

THE CULTURE CHALLENGE

More than ever, as firms expand across borders and acquire other firms they need to preserve and build a common bond of operating principles and working habits. A leading advisor to multinational corporations discussed ways to promote a new common culture that overcomes stereotypes and clichés to identify areas of understanding and synergy.

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(l to r): A. Hübner, J. Pateau

Andreas Hübner of Lazard Asset Management began by asking, "what are the challenges posed by the merging of different cultures within multinational organisations? I am very happy to introduce Jacques Pateau today, who teaches intercultural communication and management at a French university, as well as being out there in the field coaching senior executives and conducting team-building seminars with interculturally mixed groups.

"Before I hand over to Jacques, here are some EARS questions to answer.

"Is cultural differences management a key objective of your firm's overall management objectives at all? An interesting shift, there - maybe the politically correct answer is yes, though for many no might have been more honest.

"Is your regional split of business reflected in your senior management team? You have given as a group the politically correct answer, which is yes. In fact that cannot be true. 90% of all firms have

senior management staff dominated by managers from the firm's country of origin."

Jacques Pateau of Pateau Consultants said, "as Andreas has said, I am here today to discuss ways to promote a new common culture that overcomes stereotypes and clichés to identify areas of understanding and synergy where companies have expanded across borders.

"I will formulate arguments around four basic issues that arise. The first thing to say is that, despite the increasing international experience of employees in general a certain culture gap still exists between so-called international managers. This can lead to frustration, misunderstanding and failure. Secondly, the success of mergers and acquisitions depends largely on the quality of the integration process as it is experienced by the teams involved. Third, cultural integration only succeeds if top management is strongly committed to it and

continually sets the example. Lastly, rather than taking an approach that superficially ascribes a given set of values, let us increase our cultural awareness and knowledge and put ourselves into the shoes of others to learn to communicate openly about divergences. On this last point, I have found in working with large corporations that a firm adopting a mission or value statement is not really motivating for those within the organisation trying to develop a common culture.

"These days, we are all having to share a new common culture - the worldwide information culture. What I have discovered, however, is that it is important for international staff to reflect on all the cultures of their coworkers. For instance, if we take the example of individuals from France, Germany and the UK working together, we should consider the country's different histories, family structures, religion and educational systems.

"In Germany, one type of organisation that grew up was the

THE CULTURE CHALLENGE *continued*

communitarian one, which evolved in Germany's small regions. In France, these smaller administrative regions expanded and the idea of the centre emerged. In the UK, though, the most important culture historically could be said to be the merchant culture, since the nobility in Britain have for a long time been free to make money.

"Of course, pointing out cultural differences is just one part of the puzzle. In my job, trying to bring people together for mergers and acquisitions, say, I have to take several factors into account. First of all, individual personalities count, since people are not simply defined by their nationality. Second, I need to take cooperation mechanisms into account, especially internationally, and bring people together to understand the logic of the other.

"Let me return to the issue of the culture gap. In the case of France and the UK, both have a strong implicit culture, in which understatement is common, whereas in Germany this is not the case. The English language also allows people to avoid disagreement and seek compromise. Compromise is a key word in the British culture, whereas in French compromise is not really a positive idea but implies being forced to make a concession. These gaps can lead to misunderstandings which reflect different methodologies, with the French following the Cartesian, one-truth approach, whereas the British culture is more pragmatic and less idealistic, aiming at improvement through trial and error. That is an alien notion to the French.

"Another source of misunderstanding between the French and the British lies in fact that while cultures are implicit, the British are task-oriented while the French are person-oriented. In other words, the socialisation in the two cultures is not the same.

"In communication there is a big gap between Germany and the French approach, because Germans tend to be more explicit than the French.

"There are cultures, then, where

in the interpersonal relation an individual sends a message and the receiver of the message is supposed to be intelligent enough to decode it. The French do this and the British do it in interpersonal relations. On the German side, if the message is not explicit enough it does not come through.

"I now come to management style. In Germany, there is a culture where specialists are expected to challenge those above them up until the point where a decision is taken, whereupon the specialist should simply implement it. In France, the situation is nearly opposite, with lower-level staff being very cautious in expressing their views to those

German train the ticket collector will ask if someone new has boarded a train on the basis that his authority is accepted, whereas in France the collector will have to externalise his authority to get the necessary response.

"We are coming from different cultures, then, but what happens when we come together? Well, the main enemy following an international merger is what is called 'friendly avoidance'. Friendly avoidance arises when different cultures are unable to communicate openly about divergences. Cultural awareness is necessary to be able to address difficulties, and the best way to gain that is for new colleagues so



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above them, but once a decision is made the implementation of a decision seems to be much more elastic than in Germany or the UK.

"Here is a French paradox. There is a strong central power in France, but the French never internalise authority. They are always in dialogue with it - even in the example of walking in front of traffic on a Don't Walk pedestrian sign since the driver has seen them and will slow.

"Another example is that on a

spend a lot of time together getting to know each other in a structured way.

"About 60% of mergers and acquisitions fail because they do not focus enough on the quality of staff integration. Of course the financial and legal aspects are important, but it is not enough to highlight possible synergies and competitive advantage - people have to be helped to come together.

"Often when mergers go ahead the metaphor is expressed of building a new house, and people are urged to