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Managerial Recommendations for the French Market: Experiences of Foreign SMEs

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Abstract

Purpose – The purpose of this research is to make managerial recommendations for firms operating or planning to operate in the French market.

Design/methodology/approach – This study reports findings from an in-depth case study covering eight Finnish SMEs operating in the French market. To facilitate the understanding of the recommendations, the findings are discussed through typical features of the French culture.

Findings – The findings report the best practices of eight Finnish SMEs operating in France.

Research limitations/implications – Although the case study method made it possible to acquire detailed knowledge about the firms’ internationalization, the findings can be generalized only to some extent.

Practical implications – Managers of family and other types of SMEs will find several practical tools to facilitate their business in the French market.

Originality/value – Prior research has focused on managerial practices in France to a limited extent as compared to other countries.

Keywords small- and medium-sized firms, internationalization, managerial recommendations, Finland, France

Paper type Research paper
INTRODUCTION

As the third largest economy (GDP) in Europe and the eighth largest economy in the world (CIA, 2010), France is an extremely important market. However, France is culturally different from Nordic and English-speaking countries in many respects (Hofstede, 2001; Ronen and Shenkar, 1985; Trompnaars and Hampden-Turner, 1997), and it can therefore be anticipated that doing business in France will be demanding. Despite the opportunities and possible problems, a search for articles on foreign firms operating in France reveals few studies focusing on managerial practices in France as compared to other countries. The present study is aimed at filling the gap: it discusses best practices in the French market as viewed by 22 informants from eight Finnish family SMEs operating in France. The basic research question posed in the study was: What are good practices for foreign firms in the French market?

FRENCH (BUSINESS) CULTURE

Culture can be regarded as a collective phenomenon, since it is shared at least partly by people who live in the same environment (Hofstede, 1991). Culture is learned and not inherited in the genes. It gives individuals significant freedom to think, feel, and act in their own way. However, society sets up clear barriers on individuals (Hofstede, 1991). Culture can be seen as a three-level onion (Trompnaars and Hampden-Turner, 1997), with the following levels: (i) The outer level, which includes buildings, infrastructure, dressing, speaking, and gestures, can be seen immediately when one enters a foreign culture. (ii) The middle level consists of norms (What should I do?) and values (How am I supposed to act?). Becoming familiar with these norms takes time. (iii) The inner level consists of basic components which are self-evident for people living in a certain culture. This level involves ways of discussing the world and solving problems. It is the habits at this level that are the most difficult to understand and to acquire.

French culture and its affiliations

Along with other Catholic cultures, French culture belongs to the set of (i) case-oriented cultures (Trompnaars and Hampden-Turner, 1997). One characteristic linked to this is that laws (in the legal sense) may not be seen as applying absolutely, and infringements of laws are not always condemned. By contrast, in countries with universal cultures (such as Nordic and English-speaking countries), there is one single truth, and people are expected to obey laws, regulations, and contracts. Furthermore, the French think that matters, facts, and views may be in dispute, rather than people (Trompnaars and Hampden-Turner, 1997; Finpro 1998; Hofstede, 1994.)
Some characteristics are attached to (ii) the collectivism of the French: other people are always taken into consideration. Furthermore, the French tend to be strongly attached to their families. People in Nordic countries are much more individualistic in these matters (Trompenaars and Hampden-Turner, 1997).

Concerning (iii) power distance, France has the highest rank of all the European countries (also 15th highest in the world, with a score of 68). All the English-speaking, German-speaking, and Nordic countries have a considerably lower power distance score (USA 40, Great Britain and Germany 35, Finland 33) (Hofstede, 2001, 87). Power distance can be defined as “the degree of inequality in power between a less powerful individual (I) and a more powerful other (O), in which I and O belong to the same social system” (Mulder, 1977: 90).

As regards (iv) uncertainty avoidance, France (with a score of 86), together with the other Southern European countries, does not avoid uncertainty to a great extent. This means that the French tend to solve problems that are immediately pressing rather than develop long-run strategies, and that they avoid planning where the plans depend on the prediction of uncertain future events (Hofstede, 2001). By contrast, in the English-speaking countries (Canada 48, USA 46, Great Britain 35), and in the Nordic countries (Sweden 29), uncertainty is avoided to a significantly greater extent (Hofstede, 2001: 151).

Furthermore, France represents (v) a diffuse culture in which a customer is not only a customer as in Nordic countries and in English- and German-speaking countries. For the French, a client represents also a relationship that may develop into a friendship. In such a culture, launching and developing business relations takes time, since the French will want to learn to know the foreigner fairly well before moving on to business matters (Trompenaars and Hampden-Turner, 1997).

Finally, France (together with other Southern European countries) has (vi) a polychromic time view (Lewis, 1996). People are flexible and expect to do several things simultaneously, frequently without planning matters in advance. Past, present, and future are present at the same time, and punctuality is not so highly regarded. The Nordic, German, and English-speaking countries, by contrast, represent a monochromic time view; they do one thing at a time according to a plan (Lewis, 1996).

**French business culture**

Culture and business culture cannot be separated from each other, but this subsection will deal with matters more obviously related to running a business. *Business culture* refers to the way of seeing things in a working community (Trompenaars and Hampden-Turner, 1997). The most important components of a business culture are authority, hierarchy, decision making, responsibility, control, and creativity (Trompenaars and Hampden-Turner, 1997).

The French respect *authorities* in spite of rather than because of the rules that authorities may impose (D'Iribarne, 1998). French firms can roughly be divided
into families and “Eiffel towers,” both of which are characterized by a strong hierarchy. Authority is held by the father in SMEs, and by the highest hierarchical level in larger firms where there are several hierarchical levels (Trompenaars and Hampden-Turner, 1997). Tasks are clearly assigned and differentiated, and this is sometimes hard to understand for people from e.g. Northern Europe (D’Iribarne, 1998; Finpro, 2004; Szymanski, 2000; Finpro, 1998). Decision-making in French firms is quick and clear, and takes place at the highest level of the hierarchy. The French are also very punctilious about titles, statuses and protocols, and they do not tolerate being underestimated by their partners (D’Iribarne, 1998; Hill, 1993). It must also be noted that the French language is the core of French identity and culture (Toivanen, 2000).

METHODOLOGY

The study reported here utilized a qualitative approach, with a multiple case study methodology similar to that used by Eisenhardt (1989) and Yin (1994). Data were collected from eight selected Finnish SMEs in the manufacturing sector. It seems that France is a somewhat difficult market for Finnish SMEs to enter, despite its market potential (Finpro, 2008), and this would underline the importance of understanding its business culture. Table 1 summarizes the key information on the case firms.

<table>
<thead>
<tr>
<th>Firm</th>
<th>Number of employees</th>
<th>Year of establishment</th>
<th>Start of internationalization</th>
<th>Industry segment</th>
<th>Operations in France</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>249</td>
<td>1876</td>
<td>1970s</td>
<td>Industrial furniture</td>
<td>1982 export 1984 subsidiary 1968 export</td>
</tr>
<tr>
<td>B</td>
<td>18</td>
<td>1923</td>
<td>1929</td>
<td>Wooden toys</td>
<td>1997 subsidiary</td>
</tr>
<tr>
<td>D</td>
<td>20</td>
<td>1973</td>
<td>1990s</td>
<td>Wooden villas</td>
<td>1991 import</td>
</tr>
<tr>
<td>F</td>
<td>40</td>
<td>1988</td>
<td>1991</td>
<td>Pipettes and analyzing systems</td>
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<td>G</td>
<td>30</td>
<td>1978</td>
<td>1980</td>
<td>Fire safety equipment</td>
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</tr>
<tr>
<td>H</td>
<td>150</td>
<td>1955</td>
<td>1990s</td>
<td>Sauna stoves and equipment</td>
<td></td>
</tr>
</tbody>
</table>

The main form of data collection was a semi-structured interview, guided by a list of topics. The author, a researcher fluent in English and French, conducted altogether 22 semi-structured open-ended interviews lasting 60–90 minutes in the firms’ headquarters in Finland, and in their subsidiaries/agencies in France. The interviewees consisted of executives, managing directors, subsidiary
managers, managers of international affairs, and those sales administrators who had the greatest in-depth knowledge of internationalization and operations in France. In the interview process, the interviewees were first asked to describe their business or background in general, thereafter their operations related to internationalization as a whole, and from that the business connected to internationalization in France in particular. They were further asked to describe problems and successes in the French market and to give recommendations for persons pursuing internationalization in the future.

Furthermore, we utilized secondary information, such as web pages and annual reports, to ensure the correctness of the information. On the basis of the interviews, we identified the perceptions of each informant and categorized the perceptions under sub-topics on a more general level.

FINDINGS AND DISCUSSION

In this section, we present and discuss the most important findings concerning best practices in the French market, as highlighted by the informants in the case firms. The procedures, practices, and attitudes recommended for firms doing business in the French market are divided into four categories: (i) developing and nurturing relationships, (ii) use of international trade exhibitions, intermediary organizations, French commercial databases, and market research, (iii) culture and language knowledge, and (iv) understanding French business culture.

Development and nurturing of relationships

All the entrepreneurs and employees in the case firms emphasized the need to give plenty of attention to French partners and cooperators. In particular they noticed that the ability to communicate through “small talk” and also to have a human relation with French cooperators and customers was crucial, since the French do not normally wish to go straight to the point, and because a relationship is never purely business for them. The international sales manager in Firm C expressed this as follows:

It’s about small talk. You go to your partner’s home for a dinner in the evening and you don’t say a word about business. First of all you create your relationships and show what you’re like in every situation: when there are problems, when good things come your way, how you behave when you’re celebrating, how alcohol changes you, that’s what they want to see. And when they’ve seen you on different occasions, it will help a lot and things will go on from there […] Once you’ve sold the machine, you also become a family friend. They call you about things other than just business matters, they come to your home, they ask you to their home, and they are extremely friendly. It’s about friendship alongside business.
The interviewees saw the diffuse nature of the French culture also in the way that once the business relationship was established, the friendship side or the “human” side of the relationship was still crucial. The French subsidiary manager of Firm F explained that the main reason for working for Firm F was that they (the Finns) considered the human aspect to be important, in addition to the business aspect:

I like the fact that there is business but there is private life as well, and the natural environment, and so on. So I like Finland. Some other companies don’t consider the human side so much. You are a number, and as long as you bring in plenty of money, you’re a good guy. Whenever you have a small problem coming up they kick you out. But with the manager and the whole staff of Firm F, human relations are very important, too.

Active, regular communication with the French was seen crucial in the case firms. Since the human side of a relationship was so important for the French, a lack of communication could lead to bad results on the business side.

Many entrepreneurs make the mistake of hiring an agent and then calling him up a year later and wondering why the sales haven’t got off to a good start. (Firm C, international sales manager)

Now, since then, I’ve also understood that we left them too much on their own. We also had some misbehavior on their part, because they realized that we weren’t checking them. It’s so important for the French to have a feeling of togetherness, but what we had with them was too much “us here” and “you there”. (Firm A, international sales manager)

Nurturing relationships is also important with the end customers. French customers are demanding, and want high-quality personal service in their own language:

French people are really keen on service. They don’t want to pay for it, but they like it. And I think it’s a great mistake [just] to put a Finnish guy in here, in France. It’s a great mistake. I graduated from a French university and I know the culture and the people, so it’s easy for me here. (Firm A, subsidiary manager)

All in all, the case firms were of the opinion that it takes a long time to build trustful relationships in France. Concerning this issue, there was an agreement in the case firms that honest, friendly, and trustworthy behavior had been helpful in creating trust over time.
Use of international trade exhibitions, intermediary organizations, French commercial databases, and market research

The importance of international exhibitions in the search for international opportunities was expressed in seven out of eight case firms. It was a very common way of finding the initial French partner, or partners to replace a failed relationship. The French subsidiary manager of Firm F saw the importance of trade exhibitions in the search for cooperators and employees, referring also to their importance in domestic trade within France:

The exhibition is such a place where you can spend three days and see where there are good people, and what the competition is like. You know, when you are involved in an industry for a long time, it’s quite easy to recognize the good people.

In three case firms it was emphasized that firms that are planning to internationalize in France ought to take advantage of intermediary organizations. Organizations such as Finpro (Finnish export promoting organization) and Invest in France (an organization attracting foreign investors to France) can provide firms with suitable networks and market information. Surprisingly, though, only one of the case firms had actually utilized Finpro in the search for French candidates. Furthermore, the entrepreneurs and employees in Firms D, E, and G criticized the capabilities of Finpro in helping with foreign market entries. The entrepreneur in Firm E, who had utilized Finpro for some other foreign market entries, expressed his dissatisfaction with Finpro in the following terms:

They [in Finpro] just cannot concentrate on everything. If they wanted to be useful, they would need to do some specializing themselves. Now they just help a little with sales and marketing, and they do it just on the surface, since it would be necessary to dive deep to really be able to help. We used Finpro in the USA and South Africa, and they have been really disappointing. (Firm E, owner-manager)

However, for firms with no connections with the French market, Finpro can be useful, since it can act as an intermediary between important networks and convey important market information to foreign entrepreneurs. As a third means, the international sales manager in Firm E recommended the use of “pages professionnelles” in finding new customers for certain products, and the use of the Compass database in the search for cooperators and customers.

To look for customers you can go to a database called “pages professionnelles” and all the companies involved in this product will appear. There is also another database, COMPASS, to which you have to buy the access, and then you have a lot of information available. It’s used a great deal in France. It’s for searching out companies who might be able to use our product. (Firm E, international sales manager)
As an additional point, the entrepreneurs in Firms A, C, and E recommended that firms should carry out market research before planning French entry, to make sure that France really has potential for the firm. Alternatively, one can carry this out in the context of cooperation with an intermediary organization. The entrepreneurs in Firms C and E observed that firms should also recognize that France is a very sophisticated market, with different cultural climates in different parts of France. The entrepreneur in Firm C further emphasized the need to find a lawyer.

When you enter a new market, you need to find a lawyer, who will be a source of security for you. If there are misunderstandings, he can tell you what to do. However good a friend you may be with your cooperator, once you come up against a disagreement, the friendship won’t help any more. (Firm C, international sales manager)

Culture and language knowledge

All the informants agreed that it is very important to know facts about French culture before entering the market, in order to be able to network and proceed with one’s business. The international sales manager in Firm C put the matter thus:

If you have general knowledge about the country and its history, you get much more respect in France. If you know a fact your partner doesn’t know, you are highly appreciated. They love to see that you are interested and that you know a lot.

The international sales assistant of the French subsidiary of Firm A, with twenty years of close cooperation with Finns, believed that for Finns, operating in France should involve a totally different state of mind from what they have in their home country. In particular, Finns should bear in mind that the French are very sociable people, who enjoy meeting people. Keeping quiet is almost impossible.

Finns have to be more open-minded in order to be able to adapt to a country. And that is also a way of meeting people, this human-relations side is totally different. Sometimes you wonder what they [the Finns] are thinking. What it is they want to tell you. You just stand beside each other and say nothing. At lunchtime, for example, oh dear….! And that is something they should consider when working abroad.

All in all, life in France is flexible, which is a sign of their diffuse, collective, and case-oriented culture. The international sales manager in Firm C described this as follows:
They [the French] are used to drinking wine at any time. The Finns never drink between 8 a.m. and 4 p.m. But they [the French] just open the bottle and have a little wine, and there is no need to drink three bottles of it. And you can’t tell your French colleague not to not drive a car after having some wine. They just drive. These are the biggest differences between the Finns and the French.

Altogether, in France one has to seize hold of the situation and act in the French way.

In the concluding part of the interview with the entrepreneur in Firm D, he put the matter thus:

Well, we were told that we should know French culture, and I’d agree with that totally at this point. And it really is a big plus if you know the French language as well.

In fact, all the informants agreed on the point that it is advantageous to know the French language, especially when learning to know French cooperators. The entrepreneur in Firm E, however, emphasized that knowledge of French in daily business is no longer so important – unless one has direct contact with French customers, in which case knowing French is essential.

One should have knowledge of the language, although the French and the Germans have ended up in a situation where they need to be able to communicate in English. Previously they wouldn’t have spoken English at all, just French. But now French is only needed when you are drawing up contracts with them.[...] But as regards direct customer contacts, there is no way you could sell them something in English.

Interestingly, the subsidiary manager of Firm F mentioned that the reason the French do not (or did not) speak English is that among older generations, the ability to speak English is limited:

Many people outside France think that we are too proud to speak English, but that’s not completely true, because it’s just that people aren’t able to speak a foreign language. The thing was that in my generation, I wasn’t able to speak well because the way of learning a foreign language in France wasn’t good at all. But nowadays at school we have decided to change things a little bit, and today you can meet young people who can speak English. (Firm F, subsidiary manager)

**Understanding French business culture**

When doing business in France, all the informants underlined the need to adapt to the French state of mind. The international sales manager in Firm C described the change from the Finnish mentality to the French one in the following terms:
You can’t go there with the Finnish mentality at all. You can’t act rapidly and efficiently, you have to do things peacefully. An efficient Finnish engineer working from eight until six o’clock in the evening with a good product, but having no cultural knowledge – he’ll certainly not succeed. In France you work for a certain time, but then you socialize, have breaks, and everything will work out.

Secondly, in France, there is no agenda on how things will proceed further (indicating the low uncertainty avoidance of the French). The French subsidiary manager of Firm A described this as follows:

In France, there is no roadmap. Yesterday we lost a big project, but today we have to put in an offer, and on Monday we might get the order. That happens. And they want things to be delivered three weeks from now. That’s typical in France. I’ve discussed it with my Finnish colleagues and that could never happen in Finland, because the guy has the roadmap and step one, step two, step three. That’s so logical – and so irrational in France I would say. And that’s also why the Finnish headquarters might not understand that we need the delivery quickly, because it doesn’t work the same way in Finland.

Concerning punctuality, six out of eight case firms had problems with the receiving reports on time, and with payments:

As far as reporting is concerned, the French subsidiary is always the last to report, although they know the date very well. But we always need to remind them many times. (Firm A, international sales manager).

In France it is very typical that nobody pays, and if they do pay, it’ll be four or five months after the due date. (Firm C, international sales manager)

This is a sign of the polychromic culture in France. The collectivism of the French is also emphasized. Once again, the subsidiary manager of Firm F regards active, direct sales as an important success factor in the French market:

When I’m asked how I’m so successful, I say it’s because I have eight sales people full-time in the field. Well, today you have the Internet and you can let your product become known through it, but I think that to begin with, if you really want to sell and penetrate the market with your product, you have to go and sell. Here in France it’s still very important to let them see you when you are selling. (Firm F, subsidiary manager)

The entrepreneurs in Firms E and F, the most successful firms out of all the case firms, revealed that it is important to let French employees act entrepreneurially, and to look for entrepreneurially-oriented people to work in France. The French want to have the power to make decisions about running the business. The will to have control may be connected to their uncertainty avoidance, but is also
somewhat surprising, since the concept of hierarchy is generally so strong in French culture. This is how the French subsidiary manager of Firm A puts it:

*I was working for an American company for a few years in between my career in Firm A. It was quite tiring in the end. I missed the opportunity of being creative. And when I work for this company (Firm A), I can use my creativity. In this job I find solutions, creating something new for the customers. You can always use your brain and improve things and work as a kind of consultant. For me it’s the creativity that makes me stay here.* (Firm A, subsidiary manager)

The freedom to act entrepreneurially has led to excellent success in the subsidiary of Firm F, since freedom is given to employees as well:

*I believe in people and let them do things. If you do not let the people express themselves you will not get as much as they can give. In order to be competitive, you need to have a team which is happy to work for the firm.* (Firm F, subsidiary manager)

Nonetheless, the strong power distance and hierarchy in the French culture were also visible in the case firms, and the strong hierarchy was also highlighted by all the specialists. The manager of international affairs in Firm A had the following experiences of the French hierarchy:

*In France, the managers seem to have a very strong position. First of all, the employees do not criticize their bosses to outsiders. We had several occasions when we realized that something was wrong in the subsidiary, but we just did not get any comments about it. They just could not say straight out what they thought of their boss.*

To conclude, most of the case firm informants highlighted the need to do business in the French way. The Finnish vision annoyed the staff in the subsidiary of Firm A considerably:

*I would say that the Finnish management has a vision that is too Finnish-oriented. And here we are of course in France and we have a different vision of the market. Our clients need good service and somewhat differentiated products, but the management at headquarters wants to keep to the Finnish standard, and that is a great mistake.*

**CONCLUSIONS**

This study can benefit practitioners planning to enter the French market. It links features of French (business) culture to the practical experience of SMEs and can thus advance understanding of foreign operations in the French market. The most important managerial implications for foreign firms aiming at doing business in the French market are illustrated in Figure 1. Each of these implications is taken up below.
(1) Nurturing and development relationships in the French market is extremely important, since for the French there always needs to be the human side of the relationship, in addition to the business aspect. The French cannot be left without attention; communication with them should be active and regular.

(2) Use of intermediary organizations is recommended, since these organizations can provide the firms with good and suitable partners and tailored market knowledge. These organizations cannot give the firms the deepest knowledge, but they can help with basic market knowledge, with finding the first, important contacts, and by helping with the market research, for instance. Furthermore, some French commercial databases are recommended for foreign firms: there are the “pages professionnelles” and “Compass” to help in finding suitable customers.

(3) Knowledge of the French language is important especially when launching a business in France, and with the end customers. Since France has a collective culture and the older generations have very limited linguistic knowledge,
knowledge of French is always an advantage, although younger generations can speak English quite well.

(4) Knowledge of French culture is essential if one is to act in the country. It also helps to gain people’s respect, since the foreigner is seen as being interested in the country.

(5) Direct sales operations are significant in the French market, since for the French, face-to-face communication is important.

(6) Participation in international trade exhibitions is an excellent way of meeting potential French partners and customers.

(7) When doing business in the French market, foreign firms should try their best to act in the French way: calmly, with pauses and socialization, since this kind of behavior is typical of French culture.

(8) Trust seems to evolve slowly with French cooperators. Honest, friendly, and trustworthy behavior helps in developing trust over time.

(9) Because of their strong case orientation and sophisticated markets, the French want differentiated and individual products, and good service – a point that foreign firms should particularly note.

(10) Because of the strong hierarchy and power distance, the management of foreign firms should be aware of the loyalty of French people toward their bosses: the truth about the behavior of the management can be hard to obtain. Nevertheless, despite the strong hierarchy within French organizations, the most successful subsidiaries among the case firms of this study were run by French managers who were given entrepreneurial freedom to make decisions, concerning their subsidiary and the whole firm. If the French feel they cannot affect the decisions of the firm they represent, they can easily become frustrated and demotivated.

(11) The factors mentioned above imply that it would be prudent for foreign firms to recruit French managers who have an entrepreneurial mindset.

(12) Because of the sophisticated market structure, market research is recommended in order to understand the opportunities arising in different parts of France.

(13) Due to uncertainty avoidance, the polychromatic time view and a strong case orientation, it is usual that for there to be delays with payments and reports from
the French side. This is a very typical element in French culture, and one that all foreign firms need to cope with.

(14) As a result of these various cultural features, the progress of internationalization and of French business overall is hard to predict; the French live more in the present moment; their thoughts and behavior can be unpredictable and very dependent on the development of the human side of the relationship. However, if there is a problem in the relationship, the human side will not be of much help, since the French protect their families and friends as much as they can.

(15) From all the above considerations, use of a lawyer is recommended, from the very start of the internationalization process.

All in all, it is good to realize that the behavior of the French in business life can be explained through their cultural heritage, and that they mostly do not irritate their foreign cooperators on purpose. They merely behave in the way they have learned to behave and according to their normal reactions. Understanding this might help foreign firm managers to advance their French business. The outer level of the three-level onion (Trompenaars and Hampden-Turner, 1997) is the easiest for foreigners to understand, but successful business dealings in France require a good mastery of the middle and inner levels of the onion, which include the various aspects mentioned in this study

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