

A COMPARISON OF THE GERMAN AND AMERICAN BUSINESS CULTURE

A meeting of the German American Chamber of Commerce was introduced with this telling statement:

“German companies entering the U.S. market do most of the time not fail because of legislative difficulties. They fail due to a lack of preparation and a missing understanding of the market and its characteristics.”

As can be seen from this quote, many German companies are still unaware of the differences between the American and German business cultures. Consequently, their attempt to successfully establish themselves in the U.S. market fails. **Q Works** has the intercultural competence to mediate between the different cultural standards and build a bridge to a better mutual understanding. Some examples of differences in the German and American business environment and mentality are:



- U.S. consumers tend to be more short-term oriented and focus on the appearance and convenience of a product rather than on its durability.
- High level of competition and individualism.
- Group leaders are expected to make decisions in a top-down manner
- The Americans typically display a “can do” attitude.
- Executive compensation includes large performance-based incentive bonuses. Profit sharing and stock options are common.
- In many states, law allows for the termination of employees “at will” and with short notice – oftentimes only two weeks.
- Detailed employment contracts are not common and are prepared for senior managers only.
- Strict regulations provide equal opportunities in the selection and hiring process for women and ethnic minorities.
- The average vacation time typically starts at ten days per year.



- Consumers and manufacturers put high emphasis on the quality and durability of a product.
- German trade unions impact corporate policies and decisions.
- Executives act as mediators and often integrate different views towards a consensus.
- New direction and proposals are often met with skepticism and are called into question due to a high uncertainty avoidance.
- Decision-making processes are slow and systematic due to a bottom-up information flow.
- Entitlements and privileges are important elements in compensation and motivation of employees.
- Local roots, tradition and “Bodenständigkeit” are common values that can restrict mobility.
- Dismissals are usually difficult and expensive as they are regulated by both laws and collective labor agreements.
- Quality of life means trading down salary for additional vacation, social security, and sick leave.