

Leadership made in Germany: Low on compassion, high on performance

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Executive Overview

As part of the GLOBE project, we collected data on culture and leadership in Germany from 457 middle managers in the telecommunications, food processing, and finance industries. The most pronounced German cultural value is performance orientation. The hallmark of German cultural practices is high levels of uncertainty avoidance and assertiveness, along with low levels of humane orientation. At work, compassion is low and interpersonal relations are straightforward and stern. It seems that conflict and controversy are built into the German societal culture. As has been shown in the GLOBE project by using data from 61 countries, characteristics attributed to a country's outstanding leaders match closely with its cultural values and practices. This holds true for Germany. Effective German leaders are characterized by high performance orientation, low compassion, low self-protection, low team orientation, high autonomy, and high participation. Conflict and controversy seem to be built into the German leadership culture as well. A "tough on the issue, tough on the person" leadership approach appears to explain Germany's economic accomplishments in the second half of the 20th century. However, it does not seem to be a promising approach to meet the challenges of globalization in the 21st century. Are Germany's societal, organizational, and leadership cultures prepared for an adaptive change? A "tough on the issue, soft on the person" leadership approach seems to be the right recipe for German managers.

Germany is a potent European and global economic force. German companies invested almost \$100 billion abroad in 1999. The country received over \$50 billion in foreign investment in that same year. It ranks fourth in the world as both a source and a recipient of foreign investment. The German company Siemens has 80,000 employees in the U.S., more than Microsoft or Coca-Cola. Such a level of global presence warrants a closer look at the country's culture, business practices, and leadership approaches.

The stereotypical German business leader of post-war Germany has been described as a person with a formal interpersonal style and straightforward behavior, technically skilled, a specialist rather than a generalist, neither bureaucratic nor authoritarian, who emphasizes "Technik" as both means and ends. This leader believes in the motto that "well-made products will be eagerly bought."¹ Since the mid-70s, concepts like interpersonal skills, delegation, participation, inspiration, and

empowerment have become popular among German managers² to reflect the broader changes in German attitudes from materialistic to post-materialistic values.³ Despite these value changes, German-style management is still often characterized by the "competence first" principle.⁴

What are the current hallmarks of leadership "made in Germany" in comparison to other cultures across the world? Given the increasingly global world of business and Germany's powerful position in Europe (see Box 1) and globally, it is important to answer this question.

This article describes the hallmarks of culture and leadership in Germany based on a large-scale study⁵ conducted as part of the GLOBE (Global Leadership and Organisational Behaviour Effectiveness) program (see Box 2). The German data is directly compared to data obtained from about 17,000 middle managers in over 800 organizations in 61 countries representing all major cultural re-

Box 1: Germany—An Economic Powerhouse in the Heart of Europe

Germany lies at the heart of Europe. With a population of 82 million citizens (80% West Germany, 20% East Germany), it is the most populated country in Europe. Ninety percent of the population is German. About 28 million people belong to the Roman Catholic Church, and another 28 million follow the Protestant doctrine. Germany is heavily dependent on foreign trade due to a lack of natural resources. The strongest industrial sectors are automobiles, heavy engineering, electronics, and chemicals. Germany is the world's second-largest exporter after the U.S. (*World Desk Reference*, 2000). The country's gross domestic product amounts to over US\$2 trillion. Its GDP per capita of US\$23,742 is one of the highest in the world.

The collapse of the Soviet communist system in the late 1980s resulted in the reunification of East and West Germany. The process of rebuilding the economy in the eastern part, which has yet to be completed, has been very expensive and complicated. Since 1990, hundreds of billions of U.S. dollars (about \$650 billion between 1991 and 1995 alone) have been transferred to the new federal states. The infrastructure had to be modernized, a private-sector economy had to be established, and the West German health care and social welfare systems had to be installed in the East. It is now clear that the timeframe and the costs of updating the highly inefficient former East German economy and social systems were initially drastically underestimated. Nearly ten years after reunification, in 1998, the unemployment rate in the former East German federal states was still as high as 18%. Thus, improving the economy and reducing high unemployment rates remain the major challenges in the years to come.

gions in the world. Our purpose is to help executives in the U.S. and other countries to better understand German cultural practices and values, and their implications for effective leadership. Such an understanding will be helpful in such activities as managing German operations, negotiating with German counterparts, and in managing cross-border mergers, acquisitions, and alliances with German corporations.

We first present the findings on Germany's societal culture using the multi-nation GLOBE data as a frame of reference. We then describe German leadership prototypes. Finally, the necessities and oppor-

Box 2: The GLOBE Program

GLOBE (Global Leadership and Organisational Behaviour Effectiveness) is a multi-phase, multi-method project examining the interrelationships between societal culture, organizational culture, and leadership. About 150 social scientists and management scholars from 61 cultures representing all major regions of the world are engaged in this long-term programmatic series of cross-cultural leadership studies. The meta-goal of GLOBE is to develop empirically-based theories to describe, understand, and predict the impact of specific cultural variables on leadership and organizational processes, and to determine their effectiveness.

GLOBE defines culture as "shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations."⁶ Culture is measured through commonality of values and practices. Values are expressed, for example, in response to questionnaire items in the form of judgments of *What Should Be*. Practices are measured by indicators assessing *What Is* or *What Are* common behaviors, institutional practices, and prescriptions.

For the nine GLOBE dimensions of societal and organizational culture, see Figure 1. For the GLOBE leadership dimensions, see Table 1. More detailed information is available on GLOBE's public website at <http://mgmt3.ucalgary.ca/web/globe.nsf/index>.

tunities for change in the German leadership culture are explored, and practical implications for managers—in Germany and world wide—are discussed.

The German GLOBE Study

We contacted the top 50 organizations in the telecommunications, food processing, and finance industries. Four hundred fifty-seven middle managers from eighteen organizations participated in the survey (average age 43 years; 21% women; 88% West Germans; 12% East Germans). The German translation of the GLOBE standardized questionnaire was used to measure the managers' perceptions of societal culture, organizational culture, and leadership prototypes. Managers were asked about their perceptions of current practices ("as is") and ideal values ("should be") pertaining to the nine societal and organizational culture dimensions defined within GLOBE (see left side of Figure 1). Respondents also

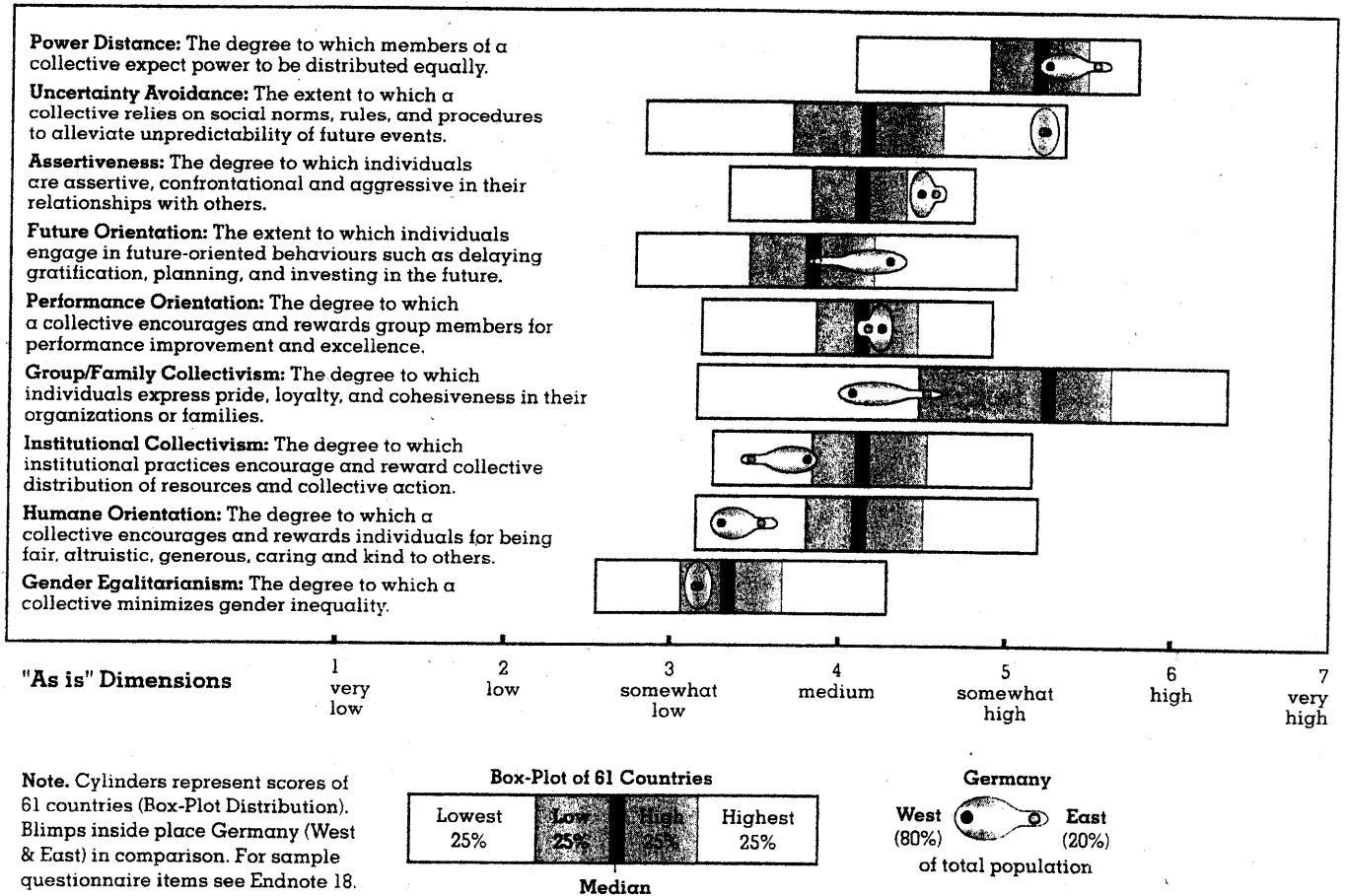


FIGURE 1
Societal Cultural Practices in Germany Compared to 60 Countries World Wide: "As is" and "Should be" Dimensions

identified those characteristics and attributes that contribute to or inhibit outstanding leadership (see Table 1). Since organizational cultures were found to be very similar to the national culture, we only present the national culture results to save space. Individual ratings on all societal culture and leadership dimensions were aggregated onto the country level for each of the two subcultures in Germany, West (FRG) and East (former GDR).

Societal Cultural Practices and Values in Germany

Box-plot statistics are used in Figure 1 to show the distributions of cultural-practices scores ("as is") and cultural values scores ("should be") for all 61 GLOBE countries. The figure allows for a direct comparison of Germany's societal culture scores ("as is" and "should be") with the distribution of scores across the GLOBE sample of countries. In the cylinder-shaped box-plots, four quartiles are

distinguished (lowest 25%, low 25%, high 25%, highest 25%) and the median is given (vertical black bar indicating the midpoint of the distribution with 50% above and 50% below). The range of country scores is represented by the length of the cylinders. In cases where societal cultural practices are similarly perceived by East and West German managers, an oval-shaped blimp is shown for Germany, as in the case of *uncertainty avoidance* cultural practices. Here Germany ranks among the top 25% of all countries. In cases where there are significant differences between East and West (e.g., *future orientation*), the blimp's thick end represents the perceptions of West German managers (representing 80% of the total population) and the blimp's thin end represents the perceptions of East German managers. Differences between cultural-practices scores and values scores reflect the discrepancy between the perceived ("real") society and the desired ("ideal") society.

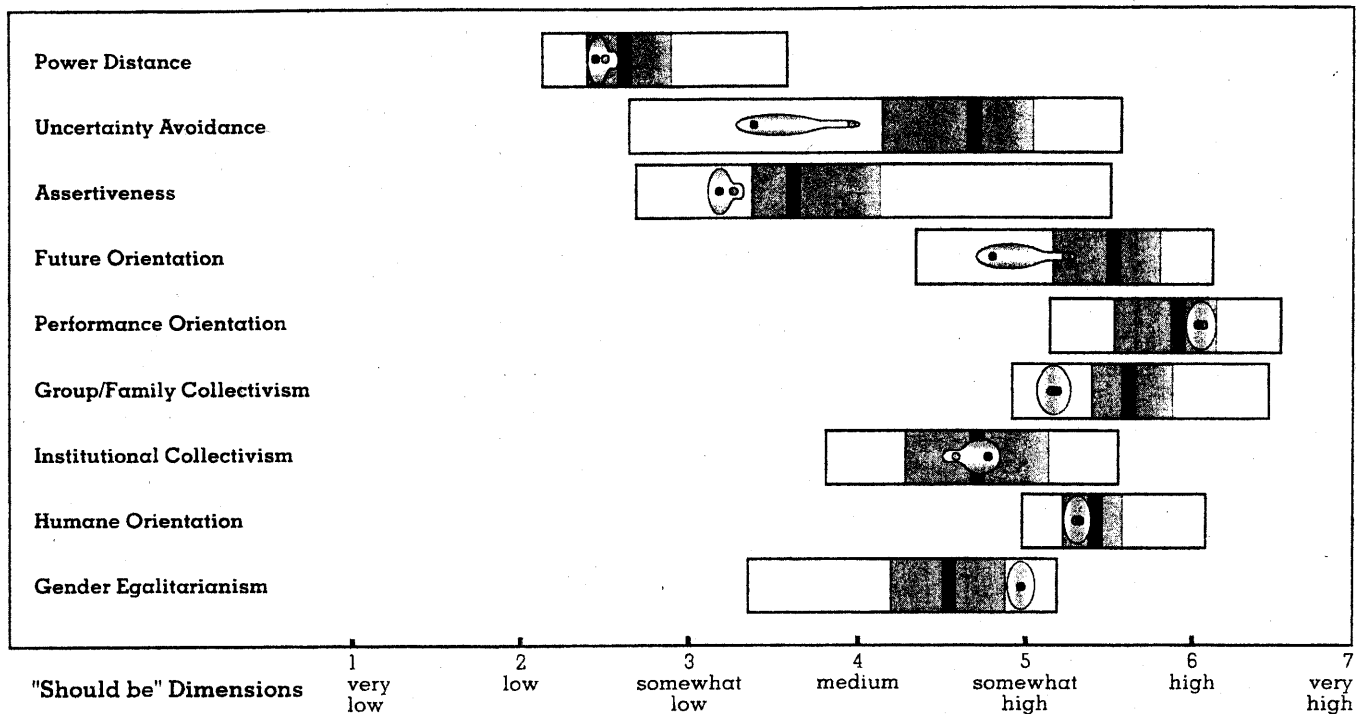


FIGURE 1 Continued.

Individualism with a Collectivistic Element

Germany's comparatively low ranking on *group/family collectivism* and low-to-moderate ranking on *institutionalized collectivism* speak to a mainly individualistic society. Differences between cultural practices and values on these dimensions are not particularly pronounced. The *institutionalized collectivism* "should be" score for West Germany, which is slightly above the median, relates well to the ideal of a social welfare state in Germany. Low scores on collectivism scales are typical for highly developed western societies, such as the U.S. and the UK. Individualism means that resources and rewards tend to be distributed on the basis of individual rather than collective achievements. Individuals express pride in their individual achievements rather than in group achievements, and they value individual self-esteem higher than group loyalty, cohesiveness, or viability.

Advancement of the Female Work Force

Germany's score on *gender egalitarianism* "should be" ranks very high within the GLOBE sample. A comparison between this dimension's cylinders in Figure 1 reveals an interesting global trend. Gender egalitarianism is more highly valued than actually practiced in just about all societies studied. The "as is" cylinder in Figure 1 ranges from 2.6–4.3 (median = 3.3) whereas the "should

be" cylinder ranges significantly higher, from 3.4–5.2 (median = 4.7). For Germany, the "should be" gender egalitarianism ranks in the highest 25% of all countries (score = 5.2) whereas the "as is" cultural practice ranks in the low 25% (score = 3.2). The difference between "ideal" and "real" for gender egalitarianism in Germany significantly exceeds the magnitude of the global trend. Thus, over and above the global trend, German middle managers seem to be particularly strongly in favor of a societal (and organizational) culture that is more equal in opportunities for males and females than the present cultural practices are, perhaps favoring a degree of reverse discrimination. Thus, in the decades to come, women will probably experience a steeper social advance in Germany than in most of the other GLOBE countries.

Zeitgeist of Consolidation

Traditionally, high *performance orientation* has been seen as an "ideal" in German society. This view is still reflected in the highest score for performance orientation compared to the scores of all other cultural dimensions in Germany (see Figure 1). However, compared to all other countries studied, Germany ranks just above the median, as it also does for its cultural practices in performance orientation. It no longer seems to be a leading

TABLE I
Leadership: GLOBE Leadership Dimensions, Scales, and Items

Dimensions Scales	Questionnaire Items (definitions omitted)
Charismatic/Value Based	
Visionary	Visionary, foresight, anticipatory, prepared, intellectually stimulating, future oriented, plans ahead, inspirational.
Inspirational	Enthusiastic, positive, encouraging, morale booster, motive arouser, confidence builder, dynamic, motivational.
Self-sacrificial	Risk taker, self-sacrificial, convincing.
Integrity	Honest, sincere, just, trustworthy.
Decisive	Willful, decisive, logical, intuitive.
Performance oriented	Improvement, excellence, performance oriented.
Team Oriented	
Team collaborative	Group oriented, collaborative, loyal, consultative, mediator, fraternal.
Team integrator	Clear, integrator, subdued, informed, communicative, coordinator, team builder.
Diplomatic	Diplomatic, worldly, win/win problem solver, effective bargainer.
Malevolent (reversed)	Irritable, vindictive, egoistic, non-cooperative, cynical, hostile, dishonest, non-dependable, intelligent.
Administrative	Orderly, administratively skilled, organized, good administrator.
Self-Protective	
Self-centered	Self-interested, non-participative, loner, asocial.
Status consciousness	Status conscious, class conscious.
Conflict inducer	Intra-group competitor, secretive, normative.
Face saver	Indirect, avoids negatives, evasive.
Procedural	Ritualistic, formal, habitual, cautious, procedural.
Participative	
Autocratic (reversed)	Autocratic, dictatorial, bossy, elitist, ruler, domineering.
Participative	Non-individual, egalitarian, non-micro manager, delegator.
Humane Orientation	
Humane orientation	Generous, compassionate.
Modesty	Modest, self-effacing, patient.
Autonomous	Individualistic, independent, autonomous, unique.

country in that respect. Middle managers in Germany perceive the current "real" society to be lower in performance orientation than it "should be."

In contrast, West Germany's *future orientation* "as is" ranks among the highest 25%, whereas the "should be" score ranks within the lowest 25% of all GLOBE countries. This difference is the reverse of the global trend of a higher "ideal" than "real" future orientation (the range of the future orientation "should be" cylinder shown in Figure 1 is placed considerably higher on the scale than the range of the "as is" cylinder). It seems that middle managers in West Germany anticipate only moderate engagement in future-oriented behaviors such as delayed gratification, planning, and investing in the future. German society in the 1990s was considerably skeptical of technological innovation. Furthermore, the findings may be symptomatic of a current *Zeitgeist* of consolidation as a response to the straining experience of German reunification (see Box 1). Interestingly, East German managers perceive less future-orientation "as is" and more future-orientation "should be" than

West German managers. This contrast reflects the different perspectives from which the current economic situation in Germany is viewed. East Germans may hope to benefit from future developments while the West Germans may be more skeptical about the future and more inclined to preserve the status quo.

Uncertainty Avoidance and Assertiveness

Germany's scores for societal-culture practices ("as is") on the dimensions *uncertainty avoidance* and *assertiveness* (Figure 1) are among the highest 25% of all GLOBE countries. These findings correspond to Hofstede's⁷ findings about Germany's work values several decades ago and suggest stability in those dimensions over a considerable time span.

High *uncertainty avoidance* means that Germans prefer their lives to be structured, well organized, and secure. They rely on rules and institutionalized procedures to reduce stress and anxiety when facing ambiguity and uncertainty. Germany ranks among the highest 25% on *uncertainty avoidance* "as is" and among the lowest 25%

on uncertainty avoidance "should be" (Figure 1). In other words, compared to the GLOBE country sample as a whole, German managers see far too many rules, regulations, and constraints in people's lives and seem to be interested in reducing them.

The "as is" findings are quite consistent with those of other studies. In its comparative study of 59 countries, the World Economic Forum ranked Germany 43rd in terms of burdensome regulations, 49th in terms of the negative impact of the tax system on business investment, 48th in terms of inflexibility of employment rules, and second-to-last in terms of employer discretion in hiring and firing decisions. The country ranked 42nd for its low flexibility and adaptability.⁸

High assertiveness means that Germans are more confrontational in their relationships with others than members of most other societies are. Interpersonal interactions at work tend to be aggressive and assertive. The language that people use tends to be straightforward and stern. This characteristic also means that conflict and confrontational debate are acceptable approaches at work. On the "should be" assertiveness dimension, Germany ranks very low, considerably lower than the "as is" score for cultural practices. This low "should be" ranking may reflect the desire for a less confrontational and more humane approach to interpersonal relations.

Low on Compassion

Germany ranks very low on *humane orientation* "as is" (lowest 25%, Figure 1). Because Germany also ranks low on the "should be" dimension, a more detailed inspection of what humane orientation actually means seems appropriate. The GLOBE concept of humane orientation measures the degree to which a society is perceived ("as is") and expected ("should be") to encourage and reward individuals for being fair, altruistic, generous, caring, and kind to others. The items in the GLOBE scale address mainly pro-social behavior in interpersonal situations (e.g., concern about others, tolerance of errors, being generous, being friendly, and being sensitive towards others). Expatriates with experience in Germany may have felt a lack of such behaviors in German companies. Social interaction in German companies tends to be more task-oriented, straightforward, and less "kind" than in many other countries. This form of interaction is in line with the high assertiveness cultural practices reported above. There is a story of Siemens CEO Dr. Heinrich von Pierer who yelled at his teammate in a tennis match:

"You have to hate your opponent!"⁹ Open verbal aggression and confrontational behavior seems to be tolerated in German society more than in many others. Getting the task done, minimizing errors, and achieving high quality standards seem to be more important than compassion and interpersonal consideration.

The Paradox of Low Compassion and the Ideal of Social Welfare

Some findings seem to present a paradox. On the one hand, Germany scores low on humane orientation and compassion at work. On the other hand, Germany enjoys many humane-oriented institutions and legal practices. The highly valued principles of social justice, which pertain to social fairness, altruism, generosity, and caring, are institutionalized and enshrined in German law, for example, by measures of the social market economy, co-determination, and workers' councils. These principles are also reflected in the typical German insurance systems (health, unemployment, and pension schemes) with obligatory membership, redistribution of wealth between high- and low-income classes, and substantial contributions from the employers' side. The country ranks second in terms of total expenditures on health as a percentage of GDP.

In Germany, the free-market capitalist system is constrained by the principle of social responsibility, which is anchored in the German constitution. The relationship between "labor" and "capital" is cooperative in nature, shaped by the fundamental assumption that economic prosperity and growth can be best attained through cooperation. The doctrine of social market economy ("*soziale Marktwirtschaft*") defines the obligations of government, trade unions, and companies to maintain public welfare, social justice, and cooperative industrial relations which give employees not only a relatively strong voice but also a comparatively high level of job security.

Thus, the German approach to humane orientation seems to be manifested in institutionalized societal caring for people, especially the disadvantaged, rather than in interpersonal relations at work. The strong tendency to avoid uncertainty in people's lives may have prompted the development of very elaborate institutionalized social systems to take care of people and to reduce risks to individuals and institutions.

Moderate Power Distance Appears to Decline

The GLOBE results on power distance point to an interesting finding: The "as is" cylinder in Figure 1

(Range 4.1–5.8) and the "should be" cylinder (Range 2.2–3.6) don't overlap at all. Quite understandably, middle managers in all countries seem to prefer lower levels of power distance than they actually experience. Germany's moderate ranking on power distance "as is" versus a low ranking on power distance "should be" seems to indicate a preference for a more egalitarian approach to status in the society. The desire for less privilege for people in positions of power is reflected in a report in the February 22, 2001 issue of *BusinessWeek* which discussed the sudden departure of BMW's CEO and number-two executive:

"Unceremoniously axing a top exec just wasn't done—till now. In the old days, a CEO practically had to steal money from the company to lose his job," says Frank F. Beelitz, head of Lehman Brothers Inc.'s German unit. "Now, the life expectancy of an underperformer is getting shorter."

East Meets West

Overall, East and West German middle managers' perceptions of Germany's societal culture are remarkably consistent. Only a few noteworthy differences were found. As compared to West German managers, East German managers perceive the reunited German culture to be higher in *power distance "as is"* (highest 25% vs. high 25%) and *group/family collectivism* (low 25% vs. lowest 25%), and lower in *future orientation "as is"* (high 25% vs. highest 25%). When interpreting these differences, we should keep in mind that the process of German reunification in 1990 created an asymmetric situation which is still not resolved today (see Box 1). The reunification was not a cultural merger of equals. Instead, the West German system was substituted for the old system in East Germany virtually overnight. Thus, the East German respondents' perceptions about the dominating West German societal culture are likely to be influenced by the "modernization shock" and its repercussions. The East-West difference in perceptions of power distance seems to be due to discriminatory treatment of East Germans at work, particularly the East German counterparts of West German middle managers. Many East German leaders were not promoted or were even downgraded (e.g., in managerial level and salary as compared to their often younger West German colleagues), and many were facing job loss. The West German style of capitalism with its emphasis on individual achievements and high flexibility made East Germans more aware of their collectivistic cul-

tural inheritance, for instance the merits of close bonds with friends and family in overcoming everyday difficulties at work and in private life. After the euphoric sentiment following the reunification had passed and years of competing with so-called "Besser-Wessis" (i.e., an East German epithet for West Germans who appear to know everything better than East Germans) had begun, the outlook for the near future, especially for East German managers who were in their positions before the fall of the wall, became more and more threatening.

The Paradox of Germany's Twin Accomplishments

The paradox of Germany's twin accomplishments in the second half of the 20th century, high economic success and high standards in social welfare, may be related to the above-described paradox of low interpersonal compassion at work and high social welfare. From a cultural-values-and-practices point of view, Germany's past economic success may have resulted from high performance orientation and assertiveness paired with low interpersonal compassion at work. This combination allows for higher levels of conflict and controversy at work. If constructively handled, task conflict does not turn into relationship conflict,¹⁰ and if a minimum of mutual trust is given (granted in Germany by the institutionalized cooperative capital-labor relationships), conflict is likely to result in high quality and efficiency at work. Anxiety and stress usually resulting from interpersonal conflict and controversy may not surface to the expected extent because it is counteracted by the institutionalized social welfare and strong labor representation systems, which satisfy personal needs for security and job safety in Germany's uncertainty-avoidance culture.

Do Germany's Historic Twin Accomplishments Have a Future?

Since the late 1990s, Germany has received much criticism from many corners. Many commentators blame Germany's economic woes for the decline of the euro, the new united European currency. Others, like Otmar Issing, the European Central Bank's chief economist, have criticized German policymakers for their failure to tackle the overly generous welfare system. *The Economist* magazine identified the causes of Germany's recent economic malaise as "a Byzantine and inefficient tax system, a bloated welfare system, and excessive labour costs."¹¹ The report also complained about the country's excessive regulations: "Germany is still smothered in regulations that crimp markets. Many prices are regulated and

consumers remain 'protected' in bizarre ways." Similarly, The World Economic Forum reported the German tax system and regulations as a major source of competitive disadvantage for German firms. *The Economist's* recipe:

In the longer term, . . . it is still more vital that Germany, along with most of Europe, attack the high taxes, over-generous welfare benefits, onerous labour market restrictions and red tape that are choking growth in output and jobs.¹¹

The GLOBE findings presented here suggest that such advice may not be easy to implement. Underpinning the high taxes, excessive regulations, high labor costs, and extensive social safety net is a set of cultural values and practices—high uncertainty avoidance, high assertiveness, low interpersonal humane orientation, high institutionalized humane orientation, i.e., social welfare and strong labor representation—that have evolved over many decades. As has been reasoned above, this system of cultural practices and values may have

contributed to Germany's economic success in the past, in close interaction with factors such as high performance orientation and high tolerance for conflict and controversy. However, many of the cultural practices described above fit better in stable times dominated by large industrial companies and labor unions. How will German firms compete in a faster-changing global environment? Even more importantly, is the German leadership culture prepared for the changes to come? These questions remain to be answered.

Effective Business Leadership in Germany

Figure 2 shows the box-plot cylinders representing the scores of all 61 GLOBE countries for the six leadership dimensions (see Table 1); Germany's scores are again represented as blimps. In all countries *charismatic/transformational* and *team-oriented* leadership are perceived as clearly outstanding. Accordingly, these dimensions are rated highest in Germany as well. However, Germany ranks just below the median on *charismatic/transformational* leadership (low 25%) and even lower

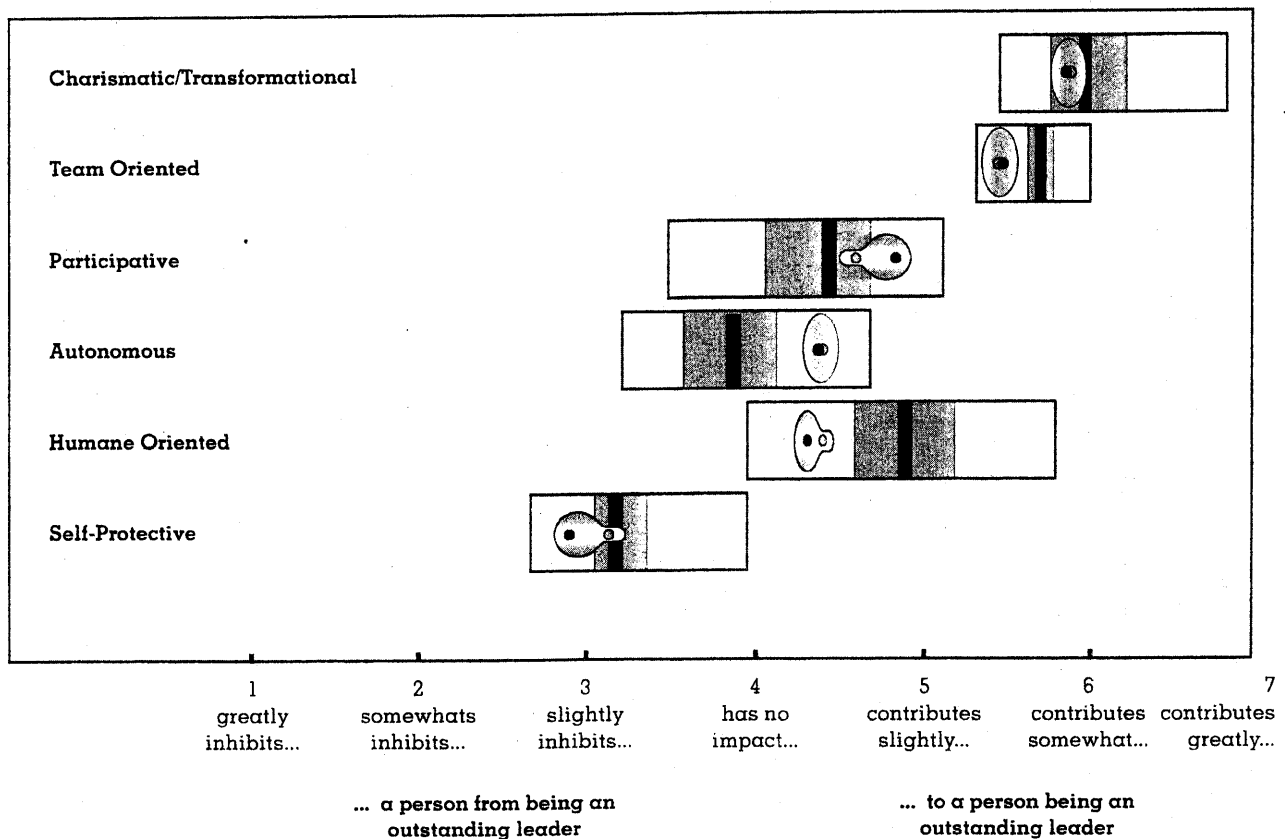


FIGURE 2
Perception of Effective Leadership in Germany Compared to 60 Countries World Wide:
2nd-Order Dimensions

on team-oriented leadership (lowest 25%). The latter finding corresponds with the comparatively high individualistic societal cultural values in Germany. The relatively high ranking on *participative* leadership sets German leadership culture apart from most other countries. It can be seen as a leadership style that responds to high individualism, on the one hand, and to the institutionalized systems of social justice and labor representation giving employees a voice, on the other. In an interview with the *Wall Street Journal*, in response to the question "What aspects of the American business model would you say are not worth adopting?" Dr. von Pierer, the CEO of Siemens, responded:

"The way one deals with people. One example is the German co-determination. Today I met with 30 representatives of works councils from all the operations in Berlin. In the Anglo-Saxon world that always sounds so nice. But today the discussion focused on large drives, which we are restructuring. . . . The works council representative came and said, 'We've taken a look at the master plan and we have suggestions from our plant, which is where our know-how lies, about where we could develop new business.' That's great. That's part of co-determination, that the people come with their own suggestions. . . . You have to understand, you come into a German board meeting and there you have 10 capitalists and 10 labour representatives. That demands different behavior."¹³

On *humane-oriented* leadership, Germany ranks comparatively low (lowest 25%) while on *autonomy* it ranks particularly high (highest 25%). This pattern corresponds very well with the high levels on assertiveness and the low levels on humane orientation reported for Germany's societal and organizational cultures. *Self-protective* leadership is clearly perceived to inhibit effective leadership in Germany. High self-protective behavior of a leader would inhibit open conflict and controversy in favor of saving face. Interestingly, East German managers seem to be more lenient towards self-protective leadership attributes than West German managers.

The German Ideal-Leadership Profile

Altogether, the German profile of attributes and behaviors associated with ideal leadership matches closely the profiles of societal and organizational culture in Germany. What sets the German business leadership culture apart from the leadership cultures

in most of the other GLOBE countries is the combination of low-to-moderate team orientation, high participation, and low self-protection, with high autonomy and relatively low interpersonal humane orientation. In line with the global trend, ideal leadership in Germany is perceived to be *charismatic/transformational*, which includes high performance orientation and decisiveness.

Prototypes of Business Leadership in Germany

To better understand the leadership culture in Germany, a three-step analysis was conducted to identify and visualize more clearly the different leadership prototypes.¹⁴ Each bubble identified by our analysis in Figure 3 represents a leadership cluster or prototype. As can be seen, five leadership prototypes are distinguishable: *transformational/charismatic*, *humble collaborator*, *individualist*, *bureaucrat*, and *oppressive*.

The Transformational/Charismatic Leader

The most positive leadership prototype in Germany comprises the attributes of integrity, inspiration, performance orientation, vision, administrative competence, and team integration. We termed this prototype *transformational/charismatic* because three of the attributes listed are described in theories of transformational leadership (inspirational, visionary, performance orientation). However, the other two attributes, administrative competence and team integration, are not reported in the leadership literature to be related to transformational leadership. Nor are they part of the GLOBE charismatic dimension (see Table 1). The cluster shown in Figure 3 seems to represent a German version of transformational leadership, which incorporates administrative competence and team-integrative behaviours.

The Humble Collaborator

The second positive leadership prototype comprises collaborative orientation, modesty, and humane orientation as its central attributes. We termed this prototype *humble collaborator* because the attributes emphasize leadership on an equal basis with followers, be it in team collaborative work (e.g., group-oriented, loyalty, fraternal, consultative, mediator), in personal temperament (modesty, self-effacing, patient), or in interpersonal humane orientation (concerned about others, tolerant, generous, sensitive towards others). Although the humble collaborator leader is not perceived as positively as the transforming leader,

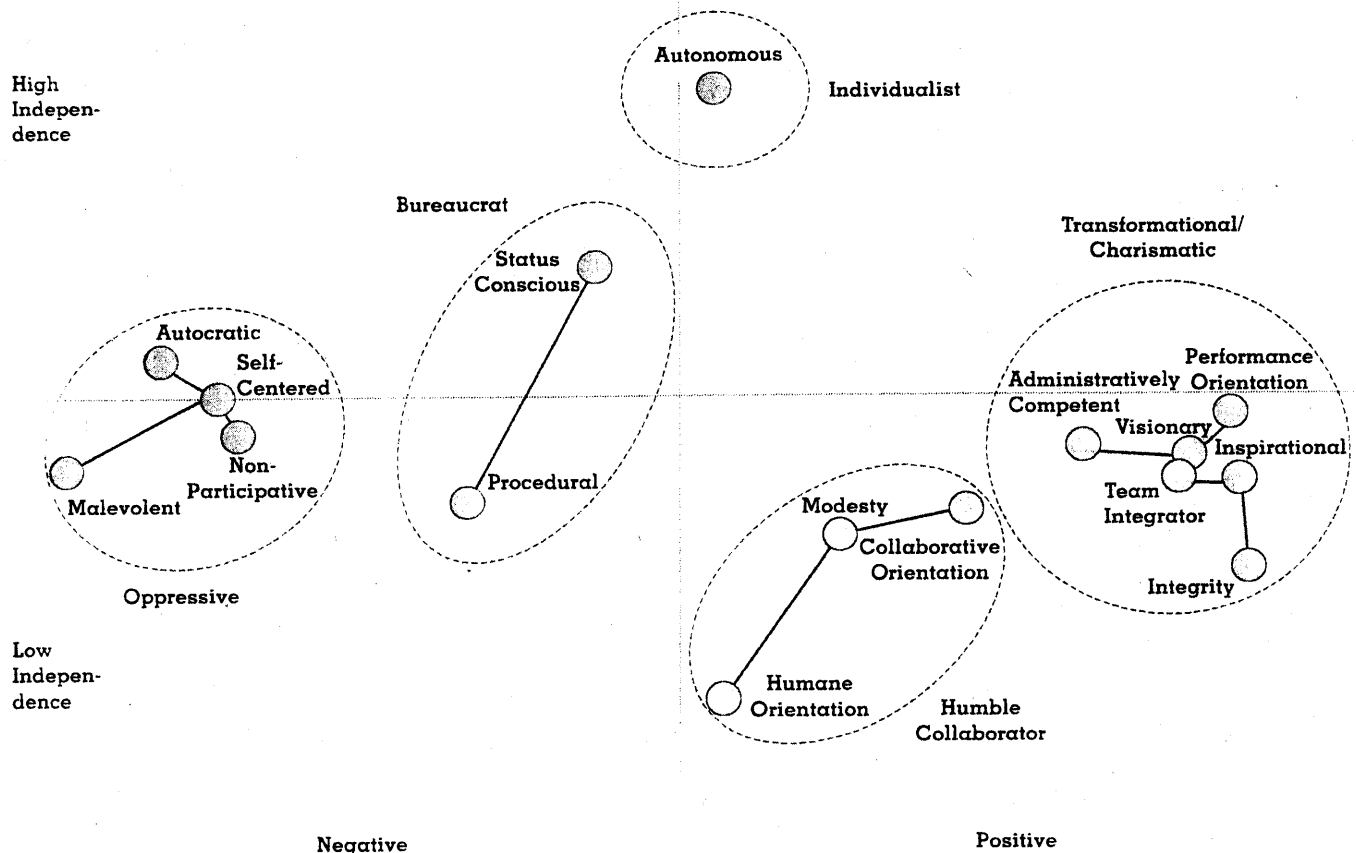


FIGURE 3
Semantic Network of West German Leadership Concepts

this prototype is clearly desirable. The perceived importance of humility and collaboration reflects the German value of participation. A humble collaborator leader reduces status differentials in organizations and encourages participation and collaboration. It is noteworthy that the attribute of humane orientation is the least positive in this prototype (nearest to the midpoint of the scale), reflecting the low scores on humane orientation for Germany's societal culture.

The Individualist

Not surprisingly, the *individualist* prototype (autonomous, individualistic, independent, unique) ranks highest on the independence scale. Despite the fact that the individualist prototype is opposite to the previous prototype of the humble collaborator, it is still viewed somewhat positively by German managers. It represents the unique, independent, and individualistic manager who stays apart from the crowd. A typical representative of an individualist leader can be seen in Alfred Herrhausen, former president of the Deutsche Bank, who was murdered in 1989 by terrorists. His impressive career began in

1970 when he became a member of the board of directors. In biographies and the public press reports of his time, he was described as a courageous risk taker, rational in thinking and straightforward, energetic, enforcing, and purposive in temperament, with high performance and power orientation. Most prominently he was described as an individualist, an outsider, often reserved and distanced with a high need for recognition.

The Bureaucrat

The *bureaucratic* leader's attributes of status consciousness and procedural orientation (ritualistic, formal, habitual, and cautious) are perceived to inhibit outstanding leadership. This leadership type scores neither high nor low on the independence scale. Leaders who are visibly attracted to status and privilege, and are very focused on rules and procedures, are not seen as outstanding or effective. This negative opinion seems to be rooted in the strong German desire for performance orientation and the desire for reduced prevalence and intrusion of rules and procedures.

The Oppressive Leader

Finally, the oppressive leader embodies the attributes of a German leader who is neither trusted nor loved by the followers. An oppressive leader tends to be non-participative, a micro manager, autocratic, elitist, vindictive, cynical, and hostile, among other characteristics. The oppressive leader does not recognize the followers' views or contributions, partly because of complete self-absorption and partly because of cynical and malevolent views towards others. This leader is disliked by followers partly because of a negative impact on their emotional well-being and partly because the leader is the ultimate representation of low participation.

The GLOBE data cannot give direct evidence for actual prevalence rates of these leadership styles in Germany (or any other country) because the managers' ratings in the GLOBE questionnaire focused not on actual leadership but on prototypes of what makes for outstanding leadership. Actual leadership perceived by followers to be outstanding fits the leadership prototypes held by followers most strongly. When the fit is good, followers are more motivated, committed, and willing to be led. The transformational/charismatic leader (who is also administratively competent and team integrative) and the humble collaborator (who also reduces status differentials and encourages participation) seem best to fit the leadership prototypes held by German middle managers. However, as we all know, not very many real leaders have all of the attributes that ideal leadership types comprise.

Furthermore, leadership prototypes are seldom found in purity. Their overlap with each other and their relationships to societal cultural values are of particular relevance to predicting which leadership style will be successful even if not fully positively valued. For example, some of the oppressive leader's attributes resemble those of the individualist leader (e.g., loner, asocial) who is perceived as contributing to outstanding leadership and who can thus gain at least some emotional and motivational commitment from followers. The overlap between the autocratic and individualistic leader types suggests that German middle managers are more tolerant towards autocratic leadership styles. As another example, a person with high assertiveness and low humane orientation may still be perceived as a transformational/charismatic leader in Germany (and get away with poor interpersonal behavior) because interpersonal humane orientation is less highly valued in German society and organizations than performance orientation and decisiveness.

Practical Implications

Considering Cross-Cultural Differences

Our empirical findings support the notion that, in line with the overall findings from GLOBE, the elements of Germany's societal and organizational cultures and leadership style overlap strongly. A theoretical line of reasoning that connects the three can be outlined as follows. Societal and organizational culture define a set of acceptable and unacceptable behaviors. Individuals learn to conform to these norms through acculturation and socialization. Over time, individuals become particularly skilled at acceptable behaviors. Successful managers are well socialized and acculturated. They tend to be good at acceptable behaviors. This ability can also be dysfunctional, e.g., when managers are placed in an environment with different cultural values and when change is forced upon organizations or societies. Furthermore, successes (and failures) in the past generate experiences; formerly successful behaviors will be repeated elsewhere and also when change is actually required.

The previous findings and discussion support two general conclusions. *First, when cultures are relatively similar in content—that is, their dimensional profiles have considerable similarities—transacting business is easier with not much change in behaviors.*

GLOBE has produced a data base that can help us identify the cultural similarities and differences among countries and organizations. However, we have learned that it is useful to develop a better understanding of a foreign culture even when it seems to closely match our own. The GLOBE data shows the cultural profiles of Austria, German-speaking Switzerland, and Germany to be highly similar to each other and dissimilar to those of 19 other Pan-European countries.¹⁵ A manager from Japan or any other culture distant from Germanic cultures may view representatives from these three countries as highly similar in behavior and values systems.

However, subtle but disturbing differences may surface when representatives from highly similar cultures are working together. For example, closer inspection of the GLOBE database¹⁶ revealed that German-speaking Swiss managers differ in some subtle ways from their German counterparts. They rank slightly lower on autonomy and somewhat higher on modesty, diplomacy, and team orientation than their German counterparts. While the differences on each dimension are small, their combined effects may have severe consequences in particular situations. According to the first author's observations, German-speaking Swiss managers find it

disturbing when German managers tend to present their views in a confrontational manner (low compassion, low modesty, low team orientation) thereby stressing the differences between the positions (high autonomy) by making a statement like "Yes, but I think X and Y." In German-speaking Switzerland, with its long tradition of basic democracy, different views are usually presented in a peaceful way, stressing the common basis between the parties with a statement like "Yes! And we should also consider X and Y." Obviously, the same information "X and Y" embedded within contradicting cultural-values systems can cause unintended negative effects.

A second general conclusion: When cultures are different in content—that is, their dimensional profiles are significantly different—adjustment is generally necessary in proportion to the cultural distance.

Knowledge about specific cultural characteristics (e.g., the type of conflict and controversy at work endorsed in Germany) can help expatriate managers to anticipate potential benefits (constructive controversy leads to high quality) and potential problems (interpersonal conflict leads to stress and emotional strain) in cross-cultural interactions. Furthermore, the knowledge derived from GLOBE about the particular leadership profiles that most strongly differentiate two target countries (e.g., Germany: lower on compassion and higher on autonomy than the UK) is a useful tool to supplement cross-cultural management training with a set of tailor-made training situations that are likely to generate typical cross-cultural disturbances between representatives from the target countries. More generally, the amount of prior training, coaching, and actual experience in the host country necessary to ensure effective cross-cultural leadership will obviously depend on the magnitude of the cultural differences reported for the target cultures.

An important implication here is that a manager successful in one culture may not be able to adjust sufficiently to another culture. In contrast, a manager who is maladjusted at home might actually be a better fit in an overseas position. For example, as was described above, assertiveness in Germany is associated with straightforwardness, tolerance for conflict, and controversy. Paired with low interpersonal humane orientation, these characteristics can be humiliating in cross-cultural situations involving people with a cultural background of high interpersonal humane orientation. In contrast, paired with high performance orientation, the characteristics can be creative, efficient, and productive, especially in cross-cultural situations involving others with a cultural background

of high performance orientation. If a UK manager is to be assigned to Germany, a person with high tolerance for conflict and controversy paired with high performance orientation, who is not too easily disturbed when facing low compassion in interpersonal behavior, may be a better fit than a typical representative of the UK culture, which endorses interpersonal humane orientation to a great extent.

Considering Change: Managers Becoming Leaders

For Germany to compete successfully in the global markets of the 21st century, a change in its societal and organizational cultures and leadership style seems unavoidable. However, not all changes are possible. Therefore, let us take a closer look at the cultural content of each cultural level analyzed above and their potential for adaptive change.

Societal cultural values are difficult to change, especially when evolutionary rather than revolutionary change is envisaged. And some cultural dimensions are so deeply rooted in history and society that they are unlikely to be changed at all. On the one hand, Germany's moderate to high individualism, high uncertainty avoidance, and high assertiveness seem to be deeply rooted in its history; it ranks similarly in various studies from the early 1960s to the late 1990s. On the other hand, prompted by the demands of the free-market economy and globalization in the 1990s, Germany has witnessed a questioning of the ideal of the welfare state in favor of the neo-liberal concepts of self-reliance and individual commitment to smaller, organically grown units such as family and work groups. The country has entered a post-modern type of democracy, in retreat from state intervention and disenchanted with the welfare state.¹⁷ The first concrete steps are visible; Germany now focuses on providing fewer resources to its social programs (e.g., encouraging private contributions to health care, "Pflegeversicherung," and additional private pension schemes, "Private Zusatzrente").

Our own data supports the view that some cultural aspects are already differently valued in Germany than they were some decades ago. German society and its organizations in particular seem to be ripe for more advancement of the female work force. Actually, female managers could be the ones who bring more interpersonal compassion to work and who can stimulate their male colleagues to do the same. The dislike for overly low compassion, also shown in German societal culture, should work to the same end. What is missing, though, is a level of future-orientation "should be" among

German middle managers that compares better to its very high levels in many other GLOBE countries. A management-education system that is more in line with international programs and that allows for more and longer assignments abroad may work wonders here.

The German Zeitgeist of consolidation, possibly still a consequence of the tremendous costs of the reunification process (today visible in high unemployment rates, high public spending, and debt), seems to be a major obstacle. A critical challenge is how to restructure the traditionally institutionalized mechanisms for maintaining social welfare, cooperative capital-labor relationships, and personal safety while at the same time cutting down on high taxes, high labor costs, and a cumbersome bureaucracy.

Last but not least are the consequences of having managers who are insensitive to the feelings of employees and so task focused that learning and development are not on their agenda. Especially in these times of globalization and multicultural work forces, the so-called soft skills (e.g., cosmopolitanism, consideration of people, compassion in interpersonal conduct, team leadership) become critical attributes for success. While conflict and controversy have their merits in a highly task-focused and performance-oriented society, German managers need to be aware of the pitfalls of their "tough on the issue, tough on the person" approach. This is particularly true when institutionalized humane orientation via publicly sponsored social welfare—which appears to cushion the anxiety and emotional stress resulting from ruthlessness—is on the decline. The benefits to be gained by Germany from a leadership style that might be called "tough on the issue, soft on the person!" need to be intensively explored.

Effective leadership is about dealing with people (compassion) as much as it is about dealing with change (future orientation). We think it is time for German managers to become more effective leaders in that respect.

Endnotes

¹ Lawrence, P. 1994. German management: At the interface between Eastern and Western Europe. In R. Calori & P. de Wood (Eds.), *A European management model: Beyond diversity*. New York: Prentice Hall.

² Windieck, G. 1990. *Fuehrung im Wandel. Neue Perspektiven fuer Fuehrungsforschung und Fuehrungspraxis* [Leadership under changing conditions. New perspectives of leadership research and leadership practice]. Stuttgart: Enke.

³ Rosenstiel, L. v. 1995. Fuehrung durch Motivation in Zeiten sich wandelnder Wertorientierungen [Management via motivation in times of changing value orientations]. In H. Kasper (Ed.),

Post-Graduate-Management-Wissen. Wien: Wirtschaftsverlag Ueberreuter: 75-146.

⁴ Glunk, U., Wilderom, C., & Ogilvie, R. 1997. Finding the key to German-style management. *International Studies of Management & Organizations*, 26: 93-108.

⁵ Brodbeck, F. C., & Frese, M. (in press). Societal culture and leadership in Germany: At the interface between East and West. In J. Chhokar, F. C. Brodbeck, & R. J. House (Eds.), *Cultures of the world: A GLOBE anthology*. Thousand Oaks: Sage. Here is a more detailed account of the German GLOBE study with additional results about societal, organizational, and leadership culture from questionnaire studies, literature reviews, semi-structured interviews, job-postings analysis, media-content analysis, focus groups, and biographies of popular German leaders.

⁶ House, R. J., et al. 1999. *Cultural influences on leadership and organizations. Advances in global leadership*, 1. Stamford, CT: JAI Press: 171-233.

⁷ Hofstede, G. 1980. *Culture's consequences: International differences in work related values*. Beverly Hills, CA: Sage. Hofstede's findings for Germany show moderate to high uncertainty avoidance and high masculinity. GLOBE delineated Hofstede's masculinity dimension on empirical grounds into assertiveness and gender egalitarianism.

⁸ World Economic Forum. *The global competitiveness report (2000)*. New York: Oxford University Press.

⁹ Boss talk: Goal is game, set, and match—Siemens' CEO allies tactics of tennis to management: Rules of winning, losing. *The Wall Street Journal*, 2 February 2001.

¹⁰ Simons, T. L., & Peterson, R. S. 2000. Task conflict and relationship conflict in top management teams. The pivotal role of intra group trust. *Journal of Applied Psychology*, 85: 102-111.

¹¹ The sick man of the euro. *The Economist*, 5 June 1999, 21. See also: Europe has a problem—and its name is Germany. *The Economist*, 19 January 2002, 9.

¹² Ibid.

¹³ Boss talk: Goal is game, set, and match, op. cit.

¹⁴ First, exploratory factor analysis confirmed 16 out of the 21 GLOBE scales (see Table 1) for Germany. Second, Multi-Dimensional Scaling (MDS) was used on the 16 scales to calculate a two-dimensional structure with almost a perfect fit (East: $R^2 = .998$, West: $R^2 = .996$). East and West German results are almost identical. Dimension 1, termed "Negative vs. Positive," represents the extent to which leadership attributes are perceived to facilitate or inhibit outstanding leadership. Dimension 2, termed "High Independence vs. Low Independence," represents the extent to which leadership attributes are related to social independence on one side (high independence: autonomy, individualistic, independent, unique), and to sociability on the other side (low independence: concern about others, tolerance, generous, sensitive towards others). Third, a cluster analysis (average linkage method) was performed to identify groups of leadership scales that are related to each other and distinct from those in other clusters.

¹⁵ Brodbeck, F. C., et al. 2000. Cultural variation of leadership prototypes across 22 European countries. *Journal of Occupational and Organizational Psychology*, 73: 1-29.

¹⁶ Weibler, J., et al. 2000. Fuehrung in kulturverwandten Regionen: Gemeinsamkeiten und Unterschiede bei Fuehrungsidealien zwischen Deutschland, Oesterreich und der Schweiz (Leadership in culturally similar regions: Similarities and differences of leadership prototypes in Germany, Austria and Switzerland). *Die Betriebswirtschaft*, 5: 588-604.

¹⁷ Hahn, H. J. 1995. *German thought and culture. From the Holy Roman Empire to the present day*. Manchester, UK: Manchester University Press.

¹⁸ Sample questionnaire items: Power Distance: Followers

are (should be) expected to obey their leaders without question. *Uncertainty Avoidance*: Most people lead (should lead) highly structured lives with few unexpected events. *Assertiveness*: People are (should be) generally dominant in their relationships with each other. *Future Orientation*: More people live (should live) for the present rather than for the future (scored inversely). *Performance Orientation*: Students are encouraged (should be encouraged) to strive for continuously improved performance. *Institutional Collectivism*: Leaders encourage (should encourage) group loyalty even if individual goals suffer. *Group/Family Collectivism*: Employees feel (should feel) great loyalty toward this organization. *Humane Orientation*: People are generally (should be generally) very tolerant of mistakes. *Gender Egalitarianism*: Boys are encouraged (should be encouraged) more than girls to attain a higher education (scored inversely).



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Executive Commentary

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Whenever I read reports about "organization development" or "new business models," I often feel that a significant, if unstated, part of the agenda is to achieve complexity reduction at any cost. But I also recognize that these models are created to help us understand how the world is changing and how to cope with this change. And, obviously, we need this type of model building.

However, we should also realize that we pay a price for developing such models because the world of models ignores many important features or elements of the real world. Models reduce complexity, but in real life there is also a need for differentiated views and actions.

As a German business executive, I am not aware of any "leadership made in Germany." Leadership was not made or invented somewhere; we can only describe what exists. And what exists in Germany is the result of multicultural influences derived

from the global business experiences of German managers and lots of trial and error.

As a result, I tend to view "German leadership" not so much as black and white (low on compassion—high on performance) but rather as mostly gray. It is in this gray area that we, as managers, must operate on a daily basis. From my perspective, leadership must be viewed situationally, taking into account who we are dealing with, the nature of the problem, and the skills and values of those involved.

Suggestions derived from a human-resources or organizational-development perspective of leadership often focus on unearthing the truth about "real leadership." But it seems to me that any general statements about leadership need to be placed within an organizational context that gives substance and direction to them. Ascribing to leaders such characteristics as empathy or assertiveness,