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**Cross-Cultural Management:
A Comparison of German
and British Subsidiaries**

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British-German Business Collaboration

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1 Introduction

It is beyond debate that today's organizations have to be "internationally competent" to be effective. The apparent globalization of markets, particularly the progressive integration of the EC, requires businesses to be internationally active. Scholars have been addressing this issue from a variety of perspectives and much has been written about macro- and micro-organizational factors that are relevant to an organization's success in a global market (e.g. *Welge* 1980; *Adler* 1986; *Bartlett/Ghoshal* 1989; *Dowling/Schuler* 1990). Operating internationally requires organizations to be effective in a much more complex environment. Business functions are performed among players from a variety of countries.

Consequently, one aspect that research on international business has been concerned with is the identification of differences and similarities between organizations from different countries and their effect on international business. Research addressing that question investigated the impact of "national culture" on a variety of organizational aspects (*Adler/Ghadar* 1990). In that context a controversy concerning the relevance of culture to organizations developed and persists. Proponents of the "culture-free" thesis suggest that patterns of organization are free of cultural influence, especially in industry, because contingencies of scale, technological development and so forth impose a common logic of administration which it becomes functionally imperative to adopt in terms of organizational performance (*Kerr/Dunlop/Harbison/Myers* 1952; *Inkeles* 1960; *Hickson/Hinnings/McMillan/Schwitter* 1974; *Child* 1981; *Laurent* 1983).

The "culture-specific" argument notes how different societies exhibit distinct and relatively persistent cultures, meaning, widely shared patterns of thought and manners. It is argued that, even if organizations located within different societies do face similar contingencies and adopt similar models of formal structure, deep-rooted cultural forces will re-assert themselves in the way people actually behave and relate to each other. Empirically, the culture-specific view has been supported (early studies by *England* 1973; and *Negandhi* 1973), implying that culture should be considered an organizational contingency in international research on organizations.

Recently, some theoretical discussion has addressed the issue of "cultural convergence" (*Scholz* 1991; *Scholz/Messemer/Schröter* 1991; *Scholz* 1993). It is assumed that culture as an organizational determinant becomes less relevant as cultures become more similar. Particularly with respect to Europe, it appears reasonable

to expect that the differences between the cultures of individual European countries will diminish and a common, homogeneous "European Culture" will develop. European countries are integrating their economies; commerce between the EC countries is markedly facilitated and flows freely. A "European Market" is becoming reality. Despite these developments on the market level, it is not to be expected that a "European Culture" will develop automatically. Given the strong historical roots of each European country, a fast and easy cultural convergence is unlikely (e.g. *Hofstede* 1991). Currently, European countries are characterized by their unique cultures and organizations from these countries reflect these unique characteristics. Whether this will change in the future remains to be seen.

It is critical that the management of European companies learns to understand the relevance of cultural differences to effective international business. The development of managerial processes that allow organizations to benefit from, rather than be burdened with the cultural differences is desirable. This study concerning "British-German Business Collaboration" (BGBC) investigates differences between German and British subsidiaries. The extent of the differences between organizations from these two countries imply possible problems in cross-cultural management. Specifically, the questions to be answered by this research are

- (1) what are the actual and perceived differences between German and British subsidiaries?,
- (2) can these differences be explained?, and
- (3) what likely effect will these actual and perceived differences have on the relationship between companies from these two countries?

Finally, it is suggested that cultural convergence is not necessarily desirable. If effectively managed, cultural diversity results in synergistic effects that contribute to effectiveness in the global market.

2 Cross-Cultural Management: The Context

Cross-cultural research lacks an integrative theoretical framework. However, organizations and national culture can be systematically described and relationships can be analyzed. Organizations are generally described in terms of dimensions or characteristics common to all organizations. The basis for comparing the organizations in this study is a traditional contingency model. Figure 1 summarizes the contingency and organizational factors commonly included in such a model (*Child/Kieser 1975; Pugh/Hickson 1976; Kieser 1993*), which basically follows the paradigm of strategic fit (*Scholz 1987b*).

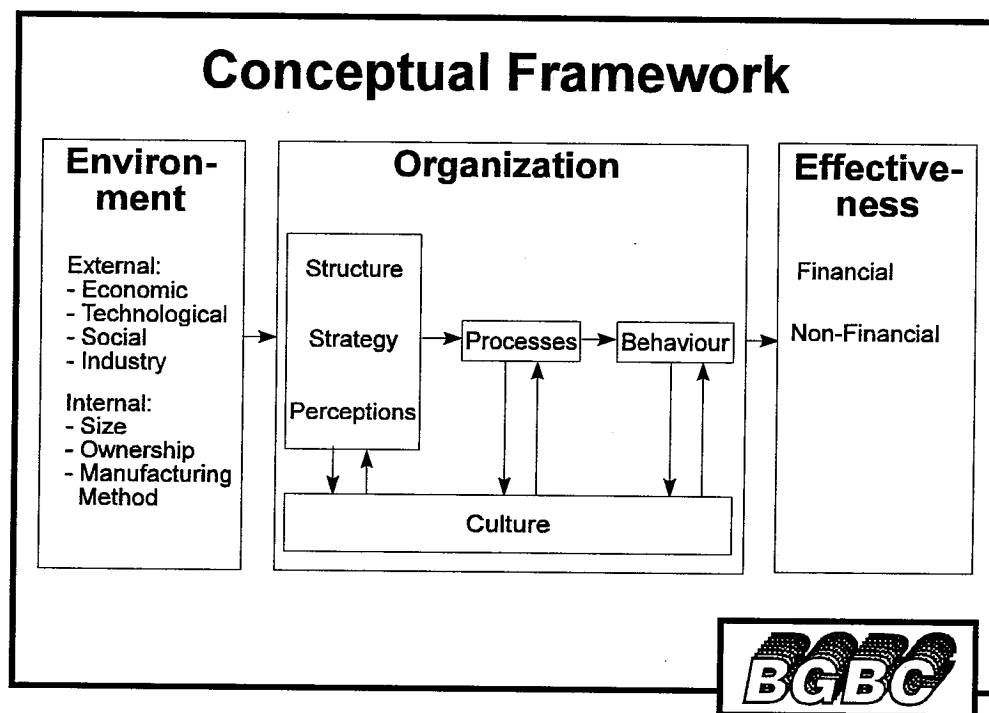


Figure 1: Conceptual Framework: Contingency Model

In this BGBC-study, organizations will be described and compared concerning internal and external environmental factors, the organizations' structure, strategy, processes, management behaviour, culture and effectiveness measures (Figure 2). Existing research implies that differences between organizations might be due to differences in the organizational contingencies or to cultural differences. Differences between organizations might also be due to the type of sample, subsidiaries. It seems reasonable to expect that the parent company-subsidary relationship, independent of environmental contingencies or cultural influences, has an impact on organizational characteristics. Finally, since management behaviour and decisions are based on perceptions, it is important to distinguish between actual and perceived differences.

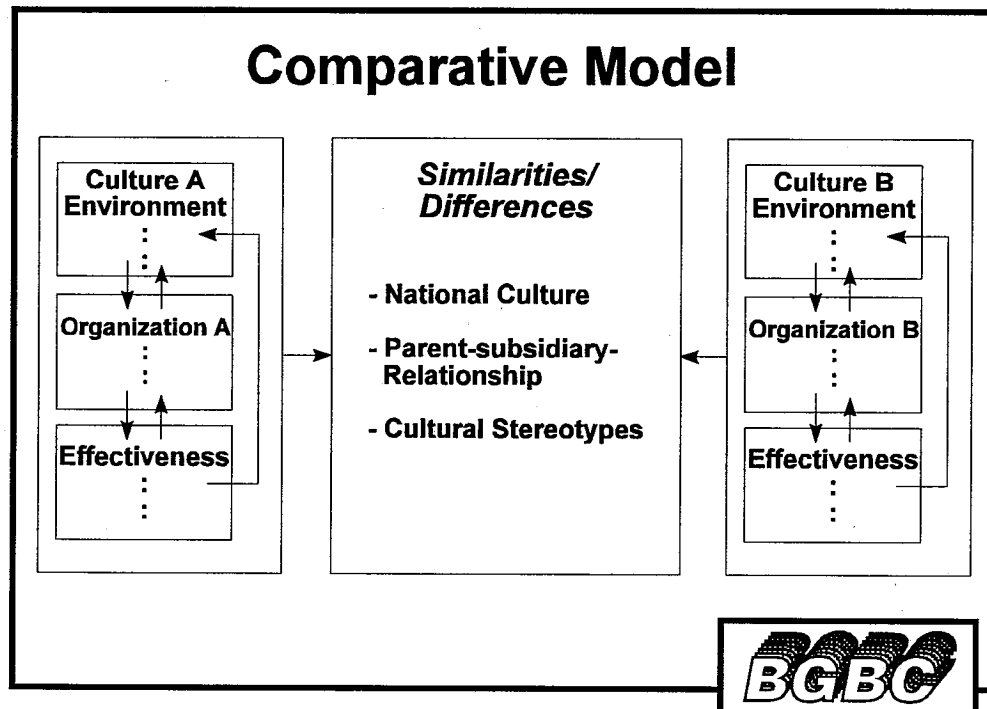


Figure 2: Comparative Model

The existing literature on the relevant organizational contingencies, on the impact of culture on organizational characteristics, on the parent-subsidiary relationship, and on cultural stereotypes implies what specific differences are to be expected between organizations from different countries in general, and between organizations from Germany and Great Britain in particular.

2.1 Contingencies and Organizational Characteristics

Ghoshal and Nohria (1993, 23) re-state that "one of the most enduring ideas of organization theory is that an organization's structure and management process must 'fit' its environment." Specific external and internal environmental characteristics have been linked to specific structural characteristics that enhance the effectiveness of the organization. *Pugh/Hickson* (1975) and *Kieser/Kubicek* (1992) identified the following contextual factors, which represent the theoretical framework for this study (Figure 2): The external environment consists of the economic, competitive environment, the legal, the social, and the technological environment of the organization; the internal environment includes the size, type of ownership, manufacturing method, organizational culture, and information systems. Structural variables (*Pugh/Hickson* 1975) are functional specialization, role specialization, standardization, formalization, which

together describe the structuring of activities; the concentration of authority is defined through the centralization of decision-making, the autonomy of the organization, and the standardization of procedures for selection and advancement; line control of workflow including the subordinate ratio, formalization of role performance recording, percentage of workflow superordinates; finally, the relative size of supportive component described by the percentage of clerks, percentage of non-workflow personnel, and vertical span.

Another important aspect is the strategic orientation of the organization (Scholz 1987a). The economic or competitive external environment determine the strategic orientation. According to Porter (1980), internal rivalry, the bargaining power of suppliers, the bargaining power of buyers, the threat of potential entrants and the threat of substitutes determine an organization's strategy. Based on these factors, generic strategies are distinguished in terms of cost leadership, differentiation and focus. The industry an organization primarily operates in is most relevant.

Communication and decision-making systems prevalent in an organization characterize an organization. The level of centralization and formalization of these processes are here seen as most important. Finally, management's perceptions and behaviours determine the success of the organization, especially leadership, interpersonal skills, and motivation. Effectiveness is indicated through financial measures, like ROI and sales, and non-financial measures like employee satisfaction, turnover, and absenteeism.

Interestingly, in existing studies only certain aspects of this contextual framework have been investigated. Empirical research that identifies patterns of relationships and their effect on organizational effectiveness do not exist. The BGBC-model summarizes most of the factors that are to be used in the description and comparison of organizations. Particularly, for the identification of a cultural impact on effectiveness, this framework indicates which variables have to be controlled. Some research has been conducted to investigate the effect of culture, in some cases as an additional contingency factor (Kieser/Kubicek 1992), on specific organizational characteristics. These studies imply, which differences in organizational characteristics are to be expected in the comparison of organizations from different countries and are briefly summarized in the following.

2.2 The Effect of Culture on Organizations

The study of an impact of culture on organizations requires the development of a "measure" for national culture. *Hofstede* (1980) developed a systematic approach for the comparison of cultures. Countries are described in terms of four dimensions: the uncertainty avoidance index (UAI), the power distance index (PDI), individualism (IDV), and masculinity (MAS). The results of his study of fifty countries and three regions showed that countries differ clearly on these dimensions. *Hofstede* (1991) comprehensively summarizes the results of his studies on national culture. Some relationships among the cultural dimensions and between the cultural dimensions and organizational characteristics were identified.

Hofstede categorized the countries based on their similarities in the cultural dimensions and determined what organizational characteristics organizations in those countries exhibited. *Mintzberg* (1983), based on *Hofstede's* research, for instance, related national culture to the structural characteristics, preferred configuration, preferred coordination mechanism, and key part of organization. Organizations in countries which scored low on power distance and high on uncertainty avoidance (e.g. Germany) were associated with professional bureaucracy, standardization of skills, and emphasis on the operating core of the organization. A culture characterized by low power distance and low uncertainty avoidance (e.g. Great Britain) typically had organizations with a preferred configuration of adhocracy, mutual adjustment as the preferred coordination mechanism, and the support staff as the key part of the organization. *Hofstede* (1991; 1993) added a fifth dimension, long-term orientation (LTO), to the original four dimensions. In a culture with a long-term orientation, values are oriented towards the future, like thrift (saving) and persistence prevail. In short-term oriented cultures values are oriented towards past and present, like respect for tradition and fulfilling social obligations.

Alternatively to *Hofstede*, *Bass* (1981) and *Triandis* (1983) distinguish the following cultural dimensions: "Traditionalism" indicates a tendency to prefer past, traditional way over trying new things. "Particularism" implies a patriarchal orientation. "Pragmatism" as opposed to "idealism" indicates to what the "ideal" is the guiding force. *Thomas* (1992) confirms that studies have shown that cultures differ on these dimensions. Finally, the values prevailing in a specific culture characterize national culture. Work related values like the "meaning of work", the centrality of work, work vs. leisure preferences, and "willingness to identify with the organization" have been investigated (*Noelle-Neumann/Strümpel* 1984; *MOW International Research Team* 1986; *Stengel/v.*

Rosenstiel 1985). The importance of work to employees has implications for management, particularly with respect to motivation and job-related behaviour.

Concerning the impact of culture on organizational characteristics, it has been shown that national culture has an impact on organizational structure (*Scholz/Hofbauer* 1990). Several studies investigated the contingencies involved in determining a "structural" fit for multinational enterprises. *Doz and Prahalad* (1984) argue that the simultaneous need for global integration and local responsiveness must be managed. In their most recent study, *Ghoshal and Nohria* (1993) classify businesses based on forces for global integration versus forces for local responsiveness. The requisite organizational structures are defined in terms of structural integration and structural differentiation. This study implies, that the extent of international activities, i.e. extent of exposure to and impact of different cultures, has an impact on organizational structure.

Concerning the impact of national culture on organizational culture, *Adler* (1983) based on the four phase model describing the development of multinational enterprises (*Vernon* 1966) and assuming that organizations are more or less sensitive to national culture depending on the developmental phase they are in, argues that as organizations become true multinationals (phase three), organization culture dominates national culture. *Laurent* (1986), however, suggests that *Schein's* (1985) "underlying assumptions" are embedded in national culture. The corporate culture of a parent company may have an impact on the organizational culture of its foreign subsidiary with respect to "artifacts" , but it is less likely to have an effect on values and underlying assumptions. *Harrison and Carroll* (1991) found that cultural systems in organizations are highly robust and reach equilibrium even with high turnover and rapid growth. *Hofstede, Neuijen, Ohayv, and Sanders* (1990) showed that organizational cultures are quantifiable and can be meaningfully described in terms of six dimensions, defined as perceived common practices. The six dimensions are process- vs. results-oriented, employee- vs. job-oriented, parochial vs. professional, open system vs. closed system, loose control vs. tight control, and normative vs. pragmatic. These practices are significantly correlated with several structural characteristics, like specialization and formalization, implying that certain organizational cultures are associated with certain types of organizational structure and practices, where organizational culture is partially contingent on national culture.

Bergemann and Sourisseaux (1992) present research concerned with cultural differences in organizational processes and managerial behaviour. They conclude that leadership, motivation, decision-making, and communication processes are influenced by national culture. Communication is an essential basis for effective management.

Adler (1986, 53) notes that "Cross-cultural communication continually involves misunderstanding caused by misperception, misinterpretation, and misevaluation." According to Samovar *et al.* (1981), culture is the foundation of communication. Scholars of communication maintain that language reflects the diverging values of society (e.g. Lötscher 1983; Kopper 1992).

With respect to the culture-strategy relationship, Sorge (1991) investigated the strategic fit and the societal effect based on a neo-contingency framework. He based his study on the results of cross-national comparisons from previous studies (Lane 1989; Sorge/Warner 1986; Maurice/Sorge/Warner 1980; Maurice/Sellier/Silvestre 1982). The results of his study imply that strategy development has to be studied in a framework that includes cultural and societal variables.

2.3 The Parent-Subsidiary Relationship

General issues concerning the parent-subsidiary relationship center around the appropriate type of ownership (Chowdhury 1992), the role of subsidiary boards in MNE's (Kriger 1991), and intensity of coordination (Welge 1980, 1981). Welge's (1980) study provides important insights in the parent-subsidiary relationship. He distinguished between structural coordination intensity, person-oriented coordination intensity, and technocratic coordination intensity where several dimensions describe each type of coordination intensity. Differences between countries were observed primarily with respect to person-oriented coordination intensity. Differences were also identified concerning the number of employees sent on expatriate assignment and the length of the assignment and frequency of and reasons for visits between organizations. The least differences were observed for technocratic coordination intensity, i.e. the financial aspect of the parent-subsidiary relationship. Results also indicated that size of the organization, ownership, and type of "acquisition" influence the parent-subsidiary relationship. Geographical distance and level of diversification are factors that may be important influences and should be further investigated. As a general conclusion, Welge suggests that low coordination intensity, associated with decentralized decision-making should result in above-average organizational effectiveness, measured through financial and non-financial criteria.

These results imply that the actual parent-subsidiary relationship might be influenced by the national culture of the two organization's countries. Depending on the cultural

characteristics a parent company is more or less likely to implement a system of low coordination intensity and decentralized decision-making (see *Hofstede*).

2.4 Cultural Stereotypes

Assigning characteristics to a group without conscious regard for the individual members has been termed "stereotypes". *Samovar et al.* (1981) emphasizes that stereotyping in a cultural context allows individuals to cope with unfamiliar situations and behaviour. International managers, particularly, if not effectively prepared, will tend to rely on their cultural stereotypes in their interactions with organizational members from another country. Rather than basing their behaviour and decisions on a systematic evaluation of national culture using, for instance *Hofstede's* study, managers base their behaviour and decisions on perceptions of the relevant culture. *Adler* (1986) suggests that stereotypes are useful when they are consciously held, descriptive rather than evaluative, accurately describe the group norm, the first best guess prior to having direct information, and open to modification based on further observation and experience. *Kopper* (1992) concludes that the ability to differentiate between individual behaviour and cultural stereotypes and to possibly discard inaccurate stereotypes is a key factor in cross-cultural communication.

Researchers studying stereotypes report that there are universally held stereotypes about the behaviour and capabilities of persons from particular regions of the world (*Miller/Cattaneo* 1982). Additionally, people tend to prefer their own kind and to stereotype ethnic groups, especially those considered to be of lower status in a negative fashion. Expatriates base managerial processes on what they think their subordinates qualities are and not on the actual qualities of the subordinates. Some research on stereotypes concerns the congruence between stereotypes concerning one's own culture and the stereotypes held by others about that culture, autostereotypes and heterostereotypes, respectively (e.g. *Everett/Stening* 1987). *Everett and Stening* (1987) conclude that an effective long-term relationship rests on a reasonable degree of similarity between one group's autostereotype and the other's heterostereotype of that group (see also *Bass* 1971).

For Germany and Great Britain, previous research implies the following cultural differences and similarities. According to *Hofstede* (1980), the German as well as the British culture are characterized by relatively high levels on the dimensions "masculinity" (MAS=66, for both) and relatively low scores on the power distance

dimension (PDI=35, for both). The cultures differ markedly with respect to "uncertainty avoidance" (UAI for Germany=65, for Britain=35) and "individualism", (IDV for Germany=67, for Britain=89). Concerning long-term orientation, Germany's culture was in the middle range (LTO=31) and Britain scored somewhat lower on that dimension (LTO=25). Comparing business cultures in Europe, *Randlesome, Brierly, Burton, Gordon, and King* (1990) conclude that one of the most characteristic factors of the German work culture compared to the British is the considerable business commitment to long term stable goals which is not true for the British.

Noelle-Neumann and Strümpel's (1984) study implies that the British work force has a stronger work ethic than the German. When asked to what extent one is willing to make sacrifices for work or career 42% of Germans answered positively versus 66% of the British. Similarly, the meaning-of-work study implies that work is less important, in the sense of "work centrality" to Germans than to the British. In Germany, leisure and work are more strictly separated than in other countries (*Beerman/Stengel* 1992). *England* (1986) found that German workers more strongly emphasize their rights rather than their duties at work than workers from other countries. Concerning leadership style, *Bass* (1981) concluded that Germans are more likely to pursue an autocratic style whereas the British are more likely to be participative. Furthermore, he found that German leadership involves paternalistic elements, the British doesn't.

Concerning verbal communication, the lack of equivalence between English and German words hinders effective communication. For instance, the English word "friend" implies a lower level of intimacy than the German word "Freund". The English words "achievement", "commitment", "common sense", "fair play", "management", and "skill" have no exact and/or only partial equivalents in German. "Authority", a key business term, is defined differently in the Anglo-American management literature than in German (*Kiechl* 1977). German is a more "direct" language than English. Written documents in German have a rigid structure and are more deductively construed versus the British's inductive approach (*Knapp* 1992).

Great Britain is one of the countries that is dominated by individuals who do not know a second language. This implies that it is primarily the German speaking the foreign language in cross-cultural interactions with the British. Another survey of international companies in Great Britain found that British organizations rated transnational confidence and effectiveness, European awareness and perspective, and language ability as the three least important qualities for a senior management team (*Smith* 1991). These kinds of results are often attributed to the highly nationalistic attitudes and high levels of ethnocentrism of the British. Whatever the reasons for the poor language

skills of British managers, they hinder effective cross-cultural communication with German management.

Sorge (1991) summarizes culturally determined organizational differences. The German style of organizing and creating human resources appears to be characterized by fewer line-staff distinctions, by a management-execution distinction, a generalism-specialism distinction, and an affinity towards a simple structure among other characteristics. The British organization is seen as more "equivocal". It is rather pluri-central, in addition to being segmented. The management hierarchy is less technical and more subject to financial controls. Concludingly, British firms are seen as more geared for large-batch and mass or process production and as detaching technician, engineering and planning functions from the shop floor. It was further concluded that Germany seemed better set to pursue differentiated quality and craft production than Britain.

Based on forty companies from several European countries Ghoshal and Nohria (1993) show how some combinations of environment and structure fit better than others, where the complexity of the firm's structure must match the complexity of its environment. The sample included five German and six British companies. It appeared that German companies were clearly distinct from British companies with respect to the requisite organizational structure. British companies were primarily categorized as a 'differentiated fit' with high structural integration and low structural differentiation, whereas German companies were an 'ad hoc variation' of structure being low on both dimensions or an 'integrated variety' being high on both dimensions. In that study, culture was not the primary determinant of the prescribed structures.

Campbell and Warner (1991) observe that the long-term orientation of Germans is reflected in the fact that a German company is bank financed to a much greater degree than being stock market financed. The opposite is true for British companies. Similarly, the formal structure of German companies is geared towards commitment and continuity. Companies with more than 500 employees are steered by a supervisory board, elected for five years, representing all important constituencies of the organization. This board reviews proposals for change, approving only those that add to efficiency. Research by several scholars, including Campbell/Warner (1991), Randlesome et al. (1990), and Lawrence (1980), investigated further effects of national culture on organizational characteristics. The long-term orientation of the Germans and the associated structure results in a managerial rather than an entrepreneurial view of business. Ebster-Grosz and Pugh (1992) conclude that, therefore, activities in German companies are product led with an emphasis on competition through product

appropriateness and quality, rather than market led with an emphasis on competition through price.

Stereotypically, the British think they have a great sense of humor, Germans see them as lazy and idle (*Welford/Prescott* 1992). Germans reject the idea of humor in formal settings within the workplace where seriousness, particularly at senior levels, is of utmost importance. The British tend to cover insecurities through humor this is contrary to German norms. The German educational system is seen as superior, especially given the poor reputation the British school system developed during the 80's. Germany and Great Britain are both seen as materialistically oriented. German industry is characterized by technical excellence, however, Germans are often accused of failing to fully exploit their technologies in the market-place. British companies are seen as failing to invest resources in research and development. This reflects the short-term orientation characterizing the British culture, which is seen by *Buckley, Pass, and Prescott* (1992) as the single most important factor in the lack of the British's competitiveness. Germany is considered as providing a favorable environment for investment.

In conclusion, sufficient research exists, providing a framework for the study of organizations. Dimensions to be used in the description and comparison of organizations have been developed. Previous research implies differences to be expected between German and British companies based on cultural differences or on the parent-subsidiary relationship. In this study, organizations are comprehensively, described, analyzed and compared, rather than just focusing on a specific organizational aspect. The emphasis is on determining to what extent differences between the organizations are related to differences in national culture and to what extent perceptions and stereotypes are relevant.

3 Methods

3.1 Sample and Design

This study is based on a research project initiated during 1990 by Prof. Derek Pugh at the Open University, Milton Keynes/GB and the first author of this paper. They have been assisted by Dr. Dagmar Ebster-Grosz on the British and by Dipl.-Kfm. Marco Schröter and Dipl.-Kfm. Volker Stein on the German side. The original purpose of this study, entitled "British-German Business Collaboration" (BGBC), was to investigate German-British management cooperation. Specific goals for the project were:

- Identification of problems in cross-cultural management.
- Determination of the relevant success factors given the organization's specific cultural environment.
- Identification and analysis of differences and similarities between German and British companies concerning organizational culture, structure, and strategy implementation.
- Development of suggestions for effective German-British management cooperation.

The project was implemented as a four-phase process. The first phase focused on the theoretical basis of the project and resulted in the generation of a conceptional framework for the study. During the second phase, measures and data collection instruments were developed, pretested, and revised. Personal interviews, based on interview guidelines, and questionnaires (see Appendix 3) were the primary data collection instruments used in this project. The actual data collection process constitutes the third and main phase of the project. The final, fourth phase consisted in the evaluation of the data and the writing of the reports.

During 1991/92 data were collected in Great Britain and Germany simultaneously with a different research focus of each team: The British team mainly concentrated on British parent companies and German subsidiaries in Great Britain, the German team on German parent companies and British subsidiaries in Germany (Figure 3).

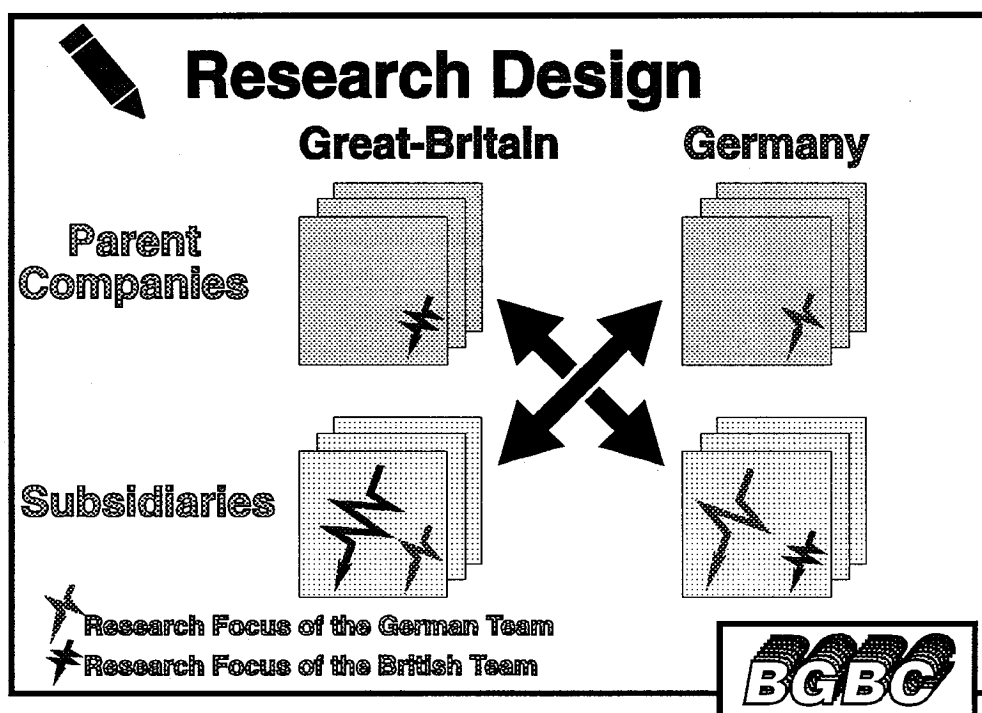


Figure 3: Research Design

Altogether, the British research team questioned 60 companies and the German research team 41. Thereof, the sample being in first place relevant for this report consisted of subsidiaries of British companies in Germany and German subsidiaries in Great Britain. It was comprised of ninety-two subsidiaries, forty-five in Great Britain and forty-seven in Germany. The number of parent companies and joint ventures, only done by the British team, consists of nine companies. The number of totally available interviews was ninety, the number of questionnaires forty-eight. In most cases, the interview partners were top managers.

	in Great Britain	in Germany	Sum
Subsidiaries questioned by British research team	45 German subsidiaries	6 British subsidiaries	51
Subsidiaries questioned by German research team		41 British subsidiaries	41
Sum of subsidiaries	45	47	92
(Thereof: held interviews in subsidiaries)	45	45	90
(Thereof: received questionnaires from subsidiaries)	23	25	48
Additional information (8 parent companies, 1 Joint venture)			9
SUM OF QUESTIONED FIRMS			101

Table 1: Data Base

To compare the data, it had to be ensured that the subsidiaries were similar in size and age. The results show that the subsidiaries in Great-Britain were smaller on average

than those in Germany with an average size of employees of 557 for Great Britain and 592 for Germany. The parent-companies (PC) were much larger for the subsidiaries in Great Britain, with 45,497 employees for Great Britain and only 30,485 employees for subsidiaries in Germany. However, none of these differences were significant. The subsidiaries were similar in age with 25 years on average for Great Britain and 19.8 for Germany.

Data were collected on a variety of company characteristics. Since the representativeness of internationally active companies was desired, a random selection was carried out, based on a list of subsidiaries in both countries of the Anglo-German Chamber of Commerce and stratified by size and industry. Factors that might be important to the effectiveness of German-British management cooperation had to be determined. During the past decade it has been shown that corporate or organizational culture is one of the most important success factors in general (*Scholz/Hofbauer 1990*). Therefore, in addition to cultural differences in an organization's environment, corporate culture was included as a factor of major interest. Other organizational characteristics included in the study were organizational structure, the organization's human resources and marketing processes, as well as the organization's decision-making and control systems. For the personal interview section of the data collection process, senior-management (generally, the managing director) was considered the appropriate source for the data of interest in this study. Senior-management of a subsidiary represents the link to the parent-company, and thus an analysis concerned with the relationship between subsidiary and parent has to consider senior management.

The interview guidelines were semi-structured with open-ended questions to allow for responsiveness to specific conditions and data. Questions were designed to identify characteristics unique to the management of a British subsidiary in Germany and of a German subsidiary in Britain. Of major interest was also management's perceptions concerning the German-British cooperation. For instance, management was asked the following questions:

1. What issues tend to arise in co-operating with your German partner?
2. What was the first thing you (the respondent) had to learn in your current position? What took longest to get used to?
3. In what areas do the Germans and the British work best together? In which areas do they have the most difficulty?
4. What, if anything, would you like to change in the relationship with the parent company? What, if anything, do you believe the parent company would like to change in their relationship with the subsidiary?

5. Who participated in formulating corporate targets? How far can you influence what these targets will be?
 6. What are the differences between German and British management?
- The interviews were recorded and then put into writing.

Five further questionnaires were used in addition to the questionnaire for senior-management. Two of them were designed to primarily collect quantitative data about the company whereas another one was particularly designed to gather qualitative data. The latter was completed by the respondent and concerned the organizational culture. Interviewees responded based on a five-point Likert scale and a ranking process. This questionnaire also contained questions concerning an evaluation of the British/German partner and concerning specific problem areas in the relationship and management cooperation. One of the two final questionnaires was completed by a representative of the human resource department and the other one by a representative of the marketing department. Issues of interest here were, for instance, the company's work force composition and training and development processes, and market position and product innovation, respectively.

3.2 Variables and Measures

Variables representing the external and internal environment of the organization, the structure, strategy, processes, and culture as well as management's perceptions and behaviour were developed and measures for these variables were found. Appendix 1 summarizes the variables of this study and indicates how they were operationalized. Note, that several composite variables measuring organizational culture were developed. They are based on the items in the questionnaire answered by the chief executive and computed as the simple average. The reliability of these composites has been evaluated based on Cronbach's coefficient alpha. The measure for a communication oriented culture ($\alpha=0.6$), the measure for result orientation ($\alpha=0.7$), technical orientation ($\alpha=0.7$), and the measure for a system oriented culture ($\alpha=0.9$) provide acceptable levels of reliability.

Organizational effectiveness was measured by asking chief-executives to what extent they felt that organizational targets have been achieved, exceeded, or not achieved, to what extent and how targets have been changed during the past year, and how well they thought they were doing in comparison to their competition. An overall effectiveness measure based on these three effectiveness variables was developed.

3.3 Analysis

The statistical analysis of the data on which the German team focused was supported by the "SPSS"-software for Windows, Release 5.0.1. Descriptive statistics, means and frequencies, were computed to describe the organizations in the two countries. ANOVA procedures were employed to compare the organizations from the two countries with respect to the relevant variables. In order to get some insight into the relationships among the variables, particularly the relevance of the variables to organizational effectiveness, product-moment correlations were calculated.

4 Results

The descriptive results, means and standard deviations for ordinally scaled variables and frequencies for nominally scaled variables are presented for all variables in the model. The differences in the variables were evaluated and are indicated as well as the level of significance (**** $p \leq .001$; *** $.001 < p \leq .01$; ** $.01 < p \leq .05$; * $.05 < p \leq .1$).

Table 2 characterizes the subsidiaries in Britain and Germany with respect to size and age of the organization, subsidiary and parent-company, as well as with respect to the characteristics of the respondent in the interview process, "the interviewee". Using further data sources like company reports to broaden the data base in this case, it can be stated that the subsidiaries in Great Britain were generally smaller than the German (based on number of employees), however, that the parent-companies of the subsidiaries in Britain were much larger (not significantly, though) than the parent-companies of the subsidiaries in Germany. With respect to age there was only a marginal difference for the subsidiaries in the two countries.

Concerning the interviewees, seventy-three percent of them from the subsidiaries in Great Britain were British, twenty-seven percent German. The interviewees from the subsidiaries in Germany were primarily German (76%), thirteen percent were British and 11% were from other countries. These differences were significant ($p \leq .001$) and indicate, that the parent companies prefer local managers for their subsidiaries. Most of the interviewees in both countries were chief executives. Eleven percent of the interviewees in Britain held the Director of Corporate Affairs position and in Germany nine percent the Finance Director position ($p \leq .01$). Interviewees in Britain had spent almost eighty percent of their career in more than one company but in just one field, whereas twenty-nine percent of interviewees in Germany had experience in more than one company and more than one field ($p \leq .001$). The main experience of interviewees in Britain was in a technical field (31%), in Germany in sales (39.5%), not a significant difference. But these results imply that the profiles of the chosen managers in both countries are similar to what is commonly expected for managers in the parent companies.

This leads to the interesting hypothesis, that parent companies try to fit the national cultures of the subsidiaries' countries by the nationality of the local managers, but that they try in the same time to fit the corporate culture by the required profile of the managers.

Sample	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
A. Company								
SIZE_PC	45497	78791	29	30485	43144	27	0,88	
SIZE_SUB	557	1034	45	592	1439	22	-0,11	
AGE_SUB	25,0	26,0	41	19,8	15,1	45	1,16	
AGE_PC	101,7	71,5	31	103,0	77,3	12	-0,05	

Table 2: The Sample (1)

Sample	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
B. Interviewee						
INTNAT					50,6	****
British	73,3%	33	13,3%	6		
German	26,7%	12	75,6%	34		
Other	0%	0	11,1%	5		
Sum	100,0%	45	100,0%	45		
INTPOS					5,8	**
Chief Executive	84,4%	38	73,3%	33		
Director of Corporate affairs	11,1%	5	2,2%	1		
Financial Director	0%	0	8,9%	4		
Marketing Director	4,4%	2	4,4%	2		
Personnel Director	0%	0	2,2%	1		
Other	0%	0	8,9%	4		
Sum	99,9%	45	99,9%	45		
CARHIST					13,3	****
>1 company, 1 field	78,9%	30	40,0%	14		
1 company, 1 field	13,2%	5	20,0%	7		
1 company, >1 field	0%	0	11,4%	4		
>1 company, >1 field	7,9%	3	28,6%	10		
Sum	100,0%	38	100,0%	35		
MAINEXPE					0,9	
Technical	31,0%	13	11,6%	5		
Sales and commercial	19,0%	8	39,5%	17		
Marketing	16,7%	7	7,0%	3		
Science	7,1%	3	4,7%	2		
Law	0%	0	2,3%	1		
Finance	16,7%	7	27,9%	12		
Administration	2,4%	1	0%	0		
Other	7,1%	3	7,0%	3		
Sum	100,0%	42	100,0%	43		

Table 2: The Sample (2)

The external economic environment of the participating companies was represented through the industry in which a company primarily operated (Table 3). Most of the subsidiaries in Britain were categorized as "Engineering industrial" (37.2%), most of the

subsidiaries in Germany were categorized as "other" (28.6%), i.e., their primary industries were not included in the list of options in the survey. About seventeen percent of the subsidiaries in Germany were categorized as "Electrotechnical" and about fourteen percent as "Engineering industrial". In Britain fourteen percent were electrotechnical companies, about 19 percent were categorized as "Consumer products". Subsidiaries in Germany, therefore, seemed to represent a wider spectrum of industries than those in Britain, which were primarily industrial engineering companies. These differences were significant ($p \leq .05$).

External Environment	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
A. Economic						
INDUSTRY					5,9	**
Engineering industrial	37,2%	16	14,3%	6		
Electrotechnical	14,0%	6	16,7%	7		
Chemical/Pharmaceutical	14,0%	6	11,9%	5		
Building materials/Home improvemt.	4,7%	2	9,5%	4		
Consumer products	18,6%	8	9,5%	4		
Financial services	4,7%	2	9,5%	4		
Other	7,0%	3	28,6%	12		
Sum	100,0%	43	100,0%	42		

Table 3: External Environment - Industry

Table 4 summarizes the results concerning the internal environment of the companies. As previously discussed, subsidiaries in Germany were larger as those in Britain based on the number of employees, with a mean of 592 and 557 employees, respectively. Companies were similar in age. Concerning type of company, respondents in Germany indicated that they were a manufacturing company, whereas subsidiaries in Britain were not ($p \leq .01$). Respondents in Germany indicated also a focus on research and development, those in Britain did not ($p \leq .001$). Respondents in Germany indicated that they were primarily a customer service or marketing type company whereas the Britains are less ($p \leq .05$). Note that this difference has major implications for possible synergistic effects in the collaboration between British and German companies. Respondents in both countries saw themselves as selling companies.

The subsidiaries in Britain were to seventy-six percent newly established organizations, in Germany that was true for only forty-nine percent. Thirty percent of the subsidiaries in Germany and only about seventeen percent of the subsidiaries in Britain were established through a takeover. These differences were significant ($p \leq .01$) and show the stronger traditions of British parent companies in mergers&acquisitions. In Germany, also about fourteen percent were established through a partnership with a

local company, in Britain that was true for only seven percent. In Britain almost all companies (97.7%) were wholly owned subsidiaries. That was also the predominant type of ownership for the subsidiaries in Germany (82%). However, there, about eleven percent were a joint venture or partnership.

Internal Environment	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
SIZE_SUB	557	1034	45	592	1439	22	-0,11	
AGE_SUB	25,0	26,0	41	19,8	15,1	45	1,13	

Table 4: Internal Environment (1)

Internal Environment	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
MANUFACT	0,5	0,5	39	0,8	0,4	28	-3,29	***
ASSEMBLY	0,4	0,5	41	0,3	0,5	6	0,48	
PROJDESI	0,5	0,5	40	0,5	0,5	10	0,14	
RESANDDE	0,2	0,4	38	0,9	0,4	21	-6,49	****
SELLING	1,0	0,2	43	1,0	0,2	41	-0,54	
TECHSERV	0,6	0,5	43	0,6	0,5	14	-0,40	
CUSTSERV	0,9	0,4	43	1,0	0,0	17	-2,61	**
MARKETIN	0,9	0,4	41	1,0	0,0	10	-2,62	**

Table 4: Internal Environment (2)

Internal Environment	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
FORMESTA					7,8	***
Newly established organization	76,2%	32	48,8%	21		
Takeover	16,7%	7	30,2%	13		
Partnership with local company	7,1%	3	14,0%	6		
Other	0%	0	7,0%	3		
Sum	100,0%	42	100,0%	43		
STATUS					0,7	
Plc./AG	7,0%	3	13,3%	6		
Ltd.Co./GmbH	83,7%	36	80,0%	36		
UK/G Registered Office	7,0%	3	2,2%	1		
Other	2,3%	1	4,4%	2		
Sum	100,0%	43	100,0%	45		
OWNERSHI					5,1	**
Wholly owned G/B subsidiary	97,7%	42	81,8%	36		
Joint venture or partnership	2,3%	1	11,4%	5		
Representative	0%	0	2,3%	1		
Other	0%	0	4,5%	2		
Sum	100,0%	43	100,0%	44		

Table 4: Internal Environment (3)

Two thirds of all companies in Britain and almost as much in Germany, indicated that they were functionally structured (Table 5). Twenty-three percent of the subsidiaries in Britain had a functional and product structure. In Germany, eighteen percent had a function and product structure, and another thirteen percent a product structure. It can be stated that, besides age and size, the subsidiaries do not differ significantly in respect to their structure, which is very helpful for the comparison of the data.

Structure	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
STRUCTUR					1	
Functional	66,7%	26	59,0%	23		
Functional and geographical	5,1%	2	7,7%	3		
Functional and product	23,1%	9	17,9%	7		
Product	5,1%	2	12,8%	5		
Geographical	0%	0	2,6%	1		
Sum	100,0%	39	100,0%	39		

Table 5: Structure

The competitive environment (Table 6) of the companies in the two countries differs, however not significantly. Subsidiaries in Great Britain indicated that their competitive

environment mainly consisted of six to twenty competitors, about thirty percent indicated more than twenty competitors. In Germany, about fifty percent of the subsidiaries faced a competitive environment consisting of less than six competitors and about forty percent faced a competitive environment consisting of more than twenty competitors. Thus the markets in Germany seem to be a bit more fragmented than the markets in Great Britain.

Concerning the size of the competing companies, fifty-one percent of the British subsidiaries indicated that they faced large and small competitors, thirty-one percent faced primarily smaller companies. In Germany, fifty-five percent faced large and small companies and forty-five percent large companies - note that only eleven respondents in Germany answered that question. British subsidiaries faced primarily multinational competition (69.8%). More than half (54.3%) of the respondents in Germany indicated that they primarily faced multinational competition, and about half (45.7%) indicated that they mainly faced German competition ($p \leq .01$). Thus it seems that Great Britain is more likely to be a more attractive location for international firms, which could be explained with the cost advantages one faces in comparison with Germany.

Concerning strategic orientations, subsidiaries in Britain emphasized first sales volume (39%), and profit (19.5%) and market share (17.1%). The same is true for subsidiaries in Germany with about thirty percent emphasizing sales volume, about twenty-three percent profit, and about fourteen percent market share. About ten percent of the subsidiaries in Britain also indicated "figures" as a primary target whereas only one of the German subsidiaries did. More subsidiaries in Germany than in Britain targeted "expansion", 9.1 and 2.4 percent, respectively. These differences were significant ($p \leq .05$) and could be connected with recessive tendencies: While in Germany still existed realistic perspectives on expansion during the data collection in 1991/92, in Great Britain these orientations might have already been relativated towards "good figures".

Concerning the companies' competitive advantages, of utmost interest are the differences between the subsidiaries showing the perceived or possible strategic niches. Respondents in Britain indicated "quality and service", "advanced technology", and "reputation", whereas respondents in Germany indicated "unique product", "know-how", and "flexibility" as their comparative advantages. Although very interesting in terms of possible implications, these differences were over all items not statistically significant (note: small N's for each item).

Strategy	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
COMPCATE					0,0	
<6 competitors	31,7%	13	45,9%	17		
6 - 20 competitors	41,5%	17	16,2%	6		
>20 competitors	26,8%	11	37,8%	14		
Sum	100,0%	41	100,0%	37		
COMPSIZE					0,7	
Large companies (>30,000 employees)	17,9%	7	45,5%	5		
Small(er) companies	30,8%	12	0%	0		
Large and small	51,3%	20	54,5%	6		
Sum	100,0%	39	100,0%	11		
COMPNTI					10,3	***
Mainly German competition	7,0%	3	45,7%	16		
Mainly Japanese competition	4,7%	2	0%	0		
Mainly British/Anglo-Saxon compet.	18,6%	8	0%	0		
Multinational competition	69,8%	30	54,3%	19		
Sum	100,0%	43	100,0%	35		

Table 6: Strategy (1)

Strategy	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
TARGETA					4,3	**
Profit	19,5%	8	22,7%	10		
Market share	17,1%	7	13,6%	6		
Sales volume	39,0%	16	29,5%	13		
Figures	9,8%	4	2,3%	1		
Rationalization	2,4%	1	0%	0		
Reorganization	2,4%	1	0%	0		
Reduction of overhead	0%	0	2,3%	1		
Reduction of unit costs	0%	0	2,3%	1		
Expansion	2,4%	1	9,1%	4		
Diversification	2,4%	1	0%	0		
Establishment	2,4%	1	2,3%	1		
Personnel changes	0%	0	2,3%	1		
Change of image/marketing initiative	0%	0	2,3%	1		
New building or repaire of site	2,4%	1	2,3%	1		
Other	0%	0	9,1%	4		
Sum	99,8%	41	100,1%	44		
COMPADVA					0,1	
Unique product	7,0%	3	13,5%	5		
Range of product	11,6%	5	16,2%	6		
Advanced technology	16,3%	7	8,1%	3		
Know how	0%	0	10,8%	4		
Quality and service	23,3%	10	16,2%	6		
Total customer service	4,7%	2	0%	0		
Marketing	7,0%	3	0%	0		
Distribution	0%	0	2,7%	1		
Reputation	11,6%	5	0%	0		
Quality of staff	2,3%	1	0%	0		
Geographical location or spread	2,3%	1	2,7%	1		
Speed of response	0%	0	2,7%	1		
Flexibility	0%	0	13,5%	5		
Value for money	2,3%	1	0%	0		
Price	4,7%	2	0%	0		
Financial strength	7,0%	3	8,1%	3		
Low labour costs	0%	0	2,7%	1		
Other	0%	0	2,7%	1		
Sum	100,1%	43	99,9%	37		

Table 6: Strategy (2)

The survey included numerous questions concerning a variety of organizational processes which mainly became part of the cultural orientations. However, the subsidiaries were separately asked about several HRM processes (Table 7). Respondents from both countries agreed that the career structure is widely not clearly defined. Appraisal systems are more used, especially in Great Britain. It might be that the higher scores in Great Britain of individualism according to *Hofstede* lead to this stronger orientation at the needs of the employees. The correlation of both variables is

positive +0.5 ($p \leq .001$): The tendency of using defined career structures together with appraisal systems might show a generalistic HRM-orientation.

HRM-Processes	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
Defined career structure	2,2	1,8	31	1,8	1,6	21	0,83	
Appraisal systems	3,9	1,8	34	3,4	2,0	18	0,91	

Table 7: HRM-Processes

Concerning perceived problems in the British-German collaboration, problems with respect to sample size arose: Several respondents did not answer some of these questions or provided incomplete information (Table 8). Respondents from both countries perceived "language", the "British's lack of discipline", and the British's short-term orientation as a major problem. Respondents from Britain did not perceive the British as lacking flexibility, but the respondents from Germany did ($p \leq .001$). These results are likely to be based on the respondents' personal experience and on cultural stereotypes.

Perception-Problems 1=yes, 2=no	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
LANGUAGB	1,1	0,4	7	1,2	0,4	6	-0,11	***
LANGUAGG	1,4	0,5	16	1,0	0,0	8	3,42	
DISCLACB	1,1	0,3	9	1,0	0,0	13	1,00	
DISCLACG	2,0	0,0	9	2,0	0,0	4	(nc)	
SHORTTEB	1,0	0,0	15	1,0	0,0	12	(nc)	
SHORTTEG	1,9	0,3	18	2,0	0,0	4	-0,67	
FLEXIBIB	2,0	0,0	17	1,3	0,5	11	5,16	****
FLEXIBIG	1,1	0,3	24	1,3	0,5	4	-0,65	

Table 8: Perceptions of Problems in the British-German Collaboration

Several composite variables, indicating different organizational culture aspects were developed. It is a widely accepted fact, that organizational culture is one of the driving forces, which lead to the success of a company (e.g. *Schein* 1985). Using a specific approach to this phenomenon (*Scholz* 1987b), several cultural dimensions were found. A short description gives a first insight into the meanings:

Commitment orientation	(CUL_CMMT)	Common leisure activities, pride in company, private contacts
Bureaucracy orientation	(CUL_BURE)	Fixed decision rules, fixed career patterns, lack of improvisation, status visible in bureau-furniture

Innovation orientation	(CUL_INNO)	Proposal-system, unconventional ideas are appreciated, the team can cope with innovative problems
Quality orientation	(CUL_QUAL)	High quality standards, high value of training
Customer orientation	(CUL_CUST)	Customers' problems very important, high priority of customers' problems
Technical orientation	(CUL_TECH)	High-tech-products, systematical search about new technologies
System orientation	(CUL_SYST)	Detailed financial planning, production planning, personnel planning, product development planning
Speed orientation	(CUL_SPEE)	Fast decisions are necessary to survive, short meetings, fast product development
Communication orientation	(CUL_COMM)	Departments know about activities in other departments, even personal problems are discussed, important information in time available, trustful relationship
Risk orientation	(CUL_RISK)	High degree of risky decisions, risk avoidance
Employee orientation	(CUL_EMPL)	Transparent career mechanisms, protection of employees against accuses of customers
Team orientation	(CUL_TEAM)	Success only in the team, personal information by colleagues, unbureaucratic help for other departments
Performance orientation	(CUL_PERF)	Regular control of work, overtime is normal, difficult tasks are attractive challenges
Cost orientation	(CUL_COST)	Priority of cost limitation
Result orientation	(CUL_RESU)	Result is important, clear goals, personal performance relevant for ownings
Short-term orientation	(CUL_SHOR)	Next month more important than next decade

Looking at the results, significant differences concerning these variables are summarized (Table 9). The subsidiaries in Great Britain are more bureaucracy oriented ($p \leq .1$) and have a stronger innovation orientation ($p \leq .01$) relative to the subsidiaries in Germany. In German subsidiaries, employee orientation ($p \leq .05$) and performance orientation ($p \leq .05$), result orientation ($p \leq .001$) and short-term orientation ($p \leq .05$) seem to be stronger compared to the British. This seems to agree with the above hypothesis about the recruiting practices of the parent companies: The subsidiaries in each country show cultural orientations which are estimated to be more typical for the parent companies' countries. By the managers, a special type of "mixed culture" could have been implemented.

Composite Culture Variables	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
CUL_CMMT	3,5	0,5	21	3,3	0,8	25	1,11	
CUL_BURE	3,0	0,5	21	2,7	0,5	25	1,95	*
CUL_INNO	3,3	0,4	21	2,9	0,5	25	2,75	***
CUL_QUAL	4,0	0,5	21	3,8	0,6	25	1,23	
CUL_CUST	4,2	0,5	21	4,0	0,6	25	1,08	
CUL_TECH	3,9	0,8	21	3,9	1,1	25	0,10	
CUL_SYST	3,9	0,6	21	3,9	1,3	25	-0,17	
CUL_SPEE	2,9	0,5	21	3,0	0,7	25	-0,40	
CUL_COMM	3,5	0,5	21	3,6	0,7	25	-0,80	
CUL_RISK	2,8	0,5	21	2,5	0,7	25	1,65	
CUL_EMPL	3,3	0,5	21	3,7	0,7	25	-2,46	**
CUL_TEAM	3,6	0,6	21	3,8	0,7	25	-1,04	
CUL_PERF	3,6	0,4	21	3,9	0,6	25	-2,06	**
CUL_COST	3,6	0,7	21	3,9	0,9	25	-1,41	
CUL_RESU	3,6	0,4	21	4,3	0,5	25	-4,53	****
CUL_SHOR	1,7	0,6	21	2,4	1,4	25	-2,24	**

Table 9: Composite Culture Variables

To illustrate how culture is perceived by interviewees within the subsidiaries, table 10 will show some typical responses. It is obvious, that the chosen remarks are based on stereotypes. They still have a strong influence on culture and sometimes hinder positive developments in collaboration.

Typical Responses	
German Subsidiaries in Great Britain	British Subsidiaries in Germany
"It would be nice to see them a little more socially."	"They feel predominant in financial as well as in social thinking."
"The Germans are very methodical, here people tend to change their minds, sometimes a number of times in succession, or in the last minute."	"The quality of managers is lower than here. This is shown in motivation and know-how."
"We come up with the ideas - Germans make something out of it - and we market it."	"The British want to be informed, they want to know how business runs."
"Germans are conservative and low on risk-taking."	"Great Britain and the continent."
"German companies take a long-term view and are consistent and reliable what they do."	"If we come up with a figure we know why we computed it while the British are happy to have a number."
"We are deliberately giving an image of the German company, we use the Umlaut in the name, drive German cars, etc... In our field this is an advantage."	"The mentality of the British is something this way - less in top management - there is a certain pride to feel exalted above other mentalities."
"The Germans are too slow to respond to the requirements of the British market."	"Once I had a boss who used to be in Germany and did not speak even asked the cleaning lady to speak English."
"All Germans are reluctant to make a decision and rely on their superior. If absent, they would do everything to get a hold of him, and follow the authority procedure and hierarchy, but not make a decision as an individual."	"I keep asking myself what happens to the information. I keep telling myself, if I don't need this info, what do they need it for?"

Table 10: Typical Responses from the Interviews

A variety of questions in the survey concerned the parent-subsidiary relationship with respect to structural and procedural or decision-making issues (Table 11). The number

of branches shows how divisionalized the parent company is. Parent companies of British subsidiaries in Germany concentrate in the most cases on one division, whereas the German subsidiaries in Great Britain mostly come from divisionalized headquarters with more than three branches. In both countries, respondents indicated that they did not have a separate department that coordinates British-German activities, about ninety-one percent in Great Britain and eighty percent in Germany.

Parent - Subsidiary-Relationship	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count	%	Count	%	F	sig
BRANCHES					5,2	**
One	12	28,6%	17	53,1%		
HQ and not more than 3 branches	11	26,2%	7	21,9%		
HQ and more than 3 branches	15	35,7%	7	21,9%		
HQ and sub-contractors	4	9,5%	1	3,1%		
Sum	42	100,0%	32	100,0%		
SEPDEPT					0,4	
Yes	4	9,3%	3	14,3%		
No	39	90,7%	18	85,7%		
Sum	43	100,0%	21	100,0%		

Table 11: The Parent-Subsidiary-Relationship

Concerning autonomy (Table 12), respondents from both countries indicated that strategic targets were developed by themselves and the approved by the PC or that the targets were developed jointly. Fifty percent of the British respondents indicated that the strategy for the subsidiary was formulated by the PC. Almost ninety-one percent of the respondents in Germany answered this question affirmatively. This difference was significant ($p \leq .001$).

Seventy-one percent of the respondents in Germany indicated that they had to report monthly to the PC, whereas only fifty-one percent of the respondents in Britain did. In Britain subsidiaries are controlled also through budgets (21.6%) and daily up-dates (10.8%), in Germany through quarterly reporting (11.9%). This result is inconsistent with the stereotype about British management "just wanting numbers and figures".

Initiative is primarily taken by the subsidiary in Britain (61.9%) and in Germany (68.3%). In Britain, about twenty-four percent indicated that initiative was taken jointly, that was true for only 9.8% of the respondents in Germany. Fifty-four percent of the respondents in Britain indicated that they had to report to the PC concerning strategic and operational issues, forty-six percent concerning strategic issues only. Respondents in

Germany, fifty-seven percent had to report on strategic and operational issues, and forty-three percent on strategic issues only.

Summing up all variables concerning autonomy and defining a new variable for the total degree of autonomy, the value for subsidiaries in Great Britain is 2.4 and for subsidiaries in Germany 2.1 on a four-point scale. This difference is significant ($p \leq .01$). British parent companies in general seem to maintain higher influence on their branches than German parent companies, although they are more liberal in some detailed aspects.

Parent - Subsidiary- Relationship	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count %	n	Count %	n	F	sig
PARTICIP					0,2	
Most come from senior management	16,3%	7	9,1%	3		
Jointly, only important targets by HQ	9,3%	4	15,2%	5		
All done jointly	27,9%	12	27,3%	9		
Ourselves, approval from parent company	46,5%	20	48,5%	16		
Sum	100,0%	43	100,1%	33		
PCFORMUL					20,7	****
Yes	50,0%	21	90,7%	39		
No	50,0%	21	9,3%	4		
Sum	100,0%	42	100,0%	43		
INFLUTAR					0,4	
Give comments	17,1%	7	7,7%	3		
Discussed jointly	56,1%	23	61,5%	24		
Negotiate them	19,5%	8	25,6%	10		
We set them	7,3%	3	5,1%	2		
Sum	100,0%	41	100,0%	39		
CONTMECH					0,3	
Daily up-date	10,8%	4	2,4%	1		
Weekly	8,1%	3	4,8%	2		
Monthly reporting	51,4%	19	71,4%	30		
Quarterly reporting	2,7%	1	11,9%	5		
3 times a year	2,7%	1	0%	0		
Budget	21,6%	8	4,8%	2		
Other	2,7%	1	4,8%	2		
Sum	100,0%	37	100,0%	42		
AUTREPOR					0,1	
Subsidiary reports on operative and strategic issues	53,7%	22	56,7%	17		
Subsidiary reports on strategic issues only	46,3%	19	43,3%	13		
Sum	100,0%	41	100,0%	30		

Table 12: The Parent-Subsidiary Relationship: Autonomy

To compare the perceptions of problems in collaboration, table 13 will provide some information. On the first view, the level of problems is in general not high. However, some problems perceived burden the cooperation in management. Except for the legal differences, which do not surprise, other findings lead to more important differences: they exist in the fields of quality perception, professionalism, delivery on time and cultural problems. Besides of the last point, the problems can mainly be located in subsidiaries in Germany, less in Great Britain. The managers in those subsidiaries in Germany seem

to be more "problem-searching", which might be influenced by their German national culture.

Perceived Problems	Subsidiaries in Great Britain			Subsidiaries in Germany			Difference	
	mean	std	n	mean	std	n	T	sig
Different market understanding	2,24	0,63	21	2,36	0,58	22	-0,68	
Cultural differences	2,10	0,55	20	1,82	0,5	22	1,73	*
Low degree of professionalism of foreign managers	1,50	0,51	20	1,91	0,75	22	-2,04	**
Leadership style of partner	2,00	0,55	21	2,18	0,79	22	-0,88	
Delivery on time	1,86	0,57	21	2,23	0,75	22	-1,82	*
Differences in quality	1,57	0,60	21	2,23	0,75	22	-3,16	***
Different goals	1,76	0,54	21	2,00	0,62	22	-1,34	
Lack of flexibility	2,29	0,46	21	2,00	0,76	22	1,49	
Lengthy decisions	2,10	0,54	21	2,32	0,89	22	-1,00	
Decisions upon unfounded information	1,62	0,67	21	1,78	0,69	22	-0,74	
Differences in understanding about price	1,75	0,55	20	1,95	0,72	22	-1,02	
Formalism	2,05	0,61	20	1,82	0,66	22	1,18	
Bullying	1,48	0,60	21	1,82	0,80	22	-1,58	
Prejudice against the partner	1,33	0,48	21	1,50	0,60	22	-1,01	
Legal differences	1,70	0,66	20	2,05	0,65	22	-1,71	*
Strategic differences	1,90	0,54	21	2,09	0,75	22	-0,94	

Table 13: Perceived Problems of British-German business collaboration

Finally, perceived organizational effectiveness was measured. The results are summarized in Table 14. Also here, the N's for some of the answers were extremely small. The companies in the two countries were very similar concerning their perceptions of goal or target attainment. The majority of respondents felt they achieved their goals, about twenty percent in each country felt they exceeded their goals, and about seventeen percent felt they missed their goals. Half of the respondents in both countries felt they were "the best", and about ninety percent feel themselves at least not worse than their competitors. Differences between the subsidiaries can only be observed in the degree of changes of the targets. Two thirds of the subsidiaries in Germany have improved their targets, whereas subsidiaries in Great Britain do not show a clear direction of change.

Effectiveness	Subsidiaries in Great Britain		Subsidiaries in Germany		Difference	
	Count	%	Count	%	F	sig
ACHIEVED					0,1	
Missed	17,1%	7	16,3%	7		
Missed slightly	12,2%	5	11,6%	5		
Ongoing	4,9%	2	7,0%	3		
Delivered	43,9%	18	46,5%	20		
Exceeded	22,0%	9	18,6%	8		
Sum	100,1%	41	100,0%	43		
COMPAREC					0,7	
Lost market share/loss made	2,5%	1	9,1%	1		
Not worse than some others	2,5%	1	0%	0		
Just as good	12,5%	5	18,1%	2		
Better than some	27,5%	11	27,3%	3		
We are best	55,0%	22	45,4%	5		
Sum	100,0%	42	100,1%	12		
CHANGETA					3,3*	
Adjusted to recession	35,0%	14	14,3%	2		
Maintain	27,5%	11	21,4%	3		
Improve	37,5%	15	64,3%	9		
Sum	100,0%	40	100,0%	14		

Table 14: Effectiveness

Appendix 2 summarizes some of the most interesting correlations among the variables in the BGBC-study. The correlations were computed for the entire sample, for subsidiaries in Britain only, and for subsidiaries in Germany only.

For German subsidiaries in Great Britain, growing size of the parent companies is negatively related with employee orientation, growing age of the parent company with bureaucracy orientation and positively with speed orientation. Growing age of the subsidiaries shows increasing technical orientation.

For British subsidiaries in Germany, increasing size and age of the parent companies show decreasing system orientation. With increasing size of the subsidiaries, employee orientation decreases and bureaucracy orientation grows in subsidiaries in Germany. In the same subsidiaries, with the increasing age, team, performance, speed, and innovation orientation decrease.

The results show at first glance that there are no clear nation-specific developments of corporate culture in time. The results can rather be interpreted as the outcomes of a mixed culture strategy in which the subsidiaries develop specific synthesis cultures with

elements from the host country and the parent companies. However, further evaluations, especially using the pattern-approach, have to be made.

Further relations can be detected in respect to the activities of the subsidiaries: In subsidiaries in Great Britain which have their main activities in technical service the result orientation is dominant. It is not a surprise that subsidiaries with broad R&D-activities show strong system, performance and innovation orientation: all these orientations are the base for successful R&D. The more manufacturing activities especially German subsidiaries realize, the stronger is their communication, team, system, bureaucracy and performance orientation and the less short-term oriented they are.

Only a few cultural dimensions show a significant influence on perception of effectiveness. British subsidiaries in Germany reach their targets the sooner the higher their team orientation, cost orientation and the less their customer orientation is. The more innovation oriented they are, the more critical they see their own effectiveness. Their overall perceived effectiveness grows by growing employee and customer orientation.

German subsidiaries in Great Britain feel like doing better than their competitors with high team, system, long-term and performance orientation. Their perceived effectiveness increases with increasing system orientation and decreasing short-term orientation. This shows, that effectiveness in many cases increases with culture orientations which are rather untypical for the country of the subsidiary. It seems as if a mixed culture strategy opens comparative advantages in competition.

These results have a major implication: Factors that contribute to the success of an organization are likely to differ from country to country. Also here, further analysis is required to allow for definite conclusion on this issues.

5 Discussion and Conclusions

5.1 British Subsidiaries in Germany

It was expected that British parent companies focus on short-term goals. So far, this expectation has been supported in most of the companies answering this question. This finding is also supported by the existence of comprehensive report systems for the collection of monthly financial data. This type of report system is to be expected for any multi-national company. It is especially striking that it is often stated that financial data that imply a long-term orientation, e.g. market share, are not considered by the central office. Only few companies find this reporting system disruptive - despite the resulting added burden for management in comparison to longer intervals of reporting.

Concerning management's evaluation of the German-British relationship, respondents were asked during the interview what kind of behaviour changes by their British partners they would appreciate. The answer to this question reflects the interviewee's perception of the British partner and should differ from the objective situation given the interviewee's "value filter". Although respondents repeatedly described the German-British management relationship as effective, a few frequently mentioned issues that are based on cultural factors can be identified.

Despite the existing emphasis in Germany on English as a second language, respondents perceived effective communication as difficult. Therefore, it is especially surprising that only two companies provided language classes for their employees. A variety of issues arise due to this "language problem". For instance, expecting minimal mastery of the English language led to ineffective "employment" and overextension of the British company's managing director. He had to act as communicator/translator for the technical departments concerning issues not related to his expertise. The Germans, on the other hand, interpret the British's lacking willingness to learn German as arrogance.

Interviewees from British subsidiaries, who had extensive experience with English-speaking businesses and mastered the English language well, frequently noted that not only a purely technical knowledge of the language is important to effectively communicate with the British. They felt that the knowledge of shades and connotative meanings of the language would help to prevent misunderstandings. For example, they pointed out that in comparison to German, English is a more "indirect" language.

Statements like "please, remain seated" are possibly meant to indicate the opposite, whereas Germans would understand this statement literally.

Given that management seems to be aware of this problem it is especially surprising, that an exchange among employees is hardly implemented. A possible reason may be the German employees' lack of interest in expatriate assignments that is partially based on the potential loss of income associated with a transfer to Britain. Comparisons of the income of managerial and other salaried employees across Europe show that the net income of a British manager is much less of that of their German counterparts (*Wagner* 1991, 358). In the case of expatriate assignments German companies often continue to use the domestic salary as the standard in order to keep the employee financially on the same level. Similarly, they may design extensive compensation packages to make the assignment attractive. These methods, however, will become ineffective and reach their limits as soon as an employee of the subsidiary receives a higher salary than his/her British superior.

Descriptions of regular meetings, e.g. Board meetings, were the source for the identification of further behavioural characteristics of the British. Respondents often describe the British partners' behaviour by adjectives like phlegmatic, unprepared, and non-systematic appropriately. This is reflected as well in the generally perceived problems within cooperation like lengthy decisions or low professionalism. In this context it is interesting to note that one of the respondents argued that the "creative chaos" of the British and the systematic, success-oriented behaviour of the Germans made an ideal combination for effective cooperation. This conclusion is supported by respondents who stated that they had more problems with their French subsidiaries than with the German ones.

The appearance of British delegates was in some cases described as a "colonial style". However, only rarely statements like "they feel superior, be it with respect to financial issues or even social issues" were used and represent an opinion not maintained by the majority of respondents.

Results of the written questionnaires concerning specific groups of problems show that reliability with respect to different understandings of "market" and "quality" and to delivery dates, lacking flexibility and strategic differences are seen as important. However, the results of the personal interviews with open-ended questions reflect these issues only moderately. Difficulties concerning timely delivery were described as generally overcome. In interviews with the managing director different quality understandings were not considered a problem. However, negative associations are

expected from the customer concerning the quality of a British company (or of its products which quality is often attributed to a company's quality). This might also be the reason for the fact that subsidiaries often do not especially point out their British origin to German customers. Actually, positioning in the market takes place as a German enterprise. It seems, therefore, that the companies do consider the required value filter.

Given the relatively mild criticism it appears that overall the German-British cooperation is successful. The British parent companies " ...like to be informed, they like to know how the business is going" and hardly ever interfere with the operations of the subsidiary. Therefore, they almost never cause any irritation for the German management. For British subsidiaries' main targets are sales volume and profit, which could be reached in the 1990 still prospering German economy, this surely is an understandable approach.

These are only a few aspects concerning the German-British cooperation. Finally, it is also surprising, that the strategy of most companies entails decentralization, providing much autonomy to the subsidiaries and not paying enough attention to the integration of a general culture. Problems are avoided by minimizing contact frequency. However, the cultural differences in the cooperation become relevant during the few meetings that do take place. Most of the companies did not or only seldom use the available methods of cultural management. Perceptions and stereotypes (like colonial style, unreliability etc.) develop that finally cause cooperation to be suboptimal.

Based on these preliminary results it is concluded that, contingent on an explicit strategy of internationalization, specific training and a system of activities and procedures concerning cultural management would be advisable.

5.2 German Subsidiaries in Great Britain

There are few fields in British-German business collaboration evaluated in which the ways to manage subsidiaries abroad differ as clearly as in the field of interpersonal relationship. Already the significant results in employee-orientation indicate that German subsidiaries in Great Britain tend to behave more work-oriented than their British counterparts in Germany. This might partly be caused by the different economic situation in 1990, when the British economy still required stronger efforts in markets than the German to be successful, and at the same time by the predominance of performance- and results-oriented targets such as sales volumes, profit and market shares.

Facing very often a totally different competitive situation than the German parent company (having a bigger number of competitors in Great Britain), the German subsidiaries there focus on their perceived comparative advantages "quality and service" and "advanced technology". A bit surprising is the fact that flexibility is not at all seen as a main comparative advantage. Perhaps this is the result of the German decision making following "a consensus decision-making style" (*Ebster-Grosz/Pugh* 1992, 15). British interviewees criticized it for being slow, inflexible, enabling the avoidance of personal initiative and responsibility and leading to a selectance to admit mistakes. Advantages associated with the consensus method were reliability and commitment (*Ebster-Grosz/Pugh* 1992, 15-16).

As far as the level of qualification is concerned, there has been general agreement in the literature that German managers are considerably better technically qualified than their British counterparts. Our sample comes to two separate results (*Ebster-Grosz/Pugh* 1992, 11-12): First: A general perception of German vocational training as being distinctly superior to the British. Second: In regard to higher education the British standards were seen as very high. In one case the interviewee opinion of the topic was that in Britain the poor availability of top qualified people is a problem, but not their quality.

5.3 Conclusions

The data shown in this paper have only been descriptive; further investigation especially in form of correlation- and cluster-analysis will follow. Nevertheless, interesting insights into British-German business collaboration can already be gained and allow the deductions of hypotheses concerning relations between the variables.

In a general sense, the results support that national culture strongly influences a variety of original aspects and that the factors related to organizational effectiveness may differ from culture to culture. However, parent companies in this sample seem to follow a special recruiting pattern to create a mixed corporate culture to improve British-German business collaboration: They try to fit the national cultures of the subsidiaries' countries by the nationality of the local managers, for they employ primarily natives of the host countries, but in the same time to fit the corporate culture by the required profile of the managers.

Possibly, with continued collaboration between British and German organizations, organizations will learn to adopt an "intermediate"-term orientation. As managers start to understand cultural differences, compromises that contribute to organizational effectiveness will be likely. Language barriers, particularly, in cross-cultural collaboration will persist. As education and training of managers will focus on international competence, language competence will improve across nations. English speaking countries, however, will be the slowest in contributing to progress in overcoming language based communication problems. These perceived problems make cross-cultural management difficult, but they are problems that seem to be temporary and can be overcome by more and more effective cultural diversity training.

The results do not imply irreconcilable differences between British and German management. The addressed issues appear to be solvable through systematic cultural management. Integration measures, especially employee exchanges, are ways to increase mutual understanding. Given the comments about the British being creative but slow concerning implementation, and the Germans being effective concerning implementation, it appears that a strategy using synergistic effects promises to be successful.

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APPENDIX 1**Variables and Measures**

Variable	Description	Measure
SIZE_PC	Number of employees parent company 1990	number
SIZE_SUB	Number of employees subsidiary 1990	number
AGE_SUB	Number of years since founding	years
AGE_PC	Number of years since founding	years
INTNAT	Nationality of interviewee	see relevant table
INTPOS	Interviewee's position	see relevant table
CARHIST	Interviewee's Career history	see relevant table
MANIEXPE	Main experience of interviewee	see relevant table
INDUSTRY	Type of industry of subsidiary	see relevant table
FORMESTA	Form of establishment of co-operation activity	see relevant table
STATUS	Status of co-operation activity	see relevant table
STRUCTUR	Structure of subsidiary's organization	see relevant table
COMPCATE	Number categories of main competitors	see relevant table
COMPSize	Size of main competitors	see relevant table
COMPNATI	Nationality of competition	see relevant table
TARGETA	Main target 1990	see relevant table
COMPADVA	Competitive (main) advantage of subsidiary	see relevant table
BRANCHES	Number of branches	see relevant table
SEPDEPT	Separate department/unit for communicating with parent company	see relevant table
PARTICIP	Participated in targets	see relevant table
PCFORMUL	Targets formulated by parent company	see relevant table
INFLUTAR	How far influence these targets	see relevant table
CONTMECH	Control-mechanisms relating to co-operation	see relevant table
AUTREPOR	Autonomy of subsidiary in decision making	see relevant table
ACHIEVED	How far targets were achieved	see relevant table
COMPAREC	Comparison own performance to competition	see relevant table
CHANGETA	Changes with regards to targets for 1991	see relevant table

Variables and Measures (1)

Variable	Description	Measure
MANUFACT	Activities subsidiary: Manufacturing	0 no, 1 yes
ASSEMBLY	Activities subsidiary: Assembly	0 no, 1 yes
PROJDESI	Activities subsidiary: Project and design	0 no, 1 yes
RESANDDE	Activities subsidiary: R&D	0 no, 1 yes
SELLING	Activities subsidiary: Selling	0 no, 1 yes
TECHSERV	Activities subsidiary: Technical service	0 no, 1 yes
CUSTSERV	Activities subsidiary: Customer Service	0 no, 1 yes
MARKETIN	Activities subsidiary: Marketing	0 no, 1 yes
Defined career structure		Likert --/1 to ++/5
Appraisal systems		Likert --/1 to ++/5
LANGUAGB	Language problems of British	1 yes, 2 no
LANGUAGG	Language problems of Germans	1 yes, 2 no
DISCLACB	Lack of discipline of British	1 yes, 2 no
DISCLACG	Lack of discipline of Germans	1 yes, 2 no
SHORTTEB	Short termism of British	1 yes, 2 no
SHORTTEG	Short termism of Germans	1 yes, 2 no
FLEXIBIB	Lack of flexibility of British	1 yes, 2 no
FLEXIBIG	Lack of flexibility of Germans	1 yes, 2 no
Different market understanding		1 never, 2 sometimes, 3 often
Cultural differences		1 never, 2 sometimes, 3 often
Low degree of professionalism of foreign managers		1 never, 2 sometimes, 3 often
Leadership style of partner		1 never, 2 sometimes, 3 often
Delivery on time		1 never, 2 sometimes, 3 often
Differences in quality		1 never, 2 sometimes, 3 often
Different goals		1 never, 2 sometimes, 3 often
Lack of flexibility		1 never, 2 sometimes, 3 often
Lengthy decisions		1 never, 2 sometimes, 3 often
Decisions upon unfounded information		1 never, 2 sometimes, 3 often
Differences in understanding about price		1 never, 2 sometimes, 3 often
Formalism		1 never, 2 sometimes, 3 often
Bullying		1 never, 2 sometimes, 3 often
Prejudice against the partner		1 never, 2 sometimes, 3 often
Legal differences		1 never, 2 sometimes, 3 often
Strategic differences		1 never, 2 sometimes, 3 often

Variables and Measures (2)

Variable	Description	Measure
EFFECT	Effectiveness: average of following three var.	Likert --/1 to ++/5
E_ACH_T	Effectiveness: extent of targets achieved (derived from ACHIEVED)	Likert --/1 to ++/5
E_CHAN_T	Effectiveness: change of targets (derived from CHANGETA)	Likert --/1 to ++/5
E_COMP_T	Effectiveness in comparison to competition (derived from COMPAREC)	Likert --/1 to ++/5
		Variables = average of selected variables (Likert --/1 to ++/5) (α)=Cronbach Coefficient alpha
CUL_CMMT	Culture: Commitment orientation	Likert --/1 to ++/5 ($\alpha=0,4$)
CUL_BURE	Culture: Bureaucracy orientation	Likert --/1 to ++/5 ($\alpha=0,5$)
CUL_INNO	Culture: Innovation orientation	Likert --/1 to ++/5 ($\alpha=0,5$)
CUL_QUAL	Culture: Quality orientation	Likert --/1 to ++/5 ($\alpha=0,3$)
CUL_CUST	Culture: Customer orientation	Likert --/1 to ++/5 ($\alpha=0,6$)
CUL_TECH	Culture: Technical orientaion	Likert --/1 to ++/5 ($\alpha=0,7$)
CUL_SYST	Culture: System orientation	Likert --/1 to ++/5 ($\alpha=0,9$)
CUL_SPEE	Culture: Speed orientation	Likert --/1 to ++/5 ($\alpha=0,2$)
CUL_COMM	Culture: Communication orientation	Likert --/1 to ++/5 ($\alpha=0,6$)
CUL_EMPL	Culture: Employee orientation	Likert --/1 to ++/5 ($\alpha=0,3$)
CUL_TEAM	Culture: Team orientation	Likert --/1 to ++/5 ($\alpha=0,3$)
CUL_RISK	Culture: Risk orientation	Likert --/1 to ++/5 ($\alpha=0,1$)
CUL_PERF	Culture: Performance orientation	Likert --/1 to ++/5 ($\alpha=0,5$)
CUL_COST	Culture: Cost orientation	Likert --/1 to ++/5 ($\alpha=0,3$)
CUL_RESU	Culture: Result orientation	Likert --/1 to ++/5 ($\alpha=0,7$)
CUL_SHOR	Culture: Short-term orientation	Likert --/1 to ++/5 ($\alpha=0,6$)

Variables and Measures (3)

APPENDIX 2

Pearson Correlations among Selected Variables

(**** $p \leq .001$; *** $.001 < p \leq .01$; ** $.01 < p \leq .05$; * $.05 < p \leq .1$)

Pearson Correlations among Selected Variables	SIZE_PC			SIZE_SUB		
	both	in GB	in G	both	in GB	in G
CUL_CMMT	0,1	0,2	0,1	0,1	0,2	-0,1
CUL_BURE	0,1	-0,1	0,5*	0,3*	0,0	0,5**
CUL_INNO	0,2	0,4	-0,1	0,2	0,2	0,3
CUL_QUAL	0,1	0,1	-0,1	0,0	0,1	-0,1
CUL_CUST	-0,1	-0,1	-0,3	0,1	0,0	0,2
CUL_TECH	0,3	0,4	0,3	0,1	0,3	0,0
CUL_RISK	-0,1	-0,1	-0,3	0,1	-0,2	0,2
CUL_SYST	-0,1	0,1	-0,5*	-0,1	0,1	-0,2
CUL_SPEE	0,1	0,1	0,1	0,0	0,0	0,0
CUL_COMM	-0,1	0,1	-0,3	0,0	0,2	0,0
CUL_EMPL	-0,3	-0,5*	0,0	-0,3**	-0,3	-0,4*
CUL_TEAM	0,0	0,2	-0,2	0,1	0,3	0,0
CUL_PERF	0,0	0,2	-0,1	0,1	0,1	0,0
CUL_COST	0,0	0,1	-0,2	0,0	0,0	0,0
CUL_RESU	-0,3	0,0	-0,6**	-0,1	0,0	-0,1
CUL_SHOR	-0,3*	-0,3	-0,5*	-0,2	-0,2	-0,2

Pearson Correlations among Selected Variables (1)

Pearson Correlations among Selected Variables	AGE_SUB			AGE_PC		
	both	in GB	in G	both	in GB	in G
CUL_CMMT	0,1	0,3	-0,2	0,0	0,0	0,4
CUL_BURE	0,2	0,2	0,1	-0,4*	-0,5**	0,7
CUL_INNO	0,0	0,2	-0,5***	0,1	0,1	-0,2
CUL_QUAL	0,0	0,2	-0,3	0,2	0,2	0,1
CUL_CUST	-0,1	0,0	-0,3	-0,2	-0,3	0,1
CUL_TECH	0,2	0,4*	0,0	0,2	0,2	0,4
CUL_RISK	-0,1	-0,2	-0,3	0,0	0,0	0,1
CUL_SYST	0,0	0,2	-0,1	-0,1	0,1	-0,9**
CUL_SPEE	-0,2	0,0	-0,6***	0,5**	0,7***	-0,2
CUL_COMM	0,1	0,3	-0,1	-0,1	-0,2	-0,2
CUL_EMPL	-0,1	-0,4	0,3	0,0	0,2	-0,7
CUL_TEAM	0,0	0,2	-0,4*	0,3	0,3	-0,1
CUL_PERF	-0,1	0,2	-0,5**	0,2	0,2	0,6
CUL_COST	-0,1	-0,1	0,1	0,3	0,3	-0,1
CUL_RESU	0,0	0,1	0,2	0,3	0,4	0,0
CUL_SHOR	-0,1	-0,2	0,2	0,0	0,0	-0,2

Pearson Correlations among Selected Variables (2)

Pearson Correlations among Selected Variables	MANUFACT			ASSEMBLY			PROJDESI		
	both	in GB	in G	both	in GB	in G	both	in GB	in G
CUL_CMMT	0,1	0,3	(nc)	-0,3	-0,3	(nc)	0,0	0,0	(nc)
CUL_BURE	0,2	0,5*	(nc)	-0,2	-0,2	(nc)	0,3	0,4	(nc)
CUL_INNO	-0,1	0,1	(nc)	0,3	0,3	(nc)	0,3	0,4*	(nc)
CUL_QUAL	0,1	0,3	(nc)	0,0	0,0	(nc)	0,3	0,4	(nc)
CUL_CUST	0,0	0,1	(nc)	0,0	0,0	(nc)	0,3	0,4*	(nc)
CUL_TECH	0,0	0,2	(nc)	0,4	0,4	(nc)	-0,2	-0,1	(nc)
CUL_RISK	-0,2	0,0	(nc)	-0,2	-0,2	(nc)	0,0	-0,1	(nc)
CUL_SYST	0,4*	0,5**	(nc)	0,0	0,0	(nc)	0,2	0,3	(nc)
CUL_SPEE	-0,1	-0,3	(nc)	-0,2	-0,2	(nc)	-0,2	-0,2	(nc)
CUL_COMM	0,3	0,4*	(nc)	0,4	0,4	(nc)	0,3	0,3	(nc)
CUL_EMPL	0,1	-0,2	(nc)	-0,4	-0,4	(nc)	-0,3	-0,4*	(nc)
CUL_TEAM	0,4**	0,4*	(nc)	-0,3	-0,3	(nc)	-0,1	-0,2	(nc)
CUL_PERF	0,4**	0,5*	(nc)	0,3	0,3	(nc)	0,3	0,2	(nc)
CUL_COST	0,3	0,1	(nc)	0,3	0,3	(nc)	0,0	0,0	(nc)
CUL_RESU	0,3	0,1	(nc)	0,1	0,1	(nc)	0,5**	0,4*	(nc)
CUL_SHOR	-0,4**	-0,6***	(nc)	0,3	0,3	(nc)	0,3	0,2	(nc)

Pearson Correlations among Selected Variables (3)

Pearson Correlations among Selected Variables	RESANDDE			TECHSERV			MARKETIN		
	both	in GB	in G	both	in GB	in G	both	in GB	in G
CUL_CMMT	0,0	0,3	(nc)	0,2	0,2	(nc)	0,0	0,0	(nc)
CUL_BURE	-0,1	0,2	(nc)	0,0	0,1	(nc)	0,2	0,2	(nc)
CUL_INNO	0,1	0,6**	(nc)	0,2	0,4	(nc)	0,2	0,3	(nc)
CUL_QUAL	0,0	0,3	(nc)	0,4*	0,5**	(nc)	0,4*	0,5**	(nc)
CUL_CUST	0,1	0,3	(nc)	0,3	0,4*	(nc)	0,0	0,1	(nc)
CUL_TECH	0,1	0,5*	(nc)	0,3	0,3	(nc)	0,3	0,3	(nc)
CUL_RISK	-0,1	0,1	(nc)	-0,2	-0,2	(nc)	-0,4	-0,4*	(nc)
CUL_SYST	0,5***	0,4*	(nc)	0,3	0,3	(nc)	0,2	0,2	(nc)
CUL_SPEE	0,1	0,0	(nc)	0,0	0,0	(nc)	-0,1	-0,1	(nc)
CUL_COMM	0,3	0,6**	(nc)	0,2	0,1	(nc)	0,1	0,1	(nc)
CUL_EMPL	-0,1	-0,5**	(nc)	-0,2	-0,4	(nc)	-0,1	-0,1	(nc)
CUL_TEAM	0,4*	0,2	(nc)	0,0	-0,1	(nc)	0,2	0,2	(nc)
CUL_PERF	0,4*	0,7***	(nc)	0,4**	0,4*	(nc)	0,3	0,4	(nc)
CUL_COST	0,4**	0,3	(nc)	0,1	0,0	(nc)	0,4	0,4	(nc)
CUL_RESU	0,5**	0,3	(nc)	0,7****	0,7****	(nc)	0,0	0,0	(nc)
CUL_SHOR	0,1	-0,2	(nc)	0,2	0,0	(nc)	-0,1	-0,2	(nc)

Pearson Correlations among Selected Variables (4)

Pearson Correlations among Selected Variables	EFFECT			E_Ach_T		
	both	in GB	in G	both	in GB	in G
CUL_CMMT	0,0	0,3	-0,1	0,1	0,2	0,0
CUL_BURE	0,1	0,3	0,0	0,1	0,3	0,0
CUL_INNO	-0,2	-0,1	-0,2	0,0	0,3	-0,1
CUL_QUAL	0,0	0,2	-0,1	0,1	0,4	-0,1
CUL_CUST	-0,2	0,0	-0,3	-0,1	0,3	-0,4*
CUL_TECH	0,0	0,0	0,1	0,1	0,2	0,0
CUL_RISK	-0,1	0,1	-0,2	-0,1	0,1	-0,2
CUL_SYST	0,4**	0,5**	0,3	0,2	0,3	0,2
CUL_SPEE	0,0	0,2	0,0	0,0	-0,1	0,0
CUL_COMM	0,0	0,0	0,0	0,0	0,1	0,0
CUL_EMPL	0,3**	-0,2	0,5**	0,1	-0,3	0,5**
CUL_TEAM	0,0	0,2	-0,2	-0,2	-0,2	-0,2
CUL_PERF	-0,1	0,0	-0,1	0,0	-0,1	-0,1
CUL_COST	0,2	-0,1	0,4*	0,2	0,0	0,4*
CUL_RESU	0,1	0,2	-0,1	0,1	0,3	-0,1
CUL_SHOR	0,1	-0,5**	0,2	0,1	-0,2	0,3

Pearson Correlations among Selected Variables (5)

Pearson Correlations among Selected Variables	E_COMP_T			E_CHAN_T		
	both	in GB	in G	both	in GB	in G
CUL_CMMT	0,0	0,1	-0,6	0,3	0,3	(nc)
CUL_BURE	0,4*	0,3	0,9	0,0	0,0	(nc)
CUL_INNO	-0,1	-0,1	-0,9*	-0,3	-0,3	(nc)
CUL_QUAL	0,1	0,2	-0,6	0,0	0,0	(nc)
CUL_CUST	-0,3	-0,3	-0,4	-0,1	-0,1	(nc)
CUL_TECH	0,0	0,1	0,0	-0,3	-0,3	(nc)
CUL_RISK	-0,2	-0,2	-0,3	0,2	0,2	(nc)
CUL_SYST	0,6***	0,6***	0,7	0,2	0,2	(nc)
CUL_SPEE	0,2	0,2	0,2	0,3	0,3	(nc)
CUL_COMM	-0,2	0,0	-0,8	-0,1	-0,1	(nc)
CUL_EMPL	0,0	0,0	0,5	0,0	0,0	(nc)
CUL_TEAM	0,5**	0,6***	0,1	0,2	0,2	(nc)
CUL_PERF	0,2	0,4*	-0,6	-0,1	-0,1	(nc)
CUL_COST	0,2	0,1	0,3	-0,3	-0,3	(nc)
CUL_RESU	-0,1	-0,1	0,4	0,1	0,1	(nc)
CUL_SHOR	-0,5**	-0,5**	-0,5	-0,3	-0,3	(nc)

Pearson Correlations among Selected Variables (6)

APPENDIX 3

Questionnaire

QUESTIONNAIRE

"CROSS-CULTURAL MANAGEMENT PROCESSES AND SUCCESS"

AREA: CHIEF EXECUTIVE

Name of Company:	_____
Interview Partner:	_____
Position:	_____
Department:	_____
Phone number:	_____

Prof. Dr. Christian Scholz,
European Institute
Section Business Administration
and Economics
University of Saarland,
Im Stadtwald, Building 16
W-6600 Saarbrücken 11,
Germany

Phone number: (0)681 / 302-3912

You are participating in the international project: "Cross-Cultural Management Processes and Success", which is conducted equally in Germany and Great Britain.

The study's aim is to analyse the success potential of German-British cooperations considering the special international environment. The main emphasis of the study is on the ways of cooperating in order to make suggestions how to improve these cooperations.

The European Institute Section Business Administration and Economics at the University of Saarland headed by Prof. Dr. Christian Scholz is responsible for the German part of the study, his colleague in Britain is Prof. Derek Pugh, Director of Research at the Open University, Milton Keynes.

We are very pleased that you are participating in our project. Of course, all data will be coded immediately and will be examined anonymously. So there will be no possibility to draw any conclusions on single companies at any point of the analysis. This we guarantee.

We would like to ask you to send us the completed questionnaire as soon as possible. If you have any further questions, please contact Mr. Marco Schröter, University of Saarbrücken, phone number: (0)681 - 302-3912 / 302-4354.

Prof. Dr. Christian Scholz, Questionnaire for Chief Executive, Page 1

	<u>Don't</u> <u>know</u>	<u>Strongly</u> <u>disagree</u>	<u>Neutral</u>	<u>Strongly</u> <u>agree</u>
1. During the last three years changes in our strategy reflected:				
-our responses to crises	[]	O...O...O...O...O		
-unsatisfactory results	[]	O...O...O...O...O		
-expected reduction in turnover	[]	O...O...O...O...O		
-our continual search for improvement	[]	O...O...O...O...O		
-our search for new challenges	[]	O...O...O...O...O		
2. Our employees would rather avoid decisions involving risks.	[]	O...O...O...O...O		
3. When expanding into new markets intuition can be often more important than objective information.	[]	O...O...O...O...O		
4. Within the last five years our company has extended its business activities mainly:				
-following considerable market demand	[]	O...O...O...O...O		
-into familiar markets	[]	O...O...O...O...O		
-into new but related markets	[]	O...O...O...O...O		
-with a 'Second to Market' strategy	[]	O...O...O...O...O		
-into completely new markets	[]	O...O...O...O...O		
5. In our company the demand for quality is particularly high.	[]	O...O...O...O...O		
6. Our employees need to be skilled in a variety of jobs.	[]	O...O...O...O...O		
7. Our managers have a clearly defined scope of decision-making.	[]	O...O...O...O...O		
8. Employees wishing to show initiative and take responsibility can do so very easily.	[]	O...O...O...O...O		
9. There is a defined career structure in our organization.	[]	O...O...O...O...O		

Prof. Dr. Christian Scholz, Questionnaire for Chief Executive, Page 2

	<u>Don't know</u>	<u>Strongly disagree</u>	<u>Neutral</u>	<u>Strongly agree</u>
10. The majority of our decisions involve high risks.	[]	O....O....O....O....O		
11. Being able to make fast decisions is a matter of survival.	[]	O....O....O....O....O		
12. We tend to keep meetings short.	[]	O....O....O....O....O		
13. An element of competition amongst our employees improves their performance.				
-at management level	[]	O....O....O....O....O		
-at staff level	[]	O....O....O....O....O		
-at the workers level	[]	O....O....O....O....O		
14. We are successful only as a team.	[]	O....O....O....O....O		
15. Our results next month are more important than those next decade.	[]	O....O....O....O....O		
16. A thorough preparation for a decision is more important than quick decisions.	[]	O....O....O....O....O		
17. The status of our employees is reflected in the furnishing of their offices.	[]	O....O....O....O....O		
18. We have a great number of detailed regulations applying to all activities.	[]	O....O....O....O....O		
19. Improvization is more important than following procedures.	[]	O....O....O....O....O		
20. We have detailed plans for the following areas:				
-Finance		<u>Don't exist</u>	<u>Exist</u>	
-Product development		O....O....O....O....O	O....O....O....O....O	
-Personnel		O....O....O....O....O	O....O....O....O....O	
-Production		O....O....O....O....O	O....O....O....O....O	

Prof. Dr. Christian Scholz, Questionnaire for Chief Executive, Page 3

	<u>Don't know</u>	<u>Strongly disagree</u>	<u>Neutral</u>	<u>Strongly agree</u>
21. We are quicker to use technological innovations than our competitors.	[]	O....O....O....O....O		
22. In developing new products, costs are not of primary importance.	[]	O....O....O....O....O		
23. We are introducing too few new products to the market.	[]	O....O....O....O....O		
24. Training and education are seen to be of a high value in our company.	[]	O....O....O....O....O		
25. New products soon reach mass production.	[]	O....O....O....O....O		
26. We are making thorough use of our suggestion scheme.	[]	O....O....O....O....O		
27. Unconventional ideas are taken up and given quick support.	[]	O....O....O....O....O		
28. Members of our management were promoted into their current position due to their innovative behaviour.	[]	O....O....O....O....O		
29. Special achievements attract special recognition.	[]	O....O....O....O....O		
30. Results are what count here.	[]	O....O....O....O....O		
31. We judge the performance of the marketing department by the sales turnover.	[]	O....O....O....O....O		
32. Personal performance has a decisive influence on remuneration.	[]	O....O....O....O....O		
33. Our superiors regularly check progress against their planned targets.	[]	O....O....O....O....O		

Prof. Dr. Christian Scholz, Questionnaire for Chief Executive, Page 4

	<u>Don't</u> <u>know</u>	<u>Strongly</u> <u>disagree</u>	<u>Neutral</u>	<u>Strongly</u> <u>agree</u>
34. Our employees need to be given clearly defined tasks.				
-at management level	<input type="checkbox"/>	O...O...O...O...O		
-at staff level	<input type="checkbox"/>	O...O...O...O...O		
-at the workers level	<input type="checkbox"/>	O...O...O...O...O		
35. Working overtime in our company is quite normal.	<input type="checkbox"/>	O...O...O...O...O		
36. Most employees see difficult tasks as an attractive challenge.	<input type="checkbox"/>	O...O...O...O...O		
37. Urgent tasks are often a reason for working overtime.	<input type="checkbox"/>	O...O...O...O...O		
38. We spend a lot of time to get to know our customer's problems:				
-the technical staff	<input type="checkbox"/>	O...O...O...O...O		
-marketing/sales	<input type="checkbox"/>	O...O...O...O...O		
-production	<input type="checkbox"/>	O...O...O...O...O		
39. If necessary, we would interrupt an important meeting to deal with urgent customer's needs.	<input type="checkbox"/>	O...O...O...O...O		
40. Even in more sensitive situations involving customers we firmly stand behind our employees.	<input type="checkbox"/>	O...O...O...O...O		
41. We have an atmosphere of honesty, openness, and trust.	<input type="checkbox"/>	O...O...O...O...O		
42. It is well known what is required for a successful career in this company.	<input type="checkbox"/>	O...O...O...O...O		
43. My subordinates tend to approach me with their personal problems.	<input type="checkbox"/>	O...O...O...O...O		

Prof. Dr. Christian Scholz, Questionnaire for Chief Executive, Page 5

	<u>Don't know</u>	<u>Strongly disagree</u>	<u>Neutral</u>	<u>Strongly agree</u>
44. Employee promotions are officially announced/published.	[]	O....O....O....O....O		
45. I can rely on my colleagues to carry out even new and unusual tasks.	[]	O....O....O....O....O		
46. I always receive important information in good time.	[]	O....O....O....O....O		
47. Our departments always have a clear idea about what is going on in other departments.	[]	O....O....O....O....O		
48. Due to our workload many problems remain untackled.	[]	O....O....O....O....O		
49. We keep every effort to keep costs low.	[]	O....O....O....O....O		
50. Even if we require as little as a new pencil, we need to place an order.	[]	O....O....O....O....O		
51. Our foremen would be willing to postpone their holidays, should urgent problems arise.	[]	O....O....O....O....O		
52. Our employees are proud of their firm.	[]	O....O....O....O....O		
53. We organize a whole variety of social activities.	[]	O....O....O....O....O		
54. There are a lot of private contacts between our employees.	[]	O....O....O....O....O		
55. If necessary, I would be willing to circumvent the procedures in order to help other departments.	[]	O....O....O....O....O		
56. Our products are high tech.	[]	O....O....O....O....O		
57. We are systematically obtaining information about new technologies.	[]	O....O....O....O....O		

Prof. Dr. Christian Scholz, Questionnaire for Chief Executive, Page 6

58. What means are used to communicate important managerial decisions to the employees?	<u>Don't</u> <u>know</u>	<u>Never</u>	<u>Very</u> <u>often</u>
-personal announcement of the superior	[]	O...O...O...O...O	
-written announcement of the superior	[]	O...O...O...O...O	
-personal communications by colleagues	[]	O...O...O...O...O	
-meetings	[]	O...O...O...O...O	
-billboard	[]	O...O...O...O...O	
-grapevine	[]	O...O...O...O...O	
-company magazine/newsletter	[]	O...O...O...O...O	
-public press	[]	O...O...O...O...O	
-not at all	[]	O...O...O...O...O	
other _____	[]	O...O...O...O...O	

59. Which of the following attributes describes your company best? (Please mark them in order from 1-most appropriate to 8-least appropriate.)

- ___ good customer relations
- ___ great trust in the employees
- ___ strong personal commitment
- ___ cost saving as company target
- ___ innovative spirit
- ___ high technology awareness
- ___ high performance orientation
- ___ good communication structure

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60. How important are the following factors for your company? (Please rank them in order from 1-most important to 8-least important.)

- ___ price
- ___ delivery dates
- ___ quality of the product
- ___ ability to perform to customer requirements
- ___ public relations
- ___ advertising
- ___ good channels of distribution
- ___ quality of service

61. Which of the following attributes describe best the typical Briton (A) and the typical German (B)? Please indicate each pair of opposites by only one cross.

(A)								
Briton								
hard-working								lazy
balanced								restless
generous								petty
team worker								individualist
progressive								conservative
intelligent								ungifted
peaceful								argumentative
humorous								serious
extrovert								introvert
arrogant								naive
dynamic								sluggish
smart								silly
helpful								unhelpful
risk taker								risk averter
unselfish								selfish
	-3	-2	-1	0	+1	+2	+3	

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(B)								
German								
hard-working								lazy
balanced								restless
generous								petty
team worker								individualist
progressive								conservative
intelligent								ungifted
peaceful								argumentative
humorous								serious
extrovert								introvert
arrogant								naive
dynamic								sluggish
smart								silly
helpful								unhelpful
risk taker								risk averter
unselfish								selfish
	-3	-2	-1	0	+1	+2	+3	

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62. Which of the following problem areas are particularly evident in German-British co-operation?
Please differentiate between problem areas in general and problem areas specific to your company.

	General	Company specific
	Never Often Some- times	Never Often Some- times
Different market understanding	O__O__O	O__O__O
Different marketing understanding	O__O__O	O__O__O
Cultural differences	O__O__O	O__O__O
Low degree of professionalism of German managers	O__O__O	O__O__O
Leadership style of the German partner	O__O__O	O__O__O
Delivery on time	O__O__O	O__O__O
Differences in quality	O__O__O	O__O__O
Divergent goals	O__O__O	O__O__O
Lack of flexibility	O__O__O	O__O__O
Lengthy decisions	O__O__O	O__O__O
Decisions upon unfounded information	O__O__O	O__O__O
Differences in understanding about price	O__O__O	O__O__O
Formalism	O__O__O	O__O__O
Bullying	O__O__O	O__O__O
Prejudice against the British	O__O__O	O__O__O
Legal differences	O__O__O	O__O__O
Strategic differences	O__O__O	O__O__O
Other	O__O__O	O__O__O
	O__O__O	O__O__O

Please use the following pages for further comments.

Thank you very much for your time and effort!