

Managing Corporate Values in Diverse National Cultures

The challenge of differences

Philippe d'Iribarne

ROUTLEDGE



Managing Corporate Values in Diverse National Cultures

How should a Western company manage cross-culturally corporate values in its foreign subsidiaries? Do these values make sense everywhere and can they be assumed to be universal or, on the contrary, are they culturally Western specific?

Philippe d'Iribarne provides answers to these timely and urgent questions, based on research carried out in the subsidiaries of a leading global company, Lafarge, in the contrasting cultural environments of China, the United States, France, and Jordan. It appears that, in a large part of the world, people's expectations are similar; they expect from a good employer clear and decisive leadership, and fair and compassionate treatment, helping them to live a good life. But treating these expectations as the "same" could be misleading. Western companies with a humanistic orientation are well positioned to fulfil them, provided they are willing, in each and every geography, to take into account the local vision of the right way to achieve a good life.

By following the example presented in this book, companies who care can deliver economic efficiency as well as progressive people management in the countries in which they operate.

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Foreword

Lafarge, an industrial group with French roots and a humanist tradition, can celebrate today half a century of international growth: Canada, Brazil, and Morocco in the 1950s, the United States in the 1980s, Europe in the 1990s, and a great many emerging countries from the mid-1990s onwards.

Now operating in nearly eighty countries, the Group has had no difficulty in uniting its teams from highly diverse backgrounds around a technical culture. However, the real challenge to internationalization lies in the multiplicity of national and local cultures that underpin management cultures. Understanding and harnessing this diversity has been a necessary step in creating a common management culture, a common performance culture.

Lafarge has used a step-wise approach, without losing its basic identity, favoring the continuity of change rather than rupture, and enabling as many people as possible to gradually join forces around core values that help create and give meaning to a common and shared identity.

This was the genesis of the Lafarge Group's well-known *Principles of Action* in 1975. These have since been regularly updated to integrate the Group's development and the progress made towards finding this common culture. Backed by successive management teams, they impact behaviors and shape the Group's culture.

The values are robust, the way in which they are expressed and lived dovetailing with the constraints and concerns of the moment; and on the basis of a small number of values, such as courage, commitment, responsibility, surpassing oneself, a sense of interest, and respect for others, it is possible to build a culture of excellence.

The latest update to our *Principles of Action* goes back to 2003. Bertrand Collomb entrusted me with this responsibility before he handed the management team over to me in 2006.

The stakes were clear: how could we draw on our values to find the strengths to develop, beyond a leadership culture, a real performance culture in a group that is not only global but also highly multi-local?

Once this version had been authored and distributed, I decided, just before taking on leadership of the Group, to give top priority to workplace health and safety:

- grounded in our values of respect and humanism;
- based on our course towards excellence; and
- able to mobilize each of the Group's employees.

This was certainly the most important decision I have ever made: it made sense to everyone, it mobilized people. It was this decision that enabled us to make a success of the other priorities and substantially improve our performance.

At various points in time, but above all during our Leader for Tomorrow program, Philippe d'Iribarne found that our chosen pathway offered a field for scientific observation and reflection, and this became the starting point for this book.

The book shows us the complexity between the culture of collaborative work advocated by international corporations and local cultures. It also shows that a firm insistence on certain values or approaches, even though reactions and behavior are not uniform, is likely to secure support, and thus greater efficiency of action.

"Our values have value," as I usually say.

There is little doubt that this book gives us keys to understanding how we can be more efficient. Others will certainly discover here an enriching contribution to the pool of knowledge in an area that is critical for the future: the capacity of diverse local cultures to find pathways leading to cooperation rather than confrontation.

Bruno Lafont
President and CEO
Lafarge

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All those in the Chinese, Jordanian, and Malay subsidiaries who shared with me their experiences and hopes. Their contributions convey the rich diversity of humanity that this research is seeking to express.

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Introduction

The encounter between different cultures is full of promise and opportunity, but it is only through many challenging experiences that these can come to fruition. What is in question is the capacity of Western modernity, in all its multiple forms, to serve as a beacon for humanity. From China to the Arab world, the existence of a plurality of cultures enjoying equal dignity is now brought to the fore, which thus boomerangs back to the West one of its fundamental values. This reaction, however, is suspected of masking a refusal of values that are well and truly universal, with there being little reason for these to remain confined to the Western world. Does this mean that we are fated to choose between cultural imperialism and a value relativism that leads to all behaviors being acceptable, no matter how shocking they may seem to us, in the name of respect for cultural diversity?

This question is not simply one for the great debates on democracy and human rights. At a more down-to-earth but no less insistent level, it also arises on a daily basis in the subsidiaries of global enterprises.

These companies quite naturally tend to disseminate their own concept of management, along with the corresponding notions of authority, cooperation, conflict management, and professional duty that prevail in the parent company. In doing so, they encounter a diversity of local views on how people should work together, and many of them are wondering what course to follow. Should they, and can they, try to impose their ways of operating and their values without worrying about the risk of creating a “culture clash” that would reduce their efforts to nothing? Or should they instead favor a policy of cultural respect that is likely to mobilize all of their employees and thus lead to greater efficiency? Or is the best option to attempt to reconcile the best of both worlds, which then raises the question of what this implies in practical terms?

On top of this, when Western parent companies have subsidiaries in Southern countries, there arises a moral and political question. Are these