

Culturewise – Focus on Germany

German Business Culture

For nearly two millennia Germany remained a patchwork of fragmented states, joined together in more or less durable regional groupings and split by civil and religious struggles and foreign domination. Still today, regional differences remain an important feature of German life and many Germans continue to identify with their region first and their nation second.

When German unification took place in 1871 it was built upon a well-developed sense of shared national and linguistic identity, if not a clear understanding of what Germany as a geographic entity should legitimately look like. In the years following unification, war and its aftermath have reshaped the borders of Germany, with land, people and natural resources changing affiliation with victory and defeat. In such circumstances it is perhaps hardly surprising that the search for certainty, clarity, and order form such powerful drivers of the German world-view.

In the world of business exactness, precision and constructive criticisms are key elements of what is considered effective communication. Change occurs slowly, reluctantly, and with a focus on consensus and conflict-avoidance.

The social market

Western Germany's long period of economic expansion after the Second World War enabled Germany to develop the largest economy in Europe. Still today Germany remains the world's second largest exporter of goods after China, with foreign sales of German made products exceeding those of the UK, France and the Netherlands combined. Although aid from the USA, sound economic management and access to bank financing were important factors in German economic success, at least as important was the particularly German concept of the social market economy, initially promoted by the conservatives but later backed by the all mainstream political parties in Germany.

The social market economy, while acknowledging the role of market forces in a successful economy invests considerable power in the state's role as guarantor of the welfare of citizens through an extensive social welfare system.

Companies are responsible not only (or even primarily) to their shareholders as in the Anglo-Saxon world, but to many other stakeholders including staff, suppliers, communities and customers. Compromise and consensus are key elements in the management of companies and the belief that private enterprise should operate within a public framework remains firmly fixed in the minds of German business people. Visitors from some Anglo-Saxon cultures can still sometimes be surprised at the continuing influence of the state, local governments and trade unions in business issues, and the complexity and range of labour market regulation.

The search for truth

Explicit, intellectual criticism has long been one of the driving forces of German philosophy and plays a central part in German speech patterns. In particular German culture values a process called *vertiefen* which involves the use of theoretical questions, statements of fact and critical questioning in order to explore the core or essential reality of a question, issue or problem. Considerations of saving face are secondary to the goal at hand, which is to discover the objective truth.

Of course, in order to get to the truth of any question, the exact meaning of words and arguments needs to be clear and explicit. This has resulted in a stereotypically German style of speech in which precision of expression, exactness of definition and literalness play important parts. In terms of stating facts, offering criticism and issuing commands, Germans are often a great deal more direct and explicit than might be normal in other cultures. For Germans, being critical is seen as a way of being socially responsible rather than a means of putting others into challenging or potentially conflictive situations.

There are several behaviours that are likely to help business visitors prove persuasive and influential with German business contacts.

Firstly, business visitors need to convince their contacts that their word can be relied upon. The German word *verbindlich*, which is roughly translatable as obligatory or compulsory, refers to the importance in business of living up to the spirit and letter of promises. The underlying belief is that an individual needs to be fully accountable for comments made or commitments given. To say something and then not carry through can demonstrate a lack of respect for others and damage credibility.

Secondly, German culture values analytic thought. While trust and good personal relationships are important in developing long-term business success, rational reasoning based on extensive facts, figures and examples is the core of any decision-making process. The desire to treat business contacts with fairness or integrity means that all relevant facts will be carefully considered, sometimes by several different people, before a final decision is reached. Do not anticipate being able to speed up this sometimes time-consuming process. In presentations the hard sell approach should be avoided. Tone down any hype and provide detailed background data and information on the proposals at hand.

Thirdly, business discussions and negotiations are perceived as being by their very nature goal-oriented, and therefore to be taken seriously. Anglo-Saxons often use humour to diffuse tense or stressful situations in discussions, or to introduce new ways of thinking around a particular issue. Germans are more likely to address such issues head-on and consequently can find the extensive use of often of humour in a business context confusing.

Business Etiquette and Protocol in Germany

Relationship-building

Although not a particularly relationship-oriented business culture, new business is generally procured from established suppliers so it makes sense to make efforts to get to know German contacts on a personal basis. Socialising is a fairly important part of business.

Business cards are commonly exchanged and should include your job title as this helps your contacts understand your particular responsibilities. It is probably sensible not to translate cards into German as the use of specific German titles may need to be approved.

The German language distinguishes between a formal way of addressing others using Sie for acquaintances and strangers and the more informal Du for friends or closer contacts. As a general rule of thumb Germans will use Sie for all initial contacts in the work environment and only change to Du when closer relationships have been established, although this can be different in companies where English is the main language of communication.

Where formal relationships are in place visitors should address German business contacts using Herr or Mr, Frau or Ms / Mrs plus the surname. If your contact has an academic or professional title this should be used, for example, Herr Doktor Schroeder or Frau Professor Schmidt.

The use of first names and the generally informal approach of Anglo-Saxon business cultures are becoming more widespread among younger employees in multinational German companies, or those with a less traditional corporate culture.

Anglo-Saxon business visitors may be invited to use first names with German contacts immediately. This can sometimes mean that German contacts will use each other's first names when working in English in multinational groups, but will revert to using surnames when communicating with each other in German.

If your contacts use surnames and the Sie form you may wish to suggest moving to first names over a meal or a glass of wine once you get to know them. This is generally more acceptable if you are obviously older or more senior than your business contact.

Communication styles

In face-to-face conversations, Germans tend to use more direct and intense eye contact than other cultures may be used to. From the German perspective this is meant to indicate engagement and interest in the conversation and should be understood in this way.

It is also important not to misunderstand the formal German approach in the work environment as cold or distant. Rather it demonstrates respect for the professional status of whoever your business contacts are dealing with.

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Meetings:

The goal of initial business meetings may be to test the credibility of potential contacts or to assess the quality of initial proposals. If your intention at the initial meeting is different make this clear to your contacts.

Whatever the purpose of meetings, German business contacts are likely to look carefully for flaws in your initial comments and may appear more overtly critical than Anglo-Saxons are used to.

When it comes to meetings in Germany, the status and importance attached to work roles and professional competence make it unusual for subordinates to comment on areas that are not explicitly within their remit. This can be confusing for business people from cultures where everyone involved is expected to contribute to a discussion.

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Being open about discussing weaknesses is seen as an important step in overcoming them, and should be viewed as constructive rather than as unproductive nit-picking. Arriving prepared, keeping to the agenda, eschewing too much small talk and finishing meetings within the agreed schedule are also important in establishing credibility.

Negotiations:

Negotiations will be fairly task oriented. German business people are often mistakenly accused of being cautious of new ideas and concepts. In fact, German culture tends to be highly focused on facts; a decision to work with a new partner or follow a new approach is one that needs to be carefully considered. Business people from cultures in which decisions are made on the basis of intuition or hunches may need to make particular efforts to back up their arguments with more facts than they would use elsewhere.

Case studies and examples are highly regarded. Criticism should not be taken as a personal attack but understood as a technique for dealing with potential problems in an honest, direct and explicit fashion.

Detailed contracts are likely to result from negotiations and will generally be difficult to change once signed. In theory failure to honour the terms and conditions of a contract can lead to litigation. However recourse to litigation is generally less frequently used to resolve disputes than in Anglo-Saxon cultures.

Instead, in keeping with the German desire for consensus and compromise, disagreements or differences tend to be addressed as far as possible through discussion.

Socialising

Lunches are more common than dinners, while breakfast meetings are rare. It is perfectly acceptable to discuss business before or after lunch but business topics should generally be avoided during the meal. Most entertaining takes place in restaurants and it is unusual to be invited to a business contact's home.

Dress:

Business dress tends to be on the formal side with dark suits, ties and white shirts standard for men and dark suits and white blouses appropriate for women. Business dress is suitable for most formal social events.

Business hours and appointments

There are few places on earth in which punctuality is more important than in Germany. Visitors should make the effort to be on time for every appointment whether business or social. Arriving just two or three minutes late can demonstrate a lack of appropriate respect, particularly if you are a supplier or in a manifestly subordinate position.



Appointments are important and where possible visitors should try to schedule important meetings at least two weeks in advance. The best time for business appointments is usually mid-morning or mid-afternoon.

Avoid making appointments for Friday afternoon or during holiday periods in July, August and late December.

Be aware also that many contacts may be away from the office during regional festivals such as the Oktoberfest in Munich or the three-day Karneval in a number of cities in February.

Taboos

There are few taboos in social conversations with German business contacts. However to a greater extent than in most other countries in Europe, Germans tend to compartmentalise their business and social lives, with people from one part rarely crossing over into another.

With this in mind it is probably sensible to ask fewer personal questions of a German colleague than might be the case elsewhere. Otherwise most subjects are open for discussion and personal opinions can be delivered in a robust and direct, albeit constructive, manner.