

Comparative Analysis of German and Anglo-Saxon Business Culture

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Abstract

Two premises built the starting point for following study: that cultural background, cultural conditioning have a considerable influence upon business area at one hand and at the other hand that nations having common origins are likely to present similar cultural conditioning. The first hypothesis found proving in the works of theoreticians and practitioners like E.T. Hall, Geert Hofstede, Richard Gesteland and others dealing with the problem of people's "mental programming" called culture and with cultural differences around the world. For the second premise we wanted to analyze three cultures having common Germanic roots namely the German, British (focusing on the English component of it) and American cultures through the prism of their concept of time, relation to business, working and communicational style, structure of management, attitude towards hierarchy and interpersonal distance including physical contact.

As the results of our comparative analysis showed above mentioned business cultures had very much in common regarding attitude to time, business and interpersonal distance but in the other segments they presented considerable differences as well.

Taking all aspects into consideration the similarities deriving from their common Germanic origin offer the three cultures in question some advantages in business relations but the essential differences they present should be minded, too to avoid failure in deal making.

Keywords: cultural conditioning, intercultural competence, cultural differences, mental programming

1. Introduction

Following study sets out from two premises, that the influence of cultural background, cultural conditioning upon business area is not to be neglected at one hand and at the other hand that nations having common origins are likely to have similar cultural conditioning. From

the 1960s on there are quite many researchers¹ and studies dealing with human's "mental programming" (Hofstede, 1996) called culture and the differences occurring in people's vision upon things, reaction or attitude towards the same circumstances. Of course different people see things differently but these differences are not only based on individual background, they may be conditioned collectively as well. This collective cultural conditioning should neither have absolute validity – one may leave space for individual variations i.e. he/she should avoid stereotyping in its negative sense – nor be neglected because it helps develop a proactive attitude supported by the presumption that representatives of a culture might have a certain vision upon things while people with another cultural background might have an opposite reaction to it. By developing this proactive attitude people can do much to prevent failures in the business area caused by the lack of intercultural competence.

In this study we try to analyze three cultures under the aspects of their every day and business life. The three cultures having in common their Germanic roots are the German, the British² and American one, the latter two as representatives of Anglo-Saxon cultures. We talk about common Germanic origins as present English population is the result of the mixture and interaction of following three elements: Breton, – the native population of the British Isles – Anglo-Saxon – invading Germanic tribes – and Norman – invaders meaning French influence for more than two hundred years. Knowing this and the fact that among the historical settlers of America there were English, Irish, Dutch (Germanic population, too) and other nations, no more explanations are necessary to prove American culture's partial Germanic origins. As all three cultures during their history were subject of different influences, they experienced different ways and circumstances of development, they might present considerable differences in their cultural conditioning. The aim of following study is to see to what extent they are similar due to the common origin and in which segments they show important cultural differences if there are any.

When dealing with cultural differences there are some well defined aspects according to which one may compare cultures with each other. These criteria vary of course from researcher to researcher but a concise synthesis of them may include following categories: concept of time and time management; relation to business; hierarchy, structure of management; attitude, working style (formality/informality); communication style and physical contact, gestures. Present study will analyze German, British (English) and American culture along the above mentioned criteria.

2. Comparative Analysis of German and Anglo-Saxon Business Culture

2.1. Concept of time and time management

Due to the research work of E.T. Hall and others nowadays we know that cultures may have a very different attitude to time and perception of it. While in some cultures everything is dominated by time, people plan their actions, live and act according to a certain schedule, – these are the so-called monochronic cultures (Hall, *The Silent Language*, 1959, based on

¹ such as Edward T. Hall, Geert Hofstede, Fons Trompenaars, Richard Gesteland and others

² in following study we focus on its English component

Hidasi, 2004) or rigid time cultures (Gesteland, 1997) – for other nations time is just a framework to events, it has no dominating rule, delays are natural as everything is fluid – polychronic cultures (Hall) or fluid time cultures (Gesteland). In monochronic cultures work process, meetings, negotiations take place according to an established plan, problems are discussed item by item, one topic at a time and nobody moves on until the previous item has not been solved. Representatives of such sequential cultures always concentrate on the current problem or activity, thus work meetings, discussions are unlikely to be disturbed by external factors. But in the majority of world's cultures things do not work like this. Problems are tackled in a holistic way with no segmentation into subtopics or steps to be followed. People engage in more things simultaneously, they might have a conversation with a colleague, employee or collaborator, answer a phone call and react to the secretary's notice at the same time.

Of course on the large scale between the two extremes there are many variations, so cultures present different hues of rigid or fluid time perception but the huge differences in their approach to problems and in people's attitude to time may cause embarrassing moments and discomfort for those with no training in handling them.

Analyzing under this aspect the three cultures in question we can assert that their concept of time is very similar; people of all three cultures act sequentially according to plans made in advance, deadlines and timetables are generally respected in the spirit of the well known slogan "time is money". However in a more exact ranking of flexibility/rigidity in their attitude to time American and German cultures seem to be slightly more scheduled than British one³.

2.2. Relation to business

Observing the structure, course, length of negotiations and people's attitude to all of these aspects practitioners and theoreticians came to the conclusion that there are cultures where most important in negotiations is the deal itself, that is why representatives of such cultures like discussions straight to the point without any digressions and delay. Their meetings are oriented to the objective number one i.e. making the deal and signing the contract, so negotiations do not last very long. After the work is done they may engage in superficial, light conversations on small talk topics like weather, family, hobbies, travelling. Richard Gesteland called above mentioned cultures deal-focused ones, while Geert Hofstede's fifth cultural dimension, the short-term orientation of a culture, points to a great extent to the same features i.e. concentration on the current benefit and no further interest in deeper, lasting relationship. On the opposite end of the scale one may find cultures with long-term orientation (Hofstede, 1996) or relationship-focus (Gesteland, 1997). For these societies the main point is not the deal itself but developing and building up a long lasting good relationship. Therefore they need to get acquainted with the business partner to gain trust in him/her because mutual trust lies on the base of strong, lasting relations. In

³ based on Barry Tomalin's and Mike Nicks' figures in: Tomalin, B., Nicks M., *The World's Business Cultures and How to Unlock Them*, Thorogood Publishing, London, 2007, pdf.doc

consequence negotiations may last for more days and start with small talk for the sake of getting to know each other better. As time goes by and trust increases business people of this second type come to the effective topic of the meeting. To get in contact with people coming from such cultures one may need quite often an intermediary person with prestige in the eyes of one's would-be business partner and having good relations to him/her.

Related to their scheduled character and rigid time perception the cultures analyzed in present study belong to the category of deal-focused cultures however once more German and American society being according to our opinion slightly more interested in business compared to relationship than British one.

2.3. Hierarchy, structure of management

The problem of hierarchy is dealt with beside others in Geert Hofstede's research work. When putting up his cultural dimensions by measuring power distance he had hierarchy and people's attitude to it in sight. In cultures with high power distance index (PDI) hierarchy is respected and its reason for existence never disputed however it is rarely based on competence or merits but very often is the result of political or financial position. On the opposite side are situated cultures with low power distance index where hierarchy has no great importance and due to a flat leadership style the organizational chart of the company is flat as well. Some cultures may present an interesting mixture of the two aspects i.e. however they show a rather low power distance, they still owe respect to hierarchy. In this case high position is merit-based, rooted in qualification, competence and performance.

This is the explanation for German culture's rather low PDI (35 according to Hofstede) and its nevertheless hierarchy based company structure on one hand and at the other a much flatter leadership style in American and British culture associated with a power distance index of 40 in the first case and 35 in the latter one. To a certain extent British culture reproduces the apparent contradiction in German society. UK's power distance index is lower than the American one and still British respect hierarchy a bit more than Americans do. Comparing leadership style and management American companies are very different from European ones adopting a conservative continental posture. While in America sales people may occupy high positions in the company's hierarchy, even more a considerable part of the board of directors consists of former practitioners, in other words business men as well as marketing and sales experts as a proof of American empirical approach, in a German company this would be rather unimaginable. Their culture having a more theoretical and scientific orientation and being built on accuracy and precision, responsible positions are distributed to engineers and technocrats. As Germans rely on the quality of their products as a principal sales factor they do not lay adequate emphasis on marketing and expertise in sales; that is why American management proves to be superior to European one in general and particularly to German management style.

2.4. Attitude, working style

This aspect partially derives from the importance given to hierarchy in a culture. At this point we would like to analyze the extent of formality or informality at the nations in question. Having the flattest leadership style of all three American culture characterizes

through a high degree of informality. People are likely to call each other by their first names even in such official relations like communication inside and outside the company, negotiations etc. In an informal medium like this titles are not usual and have no considerable importance. In great lines the same is valid for British culture too, while German people situate themselves on the opposite edge of the scale. Their degree of formality is legendary as in German culture relations are guided by hierarchy. It is not unusual that work colleagues don't tutoyer each other, they remain at the level of the formal "Sie". Therefore when collaborating or negotiating with American or British teams, to be in tune with their informality, German business men may agree with the temporal use of first names and you ("du") and return to the initial state when arrived back home. In this formal medium only persons situated higher in hierarchy – not necessarily the elder ones – may have the initiative of getting on the first-name terms with each other. Not only hierarchy but scientific and honorary titles – obtained due to hard work, achievement and appreciation – also enjoy respect in German society that is why their use in formulas of address is almost compulsory while omitting them is seen as a serious mistake.

2.5. Communication style

One of the most complex segments in our analysis is communication as it has many components such as: verbal (tone, intonation, semantic and linguistic aspects) and non-verbal or paraverbal ones (gesture, facial expression, eye contact, posture, conversational gap etc.). Concerning the semantic aspect of communication it should be mentioned that there are cultures where message is conveyed by words and these have concrete meanings. In these cultures people mean what they express verbally. Their communication being independent of context they belong to the category of the so-called low context cultures (Hall, *The Silent Language*, 1959 based on Hidasi, 2004). On the other hand the majority of world's cultures communicate in another way. Here messages depend to a great extent on the context they were put in, so words almost lose their role of conveying message. In this medium of high context communication (Hall, 1959) verbal message is just the peak of the iceberg the largest part of it being under the surface i.e. lying in conventions, convictions, unuttered agreements, in one word context.

Strongly related to the context-dependency of communication is its tone. Cultures of low context communication tend to adopt a direct communication style, they express in a straight, unveiled manner what they really mean, while high context cultures prefer an indirect communication with euphemistic paraphrases. For the representatives of the latter culture type people following a direct communication style may seem to be rude however this is not the case, it is just their way to express things.

Being Western cultures all the three analyzed in present study belong to the category of low context cultures in comparison with Asian societies, although British people's communication is situated closer to the high context edge of the scale compared to the other two nations. That is why Germans' and Americans' communicating in a much more direct way than British are used to may be interpreted by the latter ones as lack of good manners or arrogance and at the other way round Germans and Americans may feel embarrassed by British people's vague formulations. Due to their direct style Germans express negative feelings, direct criticism concerning something without any problem and with no intention of

insulting. In the same situation in accordance with their cultural type British would resort to such roundabout formulations as “Do you think this is the best solution?” Surprisingly Americans – generally straightforward in their communication – would also adopt a more veiled style considering a “good try” even ideas of no use and thanking everybody for their humble contribution. Thus high or low context communication is to a great extent a matter of verbal/linguistic codes used which semantically can be very different from their pragmatic aim. Low context cultures adopting a direct communication style will not avoid praising something if it is worth doing so, while people communicating between the lines will tend to express verbally maybe the quite opposite of what they mean or feel. Handing over a bottle of quality wine low context Germans and Americans would say: “Take please this bottle of wine, it is an excellent brand”, Britons in their ambiguous way would resort to understatement, while people in even more high context cultures such as the Japanese would be glad to hear about the same wine “This is not a very good brand, I am afraid, you may not like it.”

Concerning the non-verbal part of communication there are slight differences among the three cultures in question Americans being moderately expressive in contrast to rather reserved British and Germans. Actually there is only one segment of paraverbal communication presenting noticeable differences and that is kinesics. Americans are more likely to make a moderate use of body language than Germans or British are. As a guarantee of honest intentions eye contact plays in all three cultures an important role. However we can speak about a moderate oculosics opposite to Arab or Mediterranean gaze behaviour. Their tolerance of conversational gaps is similar and in all three cultures people communicate by taking turns to avoid conversational overlaps.

2.6. Physical contact, gestures

Physical contact is an important aspect when speaking about cultural differences. In some cultures (Latin, Arab, Mediterranean cultures) haptics i.e. touch behaviour plays a considerable role in human relations even in the official segment. Representatives of these expressive cultures consider a short interpersonal distance (proxemics – Hall, *The Hidden Dimension*, 1966 based on Popa, 2006) hugs, patting one’s shoulder, kisses on the face absolutely normal. In more reserved cultures interpersonal distances less than three feet (approximately 1 meter) are interpreted as invading one’s personal sphere. In this respect we consider American culture out of the three the most tolerant of physical contact and less interpersonal distance, while German people in accordance with their formality the most reluctant to them. In our opinion regarding proxemics British culture is situated somewhere between the two. Generally speaking Anglo-Saxon and Germanic cultures are considered to be reserved – in the eyes of Mediterranean people even “cold fish” – in their contacts.

3. Conclusions

We started present study with two premises out of which the first one didn’t need proving as from the middle of the past century onwards due to the numerous works dealing with culture and intercultural relations it is an undisputable fact that consciousness of cultural

differences and cultural sensitivity play key roles in business success. Concerning the second hypothesis: that cultures having some common roots may have similar cultural conditioning, the following statements can be made. As the results of our comparative analysis show German and Anglo-Saxon (American and British) business culture have very much in common; all of them are business oriented, time-conscious, not very fond of physical contact, too little interpersonal distance but at the same time they present considerable differences as well. For a concise, schematic presentation of their features in the investigated segments see Table 1 below.

Table nr. 1 Comparative Analysis of German and Anglo-Saxon Business Culture

Cultural type and features	German culture	British culture	American culture
<p>Concept of time and time management:</p> <p>1. monochronic/rigid time cultures:</p> <ul style="list-style-type: none"> - actions according to plans; - handling issues item by item; - time having a dominant role in people’s lives; - importance of punctuality, schedules and deadlines; <p>2. polychronic/fluid time cultures:</p> <ul style="list-style-type: none"> - no planning and schedules; - time is a fluid entity, just a framework to events; - holistic way of handling problems; - simultaneous actions 	monochronic	monochronic	monochronic
<p>Relation to business:</p> <p>1. deal-focus:</p> <ul style="list-style-type: none"> - deal is the keyword in business; - short, straight to the topic negotiations; - superficial small talk after the deal is made; <p>2. relationship-focus:</p> <ul style="list-style-type: none"> - long-lasting, good relation-ship is the keyword in business; 	deal-focused	deal-focused	deal-focused

<ul style="list-style-type: none"> - importance of getting acquainted with one's business partner and gaining trust; - long negotiation process with predominant small talk, the effective topic being left to the end of negotiations 			
<p>Hierarchy, structure of management:</p> <p>1. great power distance:</p> <ul style="list-style-type: none"> - importance of hierarchy, status; - status is often based on financial or political power and not on merits and performance; - vertical management <p>2. little power distance:</p> <ul style="list-style-type: none"> - egalitarian approach; - flat management 	<ul style="list-style-type: none"> - despite of little power distance (PDI 35, see Hofstede) respect for merit-based hierarchy - vertical management (engineers, technocrats, theoreticians in the board of directors) 	<ul style="list-style-type: none"> - little power distance (PDI 35) - flat leadership style, nevertheless more respect for hierarchy than in American society 	<ul style="list-style-type: none"> - little power distance (PDI 40) - flat leadership style (former practitioners, marketing and sales experts in the board of directors)
<p>Attitude, working style:</p> <p>1. formality:</p> <ul style="list-style-type: none"> - no first-name terms; - importance given to status and titles (scientific and honorary) <p>2. informality:</p> <ul style="list-style-type: none"> - first-name terms; - no importance given to status and titles 	<p>formal</p> <ul style="list-style-type: none"> - formulas of address contain name and titles - no first-name terms even among work colleagues 	<p>informal</p>	<p>very informal</p>
<p>Communication style:</p> <p>1. high context, indirect communication:</p> <ul style="list-style-type: none"> - message not conveyed by words; - communication depending on context, lying in conventions, unuttered agreements, etc., background knowledge is necessary; - vague formulations, communication in a euphemistic manner 	<p>low context, direct communication (even direct expression of criticism)</p>	<p>more high context, indirect communication</p>	<p>low context, direct communication (no direct expression of criticism)</p>

<p>2. low context, direct communication:</p> <ul style="list-style-type: none"> - message conveyed by words; - direct, straightforward expression (people say what they think and they mean what they say); - apparent rudeness, arrogance in the eyes of people with indirect communication style 			
<p>Physical contact, gestures:</p> <p>1. reserved cultures:</p> <ul style="list-style-type: none"> - moderate use of paraverbal means of communication (facial expression, body language, gestures, eye contact); - no physical contact; - large interpersonal distance <p>2. expressive cultures:</p> <ul style="list-style-type: none"> - often and quite noticeable use of paraverbal means of communication (gestures, expression of feelings, eye contact etc.); - active haptics (touch behaviour - hugs, patting on one's shoulder, kisses on the face); - short interpersonal distance 	<p>reserved</p>	<p>reserved</p>	<p>moderately expressive</p>

Source: personal creation based on the findings of literature in the domain

Now let's see some basic differences as well. While in American and British culture hierarchy does not play an important role, consequently people are informal, after a short time on first-name terms with each other even in their official relations, in German society dominated by merit-based hierarchy this would be unimaginable and unacceptable as interpersonal relations develop under the sign of formality. On the other hand there are segments – communication style for instance – where American and German culture present similarities in contrast to British culture. Germans' and Americans' direct, straight communication creates for Brits excelling in ambiguous formulations some difficulties and

vice versa. However in their attitude to criticism Americans resemble the British more than the Germans.

Taking all aspects into consideration the similarities deriving from their common Germanic origin are for the analyzed three cultures of great help when dealing with each other but their representatives should mind also the essential differences they present to avoid putting at risk the success of their business relations.

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