

Keio University visit
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Variety of cultures in Europe and Intercultural French-German management issues

Jean-Alain Héraud

Professor of Economics
Université de Strasbourg
Researcher at BETA

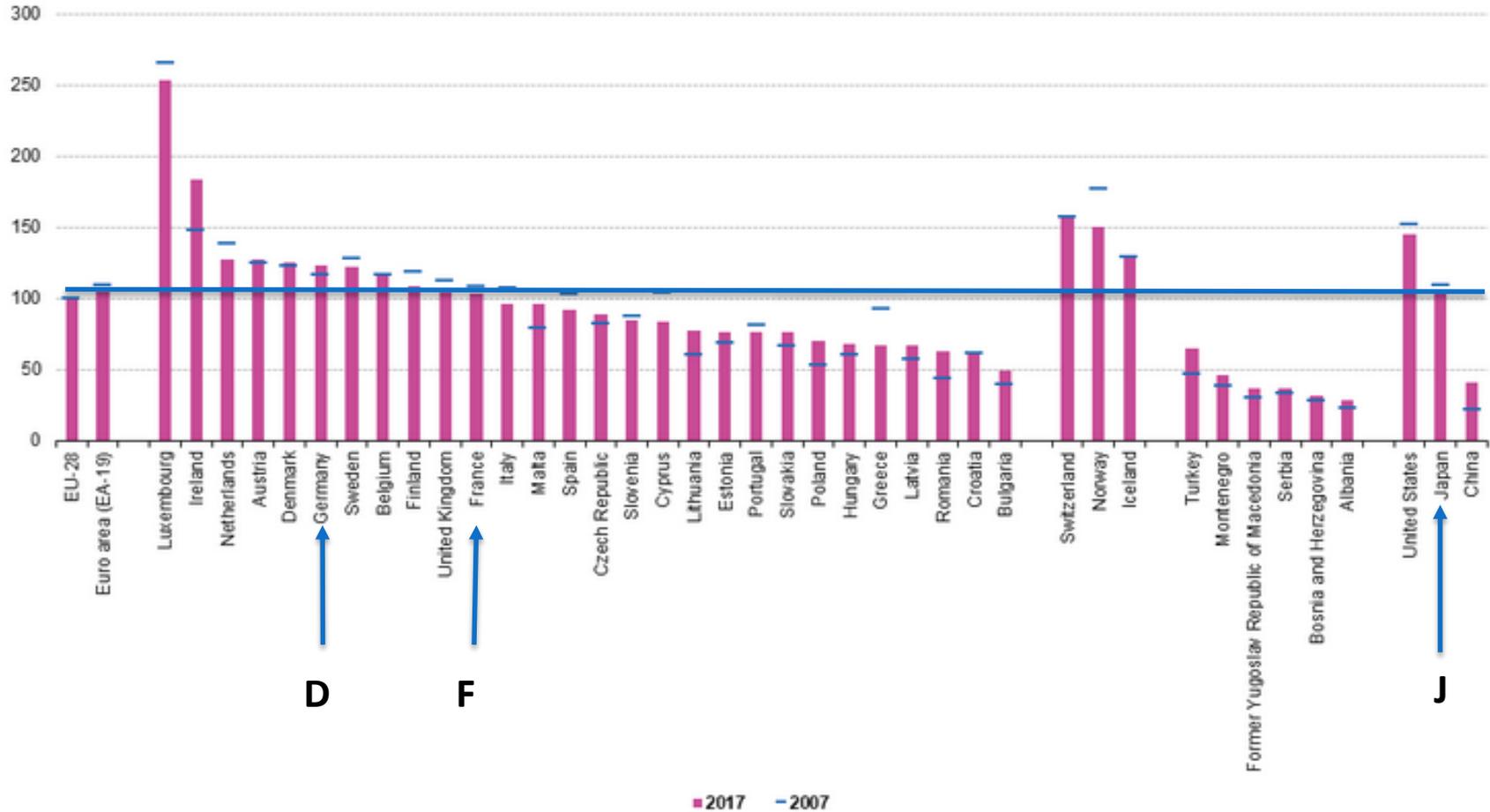
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1. Introduction: explaining macroeconomic outcomes by cultural foundations

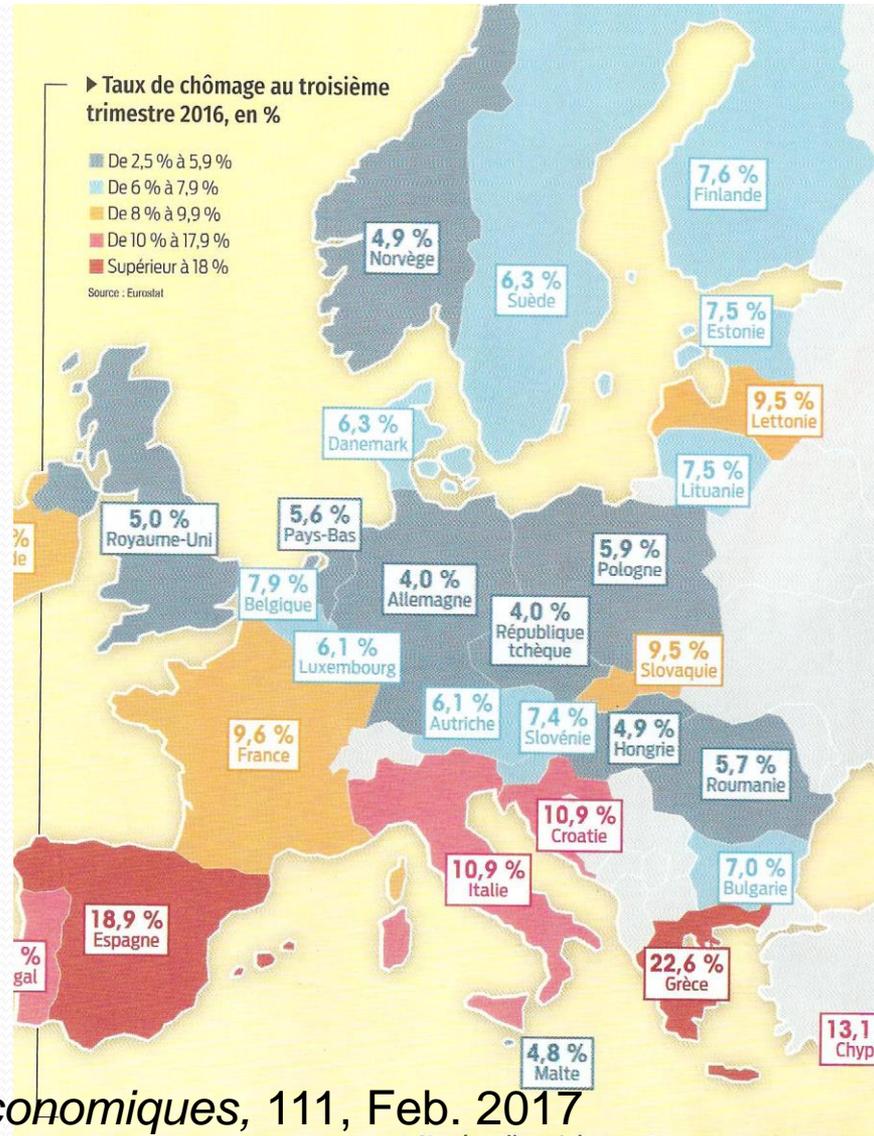
- Observation: differences among European countries in the responses to economic challenges
- Can they be explained by cultural traditions? In terms of:
 - *Social* priorities
 - Conception of *labour* and perception of *enrichment*
 - *Entrepreneurial* spirit and *innovative* capabilities

1.1 Statistical evidence GDP per head

GDP per capita at current market prices, 2007 and 2017
(EU-28 = 100; based on PPS per inhabitant)



Unemployment



Alternatives économiques, 111, Feb. 2017

Average salaries

in 2014

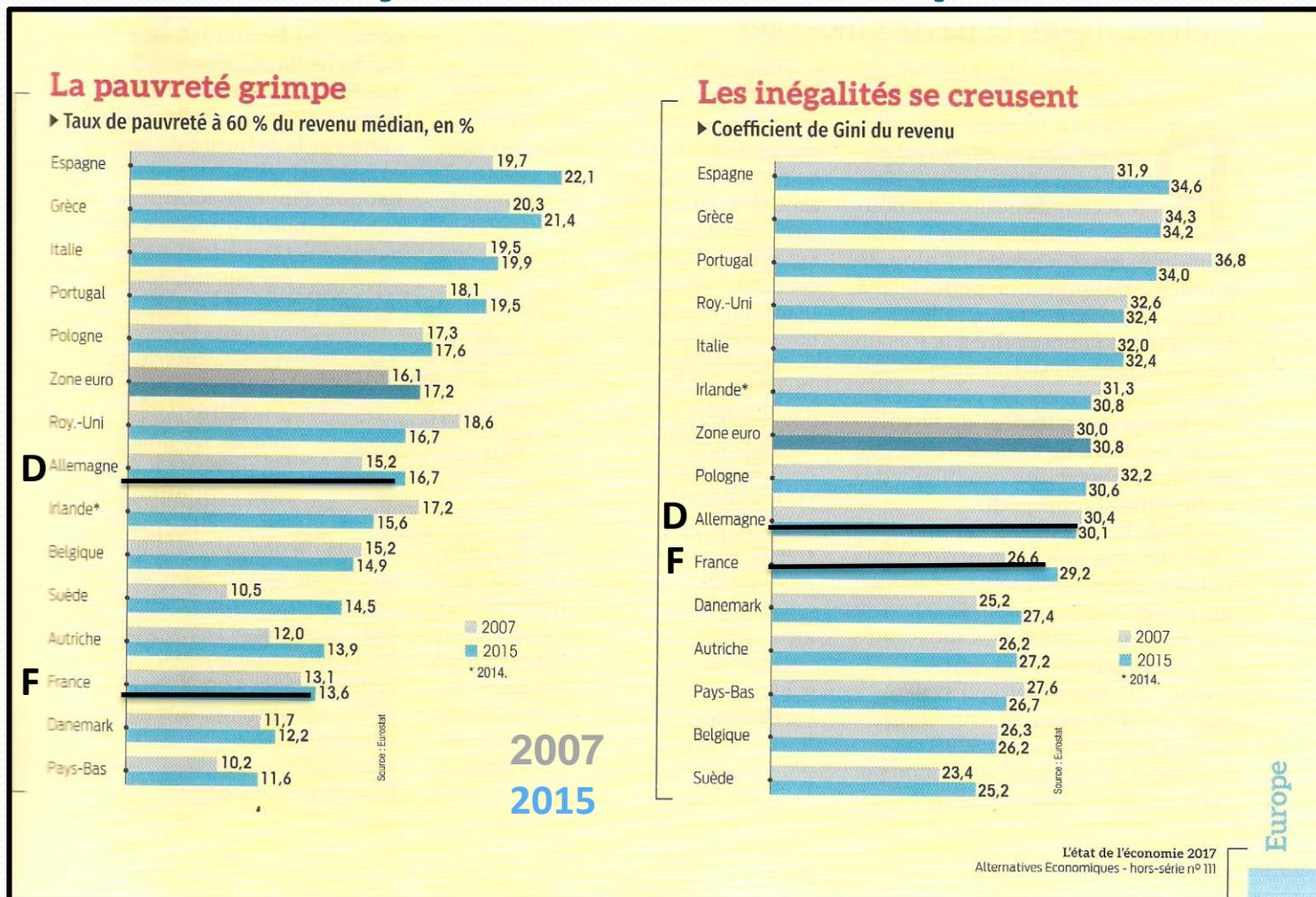


Rank	Country	USD NET	EUR NET
1	Luxembourg	3986.25	3189
2	Denmark	3902.5	3122
3	Sweden	3362.5	2690
4	United Kingdom	3246.25	2597
5	Finland	2912.5	2330
6	Ireland	2700	2160
7	Netherlands	2670	2136
8	France	2660	2128
9	Austria	2642.5	2114
10	Germany	2567.5	2054
11	Belgium	2432.5	1946
12	Italy	2403.75	1923
13	Cyprus	2291.25	1833
14	Spain	2018.75	1615
15	Malta	1365	1092
16	Slovenia	1305	1044
17	Portugal	1231.25	985
18	Estonia	1051.25	841
19	Greece	1022.5	818
20	Croatia	887.5	710
21	Czech Republic	876.25	701
22	Slovakia	853.75	683
23	Poland	847.5	678
24	Latvia	696.25	557
25	Lithuania	655	524
26	Hungary	628.75	503
27	Romania	497.5	398
28	Bulgaria	416.25	333

Reinis Fischer

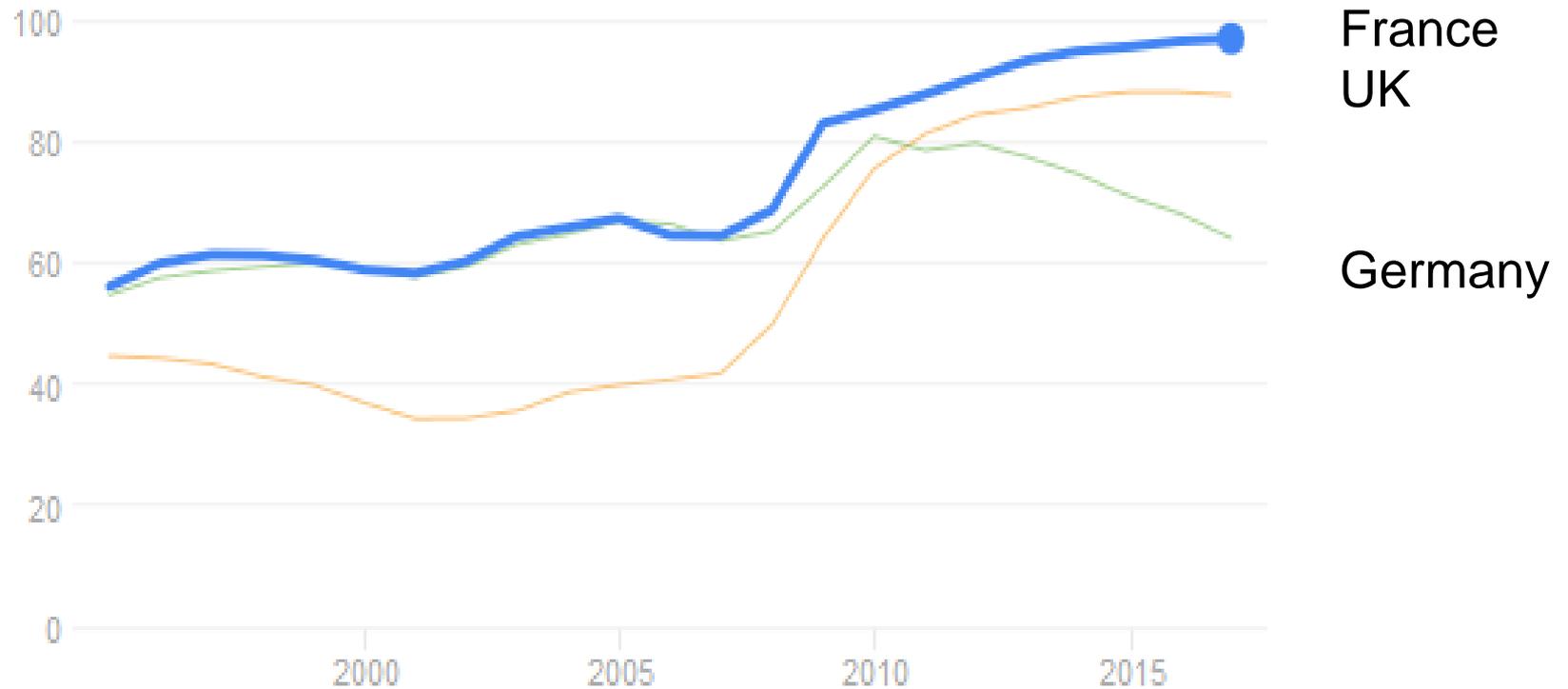
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Poverty & inequalities



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Government debt / GDP



Schuld & Schulden

DE

EN

日本語

ich bin **schuldig**

I am guilty

私は有罪です

watashi wa yūzaidesu

ich habe **Schulden**

I have debts

借りている

karite iru

負 :

負債 (fu sai)

liabilities

負目 (oi me)

feeling of indeptedness, being obliged

顔負け (kaomake)

being put to shame

1.2 Cultural interpretation

A typology of religious heritage

Classical interpretation by religion

Max Weber explanation: the role of **protestantism** in the development of capitalism.

Individual enrichment is proof that one is God's chosen

Versus...

Catholic tradition: *the poor more easily enters the kingdom of God*

Religious cultural roots could explain behavioral biases like **entrepreneurial** spirit, acceptance or inhibition concerning **commercial** activities and **accumulation of wealth**, perception of **money** as the major symbol of value (in all meanings of the word), perception of the idea of **debt** (*Schuld=fault/Schulden=depts*), etc.

A contemporary version of the Weberian approach

Pr Dr Peter Nieschmidt, German business consultant, pedagogue, philosopher, historian...

building on **Max Weber (1905)** « *The protestant ethics and spirit of capitalism* »

The three European traditions:

***Catholic**

***Lutheran**

***Calvinist**

The Catholic tradition partly carries Greek/Roman philosophy: The wise man does not work for subsistence, but for the beauty of art, sciences, philosophical thought, for the sake, organization and protection of the City (*polis*), the praise of God(s), etc.

Aristotle's conception of growth and development: any sort of economic accumulation is bad because it will destroy the sustainable order of the City. Interest rate is against nature.

Labour is the typical activity of slaves. Commerce is for *metics* (foreigners).

National types

Central European countries like Germany are strongly influenced by Lutheran tradition.

England and the Netherlands are influenced by the thought of Calvin.

France and southern European countries have kept the Catholic attitude.

Germany:

The cult of quality in the production. Workers are respected. They must find the profession they are “elected” for. Importance of training systems.

Anglo-Saxon world:

The important thing is efficiency in the production. For that, organization of production is more important than individual skills. Workers find “jobs” on the labor market.

Latin countries:

Labor has nothing to do with the religion. It is not sacred but just an issue for the society. The governance of labor is a question of social negotiation.

2. Evidence from intercultural management studies

We consider here classical contributions to inter-cultural management.

A series of studies started with the issue of managing *multinational companies*: how to adapt the style of management and the organizational structures and routines in departments and sister companies located in various countries? How to deal with possible cultural shocks and behavioral misunderstandings when employees and executives move from one country to another?

Hierarchy and decision process

D. Schaupp (1978) proposed the following typology concerning the decision process in various firms and countries

“**tells**”: The boss takes decisions without giving explanations to the subordinates

“**sells**”: The boss decides and then explains and justify decision

“**consults**”: The boss discusses before with concerned people but takes decision alone

“**joins**”: Common decision process

The scores of **France** and **Germany** :

Tells	20	16
Sells	37	27
Consults	21	27
Joins	6	19

Interpretation

Germany:

This country has a culture of *consensus*. Germans are known for respecting discipline, but they believe in the superiority of collective decision. Consulting people on the field is not contradictory with the principle of authority. Concept of *Mitbestimmung*: “codetermination” with the employees.

Before striking the trade unions try all possible compromises.

France

In France there is a tradition of governance by the elites. Catholic France as well as Republican France designs and implements hierarchical organizations. In such top-down structures, people on the field obey, cheat, or make revolutions.

Trade unions have a tradition of confrontation, not cooperation with the company’s management.

NB: Japan looks like Germany. Concept of *nemawashi* (根回し) – consensus building
But the process can be a little tricky and not always transparent.

G. Hofstede

Dutch psycho-sociologist observing attitudes and values of employees
Large enquiry between 1967 and 1978, starting with multinational firms.

Three important indexes:

- **Power distance** : Autocracy, centralization of authority...
- **Individualism**
- **Control of uncertainty** : Fear concerning the future, stress when facing uncertainty

	France	Germany
Power distance	68	35
Individualism	71	67
Control of uncertainty	86	65

Interpretation

There is an apparent contradiction for France: people expect and accept (up to a certain point) *hierarchy* although they are *individualists*

It becomes understandable when considering they are risk-adverse.

Life is easier when somebody organizes the global coherence of the system. It explains the national bias to centralization, State intervention, large firms versus SMEs, etc.

Individualistic citizens are always afraid of the other citizens' liberty! But if the leaders do not correspond to the dreamed model, heads could be cut!

Edward T. Hall

Monochronic culture vs polychronic culture

In a *monochronic* culture, events and activities are organized in separate units; people can only do one thing at a time: “*Eine Sache nach den anderen*”. Therefore organization is crucial. People are upset and angry if some individual actions do not respect the agreed schemes. Identification to the task is often more important than inter-individual relationship. Better be rude with a given person than not accomplishing the collective duty. Example: At every meeting the agenda has to be respected, in the prescribed order of items; and the meeting must start and finish exactly as planned.

In a *polychronic* culture, people tend to think they can do several things at the same time. Very often they fail, and as a consequence they are late for the next activity or they skip some of the duties (suddenly deciding for another ranking of priorities). Relationship to persons is more important than identification to the task.

Example: in a meeting, some people arrive after the beginning and do not feel guilty: they had an activity before which they considered as more important than the meeting. The same persons could offer to stay longer, after the end of the meeting if they feel the meeting was really interesting! It is also acceptable to decide (collectively) to change the order of the items in the agenda.

3. Impact on entrepreneurial spirit and innovation

Measurement of entrepreneurship
Analysis of creative processes

Entrepreneurship

Difficult to measure, but it is possible to consider some indicators like the rate of corporate establishment

In 2013 the rate was 9,5 in France as compared to 7,3 in Germany

(Source MEDEF 2016)

It is then difficult to accept the theoretical hypothesis of a lower French entrepreneurial spirit. In fact a more detailed analysis should be done:

- France is not short of people who want to create their own business
- We have many SMEs. The problem is the size: as compared to Germany or USA, they do not grow rapidly and steadily. The flow of firms creation can also be compensated by firms mortality
- One important issue in the long run is the takeover by new owners when the founder of the company retires. Cultural attitudes explain the differences between France and Germany on that point that cast light on the power of German *Mittelstand*.

The creativity factor

Innovation is a case of *creativity* (in economic life). There are also many forms of creativity at the basis of innovation: scientific discovery, technological invention, artistic design, etc.

Whatever the field, creativity is a way to “think out of the box”.

R.J. Sternberg proposed to define creativity as a combination of *novelty* and *relevance*. We can add another ingredient: the *will*.

In order to innovate we need:

- Breakthrough ideas (novel, original...)
- A filter of relevance: is the new idea adapted to a given context?
- Somebody who has the willingness and the passion to carry out the project

Which cultural attitudes are best fit for innovation and entrepreneurship?

- French individuals are sometimes very good at conceiving new ways of doing things. But have they the support of their hierarchy? And of the institutional system of the country?
- The Germans have strong entrepreneurial capabilities, but aren't they sometimes locked in by their procedural schemes?



Bureau
d'économie
théorique
et appliquée
(BETA)
UMR 7522

Thank you for your attention

どうもありがとうございました

heraud@unistra.fr
jaheraud.eu

