

## Germany

The reunification of Germany was a major event of modern times. Despite problems, Germany remains a major economic power. The unified Germany is big, though only about the size of the state of Nevada in the United States. With a population of about 82.3 million, Germany has about three times the population of California. Germany still is far behind the economic size of Japan and 20 percent that of the United States. Because Germany was rebuilt almost from the ground up after World War II, however, many feel that Germany, along with Japan, is an economic miracle of modern times. Unified Germany's GDP of \$2.8 trillion is behind that of both the United States and Japan, but Germany exports more than Japan, its gross investment as a percentage of GDP is higher than that of the United States, and its average compensation with benefits to workers is higher than that of the United States or Japan. It is estimated that Germany has direct control of about one-fourth of Western Europe's economy, which gives it considerable power in Europe. The German people are known for being thrifty, hardworking, and obedient to authority. They love music, dancing, good food and beer, and fellowship. The government is a parliamentary democracy headed by a chancellor. Although Germany has experienced a difficult economic environment in recent years, governments have pushed through labor reforms designed to improve productivity and stem unemployment.

For the last 13 years, the Wiscomb Company has held a majority interest in a large retail store in Bonn. The store has been very successful and also has proved to be an excellent training ground for managers whom the company wanted to prepare for other overseas assignments. First, the managers would be posted to the Bonn store. Then after three or four months of international seasoning, they would be sent on to other stores in Europe. Wiscomb has holdings in the Netherlands, Luxembourg, and Austria. The Bonn store has been the primary training ground because it was the first store the company had in Europe, and the training program was created with this store in mind.

A few months ago, the Wiscomb management and its German partners decided to try a new approach to selling. The plan called for some young U.S. managers to be posted to the Bonn store for a three-year tour, while some young German managers were sent stateside. Both companies hoped that this program would provide important training and experience for their people; however, things have not worked out as hoped. The U.S. managers have reported great difficulty in supervising their German subordinates. Three of their main concerns are as follows: (1) Their subordinates do not seem to like to participate in decision making, preferring to be told what to do. (2) The German nationals in the store rely much more heavily on a Theory X approach to supervising than the Americans are accustomed to using, and they are encouraging their U.S. counterparts to follow their example. (3) Some of the German managers have suggested to the young Americans that they not share as much information with their own subordinates. Overall, the Americans believe that the German style of management is not as effective as their own, but they feel equally ill at ease raising this issue with their hosts. They have asked if someone from headquarters could come over from the United States and help resolve their problem. A human resources executive is scheduled to arrive next week and meet with the U.S. contingent.

### Questions

1. What are some current issues facing Germany? What is the climate for doing business in Germany today?

2. Are the leadership styles used by the German managers really much different from those used by the Americans?
3. Do you think the German managers are really more Theory X-oriented than their U.S. counterparts? Why, or why not?
4. Are the German managers who have come to the United States likely to be having the same types of problems?
5. Using the GLOBE study as a guide, what are some leadership attributes you would expect from the Germans? How does this affect the way German subordinates view U.S. leaders?