

France: a country of challenges?

Identify how the business management environment in France is unique, and can be difficult to understand. How can these issues create challenges for international corporations operating in France?

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2 Abstract

This article looks at how the business management situation in France is unique. This is done through describing the business management environment that exists in France, and at times discussing it in relation to the Anglo-Saxon management environment. Because these differences provide challenges for International organisations working in France, these are discussed in terms of the impact they have upon international organisations working in France.

The French attachment to the past is examined within this article, and how this has resulted in an intellectual management which lacks communication skills and enjoys board room squabbling. The theme of inflexibility within France is dwelt upon and how resistance to change, centralisation, bureaucracy and hierarchies are the norm within France. These issues are considered by stating how they affect international organisations, and how organisations can limit the influence of these factors.

The case of Hewlett-Packard is given in order to show how some international organisations simply choose to impose their organisational culture upon their organisations within France. The use of the Hewlett-Packard case along with Hofstede's cultural analysis and government legislation in France shows that organisations can never be completely devoid of the influence of the country they operate in. Consequently the importance of international organisations being aware of how France is unique is demonstrated.

3 Introduction

Two alternative views of France can be posed; one which heralds her as an economic world leader, and the other as a pedantic, bureaucratic state. Neither interpretation is satisfactory; however both statements have an element of truth which are reflected in the business environment in France and the way management is conducted. It will be seen throughout this article that often, the challenge of understanding France is the challenge of accepting and understanding the paradoxes which exist within the country.

France is certainly a country full of paradoxes. It is frequently said that everything in France must change, but not nothing can change (De Leersnyder, 2004). This article will outline what the business management environment in France is, and attempt to explain the underlying inconsistencies that exist, and how these inconsistencies may affect international corporations operating in France. For example, a considerable problem is the situation of the Grande Écoles (*great schools*). On the one hand ninety percent of French people want to abolish these elitist institutions; whilst on the other hand ninety percent of the French want to send their children to them (Guyot, 2004).

Issues such as the French attachment to the past and vocalised resistance to change, and Hofstede's cultural analysis will be discussed during this article, and throughout a reasoning of how these differing subjects may impact upon international organisations operating in France. These issues shall be discussed because it is certain that the underlying values of French culture, power distance, fear of face to face conflict and other such issues, will have implications for foreign organisations operating within France.

4 Attachment to the past: the intellectual rule of France

Understanding what is important to the French is essential if one is to understand how management in France is to be effective. It is clear that an international organisation operating in France needs to understand the French labour force and the French way of management in order to manage in a way which is culturally sensitive, and thus effective.

As Barlow and Nadeau (2003) comically express, the love of 'grandeur' in France is one of the cornerstones of French culture. In actual fact, understanding the mentality of the French can be considerably helped by understanding what is meant by grandeur and what effects this has upon the French. Although no direct translation exists, the meaning of grandeur can be communicated through the words 'greatness', 'eminence', 'distinction', 'excellence' and according to Barlow and Nadeau (2003) this word evokes "*power, glory and moral and intellectual elevation*" (Why We Love France But Not the French, Chapter 14).

Throughout France, the love of grandeur is clearly shown, for example; through the rich architecture around French cities, the extravagant military parades, and France's international renown as 'the country of culture'. However this idea of grandeur goes far beyond parades and buildings. It is ingrained within French ideology and the French mindset, and most importantly it is deep-seated in management and business. This initial concept of grandeur must be understood in order to comprehend why France is as it is; why elitist educational systems exist, why France is so bureaucratic, why power must be visibly shown, and thus why management in France is so different to management in Anglo-Saxon countries.

4.1 Education system: The Grande Écoles

The Grande Écoles (*great schools*) seem to be a French institution which to an extent characterise management in France. Steeped in tradition, the Grande Écoles system was established by Charles de Gaulle in 1945, as a way to train those who will become the country's leading figures. Jean-Louis Barsoux (1997) helpfully explains that the Grande Écoles are like super universities which are very selective and elitist. Students can have the opportunity to study at the Grande Écoles only after they have completed two or three years of intense preparation after finishing their baccalaureate. There are around 160 Grande Écoles and at each of these schools around 400 students per year graduate with their diploma.

Grande Écoles are typically very technical in their training and are geared to challenge and develop the most brilliant minds in France. Of the Grande Écoles, there are two which are most renowned; the famous L'ÉNA (the administrative science school) and the distinguished L'Ecole Polytechnique (the engineering school). It is incredible to see what percentage of these graduates hold positions of

importance within their country. For example, half of any government cabinet will have studied at L'ÉNA. Furthermore, six of the past nine presidents of France are graduates of L'ÉNA (Barlow and Nadeau, 2003). Many of the graduates of L'ÉNA and L'Ecole Polytechnique also work within the large businesses in France. Research carried out by Bauer and Bertin-Mourot (1997), showed that 50% of the heads of the top 200 companies in France in 1994 were graduates of the two most distinguished Grande Écoles. These Grande Écoles pose an issue unique to the country, which impacts upon the business environment and the way of management in several ways.

4.1.1 'Old boy' networks

One of the influences the Grande Écoles bring to the business management environment which international organisations need to be aware of, are the influential 'old boy' networks (Hamdouch, 1989). The extent to which these alumni networks have an influence upon the business environment is difficult to quantify. However, several cases can be noted which give an idea of how these social networks are an influential factor in businesses and management in France today. Within some corporations, executive positions are reserved exclusively for graduates of certain Grande Écoles (Bourdieu, 1989). Thus within some enterprises it is very difficult to work ones way to the top, because the organisation has reserved the executive positions solely for the graduates of one prestigious Grande École. In PSA (Peugeot Citroën) for example, 461 out of 5,000 employees come from just one Grande École (the École Nationale Supérieure d'Arts et Métiers) (Barsoux, 1991). For overseas corporations working within France this causes several challenges.

Employment Companies must of course show interest in the graduates of the Grande Écoles because on the whole they represent the best managers in France. Often international companies with operations in France such as IBM, have an entire department dedicated to the task of relations with, and recruiting from, the Grande Écoles (Barsoux, 1991). However it can be a disadvantage to reserve top positions solely for the graduates of one school as it is never guaranteed that the graduates will be the best for the job, and it can mean there is no inflow of new ideas. The most significant problem however with reserving positions within organisations for graduates of one or two Grande Écoles is that managers who have proved themselves through their working career have difficulty progressing up the organisational hierarchy. This problem has been considerable in France, and as a result some corporations, such as Carrefour, Europe's largest retailer (Planet Retail, 2003), which is a French company, have chosen to break ties with Grande Écoles in order to seek promotion internally rather than take in high powered graduates from Grande Écoles. (These issues will be discussed in more detail later in the article, see '4.1.3 The effect' page 7).

Helping an old friend Another dimension to the 'old-boy' networks is discussed in Barsoux's article 'The Making of a French Manager' (1991) and this shows how the alumni networks can be used across enterprises within France. One remarkable account recalled that one production manager from Peugeot had allowed a fellow graduate, who worked at a rival

company, enter the Peugeot plant in order to see how he could solve a persistent production problem. It appears that this example is stereotypical of how the alumni networks of the Grande Écoles can function: a means of calling on an 'old friend' to help when there is a difficulty. This could prove problematic for an international organisation operating in France if, for example, there was a considerable amount of sensitive intellectual property rights involved in business operations. Although of course the 'old boy' networks will not normally operate in the very negative way of disclosing valuable information, there surely remains the danger that this could occur. Similarly people are likely to be shown favour when applying for jobs within enterprises where the top management are from the same École or moreover are 'old friends', and this contributes to what Rojot (1990) terms the '*colonisation*' of some enterprises. Thus, it is essential that international organisations are aware of the way in which recruitment can often be distorted in France by showing favour to a particular Grande École. Recruitment should be done in terms of finding the best person for a job, as opposed to trying to fill an organisation with people from the same educational background.

4.1.2 Teaching methods

Aside from the 'old boy' networks, the way in which teaching has traditionally been carried out in the Grande Écoles has greatly influenced the role of management in France. The teaching at the Business Grande Écoles (Écoles Supérieures de Commerce, ESC) has, in the past, been completely different from the teaching of management at Anglo-Saxon Universities and Business Schools, because specific management subject areas were not studied. It has only been within the past ten years that the ESC Écoles have begun to study subjects like Human Resource Management, Marketing and Business Strategy. Actually, the study of the subject of HRM at the ESC Écoles in 1996 was described as a '*recent phenomenon*' by Jenkins and Van der Wijk. Prior to the study of specific core management areas, there was an established tradition of educating by the analysis of the role of management and organisations, where focus tended to be in the social sciences such as psychology, sociology and economics.

Those managers educated at the ESC Écoles before the introduction of specific core management subjects may lack certain skills or knowledge that international organisations would expect them to hold. It remains the fact, however, that very top positions within organisations are normally held by graduates of the two most prestigious Grande Écoles which were previously mentioned, (L'ÉNA and L'École Polytechnique). By definition of degree, these graduates are actually administrators or engineers. Thus those in management who are graduates of L'ÉNA and L'École Polytechnique may lack even more business skills than the ESC graduates. It is important not to get caught up in intricate detail, but essentially the system of Grande Écoles has turned management in France into an intellectual activity rather than a pragmatic approach of managing people. Gordon (1988), comments that the French system of Grande Écoles produces '*brilliant problem-solving individuals*'. For international corporations this can be positive as they can be sure to have the most intellectually gifted

people working within their organisation. However this also creates problems as one would not expect the top managers of a country to be lacking in many areas of business education. Fundamentally, it is clear that many of the managers educated in Grande Écoles who lack knowledge in some business specifics will need support and training in the areas in which they are weak.

To be more specific, within literature documenting the effect of Grande Écoles, there seems to be a general consensus that many of the Grande École graduates lack communication skills (Poirson, 1993; Naulleau and Harper, 1993; Handy, Gordon, Gow, and Randlesome, 1998). Poirson (1993) argues that French managers' lack of communication and interpersonal skills is a key reason for their inability to manage people effectively. Thus, if international organisations were to assist French managers who had never received training in communication skills, this would help compensate for a lack of practical training in the Grande Écoles. Although this concept of developing management in areas they are not brilliant in is a sensible idea, it would be met with considerable resentment. Many obstacles exist in training, and these would certainly be the case with high powered managers from Grande Écoles. It would be a challenge for international corporations to identify which aspects of business individual managers were poor in, and be able to rectify this by organising relevant training. Some international companies would see the task as too large for its Human Resource Department to deal with, as it would be time consuming and expensive to organise. The problem would be avoided, by recruiting managers in France who are already known to have and demonstrated a variety of skills. This would mean that they choose to only recruit managers in France who had the necessary training (e.g. an MBA abroad or communication training) or simply only managers who had already demonstrated their ability in all key areas in previous employment.

4.1.3 The effect

The role of the educational system in France is that of being a spring board into management. Management is largely led by graduates of Grande Écoles, who have been educated in a similar way; taught that intellect is the answer to organisational problem solving. These graduates have held the top positions in France since the introduction of the schools in 1945, almost like a management nobility. Greyfié de Bellecombe (1969), comments that over the years the conception of management and authority has not been changing in the 'French elite' because, the new French elite issues from the same place as the old - the Grande Écoles. This interesting remark from Greyfié de Bellecombe implicitly poses the question, can the managerial situation change in France when these Grande Écoles exist. As previously stated, 90% of the French want to abolish the system of the Grande Écoles, yet at the same time 90% of people want their children to study there. These *great schools* represent the path to a successful future. Whilst being elitist and meritocratic, they serve the purpose they were created for: creating high-quality professional specialists (Kakabadse, Myers and Gordon, 1995).

It is essential that international organisations understand the French educational system and should seek to make the most of it, but equally recognise, unlike many French organisations do, that it has its limitations. Organisations operating in France should seek to ensure that people are recruited and promoted not merely on an educational record, (as they are within some corporations in France), but on demonstrated performance. Organisations such as Carrefour have done very well by making well known their policy to not seek management only from the Grande Écoles. The obvious effect has been that some managers who are such graduates see themselves as too good for Carrefour; however this is not at a loss to Carrefour. The problem that arises within France is that because organisations are typically very bureaucratic, graduates of the Grande Écoles rise up the hierarchy regardless of their ability to manage but because of their qualifications (see '5.3 Bureaucratic and Hierarchical' page 12).

4.2 The CADRE: the ruling Elite

The question of the 'CADRE', like that of the Grande Écoles is a question which, for an international organisation operating in France, is essential to understand and the implications are acted upon. Commenting upon the 'Cadre' builds upon what was discussed previously as it shows that the French see management as a state of mind and an intellectual test rather than a set of methods or procedures (Barsoux, 1997).

Within France, managers are given the status Cadre (the translation being *managerial employee, executive*). Obtaining the status Cadre can only be achieved through educational record or alternatively, the hard way, through long standing service and promotion within an organisation. Being in the Cadre is a social status, furthermore it is a legally defined group. Those who have the label Cadre have legal privileges, such as relating to notice period, health cover and retirement benefits (Triplet and Associés, 2002).

Because being part of the Cadre is something so sought after in France, organisations operating there must be aware of the implications of making an employee a member of the Cadre. Aside from the legal issues, offering the possibility of promotion into the Cadre has a very good impact upon motivation. As previously mentioned, Carrefour, arguably the best performing organisation in France, has chosen to promote people to the status Cadre when they have proved themselves within their organisation. Although this has been seen negatively by members of the Cadre who gained their status through education, it has been effective in terms of gaining motivation for employees and a level headed management. Carrefour's strategic management success is demonstrated through its business success.

On balance therefore, it appears that the situation of the Cadre is developing somewhat. Although as Barsoux (1997), comments one can prove one's managerial worth through the achievement of a diploma at a Grande École, some organisations have adapted to ensure this is no longer the only way to success. International corporations will have to decide if they choose the traditional method of

having members of the Cadre because of their education, or the more flexible approach of encouraging the achievement of the status Cadre through performance within the organisation.

4.3 Chauvinist

The Cadre along with management and the whole of France culturally is changing. Thirty years ago the percentage of women in the Cadre was only 15%, however in March 2005, figures released showed that this has now doubled, with women making up 30% of the Cadre (Metro). Traditionally, France has been a macho society (Hofstede's cultural analysis will be commented upon later, see '8 Hofstede's cultural analysis' page 19), and this continues to be displayed in various areas. Women comprising 30% of management within France does not represent equality at all, but when compared to the figure from thirty years earlier, shows that things are changing with respect to the chauvinist attitude of the French. Research carried out, which was released in March 2005 for 'International Women's Day' showed that within France female salaries remain on average 21% lower than male. Evidently, although changes do seem to be happening in the way that women are visibly a larger part of management, discrimination is still occurring.

Although women make up 30% of the Cadre in general, Barsoux (1997) argues that within organisations and the Grande Écoles, the presence of women is heavily disproportionate to that of men. The two top Grande Écoles, whose graduates dominate the executive boardrooms in France, have 'ceilings' on the numbers of women allowed to the schools. According to Barsoux (1997), L'ÉNA's ceiling is around 25% and Polytechnique's only 10%. Clearly, this has implications on the availability of the very best in educated women in France. Companies operating in France such as Deloitte, L'Oréal and Johnson who aim to be equal opportunity employers may have difficulty in recruiting women for top positions. It may prove to be impossible for such organisations, which specifically want to recruit women for a top position in order to promote equal opportunities within their company to find a lady of suitable calibre. In 1997, none of the 200 top companies in France had a female chief executive. Although in America and the United Kingdom the percentage of women CEO's remains low (for example, 4% in the UK, (Singhunit and Vinnicombe, 2002), the situation in France is more shocking.

Another implication of the chauvinistic culture is that male members of the Cadre within some organisations may feel aggrieved to see a female colleague receive equal salaries. Within France disproportion in wages is the norm not the exception as it is in Anglo-Saxon countries. International organisations enforcing equal opportunities upon their workforce could face problems of motivation which could impact upon group dynamics, and cause backbiting and unhelpful internal politics.

Although many employees accept that level of pay should not vary upon gender, some male members of top management would have difficulty in accepting an international female Chief Executive. If for example, an international organisation was operating in France and

was to appoint a female CEO, the implications of such a decision may need to be thought through with regards to the effect upon top management in France. It is certain that Hewlett-Packard having appointed Carly Fiorina as CEO between 1998 and 2005 would have been rather shocking to those board members within the French subsidiary, and this could have had a negative effect upon work.

4.4 Board room squabbling

Even though the management situation in France is constantly evolving, particularly with the internationalisation of companies, there still remains an intellectual rule in France. This elitist rule within senior management has its limitations. As Barsoux and Lawrence (1991) explain, board room meetings can be brought to a stand still as colleague's nit-pick the use of one another's words, and grammatical mistakes are corrected. Such fault finding can be destructive within important meetings as there is usually no benefit in these comments. Foreign managers working within France may well be bewildered by this behaviour, and it shows how important a thorough understanding of the educational background of the French senior executive is. For international organisations, it will be important to ensure that time within meetings is not wasted on negligible issues and useless intellectual debate, but that time is used effectively to ensure the organisation can remain efficient.

5 Inflexibility within France?

Although there are marked benefits of having the intellectually gifted at 'the helm' of organisations, as has already been seen, there remain side effects and disadvantages. The French relationship with power, centralisation, bureaucracy and hierarchies stem from the idea of having the most intellectually minded people at the top of the organisation. Crozier (1963), describes what one sees in management in France as a '*vicious circle*'. The conception of authority in France by all within the organisation, both at the top or below is absolutist. Combined with other cultural values of authority, rationality and fear of face to face contact, the top seek to impose rules to bring about order and harmony in the business organisational environment. Power in this sense cannot be compromised or shared, it must remain sovereign.

It will now be discussed how an absolutist view of management in France (Crozier, 1963), has limited her drive for flexibility, and consequently how this will impact upon an international organisation working in the country.

5.1 Power

Although management in France is elitist, the French word '*élite*' means not only privilege but also duties and responsibilities (Barlow and Nadeau, 2003). It has been continually referred to throughout this article that the responsibility of power and authority in France has been traditionally reserved for the Cadre which typically represents the well educated. Organisations within France have experienced problems when they have implemented schemes to delegate authority to the workforce such as quality circles (Arnoux and Hermel, 1985). For businesses to be flexible in the current business environment it is essential that power can be delegated and employees given responsibility and empowered.

Within France however, power is seen as something that must be demonstrated; it must be visible for it to mean something. The Cadre have the responsibility to manage and, it is their responsibility to make decisions and take authority. Within some organisations, employees have a sense of not wanting to take responsibility, and would prefer to leave the decision making for the Cadre.

Normally large international corporations such as Hewlett-Packard would seek to implement their company's organisational culture and style of management to its operations in France. This can be met with resistance and shock because of just how different foreign organisation cultures can be compared to the French view of power and decision making within organisations.

5.2 Centralisation

Because managers in France believe they are in their position because of their intellectual ability, it follows that they think all decisions should

go through them (Barsoux and Lawrence, 1991). This remains a key reason why there is so much feedback of information up the hierarchy within French organisations, and the why decision making process can take so long. Essentially this represents a cultural factor which is not welcomed by many international organisations, who want to be as flexible as possible in order to remain competitive and able to respond quickly to external challenges.

Attempting to have an organisation which is decentralised is likely to be met with criticism as it gives the impression that the senior managers are not in direct control. Centralised control is also demonstrated through the vast majority of French organisations having their central offices in Paris (Rive, 2004). This is a tradition which dates back to the days of a French monarchy, however continues to this day. International corporations operating in France may well be disregarded for not having their central headquarters in Paris, and may be unable to recruit top managers because many wish to stay in the capital.

5.3 Bureaucratic and Hierarchical

The French believe that organisations will run efficiently if there are rules in place to answer any problem. France has a reputation for being bureaucratic, and throughout France red tape envelopes business activities.

Pay Within organisations there are tables and rules dictating what level of pay each employee will receive according to their level of education and the number of years they have served within the company (Roger, 2004). Normally these tables are standardised and thus do not offer flexibility. It has proven a difficult task to implement Management by Objectives in France and performance related pay, because these approaches are so different to the rigid pay structures of most organisations.

Promotion Organisations are also bureaucratic in the way people work their way up the hierarchy. Normally within organisations people can only work their way up the hierarchy to the point which corresponds to their level of education. Those well educated are often promoted beyond their efficiency because they are promoted, not on demonstrated skills, but on educational merit. As mentioned throughout this article, this has led to a senior management which lacks certain skills.

Guyot (2004), explained how within some organisations, inefficient employees who have reached a level too high for them to handle, are merely 'passed' between regional departments. Because within France it is difficult to make people redundant without expensive repercussions, sometimes regional managers will merely choose to transfer employees out of their department, into a different one. Guyot (2004) described that this was done by writing a glowing report of the employee; ensuring that other departments within the same organisation would be willing to take the employee.

International organisations operating in France will have the challenge of trying to prove to its employees how its operations can run smoothly without bureaucracy. This will be difficult to do as the majority of the employed in France work within highly bureaucratic environments

(such as the recently privatised companies; SNCF and France Telecom). However, to be run most efficiently it is important that international organisations do not conform to the level of bureaucracy that exists within France. Corporations should remain flexible in terms of bureaucracy be able to promote on merit.

6 Resistance to change

The French are opposed to change. Just the slightest suggestion of changes in working laws sparks off demonstrations and strikes all over the country. This resistance to change is embedded within the mindset of the French, and has implications for how international organisations can manage within France and how the management environment can be both sensitive and volatile.

6.1 All must change but nothing can change

Academics in France frequently wittingly recount that 'all in France must change but nothing can change' (De Leersynder; Guyot; Rîve and Roger, 2004). This comment, a paradox in itself, seems mysterious and nonsensical. Nevertheless when looking more deeply into the statement, it is seen to represent the truth. When discussing this statement, academics will point to the example of the current political situation; how the French politicians try to implement changes that are essential to the economical survival of France, (such as changes in the 35 hour working week). However the power of the trade unions delays legislation being passed and consequently essential change does not come to pass. Indeed examples are offered in various areas, including the educational system of France and the country's need for a move away from bureaucracy. In order for France to become more flexible, change is needed not only in governmental legislation but also in how organisations operate internally. Unfortunately however, these changes are slow to happen because of resistance to change at all levels in the hierarchy and all levels of society in France.

International organisations operating in France will undoubtedly face the challenge of the power struggle between trade unions and management. Then again, organisations setting up operations in France for the first time have the unique opportunity, like Hewlett-Packard did (see '9 One response to the challenges' page 21) to establish the organisational culture it desired. Although this does not mean that the organisation avoid all the influences of trade unions and resistance to change, it does mean that these influences could be limited. Rîve (2004) commented that in France when something is given to employees by the state or management, it is very difficult for it to be taken back. This statement is seen to be true with the current political struggle in the adjustment of the 35 hour working week. Rîve's (2004) comment has implications for the operations of international organisations within France. It must be clear for the heads of international organisations that although they have the advantage of being able to artificially create and maintain a cooperate culture which they desire, promises made to employees can not easily be taken back without repercussions. H-P. in France has very generous training schemes established for all its employees. If it was to take away or reduce these schemes it would, like the majority of organisations in France, face the up shot of industrial action.

The implications for international corporations are that they must understand that perks given to employees, such as company cars, child care, health care and pensions are not options that can be simply stopped as a means of cutting costs. Peripherals such as these will be fought for in France because employees believe that they have the right to demand from management what has already been given.

Because the French believe they have a right to demand what has already been promised and the right to show their indignation at management decisions, industrial action is not seen as a last resort but as the normal path to take to show grievances at management or government.

6.2 Strike action and trade unions

An interesting comparison can be made between the United Kingdom and France concerning trade union bargaining power and strikes. In March 2005, Peugeot announced the reduction in the production of the 206 model at plants in France and England following a worldwide fall in demand. Although the reduction was similar at the French and English plants, the French plant did not suffer any job losses whereas the plant in Coventry had 850 job cuts (BBC, 2005). Whilst other factors are likely to have influenced the decision of PSA, many blamed the job losses occurring in England as opposed to France, on the French unwavering resistance to change. If PSA had cut jobs in France the trade unions in France would have mobilised the employees and there would have been demonstrations and strikes throughout the PSA factories. The English trade union negotiator from Amicus, Roger Maddison, commented at the time that those employees in UK manufacturing lacked the protection that French employees enjoyed and were a *'soft touch'* compared to the French employees (PR Newswire Europe Ltd., 2005).

This example shows that international organisations need to recognise the problems associated with job cuts in France and the repercussions that follow. Evidently one option, which appears to have been carried out by PSA in March 2005, is to limit as much as possible redundancies and changes in employment conditions in France. Of course it can be very limiting to see France as a country where dealing with employees is sensitive; nonetheless many examples confirm this to be a realistic perspective. An international organisation realising that these factors limit their ability to change and respond quickly to external economic changes would be discouraged further from making investment within France.

7 Government legislation

The laws of the land inevitably have an impact upon how organisations can function within the country. The French government's legislation of the 35 hour working week has proved a particular challenge for organisations in France. When a government dictates working conditions, employers are legally obliged to adhere to legislation. The 35 hour working week has had effects upon how work is seen in France, and this has implications for international corporations working in France.

It will not be possible to discuss how all government legislation has made the business management environment in France unique because realistically, there are too much to discuss. However along with the 35 hour working week, one other area will be drawn upon; government legislation concerning training. Looking briefly at the 35 hour working week and laws regarding training will confirm how French legislation provides challenges to international organisations working in the country.

7.1 The 35 hour working week

Internationally France is famous for its low level of working hours. Of 25 industrialised countries surveyed by the Organisation for Economic Co-operation and Development, it was discovered that workers in only Denmark and Norway work fewer hours per year than the French. The French work an average of 1,431 hours per year, in comparison to that of 1,673 hours by the British or 1,792 hours by the Americans (Frost, 2005).

In 1998 the French government brought in the 35 hour working week to help the massive unemployment problem in France. The expectation was that if the number of hours worked per week were cut from 39 to 35, organisations would be forced to hire new employees. Unfortunately legislation did not have the desired effects, and the law damaged rather than aided the French economy. However at the end of March 2005 there was a change to the 35 hour working week, and thus now within the private sector in France, employees have the right, if they choose to exercise it, to work up to 13 hours extra per week (equivalent to 48 hours a week - the maximum allowed by the European Union (BBC, 2005)).

7.1.1 What the effect has been

Although the 35 hour working week has now moved away from the rigidity that previously existed, the effects of the 35 working week remain on the working mentality of the French. Similarly, the reforms will not result in great changes in the working hours of the majority of employees in France. The issue of the 35 hour working week is one which is still relevant to international organisations operating in France.

Practically, the effect of the 35 hour working week has been huge upon France. Rive and Roger (2004), lecturers in Human Resource

Management have observed that the French way of thinking has moved off work and on to families and holidays. This change in mindset is something which some organisations choose to struggle against, and so, the battle to try and persuade employees to become 'immersed' in their work can prove difficult.

RTT days The 35 hour working week has also hindered the day to day operations of organisations, and more notably the role and function of management. Evidently it is difficult to have management working only 35 hours a week. Consequently, management typically work around 40 hours a week and the hours worked per week above the 35 level are 'given back' to managers through time off. (Under the new legislation, those hours worked above the 35 hour level can just be added to the wage bill, but it is expected most will choose to do accumulate the hours, as was the previous system). These hours accumulate into days, and are referred to as RTT days (*la réduction du temps de travail*). Typically managers working 40 hours a week in France will be compensated through 20 days additional holiday. This means that managers working 40 hours a week would receive a minimum of 9 weeks paid holiday a year. (All employees in France are given a minimum of 5 weeks paid holiday in addition to the 2 weeks of banking holidays).

It is easy to understand why organisations can have managerial problems as managers are normally on holiday for 9 weeks a year. Furthermore, the frequency of holidays and managers taking their RTT days has resulted in organisations being restricted as to when they can have meetings. On Mondays managers may be using their RTT days to have a long weekend, Wednesdays are half days for schools in France, so managers sometimes take the day off to be with their children, and Fridays are frequently used as RTT days in order to make long weekends (Rive, 2004). If a meeting of 10 managers is required, it is not difficult to imagine that there could be problems in attendance. Consequently organisations have responded to this by ensuring important meetings are only set for Tuesdays and Thursdays.

It is not difficult to observe that being restricted to meetings on Tuesdays and Thursday is very limiting and could prove problematic when decisions need to be made quickly. Prior to the reform, International organisations operating in France could not do a lot to solve this problem. However with the reform of the 35 hour working week, managers could be encouraged to receive pay for the hours worked over 35 hour, rather than remain in the old system of enjoying more holidays. This would enable organisations to function more effectively, be more flexible and able to respond quickly to changes or problems.

Although the reform in the 35 hour working week should result in the 'holiday attitude' that exists in France being reduced, the reforms can by no means fully take away this attitude, as it is firmly established in the working ethics of many. The long term effects of the 35 hour working week have already been noted by international corporations exploring the possibility of setting up operations within France. The head of the French International Investment Agency, Clara Gaymard, said in an interview that the 35 hour week has resulted in overseas investment from countries like the United States falling (Frost, 2005).

7.2 Training

Government legislation in the area of training has not been as detrimental as it has been in the 35 hour working week. Essentially, the legislation imposed by the government concerning training actually goes hand in hand with the policies of many international organisations with operations in France such as Dell.

The French government has stipulated that companies with over ten employees must contribute financially towards employee training. The financial contribution to training, by law, must be a minimum of 1.2% of total gross salaries paid throughout the year.

7.2.1 What the effect has been

For International corporations within France, this law encourages the corporation to invest in its employees, and keep its employees trained. It must be noted that the figure of 1.2% represents the lowest figure financially that can be given to training and many organisations such as Hewlett-Packard choose to spend over 3% of total gross salaries on training. Organisations like H-P. use training as a way to keep employees up to date in technical developments, which fundamentally equips them with skills and know-how for their work. Some corporations allow employees to pursue training and development in matters that interest them. Roger (2004) explained how one manager he knew was following painting classes because of a personal interest. International organisations can interpret the government legislation in anyway they choose, however the most successful organisations, who rank the highest in best places to work tables (Management Magazine, 2005), are companies like Symantec who offer training as a means to invest in employees and keep them up to date in their own field

Mentioned at the beginning of this article was the French educational system and how many senior managers who are graduates of the top schools lack certain skills. As it is a legal requirement for international organisations to contribute towards training, these organisations can use the training budget as a means to ensure that managers who lack specific skills receive the most appropriate training.

Nevertheless, for some international corporations looking at a move into France, the prospect of having to train employees can become too great a financial burden. International organisations will have to decide whether they build upon what the government legislates or merely offer in house training as a means of keeping spending within the organisation.

8 Hofstede's cultural analysis

Hofstede's cultural analysis is a tool for cultural comparison and analysis of how values in the work place are influenced by culture. Hofstede's studies first carried out in 1980 have four main characteristics; individualism, masculinity, power distance and uncertainty avoidance.

When viewing Hofstede's findings in comparison to the United Kingdom and the United States, it can be seen how France appears to be different in light of the four dimensions proposed by Hofstede (see Figure 1 below). Looking at Hofstede's cultural analysis will be useful in terms of pulling together some of the main points already made in this article and challenging the validity of what has been discussed.

Figure 1

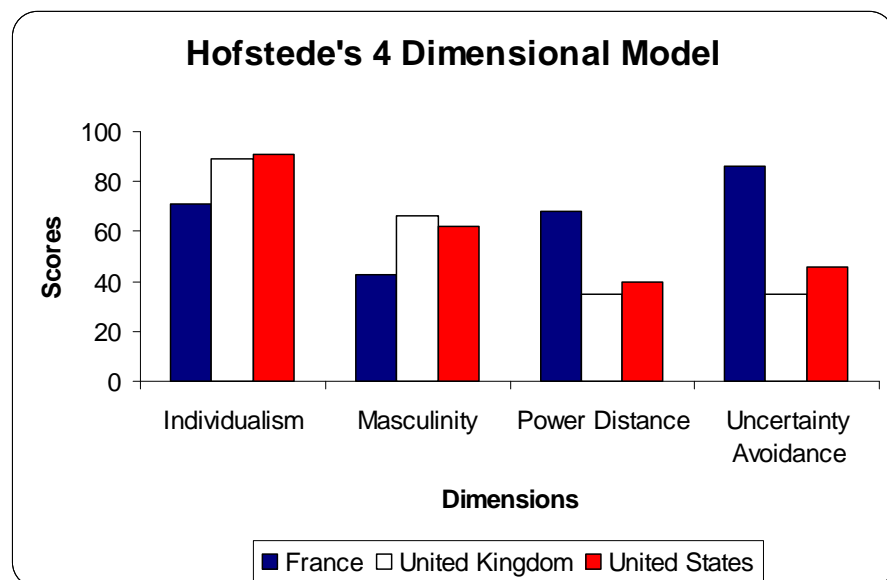


Figure 1: Hofstede, G. 1980. Culture's Consequences International Differences in Work-related Values (Sage: Beverly Hills).

8.1 Individualism and Masculinity

Hofstede's investigation in the areas of individualism versus collectivism and masculinity versus femininity seem to contradict what has been discussed during this article in relation to chauvinism and trade union powers. Hofstede's research at IBM France shows that the French have individualist and feminine cultural characteristics. However no study is flawless and Hofstede's research can be criticised as the investigation was only carried out in one corporation in France. IBM is an international organisation thus it is possible that the organisation's culture has in some measure skewed the results.

According to Hofstede's (1994) definition, France should have a low level of differentiation and discrimination between genders and so females should be treated equally to males in all aspects of the society.

Through what has been discussed in this article about the dominance of men in management and the gender discrimination in pay, Hofstede's findings on femininity do not appear to support the reality of the business management environment in France. Similarly, it doesn't appear that France is more individualist than collective, when it is considered that industrial action so frequent in France.

If Hofstede's research in these two areas is incorrect, it indicates that employees of IBM France have been affected and moulded by the organisation they are working for. IBM is an international corporation which has equal opportunities and encourages employees to develop their ideas, thus perhaps this has nullified the data produced by Hofstede. If this is the case, international corporations can be assured that in actual fact employees in France can adapt to the organisational cultures and thus, strong organisational cultures like that of Hewlett-Packard can be maintained and embraced by employees within the country (See '9 One response to the challenges' page 21).

8.2 Power distance and Uncertainty Avoidance

In contrast to the results of individualism and masculinity, Hofstede's results on power distance and uncertainty avoidance appear to be in line with what has been discussed within this article. Hofstede (1994), states that power distance refers to how much *"less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally"* (Uncommon Sense about Organizations, page 28). Uncertainty avoidance concerns the extent to which *"members of a culture feel threatened by uncertain or unknown situations"* (Uncommon Sense about Organizations, page 113). Hofstede's finding of high power distance and high uncertainty avoidance in France can be judged to be accurate through the hierarchical, centralised and bureaucratic organisational structures that exist within France. Hofstede's results explain why organisations within France have difficulty giving responsibility to employees, because employees expect power to be distributed unequally within organisations.

When the results of power distance and uncertainty avoidance in France are compared with that of the UK and US, the differences are apparent. International corporations which intend to have operations in France, whilst maintaining an Anglo-Saxon management style may come into difficulties. The Anglo-Saxon management style; where power distance is low, organisational structures are flat and responsibility is shared, contrasts sharply to the way of the French. Because France has underlying different cultural values, implementing an Anglo-Saxon way of management within France would be done with the effect of alienating some potential employees.

Whilst remembering that Hofstede's analysis does have its weaknesses, uncertainty avoidance and power distance have been two essential underlying facts in this article, as they contribute to making the business management environment in France what it is today.

9 One response to the challenges

Since the management and working culture in France is littered with challenges like resistance to change, chauvinism and high power distance, some international organisations try to make their employees similar to their employees *'back home'*. Hewlett-Packard has done this by imposing its organisational culture from America, upon its operations in France. H-P. has thereby been able to eradicate the pitfalls of many French organisations such as centralisation, bureaucracy and hierarchies.

In order for H-P. to have done this successfully, they employed a number of ex-patriots from offices in America (so the company culture could be maintained) and sought to only employ those within France who would fit into the 'mould' of a typical H-P. employee. The Human Resource department was pivotal in artificially creating a working culture which differed completely to that of France. H-P. maintains to this day, an open-door policy, open communication and encourages its employees to be innovative and take responsibility just as they would in their offices in America (Glée, 2005).

International organisations operating in France may choose to do as H-P. have done and simply impose its predefined organisational culture upon its workforce, by only recruiting those who fit into its mould. It seems that this option has been taken by many international organisations, and appears to be successful. The key to H-P.'s success was to embrace the diversity of culture and integrate parts of the French culture and management environment which would be helpful. For example, H-P. has links with Grande Écoles and recruits from the schools, but does not restrict itself to just one educational establishment. Additionally, the only graduates employed are those who have passed psychometric testing (which helps to ensure the employee will fit in with the culture of the organisation).

What can be learnt from the example of Hewlett-Packard is that although France is a country which is full of challenges in terms of the management environment, these challenges are not impossible to overcome. Whilst H-P. is of course bound to governmental legislation, it has been successful in overcoming some of the serious problems posed for international organisations who want to have operations in France. H-P.'s efforts to maintain its organisational culture over cultural boundaries have been far reaching and expensive, but ultimately it has allowed H-P. to operate in France in a way it sees best.

10 Conclusion

It has been shown that many managers in France are under equipped for the task of managing people as a result of the educational system of Grande Écoles which has made management an intellectual activity. It is clear that within the business management environment there is a degree of inflexibility; in terms of centralisation, bureaucracy, hierarchies, resistance to change and governmental legislation. Although in the eyes of some international organisations the business management environment is undesirable and inflexible, it has not stopped international organisations having successful operations in France.

The example of Hewlett-Packard and Hofstede's findings in IBM in terms of individualism and masculinity show that international organisations can operate effectively in France whilst maintaining their own unique corporate culture. Nevertheless, Hofstede's findings in terms of power distance and uncertainty avoidance in IBM France show that no organisation operating can be devoid of all influences of the country's culture. Companies such as Hewlett-Packard and Carrefour choosing to have '*Global companies*' are likely to always struggle with the issues discussed in this article such as the rigid structures of levels of pay and promotion up the hierarchy on educational merit.

Unfortunately not all of the ways in which France is inflexible have been able to be documented in this article. Extensive government legislation concerning labour laws exist, and impact greatly upon all organisations working in France. For example, if an employer wants to dismiss someone for no reason in France, they must reimburse the employee with 25 months pay. This article could be improved by looking at and evaluating how all the laws relating to employment affect international organisations operating in France. Nevertheless, looking at government legalisation concerning the 35 hour working week and training showed how French government legislation can both work against and go hand in hand with the objectives of international organisations.

Essentially, because of the French attachment to the past, their resistance to change and the intellectual control of management, France is a country unique in terms of its business environment and is plagued with challenges. The use of Hofstede's findings in terms of power distance and uncertainty avoidance help quantify the differences that exist between France and Anglo-Saxon countries. All in all, it is shown that international organisations need to be aware of how France is unique in order to be able to function effectively within the country.

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