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**CROSS-CULTURAL ISSUES IN THE MANAGEMENT OF  
GERMAN-OWNED BUSINESS SUBSIDIARIES IN HAMPTON ROADS**

by  
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Dipl. Ing. July 1988, Fachhochschule Wilhelmshaven

A Thesis Submitted to the Faculty of  
Old Dominion University in Partial Fulfillment  
of the Requirements for the Degree of

**MASTER OF ENGINEERING MANAGEMENT**

**OLD DOMINION UNIVERSITY**

May, 1993

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## **ABSTRACT**

### **CROSS-CULTURAL ISSUES IN THE MANAGEMENT OF GERMAN-OWNED BUSINESS SUBSIDIARIES IN HAMPTON ROADS**

Teja Ulrich

Old Dominion University, 1993

Director: Frederick Steier, Ph.D.

'Culture' can be described as patterns of thinking, feeling and acting that distinguish one cultural group from another. Cultural diversity is therefore likely to introduce variety to organizations in which individuals from different national backgrounds are working together. Although this variety bears the potential for an improvement of the cognitive development in the organizations, managers of multi-cultural business organizations tend to perceive cultural diversity as a disadvantage. This thesis attempts to identify the impact of cultural differences between Germans and Americans on organizations in which German managers work with

American employees. German managers of eight business subsidiaries in the Hampton Roads area are asked for their experience as Germans in American organizations. The analysis of the obtained statements identifies possible impacts of cultural differences on these organizations and shows how the interviewed managers adapt their behavior and style to the American work-environment.

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## CHAPTER ONE

### INTRODUCTION

Individuals and organizations have to cope with a world characterized through increasing complexity and accelerating technological and social change. As the rate of change increases, the duration of solutions to problems decreases. Furthermore it seems that the solution of one problem today creates new and often more difficult problems in the future. Ackoff (1981) contends that it is not the inability to solve the problems we face, but the inability to face the right problems, that brings us into this dilemma. Learning to understand a complex world, and continual adaption to accelerating change become key requirements for survival and success.

#### **1.1 THE COMMON CONCEPT: MENTAL MODELS OF REALITY**

The concept of mental models that serve as conceptual frameworks for human interaction and interpretation of reality is common to the theories of culture and organizational

learning. In the anthropological context, mental programs, certain ways of thinking, acting and feeling, produce mental models that represent reality and are used to cope with life. Different cultures use different mental programs that are likely to result in different models or descriptions of the same reality. In the context of organizational learning, cognitive development improves those mental models that represent the organizations reality and therefore guide the strategic and normative processes.

To multi-cultural organizations, cultural diversity introduces a variety of perceptions, interpretations and descriptions of the organizations' environment. Inherent in this variety is the potential for an improved alignment of mental models with reality. To benefit from cultural diversity however, organizations have to accept, understand and manage the variety of different ways of feeling, thinking and acting.

## **1.2 TWO PERSPECTIVES OF STRATEGIC MANAGEMENT**

Strategic management can be seen as the attempt to align the organization's activities with a complex and generally uncertain environment. The principle benefit of strategic planning, according to Ackoff (1981), lies not in "the plan" as output of the planning process, but in the learning about reality that occurs during this process.



A rationalistic perspective of management implies that strategic decisions are made on the basis of a clear and objective understanding of this complexity, which can be obtained through analytical scientific approaches. In this sense an objectively understood environment drives the strategic actions of the organization.

This thesis however employs a rather interpretative perspective of strategic management and argues that complexity is coped with at a cognitive and ideological level. Strategic actions are understood as the product of sense-making about the organization itself and its environment. A central construct for this interpretative view of management are causal maps (Argyris and Schon 1978), mental programs (Hofstede 1991), cognitive maps (Adler 1986) or mental models (Senge 1990). They all describe deeply ingrained and often unconsciously held images of how the world works, that constitute the frame of reference for managerial or organizational interpretation of reality and action taking .

### 1.3 CULTURE, MENTAL MODELS, AND ORGANIZATIONS

An organization's interpretation and understanding of its environment is based on the ways in which individuals in the organization make sense of their world.

A person's cultural background shapes the basic values held by this person, and these values determine the interpretational framework the person uses to make sense of the world. This does not mean that a certain cultural background results in only one way members of this culture understand reality. The basic values held by a person however determine what assumptions, beliefs, and patterns of feeling, thinking and acting are possible and likely to be employed by this person. The outcomes of the cognitive-interpretive process of 'making sense' are again beliefs, assumptions and perceptions of reality. They are translated into models of the world and as such represent 'reality' in the mind of the individual. Mental models are used by the individual to facilitate interaction with the environment, for example to analyze 'a situation', to generate feasible ways of action, and to select a preferred action.

Culture thus not only influences to a large extent how reality is perceived and modeled in a person's mind, but also the way of action this person will prefer in a certain situation.

Johnson (1987) contends that a set of mental models held relatively commonly throughout the organization and taken for granted plays a central role in strategy formulation. As models-in-use they represent the world as it is perceived by the organization and thus build the framework for the development and selection of strategies and plans. The concept of 'models-in-use' is very similar to Argyris and Schon's (1978) idea of 'theory-in-use' from which the members of an organization choose their actions. The assumptions and beliefs that make up the models-in-use appear "obviously true" to everybody in the organization, or are hidden in the unconscious. Ackoff (1981) contends that the development of a company is often constrained through incorrect assumptions that firmly reside in the organization but differ significantly from the real situation. His concept of 'idealized planning' is therefore based on the surfacing and rigorous testing of underlying assumptions with the goal to identify and deny those beliefs that do not concur with reality or that have undesirable consequences.

Narrowing the gap between the perceived and the real world through the adjustment of assumptions and norms that determine the organization's conception of the world is also central to Argyris and Schon's (1978) concept of double-loop learning.

Senge (1990) employs these ideas to derive rather practical disciplines of organizational learning. 'Mental

models' describes the surfacing, testing and modifying of deeply ingrained assumptions, generalizations and images. 'Team learning' and 'Shared vision' also make use of the concept of assumptions and models to gain a better understanding of reality and to create a commonly held and reasonable picture of the future the organization seeks.

Hofstede (1984;254) points out that "only others with different mental programs can help us find the limitations of our own." Hierin lies a strong argument for a variety of different perspectives to be considered in the planning the process.

In a mono-cultural environment, certain patterns of thinking are likely to be shared by a majority of people and therefore remain unchallenged. They result in ideas and perceptions that are taken for granted without further proof.

Multi-cultural planning and decision-making offers a chance to recognize that other ideas are possible and thus to improve what Zhao (1992) calls 'reflexive management', the ability to allow and use multiple descriptions for seeing the same world. Multi-culturallity introduces an extended variety of interpretations and ways of seeing reality and increases the number of alternative solutions that are considered to a problem.

With different problem perceptions, different solutions and different reasonings for these solutions, conflict is likely to emerge. Argyris and Schon (1978) point out the

central importance of good dialectic in dealing with conflict. If defensive patterns are uncovered and suspended, the team members can enter a process of genuine thinking together. They explore the underlying sources for their disagreement, uncovering and scrutinizing conflicting beliefs and assumptions about reality. The embodiment of different or new perspectives into the models-in-use leads to a wider and improved conception of the real situation.

Multi-cultural organizations possess the resource of diversity of means to make sense of the world and thus to derive a better understanding of reality. If they manage to utilize these resources they will be able to improve their strategic process and gain an advantage over their monocultural competitors.

#### **1.4 CULTURAL DIVERSITY IN ORGANIZATIONS**

Today's business organizations are part of a fast changing environment. Vanishing trade barriers and the opening of international markets increase the worldwide competition. The emergence of new techniques in such areas as communication, information processing and transportation results in the growth of international and global business, and in an increasing worldwide individual mobility. Scientific and technical knowledge becomes more and more easily

accessible for all competitors. Information is becoming a necessary asset in the organizational world, its role as source for competitive advantages might gradually disappear.

As another result of worldwide integration, organizations become melting pots for individuals from different cultural backgrounds. With cultural diversity, the variety of values, ways of thinking, and expectations residing inside one organization is growing. In most multi-cultural organizations, effects of culture tend to remain invisible and become visible only when causing problems. Adler (1986) asked international executives attending management seminars at the European Management Institute INSEAD in France to list the advantages and disadvantages of cultural diversity to their organizations. Their answers indicate that although everybody could list several disadvantages, only about one third of the answers contained at least one advantage.

In the light of intensifying global competition and changing success factors, the understanding of cultural differences, of their causes, and of their impact on the organization, will no longer be sufficient for managers of multi-cultural organizations. Soon they will have to learn how to utilize cultural diversity as an advantage to their organizations.

### Competitive advantages from diversity

Johnson (1987) contends that a set of mental models held relatively commonly throughout the organization and taken for granted plays a central role in strategy formulation. As models-in-use they represent the world as it is perceived by the organization and thus build the framework for the development and selection of strategies and plans. Theories on organizational learning and participative planning argue that the more different perspectives enter the strategic process, the more likely are self-imposed constraining assumptions to become visible. Hierin lies a potential advantage for multicultural decision-making and planning teams. With cultural diversity, the variety of assumptions, beliefs, and patterns of feeling, thinking and acting that are possible to be employed by the members of an organization is likely to increase.

If the organization succeeds in managing and utilizing this diversity, it will improve its ability to learn and adapt to a complex and fast changing world.

### **1.5 INTENTION AND STRUCTURE OF THIS THESIS**

The Hampton Roads area is home to a number of German owned and managed business organizations. In addition to the favourable geographic position along the US east coast, a

supportive infrastructure helps Hampton Roads to attract subsidiaries of European corporations.

This study represents an initial investigation into culture-related issues in American companies under German management. The intention is to identify the effects of culture on these organizations and to learn from the experiences of individuals and organizations. Based on observations in five successful organizations, it should provide a useful reference for German managers on assignments in the Hampton Roads area.

Chapter two provides a short summary of literature on organizational learning. The concept of mental models in the ideas of Argyris and Schon (1978) and Senge (1990) is given special attention. Chapter three gives an introduction into the concept of culture. The work of Geert Hofstede (1984, 1991) in particular is used to create an understanding of the ways in which national cultures differ and of the manifold effects, these differences can have on organizations and the individuals inside. Chapter four describes the research effort. The conducted interviews are analyzed, common themes are developed and related to Hofstede's dimensions of national culture.



**CHAPTER TWO**  
**MENTAL MODELS IN ORGANIZATIONAL LEARNING**

In their review of literature on organizational learning, Fiol and Lyles (1985) found no general agreement on a theory or model of organizational learning. They describe however several areas of consensus among researchers:

- 1) To achieve long term survival, organizations must constantly align their actions with continually changing technological, economical and social environments.
- 2) Although organizations learn through individuals, organizational learning is more than the cumulative result of their member's learning.
- 3) Shared perceptions of reality and interpretations of the environment are central constructs in organizational learning.
- 4) Organizational culture and organizational learning affect each other reciprocally.
- 5) Decentralization tends to facilitate organizational learning, whereas centralized, mechanistic organizational structures tend to reinforce past behaviors.

- 6) Organizational learning implies cognition development, a process affecting an organization's interpretation of reality. Changes in behavior without cognition development are not sufficient for organizational learning.
- 7) Lower-level learning occurs within a given set of rules and norms, while maintaining them. Higher-level learning adjusts those rules and norms rather than specific activities.

Huber (1991) contends that a person's cognitive map, belief system, mental map, or frame of reference will shape his or her interpretation of information about reality. He argues that learning occurs with the increase of various interpretations residing inside the organization, because this changes the range of its potential behaviors. Individuals with different cognitive styles, different tolerances for ambiguity, and different reference frames produce very different mappings or interpretations of the same reality. In this context it seems to be of high importance that the different interpretations are widely understood and accepted as multiple valid descriptions of the same world. Zhao (1992) calls the ability to manage under this premise 'reflexive management'. In the acceptance and mutual understanding of different perceived realities lies the distinction between 'shared interpretations' and what Janis (1972) calls

'groupthink', the uncritical agreement on one model of reality.

Argyris and Schon (1978) introduce the concept of single-loop and double-loop learning to describe two levels of detection and correction of error through organizational learning. While single-loop learning limits inquiry and correction in a way that leaves the existing organizational norms and images of the world untouched and thus uncorrected, double-loop learning goes further in its attempt to align organizational theory with reality. It involves the restructuring of fundamental images, beliefs and assumptions about reality through ongoing organizational inquiry into incompatibilities in the theories-in-use.

Theories-in-use are those beliefs and models that actually determine individual and organizational behavior, while espoused theories are 'officially' announced and claimed to govern behavior and action. As long as organizations utilize their espoused theories to explain events of the present and to predict events in the future, they remain in a reactive state towards reality. In order for organizations to become an active part in the creation of their own future, they must learn to simultaneously act and reflect on their actions to optimize the beliefs, assumptions and models that actually determine their actions. Argyris and Schon contend that rife and usually undiscussable incongruities between

espoused theories and theories-in-use severely limit the ability to engage in organizational double-loop learning.

Like Argyris and Schon, Senge (1990) believes that a learning disability is among the major reasons for organizational failure in the continually changing technological, economical and social environment. He points out that organizational learning is not the sum of the individual learning of members, and describes the learning organization as a place where people continually and collectively expand their patterns of thinking, improving their capacity to create a successful future in a changing environment.

Senge describes five techniques to improve what Argyris and Schon call 'good organizational dialectic', the learning environment inside the organization. Rather than sequentially performed separate disciplines, they describe different interrelated and interfusing aspects of organizational learning. Central not only to Senge's learning disciplines, but generally to organizational change and learning theories (Johnson 1987, Fiol and Lyles 1985, Argyris and Schon 1978) is the concept of cognitive development and mental models.

Systems thinking describes the very nature of the mental models used as frame of reference for organizational cognition and action. It describes the ability to see processes of change and interrelationships between parts of a whole rather

than focusing on snapshots of isolated parts. As thus, it involves the ability to handle what Senge calls 'dynamic complexity'. Dynamic complexity describes situations where the consequences of a certain action are different in different parts of the system and the effects of an action differ over time. Understanding the major interrelationships underlying a problem leads to new insights into possible cures and helps to anticipate the present and future effects an action will have on the whole system. It helps people to understand themselves as part of the system and to see how their own actions create many of the problems they experience. Systems thinking thus encourages them to participate actively in the creation of a desired future for this system and consequently themselves.

The ability to understand interactions rather than isolated events presents an important underlying concept for the four core disciplines: personal mastery, working with mental models, building shared vision, and team learning.

Mental models are deeply ingrained assumptions, beliefs, and images that affect the cognitive process through which we make sense of the world. Senge contends that we are usually not aware of our mental models or the way they affect our cognition and as a result, the way we act. Mental models often constrain the scope of actions that are considered feasible and the discipline of working with mental models thus includes

the surfacing, rigorous scrutinizing and modifying of our internal pictures of the world.

Hofstede (1991) and Ackoff (1981) agree that it is very difficult to find the limitations of our individually held models of reality and that "therefore, to escape them we often require the help of others who do not share them with us." (Ackoff 1981;177) Participative planning and Team Learning, involving groups and the unavoidable issues of interpersonal communication thus become important for the discipline of working with mental models.

The motivation to engage in collective learning and to overcome inhibitory and disfunctional group dynamics is provided through personal mastery and the genuine commitment to a shared vision.

Personal mastery describes the ability to continually improve the objectivity of our perception of reality and redefine personal goals and priorities. Personal mastery fosters the personal motivation to continuously improve mental models and clarify personal vision through a commitment to lifelong learning. In order to create a positive learning environment, organizations must encourage this process of personal development.

Building shared vision is the capacity to bind the members of an organization together around a common identity and sense of destiny. A genuine shared vision of the future the organization seeks to create emerges from interaction of personal visions. Itself a conscious and explicit mental model of a commonly desired future, shared vision fosters commitment to a larger collective purpose and thus helps create good organizational dialectic.

Team learning describes the process of aligning and developing the capacity of a team to create commonly desired results. Dialogue, the "free-flowing of meaning through a group, allowing the group to discover insights not attainable individually" (Senge 1990;10) is a central requirement for team learning. This "thinking together" rather than "thinking against each other" involves the identification and suspension of assumptions and defensive patterns that protect individually held mental models from being questioned and modified.

**CHAPTER THREE**  
**ORGANIZATIONS AND CULTURE**

In their review of studies on work values, attitudes and their variations across cultural boundaries, Sekaran and Snodgrass (1989) found that the work of Hofstede (1984, 1991) provides the only large scale multi-cultural study including over 40 countries. Another reason for using Hofstede's dimensions of cultural variations as the basis for evoking a cultural perspective of organizational learning is their close link to the way organizations are structured, and to the expectations and behaviors of people inside organizations. Hofstede's work thus provides a useful and meaningful base for the investigation into culturally determined effects on the learning performance of organizations.

**3.1 SOCIETAL CULTURE IN THE NATIONAL CONTEXT**

Inside people of different national backgrounds often reside distinctive characteristics in the ways to make sense of daily life, handle responsibilities, conflicts, risks etc.



These characteristics are often summarized under the term 'culture'. Kluckholm (1951) quotes as a consensus of anthropological definitions that

"culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values." (Kluckholm 1951;86)

In accordance with Kluckholm, Hofstede (1984) argues for a system of collectively held norms for certain basic values as constitution of culture. He defines a value as "a broad tendency to prefer certain states of affairs over others". Values have a direction like "good" or "bad" and an intensity representing the relevance of the issue involved. The 'norm' of a value indicates the intensity and direction favored by the majority of individuals in a collectivity.

The individually held values constitute a person's interpretational framework for many interactions with the environment. They result in certain attitudes and beliefs, affecting patterns of thinking feeling and acting. Hofstede calls those patterns 'mental programs' and defines culture as "the collective programming of the mind which distinguishes the members of one human group from another." (Hofstede 1991;5)

With values at the core of culture, Hofstede describes the manifestation of culture on three practical levels: symbols, heroes and rituals. Symbols are words, gestures, pictures or objects that carry a particular meaning which is only recognized by those who share the culture. Heroes are living or dead, real or imaginary persons, possessing model characteristics which are highly regarded in a culture. Rituals are collective activities, technically superfluous in reaching a desired end, but within a culture considered socially essential and therefore carried out for their own sake. Ways of greeting and paying respect are examples of rituals.

In addition to the collective programming, mental programs can be found on the universal and the individual level. The universal level of mental programming is shared by all human beings and includes the basic forms of human behaviors like laughing, weeping, the ability to feel fear, anger, love, joy, etc. Ethology locates these programs in our genetic information, we can therefore assume the universal level of mental programming as being inherited. On the individual level, we find those mental programs that are unique to a specific person and make up an individual's personality. There is evidence that the individual level of mental programming is partly inherited and partly learned through personal experience. The transfer of cultural patterns from one generation to the next is called socialization. It is

through socialization, a learning process in the social environment, that a person acquires his basic value system and mental programming of the collective level. Since it is in the early childhood, when a person is most susceptible to learning and assimilating, socialization for the most part takes place in the childhood environment of family, peers, school etc. Development psychologists believe that by the age of 10, most children have their basic value system firmly in place. Further life experience and especially changes in the ecological environment will continue to influence a person's mental programs, allowing for an adaption in the concurrence with the basic values. Changes in a person's established values however are less likely and require drastic events.

Based on the societal norms for basic values, dominant patterns of mental programming emerge and determine the structure and way of functioning of a particular society. This includes institutions like the family, education systems, politics etc, which in return, maintain and reinforce the core values. Changes in the collectively held values in a society are therefore most likely to occur as a gradual adaption of norms to changing ecological conditions.

'Culture' in the sense of a shared basic value system seems to require an organically developed form of social organization, a 'society' in which children are born and raised. Ethnic, linguistic or regional groups provide such societies. In the modern world however, we tend to refer to a

'nation' as the container of a society. Nations as political artifacts are a recent phenomena in human history. In many cases, their borders correspond more to the logic of military power or political treadings than to the cultural dividing lines of local societies. Different ethnic, linguistic or religious groups are therefore likely to exist inside a nation. (We currently have to witness the indescribable inhuman ethnic confrontations in the artificial states of eastern Europe, and in the African civil wars; two regions of the world where political borders had often been drawn with the intention to break ethnic or tribal societies, or at best, without taking them into consideration.)

Even if it is obvious inadequate to treat culture as an attribute of nations, as well known and commonly understood units, nations are widely used to describe global cultural differences.

### **3.2 DIMENSIONS OF CULTURE**

Hofstede (1984) suggests that relative differences between cultures can be identified and measured by comparing the distinct answers to essentially the same fundamental questions. Attitude surveys hold by IBM between 1967 and 1973 collected more than 116,000 questionnaires from IBM employees in 72 countries. These questionnaires contained several

questions on people's basic values and beliefs. Hofstede's analysis of the answers of well defined matching samples of respondents revealed distinct patterns of values that distinguish countries from each other. From the IBM database and other related studies, Hofstede derived clusters of associated values along which relative differences between cultures can be measured. These dimensions of culture address the following problem areas:

1. Power distance: social inequality, including the relationship with authority.
2. Individualism: the relationship between the individual and the group.
3. Masculinity: the social implications of gender.
4. Uncertainty avoidance: ways of dealing with uncertainty, related to the search for 'Truth'.
5. Confucian Dynamism: the orientation towards future or past.

#### **3.2.1 POWER DISTANCE**

Inequality is a basic issue in all human societies. It can occur in areas such as mental and physical abilities, social status and prestige, wealth, laws, rights and rules. Some societies are less unequal than others, but in practice no society has ever obtained total equality of opportunities

for all its members. Societies differ in the degree and the implications of these inequalities.

One implication is the concept of power as defined by Mulder (1977) as the potential to determine or direct the behavior of another person or other persons. Hofstede (1991) defines power distance with the extent to which less powerful members of institutions and organization within a society expect and accept that power is distributed unequally. The roots for a person's basic values regarding inequality of power distribution lie in the parent-child and teacher-student relationships of the childhood. These role pairs are later resembled with the boss-subordinate relationship in the workplace.

Inside organizations, the unequal distribution of power over the members is an essential and inevitable requirement, usually formalized in hierarchical pyramids build of superior-subordinate relationships.

In the large power distance situation, superiors and subordinates consider each other as existentially unequal, the hierarchical system is felt to be based on this existential inequality. The resulting leadership style is paternalistic. The ideal boss in the subordinate's eyes is a benevolent autocrat who tells his people what to do. Superiors are entitled to privileges, visible signs of status are accepted by subordinates and contribute to the authority of their bosses.

In the small power distance situation, superiors and subordinates consider each other as existentially equal, the hierarchical inequality of roles is perceived as convenient system for the functioning of the organization. Privileges for bosses are basically undesirable and status symbols have a negative image. Emerging leadership styles are consultative or even based on subordinates' participation in decision-making. The ideal boss is a resourceful democrat, easily accessible for his subordinates.

### **3.2.2 INDIVIDUALISM VS COLLECTIVISM**

The second dimension, individualism versus collectivism describes the relationship between the individual and the collectivity in a society. According to Hofstede, individualism pertains to societies in which the ties between individuals are loose and everybody is expected to look after himself or herself and the immediate family. Collectivism as the opposite pertains to societies in which people from birth onwards are integrated into strong cohesive 'ingroups', which continue to protect people in exchange for unquestioned loyalty throughout their entire lifetime.

The individualism / collectivism norm prevailing in a society will strongly affect the way in which members of that society live together and organize themselves.

In tradition-oriented societies with a high degree of collectivism, individuals are born into a strong group, the extended family. Here they learn to sink their individual interests beneath the interests of the collectivity. In return, the family offers a safe and reliable support throughout the entire life. The individual develops an identity based on the membership in collectivities like the family. In their worklives, individuals don't work for organizations, they belong to their organization in a similar way they belong to their family. The relationship between the organization and the employee becomes emotional, with a strong moral dimension. It resembles the family, with mutual obligations of protection in exchange for loyalty. As a result, poor performance of an employee is not necessarily a reason for dismissal, rather it influences future work assignments to that employee. Management in collectivist societies is management of groups. Incentives and bonus are given to the work-group, not to individuals, and the emphasis on group decision-making is high.

In individualistic oriented societies, children learn to act self-oriented, following their own interests and taking care of themselves. 'Personality', a strong individual based identity, and 'independence' are perceived positive attributes to a person. As result, the emotional dependence of employees from their employer is weak. The employed person is expected to act according to a combination of economic and



psychological self-interest. Work should be organized in a way that this self-interest and the employers interest coincide. The relationship between employee and employer is primarily conceived as a business transaction on a labor market. Poor performance on the part of the employee, or a better pay offer from another employer are legitimate and socially accepted reasons for the termination of a work relationship. Management in individualist societies is management of individuals with emphasis on individual initiative and achievement.

### **3.2.3 MASCULINITY VS FEMININITY**

Another fundamental fact of human life is the duality of female and male genders. The only absolute difference between women and men is that women bear children and men don't. Therefore in a strict sense, only behaviors immediately related to procreation are absolutely "feminine" or "masculine". Yet there is a common pattern of male assertiveness and female nurturance among the vast majority of both, traditional and modern societies. Male behavior is usually associated with autonomy, aggression, exhibition and dominance; female behavior with nurturance, affiliation, helpfulness and humility. This pattern leads to male dominance in many areas such as politics and economic life, whereas women are more concerned with taking care of people. Business

organizations have goals of achievement which concur with the assertive role of the male, and not surprisingly, they are almost always dominated by men.

With only a small part of gender role differentiation biologically determined, the majority of mental programs leading to those behavior patterns have to be acquired by socialization in family and school. Hofstede uses the terms 'masculinity' and 'femininity' to refer to the gender role patterns described above. Femininity pertains to societies in which the gender roles overlap. Masculinity of a society describes the extent to which men and women act according to the masculine patterns and to which gender roles are clearly distinct.

The masculine / feminine dimension has a significant influence on work-related values residing in a certain society. More masculine values lead to an emphasis on earnings, recognition, challenge and advancement, whereas on the feminine side good working relationships, cooperation, employment security and a desirable environment are perceived as more important. These work-related values have significant implications for the design and functioning of organizations.

In masculine societies, organizations stress results. Reward is given according to performance, and internal competition is common. Conflicts are resolved in open confrontations. Work occupies a central part in people's life, and job stress is usually perceived as fairly high. Managers

in this 'aggressive' environment are assertive, decisive and fact-oriented decision-makers. Meetings tend to be opportunities for participants to assert themselves.

In rather feminine environments conflicts are more likely to be resolved by negotiations and compromise. People perceive work as necessary to live, but they don't live to work. Reward systems tend to take into account people's needs instead of concentrating purely on performance. Meetings tend to be places to discuss problems under the leadership of consensus-seeking managers.

#### **3.2.4 UNCERTAINTY AVOIDANCE AND CONFUCIAN DYNAMISM**

Concerned about Western bias in the IBM questionnaire which is a product of solely western minds, Hofstede initiated the development of a purposely Eastern-biased questionnaire through Chinese social scientists in Hong Kong and Taiwan. The Chinese Value Survey was distributed to 23 Eastern and Western countries, and the statistical analysis of the responses again revealed four dimensions. Three of them are closely correlated to dimensions from the IBM study, individualism, power distance and masculinity. The fourth relevant dimensions in the two studies, however, differ significantly in the addressed issues.

The major Western religions, Christianity, Islam and Judaism, are very much concerned with the possession of the one and absolute Truth. The dogmatic nature of these religions put them into the center of Western ethics, and with them their fundamental need for the Truth. Since uncertainty keeps us from finding Truth, uncertainty avoidance presents a central problem in western cultures.

The Chinese Value Survey revealed that for the Eastern minds the problem of uncertainty avoidance and Truth is less relevant. In contrary to their western counterparts, Eastern religions and philosophies regard truth as partial, so that one truth does not exclude its opposite. Around the time of 500 B.C. the Chinese philosopher Kong Fu Ze developed a practical non-religious ethical system concerned with Virtue rather than Truth. Confucian values became the cornerstones of many eastern societies.

#### UNCERTAINTY AVOIDANCE

When uncertainty about the future is perceived as a problem, it creates anxiety, a diffuse state of being uneasy or worried about what may happen. Uncertainty avoidance describes the extent to which members of a society perceive uncertain or unknown situations as threatening. A strong uncertainty avoidance calls for the reduction of ambiguity. The perception of uncertainty, the resulting anxiety and the ways to cope with those feelings belong to the cultural

heritage of societies. They have been transferred and reinforced through the basic institutions like family, school and state, and are reflected in the collectively held values and resulting patterns of behavior and social organization.

Human societies have developed means in three basic domains to cope with uncertainty: technology, laws, and religion or rituals. Technology refers to all human artifacts that help to defend ourselves against the uncertainties caused by nature. Laws include all formal and informal rules guiding the social behavior of individuals and groups in a society. In areas where we cannot defend ourselves against uncertainties, religion helps us to reduce anxiety by pretending certainty and offering absolute truth.

Modern organizational theories offer several rational and non-rational ways in which organizations deal with uncertainty caused by their environment, among them the concepts of 'decision-making under uncertainty' and 'contingency planning'. Rules and regulations reduce the internal uncertainty caused by the unpredictability of members' and stakeholder' behavior by making it more predictable. Besides their other important social functions, rituals in organizations relieve some of the stress caused by uncertainty through the creation of a pseudocertainty. Hofstede identifies those rituals in memos and reports, in the nomination of experts, and in parts of planning, controlling and accounting systems.

In general, a greater need for uncertainty avoidance tends to result in a greater need for structure and rules. Formalization, standardization and specialization of activities increase with the threat perceived through ambiguity. Hofstede found managers more task-oriented and involved in details when uncertainty avoidance was strong, whereas managers in those cultures with little need for uncertainty avoidance seemed to be more interpersonal oriented and involved in strategy.

#### CONFUCIAN DYNAMISM

Confucian Dynamism describes the adoption of Confucian values representing a long-term future orientation in life versus those Confucian values concerned with tradition and short-term orientation. Since problems related to Confucian Dynamism are usually no issue in western cultures, this dimension is likely to be somewhat puzzling to western minds.

High Confucian Dynamism stands for the relative importance of more future oriented Confucian values: persistence and perseverance, ordering of relationships by status and observing this order, thrift, having a sense of shame.

Low Confucian Dynamism is reflected in the relative importance of values oriented towards past and present: personal steadiness and stability, protecting your face, respect for tradition, and the reciprocation of greetings,

favors and gifts. Confucian Dynamism thus measures a dynamic, future-oriented mentality relative to a more static, tradition oriented mentality.

### **3.3 INTERACTION OF DIMENSIONS AND THEIR EFFECTS ON ORGANIZATIONS**

The interactions of dimensions of culture are manifold. Power distance and uncertainty avoidance in particular influence our Western ideas about what organizations should be like, whereas individualism, masculinity and uncertainty avoidance affect our thinking about people in organizations.

#### **3.3.1 EFFECTS ON STRUCTURE: AUTHORITY**

Organizing always demands the answering of two questions regarding the concentration of authority and the structuring of activities:

- who has the power to decide what?
- what rules or procedures will be followed to attend the desired ends?

Our answers to these questions are particularly affected by our norms regarding power distance and uncertainty avoidance.

Low power distance combined with strong uncertainty avoidance results in fairly decentralized organizations with rather flat hierarchical pyramids. Authority resides in the rules of the organization and in the structuring of activities, delimiting the power of persons. Max Weber(1864-1920), founder of German sociology and economist describes the 'bureaucracy' as the favorable design for organizations:

"The authority to give the commands for the discharge of (the assigned) duties should be exercised in a stable way. It is strictly delimited by rules which may be placed at the disposal of officials."

(English version in Weber 1970;196)

In the situation of low power distance and weak uncertainty avoidance, authority resides neither in persons nor in a set of rules, but in the respective situation. As Mary Parker Follet (1868-1933), an American pioneer of organizational theory stated:

"My solution is to depersonalize the giving of orders, to unite all concerned in a study of the situation, to discover the law of the situation ... One person should not give orders to another person, but both should agree to take their orders from the situation." (Metcalf and Urwick 1940;58-59)

Large power distance together with strong uncertainty avoidance leads to organizations with a larger number of hierarchical levels. Formal rules and well structured activities help in reducing uncertainty, authority however is inseparably connected to the person of the superior. The French Henry Fayol (1841-1925) wrote about authority in organizations:



"We distinguish in a manager his statutory authority which is in his office, and his personal authority which consists of his intelligence, his knowledge, his experience, his moral value, his leadership, his service record, etc. For a good manager, personal authority is indispensable complement to statutory authority. (Hofstede 1984;217)

### **3.3.2 EFFECTS ON PEOPLE: MOTIVATION**

The societal norms for masculinity together with those for uncertainty avoidance and individualism have significant impact on what will motivate people in different cultures. Hofstede suggests a combination of high individualism, masculinity and low uncertainty avoidance characterizes the American middle-class society. This norm is strongly reflected in the motivation theories of Frederick Herzberg (1966) and Abraham Maslow (1970). Their theories have been developed in the USA where they enjoy a particular popularity in the education and training of managers.

Herzberg argues that the work situation contains elements with positive and negative motivation potential. "Hygienic factors" are those aspects of work with negative motivation potential: company policy, administration, supervision, salary and working conditions. They have to meet the expectations in order to prevent demotivation but cannot motivate by themselves. "Motivators" according to Herzberg are the

intrinsic elements of work: achievement, recognition, responsibility and advancement.

The motive of esteem and self-actualization at the top of Maslow's "hierarchy of human needs" calls for the fullest possible realization of the creative potential within the individual. The lower needs in Maslow's pyramid are those for security and safety, while social needs for belonging, approval and love take a medium position.

The high individualism, masculinity and low uncertainty avoidance in the USA explain the emphasis on individual assertiveness, achievement and initiative over a reduced concern for security and stability, as reflected in Herzberg's two-factor theory and Maslow's hierarchy. Different norms in different societies will result in different motivation patterns. In more collectivist oriented and less masculine societies, the quality of human relationships, the living environment and the collective success will be more important than individual achievement and wealth. Strong uncertainty avoidance will put more emphasis on individual or collective security.

### 3.4 A WORD ON ORGANIZATIONAL CULTURE

The terms 'corporate culture' and its equivalent 'organizational culture' first appeared during the 1960s and 1970s, attributing 'culture' to business organizations. They gained popularity in 1982, when the members of a McKinsey/Harvard Business School team published two successful books: 'Corporate Culture' by Terrence Deal and Allan Kennedy, and Thomas Peters and Robert Watermann's 'In Search of Excellence'.

Peters and Waterman (1982) consider the set of shared values that are commonly held by the members of an organization as the core of 'corporate culture'. They argue for a "strong" and coherent organizational culture as an essential quality of an excellent company in which "people way down the line know what they are supposed to do in most of the situations because the handful of guiding values is crystal clear." (Peters and Waterman 1982;75)

Geert Hofstede defines 'organizational culture' as "the collective programming of the mind which distinguishes the members of one organization from another". (Hofstede 1991;180) Based on a research project carried out by the IRIC (Institute for Research on Intercultural Cooperation, Maastricht Netherlands) between 1985 and 1987, and in contradiction to Peters and Waterman, Hofstede considers shared perceptions of daily practices rather than shared values to be the core of an

organization's culture. Comparing people with similar national cultures (Netherlands and Denmark) in different organizations, the IRIC project found the manifestation of different 'organizational cultures' to reside mainly in practices. The deeper, underlying level of 'values' which determine the meaning for people of their 'world' revealed only small cross-organizational differences.

Hofstede explains this manifestation of organizational culture in 'practices' rather than 'values' with the different times and places of 'learning' for values and for practices. The socialization of values is assumed to be completed during childhood, whereas those mental programs that account for social practices are subject to constant adjustments to a person's social environment. The members of the organizations compared in the IRIC study grew up in similar cultural backgrounds and it is therefore likely that they established similar systems of basic values during their childhoods in family, neighborhood and school. As adults, with their basic value system firmly in place, they entered their worklives and their companies where they learned organizational practices rather than modified their basic values.

In the context of Hofstede, the term 'values' as used in the majority of literature on organizational culture denotes mental programs or beliefs about certain domains rather than values. For example, beliefs about the way to succeed in marketing the company's products, or beliefs about the nature

of the relationship between managers and workers. These belief systems or mental programs contain however significant value components from the cultural background as described earlier in 3.1 THE CONCEPT OF CULTURE AND NATIONS.

## CHAPTER FOUR

### OBSERVATIONS IN AMERICAN-GERMAN ORGANIZATIONS

#### **4.1 INTENTION AND APPROACH**

The initial intention was to observe cross-cultural interactions between Germans and Americans in a subsidiary of a German company in the Hampton Roads area in Virginia. In these kinds of organizations, people with different cultural backgrounds are living together. Cultural differences in the ways they approach everyday life in the company and perceive their environments were expected to affect their cooperation. These differences might lead to misunderstandings and conflicts, but might also introduce a favorable variety of viewpoints into decision-making and planning processes.

The idea was to get people in one organization to reflect on a specific situation in which Americans and Germans had been acting together to make a decision. This reflective process was planned to be focused on cultural issues that in any form, hidden or openly, had affected the interaction. Confidential interviews with the involved persons would have

helped to identify impacts of cultural differences on the observed process.

The analysis of those issues arising from cross-cultural interaction would have led to a better understanding of the role of existing cultural differences between the American and German groups or individuals in the organization. The potential benefits to the organization would have been found in a declining potential for conflicts due to misunderstandings or missing sensitivity and in an increasing opportunity to utilize variety in the organization.

The intent during the first meetings with corporate managers was to evoke interest in the research idea, to identify potential client organizations, and to get permission to conduct a number of interviews in one of the organizations. Due to the preliminary character of these meetings, a detailed recording did not appear necessary.

In four different subsidiaries of German corporations, German managers were identified and asked for an opportunity to present my proposal during a personal meeting. All addressed managers invited me to their offices. During these meetings which lasted approximately one hour, I explained my intentions and asked for the permission to conduct the proposed study in the particular organization.

The managers' consequent denials of cultural issues and the refusals to allow further interviews however lead to a change in the approach. In future meetings, the attention was

shifted towards the information attainable from the manager, rather than focusing entirely on the permission to conduct research in their organizations. For this purpose, the meetings were organized in an interview-style and the responses were recorded as detailed as possible, preferably tape-recorded. The interviews were scheduled to take about one hour of the manager's time.

Another sample of five managers was identified and asked to share their experiences as Germans on assignments in America. The managers were asked permission to audio-record the interviews. Audio-recorded statements were later translated in English language and transcribed. Some managers refused to allow the audio-recording. Their statements were recorded as well as possible through notes that were used to formulate a report immediately after the meeting. The respondents were given considerable freedom to develop the themes around the central quest for observed differences between Germans and Americans in the place of work.



## 4.2 INTRODUCTION OF COMPANIES AND MANAGERS

All the visited companies represent subsidiaries of Germany-based organizations. The addressed managers are German like me, and after the greeting phase, all conversations turned out to proceed in the German language.

The following listing describes the organizations and managers in chronological order of their visits. Names of individuals and companies have been changed for confidentiality.

### NEPTUNE INC. Mr. Schrader, Vice President Finance

Neptune operations in Hampton Roads include manufacturing and sales of technical equipment to retailers. Schrader is living in America for almost 20 years. He joined Neptune 10 years ago as vice president. The meeting took place at his office desk.

### VENUS INC. Mr. Blohm, President

Venus operations include manufacturing and sales of components to industrial customers. Venus Inc. has approximately 150 employees in the Hampton Roads plant. Blohm had been on US assignments for German organizations for more than 15 years.

MARS INC. Mr. Wike, President

In the Hampton Roads plant, Mars produces products for industrial customers worldwide with more than 140 employees. Wike is working with Mars for more than 10 years, he is living in America for almost 30 years. Two meetings with Wike took place at his desk in his office.

URANUS INC. Mr. Kalf, President

Uranus Inc. employs approximately 120 people in the production of machine parts for industrial customers in the US. Kalf has been in the USA for 12 years and joined Uranus 4 years ago. The conversation with Kalf took place in a large and friendly meeting-room at Uranus Inc.

NEPTUNE INC. Mr. Wiese, Vice President Operations

Wiese came from Germany twelve years ago to start Neptune's manufacturing operations in Hampton Roads. Today he manages approximately 500 employees. We met in his office at a large round conference table. He asked me to respect a company policy that restrains him from giving any internal information to outsiders and thus to dispense the audio-recording of our conversation.

JUPITER INC. Mr. Naish, Human Resource Manager

The more than 500 employees in the Hampton Roads plant produce technically advanced parts for industrial customers. Mr. Naish was about to return to Germany after a two-year assignment in Hampton Roads. I met Mr. Naish at his desk in his very small office. He asked me to keep the meeting "inofficial" since he did not feel authorized to give me any information without the formal approval of his superiors. Consequently, the conversation with Mr. Naish was not audio-recorded, nor were notes taken during the meeting.

SATURN INC. Mr. Krause, Vice President Operations

In the Hampton Roads subsidiary, Saturn manufactured and sold products for industrial customers in the USA. At the time of my visit, the organization was in the process of closing down its operations in Virginia and relocate the facilities to North Carolina. Mr. Krause had arrived from Germany only a few month earlier to replace his also German predecessor. We met in his office around a small coffee table. Krause had no objections against an audio-recording of the conversation.

MERCURY INC.    Mr. Hennig, President

Mercury Inc. in Hampton Roads distributes Mercury products made in Germany to retailers all over the United States. For more than five years, Hennig leads the small organizations with less than 20 employees. He welcomed me in the company's meeting room and had no objections against the audio-recording of the interview.

JUPITER INC.    Mr. Simmer, Vice President Finance

Informed about my concern by Mr. Naish, Simmer appeared reluctant to invite me for an additional meeting at Jupiter Inc. Upon my persistent requests however, he finally agreed to talk about his personal experience on his assignment in the USA. Sitting at a conference table in his large and friendly office, Simmer asked me not to audio-record his statements but allowed me to take written notes.

PLUTO INC.    Mr. Flunkert, President

For almost ten years, Mr. Flunkert is the head of the American sales and service organization of Pluto. Approximately 20 engineers and technicians are serving Pluto's industrial customers all over the USA. They sell technically advanced equipment, produced by Pluto in Germany, and provide important technical support. I met Flunkert for the audio-recorded interview at his desk in a small office room.

### 4.3 THE INTERVIEWS

The first four managers that were introduced to the initial research idea categorically denied any impact or existence of cross-cultural issues in their organizations. They concluded that since relevant cultural differences between Americans and Germans do not exist, the proposed study would be a waste of corporate time. Using this reasoning, Mr. Blohm, Mr. Wike, and Mr. Kalf turned down my request for a permission to conduct a series of interviews in their organizations. Mr. Schrader, financial manager from Neptune Inc. told me that unless I was interested in what he called 'more meaningful' areas like differences in the legal or financial environment, he did not see himself in a position to support my research.

The poor information retained from the first four managers allows only vague speculations about the reasons for their denials of cultural differences between Germans and Americans. One explanation might be found in the fact that all four managers had been living in America for 12 to 30 years. During this time, they might unconsciously have adapted their own behavior and thinking to their daily environment. Differences between them and their American colleagues and employees might really have disappeared.

Another explanation however might be the fear that a series of interviews could uncover hidden problems, disturbing the seemingly smooth running organization.

The strongest support for such a "don't wake up sleeping dogs" attitude might be found in the case of Jupiter Inc. During the first meeting at Jupiter, Mr. Naish told me about a recent study of the cross-cultural communication among Jupiter subsidiaries in Europe and North America. The research had revealed the existence of serious waste in corporate resources due to misunderstandings and communication breakdowns. The results of this study, presented by an outside consultant were so unwelcome that they had to be rephrased more moderately, before the researcher's report was accepted by Jupiter's management. In this context Naish asked me to keep our conversation confidential and to delay a more detailed interview until my research request was approved by the Vice President Mr. Simmer. Naish told me however that he experienced considerable problems with the attitudes and behavior of his American colleagues. A perceived lack of commitment and reliability, as well as the confrontation with "an extremely exaggerated and simplified stereotype for Germans" often caused aggressive feelings in Naish. He complained that important things like discipline, structure, rules and order are not valued by Americans. A meeting with Mr. Simmer was arranged, during which he strictly refused to permit interviews at Jupiter Inc. He argued that cultural

differences between the German and American members of his organization do not cause any effects. "Involving people in another, time consuming series of interviews would therefore not be justifiable." Asked about the internal study mentioned by Naish, Simmer explained that the results are not yet completely analyzed and that he could not give me any further information. Considering this situation at Jupiter, anxiety about the possible outcomes of the proposed research appears to be at least a possible explanation for Simmer's attitude.

Other managers seemed less reserved to talk about their experiences with cultural differences between America and Germany. They gave however reasons to refuse, or at least delay further interviews in their companies. In a second meeting at Neptune, Mr. Wiese refused with respect to corporate policy, and Mr. Flunkert from Pluto "would feel very bad to cause additional overtime through interviews". At Mercury Inc. Mr. Hennig demonstrated at least some willingness to open his organization for a series of interviews. He asked however to delay further visits until business activity would allow his people to participate in a study.

A generally acceptable conclusion about the underlying reasons for the low priority given to cultural issues in the visited organizations seems impossible to reach. A common perception among the interviewed managers seems to be that research into cultural issues would not bear significant potential for improvement of their personal or organizational

performance. While in some organizations cultural differences between the German and American members might have vanished over the years, the later interviews seem to support some evidence for the impact of such differences on the organizational life.

The following section discusses areas that were commonly addressed throughout a number of interviews. These areas include issues of interpersonal communication and behavior, style of work, and skills of American employees.

An increased openness in interpersonal relationships was frequently mentioned as inherent in the American lifestyle. Mr. Hennig, Mercury Inc. remarked that "they have a very relaxed or casual style in America. Life is easier and less complicated than in Europe."

Mr. Krause of Saturn Inc. put it in the perspective of work-related interactions when he stated:

"They appear more open in their personal relationships, less stubborn than we Germans. That makes it easier to deal with Americans. In North American companies you find more open doors, in Germany many things still happen behind closed doors. [...] Americans talk about different points of view or different opinions much more openly than Germans do. In Germany people keep their opinions more in the hidden. American peers also give you a more open opinion about things that bother them. This is an advantage, inherent in the more casual, more open climate."



This seemingly more casual and open style preferred by Americans is opposed by a German attitude that Mr. Flunkert from Pluto described as arrogant:

"Americans deal with each other in a much more friendly and open way than the Germans do. In 'easy going', they are often able to make things less complicated in their life. And they are less arrogant."

Mr. Wiese, Neptune Inc. contended that Germans are likely to be perceived by Americans as being arrogant and aggressive. He concluded that "to succeed in the US, it is important for us to control these attitudes and to appear more moderate." Wiese's statements point out a potential for misunderstandings in German-American communication. A behavior that the German side perceives as adequate and by no means offensive might be perceived as aggressive and insulting by the American counterpart. Mr. Naish from Jupiter demonstrated what might happen if German managers are not aware of this increased sensitivity. Regarding the expression of criticism he explained: "if you criticize somebody in a way you would consider normal and acceptable, people here feel already seriously insulted."

Inherent in the statements of Wiese and Naish seems to be a warning for Germans working in America. A climate of open and casual social relations should not lead to perception that everything can be said the way it could be said in German organizations. It appears that while controversy or critique can be discussed very openly in American organizations, German

managers have to be careful not to endanger this generally appreciated climate through a behavior that is perceived as harsh and impolite by their American counterparts.

Perhaps the most significant culturally determined problem encountered by German managers while on assignments in America is a perceived lax attitude of many American employees. Mr. Naish, Human Resource manager of Jupiter Inc. described his problems in quite drastic terms:

"The way punctuality is handled (people come to meetings late, if they come at all), people feel responsible and commit themselves to the job often made me very aggressive and brought me close to explosion."

At Saturn Inc. Mr. Krause got more specific when he explained that

"Americans are not so painstaking in their work, numbers are often not double-checked or simply don't fit together. Germans wouldn't turn in papers with these kinds of inconsistencies. [...] They [Americans] are more relaxed and tend to shoot faster with less thinking, here they can learn from the German style because many fast-shoots tend to miss or fire backwards."

Krause's approach to change the behavior of his American employees can be characterized as autocratic. Rules and procedures are in place to carry the desired changes into effect:

"But we have rules and procedures that emphasize more accuracy and checks and this mostly takes care of it. Americans accept the emphasis on accuracy and checks, but they don't always act like it, they are simply more superficial. In these cases I talk to them and then it works again for a while."

It seems however that for his American subordinates these policies themselves carry little lasting authority. As a result Mr. Krause has to employ his power to consistently enforce the rules.

A different approach towards the same goal is employed by Mr. Hennig from Mercury Inc. Like Krause, he expects his American subordinates to adopt a more painstaking style of work:

"What generally distinguishes Germans is punctuality, reliability and suchlike. As German enterprise, we stick to these values since it has proven successful at home. For many Americans this is of course a new way of thinking, but we help them to adapt. I consider punctuality, cleanliness and suchlike as very important."

Hennig choose a rather paternalistic direction. Valuing his employees and considering their needs, he offers them incentives to build an emotional relationship of involvement, commitment and trust. Hennig contended that once such a relationship exists, American employees have little problems adopting a more consistent and reliable behavior:

"We offer our employees a lot of security in form of insurance, health plans, dental plans and so forth. People recognize the importance and feel that the company really cares for them. They appreciate this very much. [...] It is important to understand people and to be understood. If somebody has a problem at work, for example with the importance of punctuality, we try to help. [...] We have a good climate in here, and if one offers [...] good opportunities and goals for the individual employees, than they have no problem adapting to the company style."

The following statement of Mr. Flunkert from Pluto Inc. also expresses dissatisfaction with American attitudes towards work:

"Americans always look for the easiest way, which is not generally the best, and they are often sloppy, which means they need to do it more than once. [...] Here they don't think while they work. Partly they are missing the education, partly because they don't include this in their job."

Flunkert adds the issue of an apparently inadequate qualification of American employees entering his organization:

"It takes extensive training to bring the American colleagues only close to the standard we are used to back home. [...] These people might think they have some adequate skills for their titles, but you cannot compare this to qualifications we are used to."

He also complained about the tendency of American subordinates to overstate their skills and abilities, misleading the German manager who is used to more truthful self-assessments.

Flunkert illustrated this problem and the potential of related conflicts with an experience he had early during his US assignment. Coming from Germany, Flunkert was used to rely on formal qualifications like titles and diplomas in combination with truthful self-assessments of employees' skills. With this outlook, he assigned a certain task to a newly hired technician who, before leaving to the customer, reassured him that he was able to "do the job". In Flunkert's opinion, it was a routine job, and therefore he was not surprised when he didn't hear from the technician for the following two weeks. In the beginning of week three however,

Flunkert himself visited the customer. It was an unpleasant surprise to find out that his technician was completely unable to solve the problem. The monetary damage to the company was less significant than the damage to the reputation as a supplier of superior German quality. Flunkert got quite angry.

"He could have said that he didn't feel safe, needed help or whatever, no problem. But my experience was that people assess their skills relatively truthful, and so I believed him."

Flunkert's solution to this problem also follows a more paternalistic direction. Communicating to his subordinate that learning is part of the job, he creates a climate that encourages employees to truthfully assess and then improve their skills:

"Today we make clear that there is no problem in not knowing something. Pretending to know, or unwillingness to learn, that's bad. Employees have little problems to adapt to this, I think they feel good about it since it means less pressure. The fact that we expect them to constantly learn and improve their skills is actually quite welcome at our technical personnel, they feel that they personally get something out of it. [...] We really support our American employees, and they get a lot of training. Generally we are very patient as long as they show the will to improve. Meanwhile we have some great people that easily measure up to our personnel in Germany."

Like Mr. Flunkert, Mr. Wiese at Neptune Inc. also compares his American employees to their counterparts in German plants. In the Hampton Roads plant, his employees are able to outperform the German Neptune production sites and regularly win the company awards for product quality, safety and profitability. Wiese emphasized training and personal

recognition as important motivational factors. Line workers have the opportunity to rotate through different positions in the production process, enhancing their skills and understanding of the operations. Outstanding workers are placed into a year-long training program, similar to a German apprenticeship in metal-processing or in the operation and maintenance of technically advanced machinery and equipment. This practice provides Neptune Inc. with qualified and motivated employees. According to Wiese's experience, Americans need more personal attention than their German counterparts. Different from Germany, the superiors must show interest into the private life of American workers in order to gain their commitment. Regular informal informative meetings between management and workers provide the plant floor with information about important decisions and facts concerning the firm, and give workers an opportunity to raise their concerns and questions. Health plans, a pension plan and the practice of avoiding temporary layoffs during times of lesser work underline the company's commitment to the employees as individuals and important parts of the firm.

Managers of Saturn and Jupiter, the two largest firms in the sample, indicated a distinct approach to eliminate possible impacts of cultural differences on the planning process in their world-spanning organizations. Highly structured and detailed planning procedures are in place to

bring the activities of managers into line, leaving little room for cultural or individual distinctions. Mr. Simmer denied any impact of culture on the planning process of Jupiter with the following statement:

"Our planning procedures are very straight forward, everybody knows what to do and how to do it. It works exactly the same in all our worldwide subsidiaries, there are no differences. People just follow the detailed procedures."

Mr. Krause from Saturn Inc. describes the purpose of a similar approach in his organization:

"Differences in the planning horizon or in phantasy are anyway removed through a very formalized planning procedure that is followed in Saturn worldwide. A dominant structure is important to synchronize the planning that is done in all our subsidiaries. Country or culture specific peculiarities would only disturb the communication between the subsidiaries and the coordination of their activities."

It appears that the larger German corporations try to avoid the consideration of cultural differences inside the management of their worldwide subsidiaries through the prescription of very structured and formalized planning procedures.

#### 4.4 SUMMARY AND CONCLUSION

This thesis itself represents a cross-cultural undertaking of a different kind. It is an engineer's first inquiry into rather "soft" sciences like sociology and anthropology.

Work in this area requires ways of thinking, acting and understanding that are not common in a traditional technical engineering field and are therefore rather unfamiliar to a technically oriented and educated person.

Keeping the interviews focused and following-up on the right clues proved difficult. During the analysis of the interviews, relevant information had to be identified, extracted and interpreted. The absence of numerical data and clear tangible facts posed considerable problems for the technical trained mind.

The results of the study have to be understood as interpretations of a limited number of observations in organization in the Hampton Roads area. The occurrence of certain themes across these interviews suggests that they are worth being considered by German managers of organizations in this area.

Hofstede's (1984, 1991) dimensions of national culture are used to explain the course of the study and the differences between Germans and Americans as perceived by the interviewees. Both cultures differ significantly along two



dimensions, uncertainty avoidance and individualism. While America ranks much higher along individualism, it is surpassed by Germany on the uncertainty avoidance dimension.

#### Interviewees' attitudes

Virtually all interviewed managers appeared highly suspicious of further research into the impact of national culture on their organizations. This resistance and the tendency to downplay or reject the idea of cultural issues might be explainable with a relatively low tolerance for ambiguity inherent in the German culture. To the German managers it appears difficult to assess the possible outcomes of research into the unfamiliar topic. This uncertainty represents a potential threat that they want to suppress.

#### Interaction style

Germans generally seem to appreciate an open and relaxed style of communication in their American organizations. Rather than disguising different points of view, Americans seem to be able to discuss them openly and truthfully.

In this environment where conflicting opinions are allowed to surface easily, the German managers have recognized the danger of appearing aggressive, impolite and arrogant. In order not to jeopardize the appreciated open climate, successful managers adopt more moderate attitudes, carefully

controlling behaviors that might be perceived negatively by their American colleagues.

These findings appear compatible with the theory of Hofstede (1984). He ranks Germany considerably higher on the uncertainty avoidance dimension than America and characterizes low uncertainty avoidance as fostering a climate in which conflict and competition can be contained on a fair level and used constructively. The greater the need for uncertainty avoidance however, the more do conflicting points of view tend to unleash aggressive behavior. The relative high need for uncertainty avoidance in the German culture is thus likely to result in a higher tolerance towards aggression in the German society and a more moderate climate in the American culture.

The distance between America and Germany along the individualism dimension further explains the German reluctance to expose conflicting ideas and opinions. The less individualistic orientation in the German society leads to a stronger emotional involvement and dependency on collectives. With the inherent potential for conflict, diverging opinions are perceived as threats to the harmony and unity of the organization.

#### Style of work and commitment

A perceived lax and uncommitted attitude of Americans towards their work poses problems to those managers that expect a strong sense of precision and order.

Hofstede (1984) contends that the combination of values related to power distance and uncertainty avoidance explains the distinct esteem for structure inherent in the German society. The distance along the uncertainty avoidance dimension might therefore be summoned to explain the high expectations of German managers that are not naturally met by their American colleagues and subordinates.

Hofstede's dimensions of national culture might also be used to explain Mr. Flunkert's perception of an irresponsible tendency of American employees to overstate their skills and abilities. The positions along the masculinity dimensions foster strong achievement motivation in America and Germany. The distance in uncertainty avoidance however accounts for differences in the meaning of 'achievement' in both societies. The stronger need for uncertainty avoidance in Germany leads to an emphasis on 'achieving security'. In America, the need for security is less distinct. Achievement is strongly related to advancement and recognition, a risk-taking mentality is likely to emerge. The considerable higher degree of individualism in the USA reduces the individual's emotional involvement and dependency on the organization. The risk of failure due to an overstatement of one's abilities is assessed as risk to the individual, possible damage to the organization is of lesser concern for the American. The German manager however is used to a less individual oriented and more risk-averse environment, in which the employee-employer

relationship possesses a considerable moral component. According to his experience, employees assume more responsibility for the advancement of the organization. Already relatively security-oriented and thus risk-averse, employees are more likely to carefully and honestly assess their skills and abilities.

Emphasizing mutual commitment and enhancing emotional involvement of employee and employer, managers seem to succeed in their attempts to change employees' behavior. They assume and demonstrate a high degree of social responsibility, recognize and consider personal needs of employees and offer opportunities for development. In return they receive the commitment of the employees and their identification with the company. Training and other opportunities for learning not only enhance the feeling that the organization invests in the individual. They also improve skills and abilities and thus the quality of the organization itself.

These recommendations reflect experiences of German managers in successful American subsidiaries of German companies. The quality of products and operations are on par with similar organizations of the same companies in Germany. For German managers on appointments in Hampton Roads, these experiences might contain valuable guidelines to further improve individual and company performance.

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**APPENDIX A**  
**COUNTRY SCORES ON FIVE DIMENSIONS OF CULTURE**  
**(Source: Bond and Hofstede 1988)**

	<u>Power Distance</u>		<u>Individualism</u>		<u>Masculinity</u>	
	Index	Rank	Index	Rank	Index	Rank
<u>Countries:</u>						
Argentina	49	35-36	46	22-23	56	10-15
Australia	36	41	90	2	61	16
Austria	11	53	55	18	79	2
Belgium	65	20	75	8	54	22
Brazil	69	14	38	26-27	49	27
Canada	39	39	80	4-5	52	24
Chile	63	24-25	23	38	28	46
Colombia	67	17	13	49	64	11-12
Costa Rica	35	42-44	15	46	21	48-49
Denmark	18	51	74	9	16	50
Ecuador	78	8-9	8	52	63	13-14
Finland	33	46	63	17	26	47
France	68	15-16	71	10-11	43	35-36
<b>Germany (F.R.)</b>	<b>35</b>	<b>42-44</b>	<b>67</b>	<b>15</b>	<b>66</b>	<b>9-10</b>
Great Britain	35	42-44	89	3	66	9-10
Greece	60	27-28	35	30	57	18-19
Guatemala	95	2-3	6	53	37	43
Hong Kong	68	15-16	25	37	57	18-19
Indonesia	78	8-9	14	47-48	46	30-31
India	77	10-11	48	21	56	20-21
Iran	58	19-20	41	24	43	35-36
Ireland	28	49	70	12	68	7-8
Israel	13	52	54	19	47	29
Italy	50	34	76	7	70	4-5
Jamaica	45	37	39	25	68	7-8
Japan	54	33	46	22-23	95	1
Korea	60	27-28	18	43	39	41
Malaysia	104	1	26	36	50	25-26
Mexico	81	5-6	30	32	69	6
Netherlands	38	40	80	4-5	14	51
Norway	31	47-48	69	13	8	52
New Zealand	22	50	79	6	58	17
Pakistan	55	32	14	47-48	50	25-26
Panama	95	2-3	11	51	44	34

Power Distance   Individualism   Masculinity

Index   Rank   Index   Rank   Index   Rank

Countries:

Peru	64	21-23	16	45	42	37-38
Philippines	94	4	32	32	64	11-12
Portugal	63	24-25	27	33-35	31	45
South Africa	49	36-37	65	16	63	13-14
Salvador	66	18-19	19	42	40	40
Singapore	74	13	20	39-41	48	28
Spain	57	31	51	20	42	37-38
Sweden	31	47-48	71	10-11	5	52
Switzerland	34	45	68	14	70	4-5
Taiwan	58	29-30	17	44	45	32-33
Thailand	64	21-23	20	39-41	34	44
Turkey	66	18-19	37	28	45	31-33
Uruguay	61	26	36	29	38	42
<b>United States</b>	<b>40</b>	<b>38</b>	<b>91</b>	<b>1</b>	<b>62</b>	<b>15</b>
Venezuela	81	5-6	12	50	73	3
Yugoslavia	76	12	27	33-35	21	48-49

Regions:

East Africa	64	21-23	27	33-35	41	39
West Africa	77	10-11	20	39-41	46	30-31
Arab. Ctrs.	80	7	38	26-27	53	23

Rank Numbers:   1 = highest;   53 = lowest



	<u>Uncertainty Avoidance</u>		<u>Confucian Dynamism</u>	
	Index	Rank	Index	Rank
<u>Countries:</u>				
Argentina	86	10-15		
Australia	51	37	31	11-12
Austria	70	24-25		
Belgium	94	5-6		
Brazil	76	21-22	65	5
Canada	48	41-42	23	17
Chile	86	10-15		
Colombia	80	20		
Costa Rica	86	10-15		
Denmark	23	51		
Ecuador	67	28		
Finland	59	31-32		
France	86	10-15		
<b>Germany (F.R.)</b>	<b>65</b>	<b>29</b>	<b>31</b>	<b>11-12</b>
Great Britain	35	47-48	25	15-16
Greece	112	1		
Guatemala	101	3		
Hong Kong	29	49-50	96	1
Indonesia	48	41-42		
India	40	45	61	6
Iran	59	31-32		
Ireland	35	47-48		
Israel	81	19		
Italy	75	23		
Jamaica	13	52		
Japan	92	7	80	3
Korea	85	16-17	75	4
Malaysia	36	46		
Mexico	82	18		
Netherlands	53	35	44	9
Norway	50	38		
New Zealand	49	39-40	30	13
Pakistan	70	24-25	0	20
Panama	86	10-15		

	<u>Uncertainty Avoidance</u>		<u>Confucian Dynamism</u>	
	Index	Rank	Index	Rank
<u>Countries:</u>				
Peru	87	9		
Philippines	44	44	19	18
Portugal	104	2		
South Africa	49	39-40		
Salvador	94	5-6		
Singapore	8	53	48	8
Spain	86	10-15		
Sweden	29	49-50	33	10
Switzerland	58	33		
Taiwan	69	26	87	2
Thailand	64	30	56	7
Turkey	85	16-17		
Uruguay	100	4		
<b>United States</b>	<b>46</b>	<b>43</b>	<b>29</b>	<b>14</b>
Venezuela	76	21-22		
Yugoslavia	88	8		

Regions:

East Africa	52	36	25	15-16
West Africa	54	34	16	19
Arab. Ctrs.	68	27		

Rank Numbers: 1 = highest; 53 = lowest;

(For Confucian Dynamism: 20 = lowest)

**APPENDIX B**  
**INTERVIEW TRANSCRIPTS**

NEPTUNE INC.    Mr. Wiese, Vice President Operations

Wiese came from Germany 12 years ago to start Neptune's manufacturing operations in Hampton Roads. Today he manages approximately 500 employees. We met in his office at a large round conference table. He asked me to respect a company policy that restrains him from giving any internal information to outsiders and thus to dispense the audio-recording of our conversation. The following section summarizes Wiese's statements:

Germans are likely to be perceived by Americans as being arrogant and aggressive. "To succeed in the US, it is important for us to control these attitudes and to appear more moderate."

Lower needs for structure and regulations lead to more flexibility and facilitates our work. Reduced division of corporate functions decreases the potential for internal competition and conflicts.

Neptune Inc. recognized the potential inherit in the human resource and we emphasize training and personal

recognition as important motivational factors. Line workers have the opportunity to rotate through different positions in the production process, enhancing their skills and understanding of the operations. Outstanding workers are placed into a year-long training program, similar to a German apprenticeship in metal-processing or in the operation and maintenance of technically advanced machinery and equipment. This practice provides Neptune Inc. with qualified and motivated employees.

American workers need more personal attention than their German counterparts. Other than in Germany, the superiors must show interest into the private life of American workers in order to gain their commitment. Regular informal informative meetings between management and workers provide the plant floor with information about important decisions and facts concerning the firm, and give workers an opportunity to raise their concerns and questions. Health plans, a pension plan and the practice of avoiding temporary layoffs during times of lesser work underline the company's commitment to the employees as individuals and important parts of the firm.

Neptune's American employees, motivated and trained in the described way are able to outperform our German production sites and regularly wins the company awards for product quality, safety and profitability.

During our tour through the strikingly clean and roomy production facility, Wiese demonstrated a open and trustful

relationship with the employees. He addressed several persons and appeared well informed and interested about recent private or organizational issues.

JUPITER INC. Mr. Naish, Human Resource Manager

The more than 500 employees in the Hampton Roads plant produce technically advanced parts for industrial customers. Mr. Naish was about to return to Germany after a two-year assignment in Hampton Roads. I met Mr. Naish at his desk in his very small office. He asked me to keep the meeting "inofficial" since he did not feel authorized to give me any information without the formal approval of his superiors. Consequently, the conversation with Mr. Naish was not audio-recorded, nor were notes taken during the meeting. The information attainable from Mr. Naish can be summarized as followed:

A consultant recently conducted a study of the cross-cultural communication among Jupiter subsidiaries in Europe and North America. The research had revealed serious waste due to misunderstandings and other communication problems. The results of the study were so unwelcome that they had to be reformulated, before they were accepted by Jupiter's management.

Americans and Germans at Jupiter have problems, however any further investigation would need the approval of the vice president Mr. Simmer.

"The way punctuality is handled (people come to meetings late, if they come at all), people feel responsible and commit themselves to the job, often made me very aggressive and brought me close to explosion."

A another considerable difference lies in the way Americans handle conflict: "if you criticize somebody in a way you would consider normal and acceptable, people here feel already seriously insulted".

"I feel confronted with an extremely exaggerated and simplified stereotype for Germans like it is presented in the movies". Things like 'discipline', 'rules' 'order' and 'structure', that are considered so valuable often cause a negative perception in American colleagues.

SATURN INC. Mr. Krause, Vice President Operations

In the Hampton Roads subsidiary, Saturn manufactured and sold products for industrial customers in the USA. At the time of my visit, the organization was in the process of closing down its operations in Virginia and relocate the facilities to North Carolina. Mr. Krause had arrived from Germany only a few month earlier to replace his also German predecessor. We met in his office around a small coffee table. Krause had no objections against an audio-recording of the conversation.

"I had no specific preparation regarding the American culture when I came here six month ago. My employer and I simply agreed that some international experience would be good at that time, and I wanted to go to North America. If

something appropriate became vacant there, I would simply go without any problems. Asia would have needed some more time to think about and prepare, but North America presents no problems. We are living pretty much the same way, and the language is familiar. I am single, without family, that makes it easy for the company.

I had no special expectations or stereotypes regarding my American colleagues and the work-life here. Occasionally I had contact to American colleagues before, and the one stereotype is that since you address each other by the first name, the relationships are more personal than in Germany. But I don't think that one can say this in general. They appear more open in their personal relationships, less stubborn than we Germans. That makes it easier to deal with Americans. In North American companies you find more open doors, in Germany many things still happen behind closed doors. There you have to open a door first to see somebody, here one can stick his head through the door and hope that somebody says; "so come on in!" My door here is usually open, I didn't have any problems to adapt to this custom. It doesn't bother me if people come in. If I feel disturbed, I ask them to leave me. This doesn't create any problems.

One difference might be that the American mentality is more flexible when it comes to moving from one place to the other. When a German buys a house this almost means "here I am, here I die". It is much easier for them to move from one part of the country to the other than it is for Germans in the small Germany.

I am the boss of 3 managers here, all of them are Americans. I am the only German in this organization. My predecessor was also German, so all of them were used to the German way, if there is something like this.

Americans have more trouble with reporting than the Germans, the differentiation between direct lines and dotted lines plays an important role for Americans. For me, it doesn't make much different in the distribution of information. The North American mentality is much more oriented towards the formal administrative line of communication rather than the informal and often more effective communication channels. The main difference the Americans had to get used to is our matrix organization, in here they have more persons to report to or be responsible to. I think Americans prefer to have only one boss.

I don't know other American companies, but I think that we have a little bit more social orientation, the benefits are probably higher than in the average US company. We are regarded as a good employer. People stay very long at Saturn, look at this newspaper, many people with 30, 35 or 40 years in the company. This might be evidence for satisfaction with the employer. The benefits and salaries as offered by German employers improve the connection of the employee to the company.

The decision to move to North Carolina was made and announced before my arrival, I had nothing to do with it. Being on some panels that look into the future, I would not say that there are any differences between Americans and Germans in the way we think about the future.

Different ideas about events in the future and the assumptions leading to these ideas are discussed on these panels. A variety of ideas and assumptions is certainly an advantage, one looks at the same theme from different angles and certainly gains more insights. But different nationalities don't produce more variety here. Creativity is a very personal attribute, I don't think one can connect this to American or German mentality. You will always find dreamers and visionaries, and they are valuable. But this is a matter of personality, not culture.

Differences in the planning horizon or in phantasy are anyway removed through a very formalized planning procedure that is followed in Saturn worldwide. A dominant structure is important to synchronize the planning that is done in all our subsidiaries. Country or culture specific peculiarities would only disturb the communication between the subsidiaries and the coordination of their activities.

In America and in Germany you find those that are very hierarchical oriented and don't like teams, and those that say that team decisions are the best.

Americans talk about different points of view or different opinions much more open than Germans do. In Germany people keep their opinions more in the hidden. American peers also give you a more open opinion about things that bother them. This is an advantage, inherit in the more casual, more open climate.

Americans are not so painstaking in their work, numbers are often not double-checked or simply don't fit together. Germans wouldn't turn in papers with these kinds of inconsistencies. But we have rules and procedures that emphasize more accuracy and checks and this mostly takes care of it. Americans accept the emphasis on accuracy and checks, but they don't always act like it, they are simply more superficial. In these cases I talk to them and then it works again for a while. They are more relaxed and tend to shoot faster with less thinking, here they can learn from the German style because many fast-shoots tend to miss or fire backwards.

My successor will be a manager who is used to the Saturn management and business style, and that should be enough preparation.

We have many panels through all hierarchies that come up with a mission statement (what are we doing, what do we want to do right know), and vision statement (where do we want to be five to ten years from now). It is something like "we want to produce products that are good for the environment" and so on. These statements exist on all levels, and they are certainly different on all levels. Of course they all have to



fit together. But that's why we have the panels, interconnected teams, that develop mission and vision top down from the company-wide statements for all groups. Everybody in the company is aware of the mission and everybody participates somehow in the process. Vision and mission are constantly under discussion in these panels, they develop over time. The company is part of the society, and societal issues are therefore part of our mission. The fact that Americans participate in this process doesn't result in systematic differences to German vision and mission statements. Gaps between statements and reality are perceived as challenges. Our vision includes training and personal development and we provide many opportunities for training. A minimum number of training days is mandatory per employee and year."

MERCURY INC. Mr. Hennig, President

Jupiter Inc. in Hampton Roads distributes Jupiter products made in Germany to retailers all over the United States. For more than five years, Hennig leads the small organizations with less than 20 employees. He welcomed me in the company's meeting room and had no objections against the audio-recording of the interview.

"I have been in the USA for Mercury since 1981. Before this, I had been with the company in Germany. I had no special training or preparation. Everybody has some ideas about America, and especially in Germany we believe to have a good understanding of this country.

Every human is different, I don't see anything specific that constitutes a difference between Americans and Germans. I knew that they have a very relaxed or casual style in America, life is easier, less complicated than in Europe. For example in America it is much easier to get appointments with important persons. It is not so important what one has achieved so far, but what can you do in the future.

I am the only German who came here direct from Europe, we have others from Germany that have been living and working in the USA before.

What generally distinguishes Germans is punctuality, reliability and suchlike. As German enterprise, we stick to these values since it has proven successful at home. For many Americans this is of course a new way of thinking, but we help

them to adapt. I consider punctuality, cleanliness and suchlike as very important.

We are a very small company and we make sure that everybody is heard. We have weekly meetings where all employees participate. It is important to understand people and to be understood. If somebody has a problem at work, for example with the importance of punctuality, we try to help. New employees are integrated very openly and friendly, of course they have to adapt to the company style, that means being on time and being responsible.

We have a good climate in here, and if one offers from the beginning good opportunities and goals for the individual employees, than they have no problem adapting to the company style. I stress open communication, every employee is important for me and I try to be as fair as possible to everybody.

Of course you can't always please everybody, but I think through our open and trustful climate it becomes easier.

We are successful, and if one is successful, 80% of the problems are already solved.

We offer our employees a lot security in form of insurance, health plans, dental plans and so forth. People recognize the importance and feel that the company really cares for them. They appreciate this very much. They see that they actually earn good compensations, even if not all is paid as salary. This is a good incentive to stay with us, and we want them to stay for long. We are interested in a long-term commitment, because people make the organization, and without a stable and well running organization we can't be successful. The most important parts in a company are the employees, but I can't say whether this philosophy is different from American companies or not. Considering organizations like 3M or HP, I don't think that American companies in general have to learn something regarding these ideas. Maybe the smaller companies, but I don't know.

Our actions and decisions here are purely sales and marketing oriented. It is important to have a feeling for the market, and one always has to be aware that we are acting in a global market. This means for example that I am going to the Far East twice a year to see upcoming trends in our industry so I can anticipate future trends that I will have to face here. The way people think about the future and prepare themselves is very dependent upon the individual personality. I don't see any general differences between Germans and Americans. Our future is expressed in sales goals. These goals are set together with the individual sales representatives. Of course there are situations where the sales rep. and I don't initially agree on certain numbers, but we discuss this very openly. Reasoning counts to resolve this disagreements. I would say that the situation and behavior is very similar to the way things work back home, maybe we handle things a little bit more open and uncomplicated here. But I don't know if this

is because of the difference in size, the German organization is much bigger, or if the reason really lies in different mentalities.

Our company is as good as the weakest part, that means that a storage worker is as important as a sales representative, the accounting clerk or the manager himself. This sometimes creates problems since storage workers are generally very low regarded parts of an organization and are often neglected in the social life of the organization. We really emphasize the importance of the team."

At this point, approximately thirty minutes through the meeting, a customer representative arrived. Mr Hennig had to terminate the our conversation. He offered me to visit him again, but asked for my understanding that more time consuming interviews would have to be delayed to the second quarter of the year.

JUPITER INC. Mr. Simmer, Vice President Finance

Informed about my concern by Mr. Naish, Simmer appeared reluctant to invite me for an additional meeting at Jupiter Inc. Upon my persistent requests however, he finally agreed to talk about his personal experience on his assignment in the USA. Sitting at a conference table in his large and friendly office, Simmer asked me not to audio-record his statements but allowed me to take written notes. The following section resembles Mr. Simmer's statements:

I came to the USA in 91 after 2 years with Jupiter in Germany. There was no special preparation because in Europe we feel already very familiar with the American mentality.

I knew how Jupiter organizations work, and I expected the same style here, and that's what I found.

Regarding the private life I am a little disappointed about America. I expected it to be easy to get friends and establish a social life, but it turns out that society in this country is very segregated. Black with black, white with white but even in the whites you have to fit a certain profile. I am living in a very good neighborhood, and I feel like they are always concerned if I really deserve to live here. It seems to be impossible to become friends without opening the books and disclosing completely what you are, where and will be. But maybe that's just a specific problem in my neighborhood.

Our American colleagues had to adapt in some regards, but I think this has more to do with organizational style than with culture. You will understand this when I explained to you the history of Jupiter in Hampton Roads. After Jupiter had discontinued its activity in car-electric for more than two years, the rise of the electronic engine management changed the landscape and opened new opportunities. In 1988 management decided to re-enter the field, but was looking for a partner with experience in the automobile sector. With the idea of market expansion, this partner was sought to be a US company. Joint venture negotiations with a Hampton Roads firm finally resulted in the total purchase of that firm. Jupiter has its own management style, and this style was simply superimposed on the old organization. This way, the people in this

organization certainly had to adapt to a new style. But again, I would not attribute these differences between old and new style to national culture.

Of our approx. 1000 employees we have about 250 salary positions in research, development and production management; 100 in administration. The rest are production workers. Besides me there are two more Germans: one young engineer and one person in the financial administration.

The major change in the management style came in the planning process. The old organizations prepared 5-year plans, but the planning was done once a year. This was done in a top-down manner. Our current planning process is very high-frequent, we are basically always in a planning stage. We also prepare 5-years plans, but in a very structured and formalized bottom-up manner. This means everybody is involved and planning consumes a lot of time. These are just different management and planning philosophies, I don't think culture has anything to with this.

The problems that we have lie in the fact that this very formalized planning system takes time from many people in the organization. And right now, we are downsizing everywhere because of the difficult economic situation. The only thing we are not downsizing is the planning effort. And here people have difficulties to understand that we still maintain a quite large scale and expensive planning system. But you would have the same problem in Germany.

As I said, I don't see typically American attitudes and behavior that differs from our German style. I don't think that problems, conflicts etc. are blamed on cultural differences.

I can't give you any information regarding the study Mr. Naish told you about. The results are not yet completely analyzed and anyway confidential.

A Clinton administration might affect us through the dollar exchange-rate, but headquarters in Germany has a central office that determines and prescribes these rates to us. A fuel efficiency-law will be to our advantage, but we don't include this eventuality in our considerations yet.

The different opinions or points of view that arise should be seen as result of different personalities and brains, I see no cultural determines systematic here.

Our planning procedures are very straight forward, everybody knows what to do and how to do it. It works exactly the same in all our worldwide subsidiaries, there are no differences. People just follow the detailed procedures. Of course, different perspectives on one situation is always good. We discover it in the bottom-up process and we simply discuss why we have different opinions. Usually are these things very easy resolved by reasoning.

No German-American differences in the way plans are discussed. This is the same game everywhere, everybody wants more in his plane than the next higher level can give him, and

we have to find compromises. Very often this is a question of missing a broader picture at a lower level.

I don't think that a successor would need any special training or introduction, as I said; Jupiter is Jupiter, and the people in here are not different from the people in Germany. Maybe I would recommend another neighborhood though.

Sorry, but at Jupiter I do not see a reason for your proposed study. We don not feel any impacts of culture here, and involving people in another, time consuming series of interviews would therefore not be justifiable.

PLUTO INC. Mr. Flunkert, President

For almost ten years, Mr. Flunkert is the head of the American sales and service organization of Pluto. Approximately 20 engineers and technicians are serving Pluto's industrial customers all over the USA. They sell technically advanced equipment, produced by Pluto in Germany, and provide important technical support. I met Flunkert for the audio-recorded interview at his desk in a small office room.

"My job in 1984 was to install a sales and service organization for Pluto to react to increased business with US customers.

In our German organization, technicians and sales people are trained up to the smallest detail of our systems, they know what they are talking about, not just about their little part of the whole, but about every aspect that might help them to do their job. It takes extensive training to bring the American colleagues only close to the standard we are used to back home. This has to do with the education and training, but also a lot with the identification and pride in workmanship.

I don't say that we have bad people here. Our people are actually pretty good. Without German management however we wouldn't be where we are in the USA. The Pluto philosophy seems to be very German: "being the first and being the best - do it only once, right". Americans always look for the easiest way, which is not generally the best, and they are often sloppy, which means they need to do it more than once.

For the communication with Germany is also very important to have German managers here. Our counterparts are used to a systematic and thorough style, they wouldn't be able to deal with the American, often a little bit sloppy and intuitive way of approaching and solving problems.

Americans deal with each other in a much more friendly and open way than the Germans do. In 'easy going', they are often able to make things less complicated in their life. And they are less arrogant.

I had to change my style when it comes to control. I was used to rely on people, for example secretaries, because they think about their work, and detect and correct even my errors. Here they don't think while they work. Partly they are missing the education, partly because they don't include this in their job. It has nothing to do with trust, but generally more control is necessary when you work with Americans. This is something I really had to get used to. For me, if somebody calls himself engineer, technician or secretary, I expect a certain educational background and basic skills. I found very soon that here you can carry all these titles and it doesn't mean anything. These people might think they have some adequate skills for their titles, but you cannot compare this to qualifications we are used to. In the beginning, this led to serious misunderstandings and conflicts.

For example there was this new technician, telling me "Yes, I know how to do this". Based on the fact that he was calling himself 'technician', and his statement, I gave him a certain responsibility. I expected him to be easily able to handle this job, and I basically let him alone with it. It was a normal job, and when I got there after 2 weeks, I expected him to be almost done. But I found him hardly started, he didn't know what to do and was desperately trying to fix it. I asked him "Do you understand what you try to do?" and there came no answer. Then I started to ask detailed questions, and that's when I realized that he had not the slightest idea. We didn't look too good in the customers eyes, and I got quite angry. I felt that he hadn't been truthful in the beginning. Because he did something years ago in school, for two hours, he felt save telling me that he knows how to do it. He could have said that he didn't feel save, needed help or whatever, no problem. But my experience was that people asses their skills relatively truthful, and so I believed him. After cooling down, I had several talks with this man, and I explained to him why he was wrong. I told him that it is important that we can truthfully asses his skills and



distribute tasks and problems in a way that he can gradually improve. In addition I kept an eye on him to make sure that he was able to handle whatever he was assigned to do. I think he understood me, and we both learned from it. I know that this was my mistake, at least in part. As I said, it needs more checks here.

Today we make clear that there is no problem in not knowing something. Pretending to know, or unwillingness to learn, that's bad. Employees have little problems to adapt to this, I think they feel good about it since it means less pressure. The fact that we expect them to constantly learn and improve their skills is actually quite welcome at our technical personnel, they feel that they personally get something out of it. For major installations we often receive support from Germany. In these situations, our people totally accept the usually superior experience of their German colleagues. They try to learn from working with them, and it shows. We really support our American employees, and they get a lot of training. Generally we are very patient as long as they show the will to improve. Meanwhile we have some great people that easily measure up to our personnel in Germany.

Officially we do not have flex time, but we usually handle work hours very flexible. Our people work overtime and often come in on weekends. It would be stupid to check if somebody comes half an hour earlier or later in the morning. If somebody has to go to the doctor or lawyer or whatever private business, he comes later, no questions asked. People handle this flexibility very responsible. On the other hand I expect that if necessary, people work overtime or come in on a saturday, but that is usually no problem.

Americans have less problems to abandon old rules and to adopt new ones, they are more flexible. They are also less likely to question their boss, it is easier to be accepted by American subordinates. A manager can have many cars, plains or other privileges, as long as the company is doing fine, nobody will complain.

An advice to my successor: be patient and do not expect too much.

Please understand that our people are very busy travelling around the country. I would feel very bad to cause additional overtime through interviews."