way round.)

(A French Sema Group manager.)

The mathematical bias in the recruitment to the top 'grandes écoles' is being fiercely challenged in France. Changes in that area seem unavoidable (Reverchon, 1998) especially as the country seeks to harmonise its educational institutions with those of the other EU members. The system of 'grandes écoles' is unique in the world but is now under heavy scrutiny which will undoubtedly have consequences for the future generations of top managers. Indeed, if the 'grandes écoles' system is the key to understanding French management - in that it trains the large majority of future managers - then the ongoing reforms of the system will, *ceteris paribus*, also reform the character of French management. The reforms include more variety in the recruitment criteria of the 'grandes écoles'; i.e. emphasis on subjects other than mathematics and closer links between universities and 'grandes écoles', as well as increased international exchanges. In time, these trends might lead to a lessening of



traditional characteristics of French management, including an erosion of Cartesianism.

The rational, competitive and abstract training is condemned for not providing students with the appropriate communication skills necessary for today's flexible environment. The Cartesian approach proved to be well suited to training young leaders in the context of the three decades of economic growth following World War II ('les trentes glorieuses'). Now however, change and the ability to be flexible are of foremost importance to succeed on home and international markets:

Il y a eu des périodes au XIX et après la guerre où le problème c'était de suivre la demande. Il y avait des évolutions techniques et le marché achetait. C'était l'ère des bons gestionnaires. Maintenant on entre dans l'ère des créatifs parce que le marché sur les produits de base est presque saturé. Ceux qui gagneront demain, ce sont les créatifs. Donc on n'a plus du tout besoin des mêmes hommes.

(There were times in the XIX century and after the war when the problem was to cope with demand. There were technical advances and the market was buying. It was the era of accountants. Now, we are coming into the era of creative people because the market for basic products is almost saturated. Those who will win tomorrow will be those with creative skills. So we no longer need the same kind of people.)

(A French Sema Group manager.)

As pointed out by Sema Group interviewees, non-Cartesian aspects of management, including the skill of listening and creativity, are being increasingly emphasised. However, to this day, French managers remain largely influenced by the Cartesian philosophy. Whatever the current trends, it is difficult to imagine Descartes being displaced altogether. For the time being logic still rules. In the foreseeable future other qualities such as flexibility and creativity will be in demand. While logic does remain high on the agenda, the French undeniably remain free spirits. This brings about an interesting paradox: the Cartesian method working with 'the exception to the rule'.

### **Such joy and freedom in the exception to the rule!**

French grammar is notoriously famous for having strict rules which regulate the ending of adjectives and verbs. It is also notoriously famous for having a number of exceptions to the rules. This makes French grammar difficult to understand but also interesting. French management is rather similar.

It seems that the French uphold bounded rationality and at the same time experience some form of liberation when they are allowed to operate outside the established boundaries. Indeed, operating outside the rules allows individuals to be creative and to stand out in a system which is otherwise relatively impersonal\*. In fact, a number of writers point out the passionate, impulsive (in brief, non-Cartesian) character of French management (Hall and Reed Hall, 1990; Johnson, 1996; Shramm, 1996).

The passage below illustrates this as a manager compares the American way of working to the French way:

Dans la logique américaine, ils sont très disciplinés. Ça roule bien. Mais dès qu'il y a un imprévu, ça marche plus.

Alors que le système français, ça ne marche bien que lorsqu'il y a de l'imprévu! Si tout est planifié, ça ne marche plus, les gens n'obéissent pas. Fondamentalement on est une culture indisciplinée. Par contre s'il se passe quelque chose complètement imprévisible, on a une capacité de réactivité. Pourquoi? Parceque s'il se passe quelque chose d'imprévisible, vous sortez des règles et le Français s'épanouit quand il sort des règles. Ça ce sont des traits culturels de fonds.

(In the American logic, people are very disciplined and it works well. But as soon as something unexpected happens, things stop working.

Whereas in the French system, things only work well with some degree of unexpectedness! If everything is planned in France, things won't work, people won't obey. Fundamentally we are an undisciplined culture. If, however, something

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\* It has been argued that French organisations tend to be relatively impersonal because of an emphasis on precise role descriptions for job positions as opposed to job positions developing according to the personal skills of the candidate (Maurice, Sellier and Silvestre, 1986).

completely unpredictable happens, we have the capacity to react. Why? Because if something unpredictable happens, rules have to be bypassed. And the French bloom when they can bypass the rules. These are fundamental cultural traits.)

(A French Sema Group Manager.)

For the purpose of this discussion, the most salient point is found in the sentence: “And the French bloom when they can bypass the rules”. As explained above, the French experience a sense of freedom when they can operate outside established practices. A parallel can be drawn between the above remarks of a Sema Group manager and observations made a number of years ago by Crozier (1963), a French sociologist. He carried out ethnographic observations of the workers at a production unit in France and found that the maintenance workers had a significantly higher status than other workers. He attributed this status to their role of dealing with the unpredictable events of machine breakdowns:

Les arrêts de machines constituent le seul événement vraiment important qui ne puisse être prédit à l'avance et pour lequel on n'a pas réussi à imposer de règles impersonnelles. [...] Les seules personnes qui peuvent traiter sérieusement et avec compétence de cet événement crucial que constitue les arrêts de machine, sont les ouvriers d'entretien. [...] Les ouvriers d'entretien, eux, ont le beau rôle [...].

(The machine breakdowns are the only really important event which cannot be predicted in advance and upon which impersonal rules could not be imposed. The only people who have the skills to deal seriously with this crucial event of a machine break down are the maintenance workers. The maintenance workers are sitting pretty.)

Crozier (1963, pages 130-133).

At the time of his study, Crozier (1963) points out that the French maintenance workers thrived and asserted their authority through dealing with the unpredictable machine break downs. Meanwhile, a few decades later, the Sema Group case study shows that the French are still found to delight and excel when something unpredictable happens. It appears that the French are consistently at ease when they

are called to manage something unexpected. In France, an unpredictable event is an opportunity to shine! Indeed, unexpected events allow individuals to stand out and to experience a sense of achievement. While rules are needed to keep uncertainty at bay and naturally keep undisciplined employees in control, any opportunity to transcend the rule will create a burst of enthusiasm and creativity. One might argue that the French higher education system fosters competition amongst students and hence individualist behaviour. Given this background, if employees find themselves in organisations where rules stay fixed and impersonal, then it is no wonder that bypassing them is exhilarating! This could be symptomatic of a lack of correct rewards, recognition or opportunities for promotion of employees who are achievers in routine circumstances.

The French are particularly good at seeking a way around rules as doing so is liberating from the routine. It is an expression of individualism and authority. These themes are further developed below.

### **Individualism and authority**

Unusual situations may act as a trigger that fosters a sense of satisfaction and achievement. Yet where is the joy in operating outside the boundaries if there are no boundaries? The paradox is that the French may like freedom but they also want authority:

“In France there is constant tension between the demand for strong authority, and individualistic assertion against it.”

Sorge (1993, page 71).

Barsoux and Lawrence (1997) suggest that a number of paradoxes characterise French management. In particular, they propose that liberty, equality and fraternity, the official values of the French Republic, ought not to be taken at face value; indeed there are, in French society, counterbalances such as vested interests,

hierarchy and dependence. These paradoxical values, as this case study confirms, are the key to understanding the puzzle of French management. At Sema Group, the main tension is between the need for personal independence and a demand for higher authority. One of the interviewees suggested that authority was particularly needed in times of crisis in the organisation:

“Il y avait quelqu’un qui disait que dès qu’il y avait un problème en France, les Français voulaient voir un képi. Il pensait à De Gaulle donc ce côté du chef qui rassure.”

(Someone said once that when there was a problem in France, the French wanted to see a kepi. He was thinking about General De Gaulle, the reassuring leader.)

(A French Sema Group manager.)

It seems that in normal circumstances, there is also a strong demand for authority:

On est un pays conservateur, très conservateur, d’où cette notion de pyramide, très latin, et cette notion: “le chef a dit”. Les gens se protègent un peu.

(We are a conservative country, very conservative. Therefore this notion of a pyramid structure, extremely Latin and this notion of “The boss said”. People protect themselves to some extent.)

(A French Sema Group Manager.)

In French organisations, the hierarchical authority and the notion of the pyramid are justified by finely tuned distinctions in terms of qualifications (e.g. vocational qualifications, bac. +2, bac. +3, ‘grandes écoles’ ranking). Authority, individualism and qualifications go hand in hand. This argument was first proposed by Maurice, Sellier and Silvestre (1979), who pointed out the longer hierarchy in French firms as opposed to corresponding and matched German firms. The hierarchy in France was seen as an expression of a long hierarchy of qualifications, exemplified by the differences in prestige between the various higher education establishments. The ‘grandes écoles’ are the most prestigious, followed by slightly less prestigious institutions, ‘les moins grandes écoles’, and the universities. Observations at Sema Group show that the argument put forward by Maurice, Sellier and Silvestre (1979)

is still valid, namely that the levels of qualifications match the levels of authority. This is arguably more or less true in every country, but it tends to be more visible in France as the boundaries between one level and the other are extremely rigid. For instance, in the French part of Sema Group typical qualifications for the various technical grades would be:

- Operator:                               Baccalauréat or below,
- Production Co-ordinators:   Bac. + 2,
- Engineering Support:           Bac. + 5,
- Management:                        'Grandes écoles', engineering background.

Promotion from one level to the other is relatively difficult as once qualifications are obtained, there is little opportunity to improve on them later in life. It can be argued that continuing education is developed in France, but it tends to take place in the form of short training programmes providing skills rather than degrees (Bournois, 1992; Brunstein, 1992, Rojot, 1993). Besides, a number of 'grandes écoles' impose age limits as part of their recruitment criteria, ruling out the entry of late starters or returnees. In French organisations, mobility between the different levels of qualifications is unusual. Thus, the education system has a key effect on the organisational structure of Sema Group. Qualifications in France symbolise a competitive, elitist system of higher education, which is reflected in the hierarchy of organisations. This provides further evidence of a 'societal effect' as defined by Brossard and Maurice (1976).

"Plus vous remontez dans les couches de formation, plus les gens sont individuels, c'est évident."

(The higher the qualification strata, the more individualist people are, obviously.)

(A French Sema Group Manager.)

In France qualifications justify the hierarchy and instil managers with a sense of authority and a penchant for individualism. Qualifications have another implicitly

role for they are perceived by the French to be a measure of intelligence - a theme which is explored below.

### **An intellectual tradition**

In France, intellect is a key word. It is the key to leadership. It justifies the pyramid and reconciles the notion of an egalitarian republic with steep company hierarchies. The following comment was not a surprise:

On est, quand même, un pays qui a une culture intellectuelle assez forte, ce qui pousse à l'indépendance. Moi je l'ai vu au niveau des entreprises américaines pour lesquelles j'ai travaillé où effectivement ça paraît une équipe de foot sans vedette et avec un seul ballon alors que la France c'est une équipe de foot avec 11 vedettes et 11 ballons. C'est à-peu-près ça dans les entreprises un peu élitistes.

(Our country has quite a strong intellectual culture and it pushes us towards independence. I have witnessed that with the American companies I worked for where it feels like having a football team with no star-player and one ball. In France, it's like a football team with 11 star-players and 11 balls. It is a little bit like that in companies that lean towards elitism.)

(A French Sema Group Manager.)

An intellectual culture and elitism appear to be characteristics of French management. This has also been reported by other writers, for instance Barsoux and Lawrence (1991a) and Simonet (1992). The French believe that intellectual activity is more worthy than practical activity, hence a preference for an intellectual approach to management. It seems that the French are proud of this intellectual tradition - to some extent it fosters in them a sense of mild superiority. After all, the French did invent Chauvinism!

Les Français ont un énorme atout par rapport aux anglo-saxons, c'est qu'ils sont intellectuellement créatifs.

(The French have an enormous advantage compared to the Anglo-Saxons, which is

that they are intellectually creative.)

(A French Sema Group Manager.)

The above quote, rather than suggesting that the British might not be creative (given Great Britain's high record in patenting inventions this idea can be safely dismissed), reflects an awareness of the strong intellectual tradition in France. Admittedly, it is also a superb expression of French chauvinism!

The French have adopted a rather narrow definition of intelligence: mastery of abstract mathematics at an early age. This, as discussed in previous sections, is now being challenged in France. The 'concours', the competitive examinations granting admission to the 'grandes écoles', are being redesigned to accommodate other measures of excellence. This might undermine the reign of Cartesianism, but will certainly not undermine the role of intelligence: France remains an intellectual meritocracy. After all, the Sema Group Chief Executive Officer is a 'polytechnicien' - he graduated from one of the most prestigious French 'grandes écoles', the 'École Polytechnique'. The hierarchical pyramid is as it should be, with the carefully selected intellectual élite at the top.

To conclude, it appears that intelligence as well as individualism and authority are features of French management. Intelligence is measured in a Cartesian fashion and is reflected in discriminating levels of qualifications. Consequently, in French organisations, qualifications are not just a measure of intelligence: they also shape the basis for individuals to share a sense of nobleness and belonging.

### **Noblesse oblige**

The concept of company leaders being the intellectual élite of the nation is particularly French. In contrast and as explained in the previous chapter, the British Sema Group managers tend to put a higher value on hands-on experience as well as continuing education. Achievement in France is linked to early educational achievement.



Intellectual achievement, especially when it is acknowledged by the relevant higher education institutions (the ‘grandes écoles’), provides more than an education, it provides a status and a rank in society. A set of values and behaviours are associated with each rank:

“A tout seigneur, tout honneur.”

(Honour is due to each according to their rank.)

(French proverb).

D'Iribarne (1989, 1994) particularly develops this point; in France, one's status in society is attached to educational achievement and codes of conduct are associated with each rank. The idea of honour, as developed by Montesquieu (1748), is also a major consideration. The latter points out that French society before the Revolution was composed of separate social strata. These were the nobility, the clergy, the bourgeoisie and the peasants. Each stratum had its own set of rights, duties and a code of honour. In various pieces of writing, Montesquieu (1721, 1748) wittily narrates how individuals are bound by their adherence to a code of honour. Similarly, according to D'Iribarne (1989, 1994), French organisations today display various hierarchical levels. Individuals at each level of the organisation are bound by a shared code of honour. Thus, the social principles of different groups' organisation and honour observed by Montesquieu in the XVIII century are still visible today. For instance, honour dictates that the status of leaders be sufficiently high for others to obey. Illustratively, the French Chief Executive Officer of Sema Group not only graduated from one of the most prestigious institutions of higher education in France, 'l'École Polytechnique', but he graduated top of the class. This achievement is important as it confers all the honours of nobility and guarantees the respect of subordinates.

Lower down the organisation, the degrees of status and noblesse were also important:

“Certains postes sont beaucoup plus nobles que d'autres.”

(Some jobs are far nobler than others.)

(A French Sema Group manager.)

This statement about the higher status of some jobs over other jobs may seem obvious and universal, yet in no other country-subsidiary of Sema Group was the point made more forcefully.

In the French organisation, a “pecking order” exists even at the lower hierarchical levels. For example, in the technical department, the pecking order for the various operators is as follows:

- Network Operators (responsible for overlooking the flows of data on the IT network)
- Applications Operators (responsible for controlling the order in which data handling procedures are run)
- System Operators (responsible for disc management and back-ups)

The role of the Network Operator is considered nobler than that of System Operator. In terms of qualifications, Network Operators tend to have a slightly better profile (Bac. + 2) as opposed to the other Operators who tend to have a ‘Baccalauréat’ level or below. More importantly, the role of Network Operator tends to be conceptual and therefore requires abstract thinking, which is highly valued in France. This is in contrast with the practical role of System Operators who often have to physically move back-up discs of data from one area to another. The Sema Group case study points to a strong link between conceptual work, intelligence framed by appropriate qualifications and a degree of nobleness.

The role of Network Operator is not quite as noble as that of Engineering Consultant, yet it is nobler than that of Systems Operator. One of the difficulties for management is to break the boundaries between the various cliques. Indeed, these are relatively closed one from the other - in fact it is a question of honour. A new management impetus is to assemble a team of flexible operators and job rotation is being advocated. However, this initiative is opposed by the workers – as they have

reacted by asking for clear organisation charts and by working to rule ('instructions de travail') - no more, no less. It is as if the idea of flexibility was a threat to clearly established identities. One of the managers remarked:

"Les gens ont besoin de se raccrocher à leur positionnement les uns vis-a-vis des autres."

(People need to hold on to their position in relation to others.)

(A French Sema Group Manager.)

On the question of noblesse and authority, one manager commented:

"Les autres n'écouteront une personne en tant que chef que si ils ont vu le nom dans la case [d'organigramme]."

(People will not listen to anyone as their boss if they haven't seen the name in the box [of the organisational chart].)

(A French Sema Group manager.)

This sense of honour also has an impact on the way in which orders are passed down. Individuals at each level of the hierarchy have a certain pride and, as a consequence, orders are not necessarily obeyed even when they come from the 'proper' authority. Drawing on their managerial experience, one of the interviewees remarked:

"Pour que des décisions compliquées soient exécutées, il faut que les gens aient le sentiment que c'est leur idée."

(For complicated decisions to be carried out, people have to have the feeling that it is their idea.)

(A French Sema Group Manager.)

The above passage suggests a top-down process of decision-making, which has been depicted as a feature of French management (Barsoux and Lawrence, 1997). In this case study, it seems that decisions are indeed made by management but then proposed to subordinates in such a way as for them to feel it was their idea in the first place. The whole process resembles a political game. In contrast, all the

Swedish managers interviewed described how employees were genuinely involved in making decisions. In the light of a comparative survey of managers' attitudes carried out by Laurent (1983) such a finding is not surprising. Indeed, Laurent (1983) found that 62% of the French managers in his survey considered organisations as political systems. The score for Sweden was significantly lower (see literature review). The observations from the case study in France confirm the existence of rather intricate management practices, somewhat akin to those of a political system.

In brief, there are a number of unwritten rules about the process of management in France, as observed from the Sema Group case study. Employees will accept authority more readily if status is clearly marked out and at the same time used sensitively. Each group at the different levels of the hierarchy share a code of conduct and a sense of honour. In a positive sense, loyalty to one's group can be used to channel energies and to increase motivation.

Noblesse serves several purposes as it maintains a clear chain of command in the organisation and it is also a tool that can be used to channel energies and boost cohesion within each hierarchical level. Unfortunately, there is a consequence as each level in the organisation believes that they enjoy certain prerogatives which they have to protect. Such a situation, where individuals feel they have to defend their own position, does not promote a good basis for information to flow easily within the company. This theme is developed in the next section.

### **Reticence and protection**

The first hint in France that each layer of the hierarchy might be keen to protect its own interest and fearful to give away too much information was made by a British Sema Group manager:

"I was really shocked at an international conference to be told [by a Director] that the strategy for the next five years was secret. When I asked why, I was told: 'the competition might find out'."

There is a notorious reticence in France to share information (Johnson, 1996). In part it is due to the compartmentalisation of the different hierarchical levels which is a consequence of differentiated levels of qualifications. With a certain level of qualification comes a certain level of authority and a code of conduct shared with one's peers. Information is power and it is only passed down selectively and strategically. In fact, a significant number of the French managers in Sema Group are not on e-mail. On the one hand, this is surprising for an IT company yet on the other hand, if information is power and status of foremost importance, then e-mail is a rather inconsiderate invention: too fast, too direct and too informal!

In fact Johnson (1996), an American manager working in France gave the following advice:

"To manage in France, it is best to start by accepting the unpleasant reality of management-labour polarization".

(Johnson, 1996, page 25).

The polarisation referred to is that each layer is careful not to give too much away. Their security depends on it. This reticence to share information can lead to extreme cases such as a blunt refusal to explain the company strategy to one's subordinates (see above quote from a British Sema Group manager).

Strategy is not the only area protected by secrecy. As pointed out in the previous chapter on management in Great Britain, salaries also are surrounded by secrecy. Averages of salary figures were readily made available for the purpose of this research by the British, Swedish and German subsidiaries. Unfortunately, this was not the case for the French subsidiary. Comfort had to be found from a press article:

"En France, parler de salaire reste tabou."

(In France, talking about salaries remains taboo.)

(L'Expansion, 1998, No. 572, page 130.)

Another difficulty encountered in carrying out the research in the French organisation, the head office in particular, was in arranging meetings. After a number of phone calls, letters and faxes asking for appointments with potential interviewees, I was giving up hope. I was finally rescued by a British employee on a short-term placement at the French Head Office. She suggested that I just turn up at the Head Office. The Directors I was hoping to meet would definitely take the time to see me. If I did not turn up, I could wait forever for a formal appointment. In disbelief, I found myself on a Eurostar train to Paris, heading for the Head Office with no appointment arranged! Still, I was not to be disappointed by my British informant. I boldly advised a series of personal assistants and other gate-keepers that I was now in Paris and that I had to see a number of people during that time. Thereupon I was given a large office as a base. It was recommended that I should tactically wait in the sitting areas of corridors and seize the opportunity to speak to the Directors who would inevitably walk past. Their agenda must have been flexible since once I introduced myself, they happily granted me, almost on the spot, several hours of interview time and asked me why I hadn't come to speak to them any earlier! This anecdote illustrates two points:

- the difficulty in accessing people and information using a formal approach,
- a very Latin, spontaneous approach to management.

This latter theme, the Latin spirit, is the subject of the next section.

### **The French version of the Latin spirit**

When I first arrived at the French Head Office, I was struck by the activity; the sense of urgency, telephones ringing and people running in and out of offices. A few centuries ago Montesquieu (1721) pretending to be a visitor from Persia, for the sake of satire, made similar observations about Parisian life:

“Tu ne le croirais pas peut-être: depuis un mois que je suis ici, je n’y ai encore vu marcher personne. Il n’y a point de gens au monde qui tirent mieux parti de leur

machine que les Français: ils courent; ils volent. Les voitures lentes d'Asie, le pas réglé de nos chameaux, les feraient tomber en syncope.”

(“Perhaps you will not believe this, but during the month that I have been here I haven’t yet seen anyone walk. No people in the world make their bodies work harder for them than Frenchmen: they run; they fly. The slow vehicles of Asia, the measured step of our camels, would give them apoplexy.”)

(Montesquieu, 1721, Lettre XXIV, translated into English by Betts, 1973.)

On arriving in France, I was similarly stirred by a sense of restlessness. The Head Office was buzzing, speed was of the essence, and points were made forcefully and in a loud manner, by shouting if necessary. This was almost a reverse culture chock to me. When I first arrived to live in England, the British struck me as being incredibly languid, slow to move, hardly expressing any emotion, yet by the same token I admired their patience and fair play, how could they possibly manage to be so reserved? The British habit of qualifying statements and the art of introducing any disagreement in an understated, smooth manner was incredibly frustrating to a French national. Could they please get to the point quickly? I had to bite my tongue so as not to be brusque. Yet I must have slowly accommodated to the British mode as I listened in horror to French Directors shouting and swearing at each other at the French Head Office. Could this be civilised behaviour? Was somebody about to get sacked? Surely something terrible would follow. Instead total calm followed and the incidents were forgotten as quickly as they had arisen: sworn enemies were friends again as if nothing had happened.

In his ethnographic study of the French, American and Dutch operations of the same multinational, D’Iribarne (1989) also noticed the sudden fits, clamours and furores of the French employees or managers. These attitudes were in stark contrast with the consensual, peaceful manners of employees of a compared Dutch operation. D’Iribarne (1989) explains that the various groups of employees have their own interests to safeguard:

“L’utilisation d’un discours véhément, qui n’hésite pas à “se fâcher” et à “gueuler”,

est un moyen non dépourvu d'efficacité pour se faire entendre.”

(A vehement tone, freely loosing one's temper and bawling out, are rather efficient ways to make sure one is heard.)

(D'Iribarne, 1989, page 29.)

The fact is a Latin code of honour requires one to be heard when one has been grieved. Should a disagreement occur, let it be known. One would rather have a fierce argument and forget it than politely ignore problems when they arise.

Johnson (1996) is another observer of French organisational culture. He makes similar observations and neatly sums it up:

“A sudden outburst is often followed by total calm or even warmth, with no apparent memory of the storm that just passed.”

(Johnson, 1996, page 45.)

It seems that a good deal of swearing and shouting goes on in French organisations. This way of getting one's point of view heard contrasts with the way in which people interacted in the Sema Group operation in Sweden (the more peaceful and consensual mode of operation in Sweden is described in detail in the next chapter).

Another aspect of the Latin temperament of French managers is to be found in the flexible agendas. Meetings do not start on time but rather when everybody happens to find themselves together: at the Head Office as much as four hours behind the planned agenda is not unusual and if need be meetings can be rearranged for another day. This theme was touched upon in the previous section highlighting the difficulty of arranging appointments in advance and yet the ease with which meetings did occur and ample time given for them. This can be particularly frustrating for the British managers, for whom this practice is simply impolite:

“The French are always late for meetings. One hour late is not unusual. Once a French Director was four to five hours late!”

(A British Sema Group manager.)



In other parts of the French organisations, meetings would typically start a couple of minutes late. The French do not necessarily follow the agenda as the logic of the conversations might require inter-relating various points which would possibly be considered to be different in Germany. Another striking feature of the French style was the ad-hoc manner in which work was carried out: several tasks at the same time, talking to somebody, signing papers, calling an assistant to clarify a point, taking a phone call from abroad, returning to the discussion and so on. In fact, I was witnessing management with a 'polychronic view of time' (Hall and Reed Hall, 1990) as described in Chapter 2. It appears that Latin managers in particular take such a view of time; work is characterised by constant interruptions and an emphasis on acting now rather than at any other point in time. A British employee whom I happened to meet at the French head office summarised it in her way:

"Office life here is just crazy."

(A British Sema Group employee in France.)

Whether office life is crazy or just active and lively, is probably a question of view-point. A description of the working day would not be complete if one omitted to mention the long breaks for lunch ('le déjeuner'). Lunch is the opportunity to mellow. The art of enjoying lunch, sitting down with colleagues, talking about philosophy, politics and business over several courses has been perfected by the French. The British are only too aware of it:

"On one occasion we had an international meeting here in Birmingham and took our guests to a restaurant. The French seemed to be enjoying the occasion of sitting down and talking business around a meal. It was natural for them. The Germans seemed a bit thrown by the meal and business mixed together."

(A British Sema Group manager.)

Barsoux and Lawrence (1997) point out that the French are conditioned from school days to take a two-hour lunch break. At Sema Group, a one hour lunch break is the norm but it is extended with coffee in the office and a leisurely early afternoon work

pace: time to digest. Later on, concentration peaks and this means that people will stay at work relatively late in the afternoon or evening. On average, the managers I interviewed finished their working day around 8 pm.

On the whole, several features of management in France denote a Latin influence on business practise. These features include a bias for action and verbal outcries, the ability to do several tasks at the same time and the well-known lunch breaks which give people an opportunity to relax.

### **Selling**

Over a meal, barriers between people are lowered and an exchange of information is more likely to occur. In France, sharing wine and food makes communication far easier than sitting face to face in a formal meeting. One can therefore imagine that sales negotiations over a meal are a relatively common affair in France. Although none of the interviewees suggested that a meal had won them a deal, they are social occasions which do play an important role in getting to know partners.

However, even in France the right sales contacts are far more important than a meal. In that respect, being part of the 'grandes écoles' alumni is an undeniable advantage. When I tentatively asked whether it was usual practice to use the 'grandes écoles' network to win contracts, the answer was unhesitating:

"Oui, oui, oui, c'est le sous-marin. La réponse est oui."

(Yes, yes, yes, that's the underground force. The answer is yes.)

(A French Sema Group manager.)

Sema Group has a predilection for recruiting graduates from 'l'École Polytechnique', hence the relevance of this particular 'old-boys' network\* for the company:

"A Montrouge, il y a une densité de polytechniciens qui est quand même assez

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\* 'L'École Polytechnique' has a military tradition and an exclusively male recruitment until 1994. One cannot therefore literally talk of an 'old boys' network.

importante.”

(In Montrouge, [French Head Office] there is a rather high density of graduates from ‘l’école polytechnique’.)

(A French Sema Group manager.)

Being a former graduate of the prestigious ‘École Polytechnique’ is important because it confers on individuals of the right rank the equal footing and noblesse which are necessary to access the key levels of organisations that are able to make the sales decision. Hall and Reed Hall (1990) point out that France is a ‘high context’ society, by which they mean that the context in which interaction between people takes place is highly important. In the French operation, an understanding of one’s equivalent status is particularly important. In fact, the noblesse acquired through the ‘grandes écoles’ alleviates the stigma associated with commerce in France:

“En France, le commerce est toujours considéré comme sale.”

(In France, business is still considered as dirty.)

(A French Sema Group Manager).

Selling in France is a diplomatic process. One would rather not confront it directly and anything that will avoid this direct confrontation will be taken up, whether a meal or a common higher education background. Talking about money is rather unpleasant, whether it is to do with salaries (a theme explored earlier) or whether it is to do with prices. Another tactic is to concentrate one’s mind on the technical prowess, something at least to be proud of.

### **French technical superiority**

As explained above, the French context of selling is a more covert than overt activity. In comparison, the British approach to sales is depicted in the previous chapter as bold, direct and enthusiastic. In France, the energy and enthusiasm are

clearly channelled towards technology. Indeed, the technical departments enjoy a higher profile than the sales department:

“Nous avons une culture de technicien. Dans une telle culture, le commercial doit vendre ce que produisent les techniciens.”

(We have a technical culture. In such a culture, the commercial people must sell what the technicians produce.)

(A French Sema Group Manager.)

This emphasis on technology is none the less being counter-balanced by the managerial determination to drive the business profitably. This is a relatively recent trend for the Outsourcing subsidiary, which is a recent acquisition of Sema Group (see Chapter 8):

“Avant la finance, les gens disaient: ‘rien à secouer’. Maintenant, c’est devenu une fonction aussi importante que les autres.”

(Before, people said that they couldn’t care less about financial issues. Now, it is a function as important as the others.)

(A French Sema Group Manager.)

Prior to the acquisition, it was simply a matter of respecting budgets, but now the emphasis is on meeting financial targets. Business comes first, thus the emphasis on technology is losing its saliency under the influence of an Anglo-Saxon style of management:

“On est quand meme une societe franco-anglaise. Donc il y a des croisement de culture.”

(After all we are a Franco-English company. There are cultural cross-overs.)

(A French Sema Group manager.)

Yet on the whole, the focus on sales and customers is far more important in the UK organisation than in the French organisation. In fact, British interviewees readily acknowledged a French bias for technological perfection:

**“The French have a superb technical ability.”**

**(A British Sema Group manager.)**

The German interviewees also acknowledged the technical expertise of the French but felt that the French had this rather unpleasant tendency to follow their own ideas, regardless of developments in other countries:

Frankreich geht technologisch einen eigenen Weg. Das SMC\* ist auf Technik von X basiert, das ist customiziert von England so wie wir es brauchen für die Organisation. Schweden geht den gleichen Weg, wir gehen den gleichen Weg, wir versuchen eine identische Organisation und identische Tools und Programme einzusetzen. Frankreich will aber nicht das englische System übernehmen. Es gibt nach meiner Einschätzung technische Argumente. Ich habe das Gefühl, daß es eher ein Problem zwischen französischen Ideen und UK Ideen ist. [...] Die Franzosen machen immer was sie wollen und haben sich für einen eigenen Weg entschieden.

(France is following its own technological path. The SMC is based on technology from X, it has been customised by England just as we need it for the organisation. Sweden is following the same way, we are following the same way, we are trying to put in place an identical organisation and identical tools and programmes. But France does not want to take over the English system. In my opinion, there are technical arguments. I have the feeling that it is more a problem between French ideas and UK ideas. [...] The French always do what they want and they have decided to go their own way.)

Wenn man europäisch denkt, müssen alle Länder das gleiche machen, gleiche Tools, gleiche Systeme, gleiche Organisation um irgendwann mal auch europäisch miteinander kommunizieren zu können.

(If one thinks European then all countries have to do the same thing, the same tools, the same systems, the same organisation so that at some point we are able to communicate with each other at European level.)

**(A German Sema Group manager.)**

This tendency for the French to follow their own way had previously been pointed out by a British manager:

“The French suffer from a ‘not invented here syndrome’.”

(A British Sema Group manager.)

This French urge to assert their own technological independence leaves them open to charges of arrogance:

“The French feel that the Germans are not at the same level of knowledge. They are a bit arrogant.”

(A British Sema Group manager.)

Speculating on the reasons for the Gallic pride in their own technology, one has to acknowledge the very high level of education the ‘grandes écoles’ engineering graduates receive. The individualist penchant of those graduates has already been discussed in previous sections. It seems that this penchant is also visible at national level this trait has largely been encouraged by the policies of the successive French governments in particular since the last World War. Examples include France’s nuclear capability and investments in prestigious technological projects such as the TGV high-speed train (Train à Grande Vitesse). In this context, the élite of the nation is taught how to defend French national interest and French technological independence. This can, at times, be detrimental to the image outsiders have of France. Within Sema Group, it leads at times to strains in European level technical co-operation. The following extract from an internal memorandum offers another example of this:

Despite a large amount of time and effort being spent to pull together a broad based agreement for Sema with X, the deal I presented in Paris on xx/xx/xx has collapsed. Sema France have separately been negotiating a deal with their local X salesman [...]. This has turned out to be a good deal for Sema France, and a better deal than the one we were negotiating, but it does not allow other countries to participate. [...]

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\* SMC: Service Management Centre.

Further discussions with X will be forthcoming to ensure that we can secure a good position for other countries who will need X in future.

(Internal memorandum from a British Sema Group Director.)

Summing up, it seems that the French proudly uphold their independence and technological knowledge. In the last chapter on management in the UK subsidiary of the Sema Group, it appeared that a high profile was associated with commercial functions. In France however, high profile is attached to being involved with technology. Yet, there are also signs that the emphasis is shifting and that financial as well as commercial performance is increasingly gaining importance. This is due to an Anglo-Saxon managerial influence. There is therefore a shift from technological top performance to financial top performance. Similarly, Sema Group Outsourcing France is going through a shift from top-down strategy formulation to customer led strategy formulation. This theme is developed below.

### **Shift in the traditional top-down strategy**

Traditionally, the larger state-owned French company has been managed on the basis of top-down strategy. The Outsourcing division of Sema Group France is a recent acquisition. It used to be a subsidiary of France Télécom - hence there are certain cultural traits which are proving hard to shift:

Les anciens France Télécom me demandent: 'Quelle est la stratégie de la direction?'. On exécute'. Moi je dis que la stratégie, c'est pas la stratégie de la direction, c'est la stratégie des clients. Sema veut répondre aux besoins des clients en gagnant de l'argent.

(Former France Télécom employees ask: 'What is the strategy of top management? We obey orders'. And I say, it's not about top management strategy, it's about the strategy of our customers. Sema wants to respond to customers' needs and in so doing earn money.)

(A French Sema Group Manager.)

The above quote illustrates the changes which are slowly being introduced by management. It is a learning process: a move from a centralised, hierarchical structure to a more fluid organisation where individuals are handed down greater responsibility. In such a context, the emphasis on hierarchical levels is decreasing in favour of a market proactive, network organisation. These changes are not easily digested:

Il n'y a pas beaucoup d'organigrammes, mais les gens en demandent.

(There are few organisation charts but people ask for them.)

(A French Sema Group employee.)

This changing culture was quite disorienting for a number of people:

La difficulté qui perturbe un peu les gens ici, c'est que c'est pas une maison terriblement hiérarchisée. D'ailleurs vous n'avez pas d'organigrammes. S'il y en a un, c'est pas vrai, parce que c'est une société qui vient d'une culture de conseil.

(The difficulty that disturbs people here, is that the company is not awfully hierarchical. Besides you won't find an organisation chart. If there is one, it doesn't say the truth. This is because this company comes from a culture of consultants.)

(A French Sema Group Manager.)

Yet the dying compartmentalisation and move from the traditional pyramid organisation to a network or matrix type of organisation was applauded by others. Indeed, it means the previous principle of a single chain of command is fading to allow for more interactions on a more informal basis. The interviewee quoted below felt that this was very lucky and that the emergent company culture was healthier than in a lot of other firms:

Mon patron [fonction], je le vois quand je le veux ou je le veux et sa porte est toujours ouverte. C'est déjà une bonne chose. Moi mes deux patrons opérationnels, ça se passe très, très bien. Quand au directeur général, si j'ai un souci, bon je ne vais pas venir le déranger n'importe quand, mais si j'ai un souci que j'estime qu'il doit partager avec moi, je l'appelle et il va me recevoir. Je ne crois pas que ce soit partout comme ça dans toutes les boîtes.



(My manager [function], I see him whenever and wherever I want and his door is always open. That's a good thing. I have two operational managers, it works very, very well. As far as the Managing Director is concerned, if I am concerned about something, well I am not going to disturb him anytime just like that but if I am concerned about something I feel he ought to know about, I call and a meeting is arranged. I don't think it is like that in all companies.)

(A French Sema Group employee.)

The shifts therefore encourage a more proactive attitude to shaping strategy at the bottom of the organisation (close to the customers) rather than at the top; a network form of organisation and more informal relations between people. This new ethos also has effects on attitudes to women.

### **Attitudes to women**

French women in positions of power are few and far between and often have to face a number of prejudices (Duhamel, 1998; Cross, 1995). A number of initiatives to break cultural stereotypes and encourage women into management are starting to emerge (Marshall, 1998; Steinmann, 1998). However, this is a slow process and in French organisations, women are conspicuous by their presence in secretarial positions and their absence in managerial positions.

On one occasion, I was having lunch in the canteen at the Head Office in France. I was sitting next to a few female British students who were taking a year out and worked as bilingual secretaries. Towards the end of the meal, a young male manager who was sitting at the other end of the table called one of the secretaries and the dialogue reconstructed in English went as follows:

*[Authoritative tone]* "Amanda can you please get me some sugar for my yoghurt?"

*[Silence, all the British secretaries look at each other.]*

*[Joking tone]* "You are a big enough boy to get it yourself."

The Manager frowns and tilts his head backwards, he seems surprised by the refusal. He tries again, raising his voice:

"I am asking you to go and get me some sugar."

*[Joking, assertive tone]* “No, I am not your servant.”

“Just go and get me some sugar”.

*[More people are now listening in.]*

*[Not twitching]* Do you want me to stir your yoghurt as well?

*[Silence]*

“A secretary has to do as her manager tells her to.”

“Sorry, I am on my lunch break.”

He goes and gets the sugar himself. After a few minutes he rises to leave the table, looks at the secretary and says:

“Your lunch break is over in five minutes, you had better be back in the office and have a cup of coffee ready for me by then.”

There was no doubt in my mind and in the mind of those present that the incident was no joke but a serious matter. Sadly, such attitudes are not accidents and are in fact strongly embedded in organisational life. A few days later, I was interviewing one of the few female managers and she confirmed an unfortunate state of affairs:

Avant j'étais chez Rhône-Poulenc. Bon Rhône-Poulenc, c'est quand même très hiérarchisé, c'est très particulier et en temps que femme c'est même encore pire. Parece qu'alors [rire]... Je n'en parle même pas. C'était choquant. Si on veut s'imaginer, se dire: 'éventuellement je peux faire ma carrière sur Rhône-Poulenc', en temps que femme, c'est pas simple!

(Before, I used to work at Rhône-Poulenc. Good Rhône-Poulenc, it's an extremely hierarchical company, it is quite something and as a woman it's even worse. Because [laughing]... I won't talk about it. It was choking. If one wants to imagine, to tell oneself: 'I could possibly make my career at Rhône-Poulenc', as a woman, it's not easy!)

(A French Sema Group manager.)

Reassuringly, there are signs of shifts in such backward and discriminatory attitudes. Indeed, Sema Group is bringing in a new management philosophy: less emphasis on the hierarchy, more emphasis on personal responsibility, initiative and performance.

This is impacting on attitudes to women. In fact, the above interviewee felt her best career move had been to come and work for Sema Group:

Ici, j'avoue que jamais, je n'ai eu un seul problème. Même pas une allusion ni quoi que ce soit à ça. C'est tellement naturel que ça ne me vient même pas à l'esprit qu'on me regarde autrement qu'au travers de mes compétences, point et pas autre chose. C'est vraiment, entre-nous soit dit, appréciable.

(Here I must admit that I have never had a single problem. Not even a hint about anything. It's so natural that it doesn't even come to my mind that I could be regarded through anything but my competencies, full stop, nothing else. It is really, let it be said, appreciated.)

(A female French Sema Group manager.)

Summing up, there seems to be a lot of room for changing attitudes to women at the workplace, let alone encouraging the progression of women into management. However, there are signs that things are shifting, both within the case study company and at a national level. With the increased internationalisation of business and the influence of American managerial ideas keenly supporting equal opportunities at work (Adler, 1997), these positive trends are bound to gather momentum - even in France.

## **11. FEATURES OF MANAGEMENT IN SWEDEN**

This chapter presents a portrait of management in Sweden based on notes from the field work (observation, interviewees and examination of documents) carried out at the Swedish subsidiary of Sema Group. The first theme sets the scene by examining the interplay between the natural environment and a sense of harmony and informality in the company. This first theme also introduces various aspects of Swedish organisational life: simplicity, the comparative importance of work in daily life, an egalitarian mode of operation and a decision-making process emphasising consensus. Equality and consensus are then looked at through the reverse angle, namely a relative lack of leadership. Further points regarding Swedish management include an open outlook on international co-operation and an emphasis on technology, particularly with regard to sales as well as areas of State provision, which impact on the organisation. Finally, as in previous chapters, the last section reviews attitudes to equal opportunities between men and women in the workplace. On the whole, work and personal interaction in Sweden are depicted as balanced and moderate.

### **Refreshingly close to nature and refreshingly informal**

The Swedes are keen to emphasise how vast their country is, especially in relation to the very low population density (20 persons per km<sup>2</sup>, for more details see the earlier literature review). Even though the majority of the population actually lives in the South of Sweden, space is, by definition, available:

“Between Malmö and Kiruna in the North of Sweden, it’s about 1,500 km.”

(A Swedish Sema Group Manager.)

Space, nature, water and forests are fundamental features of Sweden. The Swedes

enjoy large open spaces; their lifestyle is close to nature and in harmony with it. It is worth taking a look at the offices of Sema Group in Sweden: open doors, spacious, furnished with generously large pine desks and matching furniture, often with a view over stretches of water. Indeed, Sweden boasts numerous lakes and rivers as well as long coastal areas. Having offices overlooking lakes, the sea or rivers has a soothing effect. Even in the two biggest cities, Stockholm and Göteborg (Gothenburg), water is never far away as the towns are situated on beautiful archipelagos opening onto the Baltic Sea and the Kattegat strait respectively. One glimpse through the windows and it is easy to imagine for a second that one is in a holiday resort rather than at work. The presence of water is held to be good. To increase the benefits, one can also drink it thanks to the fresh water dispensers in the corridors of the company. One of the employees even pointed out how good water was as opposed to coffee - something which I had never heard in Britain: the British need regular intakes of caffeine to keep up with the action! Water is not the only visible natural element in Sweden; the forest is never far away, with fertile farmland and forests covering about two-thirds of the country (see literature review, Chapter 5). Closeness to nature is therefore taken for granted. Space is not only available but also relatively open - there are, for instance, few fences in the countryside. Such a sense of harmony with nature is, as suggested above, mirrored in the organisational setting. Swedish offices have space, wooden furniture from the Swedish forests, water and windows looking out onto nature. One cannot fail to be touched by the harmony and tranquillity inspired by such surroundings - a British manager who had visited Sweden remarked:

“I found the Swedish culture refreshing, great hospitality, polite.”

(A British Sema Group manager.)

The harmony in the Swedish context fosters a sense of informality which stands out in relation to other countries. In fact, informality is an important characteristic of Swedish organisational life, being visible at many levels. Firstly, everyone is on a first-name basis from day one, except when approaching customers. Secondly, one

does not have to “look the part” in Sweden to assert one’s identity as a manager. In the UK, subtle distinctions in dress sense leave one in no doubt as to who holds a position of authority. In Sweden, more casual clothes are the norm throughout the organisation. On one occasion, I was talking to a manager in a corridor and somebody else walked past and there was an exchange of smiles and nods - I assumed the person was one of the workers. Later on in the afternoon, I realised that my assumption had been wrong as I was introduced to the Managing Director. It was a first hint that outward symbols of status were not important. What the Managing Director was wearing was not noticeably different from what anybody else was wearing. One of the Swedish managers who did wear a very well tailored suit also happened to have a particularly distinguished English accent and would have been at ease discussing English literature and history with Oxbridge fellows, such was his/her interest in the field. This exception aside, symbols of status were less visible in the Swedish operation than in the other operations of the case study company. This implies that informality is encouraged and access to top management eased. These first impressions were indeed confirmed by British interviewees:

“The Swedes value communication and involving people.”

(A British Sema Group manager.)

The Swedes themselves were indeed quite aware of their informal mode of management:

“It’s a very, very informal business style. For instance, if you meet the Managing Director, I mean everyone could talk to him. He wouldn’t be surprised if anyone in the corridor stopped him and asked him a question or whatever, that would be quite natural. Of course if it’s an important business matter, you don’t go and speak to him unless you’ve spoken with your own manager because it is polite and reasonable that this should be so.”

(A Swedish Sema Group manager.)

Having already encountered the Managing Director in one of the corridors and not

sensed a status barrier, I had no difficulty in relating to the interviewee's narrative. Hence, informality and a sense of politeness, or reasonableness, go hand in hand in Sweden. Together with the harmonious work environment, this contributes to creating a positive and friendly atmosphere. A number of themes have been touched upon in this section. They include simplicity, a close rapport with nature and easy relationships between people. These features are developed below, starting with simplicity as a positive attribute of Swedish management.

### **Not so trivial simplicity**

It has been established that the general atmosphere in the Swedish operation of the case study company is harmonious. A number of details in the organisational routine also contribute to making life easy. These do not appear to be specific to the company but 'normal' in Sweden. An example is that photocopying paper comes with pre-punched holes. This does sound trivial but it means that memos or any other documents are easily filed avoiding the need to look for a hole-puncher.

Meetings were another occasion to discover simple time and stress savers. At the beginning of each meeting, the agenda would be distributed to the participants. It was typically on one sheet of paper only. The layout was straightforward: one table with two columns, in the first column the agenda and in the second, space allocated for each person to write their own notes or action points. This is both simple and practical: people follow the structure and have space to note down their own comments; they do not need to bring their own note-block unless they have been appointed to take the minutes.

On another occasion I went to a breakfast meeting and appetising rolls had been pre-prepared with ham, cheese and other toppings. This meant that no cutlery was needed, people did not have to play and make noise with knives and forks or ask their neighbour for extra butter. Everything was planned to allow the participants to concentrate fully on the presentation. The details may sound trivial, yet thought goes into them and if, through this, the quality of the working life is improved, such

details prove to be important.

The simplicity was also visible in the way in which meetings were conducted. It seemed that there were less political games and arguing or debating for the sake of it. In Sweden what you see is, it seems, what you get; real facts and open interaction are the features:

'In a meeting in Sweden, we try, we don't always succeed, but we have the intention to be very structured, we have an agenda, you make decisions, the decisions are in some way clear, you have a chance to leave a meeting knowing what decisions have been taken, you are taking minutes, et cetera... In France I think they have a meeting more to discuss things, you know to argue, and so you are never sure if they have been taking any decisions. It's my view of it.'

(A Swedish Sema Group manager.)

Indeed, on the whole during meetings, outbursts of laughing did not punctuate meetings as in the UK, nor did shouting seem to be an option as in France. The discussions were occasionally stopped for silence and thinking time. The topics discussed were clearly the business at hand, in other words it wasn't "funny business" (UK) or Latin and political business (France), it was calm and relaxed business. In fact, to encompass this idea of balance and simplicity the Swedes have a word: 'lagom', it means 'just right' and is often heard in conversations. Hence, when it comes to getting it just right, nothing is trivial. Swedish organisational life is characterised by simplicity as well as balance, moderation and informality. In this context, it is not hard to imagine that the Swedes enjoy healthy life-styles: work is not the be all and end all in Sweden.

### **Work and play**

"The Swedes are more relaxed, they have lives as well as the day job. They go fishing, sailing, country house. They enjoy things outside of work more than in the UK. In Sweden, I met somebody who was also running a farm: I don't know how



much he was dedicated to his job at Sema!”

(A British Sema Group manager.)

Working life in the Swedish operation of Sema Group has already been depicted as being more laid back and informal than in the British and French operations of Sema Group. Time for leisure also carries more importance in Sweden than in other countries, or at least it is more visible. Company activities include leisure with a Christmas party, a summer party in June (just before everybody breaks up for the July holidays - more on this later on) as well as a number of events in-between. These events are an integral part of company life, more so than in the other countries, and foster a sense of togetherness. I was invited to one of the annual summer parties, for which the company had organised an evening at a so called ‘folket’s park’ (people’s park). I did not know what to expect: it turned out to be a small entertainment park in the middle of the countryside or, to be more precise, in a forest clearing. The area was arranged in such a way as to allow people to meet, drink, dance and play a number of team games. The mood was, to say the least, jovial. The emphasis was on people getting together outdoors to have a good time. One was reminded of the original meaning behind the word company: a company of people.

Leisure highlights are not limited to a few seasonal occasions. During the year company arrangements make it possible for employees to enjoy free sports facilities and free massages. I was assured that these arrangements are really quite limited compared to what other companies had to offer.

As hinted at above by the location of the summer party, the Swedes have a love for outdoor activities, particularly in the summer. For a few precious months, light and warmth return; light takes over from darkness and the sun only sets for a few hours of twilight. The situation is reversed in the winter with long, dark and cold nights setting in. Hence the urge: having been deprived of light in the winter, the Swedes feel that the summer ought not to be impinged upon too much by work. To accommodate for the accumulated winter craving for light and outdoors

activities, the company works to a summer timetable and a winter timetable. The official winter working times are 8:00 until 4:45 but for four months in the summer, the day finishes at 4:00. With half an hour for lunch, the mean working time is then 40 hours per week over a year: 41 hours in winter time and 35 $\frac{1}{2}$  hours in the summer:

“The shorter working week in the summer is because we want to be able to enjoy the summer time because the darkness of winter is so long.”

(A Swedish Sema Group manager.)

There are also flexitime arrangements. This means that employees, if they start early, can also go early and enjoy the best part of the afternoon outdoors. It follows that people tend not to wear business suits but rather more casual clothes, ready to depart at 3:00 pm or 4:00 pm for leisure activities. Men tend to wear coloured shirts and women avoid tights. In fact, come the summer and the Swedes nurture their sun-tan. One of the meetings I attended was outdoors: a lunch-time picnic followed by a group meeting, sitting outside in the grass facing a near-by lake and sailing boats. Incidentally, the participants were quite concentrated on the topics of the agenda. In Sweden, work is work but it does not have to be stressful.

One important detail is that the Swedes enjoy between 27-35 days of holiday per year as opposed to 15-25 days in the UK\* (IDS Employment Europe, 1996, 1997c; Söderström and Syrén, 1992). That alone makes a significant difference to attitudes to work. It also means that planning for the holidays is quite an important affair. Most of the Swedes tend to take time off in July, extending into August. To some extent, the business activities start slowing down in May and June. I came across a monthly report of activities for the month of May, of which an extract is presented below:

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\* All Swedish employees have a formal right to at least twenty-seven days' holiday with full pay (Söderström and Syrén, 1992). In the UK, there are no formal obligations to holiday entitlement other than the EU Directive on working time which suggests a minimum of 15 days' paid annual leave. According to the 1995 Labour Force Survey, 10% of UK full-time workers had 15 days or less and 4% had no entitlement at all (IDS Employment Europe, 1996, 1997c).

“Important activities

Without warning, the summer suddenly hit us. Consequently, we have been occupied with all sorts of “spring activities” such as picnics, golf tournaments, beer drinking, and so on. We are in a great hurry because summer holidays start within two weeks and after that “igloo-time” is here again. The above means that there is nothing of importance to report. However, worth mentioning is that [...].”

(Extract from a monthly report by a Swedish manager.)

A few writers have examined the relationship between climate and managerial differences between countries, e.g. Van de Vliert and Van Yperen (1996) and Peterson and Smith (1997). They tentatively conclude that this link is mitigated by the particular historical evolution of cultural values. It seems that in Sweden, based on the notes from our case study, the salience of the link between weather and work patterns is enhanced by Scandinavian historical and cultural traditions. One of the interviewees, responding to the questionnaire item on whether he could recall an unusual incident, said:

“In 1995, we took over an insurance company on 1. June, and with the paper work we had no summer holiday.”

(A Swedish Sema Group manager.)

To this particular manager, it had seemed inopportune if not scandalous to have had to accommodate such a timing for a take over! In normal circumstances, this would not have happened! This attitude contrasts with that of a UK expatriate I met in Sweden: he confided that he had offered to go back to the UK in July since pretty much nothing would happen in Sweden during that time. It was a nice example of British-style dedication to work. In the meantime, the Swedes would enjoy their summerhouses, boats, sport and various outdoor activities, at least while the light and warmth lasted - the British executive had obviously not spent enough winter months in Sweden! The Swedish summer sabbatical tradition, or rather the extent to which the tradition is kept and defended, is a particular challenge for the British and French head offices of the case study company. For the headquarters, instilling

dedication to the company in the Swedes during the summer months is a challenge that is not likely to be overcome without frustrations on both sides.

To conclude this theme, one can safely say that work is not necessarily central in Swedish life. Other things have to be enjoyed; with leisure playing an important part in organisational traditions, impacting particularly on attitudes to work in the summer months.

### **An egalitarian way of life**

It was emphasised above that climate related factors have an effect on organisational traditions: in Sweden, the summer light and warmth is valued and company demands during that time tend to take second place. Going one step further, one might also wish to consider the effects of Scandinavian winters on communities. Speculating a little, one could easily imagine that historically the winter climate conditions favoured a sense of dependence on one another and therefore a certain social cohesion. It is also worth bearing in mind that Sweden is relatively underpopulated compared to other nations (see Chapter 5). This is a factor which, one might argue, fosters conditions in which people value each other. The reasons which explain historically evolved traditions and cultural traits are notoriously difficult to pinpoint; yet one thing is observable in Sweden today: an egalitarian way of life.

The Universal Declaration of Human Rights adopted in 1948 by the United Nations General Assembly states that all humans are born equal. This principle is accepted by most nations of the world, yet the reality is a different matter. Even in democratic countries, societies are organised in such a way that there are inequalities between people at the top and people at the bottom. Hofstede (1984) coined the term 'power distance' to describe the extent to which power between members of organisations is distributed unequally. He found, in his case study organisation in Sweden, that power-distance was extremely low. This finding is confirmed by the present research enquiry. A number of Swedish interviewees described the easy

interaction between people in the Swedish organisation. They said this was quite in contrast with what they had experienced in other countries:

“UK as a country is very much more a class society and of course you see that in the company as well. You have the distance between this person and that one. I mean that has nothing to do with how many layers there are, it has to do with the distance, the status. If you have the same amount of layers, the distance between that person [at the top] and this one at the bottom, it’s wider than in Sweden.”

(A Swedish Sema Group manager.)

“I think that one of the basic things about the Swedish as opposed to the German and French is that we are a lot more egalitarian, which has quite a lot of importance in how the management works. For instance, you have what you call assistants or secretaries and comparatively we have very, very few here. That’s one thing that strikes one

immediately, and in a way we are not as hierarchical.”

(A Swedish Sema Group manager.)

In Sweden, a managerial position does not necessarily imply that secretarial support comes with the job. In France, as previously explored, to think otherwise would be an offence to the mostly male managerial preserve. Equality might well be one of the principles of the French Republic yet organisational life in France tends to be such that the distance between top managers and workers is great in terms of status and actual power. Furthermore, the idea of noblesse in France, according to which educational achievement justifies the hierarchy, is in contrast with “flatter” working practices in the Swedish subsidiary of the case study organisation. In Sweden, every employee’s contribution tends to be welcome - regardless of the formal qualifications of the individuals involved:

“The French management style is something completely different. It’s an autocratic type of management as opposed to what you might call, at least if you put them on extremes, a more democratic style of leadership in Sweden. I never lived in France but I’m owned by a French company, it’s what I have seen of their leadership style.

It's why I'm aware that authority comes with position in the company, the decisions are taken in very small groups, where people are afraid of actually expressing their views. These are fundamental differences to the way I think most Swedish companies operate. Although we have a slightly different situation now with high unemployment and so on."

(A Swedish Sema Group senior manager.)

The Swedish senior manager quoted above was sharply aware of different leadership styles through his experience of visiting the French operation and working in the Swedish operation. Thus, Swedish management is consistently depicted as valuing openness, involvement and unambiguous communication. This is consistent with observations from other studies including Lawrence and Spytbey (1986). It seems though that, even in Sweden, given a relatively less favourable economic situation and with unemployment rising, the emphasis on involving people is reduced. When the going gets harder, energies are concentrated at the top. This is not an unusual managerial reaction. Nevertheless, the Swedes retain the principle that involving people is good and that no one person can ever have all the answers, hence the valued contribution of all. In this sense, the expression 'human resources' finds its true meaning in Sweden - people are a valued resource of the company, regardless of rank or position. One of the Swedish interviewees who had spent some time in the UK organisation even ventured to say that Swedish management might have a higher respect for personnel:

"I feel there are very large differences just in the way people work, how they are being taken care of. I don't think that we succeed all the time but I think we have a higher respect for personnel."

(A Swedish Sema Group manager.)

The above wording might well put a British reader on the defensive and is probably disputable. Yet the general impression remains: the interviewee came back from the UK organisation feeling that relationships between people in the Swedish

organisation take place on a more equal footing than in Britain. Other more tangible aspects of organisation support this interpretation. Indeed Swedish egalitarianism is revealed when contrasting standard UK Human Resource practices with Swedish Human Resource practices. One of the Swedish managers explained:

“In the UK they have a grading system. And you know this grading system is very important and now they have a problem when they merge different parts together and change the structure. They’ve got trouble because they mix different grading systems within the same unit. And I asked them: ‘What do you have them for? We don’t have any grading systems’. They said: ‘How can you manage without grading systems?’. And then we started to discuss what do we have them for and what do we do instead. So, for example, to belong to a grade, and to make sure that you don’t belong to the same grade as your subordinates, that is more important in the UK than in Sweden. I think that reflects the society.’

[...]

‘For example, when you move up a grade you get a better car. I think that the grading system in some way reflects the society outside. In Sweden the range between different people isn’t so much, the range of salary in the society is very narrow.’

(A Swedish Sema Group manager.)

These differences had indeed struck the British counterpart who commented:

“In Sweden the internal structure is less visible than in the UK. This is because of the tighter social structure in Sweden. They did away with grades.”

(A British Sema Group manager.)

Recalling the salary averages in the different national subsidiaries of Sema Group (see Chapter 9) one finds that the range is indeed narrower in Sweden. The difference between the highest and lowest paid employee in Sema Group UK was £162,780 as opposed to £94,870 for Sema Group Sweden. This is partly explained by the fact that salaries in Sweden do not tend to be negotiated by individuals but rather through the Trade Unions:

“To settle salaries, if an employee is a member of a Union, you don’t negotiate with the individual.”

(A Swedish Sema Group manager.)

In Sema Group UK, individual level negotiations are much more commonplace and salaries upwardly flexible. This is not the case in Sweden due to the steeply escalating taxation system (see literature review). It would seem that the Swedish are not just egalitarian minded, they are also strongly committed to egalitarianism and have legal and tax systems which support this. In fact the Swedes are quite convinced of the worthiness of egalitarian practices. In such a context, it is not surprising to find individuals reasoning that the organisational structure should be as flat and egalitarian as possible. The following is an extract from a discussion with a Swedish manager whom I had asked to explain the organisational structure:

‘We are trying to have a flat organisation. These managers are not reporting to me but I am co-ordinating. If I was their boss, there would be one extra level.’

(A Swedish Sema Group manager.)

In conclusion, the Swedish egalitarian tradition is strongly embedded in organisational life. This has consequences not just for the formal organisation and distance between individuals but also on the process of decision making within the company.

### **Consensual decision making**

In the Swedish part of the case study organisation, managers go to great lengths to make sure that decisions are arrived at through extensive efforts of consultation. This confirms previous literature (e.g. Brewster, Lundmark and Holden, 1993). In Sweden, building a consensus is considered to be essential:

“We had a management meeting last Tuesday and we are very open, we discuss what we can identify together and make our own judgements together and come to a



common sense and good decision.”

(A Swedish Sema Group manager.)

The decision-making process can therefore safely be described as emphasising participation, with ideas tending to move from the rank and file to the top:

“We are trying to get ideas from each and everyone and I do it during the morning meetings. Then we put it together in our management meetings and we say: ‘this is high priority or this is low priority, this is nil’. Then we try it on a smaller scale to see if there is something that we have forgotten or if it is a priority that we can’t get acceptance for. Mostly it’s not a problem but people need to see things have been discussed and the right questions asked. It happens from the inside.”

(A Swedish Sema Group manager.)

In that context, the role of managers is to act as facilitators rather than leaders. The agenda is not hidden, indeed, it is quite the opposite:

“I think we, in Sweden, are reasonably calm, I don’t have any secrets with my personnel. I just gather the group and say: ‘Here are the facts, how are we going to solve it?’. [...] I don’t make them do it, it doesn’t work that way. [...] I am their support, in other words they have to, by themselves, make the plans for how to organise themselves.”

(A Swedish Sema Group manager.)

In the French and German operation of Sema Group it is evident that in order to hold on to their positions, managers had to have better training and higher levels of expertise than subordinates. In Sweden however, quite the reverse applies. For the Swedes, as for the British, having a management position means having a generalist role rather than a specialist role. The quote below illustrates the Swedish viewpoint:

“I’m the manager of a group, I’m not supposed to be the great specialist. They expect me to have a good process and to make sure that the right decisions are being taken. That’s the important thing, not that I should know myself. They don’t expect

me to. Definitely not.”

(A Swedish Sema Group manager.)

To emphasise the point, one of the interviewees said:

“We say what should be done but not how it should be done.”

(A Swedish Sema Group manager.)

Indeed, ‘not saying how it should be done’ but helping people to decide how they want to do something seems to be the key to being a ‘good’ manager in Sweden. In fact, any other behaviour from the part of the management would be ‘bad’ for the company and the people involved:

“[X] is exercising a strict and hard control. The consequence is that people are leaving. In Sweden, competitors are looking for good staff. What will happen if people leave? Many people can take responsibilities and do it. Top-down management will fail in Sweden.”

(A Swedish Sema Group manager.)

An interesting point is that the dislike for any form of management style bordering on the authoritarian was made quite clear by managers themselves - it did not work in Sweden, it was not ‘right’:

“I would say, in Sweden, if you just take a decision [bangs the table] you come into problems very soon. The goals, the mission have to be understood, then you can get acceptance and then it’s no problem.”

(A Swedish Sema Group manager.)

It can be seen that the Swedes stand clearly in favour of consensus, involving personnel and making decisions, which have been discussed at length and do not come as a surprise. However, involving people is not as easy as it sounds with the drawbacks being readily admitted. In Sweden, exercising authority does not always come easily and it is not unusual for managers to express a few regrets about it.

### **Limits of consensus: leadership lacking**

In Sweden, management by consensus is generally accepted as the most efficient form of management but this does not mean that the Swedes are unaware of the limitations of such an approach. A common complaint is that the process of building consensus can be time consuming as well as potentially sending out signals that leadership and authority are lacking in top management. From this point of view, some of the interviewees were quite unambiguous:

“A strength is the open way we work, we have open discussions, nothing is too trivial to discuss actually if it is something preventing us from making a good job. The negative part from time to time in our daily work is to realise authority, to get the status.”

(A Swedish Sema Group manager.)

“The management style of [X] is to gain consensus. This is a problem because it can be too time consuming and indicate a lack of a sense of direction and of what has to be accomplished.”

(A Swedish Sema Group manager.)

One of the questions which was put to interviewees regarded key decisions which they might have taken in the context of their work. The following answer is instructive in many ways:

“I was inspired by Japanese management, the type of management that they do in lean production. And we did that; we actually reformed to a network type of organisation, which in situation of crisis takes command of the line organisation. These people are not line managers normally, these people used to be senior technicians and they could take any decisions they liked as long as they kept the production going. It proved well, it caused very much work to actually discuss with people about their responsibilities. So it works, it works well but perhaps it took us too long to reorganise.”

(A Swedish Sema Group senior manager.)

A number of points made by the above quoted interviewee are worth closer examination. To start with a reference is made to Japanese management in relation to a flatter, leaner, network type of organisation. The decision to opt for a flat type of organisation, in situations of crisis emphasises the Swedish predisposition to trust in employees as opposed to relying on the hierarchy to solve issues.

Secondly, the interviewee switches from using 'I' to using 'we'. This in itself is indicative of a participative form of management; it is not the manager acting on his/her own but together with colleagues.

Thirdly, emphasis is put on redefining responsibilities in discussion with the people involved. It is not just a matter of passing down orders but of establishing a consensus.

Lastly, following an illustration of the Swedish penchant for egalitarian forms of organisation and management by consensus, one is reminded of a key limitation: 'perhaps it took us too long to reorganise'. In this instance, the limitation is worded carefully and tentatively. Others were not so cautious about wording criticism. Indeed, some outsiders had a rather more cynical view of the consensual process of decision-making:

"Consensus: it's terrible! Shocking. A little bit like the Japanese... They don't like confrontation. If you have a meeting, unless you have a series of small talks in little groups before, the normal meeting is just an approval. They take great care not to say no."

(A British Sema Group expatriate in Sweden.)

In Sweden, it appears managers take great care in approaching decision-making and in this sense the Swedish management style can be compared to the Japanese approach to decision making, including the predilection for using quality circles as a management tool. Similarly, decision making in Sweden involves wide and extensive consultation and in this respect it is also a lengthy process. In some instances, it can be interpreted as a lack of leadership. In fact, at the time when the interviews for this case study were carried out, the Swedish operation was facing

important issues regarding leadership. A tension was apparent between the relatively autocratic and short-term managerial orientation of the corporate headquarters and the participative, long-term orientation of the Swedish subsidiary. The question of leadership of the Swedish subsidiary was symptomatic of the difficult balance between the consensus mode (Sweden) and the autocratic mode (corporate).

Sema Group is not the only company facing issues of leadership in Sweden. For example Ericsson, the telecommunications group is considering moving headquarters out of Sweden, possibly to the UK (Mcivor, 1998a). There are various reasons underpinning Ericsson's concern about staying in Sweden, including the fact that the company's customer base in Sweden is only 6% of their total world-wide customer base. Ericsson's business is very international and understandably the company needs to attract foreign managers. This is notoriously difficult given the high level of income tax in Sweden\*. As pointed out previously, the low pay differentials between top earners and low earners in Sweden supports egalitarian values. The lack of rewards for leaders and a home-culture which encourages the search for a consensual mode of organisation, as opposed to a more decisive mode, means that Ericsson finds it difficult to nurture Swedish managers. The slow Swedish style of decision-making is also potentially a disadvantage in a fast moving market place where decisions often need to be made quickly and decisively. It can be seen that our case study company, Sema Group, is not unusual in facing leadership issues.

In fact, one of the interviewees in Britain suggested that to succeed as big players, the top managers of large Swedish companies could not afford to apply the traditional Swedish search for consensus:

"In large Swedish companies, the top layer of managers aren't at all Swedish in their management style. Below you find the Swedish culture."

(A British Sema Group manager.)

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\* Sweden has the second highest tax burden amongst OECD (Organisation for Economic Co-operation and Development) countries behind Denmark (Mcivor, 1998b).

In Sema Group though, the Swedish managers did propound an open and consensual form of decision-making. However, at the same time some of them were aware of certain limitations - namely the time-consuming aspect of building consensus as well as a difficulty in imposing leadership. It seems that such strains are not particular to the case study but rather to Swedish management in general. In this context, it is hardly surprising to find, at least amongst top layers of Swedish managers, a readiness to be open to international influences on management.

### **International outlook**

With a population of less than 9 million inhabitants (Swedish Trade Council and KREAB AB, 1995) Sweden hardly offers a sufficient customer base to sustain large companies. It follows that Swedish managers have always been particularly international in their outlook. As a consequence of this international outlook, the ability to speak English amongst Swedish managers is nearly universal. In fact, it is increasingly the case, amongst Sweden's largest companies, for board meetings and senior management discussions to be in English rather than Swedish. At Asea Brown Boveri (ABB), the Swiss-Swedish engineering group, the change has already filtered down from the board room to other layers of management (Burt, 1998):

“English is the international business language. It must be the mother tongue for a management which is serious about becoming international.”

(Percy Barnevik, Chairman of ABB, quoted by Burt, 1998, page 33.)

Other companies are following suit and abandoning Swedish as the senior management language in favour of English. These companies include Electrolux (household appliances manufacturer), SKF (bearings manufacturer) and Scania (trucks manufacturer). Skandinaviska Enskilda Banken, a financial group, has also announced that all meetings in its merchant banking division are now to be held in English (Burt, 1998). This move is deemed to encourage a more global approach to management and foster links with other countries.

At Sema Group Sweden, no official rule exists regarding the use of English in top management meetings. However, whenever a non-Swedish speaker is present, the Swedes have no problem switching languages from Swedish to English and hence to carry on business as usual. This is much to the comfort of the British head office:

“The English are bad at languages but the Swedes are wonderful in English.”

(A British Sema Group manager.)

The Swedes I interviewed were certainly not concerned by having to speak English and if anything, they were concerned with their relative eloquence in English - an eloquence that they sought to improve on every occasion. More often than not, the interviewees also spoke additional foreign languages, in particular German, French and Finnish. This is not to say that the Swedes do not have a strong national identity of their own, quite the contrary. The Swedes have a simultaneous ability to be open to global influences and, gently but surely, nationalist. For instance, a visitor on arriving to Sweden would be surprised by the number of Swedish flags (a yellow cross in a blue background) displayed everywhere - in shops, people's gardens, businesses, on boats... - it is a proud nation indeed. Sweden is also an unusual nation as it quite uniquely combines not just nationalism and internationalism but also neutrality. Indeed, successive Swedish governments adopted a policy of neutrality during the cold war (Johnsson, 1995). This neutral stance fostered a sense of independence from potential conflict and with it a form of philanthropy. It follows that the Swedes value international relations to a great extent.

In truth, the Swedish managers interviewed emphasised that they had sought the acquisition of the company by Sema Group. They felt that it was an asset to be part of a European Group. Above all, it was a step towards allowing them to offer clients a European and potentially global coverage:

‘We have very big companies in Sweden, sometimes almost 70% of their operations are abroad. They want integrated IT.’

(A Swedish Sema Group manager.)

Besides the business advantage of size, the Swedes also greatly welcomed the opportunity to join an international network. For instance, Sema Group organises European level technical conferences and co-operation meetings. Those European level technical meetings were often mentioned by the Swedish interviewees as one of the best things the company facilitated. These events almost seemed to appeal to the Swedish managers more than to the other managers from other countries. Several conclusions can be drawn from this:

- a) the Swedes welcome co-operation on the international arena,
- b) they are very much at ease using English and seek to do so,
- c) technical matters are important in Sweden.

Having explored the former themes, namely that Swedish managers seem particularly aware of international developments and possibilities and that they enjoy getting involved on the basis of their remarkable language skills, we will now consider technology

## **Technology**

Technology is a favourite topic in Sweden. Indeed, in a matter of a hundred years, a series of inventions and the application of technology to production transformed the economic landscape of Sweden. From a poor and agrarian nation, Sweden became one of the richest countries in the world\*. This staggering growth was boosted by the performance of a number of well known companies including Ericsson, AGA and SKF. These, like others, established their success on the exploitation of Swedish inventions and patents: telephone, lighthouse and ball bearing technology (see literature review).

As a result of the fast transformation of the economy, Sweden did not go through some of the social traumas and divides associated with the industrial

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\* In terms of GNP per capita, a 1994 world survey shows Sweden ranked 18th out of 226 nations. According to this criterion, Sweden is one of the top 20 richest nations of the world (Atlaseco, 1997).



revolution in Great-Britain (Wiener, 1981). Manufacturing in Sweden was not associated to the same extent as Britain with difficult working conditions or cheap and poorly qualified labour. Rather, manufacturing became associated with technology and technology brought modernity to Sweden, including greatly enhanced living standards, wealth and a much better quality of life altogether:

“A hundred years ago, most people were farmers but when you look at Sweden now, they have many success companies: Ericsson, ABB, Scania, Volvo and so on.”

(A British Sema Group manager.)

Given the historical background, it is not surprising that in today's Sweden production and technology enjoy an unequivocal standing in organisations. In Sweden, being technically minded is most certainly good for one's career:

“In Sweden, qualifications are not paramount but it helps, it boosts your career, it's getting you where you want fast. I would say that a technical degree would give you a faster career movement than anything else. Second, I would say a degree in economics but now we have an overpopulated group with economics degree. [...] If you have a technical degree, I think you get a good job.”

(A Swedish Sema Group manager.)

Indeed when I asked interviewees where senior managers derived their influence, the answer was consistent:

“It is mostly because they are good technicians. Of course, you are aware that they are skilled with people, of course it's important but the main reason is often that they are good technicians.”

(A Swedish Sema Group manager.)

To illustrate the point, the top executives in the company were either graduates from the Royal Institute of Technology in Stockholm or indeed had a Doctorate Degree from the same institution. A formal education, however, is not the most important if one is to be appointed into management. Technical and managerial hands-on experience seem to be, or at least seem to have been until now, enough. However,

recruitment preferences are shifting due to a relative rise in unemployment and a higher number of students graduating from institutions of higher education. The current trend is to seek new recruits with higher levels of educational achievement, but one thing remains: the standing of technically minded employees and managers. Technology and production are important functions in the case study organisation, a situation that some commercial managers regret:

“The technicians’ rules are everything. We don’t get through to them that it’s actually the customer’s needs and the customer that pays our salaries. So I have a technician not

very long ago who said: ‘If it wasn’t for them, the customers, our systems would work perfectly.’”

(A Swedish Sema Group manager.)

Looking at the rapid growth of Sweden as an industrialised nation and the key role technological developments have played in this unprecedented growth, it is not surprising that the Swedes should place importance on technical matters. Not only was the impact of technology enormous but the transition from an agrarian economy to a successful modern economy was also exceptionally smooth. Against such a background, any role that is even loosely associated with technology enjoys relative prestige. To the British, manufacturing is dirty, noisy and is vaguely analogous to physical work; hence the British preference for commercial and financial aspects of organisation. Comparatively, technology rules in Sweden. This of course impacts on other organisational functions and especially sales.

## **Sales**

In the chapter on Great Britain, the sales function was depicted as playing a leading role in the company. The British excelled in boldly approaching customers and offering solutions which, in some cases, had not been fully worked out by the technical teams. This made perfect sense - why waste energies on solutions for

which there was no client demand. In Britain, attacking the market was the priority with the development of appropriate products and formulas being almost incidental to the signing of contracts. This approach has proven to be successful in the British context. The Swedish approach is quite different.

As established in the previous section, production is an important function in Sweden. Technical professionals have more weight and input in the sales process. This means that in approaching customers, the Swedish sales force have a very clear idea of what they can and cannot do. To burlesque things a little, the British have the tendency to sell anything and sort it out later whereas the Swedes sort it out first and then approach customers. Consequently, the Swedes are more consistent strategically and their internal focus means that when they do approach customers, they do so coherently and have powerful tools to back them up. To them facts are more important than speculations. The Swedish approach is serious and informed details are to be given to customers.

The downside is that the Swedish sales force only feels comfortable approaching customers with clear ideas and a number of pre-tested solutions. The availability of capacity has to be guaranteed and any other minor details ironed out. Expert technology is in, 'learning as we go along' is out. This sounds quite reasonable and worthy, yet the lengthy preparation inevitably leads to delays in breaking into markets and winning contracts. The British approach is more flamboyant and random - unprepared maybe, but confident nonetheless. The British go out and shoot, regardless of what they can actually offer at that point in time; they take the risk to hit and fail but more often they hit and make it happen! The Swedish 'no bluffing policy' is a safe and sound one, yet one might want to question whether it is completely effective or not.

Indeed, a critical aspect regarding sales in Sweden is related to the relatively slow process of decision making. The Swedes are quite simply in no hurry to sell:

"Sema Group is quite short-term. In Sweden long-term is also important so people get frustrated. The Swedish culture is very much for long term planning."

(A British expatriate in Sweden.)

In Sweden, one would much rather take the time to sort out technical arrangements, take the time to discuss the supplier-customer relation, price and any other matter, rather than close a deal before both parties are ready to do so. This causes a clash between expectations of head offices and expectations of the Swedish sales force:

“Sema Group is run on forecasting. Every year and then monthly, you say what your budget is going to be and make a forecast, from that moment, you will deliver that profit. If you don’t deliver, you have to act quickly, everything stems from it: orders, prospects.

Here in Sweden, budget is seen as a target. If you hit it, nice. If you don’t, try next year.

The Swedish attitude is that if you deliver, you get a bonus. In Sema Group, if you over-deliver you get a bonus.”

(A British expatriate in Sweden.)

The clash between expectations is causing a situation of crisis, which is not likely to be overcome without the corporate demands being matched by Swedish style open and frank discussions. However, given the Swedish sense of balance and willingness to compromise, it would be surprising if an understanding could not be reached. In actual fact, it also seems that the British could benefit a great deal from a sobering measure of Swedish technical appreciation, before they hit a wall they boldly assumed was a door!

In the mean time, attitudes to sales in Sweden differ in various respects from attitudes to sales in Great Britain. In Sweden, technical facts and lengthy negotiations are the norm. By British standards, this represents an extreme form of lethargy regarding sales. Speculating on potential reasons why the Swedes are in no rush and why they would rather emphasise long-term and serious planning, one might want to consider the role played by the Swedish State in providing a sense of security to employees of private organisations. The general impact of the Swedish State on organisational life is addressed in the next section.

## **State, oh mighty State**

**“In Sweden, the State provides.”**

**(A British Sema Group expatriate in Sweden.)**

This statement is perhaps more true in Sweden than in any other country. Indeed, welfare provision by the State embraces many aspects and although the system has recently come under strain, it remains a model on the international scene (see literature review). Social and employment legislation provide a comfortable safety net which some observers are maintaining is detrimental to the country's economic dynamism (Johnsson, 1995). This aspect struck one of the British expatriates in Sweden:

In Sweden, people are obedient to the State, very law-abiding, but within the company they tend to operate independently. Some people here are almost disobedient, they just break the rules if they don't like them. The State will provide if they loose their job. There isn't the fear that there is in the UK.

**(A British Sema Group expatriate in Sweden.)**

The above quote illustrates two important aspects - a notion of authority amongst Swedish employees which differs from the prevalent notion of authority in the UK, and attitudes which are mitigated by the awareness that the welfare system will provide comfortably if need be. First the notion of authority; a theme which has already been touched upon in Chapter 9 on Great-Britain and earlier on in this chapter in relation to leadership. It was established that top-down management was not an appropriate style for managers to adopt in the Swedish operation. This is in contrast with the French hierarchical approach and with the unchallenged decisive slant that managers in Great Britain readily embraced. Swedish workers, contrary to British and French workers, believe that it is their right to be consulted at length and they also believe that it is the duty and role of managers to do so. Any other approach is not 'right'. In such a situation, should an order be seen as not having been sufficiently discussed, people feel plainly justified in disregarding it. In brief, if

it is not approved by consensus, it cannot be valid. Hence the comment: 'Some people here are almost disobedient, they just break the rules if they don't like them'. And related to that is the second point: the notion that they can afford to be disobedient, since if the company is not good enough then the State will provide unemployment benefits while they look for a more satisfactory company to work for.

Another area in which the welfare state impacts on the work is through the generous parental care provision. Maternity and paternity benefits are payable for a total of 15 months. To encourage fathers to take time away from work to look after a new-born child a number of County Councils in Sweden offer training and counselling to fathers to be (Ministry of Health and Social Affairs, 1995). Obviously, this impacts on organisational life. Time away from work does not stop there. For instance, employers have to provide sick pay when employees are unwell - this is quite normal, but an interesting feature is that parents are additionally entitled to stay at home and care for sick children, while receiving 75% compensation for lost income (Johnsson, 1995). With female participation in the labour force being quite high in Sweden, it follows that when one of the children is unwell in a family, one of the parents has to stay at home and hence relatively high levels of absenteeism exist in organisations:

The family is important here and there is an impact of the State on business. The State provides everything, tax is very high to pay for it. In 95% of families, both partners work full-time\*. The children are at school or nursery. But if Joey is sick, who is staying? The partners spend their time juggling with that. So family is important because of the practical problems they have each day.

(A British Sema Group expatriate in Sweden.)

Other causes of absenteeism were related to more worrying factors such as the consumption of alcohol or drugs. Swedish society is indeed plagued by problems

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\* According to official statistics, the figure for women aged 16-64 in employment is actually 75% (Svenska Institutet, 1996).

of alcohol addiction and according to world statistics, Sweden has the 2nd highest rate of drug offences (Lewis, 1996). Indeed, when I asked managers about the recurrent problems they had to face, some of them mentioned these issues:

“There are a number of individuals who have problems with alcohol or drugs.”

(A Swedish Sema Group manager.)

In a different department, one interviewee said:

‘We have problems with staff with alcohol, marriages... If I got stuck with all those problems with staff, I would be schizophrenic I think.’

(A Swedish Sema Group manager.)

It is difficult to ascertain why such problems should come to the fore in a country enjoying such high standards of living. Huntford (1971), in a particularly controversial book *The New Totalitarians*, accused the State of exercising a subtle but pervasive

control over the population - the omnipresence of the State in various areas of life was depicted as indirectly limiting freedom, hence the search for escape routes. This extreme view completely misses out the very positive value of government legislation taken through the route of consensus building. The State may play an important role in regulating pressures to foster an egalitarian society, but this is not likely to be a reason for alcoholism. Or is it, and are these issues a negative correlate to the strict government control on alcohol consumption?

Returning to more tangible State influences on organisations, one might want to consider the role of legislation introduced to smooth employer/employee relations, in particular the 1976 Co-determination Act at work ‘medbestämmande lagen’ (Forsebäck, 1980; Söderström and Syrén, 1992). One essential aspect of this Act is the obligation for employers to give advance warning regarding major changes in the operations of the company. Employees’ representatives not only have a right to information but also a right to negotiate. Should no agreement be reached, the employer can still go ahead. However, the process takes time and means that the

company cannot move fast. In Sema Group, this causes a tension between management and employee representatives. The problem is enhanced given head office pressure for quick decisions and results:

‘The unions are criticising heavily the fact that the managers want quick decisions. The management wants quick decisions and applies too much pressure. The unions want more time.’

(A Swedish Sema Group manager.)

There are a number of areas in the company that are affected by State provision or legislation. These visibly include unemployment benefit, medical benefit and co-determination legislation. Another area is that of equal opportunities legislation.

\* This theme is treated separately in the next section.

### **Defining equal opportunities for women**

The company is indeed legally bound to make provisions to promote equal opportunities at work. To that effect, one person is responsible for equal opportunities in the company - with emphasis on equality between sexes. This was a role unique to the Swedish organisation within Sema Group. It might lead the reader to imagine that Sweden has, or at least is very close to having achieved, real equal opportunities in the work place. In fact, one of the interviewees reminded me that one has to be aware of what is meant by ‘equal opportunities’:

“Sweden is said to be a very egalitarian society but it depends on what you’re talking about. Both in France and in England, there are much more opportunities for women to reach a higher level in management and in the boards. In Sweden there are no women or very few. I think that in England and France much more women are accepted in executive positions. What is equal in Sweden is that here every woman works. And if you compare that with England and France it’s not the same, it’s a minority of women who work. They are highly educated and they have fewer problems compared to men than we have in Sweden. In Sweden, the equality is that



everyone works and I don't find that shows equality."

(A Swedish Sema Group employee.)

Statistics show that in Sweden more than 75% of all women aged 16-64 are employed (Svenska Institutet, 1996). Statistical data is not strictly reliable as a basis for comparison as figures are very often compiled in different ways from one country to the other (Hantrais, 1996). This caution aside, the rate of participation of women of working age in the work force is higher in Sweden than in other parts of Sema Group. In Great-Britain 71% of women aged 16-59 are employed (Sly, Thair and Risdon, 1998); in France and Germany the figures are much lower. It follows that a high participation of women in the work force should not necessarily be equated with equal opportunities. According to the above interviewee, there is still room for improvement. At the very least though, Swedish managers and employees were aware of equal opportunity policies and issues, more so than in any of the other Sema Group subsidiaries. One of the managers pointed out the low number of women with a technical background on the job market, this being detrimental to the number of female recruits the company could hope to attract:

"In this part of the organisation, we have 32 people and at this moment we have 2 women. So that is a problem because this is very technical of course and, let's say, our high schools have not matched, it's mostly guys actually who are coming out of them. I am now involved with recruitment and what I am trying to do is to make these things easier for people because the technique is complex of course but you can always lower the emphasis on technique. We are not selling technique, we are selling solutions. And solutions, there are many people that can be involved here and they don't have to be technicians."

(A Swedish Sema Group manager.)

This effort to try to redefine jobs so as to be in a position to improve equal opportunities in the company is uniquely Swedish. In fact, it is part of an equal opportunities plan the company is legally bound to have. Its purpose is to make provisions to further equal opportunities in the work place. The low number of

women choosing to opt for a technical education as pointed out by the interviewee, is probably one element that explains the low percentage of women in management in the case study company. This explanation is more salient if one bears in mind the importance of the production function in the company. It has already been established that the technical roles in the company are associated with a particular status and hence an enhanced likelihood of promotion into management. Indeed this imbalance in terms of female managers may not be a question of natural mechanism, as the interviewee below suggests, but rather a question of career counselling and lack of role models to inspire the female school leavers to seek positions in technical environments:

“I don’t know of any situation where we haven’t recruited somebody because she has been a woman. On the other hand, I don’t know of any situation where we have actually recruited somebody because she was a woman. I think we are fairly indifferent and if we are indifferent then there is a natural mechanism which sort of excludes women if you like.”

(A Swedish Sema Group manager.)

On the basis that the majority of employees in the production function actually have relatively low levels of qualification, one of the interviewees had slightly different ideas about the imbalance between male and female participation:

‘I think that men with better education are less afraid of women, so in areas where there are more trained or educated people, you might see more women. People with a lower educational level might be more afraid of the future, what will happen. Then they don’t like people who are different. You can be different in age, in educational background or in sex.’

(A Swedish Sema Group employee.)

These aspects aside, the fluctuations in economic prosperity also seem to affect the participation rate of women in the work force in general and in management in particular. For instance, the recent rise in unemployment in the Swedish economy

has mainly affected women. When the economic situation gets tougher, it seems that women loose out first:

“There were at least 10 or 12 women in management three years ago and now I’m not sure if we have any left. So maybe when things are getting tougher within an industry, maybe the men’s clubs are closing in harder together.’

(A Swedish Sema Group employee.)

The difficulties depicted above in terms of establishing equal opportunities at work may be real, but on the whole they mean that the issue is important in Sweden. It is, at the very least, a subject on the agenda. The emphasis on equal opportunity provisions is actually not surprising given the Swedish background of egalitarian values and sense of balance and moderation. The latter themes underpin the essence of this closing portrait of management in Sweden.

## **12. FEATURES OF MANAGEMENT IN GERMANY**

This chapter reviews aspects of management in Germany as observed from the fieldwork in the German subsidiary of Sema Group. At times, comments from informed non-German Sema Group managers who had occasion to visit the German subsidiary are used to support the argument. This chapter takes the following themes as particularly relevant to understanding attitudes to management in the German subsidiary of Sema Group: the importance of structure, organisation and stability, the particular approach to meetings and decision making, the central role of functional competence in managerial understanding as well as that of the production function. The themes of status, attitudes to uncertainty and the strains of the system of co-determination are also developed, as is the place of women in German management.

### **Structure**

The first impression gathered from the German subsidiary was that of professionalism through a structured efficiency. I was first alerted to this by the support given to planning interviews for the fieldwork. Indeed, whereas organising interviews had on occasion proved particularly difficult in France, and while a number of meetings were arranged and then postponed in Great Britain, in Germany a programme of interviews was pre-arranged and the schedule dutifully respected. Not only were the interviews efficiently orchestrated, the company additionally arranged for a rental car to be booked so as to facilitate travelling between various company sites and made hotel reservations along the way. These arrangements were appreciated and more generally, they indicated a serious sense of planning and

organisation, as well as an ability to adhere to the schedule. This was true of the German subsidiary more so than of the others – although in the other subsidiaries a number of individuals, to whom I am most grateful, also endeavoured to welcome me and to facilitate interviews. In Germany, structure and organisation were key words.

To give a further example regarding the predilection for structure, as part of the fieldwork each national subsidiary was requested to provide details of organisation charts and of salary scales. In France, this request was granted in principle and repeated a number of times but was never fulfilled in practice. In Great Britain and Sweden, details had to be chased and painstakingly put together as best as possible. In Germany, the guidelines that I put forward were respected and the information provided with the utmost clarity and efficiency. Admittedly, the German organisation was smaller in size and the information and data would be easier to compile. Nonetheless, it seemed that the request fitted a particular cultural penchant for clarity of structure and organisation. These observations are consistent with findings from Laurent (1983). He reports that German organisations tend to be ‘role-formalisation systems’ meaning a tendency to focus on defining and specifying functions and roles of organisational members. He concludes that there are national variations in the degree of formalisation that is judged desirable. The interviews from the Sema Group enquiry confirmed this. The degree of formalisation is comparatively greater in Germany than in the other countries in this study:

“Meine Vorliebe ist, wenn die Arbeit gut organisiert ist.”

(I particularly like when the work is well organised.)

(A German Sema Group manager.)

“Eigentlich liebe ich es vorzudenken und Strukturen festzulegen.”

(I actually really like to plan in advance and to establish structures.)

(A German Sema Group manager.)

On the one hand, the predilection for structures and organisation can be seen as a positive attribute of German management – fostering clarity and focus. On the other hand, this preference for set and organised structures shows a lack of flexibility:

“Der Vergleich Deutschland-UK. Mir wirken die Engländer flexibler als wir, das heißt jede einzelne Situation separat anzufassen.”

(The comparison Germany-UK. It seems to me that the English are more flexible than we are, they will tackle each situation separately.)

(A German Sema Group manager.)

When asked to develop this point, the interviewee explained how they perceived basic cultural differences with regard to rules and organisational processes:

Sie [die Deutschen] sagen, man kann doch nicht ständig gegen Regeln verstoßen, man muß es jetzt so machen. Mit den Engländer, sie sagen, es reicht jetzt, machen wir es eben anders. In der gleichen Situation meinen die Deutschen jetzt wieder gegen eine Regel zu verstoßen und machen sich ein schlechtes Gewissen daraus, oder schimpfen über die Regel und sagen, die ist nicht gut.

They [the Germans] say that one cannot constantly break the rules, one has to follow sometimes. The English say, enough, now let's just do things differently. In the same situation Germans think that they are contravening a rule again and they get a bad conscience, or they complain and say that the rule isn't good.)

(A German Sema Group manager.)

Upholding rules as a basis of stability has traditionally been characteristic of the German managerial culture (Ebster-Grosz and Pugh, 1996). In that context, it is not surprising that German managers might have some difficulty in bypassing rules when they become impractical. On the whole, the importance of rules and procedures seems to be relatively greater in Germany than in the UK. Consequently, unease develops amongst German managers when the rules become impractical. Furthermore, the readiness to challenge or ignore such rules does not come easily. In

a fluid, fast moving market place, rules can get in the way of efficiency. However, the mere recognition of the issue on the part of the German managers is a positive sign and suggests some development towards more flexibility.

Nonetheless, the underlying operating principle in Germany was the existence of rules and should something go wrong, the rules were to be blamed. Almost the reverse situation applied in Great Britain, as pointed out by a British manager: in the UK organisation, should something go wrong, individuals would take the blame:

You rely very heavily on individuals to do the right job at the right time. Most of course do - but not everybody. The difficulties then, in a delivery context, is that if a mistake is made, that might impact on the client; the response seems to be that we blame the individual when in fact, the lack of support in terms of outlining the processes is to blame. So we rely, or have relied very much on individual flair, commitment, thorough thought and so on.

(A British Sema Group manager.)

It seems that the German organisation, having set out strict rules and procedures lacked individual flexibility. In the UK however, individual flexibility was symptomatic of a lack of process. In that context, it is not unreasonable to suggest that the two modes of operation would do well to learn from each other.

In conclusion, it appears from the Sema Group case study in Germany that German managers operate most comfortably in a structured environment. This approach is praised in terms of fostering stability and professional focus through clear organisational processes. However, the predilection for structures and rules might potentially have a negative effect on flexibility. Unwrapping the aspect of structure more thoroughly, it is worth examining the German notion of a 'good' meeting.

## Meetings and decision making

German exactitude is an attribute pointed out by a number of observers of the German business culture including Hall (1960); Hall and Reed Hall (1990). This was clearly highlighted by non-German Sema Group managers:

“The Germans are very exact about working times. It is something practical you have to think of when setting up meetings.”

(A British Sema Group manager.)

Having taken part in meetings in Sema Group Germany, I was able to confirm this observation. These comments are, of course, not fool proof and have to be understood as trends rather than certainties. The trend was for a clear respect for timing in meetings. In particular, the preferences expressed by German managers in terms of structuring meetings did not match the preferences of their French counterparts:

Die Kulturunterschiede sind erstaunlich groß. Zum Beispiel, wie man in Deutschland ein Meeting durchführt. Man hat es entsprechend vorbereitet und hat eine entsprechende Tagesordnung. Dann arbeitet man diese Tagesordnungspunkte entsprechend ab, und möchte nach Möglichkeit zu jedem einzelnen Punkt noch ein Ergebnis haben, ein Resultat, so daß man sagen kann, so wird es jetzt gemacht. Beim nächsten Mal treffen wir uns wieder und sehen weiter. Bei den Franzosen, habe ich mehr das Gefühl, daß keine Tagesordnung existiert. Wenn eine existiert, besteht die Gefahr, daß man sich an dieser Tagesordnung vorbeientwickelt und möglicherweise über andere Dinge spricht. Dann kommt auch das Gefühl oder der Eindruck hinzu, daß man nicht eine Entscheidung in der Gruppe findet, sondern, daß man sich die Dinge anhört. Aber letztendlich trifft der mit der höchsten Position auch die entsprechende Entscheidung. Es ist mehr ein autokratisches Verständnis von Führung. Das ist so ein Beispiel.

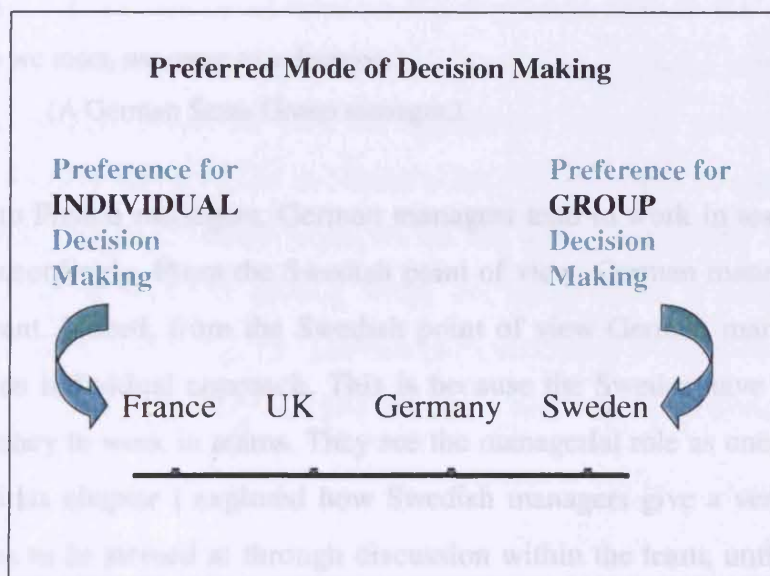
(The cultural differences are surprisingly important. Let's take, for instance, the way in which one organises a meeting in Germany. One prepares for it and accordingly has an agenda. Then, we work through the points of the agenda, and would like to see, if possible, a result for each single point. A result where one can say that this is the way in which it will be done. The next time we meet, we can review it. With the



French I have rather the feeling that, first of all, there is no agenda. If there is one, there is the risk that one moves away from it and possibly talks about other things. Added to that is also this feeling or impression that decisions are not reached by the group, rather, that one hears certain things but that when it comes to it, the person with the highest rank is the decision maker. It is hence a more autocratic understanding of leadership. That's one example.)

(A German Sema Group manager.)

The above quote illustrates two aspects in the experience of the interviewee. Firstly, meetings in Germany tend to be more structured than meetings in France. Secondly, decisions seem to be taken to a greater extent by the group in Germany. Based on this information and the findings presented in previous chapters, it is possible to construct a scale of preferred national modes of decision making:



The scale positions one country to the other according to whether managers in that country have a predilection to take decisions individually or whether decisions tend

to be made by the group. This study claims that French managers stand clearly at the individual end of the continuum whereas at the other end, Swedish managers by far prefer a team approach to decision making. Germany stands in-between these two, leaning more towards group decision making.

German interviewees readily claimed that they preferred working in teams – and this was particularly true in relation to French management. French managers displayed a tendency to operate first and foremost individually and according to their rank (see Chapter 10). In Sema Group Germany, group work was considered ‘normal’ and a basis to decisions which were taken by the group:

Entscheidungen werden typischerweise im Team, oder in einer Untermenge dieses Teams vorbereitet. Man trifft sich einmal, wenn man entsprechend Zeit hat, und sagt dieses oder jenes steht an, und man sollte dieses detaillieren. Man präsentiert es das nächste Mal und kommt zu einer Entscheidung.

(Decisions are mostly taken in teams or prepared by a sub-group of that team. One meets once and points out this and that and that one should detail this. Then, the next time we meet, we come to a decision.)

(A German Sema Group manager.)

Compared to French managers, German managers tend to work in teams and reach decisions accordingly. From the Swedish point of view, German management looks quite different. Indeed, from the Swedish point of view German managers tend to emphasise an individual approach. This is because the Swedes have a particularly strong tendency to work in teams. They see the managerial role as one of facilitator. In the previous chapter I explored how Swedish managers give a very large scope for decisions to be arrived at through discussion within the team, until a consensus is reached (see Chapter 11). Hence, from the Swedish point of view, decision making in Germany is quite hierarchical:

I worked in Germany for some time. Germany is very hierarchical, it's about following the leaders. In Sweden we work very much in projects. Everything is not

defined from the start. Objectives are set but not the way to reach them. That's decided through discussion and the team comes to a consensus on how they want to do it. When I was in Germany, I tried to work that way but uncertainty spread. Then some Germans said to me: 'We can't work that way, we need a leader'. That's how they wanted to work. After a while I realised I couldn't change them.

(A Swedish Sema Group manager.)

A key lesson to be learnt from this comparative exercise is that national differences are a matter of relative emphasis from one nation to the other. Hence, in comparative management the defining viewpoint is of paramount importance. The position of each country on the continuum for decision making (from individual to group oriented) dictates the perceptions from managers from one country to the other. The Germans have a certain view of themselves and this view might be different from the French or Swedish view of the German managers. These different viewpoints are gathered and synchronically analysed in this thesis. However, the definition of a four-country comparison itself gives a bias to the results. These might have been different had a fifth country, such as Japan, been introduced.

The conclusion drawn here as regards the German preferred mode for decision making is that it stands in-between that of French and British managers on the one hand, and the Swedish managers on the other. The former favour a more individual style of decision making while the latter favour a very open, group approach to decision making. The German preferred mode of decision making leans more towards the group approach and yet also encapsulates elements of the other side.

### **Functional competence**

The preferred mode of decision making evidenced itself across the departments of the organisation in Sema Group Germany, however it was particularly salient in the

production function. Indeed, employees in the production function were well educated and had the confidence and ability to manage themselves. Yet this ability was tempered by a predilection for structures and the tendency to formalise roles and to lend weight to hierarchical authority, which was also identified by Laurent (1983). In the quote below, the interviewee introduces a theme which is identified in this thesis as central to understanding management in Germany, namely: functional competence. Indeed, participation in the decision making process is facilitated by the functional competence of the workers. I argue that the importance of functional competence has knock on effects on the definition of management in the German context.

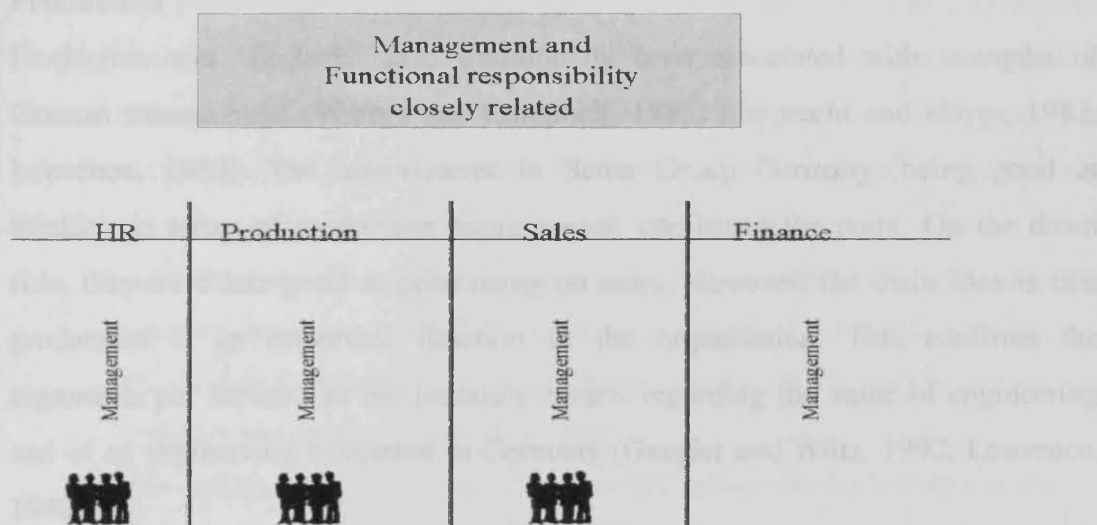
Ich versuche die Mitarbeiter sehr stark zu integrieren, ihre Verantwortung mit zu integrieren. Ich gehe davon aus, daß die Mitarbeiter, die wir haben, alle hoch intelligent sind, und sehr zu schätzende Persönlichkeiten darstellen, in der Regel Diplommathematiker oder Techniker. Es ist nicht eine hierarchische Struktur, sondern eher eine gleichberechtigte Ebene, wobei letztendlich einer entscheiden muß und das mache ich ebenfalls.

(I try to include colleagues as much as possible, to include them in the responsibility. I assume that the colleagues we have are all highly intelligent and have highly appreciable personalities, usually with a degree in mathematics or a technical background. It is not so much a hierarchical structure as an equal level, although at the end of the day someone must decide and that's what I do.)

(A German Sema Group manager.)

I asserted earlier (in Chapter 9 on management in Great Britain) that British managers tend to have an awareness of the activity of management as something distinct from organisational functions. Management was seen as a hierarchy over and above positions. This argument was successively developed by Sorge (1978); Lawrence, (1986) and Stewart et al (1996) and was confirmed and substantiated through interviews with Sema Group British managers and workers. The fieldwork in Germany also confirmed that if British managers are at the

generalist end of a continuum, German managers are clearly at the specialist end. Specialist management means that the activity of management is closely associated to functional competence and can hardly be detached from it. Hence, a thorough understanding of technological aspects is more important for a German manager to possess than for a British manager to possess. Management is therefore defined in terms of the practical application of expertise. The diagram (next page) reflects this view of management:



In Sema Group Germany, the managers interviewed tended to steer discussions onto the particulars of their functions and hold that management was part of the running of those functions. Put simply, German management was defined in relation to a function, whereas in Great Britain it was defined in relation to general managerial skills. For instance, in Germany there was more emphasis on functional areas such as HR, Production or Sales and less emphasis on themes such as managing oneself, managing others and project management. Managerial skills were not as much an issue as functional competence was. No German interviewee boasted that they did not how to use a computer but were concerned with wider managerial and strategic

issues, as a British interviewee did. Had it been the case, it is doubtful whether it would have been a matter to boast about – German managers would consider technical or practical skills as necessary assets.

In Germany, a focus on specialist functions stood out as an important aspect of the managerial role. In that context, production had a particularly salient role to play.

### **Production**

Production and '*Technik*' have traditionally been associated with strengths of German management (Warner and Campbell, 1993; Limprecht and Hayes, 1982; Lawrence, 1980). The interviewees in Sema Group Germany, being good at thinking in terms of production requirements, confirmed the point. On the down side, they were less good at prioritising on sales. However, the main idea is that production is an important function in the organisation. This confirms the arguments put forward in the literature review regarding the value of engineering and of an engineering education in Germany (Gaugler and Wiltz, 1992; Lawrence, 1980).

One of the issues identified in terms of management in Sema Group Germany is related to the position of the production function in the company. Indeed, production in the IT Outsourcing industry rests in-between a manufacturing function and a service function. This in-between position was an uneasy one for the workforce in Sema Group Germany.

From a technical point of view a number of elements need to be in place to manage a data centre. For instance electricity, temperature, humidity, dust and fire risks need to be controlled. Cable connections, chips, and the general maintenance of supercomputers have to be managed. Data flows have to be supervised and back-up transfers organised. These operations take place around the clock - hence the

need for technical teams to work in shifts. The technical aspects are therefore those of a manufacturing operation. Yet a service is being provided and the client dictates priorities. The ambiguity between the technical and production aspects on the one hand, and the service aspect on the other, was apparent in Sema Group Germany. To caricature, the German interviewees tended to be good technicians and poor at positioning themselves as a service provider.

Production is a function associated with high status in Germany, while marketing and sales are considered a touch thin and weak, being mainly support functions of production. In that sense, employees and managers who have originated from manufacturing and industry find it difficult to take on board the less tangible aspects of service. The transition from a production culture (that of their employer prior to outsourcing) to a service culture (that of their new employer, Sema Group), was clearly arduous for the workforce of Sema Group Germany.

Diese Fähigkeit zu sagen: 'wir sind ein Serviceunternehmen' fällt vielen Leuten in ihren Häusern noch ein bißchen schwer, denn das ganze Management kommt von [X], sie haben nicht Service gelernt. Damit können sie die anderen auch nicht bereichern und sagen, daß es eben so läuft.

(This capacity to say: 'we are a service provider' goes a little bit beyond a number of people on the sites. That's because the whole management also comes from [X], they have never learnt the approach to service. So they can't make real contributions to the others and say that this is just the way it is.)

(A German Sema Group manager.)

The employees and managers of IT departments of manufacturing companies who had been transferred to Sema Group found the transition difficult. They had previously identified with the tangible products manufactured by their former employer, to which they as IT support contributed to bringing into existence. Being suddenly employed by an IT company, as opposed to a manufacturing company, they experienced a sense of loss. This led them to raise the question: "What do we

actually make?" The answer being that they provided a service to make a profit was in their eyes neither ethically sufficient, nor viable in the long run. Their issue was partly one of corporate identity and desire to take pride in helping to construct something concrete. An IT service on its own is rather intangible, hence a difficulty in identifying with Sema Group. Going back to the literature review, I found a similar point argued by Randelsome (1993):

Most companies in Germany are not in business to make profits which will subsequently be distributed to shareholders as dividends: they are in business to generate surpluses in order to stay in business.

(Randelsome, 1993, page 1.)

This point was reiterated by a number of interviewees, who felt that the goal of profitability was not a sufficient one for the organisation. These comments were not limited to the area of production but also to areas of HR. A number of interviewees felt that the concept of looking after employees and seriously investing in their training and welfare was lacking in Sema Group:

Es ist mir aufgefallen, daß Sema ein sehr zahlenorientiertes Unternehmen ist. Was ich bei Sema vermisste, ist eine konzernweite Personalpolitik. Aus meiner Sicht hat Sema überhaupt keine Personalpolitik. Auf Dauer reichen Zahlen alleine nicht.

(It struck me that Sema is a very numbers oriented company. What I do miss at Sema is a corporate HR policy. In my opinion, Sema has absolutely no HR policy. In the long run, figures are not sufficient.)

(A German Sema Group manager.)

Of course, it can be argued that Outsourcing allows the client organisation to gain control over service level agreements while at the same time allowing them to cut costs in terms of training and employee welfare. IT Outsourcing is one way for German companies to introduce greater flexibility and increase performance while bypassing internal difficulties with works councils. It is no surprise that the recently outsourced personnel should complain about it. The heart of the argument is that



functions such as production and HR are more valued in Germany than in Great Britain. In the latter, the drive for profitability is a worthy cause in its own right. This is not the case in Germany.

It could be counter-argued that the mild dissatisfaction of the workforce in Sema Group Germany is not so much due to the mercantile company objectives, as much as to a difficulty in identifying with Sema Group itself. Sema Group is indeed quite a small venture in Germany. It hardly offers the 'intangible' status of working for a high-profile company such as IBM or SAP. I would argue that this is indeed a piece of the puzzle. However, the same point could have been made for Sema Group UK. It does not enjoy the same level of public relations exposure as companies such as IBM. The sales function was nonetheless particularly valued in contrast to the production function. The point remains that the reverse situation applied in Sema Group Germany.

Various points regarding management in Germany have been argued: First, the relatively high importance placed on the production function. Second, the unease between a production function which has aspects of manufacturing while being rooted in the service sector. Third, the further unease in terms of corporate identity regarding the lack of production of a tangible good or tangible benefits for employees. The emphasis on profits, which was considered a measure of success in Sema Group UK, was considered unhealthy in Germany and not a sufficient reason to promote job motivation.

### **Status and formality**

Another theme regarding management in Sema Group Germany has to be that of managerial status. German managers enjoy a particular status, a point first raised by a Swedish interviewee. This should not be surprising given that the relationships

between the various hierarchical levels in Sema Group Sweden tend to be very informal. In Sweden, there was a low degree of differentiation from one hierarchical level to the other. Status was not an issue whereas it was an issue in Germany.

Status was obvious in Germany, it started with parking. You are important if you park close to the company. Plus you are important if you have a secretary and a washing basin. A lot of stupid things really. I don't understand how Germany can be an efficient country.

(A Swedish Sema Group manager.)

Status and formality are not only supported by practical advantages (a secretary, a reserved parking place) but also through the use of language. While the British form of address 'you' (just as the Swedish 'du') is standard, the Germans face the issue of choosing between the normal 'Du' and the polite form 'Sie'. Traditionally in Germany, managers would use the polite form 'Sie' and address each other by their title and family name (e.g. Herr/Frau Schmidt, Herr/Frau Doktor Schmidt).

Such traditions are difficult to maintain given the increasing use of English in international meetings and the inevitable informality which bypasses German formality ('How are you Bill?' instead of 'Wie geht es Ihnen Herr Doktor Schmidt?'). German managers who work together with other nationalities on international assignments and get accustomed to this informality find it awkward to switch back to formality in German. This has led to an interesting compromise:

Was hier halb offiziell eingeführt worden ist, ist zumindestens auf der Managementebene, die Anrede mit dem Vornamen und das Beibehalten der 'Sie-Form'. Das ist für einen Deutschen etwas fremd.

(What was introduced half officially here is, at least at the management level, the address using the first name but keeping the polite form of 'Sie' [you]. That's a bit strange for a German.)

(A German Sema Group manager.)

The norm is therefore: 'Peter/Esther Sie...' within the managerial team. Some

secretaries in daily contact with the managers refuse to use this form of address and prefer the more traditional use of titles and family names, while other younger employees, have no problems and even use the 'Du' form between themselves.

The shift from 'Sie' to 'Du' is not particularly easy and while some take it comfortably on board, others find themselves unable to do so. The point is not whether individuals prefer using one or the other. It is rather an issue which highlights the strains between a tradition of formality and politeness versus the Anglo-Saxon trend for informality. From that view point the British and the Swedes are similar, while the Germans stand mildly aside and look more distanced:

"The Germans are more reserved and more difficult to get to know than the Swedes."

(A British Sema Group manager.)

The various stances on formality and hidden meanings behind language and manners are in fact an issue for all:

Es fällt uns Deutschen manchmal etwas schwer, die Engländer sind ausgesprochen freundlich im Umgang. Es fällt uns manchmal etwas schwer herauszufinden, was sie eigentlich meinen. Ich glaube, daß die Gedanken und die Vorstellungen, die hinter der Sprache stehen eben bei Deutschen, Engländern und Franzosen unterschiedlich sind.

(Sometimes it is difficult for us Germans, the English are really particularly friendly in the contacts we have with them. Sometimes we find it, to some extent, difficult to figure out what they actually mean. I think that the thoughts and ideas which stand behind the language are actually different for the Germans, English and the French.)

(A German Sema Group manager.)

A consequence of the British friendliness in using language is that a non-English speaker will assume it is a genuine friendliness. In actual fact, it might or might not

be the case. The informality and friendliness are a mere standard support to doing business - not to be real friends. In that sense, the seemingly coolness and reserve of the Germans is in actual fact much more sensible. Formality is the realm of business, informality that of private life and life-long friends.

To conclude, it is essential to stress that the various cultural assumptions depicted above are all meaningful and sensible within their context. There is no such thing as right or wrong but rather a series of appropriate behaviours, with a shifting definition of 'appropriate' from one place to the other. German managers, in contrast to British and Swedish managers, seemed more attached to notions of status and formality.

### **Uncertainty**

In Chapter 9, I presented evidence of a certain boldness in the British approach to sales and general technical issues. It is favourably looked upon to appear decisive and confident about outcomes. In Germany, managers and workers tend to be more cautious. On a particular occasion during a meeting, a manager asked a colleague: 'Are you sure?'. The reply was as follows:

“Wenn etwas bei mir im Keller steht und ich mache die Tür mit dem Schlüssel zu, dann bin ich sicher.”

(If it's in my cellar and I can close the door and lock it, then I am sure.)

(A German Sema Group employee).

The reply clearly indicated that one can never be sure. The British do not control future events better than the Germans nor anyone else for that matter. Yet where the British would express a confident boldness, the Germans expressed a cautious warning. Arguably, the conditions on the market place impact on confidence, yet at the time when Hofstede (1980) carried out his research, Germany enjoyed an

enviable economic position in comparison to the UK. Nonetheless, the Germans respondents rated high on the dimension of uncertainty avoidance, while the British scored fairly low. It is therefore reasonable to conclude that a combination of cultural values condition managerial attitudes in a manner which is relatively independent of economical conditions. I would argue that German managers have consistently displayed high levels of uncertainty compared to British managers in the face of future events. The British approach, being more pragmatic and being rooted in a long and uninterrupted tradition of commerce, faces with relatively more ease risks associated with commerce. The German approach is more structured and, since structure hardly fits uncertainty, the German manager is less well equipped to face uncertainty. Hence a German managerial difficulty in being open to a level of risk:

“Top-Manager sind nicht risikofreudig genug.”

(Top managers are not happy enough to take risks.)

(A German Sema Group manager.)

Additionally, the IT Outsourcing industry encapsulates, per se, the problem of dealing with anxieties from personnel. Indeed, it is about introducing more flexibility for the client and fostering a better service from the staff, while potentially also cutting down costs. Unsurprisingly, many of the German interviewees were worried about the long term and were worried about working longer hours for less security. Accordingly, resistance to change was to be reckoned with:

“In Germany it is very difficult to change anything because the unions are so much in control there.”

(A British Sema Group manager.)

“In Germany, Outsourcing is growing although there are problems with Outsourcing staff.”

(A British Sema Group manager.)

Outsourcing is about gaining efficiencies but also involves giving up a measure of control. It is a step towards the virtual organisation. The German system of co-determination, and protection of employees' prerogatives, is understandably not a favourable basis to the development of Outsourcing. Giving up a measure of control and stepping boldly into uncertainty did not appear as appealing as the outdated dream of a life-long secure and stable employment. Hang-ups were difficult to come to terms with. In general terms, German Sema Group managers were more cautious than their counterparts in the UK, in terms of how confident they felt about shaping the future. This degree of uncertainty is arguably accentuated by particularly strong attitudes to Outsourcing in Germany.

### **Outsourcing in Germany**

It would be an understatement to write that Outsourcing is a contentious subject in Germany:

Die Deutschen sind sehr zurückhaltend was Outsourcing angeht. In Deutschland ist Outsourcing ein sehr negatives Wort und die Mitarbeiter heben sofort die Hände, wenn irgendwo was in Richtung Outsourcing geht. Und wenn wir in Deutschland mit Kunden sprechen, ist das Thema Outsourcing meistens ein geheimes Thema, das heißt, die Mitarbeiter sind darüber nicht informiert, daß ein Interessent, ein Kunde mit uns überhaupt im Gespräch ist. Es wird ganz spät veröffentlicht. Man hat Angst in Deutschland, daß über den Betriebsrat etwas dagegen unternommen wird, und man hat Angst, wenn es bekannt wird, daß man über Outsourcing spricht, daß die Mitarbeiter das Unternehmen verlassen. Also ein sehr heißes Thema.

(The Germans are very reserved regarding Outsourcing. In Germany, Outsourcing is a very negative word and the workers protest immediately if anywhere something goes in the direction of Outsourcing. And when we in Germany talk with the customers, the subject of Outsourcing is most of the time surrounded by secrecy.

This means that the workers are not informed about the fact that a customer is at all talking to us. It is announced very late. One is afraid, in Germany, that something against it might be undertaken by the works council. Also, one is afraid that should it be known that Outsourcing is being discussed, the workers would leave the company. So it is a very heated subject.)

(A German Sema Group manager.)

The above interviewee argued that the very word 'Outsourcing' was negatively loaded. Raising the issue is therefore a controversial matter in any company. The traditionally defensive stance of works councils renders the job of selling an outsourcing contract even more difficult. Outsourcing is not just a heated subject for potential employees to be transferred. It is also a heated topic for the management of any potential client organisation:

Ein gewisses Problem in Deutschland ist, daß die Unternehmen dazu neigen, ihre EDV selbst zu machen und ein bißchen Sorge haben, wenn sie das einem Dritten übertragen. Outsourcing bedeutet eine Aufgabe, die man vorher selbst gemacht hat, jemand anderem zu übertragen. Daher diese Skepsis, die wir in Deutschland haben. Also ich meine, daß Outsourcing kostenrelevant ist, aber es ist auch ein psychologisches Argument dabei. Manche Firmen glauben, daß EDV ein ganz zentrales und wichtiges Instrument ist in Geschäftstätigkeiten, und daß man es nicht aus der Hand geben sollte. Ich halte diese Einstellung für falsch, weil das Geschäft anders ist, EDV ist ein Werkzeug dazu.

(We have the problem in Germany that companies tend to do their own IT and are a little worried to hand it over to a third-party. Outsourcing means in fact to hand over a task, which was previously carried out in-house, to someone else. Hence the scepticism, which we have in Germany. I think that Outsourcing is worth it in terms of costs, but there is also a psychological argument. Some companies think that IT is a very important instrument at the centre of the business activities and that one should not let go of it. I think that this idea is mistaken because the real business is not IT. IT is simply a tool to the business.)

(A German Sema Group manager.)

**The dominant thinking in Germany is that IT is a function too important to be left to the hands of a third party. Companies are reluctant to give-up control and it follows that this option tends to be seen not as a strategic tool but as a last resort. Hence the comments:**

**“Jeder der Outsourcing betrieben hat, hat auch ein Problem mit seinem IT-Manager, sonst würde er nicht outsourcen. Ich glaube, man muß es sich bewußt machen.”**

**(All those who outsource have a problem with their IT manager, otherwise they wouldn't outsource. I think one has to be quite aware of that.)**

**(A German Sema Group manager.)**

**The least one can conclude is that in Germany, Outsourcing does not seem to find a natural home-fit. There are many reasons why companies might choose to outsource their IT activities, the above being one of them. It seemed however, that the levels of acceptability of outsourcing varied from one nation to the other. In practice, the market for Outsourcing is more established in UK, Sweden and France than it is in Germany. This means that Sema Group has to adopt different approaches in approaching customers in each country. The following marketing approach was observed in each subsidiary:**

- In the UK, the organisation's priority was to add value to the customer, which meant adopting a clear customer focus and an organisational structure matching the industry sector so as to build customer-led specialist expertise.**
- In Sweden, the strength of the organisation was based on a trusted name and technology, originating from the historical roots as a State Department responsible for the statistical treatment of data.**
- In France, the priority was to offer state-of-the-art technological capabilities and to manage or avoid social unrest.**
- In Germany however, Outsourcing was plainly 'wrong', as the quote below illustrates.**



**“Ein Problem ist, daß der deutsche Markt nicht sonderlich outsourcingfreundlich ist. Wir haben einfach für den deutschen Markt keinen nachgefragten Service, den wir anbieten.”**

**(One problem is that the German market is not particularly Outsourcing-friendly. We simply do not offer a service in demand on the German market.)**

**(A German Sema Group manager.)**

The small size of the Outsourcing activities of Sema Group in Germany as opposed to the Outsourcing activities in the UK is, to some extent, representative of how well the concept of Outsourcing is accepted in a particular country. In Germany, there seems to be a psychological barrier to the development of Outsourcing. By contrast, in the UK the market has expanded by about 40% in each of the past four years - the UK IT Outsourcing market, valued at £2.3 bn, is the largest in Europe (Smith, 1997). To some extent, the Outsourcing trend has been encouraged under the British government policy of private finance initiative (PFI) whereby public services are given the opportunity to buy in services from the private sector. It could be argued that the expansion of Outsourcing in the UK has been encouraged by a tradition of flexibility regarding employment practices. In Germany however, paternalistic traditions in HR and the system of co-determination have meant a greater protection of employment rights. Outsourcing does not fit easily in the German context as it undermines the concept of a secure employment position. Outsourcing creates uncertainty about jobs, for those employees who are transferred as well as for those who are not. Hofstede (1980) argued that the tolerance for uncertainty is higher in the UK than it is in Germany. Observations at Sema Group in the UK and in Germany support that point.

The conclusion has to be that the growth of certain industries is facilitated in certain countries. This fits the neo-contingency framework according to which an industry will perform best if it is congruent with the profile of institutions and wider

national trends (Sorge, 1991). It also reinforces the concept of competitiveness of nations in particular industry sector (Porter, 1990). In Brief, the UK environment is more open and supportive of the development of Outsourcing than the German environment. Based on the fieldwork, the UK environment proved to be conducive to fostering flexibility of service provision.

Given the vastly different unwritten operating principles upon which each subsidiary is based, one has to conclude that the national context imposes strategic trends, which are culturally bound. In other words, it would be foolish to assume that the paradigms of the outsourcing industry are the same from one nation to the other. I therefore call for a reassessment of the notion of global village:

“A common assumption in a particular society might be completely meaningless in a different cultural setting”

(Adler et al, 1989).

However, the competitive pressures are such that German companies are also being pushed into a situation where profit and efficiency dictate the rules of the game. The consequence is that despite the particularities of the German market, a number of forces are at work to dismantle previously established principles of German organisation.

### **Co-determination strain**

A number of strains in the area of co-determination between workers and managers were visible in Sema Group Outsourcing Germany. To give a practical example, a tense relationship had arisen between management and the works council ('Betriebsrat'). The works council has a co-determination right ('Mitbestimmungsrecht') over matters such as recruitment, promotion or training. However, the personnel function of Sema Group Outsourcing Germany is small and

has a limited capacity, which leads to difficulties in meeting legal obligations with respect to the co-determination rights. For example, the issue of training has caused a number of frictions. With the personnel department having a limited scope, the responsibility for planning and accommodating for the further training of employees rests with the various divisions. The works council has a right to be informed and to have the opportunity to discuss matters in that area. However, one of the problems arising from the devolution of training to the divisions is that consultation with the works council does not systematically occur in advance. Hence, a series of actions on the part of the works councils to take the employer to the appropriate industrial tribunal. Such a situation would not arise if the personnel function was given more resources. However, these situations are constrained due to a strategy prioritising profit maximisation. To a large extent, this strategy is dictated by the head-office and the quotation of the company on the London stock market - shareholders demand short-term results. As an investment for the long term, further training activities do not figure high on the agenda. Needless to say, such a strategy does not go down easily amongst workers, particularly given a national environment which tends to be supportive of employee development (Backes-Gellner, Frick and Sadowski, 1997).

Furthermore, the situation causes individuals to challenge the commitment of the company towards long-term employment. The next logical step from thinking training is a secondary priority is to hold that employment security is not guaranteed. This fosters an uncomfortable climate whereby individuals gradually become afraid to make mistakes and are afraid of losing their job.

The following quote is an illustration of the difficulties faced by the German managers, namely that the dual system requires some extent of bureaucratic work which is not necessarily the highest managerial priority:

Das erste Problem ist sicherlich von der Salesseite her, der Kunde. Die Kunden entscheiden sich immer chaotischer und immer langwieriger und nicht so sehr für Sema, wie wir das gerne hätten.

Zweites Problem ist hier der Betriebsrat, so günstig wie das Mitbestimmungsorgan ist, macht es doch im Einzelfall sehr viel bürokratische Arbeit.

(The first problem is certainly from a sales point of view, the customer. The customers make decisions in an ever more chaotic manner, taking ever more time, and do not opt for Sema as we would like them to.

The second problem here is the works council, as much as the organ of co-determination is appropriate, it nonetheless implies for single issues quite a lot of bureaucratic work.)

(A German Sema Group manager.)

Whether the risk of redundancy is real or not is practically irrelevant. What matters is the insecurity which is infiltrated through a relative lack of regard for the administration required by the works councils. In the context presented in the literature review where training particularly in-company training is highly valued in Germany and considering the long-established system of industrial democracy, it is not surprising that a number of strains should be apparent in the face of economic and financial pressure to succeed.

### **What about women?**

There were no women in management in the German subsidiary. This might be a reflection of the low number of women in management in Germany in general. However, Sema Group Outsourcing Germany is a relatively small company and it would be unfair to jump to conclusions too hastily.

On the one hand, women were noticeable for their absence in managerial ranks whereas on the other hand, they had an enviable position compared to the female employees of the other national subsidiaries. Indeed, there was hardly any salary differential between men and women. This result is open to interpretation. Arguably, salary scales are fairly rigid in Germany and are defined according to

level of qualification and experience. In contrast, UK salaries are more flexible according to the performance of each individual (Communal and Senior, 1999). This situation, leaving less room for individual negotiation, renders discrimination in terms of salary less likely in Germany than in the UK. However, the results presented below are contingent upon the smaller size of the organisation in Germany, as opposed to that of the other subsidiaries. An important differential was nonetheless noted in Sema Group UK. This calls for further investigation in the context of the harmonisation of equal opportunity policies at European Union level.

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Distance between the average salary for men and the average salary for women,  
1997 Figures.

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Sema Group UK	£ 8,842	
Sema Group France	undisclosed	
Sema Group Sweden	£ 4,440	(57,960 SEK)*
Sema Group Germany	£ 702	(2,070 DM)*

\* Exchange rate as of June 12, 1998 provided by the Federal Reserve Bank of New York.

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Various features were identified as depicting particular aspects of the organisation in Germany as opposed to the British, French and Swedish operation. This chapter stands against the background of previous chapters as more comparisons were made possible as the research progressed. The thesis would not be complete without an examination of the convergent aspects of management in the four country-subsidaries. It is the topic of the next chapter.

### **13. CONVERGENCE AND DIVERGENCE REVISITED**

At the beginning of this thesis it was established that previous studies had only provided limited evidence to elucidate which view, that of convergence or that of divergence, was most salient and how the dynamics of these two stances interlocked. The fieldwork in Sema Group aimed to test on the one hand, the forces driving for diversity and, on the other hand, the forces driving for homogeneity.

In the last four chapters, I have demonstrated that the subsidiaries of Sema Group in Great Britain, France, Sweden and Germany display significantly different managerial features. I argued that these features correlate with their given national context, which is identifiable by various elements including culture, tradition, the education system, the industrial relations system and the legal framework. Thus the evidence gathered so far overwhelmingly supports diversity - national context is a prime factor in shaping managerial practices and priorities.

This chapter aims to redress the arguments established in the four previous chapters and to pay particular attention to the areas of management in the four subsidiaries of Sema Group that are similar or converging. The chapter also discusses some of the dynamics between the features of divergence and those of convergence. Initially though, a number of areas of convergence are examined. These are largely head-office driven policies, which aim to create a global company. The areas of commonality include, amongst others, finance and technology. Other areas in which the company is proactive include the promotion of English as the language - hence supporting cross-border communication. Further initiatives, although very much in their infancy, are in place to support the development of a coherent strategy for the worldwide management of human resources. A final factor promoting further homogenisation is the process of internationalisation. All these patterns of convergence are core elements of the process of globalisation.

## **Financial goals**

Sema Group is run on forecasting, every month and over a year. You tell what your budget is going to be and from that moment, you will deliver that profit. If you don't deliver, you have to act quickly, everything at Sema Group stems from it (orders, prospects).

(A Sema Group Corporate Financial Controller.)

A number of forces driving for an increased homogeneity of managerial practices across the world were reviewed in Chapter 2. Amongst these, the search for profitability and efficiency were pointed out as prominent forces of homogenisation. Indeed, with increasing international rivalry, companies have to achieve certain levels of efficiency or customers will be attracted by more competitive product/service offers. A comfortable level of profitability is, rightly or wrongly, an essential element in measuring success. The aims of achieving financial goals are therefore shared by managers, regardless of the national context in which they operate. In Sema Group, the pressure is high on all subsidiaries to deliver agreed target profits. This pressure to achieve financial targets was a recurrent theme in interviews with managers across the four subsidiaries. Furthermore, the managers were unanimously alert to the company's quotation on the London stock market. The fact that the company is quoted on the London and Paris stock markets was reiterated during interviews. An acute awareness of financial targets was therefore an important constituent of shared values amongst Sema Group managers across the four country-subsidiaries.

The common drive to achieve target levels of profitability was a strategy in its own right. This fact, although an operating principle of the success of the company, was not necessarily embraced wholeheartedly by all. For instance, the level of financial control exercised by the head office on the subsidiaries is significant:

Sema is now a medium size company in the UK but still thinks it is a small company. Even minor pieces of equipment buying has to be approved by the MD. When it comes to spending money, even £500, buying equipment in Sema is hard

work.

(A British Sema Group manager.)

“Un des problèmes est que la lourdeur administrative, pour la commande de matériel, nuit à l’efficacité.”

(One of the problems is that the heavy bureaucracy for the ordering of equipment reduces efficiency.)

(A French Sema Group manager.)

The amounts of paper we have to fill in just to buy a PC are ridiculous. You always have to ask about investments, which sometimes are so small. Okay, you accept the rules or you leave but in my opinion the bureaucracy is too detailed.

(A Swedish Sema Group manager.)

Ich war es früher gewohnt etwas freizügiger und mit mehr Verantwortung in bestimmten Sachen zu handeln [vor der Übernahme]. Ganz besonders, wenn es sich um irgendeine Investitionsentscheidung handelt, selbst wenn sie unter 1,000 DM liegt, muß das schon der nächste Manager entscheiden. So kann man einen Standort nicht führen.

(I was previously used to having a little more freedom and to having more responsibility in certain areas [prior to the take-over]. In particular when it comes to making an investment decision, even when we are talking about under 1,000 DM, it has to be decided by the next level up. That’s not the way in which to manage a site.)

(A German Sema Group manager.)

The overlap between the above quotes from managers in the four countries is astounding and reflects the corporate priority given to tight financial management. The financial pressures imposed by the Head Office are not always welcome. A number of employees interviewed did not rule out finding a new employer, as a means of reducing stress levels and improving the quality of their working life. They felt that a solely financial strategy was neither sustainable nor sufficient a



reason to justify their working life. Managers were also aware of a degree of unease amongst their personnel. As a consequence, retaining employees was becoming an issue.

We have had some turbulence and there are a couple of them [employees] who want to change to another job, outside Sema Group. There is one, I think I can save him for the moment, but I'm not sure in the end I want to because there is the problem with people who are not satisfied with their jobs and they always spread some sort of negativism around them.

(A Swedish Sema Group manager.)

Die Leute haben Angst. Es gibt permanente Sparmaßnahmen. Wenn die Leute nur ein Fehler machen, haben Sie Angst um Ihren Arbeitsplatz. Wo bleibt da die Motivation?

(People are worried. There are constant savings measures. If someone makes only one mistake, they are afraid of losing their job. Where is the motivation then?)

(A German Sema Group employee.)

A number of interviewees also regretted the impact of financial imperatives on other company aims:

Die eine Seite ist, daß wir nach einem Plan arbeiten, wir wissen wo wir hinwollen, es wurde auch einiges getan. Die andere Seite ist natürlich, daß irgendwo ein Umsatzdruck besteht, es ist eben so und wenn irgendeiner sagt: 'ich möchte Outsourcing machen', unabhängig davon ob es strategisch oder nicht strategisch ist, sagen wir sofort, mit einem zufriedenstellenden Angebot können wir Kunden gewinnen. Wenn Geld da ist, verläßt man die Strategie.

(On the one hand, we work according to a plan, we know where we want to go and are making some steps in that direction. On the other hand of course, wherever a turnover pressure exists, that's the way it is, and if someone says: 'I would like to do some Outsourcing, regardless of whether it is strategic or not, we say straight away that we could win the customer with an acceptable offer. When money is involved, we forget about the strategy).

(A German Sema Group manager.)

**This reaction was mirrored in Great Britain:**

**This is a sales-led organisation. Sema Group has a good reputation in the market place, therefore, when people particularly want our Outsourcing services, they come to us and they ask us to bid for them. And we have a good track record at winning. That's fine and we make this year's numbers; but, over time, you end up with a customer base which is not of our making as managers of the company, but has been selected by the customers themselves. It means we don't have a very clear strategic focus in our customer base.**

**(A British Sema Group manager.)**

**The imperative to meet target sales and increase profitability is a driving force amongst all subsidiaries including Sweden and France. It is therefore, controversially or not, a measure of convergence. Nonetheless, the indicators of profitability and success were interpreted in different manners in the four countries. For instance, the Swedish manager would insist on a long-term profitability:**

**It always seems that the managers at the corporate level want everything at the same time when they talk strategy. Strategy is for the long term to me. [...] I get very nervous from time to time but I try to stop myself from being irritated. I am sure they are right and I am wrong, still I get upset.**

**(A Swedish Sema Group manager.)**

**Sema Group is quite short term oriented. In Sweden, the long term is also important. The culture supports long term planning. So people are getting frustrated here in Sweden.**

**(A British Sema Group expatriate in Sweden.)**

**It is worth highlighting however that the critical attitudes of managers in Great Britain, Germany and Sweden with regard to the financial goals was, to a degree, a prerogative brought about by success. During the period of the fieldwork in France, the national levels of unemployment were high (12.5% in 1997, see Appendix A) and in this context, the majority of the managers interviewed in the French**

subsidiary were satisfied to be working for a relatively successful company.

Cette année, je prends la mesure des perspectives d'évolution du business, du chiffre d'affaire et d'un point de vue personnel. Donc la dynamique de la société est plutôt, par moi, bien ressentie.

(This year, I have been assessing the perspectives for the business to evolve, for the turnover and from a personal point of view. And I feel good about the dynamics of the company.)

(A French Sema Group manager.)

The corporate goals encouraged commitment and responsibility with respect to delivering each year's figures. Even though these goals of profit and efficiency were, at times, interpreted differently in the four countries, these were clearly drivers of convergence across the four subsidiaries.

## Technology

We have the same operating systems, the same computers, the same methods and so on. The software can differ a little bit but in general it's the same architecture, the same kind of thinking and it's like that all over the world.

(A Swedish Sema Group manager.)

Technology is a constant between the four country subsidiaries. Along with the shared financial objectives, it is one of the most visible areas of convergence. The IT systems are built according to the same architecture. Of course, the technology is universal but compatibility between systems, even when it comes to Information Technology, is not always in place. However, there is a clear objective to achieve this compatibility:

“Das Ziel wäre, daß wir europäische Versionen von Programmen entwickeln, ein Tool das Deutsch, Französisch und Englisch costumiert ist, sieht aber immer gleich aus.”

(The objective would be to obtain European versions of the programmes, a tool

which is customised in German, French and English but which always looks the same.) (A German Sema Group manager.)

The frameworks for providing an equivalent quality and a suitable compatibility are therefore important shapers of similar managerial practices. The technical directors across the four countries are trying to achieve the same objectives:

- a) homogeneous objectives (quality standards),
- b) homogenising objectives (achieving compatibility),

In this respect, the likelihood of their adopting a similar managerial approach to achieve these objectives is enhanced. Exchange and the spread of best practices on the technical front are, by the same token, actively encouraged.

There is a lot of networking nowadays. You know, for instance, the technical directors in Sema Group have technical conferences. So they are coming more and more together. For example the work I have been doing with Frank for the UK and Sweden, we also have some other guy working on the project from Paris.

(A Swedish Sema Group Manager.)

On many occasions the same company jargon, inspired from the technology, was being used in the different subsidiaries; compare for instance the two quotes below:

“L’informatique c’est comme l’électricité, il n’y a qu’à se brancher.”

(IT, it’s just like electricity. You just need to plug in.)

(A French Sema Group manager.)

“Wir wollen eine Dienstleistung anbieten: Service aus der Steckdose.”

(We want to provide a service: a plug-in service.)

(A German Sema Group manager.)

With common quality standards across the four subsidiaries, operations managers speak the same language:

“ISO 9000 means primarily to be sure that we deliver the right quality to our customers.”

(A Swedish Sema Group manager.)

Because the various IT systems operated by Sema Group can be networked, the organisation, de facto, offers European-wide service capability. Sema Group, as a European company, therefore exists in terms of its shared financial goals and in terms of its shared technology.

### **International English language**

“In the IT business, we use a lot of English expressions. In this profession, quite a number of people have spent some time in American companies.”

(A French Sema Group manager.)

Another aspect of integration in Sema Group is driven by the use of English as a company language. The English language has indeed the advantage of being:

- a) the main support of managerial jargon (because of the influence of the USA and other English-speaking countries in spreading business education and setting new trends),
- b) the main support for IT technical jargon (IT Outsourcing first started in the USA),
- c) the most common second language for non-native speakers in Europe.

This can explain a number of Anglo-American expressions, which have been integrated into the ‘company talk’ in France as well as Germany and, needless to say, Sweden where English was second nature for the vast majority of employees.

#### **SELECTED ENGLISH EXPRESSIONS USED BY GERMAN INTERVIEWEES**

“Das Meeting wurde gecancellt.”

(The meeting was cancelled.)

**“Wir bekommen dann feedback.”**

(We then get feedback.)

**“Ein Tool, das Deutsch, Französisch und Englisch costumiert ist.”**

(A tool which is customised in German, French and English.)

**“Wenn wir nicht outsourced hätten, würde es wahrscheinlich heute nur 10 Mann auf der Payroll geben.”**

(If we hadn't outsourced, there would probably only be 10 people on the payroll today.)

#### **SELECTED ENGLISH EXPRESSIONS USED BY FRENCH INTERVIEWEES**

**“Le Board.”**

(The board.)

**“Admettons que la France ait le lead sur une proposition [...]”**

(Let's assume France has the lead over a bid [...])

**“Je suis le patron du front office, par rapport au back-office.”**

(I am the boss of the front office, as opposed to the back-office.)

**“Le pricing”; “Brain storming pour le prix.”**

(The pricing. Brain storming on the price.)

**“L'operating profit.”**

(The operating profit.)

**“C'est ça le commitment.”**

(That's commitment.)

**“On link les équipes entre elles.”**

(We link the teams together.)

**“Le faible nombre de staff.”**

(The small number of staff.)

**“Nous connaissons bien notre job.”**

(We know our job well.)

**“La taille du business.”**

(The size of the business.)

**“Le FM.”**

(FM – Facilities Management.)

**“Garder le contrôle de son process.”**

The impact of English as a language is so prevalent that to some degree it also contributes to shifting managerial practices, as was pointed out by a German interviewee:

[X, Y] und [Z] bilden das Geschäftsleitungsteam (GLT). So einen Ausdruck habe ich in Deutschland nie gehört. Den gibt es auch nicht, den gibt's nur bei uns. In Birmingham gibt es den Ausdruck 'management team'. Er ist von uns übernommen worden. Es gibt in Deutschland die Geschäftsführung aber kein Geschäftsleitungsteam.

([X, Y] and [Z] form the 'management team'. I have never heard such an expression in Germany before. It doesn't exist, it only exists in our company. In Birmingham there is this expression 'management team'. We have taken it over. In Germany we say the management, not the 'management team'.)

(A German Sema Group manager.)

The expression 'GLT' or 'Geschäftsleitungsteam' illustrates a convergence of managerial practices supported by the shaping effect of language on conceptual thoughts.

Despite the growing establishment of English as the language of business and its supporting use in building Sema Group as a European company, a number of incidents caused by disregard for the *lingua franca* were reported:

Die Company language ist Englisch, das ist klar, ist auch anerkannt. Dazu muß ich sagen, es passiert oft mal, daß die Franzosen über sehr entscheidende Dinge, ohne die geringste Scheu, sich auf Französisch unterhalten, die anderen kapieren nichts. Also aus deutscher Sicht, eine ungenierte Art und Weise.

(The company language is English, that's clear, and it is recognised. However I have to say, that the French will, with no shame, discuss decisive points between themselves. The others don't understand a thing. From a German point of view, that is such rude behaviour.)

(A German Sema Group manager.)

Even worse for the Germans, the “privilege” of negotiating in a restricted circle was not exclusively exercised by the French:

Wir haben mit Schweden einen gemeinsamen Kunden, den wir in Schweden als auch in Deutschland betreuen. Ich denke, es ist kulturell sehr, sehr schwierig. Allein schon die Sprache, wenn die schwedischen Kollegen von Sema und vom Kunden sich eine Auszeit nehmen und gemeinsam auf schwedisch ein Problem regeln, dann fühlt man sich als jemand, der dieser Sprache nicht mächtig ist einfach übergangen, ein Gefühl des Ausgeschlossenseins.

(We share a customer with Sweden, i.e. we provide a service to that customer in Sweden as well as in Germany. Culturally, I think that it is very, very hard. Alone from a language point of view, when our Swedish colleagues from Sema and the customer take time aside to solve a problem together in Swedish, then you feel, as someone who doesn't speak the language, completely ignored, a feeling of being excluded.)

(A German Sema Group manager.)

The English language is therefore an important basis to support the communication between managers across the four countries. Many technical and business expressions are, by the same token, being included in French and German in the respective Sema Group subsidiaries. Despite the shifts in French, German, and Swedish to include an increasing number of English expressions, these languages remain different! And although the *lingua franca* is English, it is not always respected in international meetings. This should be rectified over time as managers learn to respect each other and given that the corporate HR guidelines actively encourage the recruitment of new staff fluent in English.

### **Corporate Human Resources**

To increase the level of co-operation between the different subsidiaries, regular meetings of Human Resources (HR) Directors have been instituted at corporate



level. A number of principles have been established as a result of these regular European level HR meetings. These principles provide a basis to encourage present and future co-operation at European level and beyond.

One of the first areas of convergence in corporate HR is recruitment. Indeed, a target profile for new professional/managerial recruits, across the subsidiaries in Europe, has been agreed. It includes two basic requirements:

- a) that the applicant should hold a Master's level qualification or equivalent,
- b) that the applicant should be fluent in English as well as in another language if possible.

A second area of importance for corporate HR is the creation - or harmonisation - of grids of competencies, valid European-wide in the company. In parallel, work is in progress to establish common salary scales. These endeavours are interesting because they are providing foundation stones for a European level HR function. As a background to these efforts towards putting in place European level HR policies are the increased contacts personnel from one country have with personnel from another country. Teams of experts are sent when and where needed in the company, which often means crossing borders. In such cases, there is demand on the part of the managers or staff for means of identifying the level of responsibility of the person(s) whom they are meeting abroad, hence the concept of comparable scales and grids. These tools are particularly needed for internal accounting and pricing for bids.

A third area of importance regarding European level HR is industrial relations. Following EU legislation, the company instituted a European Work Council in 1996. This initiative provides a structure for European level dialogue, which complements local employee representation systems, giving scope for European-level negotiation and consultation. As such, the area of industrial relations, together with that of recruitment, and the compiling of grids of competencies as well as the salary scales mentioned above, are the first signs of closer integration of HR management within Europe and clear pointers of

convergence.

### **Internationalisation tempered by culture – the European way**

Learning to work together for the four subsidiaries in terms of financial goals, the same technology, English as the common language, and harmonised HR practices, are elements which provide foundation stones to Sema Group as a European company. Establishing this stable European base is also part of a wider internationalisation.

Internationalisation has long been regarded as one of the most important forces driving homogeneity in a global village (Ohmae, 1990). Yet even the term ‘internationalisation’ has different connotations in Great Britain, France, Sweden and Germany. On the whole the Swedes see internationalisation as important to market themselves as a company, it is useful to be part of an international group, regardless of whether an international input is needed on a project or not. It is simply important in terms of image:

There is an important thing about being part of Sema Group compared to before that a few years ago. We have won quite a few large contracts because of our international connections. For one of our largest customers, the key factor was that we were part of an international company. That’s because they are active all over the world and they expect us to get influences and to get support in different parts of Sema Group.

(A Swedish Sema Group manager.)

The British have an altogether different approach, predominantly seeking internationalisation under the lucrative angle. The approach to internationalisation is therefore conditioned by profitability:

Die englischen Kollegen sind sehr stark auf den eigenen Profit und auf das eigene Geschäft bedacht und damit wirken sie aus deutscher Sicht als wenig teamorientiert besonders, wenn man Unterstützung braucht, für ein Internationales Angebot. Selbst dann, weiß ich genau Fälle wo die Engländer einfach zu spät gekommen sind oder

vielleicht versucht haben eigenmächtig im Sales etwas für sich zu gewinnen. Im Nachhinein kann man sagen, hätte man uns mit der deutschen Kultur rechtzeitig reingeholt, hätte man vielleicht etwas retten können, aber im Nachhinein kann man natürlich immer gut bereuen.

(The English colleagues are strongly focused on their own profit and their own business. From a German viewpoint, they are less inclined to teamwork, especially when it comes to an international bid. I can recall such instances when the English arrived too late or maybe they tried to win a sale essentially on their own. Looking back, if some input had been provided in time - in terms of support from a German cultural point of view - maybe we would have been able to win, but looking back, it is always easy to judge).

(A German Sema Group manager.)

In the German subsidiary internationalisation, particularly in the form of co-operation, was seen as desirable, yet the regret was expressed that the corporate financial set-ups do not promote such co-operation. The German interviewees were hence seeking better rules to support further internationalisation of the company.

Es gibt im Augenblick keinen internationalen Ausgleich und jedes Land muß seinen Profit für sich machen.

(At the moment, the figures are not balanced at international level, each country makes their own profit).

(A German Sema Group manager.)

Last but not least, the French subsidiary. To burlesque a little, the attitude was that internationalisation was good as long as France was a leading player in the effort:

“Markets are not all the same. Some markets are more nationalistic! Like the French!”

(A British Sema Group manager.)

It therefore appears that some variations exist as to the implicit understanding of the

process of internationalisation. This point is worth developing - indeed, it is a key element of the corporate strategy to create a more global company. Yet, as pointed out by senior Directors, the company has to be global yet federal - it must understand the cultures in which the subsidiaries operate. It is probably on this basis that Sema Group is truly European. It starts from multicultural elements and endeavours to find a common ground (a cultural kaleidoscope). However, the American approach could be depicted as one model and one solution to be tailored everywhere (Calori and De Woot, 1994; Taylor, 1991).

The European approach of Sema Group is particularly salient for take-overs. For example, the take-over of the Swedish company, which became the Sema Group Outsourcing operation in Sweden, was smooth. A 'universal business model' was not imposed:

The take-over was very discreet. We had some information. One person from Paris was here once and then Frank Jones [Executive Vice President] presented himself. It was more for the managing group and the controllers. They had to put the reports in another way.

(A Swedish Sema Group manager.)

The European way, as promoted by Sema Group, is a federation of national subsidiaries with a global co-ordination centre. Managing a European company becomes a cultural kaleidoscope: rich in divergent features of management and yet uniquely able to progress in the same direction.

### **Generic themes - with a local touch**

Although the four subsidiaries of Sema Group are increasingly operating internationally, their understanding of what internationalisation involves does vary. The meaning that the managers of each subsidiary attach to the concept of internationalisation is embedded in their particular context. It appears that the patterns of convergence reviewed above are themselves subject to interpretations of

meaning according to the national location. In the area of financial management for instance, the employees of the subsidiaries and their managers form a judgement which colours their view of the corporate financial objectives. For example, they might consider either short or long term profitability to be “preferable”. These basic assumptions, which are largely determined by the traditions of the national context - long term being more valued in Sweden and Germany for instance - influence the subsidiaries’ response to head office.

In effect, a management precept in one country may appear to have an equivalent in a different country, yet the underlying assumptions of the culture and context in which it is placed will lend any precept a unique meaning.

#### *An example of checks and balances: informality versus formality*

In this thesis, the four chapters which discuss features of management in Great Britain, France, Sweden and Germany do highlight characteristics unique to each country. For instance, the theme of humour was developed in the chapter on Great Britain (Chapter 9), yet it was not developed in the other chapters. The reason for this is that it did not appear as a relevant generic theme across the four countries. However, taking the focus away from the four specific countries it is possible to identify a number of generic themes. Rather than celebrating heterogeneity, one can shift the attention away from differences

For example, the managers across the four subsidiaries had two things in common. They were all particularly formal in some aspects and particularly informal in others. Taking the first concept, that of formality, the managers were all formal in some ways and yet this was expressed differently in the four countries. The same applies to the second concept, informality. For instance, the dress code of the British managers was formal: managers would typically wear a dark suit, a long-sleeved shirt, and leather shoes - the tie for men being the only acceptable splash of colour. These managers were easily identifiable amongst their subordinates. A clear differentiation and hierarchical grading existed with respect to dress codes. However, the formality of the British dress codes was offset by an ability to

communicate and a clever sense of humour used as a tool to bridge any gap between various hierarchical levels. The British managers were sociable. In effect, they knew how to be informal. There was therefore a balance between formality (dress code) and informality (good communication, sense of humour).

In Sweden, managerial formality was not expressed in the dress codes. In fact, the reverse applied as informality was highly visible at the level of dress codes with little differentiation between one individual and the other. A clean but casual style was the norm. This does not mean that Swedish managers were not formal, they were! They displayed an extreme rigidity when it came to respecting the rules imposed by the tradition of consensus. ('Consensus: it's terrible! Shocking. A little bit like the Japanese...[...]', a British Sema Group expatriate in Sweden quoted in the discussion on consensus in Chapter 11). Hence in Sweden, formality was expressed by a strict adherence to the principles of consensus, while informality was expressed through the relaxed dress norms.

In France, formality was attached to the respectful distance between one level of hierarchy and the other. Formality was also a function of the various levels of qualifications, which clearly mapped levels of authority. This formality found a counter-balance in a dynamic, essentially Latin culture where one will not hesitate to air disagreement loudly and immediately proceed to make up over a good lunch.

The German managers were formal in their acute understanding of status and organisational structure, with particularly clearly defined responsibilities for each part of the organisation. Formality in Germany was built into the organisational system. Informality was also clearly visible in the German organisation, as staff did not hesitate to challenge their management. German managers would readily discuss matters until satisfaction was found. There was a belief that one should not only discuss but 'ausdiskutieren' - discuss until an acceptable solution is found. Formality is thus expressed in Germany through a strict understanding of the organisation structure, while informality is visible in the readiness to talk over any area until satisfaction is achieved.

The above remarks on material already presented in the four country

chapters demonstrate that it is possible to move from specific themes to generic themes. I have discussed the concepts of formality and informality, which unfold differently in different countries. Other generic themes can be identified across the four country chapters, for instance the area of decision making. The latter was of generic interest, while it was also demonstrated that the approach to decision making varied widely from one country to the other. Another generic area explored in the thesis was the issue of women in management. Again it was pointed out that progress was being made regarding their promotion into management in all subsidiaries but that the situation of female staff varied widely from one country to the other.

Moving from specific themes to generic themes is a healthy process as it allows managers to raise their cultural sensitivity and recognise their differences and then proceed to find a common ground. Following such an approach, their awareness is raised on all fronts, significantly increasing the likelihood of successful business relationships across borders. Arguably, the reverse approach which would consist of searching for the areas of convergence first to find a common ground is more risky. Indeed, searching straight away for common ground implies blanking out diversity from the outset. It is then much harder to recognise the many nuances which shade management in different countries. The lack of attention paid to each nation's specificities means that difficulties, misunderstandings and communication break-downs are more likely to occur at a later stage. Going through the effort of recognising diversity from the outset is in that sense a cross-cultural insurance! Unfortunately, when it comes to working together internationally (joint ventures or other) managers tend to want to move straight away onto the area of common ground. A better approach would be to value the differences first, so that each can then feel at ease to make a contribution to a common purpose.

Above all, one has to bear in mind that to be sustainable a culture has to be composed of checks and balances. A tendency to exercise formality in one respect will be offset by informality in a different respect. The question of balance is therefore crucial to lend a culture an inner logic, which will justify the very

existence of the same unwritten rules of the game.

Summing up, the thesis clearly demonstrates that management operates in a national context which shapes distinctive assumptions, behaviours and practices. Nonetheless, it is also possible to identify areas of common ground. In this chapter, I reviewed some aspects of convergence (profitability, technology, English as the language for international business, corporate HR strategies and internationalisation). I also pointed out other underlying generic themes (formality and informality; decision making, the promotion of women into management). Having examined both aspects of divergence and convergence, and their interlocking dynamics, I shall conclude with the following.



## **14. CONCLUSION**

The research which has been presented in this thesis is original for a number of reasons:

Firstly, the methodology is based on inductive, qualitative and quantitative observations, which breaks away from the traditional format of surveys. Surveys usually attempt to describe the complex elements which constitute a particular national background through the numerical analysis of questionnaire items (Hofstede, 1980; Laurent, 1983). I argue that a more precise understanding of work and managerial dynamics is gained by a more in-depth approach, such as the one adopted in this thesis.

Secondly, the comparative nature of the work - across 4 countries - differentiates this thesis from single country investigations (Barsoux and Lawrence, 1990a; Jacobi, Keller and Müller-Hentsch, 1992; Scarbrough, 1998) and consequently the depth of understanding is enhanced by comparing and contrasting the data from the various countries. This research technique is crucial in opening up the perspectives of analysis, which are lacking in single country studies.

Thirdly, the majority of comparative research is carried out by teams of researchers. For instance, French researchers investigate an issue in France while British researchers investigate the same issue in Great Britain. The results are then collated for comparison and analysis (Brewster et al, 1992; Stewart et al, 1996). Following such an approach, researchers do not have the opportunity to carry out direct comparative fieldwork. This thesis, however, is the work of one researcher. Consequently, research ideas originated from the data in one country were applied and implemented in other countries. This could not be easily achieved by a team of researchers without constant analysis and communication. Team research lends itself to potential pitfalls, such as poor communication, linguistic misunderstandings, time/financial expenditure and poor control of variance in

interview techniques. The single-researcher approach a thesis requires therefore had clear methodological advantages.

Fourthly, the type of comparative work presented in this thesis is original because it comprises a multilingual approach, giving the reader the opportunity to reflect on first hand material (direct quotes from the respective languages, accompanied by translations). The thesis also identifies key linguistic and conceptual shifts in management practice (e.g. 'Geschäftsleitungsteam', see Chapter 13) linked to the increasing employment of English as the international language for business.

Finally, previous research into this area - with a comparative and qualitative slant (Maurice, Sellier, Silvestre, 1982; Sorge and Warner, 1986; D'Iribarne, 1989) had essentially been carried out in the 1980's or earlier. Therefore, there was a strong case for re-testing the convergence-divergence debate in the light of the changes in the European business environment in the 1990's. Despite expectations and emerging evidence of an increased convergence of European business practices, the results of this thesis, overwhelmingly support the argument for diversity.

The thesis set out to present an analysis of management in a European company and to explore the impact of national context as a shaping influence on management.

The interest of the thesis lies in the fact that it documents features of management in the British, French, Swedish and German subsidiaries of one company. These European subsidiaries share a common basis: the same corporate culture and the same industry grounded in the same technological advances in computing. Such a basis would theoretically give rise to one conclusion – managerial homogeneity.

Despite expectations of homogeneity, research suggested that a number of national differences would be manifest. Hence my hypothesis that noticeable differences would exist, in spite of the shared basis - one company, same industry, same technology.

The business context of four countries, namely Great Britain, France, Sweden and Germany was examined, providing some background to the geographical, political, institutional and cultural dynamics of each nation. Particular attention was paid to the education system and to industrial relations in each country. Indeed, these areas had been identified by Maurice, Sellier, Sylvestre (1986) as having a significant institutional impact on the character of organisations in each country. Sema Group provided the scene for the fieldwork.

The results from the fieldwork confirmed the hypothesis: management is greatly influenced/shaped by national culture and national environment. The contribution of this thesis resides in its identification of the ways in which management in Great Britain differs from management in France, Sweden and Germany. This contribution is particularly relevant to companies which are aiming to pioneer – especially in the context of the Euro – a European-wide managerial model: kaleidoscopic.

The subsidiaries of Sema Group are highly influenced by global forces and are subject to the same pressures to achieve profitability, identical technology-based operations, a common concern to benchmark services, and a common highly competitive service industry. Despite this common context, evidence gathered during the fieldwork overwhelmingly documents divergent managerial practices. It follows that the process of globalisation of products and services does not necessarily progress hand in hand with a homogenisation of managerial practices.

Mueller (1994) suggests that global influences have weakened national traditions and managerial ideologies. Yet this argument, despite its logic, was lacking concrete evidence - the thesis filled the gap. It did so by showing that global influences are not displacing national traditions. These clearly appear to have a continued relevance, even in the face of increased globalisation.

Another contribution of the thesis is to show that the integration of differences is possible both at the theoretical and at the practical level. However, too great an emphasis on commonalities can be counterproductive as it neutralises the positive aspects of divergence. The endeavour of multinational companies to

homogenise practices across countries should not create an illusion of common understanding. Indeed, a common understanding can only be achieved after careful consideration of all view points and specificities.

The thesis does have limitations in the sense that the fieldwork took place in the context of one company and one industry. However, in the light of other work in comparative management, presented in the early chapters of the thesis, one can assume a greater generalisation. All the more so as the findings of the fieldwork were compared and contrasted throughout with other work. Furthermore, one of the significant contributions of this thesis is to offer insights into a sector of industry which had been neglected by earlier research to the profit of the manufacturing sector (Lawrence, 1980; Lane, 1995; Stewart et al., 1996). This thesis, focusing on the IT services sector, represents an advance into our understanding of the comparative understanding of management in the service industry.

The features of management identified in each country subsidiary are reviewed briefly below, starting with Great Britain, so as to summarise the main findings. The British managers stood out by the manner in which they used humour as a tool to develop good relationships with employees, and more generally as a tool to facilitate communication. This use of humour contributed to creating an informal working atmosphere, where managers and employees addressed each other using their first names and in which email was reigning as the informal mode of communication *par excellence*. In addition to their sharp, witty humour, and their informality, the British managers stood out by their bold optimism and confidence in the future. They could tackle anything, do anything, especially when it came to sales. Their drive also fostered a sense of inventiveness and improvisation. Accordingly, decisions were taken relatively quickly. Although colleagues had some input in the gathering of information and opinions, the decisions taken by the British managers tended to be unchallenged and implemented without delay or arguments. In that sense the British managers enjoyed a degree of authority. This authority went hand in hand with heavy responsibility applied to individuals. The responsibility was in turn rewarded by generous financial rewards. Indeed, the

emphasis was clearly set on healthy, incremental and regular profits, to be increased quarter upon quarter to match shareholder expectations on the London stock market. These British managers tended to have a general education, although this was not as relevant as their track record as managers. The role of managers in the UK was largely generalist in the sense that emphasis was on the process of management in general as opposed to specific expertise or competence in one particular area. In addition to being good generalists, the British managers were also likely to be geographically mobile and to work in different locations in the country on different days of the week. There were a number of women in management, a rising number despite a technical environment where women tend to be underrepresented.

What were the particular traits of the French managers? They appeared to be heavily influenced by the traditions of the French education system, claiming that Cartesianism was still one of the operating principles of French management. However, this bias on logic, mathematics and planning was counter-balanced by a healthy Latin spirit, according to which all rules are meant to have exceptions. In that sense, when it came to managing outside the boundaries of the formal organisation, the French managers and employees were particularly innovative. This was an expression of their individualism as well as their respect for formal authority. Authority in the French organisation was justified by educational credentials. French managers do indeed have a strong intellectual tradition. The senior managers in the organisation tend to be graduates of the top institutions of higher education in France, indeed it is proof of their intellectual prowess and grants them their 'lettres de noblesse'. Each level of hierarchy is therefore clearly differentiated. Again the Latin spirit bridges this formal organisational structure as people interact restlessly, shouting if necessary, to get projects moving. Lunch time is the holy hour.

One of the assets of the French managers is their superb understanding of technological complexities, possibly another reflection of their first class education. Strategy and decision making flow top-down, the management is still heavily

masculine, while attitudes to women in management are slowly shifting for the better.

Managers in Sweden were refreshingly relaxed, informal in their dress code and the organisational structure was comparatively flat, especially in terms of salary differentials. At the same time the Swedish managers were very professional, combining efficiency and simplicity. There was a sense of measure and an encouragement of the reasonable. The Swedish managers appeared to value a balanced life style, work being an important aspect of life but recognised not to be the “be all and end all”. The Swedes enjoy an egalitarian way of life, consensus being the preferred mode of decision making. Indeed, a Swedish manager would be hard put to impose a decision. The management role in Sweden is best understood as that of facilitating work processes. Consultation is important and is the key to the successful implementation of objectives. The Swedish managers were particularly open to international co-operation, facilitated by their nearly universal mastery of the English language. The management tended to view the technical part of the organisation as the leading force, while the focus was slowly being changed to the sales function. Technology stood out as an object of fascination for the Swedish managers, whose views reflected the rapid and smooth industrialisation of Sweden. Technology was indeed the support by which Sweden changed from being an agrarian economy to a rich service economy within the space of a hundred years. The strong role of the Swedish State in the running of the economy is another factor shaping the approach of Swedish managers, with carefully regulated employer/employee relations, and generous unemployment and sickness provisions. Along with these measures, the Swedish State has been particularly active in supporting equal opportunities, especially the promotion of women at work and this preoccupation was also in the mind of the Swedish managers interviewed.

Managers in Germany were quietly professional and efficient. They had a clear understanding of the organisation structure and of their particular role within it. They also understood the role of other specific departments in the organisation. Hence the organisation structure in Germany was particularly well defined. They

also had a clear vision of how these departments interacted with each other so as to deliver a final product to the customer.

In contrast to the generalist view of management prevalent in Great Britain, the German managers had a specialist view of management. They considered their specific competences to be of paramount importance in acting as managers. Functional competence was therefore important. The employees in the German subsidiary were trusted to have the right skills and managers could delegate accordingly. Decisions were discussed and employees were keen to challenge for the sake of finding a 'workable' solution. Production was a valued part of the subsidiary, the pride in delivering a good service/product resting at times uncomfortably with the short term financial priorities of head-office. Other strains were noted in terms of reconciling the dynamics of the service industry with paternalistic and manufacturing traditions. Women in the German subsidiary were better off than in any of the other subsidiaries from an equal pay point of view, however their presence in management remained wanting.

Following this short review of the main findings, it is worth making the point that the extent to which differences between the four subsidiaries were tangible came as a surprise. It emerged that the differences were stronger than the literature had suggested. This might be explained by the simple fact that reality always makes a stronger impression than theoretical assumptions gathered from desk based research! A deeper explanation to account for this discrepancy between reality and the conservative bias found in the literature might be a general taboo towards acknowledging in writing differences between national traditions. One could suggest that this reluctance might be due to the more or less conscious trauma following the second World War and the holocaust of the Jewish people, which was justified by the Nazis by an alleged superiority of one culture over the other. This trauma has understandably led to a collective underplaying of any cultural differences. However, ignoring the diversity of cultural traditions, and their impact on business systems, is as misleading as overplaying them. The critical challenge for the researcher in comparative management is to encourage cross-cultural

understanding by helping others to raise their cultural antenna, sensitivity and tolerance. This is the only way in which consideration of the other, peace between nations and, as far as management is concerned, healthy cross-border collaboration will be promoted. Progress in this area ought to be facilitated by further research concentrating on the complex interplay between individual personality, national culture and universal values.

Enfin, the thesis overwhelmingly supports the view that management is contextualised by its national environment. Nonetheless, a number of issues common to managers across the four subsidiaries were also identified, including a focus on profit, efficiency, technology, the use of English as a support for cross-border communication and a common concern to develop a corporate HR strategy as a basis to develop an ever more global and integrated company. Other generic themes were identified. It was argued, for instance, that a balance between formality and informality is a feature of management in general. Yet formality and informality are expressed differently in different countries. This principle of balance - formality in an area, informality in another - is essential to advance understanding and tolerance of differences. Indeed, for any system to be viable and sustainable, it needs to have checks and counter-balances. The same applies to the dynamics of business in a particular country, one feature is offset or finds a counterpart in another.

To conclude, the diversity of managerial values and practices identified between the four countries, Great Britain, France, Sweden and Germany is reaffirmed and a renewed appreciation of these differences, as a basis for establishing areas of common ground, called for. European management requires a kaleidoscopic view of culture.



## **APPENDIX A**

### **BASIC STATISTICS, INTERNATIONAL COMPARISONS**

# BASIC STATISTICS, INTERNATIONAL COMPARISONS

(OECD Publications, 1998; Atlaseco, 1997;

IDS Employment Europe, 1996, 1997; The Economist, 1997)

	Units	Reference period <sup>1</sup>	France	Germany	Sweden	United Kingdom
<b>Geography</b>						
Population	Thousands	1995	58 141	81 662	8 827	58 613
Land area (km <sup>2</sup> )	Number	-	549 000	356 755	449 964	244 046
Inhabitants per km <sup>2</sup>	Number	1995	106	229	20	239
<b>Employment</b>						
Total Civilian Employment (TCE) <sup>2</sup>	Thousands	1994	21 744	35 894	3 926	25 579
of which: Agriculture	% of TCE	1994	5.1 (1993)	3.3	3.4	2.1
Industry	% of TCE	1994	27.8 (1993)	37.6	25	27.7
Services	% of TCE	1994	67.3 (1993)	59.1	71.6	70.2
<b>Unemployment</b>						
	%	1997 (August)	12.5	9.7 <sup>3</sup> 18.1 <sup>4</sup>	8.5	5.3
<b>Gross Domestic Product (GDP)</b>						
At current prices <sup>5</sup>	Bill. US\$	1995	1 537.6	2 412.5	230.6	1 101.8
Per capita <sup>6</sup>	US\$	1995	26 445	29 542	26 096	18 799

<sup>1</sup> Unless otherwise stated

<sup>2</sup> According to the definitions used in OECD Labour Force Statistics

<sup>3</sup> Germany, West

<sup>4</sup> Germany, East

<sup>5</sup> Using current exchange rates

<sup>6</sup> At current prices and current exchange rates

## **APPENDIX B**

### **ENGLISH, FRENCH AND GERMAN VERSIONS OF DISCUSSION GUIDE**

## **DISCUSSION GUIDE (ENGLISH VERSION)**

- 1) What is your role in the company?
- 2) How long have you been working for the company?
- 3) How long have you been working in the industry?
- 4) What is your nationality?
- 5) What is your age?
- 6) What educational background do you have?
- 7) Do you speak a foreign language?
- 8) Could you give me an account of a typical working day?
- 9) What are the priority tasks in your job?
- 10) Could you give me an account of the recurrent problems involved in carrying out your job?
- 11) Can you recall any critical incidents?
- 12) Could you give me an account of key decisions in the company?
- 13) Could you tell me about the decision making process?
- 14) Would you say work tends to be organised around individuals or teams?
- 15) Could you describe the way in which you work (management style)?
- 16) When you first came to work for Sema Group was there anything that you found and did not expect?
- 17) Tell me about the strategy of the company.
- 18) Do you like your job?
- 19) How would you describe the company culture?
- 20) Could you give me an overview of the company?
- 21) Could you give me some indication of the scale of operations/contracts?
- 22) Could you tell me about the history of the company?
- 23) What is the relationship with other parts of Sema Group like?
- 24) Do you have an experience of international management?

## **DISCUSSION GUIDE (FRENCH VERSION)**

- 1) Quelle est votre fonction dans l'entreprise ?
- 2) Depuis combien de temps travaillez-vous dans cette entreprise ?
- 3) Depuis combien de temps travaillez-vous dans cette industrie ?
- 4) Quelle est votre nationalité ?
- 5) Quel âge avez-vous ?
- 6) Quelle formation avez-vous ?
- 7) Parlez-vous une langue étrangère ?
- 8) Pouvez-vous me décrire ce que vous faites dans une journée de travail ordinaire ?
- 9) Dans votre travail, quelles sont vos priorités ?
- 10) Quels sont les problèmes auxquels vous devez sans arrêt faire face dans votre travail ?
- 11) Vous rappelez-vous d'un incident critique dans la vie de l'entreprise ? Racontez.
- 12) Dans le cadre de l'entreprise, quelles ont été les décisions clefs ?
- 13) Expliquez-moi de quelle manière les décisions se prennent-elles ?
- 14) Le travail se fait-il plutôt en équipe ou plutôt seul ?
- 15) Comment décririez-vous votre manière de travailler (style de management) ?
- 16) Quand vous êtes arrivé dans l'entreprise Sema Group, il y a-t-il eu des choses auxquelles vous ne vous attendiez pas et qui vous ont surpris ?
- 17) Parlez-moi de la stratégie de l'entreprise.
- 18) Aimez-vous votre travail ?
- 19) Pouvez-vous me décrire la culture d'entreprise, la manière de gérer ?
- 20) Pouvez-vous me présenter l'entreprise ?
- 21) Pouvez-vous me donner un ordre d'idée de l'échelle des activités/contrats ?
- 22) Pourriez-vous me faire l'historique de l'entreprise ?
- 23) Quel est le climat entre les diverses entités de Sema Group ?
- 24) Avez-vous une expérience du management international ?

## **DISCUSSION GUIDE (GERMAN VERSION)**

- 1) Was ist Ihr Aufgabenbereich in der Firma ?
- 2) Seit wann arbeiten Sie in der Firma ?
- 3) Seit wann arbeiten Sie überhaupt in der Industrie ?
- 4) Welcher Nationalität gehören Sie an ?
- 5) Wie alt sind Sie ?
- 6) Welche Ausbildung haben Sie ?
- 7) Sprechen Sie eine Fremdsprache ?
- 8) Wie sieht für Sie ein typischer Arbeitstag aus ?
- 9) Welche Prioritäten haben Sie in Ihrem Job ?
- 10) Gibt es Probleme bei Ihrer Arbeit, die regelmäßig wieder auftreten ?
- 11) Gab es schon mal einmal ein außergewöhnliches Ereignis oder eine Situation, die bisher noch nicht eingetreten war ?
- 12) Gab es einschneidende Entscheidungen in dem Betrieb ?
- 13) Wie war die Vorgehensweise um die Entscheidung zu treffen ?
- 14) Wird bei Ihnen eher auf Teamarbeit oder auf eigenverantwortliches und selbstverständiges Arbeiten Wert gelegt?
- 15) Wie würden Sie die Art und Weise wie Sie arbeiten beschreiben (Führungsstil) ?
- 16) Ist Ihnen zu Beginn Ihrer Tätigkeit bei der Sema Group, etwas Besonderes aufgefallen oder war etwas anders als Sie es erwartet haben ?
- 17) Erläutern Sie mir die Strategie Ihrer Firma.
- 18) Sind Sie zufrieden mit Ihrer Arbeit?
- 19) Wie würden Sie die Unternehmenskultur beschreiben?
- 20) Könnten Sie mir generell die Firma vorstellen?
- 21) Könnten Sie mich über die Größe der Bereiche/Verträge informieren?
- 22) Könnten Sie mir die Geschichte der Firma erzählen?
- 23) Wie würden Sie die Beziehung zu den anderen Teilen der Firma beschreiben?
- 24) Haben Sie internationale Erfahrung im Management?

## **APPENDIX C**

### **LIST OF INTERVIEWEES (IDENTIFIED BY POSITION)**

## SEMA GROUP UK BUSINESS SYSTEMS, (DATA IN ENGLISH).

	Date	Position	Rank	Location	Gender
1.	15/01/97	Managing Director	1	Birmingham	Male
2.	15/01/97	Marketing Director	2	Birmingham	Female
3.	21/01/97	Human Resources Director	2	London	Female
4.	25/03/97	Business Director - Energy and Utility	2	Birmingham	Male
5.	15/04/97	Organisational Change Programme Manager	2	Birmingham	Female
6.	21/04/97	Head of Service Line Management	3	Hemel Hempstead	Male
7.	22/04/97	Head of Service Development	3	Hemel Hempstead	Male
8.	22/04/97	Transition Manager	4	Hemel Hempstead	Male
9.	22/04/97	Service Management Centre Technical Consultant	5	Hemel Hempstead	Female
10.	23/04/97	Service Integration Project Manager	3	Hemel Hempstead	Male
11.	23/04/97	Graduate Trainee	5	Wilmslow	Female
12.	29/04/97	Applications Manager	4	Wilmslow	Male
13.	29/04/97	Technical Infrastructure Resource Coordinator	5	Wilmslow	Male
14.	29/04/97	Building Services Manager	5	Wilmslow	Female
15.	29/04/97	Junior Business Analyst	5	Wilmslow	Male
16.	30/04/97	Head of Customer Services	3	Birmingham	Male
17.	03/03/98	Marketing Director	2	Birmingham	Female



SEMA GROUP OUTSOURCING FRANCE, (DATA IN FRENCH).

	Date	Position	Rank	Location	Gender
1.	10/03/97	Human Resources Director	2	Nanterre	Male
2.	11/03/97	Personal Assistant to Managing Director	5	Nanterre	Female
3.	11/03/97	Account Director	2	Nanterre	Male
4.	11/03/97	Applications and Distributed Systems Director	2	Nanterre	Male
5.	11/03/97	Sales Engineer	3	Nanterre	Male
6.	12/03/97	Managing Director	1	Nanterre	Male
7.	12/03/97	Marketing Manager	3	Nanterre	Male
8.	12/03/97	Distributed Systems Manager	3	Nanterre	Male
9.	12/03/97	Business Analyst	2	Nanterre	Male
10.	13/03/97	Marketing & Commercial Director	2	Nanterre	Male
11.	13/03/97	Financial Director	1/2	Nanterre	Male
12.	13/03/97	Account Manager	3	Nanterre	Male
13.	13/03/97	IBM Production Manager	3	Nanterre	Male
14.	14/03/97	Communication Manager	2	Nanterre	Female
15.	14/03/97	Human Resources Assistant	3	Nanterre	Female
16.	14/03/97	Financial Controller	3	Nanterre	Female
17.	27/05/97	Personal Assistant to Corporate Communication Director	5	Montrouge	Female
18.	27/05/97	Corporate Communication Director	II	Montrouge	Female
19.	28/05/97	Corporate Human Resources Director	II	Montrouge	Male
20.	28/05/97	Corporate Strategy Director	II	Montrouge	Male
21.	29/05/97	Data Centre Manager	4	Croissy-Beaubourg	Male

## SEMA GROUP SWEDEN, (DATA IN ENGLISH).

	Date	Position	Rank	Location	Notes
1.	18/12/96	Personnel Manager	3	Stockholm, Primus	Female
2.	18/12/96	Production Co-ordination Manager	3	Stockholm, Primus	Male
3.	18/12/96	Working Environment Co-ordinator	3	Stockholm, Primus	Female
4.	19/12/96	Head of Customer Services	3	Stockholm, Primus	Male
5.	19/12/96	ProNet Development Team Leader	4	Stockholm, Primus	Male
6.	19/12/96	Production Manager	2	Stockholm, Primus	Male
7.	20/12/96	Business Area Manager	2	Stockholm, Primus	Male
8.	20/12/96	Internal Project Leader	2	Stockholm, Primus	Female
9.	09/06/97	Personnel Manager	3	Stockholm, Primus	Female
10.	10/06/97	Human Resources Manager	2	Konsult AB, Solna	Female
11.	11/06/97	Human Resources Director	2	Stockholm, Primus	Male
12.	11/06/97	Project Leader IBM	4	Stockholm, Primus	Male
13.	11/06/97	Manager Datacommunication	3	Stockholm, Primus	Male
14.	11/06/97	Managing Director	1	Stockholm, Primus	Male
15.	11/06/97	Insurance Manager	2	Stockholm, Primus	Female
16.	12/06/97	Production Co-ordination Manager	3	Stockholm, Primus	Male
17.	12/06/97	Financial Controller, Scandinavia	III	Stockholm, Primus	Male
18.	12/06/97	Business Area Manager	2	Stockholm, Primus	Male

SEMA GROUP OUTSOURCING GERMANY, (DATA IN GERMAN).

	Date	Location	Rank	Location	Notes
1.	20/05/97	System Support & Sales Director	2	Hamburg	Male
2.	20/05/97	Human Resources Director	2	Hamburg	Male
3.	20/05/97	Sales Area Manager	3	Hamburg	Male
4.	20/05/97	Managing Director	1/2	Hamburg	Male
5.	20/05/97	Service Management Centre Project Leader	3	Hamburg	Male
6.	22/05/97	Production Manager	4	Bielefeld	Male
7.	22/05/97	Service Manager	4	Bielefeld	Male
8.	22/05/97	Management Trainee	4	Bielefeld	Male
9.	22/05/97	System Programmation Manager	4	Bielefeld	Male
10.	22/05/97	Production Manager	2/3	Bielefeld	Male
11.	23/05/97	Operating Team Leader	4	Herzogenaurach	Male
12.	23/05/97	System Administrator	4	Herzogenaurach	Male
13.	23/05/97	Technician	5	Herzogenaurach	Male

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