

Can American and German Business Cultures Mix?

New book tells of subtle differences that can lead to misunderstandings

NEW YORK — “From product lines to production philosophies to the role of unions, the differences between German and North American companies are numerous,” says Patrick Schmidt, consultant for American-German cross-cultural training and author of a newly published book *Understanding American and German Business Cultures — A Manager’s Guidebook to the Cultural Context in which American and German Companies operate*. “The Germans are formal, insular, methodical; North Americans are informal, fast and flexible.”

Schmidt, an American by birth and education, spent more than 20 years in Germany, becoming fluent in the German language, making German friends and working as an English teacher and intercultural trainer at Daimler-Benz in Stuttgart.

“When I started to do American-German intercultural training seminars, I thought I really understood German culture. I had many hunches and gut-level intuitions, but to be honest, I wasn’t able to articulate them in the clear fashion I wanted to. That is when I decided to write a book,” he says.

His guidebook is a stimulating and provocative read. What sets the book apart from other is the use of the comparative method so that the reader is able to immediately grasp where cultural differences are and at the same time become conscious of his or her own national uniqueness. For example, the concept of time: in German culture, it is used predominately for the precise scheduling of events, whereas in American culture, it is viewed as something not to waste, i.e. “time is money”. No other book devotes itself exclusively to the different organizational behaviors between Germany and North America in such a systematic manner.

“For six months, I researched the subject and what I discovered was really a surprise to me. Many of the assumptions I had about both the Americans and Germans were superficial and often stereotypical. Writing forces you to delve deeply into the subject matter. Today, my understanding is much more comprehensive and cognitive and I have a far better appreciation for the potential cultural clashes between the two countries.”

What is the most common mistake in American-German relations?

Many Americans and Germans say that their cultures look so similar on the surface that we automatically assume they are the same. Yet, beneath this facade of similarity, there are great, subtle differences. They have become a victim of the most common pitfall in U.S.-German business relations — something experts call the ‘trap of similarity’.”

So what are the differences between American and German companies?

Take, for example, the word 'manager', used in both languages. On the North American continent., a manager is mostly perceived as someone who has the responsibility of motivating workers, controlling quality and makes sure the job is done properly. Often, the American manager is considered to be the key element in the success of the firm, the hero of the company," he begins.

"In Germany, the manager is seen as someone who gives tasks and then takes a more 'hands off' attitude toward what goes on afterwards. This is because German workers are trained to solve problems themselves, perceiving any task given to them as a challenge to their acquired skills. That some person has to 'motivate' them would be seen as an insult to their professional pride.

"Furthermore, there is the importance of perfectionism in German culture that Americans fail to consider. People in Germany are automatically expected to strive for the very best in themselves and in others. Consequently, German managers don't see the reason to motivate and supervise personnel because they assume that the work will be done well without any prodding," adds Schmidt.

"Many readers might think that I'm making a mountain out of a molehill about how two cultures can interpret a word, such as manager, so differently. But let me give you a concrete example of how misunderstanding a term can lead to a spectacular business failure. Back in the early 1980s, Volkswagen set up an automobile factory for the 'Rabbit' in Pennsylvania. Not having done their intercultural homework, the VW management falsely assumed their German managers could run the factory like in Germany, with a sort of "hands off" policy. This would have worked if the American factory worker had been trained like the German worker i.e. to be extremely quality-conscious and a perfectionist. Unfortunately this had not been the case. It was a classic situation of projecting one's values on to others. The quality of manufacturing was so poor that at the end, American consumers didn't want to buy the American-made version of the 'Rabbit' anymore. They only wanted the German-made version. The factory had to be closed, costing the company over one billion marks," says Schmidt.

After finishing the book, his biggest astonishment has been the strong reaction some people have when reading it. "Every culture has a close balance between positive and negative characteristics. In order to understand other cultures, one needs to have a strikingly refreshing view of one's culture. This means you must see your cultural reality fully, with warts and all."

"Even though I make this clear at the beginning of the book, some Americans felt my book to be too anti-American and pro-German, whereas some Germans felt the reading to be too anti-German and pro-American. Seeing ourselves from a cross-cultural perspective can be, to say the least, difficult," he explains.

“Curiously, those who praised the book were both German and American business people who had lived some years outside of their own culture. They had developed what professionals in my field call an ability to understand the relativity of values, a sort of intercultural competence,” Schmidt adds.

“What this comes down to is that all of us still have a tribal instinct, the unconscious assumption that our culture is the best. It’s perfectly natural to think one’s own cultural group worthy and valuable. However, in this day of globalization, we need to move from an ethnocentric mode of living toward a greater recognition and acceptance of others. Only by raising our cross-cultural sensitivity can we attain this,” he concludes.