**PEELING THE CULTURAL ONION ON THE GERMAN APPROACH TO BUSINESS**

**Teaching Note**

**Overview**

A few days before she was scheduled to make her first trip to Neumann Technologie, Natalie was sent a PowerPoint slide deck by the German site leader, Hans-Juergen. Hitech Diesel Solutions (HDS), Natalie’s employer, had recently acquired Neumann Technologie, a German company located in rural Bavaria. Natalie reviewed the slides with mixed reactions. She realized that the slides provided some important cultural clues about what she might encounter at the newly-acquired facility; but, the information felt overly prescriptive, too structured and rules-bound. Natalie had never heard of a brief like this being sent to anyone at HDS. Why would Hans-Juergen, the site manager of a newly acquired subsidiary, send these slides to her? She was the assigned Cultural Integrator for this site, so was he trying to tell her something or was he simply being a German? What were the likely sources of cultural misunderstandings?

This decision-based critical incident asks students to think about actions and strategies to help a United States based employee better understand and adjust to a German subsidiary operation. The overarching concept of the critical incident is to discuss how employees can effectively manage across cultures.

**Disclaime**r

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**Research Methodology**

The names of the company and co-workers in this critical incident are disguised. The critical incident is based on the fieldwork and interviews conducted by the authors.

**Suggested Courses**

This critical incident would be useful in undergraduate and graduate courses focused on international management, cross-cultural management, global leadership, and to a lesser extent international human resources management.

**Learning Objectives**

The learning objectives of this critical incident are for students to be able to:

* Evaluate the cultural elements likely to impact an employee taking an international assignment. (DQ 1 & 2)
* Determine the cultural lens an employee could use when working with a parent-company. (DQ 3)
* Give recommendations for a leader to create cross-cultural synergy. (DQ 4)

**Questions for Discussion**

1. Characterize the organizational culture at the German production site using Hofstede's cultural dimensions. What are some likely points for misunderstanding?
2. Using Trompenaars' cultural dimensions, what are some likely issues that will arise for Natalie’s work at the German site?
3. Analyze the slides that Natalie received to determine what elements of culture will likely impact her view of the German facility? How should Natalie adjust her cultural lens to take into account the determinants of culture?
4. What should Natalie do to create cultural synergy in her role as cultural integrator? Apply her Strength Finder themes in developing your answer.

**Answers to Questions**

1. Characterize the organizational culture at the German production site using Hofstede's cultural dimensions. What are some likely points for misunderstanding?

Hofstede’s (2001) over 30 years of research into cultural determinants and their impact at the workplace are traditionally categorized into four dimensions that most heavily impact international managers: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), and Uncertainty Avoidance (UAI). More recently, the notion that Long-Term Orientation (LTO) impacts how people behave in the workplace has been added to this tool for analyzing cultural differences (Bond, 2005).

Students will find that there is ample information on Hofstede’s Model available including excellent websites: we recommend steering them to http://geert-hofstede.com. In addition, most internationally focused business text books have a section on Hofstede’s cultural dimensions. Students should frame their answers in three primary ways: a review of the data set for Germany as a target culture for Natalie, a review of the data set for the USA as Natalie’s home culture, a comparison of the two to determine points of misunderstanding.

Table 1 – Comparison of Hofstede’s Cultural Dimensions

|  |  |  |  |
| --- | --- | --- | --- |
| Dimension | Germany | USA | Likely Point of Misunderstanding |
| PDI | 35 | 40 |  |
| IDV | 67 | 91 | Careful |
| MAS | 66 | 62 |  |
| UAI | 65 | 46 | Careful |
| LTO | 31 | 29 |  |

The information to creating Table 1 is readily available on the Hofstede Centre website (http://geert-hofstede.com ) and is a good start toward analyzing the likely misunderstandings Natalie could experience working with any German company. Examining the scores should begin to get students thinking about how Natalie can unpeel the cultural onion that is Germany. The difficult part for Natalie, and for students, is to attribute meaning to the differences.

**Individualism** is defined as “the degree of interdependence a society maintains among its members.” (Hofstede Centre, 2013). In highly individualistic cultures like the USA, people tend to see themselves as being at the center of decision-making, their self-image is “I” focused. While Germans are more Individualistic than Collectivistic, the strong sense of “I” that Natalie experiences in her native USA is not going be as evident in the German social democratic system.

Nevertheless, German society is individualistic and small, nuclear families are most prevalent with “a focus on the parent-children relationship rather than aunts and uncles are most common. There is a strong belief in the ideal of self-actualization. Loyalty is based on personal preferences for people as well as a sense of duty and responsibility. This is defined by the contract between the employer and the employee.” (Hofstede Centre, 2013).

It appears from this analysis that Germans value duty and loyalty more strongly than U.S. culture, a highly individualistic culture. U.S. society tends to be more loosely-knit and, much like Germany, the expectation is that people look after themselves and their immediate families. Unlike Germany, “there is a high degree of geographical mobility in the United States and most Americans are accustomed to doing business with, or interacting, with strangers. Consequently, Americans are not shy about approaching their prospective counterparts in order to obtain or seek information. In the business world, employees are expected to be self-reliant and display initiative. Also, within the exchange-based world of work, hiring and promotion decisions are based on merit or evidence of what one has done or can do.” (Hofstede, 2013)

Natalie needs to be sure she understands and acknowledges that these differences in Individualism are likely to lead to behaviors she is not accustomed to.

**Uncertainty Avoidance** seeks to explore the way in which a society deals the unknown future. The extent to which people try to control for the future or just let it happen determines the level anxiety experienced. “The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these is reflected in the UAI score.” (Hofstede Centre, 2013)

Germany is an uncertainty avoidant country as reflected in their precise presenting or planning processes. Many Germans look for a systematic overview before proceeding with their work, they are by culture a “big picture” people. This element alone serves to explain why Natalie received the PowerPoint slides in the first place, Hans-Juergen was trying alleviate what he thought would be Natalie’s anxiety over coming to a new work situation.

“Details are equally important to create certainty that a certain topic or project is well-thought-out. In combination with their low Power Distance, where the certainty for own decisions is not covered by the larger responsibility of the boss, Germans prefer to compensate for their higher uncertainty by strongly relying on expertise.” (Hofstede Centre, 2013) Natalie will want to establish her expertise as a Human Resources professional very quickly. Her university degree and five years of company-specific experience will help her tremendously in establishing her credentials as an expert.

In contrast to Germany, American society is relatively accepting of uncertainty, although not risk-seeking. “There is a larger degree of acceptance for new ideas, innovative products and a willingness to try something new or different, whether it pertains to technology, business practices, or foodstuffs. Americans tend to be more tolerant of ideas or opinions from anyone and allow the freedom of expression. At the same time, Americans do not require a lot of rules and are less emotionally expressive than higher-scoring cultures.” (Hofstede Centre, 2013) Clearly, the PowerPoints Natalie received strive to mitigate risk, and help with avoiding uncertainty. Understanding this key cultural difference goes a long way to accepting how Germans behave, and Natalie in her role as Cultural Integrator will need to quickly understand German behavior at work.

Astute students will also compare the similarities in the two cultures, which we encourage since these similarities will lead to better answers in the latter discussion questions. We have woven these elements into the following discussion questions, but students could spell them out at this point of their analysis. It really doesn’t matter whether they approach the similarities now or in later questions as long as they do. A students will tend to give this answer earlier rather than later.

1. Using Trompenaars' cultural dimensions, what are some likely issues that will arise for Natalie’s work at the German site?

Like Hofstede, Trompenaars' (1996) model of national culture differences seeks to explain cultural differences at the workplace. It is a seven dimension framework for cross-cultural communication that includes: 1) universalism vs. particularism; 2) individualism vs. collectivism 3) neutral vs. emotional; 4) specific vs. diffuse; 5) achievement vs. ascription; 6) sequential vs. synchronic; and 7) internal vs. external. Astute student recognize that the email Natalie received was developed for people visiting the German site, so the Do’s and Don’ts are clearly aimed at visitors. The onsite administrative staff has taken the time to think about what a foreign visitor might need to know to be successful in their German operation. Clearly, Hans-Juergen thinks he is being kind by sharing what he thinks may be differences in national culture. Each of the bullet pointed items sent by Hans-Juergen should be analyzed with these seven dimensions in mind.

Instructor Note: Students who are not enrolled in a cross-cultural management or international business/relations course should be encouraged to do some basic exploring on German culture, or be given readings on German approaches to work. We use Harris, Moran, and Harris’ “Managing Cultural Differences” text, but really any text or readings with a section on doing business with /in Europe element will work nicely for answering this discussion question at a deeper level than bringing in the clues from the critical incident.

The concept of **universalism/particularism** serves to describe whether sticking to the rules or building relationships is more important in a culture. According to Trompenaars’ findings the United States is among the most universalist cultures and Germany is closer to the center of the scale. (1998) In short, U.S. culture values sticking to the rules more so than German culture which values both sticking to the rules and fostering relationships.

From the Do’s and Don’ts we can clearly see that rules are important to the German subsidiary. Most students should catch this cultural difference. However, and more subtly, many of the rules are focused on how to behave around and with employees. When comparing the Do’s we quickly find that relationships are highly valued at work, in fact relationships are so strongly valued that rules are written about how to build relationships. For example, all of the elements listed under *use basic German greetings while on site* have to do with how the site operations team expects outsiders to treat their employees. As do the guidelines on *giving constructive feedback with empathy and respect*, *focusing on interacting with people while on site, and not spending a lot of time working on a laptop between 09:00 and 17:00*. These rules govern relationships at work, and stand in contrast to the more informal U.S. approach to letting relationships develop over time, or not building relationships at all.

From the leadership style report by Joyner, Mann & Harris (2012), students can see that the prevailing leadership culture at HDS is more closely aligned with universalism. The report described HDS leaders as individuals who: 1) “have no strong need to engage in the social and interpersonal elements of work;” 2) “may not naturally value being part of a team or a group;” and 3) “when communicating and working with others they, will prefer to stick to the facts.” The report artifacts clearly show how strong the universalist approach is at HDS.

**Communitarianism**, or individualism vs. collectivism, was handled in Discussion Question 1. Students do not need to add to this answer, it’s a happy overlap between the two models.

Being **neutral versus being emotional** at work is driven by culture. There are few clues in the Do’s and Don’t’s slides that would indicate whether or not typical German work culture is more or less emotional than U.S. culture. However, Trompenaar’s findings show that Germans are among the least emotional work cultures in the world (XXX), where U.S. culture is more centered in the middle of the scale.

The leadership style report by Joyner, Mann & Harris (2012) found that HDS leaders as a group take a more neutral approach that may be more consistent with the German work culture. The report stated that HDS leaders “will strongly emphasize objective thinking, and will tend to be logical, practical, and realistic when deciding upon a course of action. There can be a tendency to overlook or discount the ‘emotional’ or ‘human’ components of decisions, and the consequences of those decisions on others, including co-workers.”

Natalie will need to watch her German colleagues closely to determine where they stand in regard displaying emotion at the workplace. She will have to see if anyone is interested in getting to know her better as a person and quickly act on any invitations to take part in non-workplace activities. Such outside of work invitations are rare in a low emotional workplace setting like Germany and are to be taken very seriously given the **specific** nature (see below) of Germans keeping home life and work life separate. These next 18 months are likely to be quite lonely for Natalie outside of work if she does not act on such invitations.

The extent to which employees keep their private and working lives separate is determined by looking at how **specific or diffuse** a culture is. In this case, the German subsidiary has some very clear rules on how engaged a visitor should be with the employee base. The leadership style report by Joyner, Mann & Harris (2012) characterized HDS leaders as tending to be “reserved, formal, and quiet with a serious and disciplined approach” probably preferring to keep their private lives separate from their work relationships, however, they are also analytical and action-oriented and tend toward work being the dominant focus in their lives.

For Germans, work is work, and play is play. There is a lively debate in Germany over the role that work should play in a person’s free time, but the mandatory 35 hour work week and the strong labor unions representing workers’ rights are a strong indication that Germany is more specific than U.S. culture. U.S. managers are more diffuse, they are more likely to take home work, accept phone calls after hours, and work overtime than their German counterparts. Natalie needs to keep this fundamental difference in mind as she works with employees at all levels.

A self-proclaimed “meritocracy”, U.S. culture is clearly **achievement**-oriented. There is a strong belief that if a person can do the job, they have earned the right to work in that position. German national culture is less merit-oriented, yet merit is clearly the driving element at work, one will not be promoted without showing competence. The HDS leadership culture is strongly achievement oriented, as confirmed in the leadership style report by Joyner, Mann & Harris (2012) where HDS leaders were found to be action-oriented, assertive, independent, self-confident, and competitive. The HDS achievement-orientation aligns with the overall German approach to conducting business. But, the HDS approach may be even more strongly action-oriented. In addition, Natlaie has a real edge in that German’s highly value experts, as stated previously in the Hofstede analysis: “Germans prefer to compensate for their higher uncertainty by strongly relying on expertise.” (Hofstede Centre, 2013) Natalie will want to establish her expertise as a Human Resources professional very quickly. Her degree and five years of company-specific experience will help her tremendously in establishing her credentials as an expert.

U.S. and German approaches to **time** are likely to be quite similar although astute students may correctly point out that German workers could be even more **sequential** than their U.S. counterparts. For example, when German trains run as little as 15 seconds late, an announcement is sent over the intercom system at train stations describing precisely how late the train is running. The HDS leadership culture is strongly synchronic as evidenced in the leadership style report (Joyner, Mann & Harris, 2012):

The majority of the leaders will work at a faster-than-average pace, will be impatient with routines, will embrace variety and change as opposed to consistency, and will work with a sense of urgency. They appreciate freedom – freedom from repetition, freedom of movement and mobility, and freedom to change priorities as the situation dictates. They are often impatient for results, and are intolerant of delays – they are driven to “cut through the red tape” and get on with things.

Neither national culture is overly **synchronic** as both tend to value completing one task at a time over taking on several things at once, although this varies by individual and organization. Given her task-focus, work history, StrengthsFinder® results, and the HDS organizational culture, Natalie is not likely to experience any significant differences on this cultural dimension.

There appears to be little difference between how people view determinism in the United States and Germany. Both cultures are Western in their approach, generally believing that humans are in control of their environment (**internal control exceeds external control**). The German “Green” movement is indicative, however, that Germans think more about the impact they have on their environment than U.S. citizens probably do. Natalie is not likely to experience significant difference in attitudes toward free will (internal control), but astute students may note there is a long-standing naturalist approach to interacting with nature that is perhaps less prevalent than in the USA.

1. Analyze the slides that Natalie received to determine what elements of culture will likely impact her view of the German facility? How should Natalie adjust her cultural lens to take into account the determinants of culture?

Culture is the means by which humans adapt to their surroundings; it is the element that frequently predicts how people will behave given a set of stimuli. Moran, Harris, and Moran (2011) provide ten categories that international managers should be keenly aware of when working abroad: 1) sense of self and space; 2) communication and language; 3) dress and appearance; 4) food and feeding habits; 5) time and time consciousness; 6) relationships; 7) values and norms; 8) beliefs and attitudes; 9) mental processes and learning; and 10) work habits and practices. These 10 categories provide a basic model for an international manager to examine the culture of the target country they are being asked to work in. Students should examine each category and look for clues in the PowerPoint slides to determine how Germans could differ from Natalie’s sense of US culture. Some elements will fall into more than one cultural category, a likely answer is provided in Table 2.

Table 2 – Evidence of Determinants of Culture

|  |  |
| --- | --- |
| Cultural Category | Evidence of Differences |
| 1) Sense of self and space | DO give constructive feedback with empathy and respect  DO smile and assume positive intent  DO wear your company badge at all times  Do keep office doors open |
| 2) Communication and language | DO use basic German greetings while on site  DON’T talk too fast in English |
| 3) Dress and appearance | DO wear business casual attire while on site |
| 4) Food and feeding habits | DO respect people’s breakfast break  DO respect people’s lunch break  DO eat with employees in the lunch room |
| 5) Time and time consciousness | DO respect normal working hours (08:00 to 17:00)  DO eat lunch: Hours are from 11:45 to 12:30 |
| 6) Relationships | DO give constructive feedback with empathy and respect  DO focus on interacting with people while on site  DO find opportunities to thank the team at this site for all of their hard work |
| 7) Values and norms | DO live the principle of Everything Speaks and clean up after yourself  DON’T make any promises to employees that we can not keep  Do keep office doors open  DO find opportunities to thank the team at this site for all of their hard work |
| 8) Beliefs and attitudes | DO eat with employees in the canteen  DO wear business casual attire while on-site |
| 9) Mental processes and learning |  |
| 10) Work habits and practices | DON’T place a heavy administrative burden on the site team |

To what extent these behaviors are unique to this specific site is hard for students to determine, but they clearly show that business is conducted very differently in this German subsidiary than what students might be used to in the United States.

Adjusting her cultural lens means Natalie has to understand and accept the above listed differences in cultural determinants. She will not be able to move the German national culture, so she will need clearly understand which of the cultural determinants are organizational differences at Neumann, and which determinants characterize German national culture. Natalie seems to understand that her effectiveness as a leader rests on her ability to make positive personal connections with her Neumann co-workers. She grasps that personality is one of the core dimensions of managing and working in a diverse environment (Gardenswartz & Lee, 2008)). From her StrengthsFinder® Profile results, she knows that self-awareness supports effective self-management. These key personal traits seem to line up well with the German national culture. However, her Achilles heel may be her fierce competitiveness -- if not carefully managed, it could have an impact on her ability to build the critically necessary connections and relationships. She will need to soften her typically HDS approach to take the elements in the above table into account in her relationships at Neumann. She needs to begin this new job trusting that Hans-Juergen is trying to help her adjust to what is likely to be a typical German organizational culture at Neumann.

1. What should Natalie do to create cultural synergy in her role as cultural integrator? Apply her Strength Finder themes in developing your answer.

“Cultural synergy is a dynamic approach to managing cultural diversity in a variety of contexts.” (Moran, Harris, Moran, 2011) To create cultural synergy an international manager must believe that all of the players stand learn from each other, that we can build on common ground to reach a greater level of cooperation than simply understanding one another. Global leaders are particularly challenged to achieve synergy as cultural norms, values and beliefs in some parts of the world are less accepting of synergy than in others parts. In short, it is hard enough to create synergy within a domestic-only organization, even more difficult in an organization that operates across many cultures and many nations.

Moran, Harris and Moran (2011) believe that synergistic leaders like Natalie promote planned change in the workplace by: 1) emphasizing quality of life; 2) promoting concepts of interdependence and cooperation; 3) encouraging work and technology in harmony with nature; 4) being conscious of corporate social responsibility goals; 5) creating a culture that encourages self-achievement and fulfillment through participation; 6) restating relevant traditional values; and 7) encouraging the capacity for intuition, creativity, flexibility, openness, group sensitivity, and goal-orientation for change.

Student should examine the elements of cross-cultural synergy and ask themselves how prepared Natalie is to lead such an effort. In addition, they should discuss whether or not the German operations are ready for such synergies. Students should also come to the realization that both Natalie and the German operations seem ready for a synergistic effort. Natalie’s sensitivity, both cultural and as a domestic leader, are evident in her preparation. For example, she knew that her effectiveness rested on her ability to *make positive personal connections* with her new co-workers. She also knew that *self-awareness supported effective self-management*, allowing her to leverage her own personal strengths and minimize traits that could be liabilities in the new culture and role. These personal beliefs toward work are supportive of leading an effort toward cultural synergy.

She will need to examine the five StrengthsFinder® Profile “signature themes” (Buckingham & Clifton, 2001) in light of the German subsidiary’s culture. Being a leader who is by nature **restorative**, who is “energized by problem solving, enjoys the challenge of analyzing symptoms and finding solutions” seems to fit with the German subsidiaries approach to daily operations. *Focusing on interacting with people while on-site, giving constructive feedback with empathy and respect, as well as providing feedback to site leaders on how to improve* are elements of the on-site culture that mesh well with Natalie’s strengths.

Her strength as being a **strategic** thinker, a leader who is “able to sort through the details and identify patterns, evaluate obstacles and identify a clear path forward,” should be valued in German culture in general. The German view on Power Distance (PDI - 35) is similar to the U.S. PDI (40); however, PDI coupled with a greater degree of Uncertainty Avoidance means that German workers, in general, will be looking for leaders who can justify their informed decisions in a strategic sense.

Natalie’s fascination with ideas and examining why things are the way they are (**ideation**) is likely to be supported in German culture. There is no reason to think that Germans wouldn’t value new ideas. On the other hand, implementing new ideas is likely to be slower given the greater uncertainty avoidance (UAI - 65). Natalie will have to work harder at getting her ideas implemented, or rely more on the goodwill she has created through her relationship-building to make changes to the German subsidiary. This cultural difference could be particularly troublesome given the nature of her work will be on aligning the cultures of the two organizations, which is a slow process in any merger.

Natalie’s attitude toward taking being a leader who “takes charge with no discomfort with imposing his/her view on others” is likely to be well-received in the German subsidiary. In particular, her **command** focus on “personal development, the development of others, and the overall success of the organization” should be well-received given the overall nature of the Do’s and Don’ts slides. Specifically, giving constructive feedback seems to be highly valued at the German facility. Feedback coupled with the German work culture of Uncertainty Avoidance, leaders who can reduce uncertainty and do so compassionately seem to be a natural fit. Natalie is likely to find that she is a very good match for the German expectation of day-to-day leadership.

In these five themes, only “**Competition**” stands out as being culturally bound, and possibly standing in the way of building cultural synergy with the German operations. According to StrengthsFinder® as shown in the critical incident “Competition is rooted in comparison and the drive to outperform peers and competing to win” In the United States, we use competition to unite our efforts, which is not as much the case in Germany. Group harmony and cooperation are highly valued at work, which students can deduce from the Do’s and Don’ts slides. A synergistic leader is one who promotes interdependence and cooperation, not just competition, which Natalie probably knows instinctively. However, since this is her first overseas assignment, she may fall into the trap of using competition to foster new ideas, which is not an effective approach in Germany. She will need to remind herself that her own values set will not be reflected in others, and Germans in particular. The slides consistently remind visitors that treading lightly on the daily operations is highly valued (see question 3 above) and are a strong indicator that cooperation is valued. Natalie needs to build on this element in her plans. She needs to foster the sense of “we are all in it together”, building on “the principle of Everything Speaks” as the slides phrase it.

In addition, an open door policy is already in place (*keep office doors open*), a *focus on interacting with people while on site*, and there seems to be a strong need to relate traditional values (slide 3, DO’s). Her best approach is to explain the values set at HDS headquarters to the German employees, but to do so one person at a time, at all layers, so that she makes the personal connections it takes to ask the German operation to make changes. Germans value the personal relationship at work (Hofstede Centre, 2013), and they value a leader who listens to their constituents (Hofstede Centre, 2013), but they require that leader to make a decision.

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