

Euro disney case
analysis global
management cultural
studies essay



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Disneyland Paris is the brainchild of Disney to build a park that will conquer Europe, the first sites were initiated in 1988 and the building was officially opened in 1992 under the name of Euro Disney Resort, but the influx of tourists in the park Disney was much lower than expected. They expected about half a million visitors in just one day of the inauguration, but after the first three months, the number dropped even more. In addition, the theme park met protests from those who feared that the presence of a Disney park in France could clash with the French culture because of its American influence. Many of these found their way to the park nicknamed a "cultural Chernobyl." Some believe that the park was built bigger than it should be in its first day of opening, and the project had debts grow dramatically. In addition, the park ran into difficulties when it collided with a cultural identity different from the American, for example, did not offer wine in the restaurants or have no menu with French cuisine. <http://geert-hofstede.com/united-states.html>

Hofstede Model - Cross Cultural Differences - Reasons for Euro Disney failure

Power distance: According to Hofstede, the power distance dimension indicates the point at which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This dimension does not measure the level of distribution of power in a given culture, but analyzes the way people feel about it. Low scores of power distance means that a culture expect and accept that power relations are democratic and that the members are seen as equals. High scores of power distance means that the less powerful members of society accept their conditions and noted the existence of formal hierarchical position. France, compared to US has a very high power distance, meaning that there is a very strict hierarchical system <https://assignbuster.com/euro-disney-case-analysis-global-management-cultural-studies-essay/>

and power is highly centralized. Moreover, superiors are inaccessible from lower positions within a company and orders from top management are to be obeyed without any possibility of debate. Thus, attitude towards management is more formal and power is not equally distributed. Instead, US has a totally different approach to power distance. In US, equal rights are believed to be for everyone and hierarchy is only a convention, meaning that superiors are always accessible and the organization is meant to be a very friendly environment. Thus, there is no center of leadership, power is distributed equally, and there is a very low authority distance. Individualism: This dimension has no political connotations and refers to the group rather than the individual. Individualistic cultures value the achievement of personal goals. In collectivist societies, the group's goals and well being are valued more than the individual. France scores quite high meaning that the culture is mainly individualistic, taking care primarily for them. Also in work environment autonomy is preferred to teamwork. Instead, US scores even higher, underlining their individualistic culture and their looking after themselves and their close family first. However, US has a very high geographical mobility and Americans are very keen in doing business outside their country and interacting with different cultures. Also in work environment, employees are expected to take initiatives and be self reliant, instead of waiting for orders from upper management. In the Euro Disney case the French were particularly annoyed about Americans enforcing their rules and culture, which went against their culture and customs. Moreover, the imposition of dress code was seen as an assault to French traditions and their professional dress code laws. Masculinity/Femininity: This dimension measures the level of importance given to a culture that values masculine

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stereotypes as assertiveness, ambition, power and materialism, as well as stereotypical feminine values such as the emphasis on human relationships. Cultures in a high position on the ladder of masculinity have generally most significant differences between the sexes and tend to be more competitive and ambitious. Those with low scores show less difference between the sexes and give more value to the development of relationships. France scores very low in this dimension meaning that it is a very feminine society where quality of life is more important than work success. In fact, French "work to live" and not the other way around. Moreover, competition is favored, however signs of success are preferably not too visible. Instead, US is predominantly a masculine society where competition, success, and achievement are the main motivating elements. Americans "live to work" in order to achieve a higher status in society and they set specific goals in both their private and public life. In the Euro Disney case, US did not even think of the impact on the French culture, highlighting their predominant characteristic of their masculine culture, wanting to prevail on others.

Uncertainty avoidance: This dimension measures the way a company manages unknown situations, unexpected events and the stress of change. Cultures with high score in this index are less tolerant to change and tend to minimize the fear of the unknown through the application of rules, regulations and / or rigid laws. Companies with low score are more open to change and have fewer rules and laws, directives with more freedom. France scores very high in uncertainty avoidance meaning that French people do not like to take risks and prefer well structured management with strict rules and security. They rarely change policies or try something new because it is considered stressful. On the other hand, US scores very low in uncertainty

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avoidance meaning that Americans accept uncertainty are is not afraid of what will come in the unknown future. Americans have lower uncertainty meaning that they are more courageous when it comes to face risks, less traditional to rules and more risk taking. Thus, Americans are keener in accepting new ideas, products, and are always willing to try something innovative in any sector. Moreover, they are very tolerant people, they strongly believe in freedom of expression, and they do not require very strict rules compared to countries that score high as France. Long term

Orientation: This dimension describes the time horizon of a society. The cultures with short-term orientation appreciate traditional methods, devote a considerable amount of time to the formation of relationships and generally have a circular vision of time. This means that past and present are interrelated and that what cannot be done today can be postponed until tomorrow. In contrast there is the long-term orientation, which sees time as linear and looking to the future rather than the present or the past. It is an attitude aimed at the result, which gives value to the rewards obtained.

France scores very low in long term orientation. This means that French are more oriented on short-term goals. They are a very traditional based society and they feel the need of norms and guidelines in the business environment.

Management is mostly based on self-reliance and personal achievement.

Also US scores quite low meaning that Americans are more short term focused and in quick results in work environment. Moreover, they are very committed in traditions and in fulfilling social obligations. The Trompenaars

Theory: Trompenaars divides culture in four main categories: Trompenaars analyzes the cultural differences that may exist between countries and

within organizations. Trompenaars identifies several dimensions that
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distinguish one culture on the other (vs. universalism. Particularism, individualism vs. Collectivism...). The model on the vertical axis is a distinction between hierarchical cultures and egalitarian cultures, while the horizontal axis is the distinction between cultures people oriented and task-oriented culture. The hierarchical culture is defined family-oriented people. Inside this culture, the leadership plays an important role in the strategic direction, internal cohesion, conflict resolution, and is generally embodied by a prominent figure that acts as the glue of the organization. Among other characteristics, the fact that the decisions of the top management have priority over the other, the presence of a large amount of information that is taken for granted by the members, and power is not imposed to people but exercised by the people. Hierarchical task-oriented culture is defined as Eiffel Tower. It is a more formal culture than that of the family and with a strong emphasis on the role and respects the rules, norms and standards. Rational, analytical approach, and efficiency are the key words of this type of culture. Egalitarian culture and people-oriented is defined as Incubator. In the context of this type manifests a strong-shared purpose. Informal environment and the importance of creativity and innovation are the main focus points, and people tend to develop a sense of self-training. Finally, the last quadrant is the Guide Missile culture (egalitarian tasks / results oriented). In this case there is a low attachment to the company, but a strong commitment to professionalism. In this context, people show a strong focus on achieving results. The actual status does not depend so much on the skills possessed by the hierarchical role but on the contribution to the improvement of business performance and team. The classification proposed by Trompenaars is very interesting because it shows the influence that the <https://assignbuster.com/euro-disney-case-analysis-global-management-cultural-studies-essay/>

culture of a country can have on how an organization operates, and it allows you to open a debate about the appropriateness of a culture to the logic of business in which a company operates and its strategic choices. According to this model, US is a classical example of guided missile culture, characterized by an organizational culture promoting task orientation and support for people in the work environment. This type of culture is not only task oriented, but it is also focused on people. In fact, employees should respect fixed set of rules and be highly efficient. They should be more focused on the result of a project and not the process that led them to that result and this culture asks for a very high loyalty to the project rather than the company itself. The US guide missile organizational culture has a more domestic nature structure and employees are evaluated on their individual performance, even though the success of this type of organization is strictly connected to teamwork. On the other hand, France is an example of Eiffel tower organizational culture, which is more submissive, laid back, and has a more traditional attitude towards management styles. Moreover, the Eiffel tower organizational culture has a pyramid structure meaning that high management takes all the important decision. In France organizational culture, hierarchy is very important and organizations duties are well established from the beginning. This type of organizational culture pays more attention to people compared to the US one, thus interpersonal relationships are more important than task. Mistakes made: Many mistakes have been made in the realization of the Euro Disney entertainment park in France. They literally transplanted US culture in France without taking into consideration the cultural clash that this might have caused. US imposed their culture over the French one, and this was seen as an attack to French

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traditions and customs, resulting in protests from local residence and farmers. First of all, there was a general misunderstanding of the French culture both under the lifestyle and legal aspects. The top management made wrong assumptions, which led them to take wrong management decisions. In fact, French habits and traditions were not taken in to account. For example, breakfast at the park was not served; instead in the French culture breakfast is one of the most important " moments" of the day. Moreover, alcoholic drinks were not allowed in the park: contrary French always have a glass of wine during their main meals. In addition, also the dress code requirements did not meet the French standards in work environments. And the fact that they were supposed to be always smiling and kind did not reflect the French attitude and the staff was not comfortable with these policies. Furthermore, the top management positions were all given to American, which made the situation even worse because they were incapable to fix the mistakes made from the very start. Instead, if they had hired French people to manage the park, they would have been able to assess these cultural differences in a more efficient way, avoiding such a cultural clash. Second, it was given for granted that French entertainment culture was as the US one. Thus, staff and resources were allocated in the wrong way, because the peak days were not the same as the US Disney Land. This led to a lack of staff in crowded days and a surplus of staff in empty days affecting efficiency and profitability of the park negatively. Moreover, they assumes French would have gone to the park with their private transportation, thus they built many car parks which were most of the time empty, instead the parking were not big enough for buses, which was the more used transport used to get to the park. Third, recession signs

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were not taken into consideration and too high expectations were placed in the profitability of this new Euro Disney. Thus, too high revenue expectations were set and the park did not even manage to sell the tickets available also due to the quite high price imposed. Moreover, the wrong allocation of staff and resources made the situation even worse and the park's expenses almost were more than its revenues. Lessons learned: From this case study, many lessons can be learned. First of all, never give for granted that if one project is successful according to the parameters of one society and culture, this does not mean that if we export it else where this success will remain unchanged. Cultural factors are crucial for the success of any business and to disregard and to "attack" others traditions and customs can be destructive. Before opening a business already well established in another country, the company has to do a very deep and targeted market research in order to better understand both the culture and how that same business can adapt to the different kind of need clients in the country might have. Moreover, the success of an organization depends on how united the organization is especially the executive, and it is essential to resolve workplace issues, make employees happy with policies and have excellent communication tools. In conclusion, a company should make use of cultural differences to have a competitive advantage over other entertainment parks and make it unique, not only a copy of the already existing ones. To sum up, a better general understanding of the French culture was absolutely needed for the success of Euro Disney. More planning and market research was absolutely necessary and the human resources department as well as top management was supposed to be in the hands of local people for a better cultural assessment. However, also if 20 years have passed the situation

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didn't change that much. In 2012 the park registered a boom of visits, and the structure has logged more than 16 million visitors, a number higher than the previous year. Nevertheless, the crisis did not leave unscathed even the French park, which will close the 2012 budget in the red, although the turnover is increasing with 1.324 billion euro. But is the crisis to be blamed or is the park still struggling with the effects of this cultural clash?