



Perspectives on International Management - Audio

Introduction

Mark Fenton-O'creevy

Here's a re-enactment of a real event that happened a few years ago in France. Cliff is a young brand manager for an American firm. His employer has flown into Paris for the final signing of a joint venture agreement with a French firm. Cliff is casually dressed and enthusiastic to get the contract signed and make some new French friends.

M1 Mark Fenton-O'creevy

Wel Oui, entre.

M1

Should I come in?

Mark Fenton-O'creevy

The senior team in the USA felt the real work had been done and that signing was a minor formality, best handled by their younger manager.

M1

Bonjour, monsieur.

M2

Hi there, good to meet you guys.

M1

Should I come in?

Mark Fenton-O'creevy

The French side, however, consider the meeting an important formal occasion. Their entire senior team is in attendance, including the company president. Despite the initial tensions, the meeting progresses to the final signing. The French company president produces a fountain pen from his pocket and with a great flourish, signs the immaculate document, before solemnly sliding it across the table.

M1

Signez ici, s'il vous plaît.

Mark Fenton-O'creevy

Cliff reaches into his own pocket and finding no pen, not even his usual biro, reaches instead for his counterpart's fountain pen.

M2

I hope you don't mind, Jean-Claude.

M1

Non, c'est pas vrais, ca.

M2

There you go, Jean-Claude, all done.

Mark Fenton-O'creevy

The document is snatched from Cliff's hands and torn in half. He's ushered from the room. The deal is lost.

M2

What did I do?

Mark Fenton-O'creevy

Hello, I'm Mark Fenton-O'creby, Professor of Organisational Behaviour at the Open University Business School. This series is about Managing across different cultural context. Today, we are witnessing remarkable growth in global trade. It has tripled in value over the last twenty years, reduced communications and transport costs, cross-border trade agreements, the fall of communism and the rise of the multi-nationals are driving us to ever greater global economic integration. Few managers can expect to go through their professional lives without the need to understand and interact with people from other cultures, and to understand how business and management work in countries different to their own.

Recent history is unfortunately littered with examples of failed international expansion and deal making. When, after nearly a decade of failing to achieve benefits from the merger of Daimler-Benz and Chrysler, managers announce the de-merger, many commentators sighted cultural differences between the German and US partners as the cause of failure. When the highly successful UK based supermarket chain, Tesco, pulled out of Japan in 2011 after eight years of poor results, commentators noted Tesco's problems with getting to grips with the

very different distribution supply chain structures, as well as radically different consumer tastes in Japan compared with their home operations.

As we heard in the case of Paul Cliff at the beginning of this podcast, problems often occur at the individual level too. Studies report significant levels of failure among managers sent on overseas assignments and with that comes the stress and difficulty of adapting to the local context..

Mark Fenton-O'creevy

So what did Cliff do wrong? French corporate culture places great importance on position and status. In such a formal meeting, Monsieur Le President was the expected form of address.

M2

Hi there, good to meet you guys.

Mark Fenton-O'creevy

And certainly not first name terms from a junior manager he had never met before.

M2

I hope you don't mind, Jean-Claude.

Mark Fenton-O'creevy

Importantly, also, the pen has a place in French culture very unlike the USA. Fountain pens, especially, often have great personal significance, having considerable symbolic value in terms of the status and importance of the person owning the pen.

M2

Wel Oui, entre.

Mark Fenton-O'creevy

And the popular French saying 'un stylo, c'est comme une femme – ca n'est ce prêt pas,' which compares borrowing a man's pen to asking to borrow his wife, and Cliff didn't even ask. The net effect of the exchange was to persuade the French team that the partnership was of very low value to the US firm and that the casualness of the exchange was deliberately insulting or at least designed to make sure they understood their relative importance.

On the American side, there was very real puzzlement at the over-reaction to such a small matter, when what was really important was to get the formalities out of the way and down to the real business of making the new venture a success.

[Music continues]

MFO: In this series, we're going to take a look at three different perspectives on managing across cultures. In each, we will hear from experienced international managers and from academics around the world who have studied these problems.

Our third podcast focuses on the differences in political, social and economic institutions between countries. The fourth and final podcast takes a look at the skills managers need to operate successfully across different culture settings.

Our next podcast is about culture and management which may be helpful as a starting point for developing greater cultural awareness than Cliff.