

Doing Business in Germany | German Social and Business Culture

A German Culture Overview

Fact file

- o **Official name** – Federal Republic of Germany
- o **Population** – 82, 329, 758*
- o **Official Language** – German
- o **Currency** – Euro (EUR)
- o **Capital city** – Berlin
- o **GDP** – purchasing power parity \$2.863 trillion*
- o **GDP Per Capita** – purchasing power parity \$34, 800*



A German Overview

Since unification in 1989, Germany is Europe’s most populous nation and the continent’s largest economy. Situated at the heart of the European continent, and fundamentally shaped by Europe’s history, it is characterised by deep regional identities while at the same time also conveying a “national” German culture.

In today’s global business environment, developing successful business strategies and valuable business relationships, based on an awareness of this German culture, is essential for your organisation.

German Culture – Key Cultural Concepts and Values

Ordnung: Most aspects of German living and working are defined and regulated by structures, for example, through laws, rules, and procedures, which are evident in all economic, political and even social spheres. In German business culture, for example, this is reflected in adherence to prescribed rules and, consequently, a low degree of flexibility and spontaneity.

Focus on Facts: Objective facts are considered essential in decision-making and problem-solving; in business negotiations, for example, the preferred approach to successful decision-making is based on logic and analysis of information, rather than on intuition and well-developed personal networks.

Focus on Tasks: In their approach to work, Germans tend to focus on achieving the task at hand. This, coupled with their well-defined structures, implies that interpersonal relationships play a secondary role in business dealings. The attention paid to targets to be achieved is evidenced, for example, in the precision of timetables, meeting planning and achievement of milestones. Close adherence to time schedules is also considered vital.

Communicating: A vital component to understanding business negotiations is the direct, seemingly confrontational, German communication style. In business discussions or planning, for example, openly-expressed criticism tends to be directed at aspects of the problem, project, or business at hand; it should not be considered as personal disapproval.

Individualist, yet consensus-seeking: As most Western European cultures, Germany is marked by a strong sense of individualism. Nevertheless, the desire to achieve one's own goals and successes is coupled with a keen sense of responsibility for "the good of the community;" for example, in many business decisions, not only the financial benefits to the company are important, but also those of its employees. The structure of much German business decision-making requires consensual input from both employers and employees—which can render decisions comparatively slow.

Doing Business in Germany

Germany has played a central role in Europe's history, and is today a major player in its economic and political organisations. Following the country's reunification, Germany now has the world's 3rd most productive economy in the world. Situated at the centre of Europe, Germany is an ideal base for tapping into all other European markets. However, before considering doing business in Germany, it is necessary to take into consideration a number of aspects vital for your success.

Germany Business, Part 1 - Working in Germany (Pre-departure)

- **German working practices**
 - Punctuality is essential. Arriving even five or ten minutes after the appointment time is considered late—and disrespectful. If running late for an appointment, it is best to notify the person.
 - Appointments are made for most situations, and sometimes several weeks in advance.
 - Decision-making is often a slow and detailed process. Do not expect significant conclusions to be reached based on spontaneous or unstructured results.
- **Structure and hierarchy in German companies**
 - German business culture has a well-defined and strictly observed hierarchy, with clear responsibilities and distinctions between roles and departments.
 - Professional rank and status in Germany is generally based on an individual's achievement and expertise in a given field. Academic titles and backgrounds are important, conveying an individual's expertise and thorough knowledge of their particular area of work.
 - In formal German business meetings, it is customary for the highest-ranking person to enter the room first. However, in more informal business situations this is less important.
- **Working Relationships in Germany**
 - The Germans are very private, evidenced, for example, in the strict separation between private life and work. It therefore takes time to forge more personal relationships.

- Business relationships are often based on mutual advantage, with the overall task as the central focus.

Germany Business Part 2 - Doing Business in Germany

- **Business practices in Germany**
 - First names are generally only used with family and close friends and colleagues. Therefore, always use last names and appropriate titles. You will often find that colleagues who have worked together for years still maintain this level of formality.
 - Business meetings follow a formal procedure. German managers work from precise and detailed agendas, which are usually followed rigorously; moreover, meetings always aim for decisive outcomes and results, rather than providing a forum for open and general discussion.
 - German business protocol requires that colleagues should be greeted with a firm, but brief, handshake on both arrival and departure.
 - In German business dealings, it is important to provide solid facts and examples to back up proposals, given the German preference for analytical thinking and rational explanations.
- **German Business Etiquette (Do's and Don'ts)**
 - ✓ DO take plenty of business cards with you and ensure they include full details of your background, qualifications, and titles.
 - ✓ DO maintain direct eye-contact when addressing German colleagues, especially during initial introductions.
 - ✓ DO use the formal version of you ("Sie"), unless someone specifically invites you to use the informal "Du" form. It is usually best to let your German counterpart take the initiative of proposing the informal form of address (this implies readiness to develop a personal relationship).
 - ✗ DON'T discuss personal matters during business negotiations, as this is considered to deviate from the task at hand.
 - ✗ DON'T attempt to continue negotiations after a contract has been signed. Your German colleagues may view this with suspicion, which could lead to an unsuccessful business agreement.
 - ✗ DON'T use exaggerated or indirect communication styles during business meetings with you German counterparts. It creates an impression of insincerity and dishonesty.

German Culture Quiz – True or False

1. Germans sometimes gently rap their knuckles on the table instead of applauding at the end of a business meeting.
2. It is impolite to shake hands with one hand in your pocket.
3. At a dinner party, nobody may drink until the guest has made a toast.
4. The “thumbs up” gesture is not only a sign of appreciation and agreement, but also means the number one.
5. German executives prefer to keep their office doors open to create a feeling of openness and mutual trust.

Culture Quiz - Answers

1. True
2. True.
3. False. It is customary for everyone to wait until the host has drunk first.
4. True.
5. False. You will generally find that Germans are very private people and will therefore keep their office doors closed.

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* Source: CIA World Factbook 2007

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