Country Culture Spotlight: GERMANY

by KABUTO
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1. Country Profile
2. Cultural Background
3. Hofstede’s Cultural Dimension
4. Business Etiquette and Protocol
5. General Etiquette
6. Volkswagen and Suzuki Dispute
7. Conclusion
GERMANY´S DEMOGRAPHICS

- 80,585,700 citizens, 6,799,200 Mio. foreigners
- Total Area: 357,168 km²
- Biggest Cities:
  1. Berlin (3,471,756)
  2. Hamburg (1,786,448)
  3. Munich (1,353,186)
  4. Cologne (1,007,119)
  5. Frankfurt (688,664)
- Language: High German, 105 different Dialects
- Religions:
  1. Non-religious (38 %)
  2. Catholic (30 %)
  3. Protestants (29,9 %)
  4. Islam (2%)
GERMAN DRINKING

- 1200 different breweries, with 5000 different beer brands.
- Most popular:
  - 1. Beck´s
  - 2. Erdinger
  - 3. Franziskaner
- Kariem´s favorites:
  - 1. Augustinerbräu München
    - Munich Region
  - 2. Tegernseer Spezial
    - Munich Region
  - 3. Jever
    - Whole North Germany
  - 4. Flensburger Pils
    - Hamburg Region

- Cheers = “Prost”
GERMANY´S ECONOMY

- GDP: 3.4 trillion USD, GDP per capita: 41,514 USD

- Most important industries:
  1. Automobil
  2. Mechanical Engineering
  3. Chemicals

- The biggest companies:
  - Volkswagen
  - Mercedes-Benz
  - BMW
  - Siemens
  - SAP
  - adidas
  - BASF

- Mittelstand:
  Due to strong specialization Germany has the highest number of market leaders in the world
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CULTURAL BACKGROUND

- The German Symphony
- Cultural Milestones
- Symphony in Its Relation to German’s Future
- Time Perception
The German Symphony

- Reflects German society and culture
- Diversity, positional arrangement, conductor but unified sound.
- Diversity - Since 1950 Germany is diversified.
- Germany was united for only 74 years.
- Maintain physical distance.
- Compartmentalization.
Important to understand essentials of German Culture

Short History (not a nation till 1871)

Grandiosity was ruined – Hitler’s time

BUT

Economy was strong - For the first time in the history, a war torn country leads to economic recovery.
Historical changes are positive – German leadership in EU NATO.

Economic Prosperity.

Successful implementation of new organizational approach in government and business.
Population will be more diversified.
Clear generational clashes
Aging population Crisis
Some parts of the country are changing while other parts are not.
Still Germany maintains the main characteristics of symphony.
Present – oriented.
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HOFSTEDE’S CULTURAL DIMENSION

- MAS
- PDI
- LTO
- UAI
- IDV

Germany
Japan
High score (68)

- Competitive society
- Manager need to be decisive and assertive
- Status

I am a MAN!
I wanna be a winner!!
Low score (26)

- A direct and participative communication.
- Co-determination
- Control is disliked.
High score (72)
- Self-actualization
- Loyalty
- “Honest, even if it hurts”

MY WAY!
GERMANY BUSINESS

Masculinity, Individualism, and Low Power Distance

Belief in results

These cultural dimensions have strong impact on Business Protocol
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BUSINESS ETIQUETTE AND PROTOCOL

- Business Relationships
- Business Meeting Etiquette
- Business Negotiation
Business relationship is not necessary.
BUSINESS RELATIONSHIPS

German’s interests in business relationship

Academic Credential Professional Career

It results from “masculinity” culture which focuses on “achievement”.

BUSINESS RELATIONSHIPS

Also, Germany has “low power distance” culture

Young person  CEO

However, to build and maintain business relationships, following the protocol is essential.
BUSINESS MEETING ETIQUETTE

Time

• Make appointment
  - 1 to 2 weeks in advance

• Be punctual in coming
  - If you would be late, telephone immediately.
  - To cancel a meeting at last minute is so rude and seriously affects the business relationship.

• Follow agenda
  - as well as starting and ending time
  - Get down to business with the briefest small talk.
When entering a room...

• **Before entering, knock and wait to be invited**
  - Germans don’t have open-door policy.

• **Be careful of entering order**
  - The eldest or highest ranking person enters first.
  - Men enter before women, when their age and status are hardly different. “Masculinity”

• **Do not sit until invited**
Regulated, Bureaucratic

• **Prepare detail and be patient**
  - Germans want to understand every word before agreement. Explanation takes long time.

• **Use written communication**
  - Germans want to back up decisions and to maintain a records of decisions and discussions.

• **Be extremely careful about contracts**
  - Contracts are strictly followed.
  - After making decision, it will not be changed.
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VIDEO: VISITING A GERMAN HOUSE
GENERAL ETIQUETTE

- Meeting Etiquette
- Gift Giving Etiquette
- Dining Etiquette
MEETING ETIQUETTE

- Use a person’s titles and surname for the first meeting
- Formal greetings with firm handshake and eye contact
- Handshake is performed to everyone in the room, including children
GIFT GIVING ETIQUETTE

- Bring gifts (flowers, chocolate, imported wine) when invited to a German’s house
- Gifts are usually opened immediately after received
- Flowers to avoid: Red roses (romantic), Carnations (mourning), and Chrysanthemum (funeral)
DINING ETIQUETTE

DO

• Arrive on time
• Bring gift(s)
• Follow continental table manner
• Finish everything on your plate
• Write thank you notes

DON’T

• Sit before invited to particular seat
• Start eating before initiated by the host
• Put your elbow on the table
• Bring your plate near your mouth
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In 2009, VW and Suzuki made strategic partnership through:
+ VW acquired 19.9% stake in Suzuki
+ Suzuki bought 1.5% stake in VW

The purpose of partnership:
+ VW wanted to take advantage of Suzuki’s compact car know-how in Indian market, where Suzuki is the market leader
+ Suzuki wished to get fuel-efficient technology sharing from VW, where VW is strong

No projects were launched under the partnership until 2011.
DISPUTE SUMMARY

SUZUKI MOTOR CORP. - VOLKSWAGEN AG

Made a deal with Fiat from Italy, for supply of diesel engines

Defended by saying that VW did not give access for its core technology

Seeks Arbitration and demanded to buyback its shares held by VW

Accused Suzuki of breaching the partnership

VW was not solely dependent to Suzuki to penetrate Indian market

VW refused to give up the stake

http://www.youtube.com/watch?v=7QfREjfv0mg
1. Never rely on “gentlemen agreement”, understand that Germany is a Low Context country. Make sure to put every agreement in written contract and follow it devotedly.

2. Never take back what had been given, if it is already agreed in writing.

3. Business is business. Never include personal feelings.

4. Consider confidentiality aspect on strategic partnership.
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CONCLUSION: KNOW IN WHICH SPHERE YOU COMMUNICATE

**PRIVATE**
- High context of communication
- Politeness and particular manners is important
- Humor is often sarcastic and ironic
- All topics are allowed to discuss. Only politics is often avoided

**BUSINESS**
- Low context of communication
- Productivity is the most important goal and stands above any rule
- Stick closely to the plan or contract
- Communication mainly about business oriented

How to know in which world you are:
- **Private:**
  You are invited to somebody’s home, You are offered to call somebody with the first name, You drink a beer with someone.
- **Business:**
  You are always in the business sphere as soon you discuss business. Also with friends and family.
Danke schön!