Organising Across Borders: Differences in British and French Conceptions of Management and their Impact on a Management Development Programme

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Introduction

There has been much discussion about the forces of ‘globalisation’ in today’s ‘runaway world’ (Giddens, 1999), which are supposedly causing an “escape from the categories of the national state” (Beck, 2000: 1) and leading to “the institutionalisation of a distinct global level of economic co-ordination and control” (Whitley, 2001: 28). There has also been much debate on the central role of multinationals (MNCs) as “the harbingers of deep global integration” (Pauly and Reich, 1997: 1). These mutually dependent forces have greatly expanded the degree and scope of international links between companies. Indeed, the number and value of cross-border mergers and acquisitions deals transacted world-wide have continued to rise during the 1990s (Child et al., 2001) and are continuing to do so well into the new millennium (Taylor, 2001). One could conclude that our world has indeed become a ‘global village’ (McLuhan, 1962).

However, in spite of these forces, the prospect of a ‘borderless world’ (Ohmae, 1990) governed by a global culture reveals itself as rather problematic. The ‘globalisation’ discourse obscures the fact that the nation state continues to exert sovereignty over its people and territory (Hirst and Thompson, 1996) and that different national ‘models’ of capitalism persist (e.g., Economist, 1995; Pauly and Reich, 1997; Whitley and Kristensen, 1996). This paradox is clearly reflected in cross-border mergers and acquisitions which reveal the continuing significance of national differences and the difficulties of overcoming these (Edwards, 2000; Norburn and Schoenberg, 1994; Olie, 1990; Schoenberg et al., 1995). National differences seem to act as an

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1 One should note that the ‘globalization’ concept is rather elusive and its definition has been subject to considerable debate (see Rugman, 2000; Ruigrok and Van Tulder, 1995: 119-151; Scholte, 2000: 41-46).

2 Cross-border mergers and acquisitions increased tenfold between 1991 and 1999 (United Nations).
impediment to MNCs’ transfer of management practices across borders (Kristensen and Zeitlin, 2001; Sharpe, 2001).

In face of these tensions between ‘global’ and ‘national’ forces, MNCs attempt to order their ‘transnational social space’ through the creation of common policies and practices (Morgan, 2001a/b, Morgan et al., 2003). In much of the literature the argument is presented that multinational firms should develop ‘global’ managers who share a core understanding of the firm’s strategy and structure and can therefore be deployed into key positions within MNC so as to ensure integration (Bartlett and Ghoshal, 1992; Edstrom and Galbraith, 1977; Evans, 1983). As Perlmutter (1969) argued, the influence of national differences would diminish over time as MNCs moved increasingly from an ‘ethnocentric’ to a ‘polycentric’ and finally towards a ‘geocentric’ orientation, whereby both the parent company and the subsidiaries adopt a ‘worldwide approach’ to management in which allegiance to the requirements of the business overrides managerial loyalty to either the home or host country.\(^3\) Whilst recognizing that various barriers\(^4\) would make this evolutionary process ‘tortuous’, Perlmutter argued that it was a matter of time before MNCs would become geocentrically-oriented. Similarly, Bartlett and Ghoshal (1989) suggested that MNCs would gradually evolve through several stages from ‘multinational’ to ‘global’ to ‘international’ before becoming globally oriented ‘transnational’ firms with truly integrated operations.\(^5\) The transnational form was seen as the ‘universal solution’ to

\(^3\) The ethnocentric MNC was one that adopted a home country orientation, with the parent company implementing its own practices and policies in foreign subsidiaries. The polycentric MNC relinquished some home country influence by allowing its subsidiaries to adapt practices to suit local conditions.

\(^4\) These barriers included management’s lack of experience in foreign markets, difficulties in getting host country managers to take on international assignments in the home country and linguistic barriers.

\(^5\) The ‘multinational’ was decentralised, highly sensitive to host country conditions but with subsidiaries not very well linked together across countries. The ‘global’ firm was not sensitive to local conditions and entirely dependent on the parent company. The ‘international’ firm possessed core
the problems associated with developing a truly global corporation. To ensure the ‘unification’ of such a firm, Bartlett and Ghoshal (1989: 175) stressed the importance of developing managers that “shared an understanding of the company’s purpose and values, an identification with broader goals, and commitment to the overall corporate agenda”. These managers would act as the “global glue” that would hold such a complex firm together and avoid its “deteriorating into… an international network of warring fiefdoms” (Ibid. p. 175). They would be deployed into key positions within the MNC so as to ensure integration with corporate policies and procedures (e.g., Edstrom and Galbraith, 1977; Evans, 1983).

Recently these evolutionary arguments have been increasingly challenged by approaches that view national conflicts within MNCs not as hangovers from the past but as an inevitable part of the present. The global firm is a myth that fails to recognise the social embeddedness of production systems in particular national contexts. This social embeddedness shapes how actors participate within MNCs. The idea is that the process of internationalisation is “conditioned by the institutional environment in which the expanding firms are embedded” (Laurila and Ropponen, 2003: 725). Thus, far from being genuinely ‘global’, MNCs have been found to be deeply rooted in their country of origin (e.g., Ferner et al., 2001; Hu, 1992; Whitley and Kristensen, 1996). Recent studies of MNCs from countries such as the UK, Germany, the US and Japan (Child et al. 2001; Ferner 1997; Geppert et al. 2003; Lane 1998; 2001; Morgan et al. 2001; Morgan et al. 2003) have revealed that national origins affect the ways they operate in host countries across a number of crucial competencies which originated from the parent company but which were transferred and adapted to local contexts. This form was similar to Perlmutter’s polycentric firm.
dimensions. As a result, some have gone as far as stating that MNCs are simply ‘national firms with international operations’ (Hu, 1992) and that “the notion of the global corporation transcending national boundaries is, very largely, myth” (Ferner, 1997: 19). In face of these conflicting results, there is a “need for less emphasis on grand tendencies and greater attention to how complex processes work themselves out in particular situations” (Quintanilla and Ferner, 2003: 364).

The idea of the ‘transnational social space’ (Morgan, 2001a:b; Morgan et al., 2003) has been presented as a way of understanding the MNC that opens up new possibilities for analysis. It builds on the institutionalist argument that the MNC encompasses a variety of different socially embedded spaces and that this generates the possibility for conflict. However, it goes further in the sense that it puts an “emphasis on flows (of people, practices and ideas), on uncertainties (the social space, the rules of the space and the social actors in the space being considered as emergent) and on levels of reality (the local, the national and the transnational)” (Morgan, 2001a: 392). Within the MNC, actors are endowed with different powers according to two cross-cutting features. Firstly there is the power (or lack of it) which comes from their social embeddedness in their particular locality. Here issues of solidarity and individualism are central. Does the nature of the local social space both inside the firm and in terms of the connections of the firm to the outside endow actors with the capacity for collective power which in turn can be exercised not just locally but also more widely in the multinational, e.g through becoming a recognised site of ‘expertise’ or ‘best practice’ for other parts of the MNC? Secondly, there is the power

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6 These include the role and number of expatriates; the degree to which decision-making authority is devolved to subsidiaries; the ways in which headquarters monitor and control activity in subsidiaries; the degree to which HR policies, towards career development processes, for example, are standardized across the MNC; how new acquisitions are integrated into the existing company structure, etc.
that comes from the processes of structuring and control which the MNC headquarters institutes. Local sites can be given varying degrees of power and autonomy by the headquarters and subjected to different regimes of accountability and monitoring. Relations between headquarters and subsidiaries reflect the way in which the various actors use their powers in the broad context of competition and conflict within the MNC and the changing economic circumstances outside it. The emphasis is on the complex relational dynamics between actors at different positions inside the MNC and outside it, all of which make the idea of the global firm in the ways discussed in authors such as Bartlett and Ghoshal unrealistic.

This paper aims to develop these arguments further through examining a particular set of processes within an Anglo-French MNC. The focus is particularly on relatively senior managers in this company and attempts through a common Management Development programme to bring together French and British managers in order to create a single type of ‘global’ manager for the MNC. Building on a case study conducted in London and Lille, France, this research aims to explore how differences between British and French perceptions of management impacted on the MNC’s attempt to deploy a common MD approach. From the perspective of the theories being discussed this is also useful because there are only a limited number of studies which compare the business systems of Britain and France (e.g., Albert, 1991; Boyer, 1996; Campagnac and Winch, 1997; Campagnac et al., 2000; Child et al., 2001), and even fewer which examine how these differences manifest themselves in practice. Similarly, whilst a few studies (e.g., Campagnac, 1996; Campagnac and Winch, 1998; Gallie, 1978; Maurice et al., 1980; O’Reilly, 1992; Shackleton and Newell, 1991; Winch, 1996; Winch et al., 1997; Winch et al., 2000) have attempted to fill this gap,
none of them has looked specifically at the issue of Management Development and how differences in British and French managerial perceptions impact on the capacity of the MNC to create a ‘global’ management style or a ‘global management team’.

The paper proceeds in the following way. Firstly, it reviews the arguments concerning the expected differences between French and British managers linking this to wider analysis of national business systems. Secondly, it explains the research design and methodology of the current study. Thirdly, it describes the results of the study and in particular the different responses of the French and British managers to the Management Development programme instituted by the MNC headquarters. In the final section, the broad conclusions are reviewed. These relate to two areas in particular; firstly the study adds to our existing understanding of the multinational as a ‘transnational social space’ by revealing the range of issues and practices over which conflict can occur. Secondly, it contributes, in particular, to deepening our understanding of the differences between French and British management by showing their national contextual rationalities working out in practice against one another.

Section 1: British and French Managers

In spite of their similar economic positions7 (Cassis, 1995: 2), Britain and France represent two very distinct models of capitalism (Braudel and Labrousse, 1982: 1736; Schmidt 2002) and are characterised by marked institutional differences (e.g., Albert, 1991; Boyer, 1996; Campagnac and Winch, 1997; Campagnac et al., 2000; Child et al., 2001; Maurice et al., 1980; Winch et al., 2000). In the following section, we summarise the main differences with a particular focus on how management as a

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7 This concerns the last quarter of the twentieth century.
category, as a set of skills and attributes and as a career has been seen in the two
countries.

Key to this analysis is the relationship between the education system and the position
of management. With regard to the French system, Barsoux and Lawrence (1997: 34)
explain that “any understanding of French management necessarily implies a
knowledge of the French education system”. This relationship has been exhaustively
documented (see, for example, Birnbaum et al., 1978; Boltanski, 1982; Bourdieu,
1989; Suleiman, 1978) and is only summarised here. Briefly, following the
*baccalaureate*\(^8\), students follow two years of *classes préparatoires*\(^9\), at the end of
which the ‘best and the brightest’ are selected meritocratically through *concours*.\(^10\)
The successful students then enter one of the *Grandes Écoles*, the top tier of the
higher education system which runs parallel to traditional universities.\(^11\) These
“highly selective post-secondary, public professional training schools that are closely
linked to elite positions” (Swartz, 1986) attach a great importance to “highly
theoretical teaching” (d’Iribarne and d’Iribarne, 1999: 25), focusing on ‘intellectual
generalism’ (Lawrence and Edwards, 2000). They act as the drilling platform for
extracting the best talent that fuels top French management. The system imbues all
students with an elitist ethos and in the process draws a clear line of demarcation
between, broadly speaking, the have-beens and the haven’t-beens.

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\(^8\) Comprehensive examination at the end of secondary education (comparable to A-Levels in the UK).
\(^9\) Intensive preparatory studies with a heavy emphasis on formal training and general knowledge.
\(^10\) Nation-wide competitive examinations
\(^11\) This structure is unique and found virtually nowhere else in the world (Kumar and Unsinier, 2001: 371).
Upon ‘colonizing’ firms, the former become *cadres*, the dominating managerial class, and the latter become non-*cadres*. The term ‘*cadre*’ differs from the Anglo-Saxon term ‘manager’ in that the latter focuses on the management of people whereas the former has a more strategic, planning role (Gordon, 1996). More importantly, the title ‘*cadre*’ is more than a professional description in that it gives a definite social cachet whereby, regardless of their actual task, *cadres* have the privileges of a higher social class. According to Bourdieu (1989), just the fact of preparing for the difficult *concours* and obtaining the diploma awards *cadres* with a form of distinction which, to a certain extent, is the equivalent of a sign of nobility. Thus, the *Grandes Écoles* represent a powerful conditioning mechanism which socialises this distinct group into one homogeneous worldview. Indeed, as Kadushin (1995) explains, the educational background, more than political convictions and similar experience, provides the social glue that keeps this class together.

There are no counterparts to the *Grande Écoles* in the UK. Instead, it would seem that the moulding of British managers begins before entering universities at a very young age through the ‘public schools’ which emphasise ‘character’ rather than ‘cleverness’ (Lessem and Neubauer, 1994: 77). As Lessem and Neubauer (1994: 77) put it, “the Battle of Waterloo was won on the ‘playing fields of Eton’ rather than in the classrooms of any Grande École”. Later in life, Britain’s managers are drawn from the traditional university system, which has always been rather hostile towards vocational training (Wilson, 1996), viewing management studies as being unsuitable for study at the university level (Brown et al., 1996). Indeed, the elite view of

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12 The term ‘*cadre*’ originated from the military and, at the beginning of industrialisation, the French firm hierarchy model presented strong similarities with that of the French army (Poirson, 1993: 54).
13 Note that graduates from the university system (economists, lawyers, scientists, psychologists, etc.) may also have, although to a lesser extent, access to cadre status (Poirson, 1993: 54).
education has remained ‘classical’ (Lessem and Neubauer, 1994), resting on the humanities and liberal arts (Tayeb, 1993). This appears to have prevented Britain from developing a management culture and resulted in British management being less established as a distinct profession than in France. Indeed, as Barsoux and Lawrence (1990: 17) explain, “France has come closer than any other nation to turning management into a separate profession”.

However, management in Britain is becoming increasingly ‘professionalised’ (Lane, 1992). A general educational preparation in arts, social sciences and management studies is seen as acceptable but ‘high flyers’ frequently possess a more specialised accountancy qualification (Lane, 1992). Moreover, growing numbers of MBA programmes on the American model have been accepted as one response to the need for better-trained managers (Tyson, 1993: 299). Entry into management is now frequently based on the possession of this qualification. Nevertheless, one should note the continuing debate surrounding the value of management education in the UK. Some argue that business schools across the UK “have been absorbed into the culture of their parent universities to such an extent as seriously to vitiate their original purpose” (Brown et al., 1996: 157). Hence, British management education is viewed as “too close to academia and too remote from business” (Brown et al., 1996: 157), not having a “dominant philosophy of how management can best be learnt, taught or developed” (Stewart et al., 1994: 51).15

14 Oxford and Cambridge, in particular (Lessem and Neubauer: 78).
15 A continuing debate relates to the increasing ‘relevance gap’ (see Special Issue, *British Journal of Management*, Vol. 12, 2001), whereby “Business and management researchers stand accused of a lack of relevance to managerial practice” (Starkey and Madan, 2001: 3).
Whether ‘bridging the relevance gap’ (Starkey and Madan, 2001) is the solution to the problem or not, one thing seems to be clear: The MBA is not equivalent to the French Diploma. Whilst the *Grandes Écoles* education proves to be producing a homogenous and integrated managerial elite, imbuing *cadres* with a strong identity, British management education, which is much more “informal and loose” (Lane, 1989: 88), cannot claim to be doing the same for British managers, not least because of firstly the high diversity of providers of MBAs in the UK and secondly the much larger number of students going through these courses in the UK compared to those undertaking diplomas at the *Grandes Écoles* in France.

The educational systems in Britain and France have a direct and strong influence on the way management is viewed in the two societies. The French diploma provides *cadres* favoured access to firms. Boltanski (1982) demonstrates the various ‘*lignes de carrière*’16 opened to *cadres* according to their training of origin. The diploma also creates a vast social distance between this class and the rest of the company who have not followed the elite education trajectory (e.g. Crozier, 1963). As Maurice et al.’s (1982) put it, the French model of management ‘spotlights the social distance’. This distance makes vertical mobility within French firms uncommon and makes it is extremely rare for non-*cadres* to cross the ranks (Poirson, 1993). Indeed, graduates from the universities “have tremendous difficulty rising to top management positions” (Barsoux and Lawrence, 1991: 64). Thus, one could argue that French firms are characterised by an opaque ceiling17 whereby managerial promotion does not appear to be possible for the non-*cadres*. Continuing education programmes, although highly

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16 Career ‘trajectories’

17 To some extent, this could be compared with the ‘rice-paper’ ceiling in Japanese firms (Kopp, 1999) and, to a lesser extent, with the ‘glass ceiling’ that is found in some countries whereby managerial promotion appears to be possible but restrictions or discrimination create a barrier that prevents it.
developed in France, are used more as a way of consolidating the position already held than to obtain professional promotion from an increase in qualifications (Poirson, 1993: 55).

The *mafia de Grandes Écoles*,\(^{18}\) which provides a *laissez-passer*\(^{19}\) for the entry into its *court des grands*\(^{20}\) only to *cadres*, ensures that the tradition continues by making itself accessible through the *annuaire des anciens*,\(^{21}\) which acts a sort of ‘Yellow Pages’ through which new graduates secure jobs. Since the new *cadres* are issued from the same social origin\(^{22}\) than their predecessors and share the same training, the conception of management by most of the *cadres* does not change (Greyfié de Bellecombe, 1969: 60). As a result, the *cadres* become “a self-perpetuating class with a near monopoly on positions of power and influence” (Hall and Hall, 1990: 101). Within the firm, *cadres* ensure that they maintain their authority by stressing the importance of intellectual prowess. Indeed, for this class, “abstract powers of reasoning are seen as more ‘noble’ than the responsibility of applying ideas in practice” (Crawshaw and Spieser, 1997, cited in Groschl and Barrows, 2003: 236). Becoming a *cadre* is “akin to passing an intelligence test. It proves, for all to see, their ability to think logically and analyze systematically. And this is what sets managers apart from the rest of an organization” (Barsoux and Lawrence, 1991: 60).

This differs from British managers who view their job as a practical rather than an intellectual task. Management is believed to be more a set of techniques than a ‘state

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\(^{18}\) This term is used to describe the relational network existing between ex-grandes ecoles students.

\(^{19}\) Pass or permit to access an enclosed area

\(^{20}\) The court of the ‘great’. This phrase is often used among grande ecoles students to describe social and professional space that is exclusively reserved for them once they have obtained their diploma.

\(^{21}\) Alumni directory
of mind’ (Barsoux and Lawrence, 1991: 58). Indeed, British managers have a long history of pragmatism in the domain of management (Tiratsoo, 1995) and tend to stress the importance of ‘character’, focusing upon “leadership as a primary subject of management concern” (Lessem and Neubauer, 1994: 87). As result, British managers see little value in formal management education. The view is that ‘a manager is born not made’. Thus, contrary to the French, British managers do not derive their authority by distinguishing themselves intellectually. As Evans et al. (1989) explain, the ‘generalist model’ is predominant in Britain. British managers tend to view themselves as generalists rather than technical specialists and, due to their low level of formal education, claim positional rather than expert authority (Lawrence, 1980). Access to managerial positions is a matter of individual job performance and mobility across firms and sectors (Lane, 1989).

In contrast, the ‘elite-political model’ is predominant in France (Evans et al., 1989). French cadres view themselves as an élite and due to their high level of formal education claim individual rather than positional authority (Poirson, 1993: 59). As Scramm-Nielson (1991: 66) put it, French management is characterised by a ‘personacrvacy’, whereby power emanates not from the position but from the person. Access to managerial positions is a matter of individual academic success. The selection of potential managers at the point of entry is regarded as the most important determinant of future careers (Lawrence, 1992). Promotion within the firm is a matter of political gamesmanship. It is essentially based on visible performance, finding sponsors, creating coalitions and the ability to properly interpret signals.

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22 For example, 46% of graduates from HEC (École des Hautes Études Commerciales) came from upper class families involved in small business or managing positions (Bourdieu, 1989).
These different bases of authority seem to have a direct impact on management styles in Britain and France. French management tends to conform to Trompenaar’s (1993) ‘Eiffel Tower’ model of corporate organisation, whereby French firms tend to be hierarchical, with a rigid, bureaucratic and well-defined division of labour imposed by the upper echelons of the hierarchy. State dirigisme is reflected in management in that the latter is characterised by a centralisation of decision-making that is unquestioned. On the one hand, the emphasis on rational and intellectual qualities give cadres a rational concept of the organization, attaching great importance to the principle of the ‘Unity of Command’ (Fayol, 1970). On the other hand, cadres have a more emotional, or perhaps irrational view of the organization, portraying it as a ‘system of authority’ (Laurent, 1983). Indeed, Laurent (1983: 82) reports that French managers were more likely than UK managers to view organizations as ‘authority systems’. Thus, French management is based on the principle of control with power concentrated at the top of the hierarchy (van der Klink and Mulder, 1995; Lane, 1994). Cadres are viewed as autocratic, directive. They see the firm as an elite school in which they are the most intelligent and subordinates, therefore, cannot conceivably have valid ideas. Cadres are, therefore, more possessive of their individual autonomy. Their reaction is: “I know my job; if I am controlled, this means they have no confidence in me” (Poirson, 1993). In contrast, British managers attach less importance to being authoritarian and hence have a more participative, democratic managerial style (Lane, 1989: ch. 4).

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23 Hofstede (1980) rated France as one of the world’s most hierarchical countries.
24 This implies that the effective conduct of a nation depends on the concentration of power in the hands of a small number of exceptionally able people.
25 These contrasting styles common in practice. The Metal Box-Carnaud merger, for example, led to conflicts between the French autocratic management style and the British more participative approach (Financial Times, 1991).
Section 2: The Case Study: An Anglo-French Merger

The research was carried out within the context of a British MNC’s acquisition of a French firm. In the rest of the paper, in line with confidentiality undertakings, we refer to the British MNC as B-firm, the French subsidiary as F-firm and the combination of the two firms, following the acquisition, as B-group. With headquarters in London, B-group is today the largest home improvement retailer anywhere outside the USA with leading positions in the UK, France, Poland, Italy, Taiwan and China and with more than 600 stores across Europe and Asia.

In 1998, B-firm acquired a 55 per cent stake in F-firm, as part of its plan to become Europe's leading home improvement retailer. The relationship between the two companies, however, was not the case of a successful firm taking over an unsuccessful one but more the case of a big fish swallowing up another big fish as the two firms were broadly of comparable size. This led the senior managements of both firms into a ‘continuous struggle’ with a ‘lot of frustration’ caused on both sides regarding the new corporate strategy to adopt. B-firm was concerned about what it perceived to be the under-performance of the French business, whilst F-firm's view was that B-firm was to blame for too much interference. At the beginning of 2001, the story reached a crucial turning point when B-firm decided to ‘sort out the acquisition of F-firm’. By the summer of that year, B-firm approached F-firm for what were designed to be friendly talks aimed at agreeing a bid for the minority shareholding stock. F-firm was not responsive, throwing up every obstruction as the talks continued for several months. B-firm’s CEO finally made the decision to ‘take full control’ and embarked on a huge project to take-over F-firm. A hostile bid was made for a minority stake, turning the conflict between the two firms into ‘a full scale war’. The
bid was finally approved at the end of 2002, giving B-firm 99 percent control of F-firm. In the summer of 2003, the 100 percent acquisition was completed, giving B-firm full management control.

Since 1998, B-group’s vision has been to create an integrated, international business. The assumption was that the intensifying global competition and the international convergence in consumer tastes necessarily required the MNC to evolve towards a more integrated corporate form so that the separate firms are co-ordinated and work towards a common goal. This need was certainly emphasised by institutional investors who pushed the MNC to be more ‘focused’ on ‘core competencies’.26 B-group viewed the area of ‘management development’ as the key mechanism through which such integration could be achieved.

This research site was chosen for a number of reasons. Firstly, in line with previous cross-national research on organizations (e.g., Maurice et al., 1980), the site enabled us to make closely matched-pair comparisons of two firms located independently in different countries. Before the take-over, B-firm and F-firm matched closely from three points of view. They were approximately of the same size; both operated in the same sector; and both were market leaders in their respective countries. The main difference was their location in two distinctive institutional settings, France and the UK. Secondly, the context of an acquisition allowed us to build upon and go beyond the traditional matched-pair comparison research approach. Unlike most of the existing comparative studies, we were able to examine the interaction of nationally based organizations within an international context. The cross-border acquisition was

26 Indeed, the MNC has recently completed the demerger of all its non-core businesses.
faced with the challenge of coping with national differences and hence represented an opportunity to shed light on their significance (Child et al., 2001). It represented an ideal opportunity to explore the processes and the outcomes of the interaction between two distinctive firms, as perceived and experienced directly by the managers themselves. In this respect it gave insight into the dynamics of the transnational social space. Thirdly, the firm provided high quality access which is an essential, but rarely granted, requirement for the conduct of an in-depth case study, as Streeck (1986) noted. B-group’s Head of Management Development, with whom a good rapport was established, was very interested in the study in light of his own business project to develop a common approach to Management Development. This person became a key informant and offered access to a fairly large number of people, some of whom were interviewed formally whilst others were contacted informally.

The bulk of data obtained through semi-structured interviews. The fieldwork was undertaken over two weeks in July, 2003 and took up eight full working days. In total, 13 interviews (7 in Britain and 6 in France) were conducted with senior managers. In the UK, these were Group HR Director, Head of Management Development, Management Development Manager, Head of HR, HR Manager and two ex-F-firm expatriate line managers. In France interviews were conducted with the Personnel Director, HR Manager, an external consultant working on the integration of the two firms, the Head of Organisation Development and two line managers. The interviews lasted between 45 and 60 minutes and posed a series of broad questions regarding positions, tasks and responsibilities, career expectations, management development, work co-ordination and structuring, perceptions of national differences, perceived changes and problems resulting from the acquisition, firm strategy and plans for...
integration, etc. In addition to interviews, short informal ‘on-the-spot chats’ proved useful in extracting valuable information from a variety of different informants on a spontaneous basis. These enabled a real-time sense of the interaction between British and French managers and provided further information to incorporate into interviews. Furthermore, direct observation, through attendance of a number of meetings on site, made it possible to ‘get a feel’ for and build a coherent picture of the MNC as well as the processes at work between the two firms concerned. Furthermore, the field worker took part in one 4-hour in-house ‘self-development’ training programme involving both British and French managers. This proved extremely revealing, providing a strong example of the tensions that were expressed between the two firms. Most of the information collected was tape-recorded and then transcribed. Additional information was recorded manually in the form of field notes and a diary. This was supplemented with documentary evidence such as annual reports, official company histories, press releases, organizational charts, corporate presentations and corporate websites.

Section 3: Management Development in the MNC

B-group viewed Management Development as the key mechanism with which to turn its corporate vision of an integrated MNC into reality. The overall aim was to develop and retain a pool of ‘high potential’ managers who would, firstly, build and maintain the MNC’s overall identity and strategies and, secondly, ensure that vacancies that would open up in any of B-group’s subsidiaries would be easily filled. Uniform MD systems of job evaluation, potential measurement, managerial promotion and training and education were seen as essential for the effective international management of B-group.
At the time of the fieldwork, B-group was attempting to develop a collective ‘European Management Development Framework’ which consisted of two complementary mechanisms: (1) ‘High Potential Identification’ and (2) ‘High Potential Development’. This framework was ethnocentric in that it was entirely based on B-firm’s existing approach though the B-firm managers saw it simply as rational solution to a particular managerial problem and had no sense that there could be anything to disagree with in their approach. The framework was as follows. Initially, line managers who were involved in the annual appraisal of staff were required to identify those employees who had managerial potential. Once such employees were identified, they were put through an assessment centre and then, if they proved successful, placed in a special pool of ‘high potential’ employees whose career development had to be closely monitored. The careers of these high potentials were ‘fast-tracked’ to top managerial positions.

B-group attempted to unilaterally reproduce this approach into F-firm so as to identify and attract French ‘high potentials’, place them into a common pool with their British counterparts and then oversee their career plans and international development. As B-firm’s Head of MD explained, “We need to draw from a global pool if we are to get the best managers. We believe there are some excellent managers at F-firm and we need to develop those guys. But before doing so, we need to create a common ‘high potential’ approach”. The following sections explain how the two mechanisms of ‘High Potential Identification’ and ‘High Potential Development’ created a number of unintended consequences.

*High Potentials Identification*
A number of MD managers from B-firm were regularly sent to F-firm so as to persuade the French to adopt their approach to the identification of high potentials. The suggestion was made to French senior management to ask their line managers to advise them on the new ‘high potentials’ identified. B-firm would then monitor the processes at work within F-firm to ensure that there was uniformity in evaluation between the sites. These efforts proved to be fruitless.

In particular, the question of ‘potential measurement’ led to a heated debate and then to a serious conflict between the two firms. Whilst the British believed that measuring potential was essential in assessing whether future managers should be promoted, the French viewed it as totally irrelevant. Indeed, such a concept was totally alien to F-firm. F-firm was very rigorous and detailed regarding performance appraisal but simply did not consider the potential of its managers. In B-firm, both potential and performance were considered. The idea was that it was necessary to review performance but such performance could not guarantee success in the future and hence the need to measure potential. Thus, F-firm’s approach was to focus 100% on performance whilst B-firm focused on both performance and potential.

B-firm’s Head of MD (Ian) was very critical of the French approach. As he put it, “In France, potential is a surrogate for measuring performance. It’s easier to measure performance than potential. Surely, you can rate an employee’s ability to speak English but can I know whether this same person has potential for the future? The French seem to confuse performance for potential”. What Ian may not have considered is that in France, measuring potential is not viewed as necessary since such potential is something that is taken for granted. As F-firm’s HR Manager put it, “We
don’t need to measure potential here. It is assumed. If one has gone through a Grande Ecole, one has potential. Period”. Thus, the Anglo-Saxon approach to potential measurement seemed totally irrelevant to the French. For F-firm, what mattered was performance and seniority, with the latter being the determining factor for managerial promotion.

This perception of irrelevance was manifested strongly in the following story. B-firm’s MD Manager (Fergal) described one of his business trips to F-firm as ‘a total disaster’. In the middle of a meeting in which Fergal was presenting his ideas and potential plans for the introduction of ‘high potential’ methods, one of the French directors threw his handout in the air and shouted, “this is utter rubbish. We don’t need this stuff. We simply don’t operate in this way on this side of the channel and your plans are simply meaningless to us”. Fergal was very disturbed and seemed hopeless as to how to come to any kind of agreement with the French. Unfortunately, Fergal found that his job was ‘on the line’ since his efforts to ‘tame the French’ and persuade them to adopt B-firm’s methods had not been successful.

It was startling to notice how ‘blind’ B-firm was to French conceptions of management. For, example, following a number of disagreements, the Head of MD concluded that “the French are simply not sharing their information on ‘high potentials’… “It is pure resistance to the Group”. Similarly, B-firm’s HR Director commented that “F-firm is a ‘closed system’… There is a culture of secrecy surrounding the handling of ‘high potentials’ and their promotion in F-firm… How French managers are identified and promoted remains totally unclear”. B-firm’s MD Manager politely described the French as “backward in terms of MD”… “simply not
as advanced as the Anglo-Saxon world”. To the British, the French approach had to be ‘corrected’.

Equally, French cadres showed a high level of ethnocentrism in that they were simply not interested in learning about Anglo-Saxon methods, regardless of whether they made sense or not. Fergal described his regular meetings with F-firm’s Personnel Director (Didier) as a “waste of time… Didier was extremely vague and I could never engage him into any kind of constructive discussion about ‘potential’… every time I left his office, I realised I had actually made no progress… the meetings eventually turned into nothing more than delicious lunches…”

Another clash occurred between British and French managers when B-firm announced its plans for the development of a cadre of ‘global’ managers. French cadres expressed their discontent and felt threatened by the prospect of having to compete with non-French managers. These feelings were found to be not the result of some kind of fear of failure in the face of better managers. On the contrary, French cadres perceived themselves as better qualified and more competent than their British counterparts and believed that putting them in the same ‘pool’ with British managers was inappropriate. The main problem was that French cadres viewed their promotion up the managerial hierarchy as a matter of seniority and academic achievements. French cadres did not believe they had to compete with others on the basis of ‘performance’ and ‘potential’ in order to climb the corporate ladder. As the Head of MD explained, “In France, managers seem to be promoted through patronage, not performance or ability”.

Moreover, because of the distinctive Anglo-Saxon management style, as discussed in the previous section, French cadres believed that their educational background and associated expertise was not going to have the same impact if they were to compete with British managers. This concern was confirmed to be well-founded when B-firm’s Head of MD told me that the CVs of French cadres over-emphasised their educational credentials. As he put it, “The first thing that you see on a French CV is what school one has gone to and what qualifications one has gained. You get a large section on this with simply too many details that I am not interested in. What I want to see is experience. My question is ‘can you do the job?’ not ‘where have you studied and how many diplomas have you collected?’” The French seemed very anxious about this new reality that was facing them.

*High Potential Development*

In addition to their identification, B-firm attempted to develop a common approach to the training and development of ‘high potentials’. This would be managed and conducted in London through ‘executive education’ at business schools and in-house ‘training programmes’. British and French managers were encouraged to attend these programmes so as to develop their ‘potential’, change their perceptions and help them internalise a ‘shared vision’. Once again, this approach created a lot of conflict between the two firms.

One significant divergence was observed in the learning expectations of British and French managers. This was exemplified by the interaction of B-firm and F-firm managers during an executive development programme conducted at ESSEC in Paris. Whilst the French expected to be challenged intellectually, the British looked for
practical insights. British participants became quickly frustrated by what appeared to be abstract ideas and theories, while the French participants seemed very satisfied. As the Head of MD noted, “French managers were more academic, more theoretical in their approach. They expected an intellectual challenge. The British, on the other hand, were not interested in theory. As they often said, ‘I don’t want to know about theory. Give me utility’.”

These opposite attitudes were reversed during so-called ‘self-development’ training programmes. Direct observation of a half-day in-house NLP training seminar in London brought these differences to the surface. The aim of this programme was to help managers ‘understand better themselves and others’, become ‘flexible’, ‘adaptable’, able to take responsibility for the progress of their own development, etc. During the programme, French cadres appeared detached, little interested and even passive. British managers, on the other hand, seemed very enthusiastic and indeed took full part in the exercises that were set. Moreover, the French proved to be much less comfortable with ‘opening up’ and talking about themselves than their British counterparts.

British and French participants in the event were asked their opinions on the value of the training. Whilst the British described it as ‘an enlightening experience’; ‘extremely useful’; ‘very practical’, the French felt unchallenged by the training. They viewed it as ‘nothing more than pseudo-science’; ‘utter waste of time’; ‘charlatanism’, ‘irrelevant to management’, etc. Not only were French cadres dissatisfied with the non-systematic and non-formalised nature of the programme, but
they also proved to be totally cynical about it. These views clearly reflected the actual behaviour that was observed during the programme.

The research brought to light the fact that British managers and French cadres had radically different attitudes towards ‘self development’ training programmes. Whilst the former believed in the need to grow as individuals so as to become better managers, the latter argued that self-development, as preached by the trainers had nothing to do with the practice of management. This difference was confirmed by the Head of HR who stated that “the French never engage in our workshops… They seem to reject out Anglo-Saxon methods”.

These differences reflect the deeper divergence between B-firm and F-firm between the British bias for pragmatism and the French bias for rationalism. The British clearly valued practical skills over abstract reflection while the opposite was true for the French. As B-firm’s Head of MD put it, “The French are very cartesian in everything they do. They always want to map out a project completely, detailing all the interlocking elements, before they start working on it. We Brits, on the other hand, adopt a much more pragmatic approach and we don’t necessarily spell out everything”. This tendency was also expressed by B-firm’s HR Director: “French managers love to explain issues using their own theories. Things are either logique or pas logique, depending on whether one’s theory makes sense or not”. The French showed a clear preference for intellectualism whilst the British valued practice and action. Interestingly, this distinction had a serious impact on French cadres who felt

27 Neuro-Linguistic Programming. Anthony Robbins, one of the greatest ‘gurus’ of NLP defines the discipline as “a systematic framework for directing our own brain. It is the science of how to run your
that, because of the British eagerness to put things into practice, their ideas were not allowed to be fully discussed. Nor was there sufficient analysis of the problems which they identified. French cadres felt that it was part of their job to discuss issues as fully as possible and to use their intellectual abilities and knowledge base which the rest of the organization was relying upon.

In sum, a ‘Grand Canyon’ was found to exist between the two firms’ approaches to the development of managers. French cadres seemed to be very little interested in B-firm’s plans to develop a common approach to Management Development which they perceived as an attempt to convert them into ‘Anglo-Saxons’. Most of, if not all, the French cadres interviewed did not identify with B-firm’s ‘new vision’ and its associated aims to develop ‘high potential’, ‘global’ managers. As one French cadre put it, “I have enough on my plate here and I believe I am doing a pretty good job. Why should I put on different clothes?” Some French cadres voiced their interest in learning about Anglo-Saxon management theories but when push came to shove nothing actually happened. The very same practices endured.

Interestingly, the British themselves seemed equally cynical about the MNC’s discourse. As the Head of MD stated, “We are trying to develop a common approach but the truth is that power lies in London… our attitude is ‘colonialist’ and the French know it… but this is not something that can be expressed between us”. Thus, far from being successful, B-firm’s new plans became the source of great conflict between British and French managers. B-firm’s Head of MD described the relationship between both groups as a “continuous struggle”. Indeed, the various efforts to unify brain in an optimal way to produce the results you desire” (1993).
MD practices over a five-year period since the acquisition in 1998 seemed to have been anything but successful.

The lack of success in creating uniform Management Development practices has been so important that by mid 2003 the MNC has come to a virtual standstill in terms of cross-border co-operation on this front. This situation has led the MNC to question its initial assumption that global integration was the only way forward. Recently, the Head of MD (Ian) voiced his concern that B-firm’s efforts had indeed made very little impact on F-Firm. Ian stated that the entire senior management of F-firm had recently been ‘scrapped’ in order to assert absolute control and attempt to ‘sort out problems in F-firm’. This managerial response could be seen as a way of resolving national discontinuities in corporate authority structures (Ferner and Edwards, 1995) and could lead one to argue that integration would necessarily ensue. However, even with the implementation of such radical change within F-firm, B-firm was rather unconvinced that F-firm would adopt its MD systems. The fact of the matter is that below the stratum of top French cadres, there exists a stratum of more junior cadres who have followed the same ‘trajectoire de carriere’, to use Boltanski’s (1982) term, and who also belong to the cadre system. Bearing this educational conditioning in mind, one could expect these junior cadres to be equally resistant to B-firm’s uniform MD systems. Thus, beheading F-firm could be seen as nothing more than cutting a lizard’s tail. One day or another, it would grow again. Indeed, this concern was clearly reflected in Ian’s comment that the finance department was perhaps planning to revert to a strategy of ‘financial control’ which would result in F-Firm being entirely autonomous in terms of managerial behaviour.
Section 4: Discussion and Conclusion

The findings revealed the strong resistance that French cadres demonstrated in face of B-firm’s attempt to bring order to its transnational space through a common MD approach. Why were the French so hostile to B-firm’s programme, when from the point of view of universal business logic, the opposite result would be expected? Indeed, since French cadres perceived themselves to be more competent than British managers, one would have expected them to be keener on entering the ‘global’ manager contest and demonstrate their ‘high potential’ which had supposedly already been assessed and confirmed by the concours.

It would seem that an explanation of this paradox stems from the impossibility of comparing the social categories of cadres and managers along the same lines. In each country, these categories are constructed by specific educational systems. There is a stronger continuity between the educational system and management in France than in Britain. In France, the Grandes Écoles imbue students with an elitist ethos, constructing a dominating cadre class. This system acts as a homogenising force, giving cadres a distinctive shared identity and a strong sense of belonging to a higher, ‘nobler’ class that is associated with intellectual distinction, privilege and social status. In contrast, the weaker institutionalisation of management education in Britain means that the managerial elite is more heterogeneous, less clearly defined and less dependent on academic achievements than in France. Moreover, the French diploma creates a vast social distance between cadres and non-cadres, ensuring that the former maintain their authority by demonstrating their intellectual superiority.
This differs from British managers who view their job as a practical rather than an intellectual task, making their hierarchical classification difficult and the distinction between themselves and non-managers less obvious than in France. The conception of centralised authority is thus less absolute, less omnipresent in Britain than in France. By viewing themselves as generalists rather than technical specialists and, due to their low level of formal managerial education, British managers tend to claim positional rather than expert authority. Promotion up the corporate ladder is dependent on individual job performance. In contrast, by viewing themselves as an elite and, due to their high level of formal management education, French cadres claim individual rather than positional authority. Climbing the corporate ladder is a matter of individual academic success and political gamesmanship. Thus, French management tends to be more authoritarian, emphasising hierarchy and qualification distinctions, all within a centralised and homogeneous structure. In contrast, British management tends to be looser with various identities, displaying a number of status and qualification differences.

Contextualised in this way, these social categories reveal institutional specificities which allow us to explain F-firm’s resistance towards B-firm’s attempt to create a common approach to MD. The Anglo-Saxon concept of ‘high potentials’ implies an evaluation and promotion of managers according to criteria that are irrelevant within the French context. The ‘high potential’ system assumes egalitarianism and rests on a conception of management as a practical activity with promotion based on potential and performance. B-firm’s attempt to implement such a concept in F-firm totally ignored the institutional specificity of French management, representing a ‘slap in the face’ to the cadre system and its very rationale.
The creation of a common approach to MD necessarily involved the imposition of a British map of the world which did not correspond to the territory of cadres. It signified a decrease in authority, power, social status and privilege for cadres. It also meant a replacement of a system of managerial promotion that is based on academic success with one that depends on performance. In short, imposing a common MD approach implied the extraction of cadres from the institutional setting which constituted them the first place. Forcing F-firm to undergo changes so as fit in the MNC’s plans to become global meant that the status hierarchy was unlikely to remain unchanged and this negative outcome was clearly unacceptable for French cadres. Managers in F-firm fought against this imposition and the Management Development programme became a site over which these broader issues of conflict were articulated. In the end, the managers at the British HQ decided that the battle was not worth the effort. They switched away from the idea of creating a global management cadre and focused their attention on financial control as a means of disciplining their French subsidiary, a tendency of UK and US firms which has been noted in previous discussions (e.g. Geppert et al. 2003; Ferner et al. 2001).

The research has shown that “internationalizing the firm involves more than the simple reproduction of existing structures and practices” (Morgan, 2001a: 1) across borders. The institutionally-embedded differences in British and French perceptions of management indeed prevented the reproduction of the MNC MD systems into F-firm. The conflict and tensions that were identified between British and French managers meant that the MNC was more of a ‘loosely coupled political system’ (Forsgren, 1990: 264) than a cohesive, goal-directed rational actor. Instead of
demonstrating a ‘geocentric’ (Perlmutter, 1969) or ‘transnational’ (Bartlett and
Ghoshal, 1989) orientation, the MNC proved to be nothing more than an ‘a national
firm with international operations’ (Hu, 1992). Bartlett and Ghoshal’s (1989) tidy
conceptualisation of the ‘transnational’ firm as a homogeneous social entity seems to
be, in reality, not much more than the “international network of warring fiefdoms” (p.
175) which it was aiming to cover up. Indeed, the MNC in question resembled more a
‘structure of power’ (Ferner and Edwards, 1995) in which conflict, political
gamesmanship and power plays occurred (Kristensen and Zeiltin 2001).

In contrast to this, one might argue that the MNC, having acquired F-firm only
recently, was at the early stages of its process of evolution towards the ‘global’ firm
and hence it is a matter of time before it goes through a process of ‘adaptation’ or
‘hybridization’ (e.g. Boyer et al., 1999). However, in the period 1998-2003, very little
integration, if any at all, has been achieved and British and French managers were
indeed shown to have evolved very little toward some form of ‘global mindset’.
Indeed, national differences had a very strong impact on the MNC’s attempts to
homogenise its MD practices across the channel. Five years after the initial
acquisition, French managers were still rejecting any global MD rationales introduced
by the MNC’s headquarters.

In conclusion, the study reveals further the problems involved in creating ‘global
firms’. National differences in educational system, expected career paths and rewards
remain significant within firms, particularly in contexts where multinationals grow
through acquisition and thereby incorporate existing managers and their practices.
The ability of managers in the headquarters to overcome these differences and create
a standard platform for management knowledge and management careers is much less than has previously been supposed.

In a recent paper, Whitley has developed an extensive model for understanding the influence of sectors and national origins on these processes (Whitley 2004). This particular case relates to his arguments in two ways. Firstly, it was conducted inside a particular sectoral context, that of retail. Over the last decade, there has been significant evidence of internationalisation in retailing but this has tended to go along with some significant failures (e.g. M&S and W.H.Smith’s overseas ventures). This relates to a broader question of the value which is generated by internationalisation in such a field where consumer tastes are often strongly bound by national contexts. In Whitley’s model, such sectors which retain high national diversity are problematic for the development of international competences at the managerial level (in comparison to e.g. sectors such as oil which are global in their planning, reach and skill base). Even if firms invest in them, the cost of achieving their goal may be so high as to ultimately lead to a reversal of policy, as happened in this case. Further studies of this particular sector could usefully illuminate this process (see e.g. Gamble 2003).

Secondly, Whitley points to the continued existence of significant differences in national labour markets, relating to how skills are constructed, rewarded and traded within and across firms. This study is one of the few that demonstrates graphically how the contrast between the French and the British systems of management education plays against expectations to create a global management cadre and knowledge set. It presents a distinctive type of clash between national business systems. Clearly one would expect this clash to be very different if managers from different contexts were involved and further one would expect that as the numbers of
countries brought into the transnational social space, the dynamic of conflict would change again. Where there are just two sides, e.g. in this case the French and the British, the game takes on a more clear zero-sum quality but where there are more actors involved, the possibilities of alliance across national boundaries arises. Thus multi-sided contexts such as described in Kristensen and Zeitlin (2004) became possibilities.

In conclusion, the study has contributed to the broad debate in which the ability of multinationals to create a global firm structure is being scrutinised with increasing concern. What this study shows is the difficulty of achieving this goal in the context of a merger situation between two similarly sized firms in the retail sector. Clearly one would expect that as the different variables are changed (from merger to start-up, from one sector to another, from the two particular countries under examination here to other countries, from a bipolar struggle to a multi-sided struggle) the outcomes themselves will also change. Ideally a systematic study comparing these differences would help us to understand these dynamics further. In the meantime, case studies of the sort presented here can provide useful pointers and indicators of the key issues.
LIST OF REFERENCES


