



The Germanic Europe cluster: where employees have a voice

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Abstract

This chapter describes characteristics of the Germanic Europe cluster which is, based on research conducted by the GLOBE project, comprised of Austria, Germany (former West), Germany (former East), The Netherlands, and Switzerland. Results are presented pertaining to societal culture and leadership. The data suggest that the current models of cooperation between “labor” and “capital” in place in all four countries are reflected in the way middle managers view their society and their ideal leadership images. Specific arrangements of industrial relations and a focus on co-determination and works councils lead to participative leadership and are the distinguishing factors of the Germanic Europe cluster. © 2002 Elsevier Science Inc. All rights reserved.

Several authors have studied a cluster of Germanic countries based on various data, the geographical proximity of the countries, language similarity, and shared historical roots (Hofstede, 1980; Ronen & Shenkar, 1985; Tixier, 1994; Zander, 1997; Smith, 1997). Using multi-dimensional scaling, Brodbeck et al. (2000) analyzed the leadership scales of the same GLOBE database and also found a Germanic cluster, consisting of Austria, Germany (former East), Germany (former West), and Switzerland. The Netherlands, although typically part of the Nordic Europe cluster (also containing Sweden, Finland, and Denmark) in this particular analysis of leadership prototypes, showed some similarities with the German-speaking countries. Gupta, Hanges and Dorfman (2002) used discriminant analyses to cluster the data of the 61 societal culture samples (both the “As Is” and “Should Be” scales) in the GLOBE project. They hypothesized and were able to confirm a cluster consisting of

Austria, Germany (former East), Germany (former West), The Netherlands, and Switzerland, which they labeled the Germanic Europe cluster.

1. Demographic and economic profile

1.1. Overview

Fig. 1 shows the location of the four countries of the Germanic European cluster in the heart of the European continent. Austria, Germany, and Switzerland are neighboring countries, The Netherlands share a common border with Germany.

Table 1 contains some demographic and economic information about the four countries comprising the Germanic Europe cluster. About 113 million people live in this area, 75% of them in Germany alone. The population in Austria and Germany is comprised of some 90% German decent, whereas Switzerland shows an ethnic makeup of 65% German, 18% French, and 10% Italian. The population of The Netherlands is 96% Dutch (World Reference Desk, 2000). In terms of language, 99% of the Austrian, 98% of the German and 65% of the Swiss population speak German, whereas 93% of the citizens in The Netherlands speak Dutch.

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Fig. 1. The map of the region.

Dutch is a language of Germanic origin, but many other languages have had their influence on it over the centuries.

Together, these four countries generate a gross domestic product of almost U.S.\$3000 billion. A GDP per capita of U.S.\$24,123 positions the Germanic Europe countries in the group of the wealthiest nations in the world. This fact is also represented in the high rankings on the U.N. Human Development Index for each of the four countries. This index measures the overall achievements within a country on three basic dimensions of human development: longevity, knowledge and a decent standard of living. It is measured by life expectancy, educational attainment and adjusted income per capita in purchasing power parity (PPP) U.S. dollars.

Austria, Germany, and The Netherlands are member states of the European Union. Germany and The Netherlands were among the six founding members of the European Economic Community (founded in 1957). Austria joined in 1995. The three countries are also members of the EURO zone, in other words they are among the 12 E.U. countries that will use the EURO as common currency from January 2002 on. In contrast to the other three countries of the Germanic Europe cluster, Switzerland has repeatedly upheld its economic autonomy in referenda. Despite this independence, the economic ties between Switzerland and the E.U. are quite strong.

1.2. Demographic and political characteristics

Austria and Switzerland are topographically dominated by the Alps, while Germany ranges from the Alps in the south to the Baltic and North Sea in the north. The Netherlands, located to the northwest of Germany, show a completely different, flat landscape with nearly half of the country below sea level. But the Netherlands' territory does not only consist of the European part, it also includes several islands in the Caribbean (The Netherlands Antilles and Aruba). In terms of population, Germany is the country with the largest population in the E.U., whereas Austria, The Netherlands, and Switzerland are much smaller. Compared to The Netherlands, Austria and Switzerland are less densely populated because of the mountain regions.

Concerning the political constitution, Austria, Germany and Switzerland are democratic republics with distinguished features. The *Federal Republic of Austria's* constitution provides for a federal republic embracing nine provinces including the capital Vienna. Most effective power is at the federal level, but the provinces have some latitude in local administration. The national government consists of a president whose functions are largely ceremonial, a cabinet headed by a chancellor, and a bi-cameral legislature.

Table 1
Economic and demographic profile^a

	Surface area (‘000 km ²)	Population (Millions)	Life expectancy (Years)	Female ratio (% of population)	GDP (Billions U.S.\$)	GDP per capita (PPP U.S.\$)	Human development index—world ranking	Agricultural value added (% GDP)	Manufacturing value added (% GDP)	Trade (% GDP)
Austria	84	8.1	77.9	52.3	208.2	25,089	16	n.a.	n.a.	91
Germany	357	82.0	77.6	51.3	2111.9	23,742	17	7	24	57
The Netherlands	41	15.8	78.0	50.6	393.7	24,215	8	n.a.	n.a.	117
Switzerland	41	7.2	78.8	51.1	258.6	27,171	11	n.a.	n.a.	76
Germanic Europe Cluster	523	113.1	77.8	51.3	2972.4	24,123	13.5 (median)	–	–	69
<i>World</i>	<i>133,572</i>	<i>5862.7</i>	<i>66.7</i>	<i>49.6</i>	<i>30,351.4</i>	<i>6,980</i>	<i>81</i>	<i>4</i>	<i>21</i>	<i>52</i>
Germanic Europe/World	0.0039	0.019	1.17	1.03	0.098	3.456	High	–	–	1.33

Sources: Human Development Report (2000), World Development Report (2000–2001), World Desk Reference (2000).

^a n.a.: not available.

The upper house, which represents the provinces, is restricted to a review of legislation passed by the lower house and has only delaying powers. Each province has an elected legislature and an administration headed by a governor. The centralization of the Austrian political system becomes even stronger through the cooperation with the (also) centralized social partners (see section on Industrial Relations). The term “corporate state” (Crispo, 1978) fits Austria the best in comparison to the other countries in the Germanic Europe cluster.

In contrast to the Austrian system, the constitution of the *Federal Republic of Germany* defines a *federal* republic to a much higher degree. The states (“*Länder*”) have a high degree of discretion, especially concerning cultural affairs such as the education system. Germany is, in both the political and industrial relations area, a decentralized nation. The *Länder* are at the heart of Germany’s political life. Each *Land* has its own elected parliament and largely controls its own finances. The former *German Democratic Republic* (East Germany) became a part of the republic after the German Reunification in 1990. The two German nations did not merge but rather West Germany took over in all respects (Brodbeck & Frese, in press). Berlin was reinstalled as the capital of the newly united Germany.

The *Swiss Confederation* has been a federal republic since 1848, based on the principle of subsidiarity: “[...] only what the individual family cannot do, should the community do; only what the community cannot do, should the canton do; only what the canton cannot do, should the Federal State do” (Hilb & Wittmann, 1992: 525). Switzerland is one of the few countries in the world with substantial elements of *direct* democracy. According to the political scientists Riklin and Möckli, “Switzerland is considered worldwide to be the country with the most extended, differentiated and traditional institutional structure of direct democracy” (Riklin & Möckli, 1983: 39). The government is constituted by the Federal Council which is a collegial authority. In other words, all important decisions are made by the council as a whole and there is no actual head of government. The president of the confederation, who is elected from among the members of government for a period of just one year (after which another member accedes to this office), is not a head of state but a *primus inter pares*. Switzerland is the only country in the world where a collegial authority serves as head of state, as head of the government and as the government itself. The collegial government is limited insofar as referenda have to be administered for all important issues. Their outcome is binding, even if the government had recommended an opposite course of action. The seat of the government is in Berne.

In contrast to Austria, Germany and Switzerland, the *Kingdom of The Netherlands* is a constitutional monarchy with a parliamentary system. Legislative power is vested in parliament and the monarch (currently Queen Beatrix) has only nominal power. The state capital is Amsterdam, whereas the seat of government is located in The Hague.

1.3. Economic characteristics

Germany is Europe’s foremost industrial power and after the U.S., Germany is the world’s second biggest exporter (World Desk Reference, 2000). The economy’s strongest sectors are automobiles, heavy engineering, electronics and chemicals. Although Germany is the major economic force of the four countries forming the Germanic Europe cluster, the economies of the smaller three countries have their strengths. Despite its small size, the Dutch economy is the 15th largest in the world. The Netherlands is also the world’s sixth largest source of investment as well as the sixth largest exporting country (with IMF figures showing only the U.S., Germany, Japan, Great Britain and France larger exporters in 1998). Over the last two decades, direct and commercial services have become the largest economic sector in The Netherlands, with some 64% of the Dutch workforce currently employed in the service sector. Most service-sector companies work predominantly in the domestic market. In contrast, the Dutch manufacturing sector has an international export focus, as well as the location of production plants and tendency to join forces with foreign companies. The main manufacturing industries are chemicals, food processing, and metalworking. The port of Rotterdam imports and refines huge quantities of crude oil for use all over Western Europe. In both Austria and Switzerland, the service sector accounts for a considerable portion of the GDP. Tourism is one of the best-known service areas: 11.1 million visitors travel to Switzerland each year and 16.6 million travel to Austria (World Desk Reference, 2000). In contrast to other countries where hotels tend to be large and parts of major hotel chains (e.g. Holiday Inn, Hilton), most of the Austrian and Swiss hotels are family operated and, in some cases, have been family owned and operated for a number of decades or even centuries. Switzerland’s most important products are machines, electronics, chemicals, pharmaceuticals, precision instruments, watches and clocks, and jewelry. The financial services also play a special role. Austria has strong steel and chemical industries, along with electrical engineering, car assembly, textiles, and wood processing industries.

All four countries have relatively few natural resources, making them heavily dependent on foreign trade. Austria draws on timber, some metals and minerals, salt, and a dense river network serving as the base for hydro-electric power and mass transportation. In a referendum in 1978, a close majority of the Austrian population voted against the use of nuclear power. Germany’s natural resources include coal, oil, copper, salt, potash, tin and nickel. The country imports more than 50% of its energy needs. Unlike other European countries (e.g. France), Germany did not heavily invest in nuclear power. The Netherlands possess natural gas reserves in the northern part and there is some oil production from offshore drilling in the North Sea. Finally, Switzerland does not possess any considerable raw materials apart from water. The country is sometimes called Europe’s water tower, as it

is the source of western Europe's largest rivers: the Po, the Rhine, the Rhone, and the Inn-Danube (World Desk Reference, 2000).

The firms in the Germanic Europe cluster can also be compared through the lens of size and ownership. The predominant feature of Austria and Switzerland's economies is their high proportion of small and medium-size enterprises. Most firms in both countries are traditional small businesses that employ a substantial portion of the population. These businesses are under unincorporated sole proprietorships. Austria is a country where business did not go through a "big is better" stage. Only in the wake of E.U. membership have mergers taken place in some sectors, e.g., the financial sector. In contrast, Switzerland's international, global acting companies are well known world wide, for example UBS (finance), Nestlé (food) or Novartis (pharma). The Netherlands host many blue-chip multinationals, including Philips and Shell. The Royal Dutch/Shell Group (with joint U.K. and Dutch ownership) is the world's sixth largest corporation (World Desk Reference, 2000). In Germany, the economy is largely in private hands; major banks and businesses are privately owned. DaimlerChrysler is among the world's 20 largest corporations.

There are strong economic ties among the countries of the Germanic Europe cluster, in particular between Austria, The Netherlands and Switzerland on the one hand, and Germany on the other hand. Imports of the three smaller countries from Germany range from 22% (Netherlands) to 42% (Austria). Exports to Germany amount to 35% for Austria, 26% for The Netherlands, and 22% for Switzerland (World Desk Reference, 2000). Interestingly enough, Germany imports more from The Netherlands than from the United States or Great Britain. Due to historical reasons, Austria's economy is closely linked to its neighbor Germany. The link dates back to the time between the two World Wars when Germany's economic influence on impoverished Austria grew substantially; by the 1930s, commercial law in Austria and Germany had become almost identical. The close ties to the German market economy remain today and facilitate business transactions between the two countries. Already long before the introduction of the EURO, the Austrian Schilling had a stable exchange rate with the German Mark.

The collapse of the Soviet communist system which had dominated Central and Eastern Europe had an economic impact mainly on Germany since it led to the reunification of Germany and the process of rebuilding the economy in the eastern states. Since 1990, billions of U.S. dollars (about 650 billion between 1991 and 1995 alone) have been transferred to the new provinces, mainly to modernize the economy, to establish health care and social welfare funds, and to fight unemployment. Despite this aid, cultural and social problems still exist between the former East and West Germans. It can also be said that one of the weaknesses of the German economy was to underestimate the costs of updating the highly inefficient economy. The unemployment rate in the former East Germany was as high as 18% in 1998

(Kaufmann, 2000). Rebuilding the country and reducing the high unemployment rate remains one of the biggest challenges in the years to come. In addition to Germany, Austria's economy was also heavily influenced by the changes of 1989. Geographically, Austria was favorably located to regain its role as an important economic player in the region of Central Europe. Most notably, in the beginning of the 1990s, Austria's exports and direct foreign investments increased drastically. Austrian businesses also began taking advantage of cheap labor and many manufacturers shifted their production sites across borders. Vienna's proximity to the Central and Eastern European markets also means that many international firms use the city as a base from which to coordinate Central and Eastern European operations (Smith, 1992: 108).

1.4. Industrial relations

Strikes seldom occur in the countries of the Germanic Europe cluster. In contrast, the systems give the employees "a voice" (Hirschman, 1970). The relationship between "labor" and "capital" is based on the assumption that the basic aims of economic dealing can be better attained through cooperation and coordinated action rather than by confrontational means, such as strikes or lockouts. We find consensus models in all four countries. The models differ from each other substantially, but they have contributed to social peace which was essential for the countries' reconstruction after the destruction of World War II.

The industrial relations models of the four countries are summarized in Table 2. Austria's system of cooperation (Social and Economic Partnership Model) begins at the national level and has been transferred down into the organizations. It is a system of economic and social cooperation between the representatives of employers (chamber of commerce), employees (chamber of labor), farmers (chamber of agriculture), unions, and government. Cooperation, based on the principle of voluntarism, is carried out informally and could not function unless the sections of the working population belong virtually en-bloc to their representative institutions (Szabo & Reber, in press). Thus, membership to the chambers of commerce, labor and agriculture is obligatory (in 1996 the members of the different chambers voted in large numbers for a retention of obligatory membership). Austrian unions are closely linked to political parties and are influenced by social ideologies, including Catholic and socialist ones (Tannenbaum et al., 1974). Since Austria became member of the E.U., the role of the social partnership has somewhat decreased. After political changes in the country, there are even voices who speak of the end of social partnership. But although its role is weaker than in the past, its ideas are still felt to be relevant and call for a modernization of the system rather than for destruction.

In Germany, the doctrine of social market economy ("soziale Marktwirtschaft") defines obligations of government, trade unions and companies to maintain public

Table 2
Industrial relations—forms of cooperation including government

	Austria	Germany	The Netherlands	Switzerland
National level	Social and economic partnership	Consultations	Socio-Economic council	Peace agreement
Industry level	Collective bargaining	Collective bargaining	Labor foundation Collective bargaining	Collective bargaining
Company level	Works councils 33% labor on supervisory boards	Works councils Co-determination Act: 50% labor on supervisory boards Coal and Steel Industry: one labor representative on management board	Works councils	Works councils

welfare, social justice, and cooperative industrial relations. The use of capital is limited by the principle of social responsibility which is anchored in the German constitution. A good example is the wage bargaining process. It is simple in structure (two partners negotiate: one trade union and one employer), predictable (based on a given time-table of industries and states) and stable (wage bargaining has the force of law, and strikes occur mainly in particular seasons of the year, c.f., Lawrence, 1994). Nevertheless, collective bargaining in Germany is more aggressive than in Austria. This may be due to the dominance of *industry-specific* unions.

In The Netherlands, close consultation takes place between government, industry and trade-unions. Stability is maintained by close and regular contact in the Socio-Economic Council between the trade unions, employers' associations, and independent consultants appointed by the government. The two sides of industry also have permanent contact in the Labor Foundation. The government interferes as little as possible in industrial relations.

In Switzerland there is a long tradition with regard to cooperative relations between employers and employee representatives (c.f., Hilb & Wittmann, 1992). There is no legislation on strike, lock-out or boycotts and union density is relatively low (27% compared to 46% in Austria, for example, c.f., Morley et al., 1996). Industrial relations by confrontation are not valued by the partners. The willingness to compromise is best exemplified in the Peace Agreement of 1937, signed by the trade unions and the employers' association. Today the peace duty is an element in most collective agreements. Uncertainty, which is the concomitant of every conflict, should be avoided like in other fields (Hilb & Wittmann, 1992).

Co-determination is another element of industrial relations. In Austria and Germany, co-determination concept is regulated by law and takes the form of two-tiered management structures. In Germany, co-determination calls for an equal distribution of the employer and the labor side on the supervisory board of large enterprises which sets corporate politics, approves major investments, mergers, expansion and plant closures. The employer side can only overrule the resistance of the labor side in deadlock situations. In the coal and steel industry, for example, one member of the manage-

ment board is directly appointed by the labor representatives on the supervisory board and heads the personnel department. In Austria, co-determination takes the form of one-third employees' representation on supervisory boards.

Finally, *works councils* in organizations are given three kinds of rights: the right of information, the right of consultation, and the right of consent, depending on whether or not economic, social or personnel affairs are concerned. Works council members are elected by the employees. In practice, they often have close union ties.

To foreigners these systems of cooperation may appear strange and overburdened with formal procedures. However, they are important contributing factors to the stable and solid economical and social developments in the four countries of the Germanic Europe cluster. Like other European countries, there are ongoing discussions as to whether the high labor standards can assure the countries' competitiveness in world markets. The Union of Industrial and Employers' Confederations of Europe (UNICE) argues that the high labor standards in Europe, compared to the U.S., for example, are contributing factors to the problems facing European firms. In contrast, the European Trade Union Confederation (ETUC) argues that European firms can best compete with a highly skilled, well-paid and highly trained labor force (Gill, 1996).

2. History and religious foundations

2.1. Historical development

The region of today's Germanic Europe dates back to Charlemagne's (Charles the Great) reign in the eighth century, when it became a united empire stretching across Western Europe. In the centuries to come, several dynasties reigned in the region and the territorial boundaries of their empires varied. There have been continuous battles over the lands of today's Germanic Europe without any success for unification and not even the 20th century is an exception to this pattern. In the following pages, we will highlight a few major historical facts and events.

The Habsburg dynasty, who originated from Switzerland, dominated Austria's history from the 13th century up to the

beginning of the 20th century. They were very successful in enlarging their territories through strategic marriages. The empire became known as the “Holy Roman Empire of the German Nation”. In 1522, the dynasty split into a Spanish and an Austrian line. Having reversed Ottoman thrusts into Europe, Austria acquired new territories and emerged as a major European power in the 17th century. Its lands, which were inhabited by a rich body of people from different nationalities, reached from The Netherlands in the West to Sicily in the South and Poland in the East. Conquests in Central America under Charles V led to the notation of the empire in which “the sun never sets”.

The Netherlands historical development followed different patterns, although it was part of the Holy Roman Empire for a short period. An important part of its history involves the early decentralization of power that cities and citizens gained. Around 1300, the cities of Holland (the part of the country along the western coast) received municipal rights. These rights allowed a city to govern itself and to determine its own jurisdiction. It was customary to consult citizens of the city before acting upon expensive plans. A more centralized government was established in the early 15th century, as the cities adopted a form of capitalism. In the 16th century, The Netherlands were conquered by the Spanish line of the Habsburgs and remained part of the Holy Roman Empire until 1648. The 17th century is described as the Dutch Republic’s Golden Age. Merchants established trading societies, such as the East Indies Company in 1602, followed by the West Indies Company in 1621. In 1625, New Amsterdam (New York) was established. Holland was also the sole country with a permanent foothold in Japan. In the 18th century the Republic showed decay in many domains that had flourished during the Golden Age. France occupied the Republic end of the 18th century, shortly before Napoleon went to war with many other European countries. However, in 1814, the country became independent again: “The Netherlands” was born and trade began to flourish once more. As earlier in history, counties and cities acquired relatively strong autonomy to administer their own affairs (Thierry et al., in press).

Switzerland became a part of the Holy Roman Empire in the Middle Ages. However, some dynasties succeeded in taking over territories and acting as sovereigns. Switzerland became *de iure* independent in 1648 and more and more political units gathered to form the *Confderatio Helvetica*, a civilian society which holds up to the present day (Weibler & Wunderer, in press).

Finally, while Austria was a monarchy for centuries, today’s Germany was split into a number of different states. Germany, as we know it today, is thus a very young nation. It was founded in 1870 when Prussia won a military victory over France and the Prussian King William I was proclaimed German Emperor in Paris. Austria, i.e., the House of Habsburg, was excluded from Bismarck’s (who had taken charge of Prussian policy in 1862) idea of a “Little German Solution” and it remained a nation of many peoples (“Viel-

völkerstaat”) with developing national conflicts, which finally led to the beginning of World War I (1914–1918). Initially, the war began as an Austrian internal issue triggered by the assassination of the successor to the throne by a Serbian nationalist. The conflict quickly spread across Europe. Its main rivals were Austria and Germany on the one side and the “Triple Entente” (the nucleus of the Allied Powers: Great Britain, France and Russia) on the other side. The Netherlands upheld neutrality which kept the country largely outside the war. After the victory of the Entente and the end of the war, Austria and Germany were obliged to accept the terms defined in the Treaty of Versailles. The Austrian empire was dissolved and both countries became republics. This provided the foundation for today’s democracies. The economic crises of the postwar years, however, led to unstable economic and political conditions and in the 1930s to civil war in Austria and the rise of the National Socialist (Nazi) party in Germany.

The Nazi regime began in Germany in 1933, when Adolf Hitler was proclaimed Chancellor. The ideal of *one* German nation became more and more popular with the notion “one people, one empire” (“Ein Volk, ein Reich”) in the megalomaniac political program of the “Third Reich” (Brodbeck & Frese, in press). What followed was World War II and one of Europe’s darkest periods in history, including the *holocaust* and massive destruction of huge parts of the continent. In 1938, Hitler formally incorporated Austria’s territory into the German Reich. Historians have been debating since whether or not the invasion was a hostile annexation by the Germans or a voluntary joining (“Anschluß”) by the Austrians (only recently has the second version become more commonly accepted). The Netherlands were conquered by the Germans in 1940. Switzerland succeeded in remaining neutral.

After the victory of the Allies and the end of the war in 1945, Europe’s economy was stimulated with international help. The Marshall Plan enabled a successful recovery. In the decades after World War II, Austria, The Netherlands, Switzerland, and West Germany developed into prosperous countries with membership in various international organizations, e.g., the OECD (Organization for Economic Co-Operation and Development) and the OSCE (Organization for Security and Co-Operation in Europe). Switzerland, unlike the three other countries, became neither a member of the European Union nor the United Nations, yet has played an active role in U.N. organizations. Officially, however, autonomy and sovereignty continued to be her defining marks.

The period after World War II also brought the separation of Germany into two parts. When the “cold war” between the communist and the western world began, two very different German nations emerged. The Federal Republic of Germany (also termed West Germany) was embedded in the western economic system and the NATO military alliance. The German Democratic Republic (also termed East Germany) became part of the Communist Economic System (COMCON) and the Warsaw Pact. In 1990, four decades

after the separation, the constitutional “Law of Reunification” (established in 1949) formed the legal basis on which the German unity was reestablished. The symbolic act of the fall of the Berlin Wall unified Germany.

2.2. Catholicism and Protestantism

Austria is a predominantly Catholic country (78% Roman Catholics, 5% Protestant). In contrast, religious affiliation is more equally distributed in the other three countries (Germany: 35% Roman Catholics, 36% Protestant; The Netherlands: 36% Roman Catholics, 27% Protestant; Switzerland: 46% Roman Catholics, 40% Protestant). The northern part of Germany is largely Protestant whereas the south and southwest, in particular Bavaria, have strong Catholic traditions (World Desk Reference, 2000). Growing numbers of citizens in all four countries have officially left the church to declare themselves as non-religious.

3. The GLOBE data

3.1. Methodology and samples

This study involves the collection of data from middle managers in Austria, Germany (former East and West), The Netherlands, and Switzerland (German-speaking part). Data were collected in the food processing and financial services sectors. In Germany and Switzerland, data were also gathered in the telecommunications sector. Organizations were

contacted directly by the researchers to ascertain willingness to participate in the study prior to the questionnaires being distributed to middle managers.

Each questionnaire contained a description of the GLOBE project including instructions for completion. 169 questionnaires were completed in Austria, 456 in Germany (403 in the former West, 53 in the former East), 287 in The Netherlands, and 321 in Switzerland. The average age of the respondents was 43 years, 12% of which were female.

The questionnaire is the final product of a process of cross-cultural validation, including Q-sorts and translation and back translation of questionnaire items (Hanges et al., in press). The Austrian, German and Swiss respondents were native speakers of German and therefore completed versions of the original GLOBE questionnaire translated into German. All respondents in The Netherlands were native speakers of Dutch and thus filled out the Dutch version. The managers were asked about their perceptions of “As Is” practices and on “Should Be” espoused values pertaining to the nine societal and organizational dimensions defined within the GLOBE project. The same managers also evaluated characteristics and behaviors contributing to or inhibiting from outstanding leadership. All questionnaire items consisted of 7-point Likert-type scales.

3.2. Results concerning societal practices and values

Fig. 2 and Table 3 show the scores of the nine societal culture dimensions for the Germanic Europe cluster. The individual country scores in Table 3 represent the average of

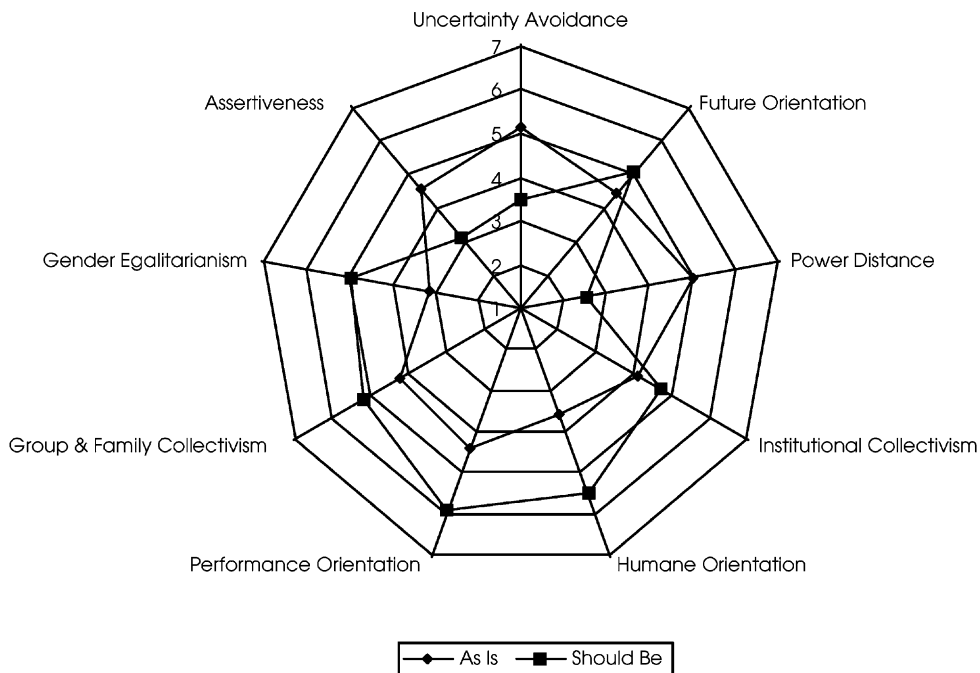


Fig. 2. Germanic Europe cluster's societal culture scores.

Table 3
Country means for globe societal culture dimensions

	Austria	Germany (Former West)	Germany (Former East)	The Netherlands	Switzerland	Germanic europe cluster	
						Mean scores	Gap between “As Is” and “Should Be”
As Is							
Uncertainty avoidance	5.16	5.22	5.16	4.70	5.37	5.12	–1.66
Future orientation	4.46	4.27	3.95	4.61	4.73	4.40	0.61
Power distance	4.95	5.25	5.54	4.11	4.90	4.95	–2.44
Institutional collectivism	4.30	3.79	3.56	4.46	4.06	4.03	0.66
Humane orientation	3.72	3.18	3.40	3.86	3.60	3.55	1.93
Performance orientation	4.44	4.25	4.09	4.32	4.94	4.41	1.49
Group and family collectivism	4.85	4.02	4.52	3.70	3.97	4.21	0.95
Gender egalitarianism	3.09	3.10	3.06	3.50	2.97	3.14	1.77
Assertiveness	4.62	4.55	4.73	4.32	4.51	4.55	–1.48
Should Be							
Uncertainty avoidance	3.66	3.32	3.94	3.24	3.16	3.46	–1.66
Future orientation	5.11	4.85	5.23	5.07	4.79	5.01	0.61
Power distance	2.44	2.54	2.69	2.45	2.44	2.51	–2.44
Institutional collectivism	4.73	4.82	4.68	4.55	4.69	4.69	0.66
Humane orientation	5.76	5.46	5.44	5.20	5.54	5.48	1.93
Performance orientation	6.10	6.01	6.09	5.49	5.82	5.90	1.49
Group and family collectivism	5.27	5.18	5.22	5.17	4.94	5.16	0.95
Gender egalitarianism	4.83	4.89	4.90	4.99	4.92	4.91	1.77
Assertiveness	2.81	3.09	3.23	3.02	3.21	3.07	–1.48

the individual scores aggregated to the society level. The cluster scores are the average of the means of the five country samples.

As shown in Fig. 2, the scores of the societal culture practices (“As Is”) in the Germanic Europe cluster are high on the dimensions uncertainty avoidance (5.12), power distance (4.95) and assertiveness (4.55), and low on gender egalitarianism (3.14) (scores are defined as “high” when >4.5 and as “low” when <3.5). The other societal culture dimensions are at mid-range level, based on an average score of 4. The cluster is at a first glance characterized by a strong tendency for standardization and rules, hierarchy, assertiveness, and gender inequality.

These findings need to be adjusted by contrasting the Germanic Europe Cluster with the societies in the other nine cultural clusters found by the GLOBE project. Such a comparative analysis was conducted by Gupta et al. (2002) who found that “Germanic Europe shows higher practices of performance orientation, uncertainty avoidance, future orientation, and assertiveness than many other clusters. This region is also characterized by relatively low levels of institutional collectivism, group and family collectivism, gender egalitarianism, and humane orientation” (p. 23). Concerning the power distance dimension, the comparative analysis shows the Germanic Europe cluster at a medium level.

Taking both the absolute scores and the comparative analysis into account, the Germanic Europe cluster is, compared to other clusters, characterized by practices with a stronger tendency for standardization and rules, higher levels of assertiveness, and more gender inequality. These findings correspond with Hofstede’s (1980) results, who found high uncertainty avoidance for Austria (uncertainty avoidance index UAI = 70 on a scale between 8 and 112), Germany (UAI = 65), and Switzerland (UAI = 58). Hofstede’s masculinity dimension (uniting gender differentiation, gender discrimination and a tough-tender component) also places Austria (masculinity index MAS = 79 on a scale between 5 and 95), Germany (MAS = 66), and Switzerland (MAS = 70) among the masculine countries. In his study, The Netherlands were slightly lower on uncertainty avoidance (UAI = 53) and drastically lower on the masculinity index (MAS = 14).

Societal cultural practices and values do not always go parallel. Differences may reflect societal change or the “ideal society” without tendencies for change. The value (“Should Be”) dimensions future orientation (5.01), institutional collectivism (4.69), humane orientation (5.48), performance orientation (5.90), group and family collectivism (5.16) and gender egalitarianism (4.91) show high scores, whereas uncertainty avoidance (3.46), power distance (2.51) and assertiveness (3.07) are low.

Gupta et al.’s (2002) comparative analysis shows that the Germanic Europe cluster, compared to other clusters, is characterized by higher levels of desired gender egalitarianism than most other clusters, lower levels of envisioned

uncertainty avoidance, future orientation, group and family collectivism, and assertiveness. There exist no significant cross-cluster differences for the dimensions humane orientation and power distance.

The value dimensions that are indeed different from the other clusters and have clearly high or low levels are uncertainty avoidance, assertiveness (low), and gender egalitarianism (high). Future orientation and group and family collectivism are, although high in absolute terms, lower than in many other clusters.

When comparing the “As Is” and “Should Be” scores for each of the dimensions directly, it is interesting that in particular those dimensions that are very high or very low in terms of practices show the exact opposite tendency for values. For instance, practices of strong uncertainty avoidance are contrasted by values of high uncertainty tolerance (difference between “As Is” and “Should Be”: -1.66). Similarly, gender discriminating practices go along with values of more equal rights for women (difference: $+1.77$). Women comprise about 40% of the labor force in Austria, Germany and Switzerland, but they are mainly concentrated in sales, agriculture and unskilled manufacturing. Females hold about 25% of parliament seats. These numbers support the low level of gender egalitarianism found in the “As Is” data. One might speculate that what our (predominantly male) respondents articulated in the “Should Be” questionnaire is likely to be espoused values rather than enacted ones. There are indicators, however, that suggest slow progress toward enacted values, in other words, toward more gender equality (Innreiter-Moser, 1999).

Table 3 indicates that there are some country-specific differences for the societal culture dimensions. In most cases it is the Dutch managers who evaluate their society differently from managers in the other countries of the cluster. In terms of practices, there is a somewhat weaker tendency toward uncertainty avoidance (4.70), power distance (4.11) and group and family collectivism (3.70), as well as a stronger tendency toward gender equality (3.50). The results for uncertainty avoidance and gender egalitarianism support Hofstede’s (1980) findings. In terms of values, the differences between The Netherlands and the other four countries basically disappear.

The two German samples also show some variance. When interpreting these differences one should keep in mind that the process of reunification created an asymmetric situation. It was not a cultural merger. Instead, the East German system was substituted by the West German system virtually overnight. Thus, the former East German respondents’ views could be influenced by the “modernization shock”. The two samples hardly differ from each other on practices. This is surprising as one might assume that former East and West Germans have developed somewhat different societal cultures due to the differential political, economical and societal environments they lived in during the 40 years of the cold war. In terms of values, the managers from former East Germany hold, they rate uncertainty avoidance (3.94) higher

than their counterparts from the former West (3.32), and in fact highest of all five country samples. This finding can be explained by the ongoing and still drastic economic and political changes originating from the fall of the iron curtain in 1989 and the subsequent reunification of Germany. The scores of the former East German sample are likely to reflect the difficult change process and as a consequence, the citizens long for more stability in their lives. Another difference between former East and West German respondents concerns the dimension future orientation. On the one hand, managers of the former East German sample perceive future orientation *practices* in German society more critically (indicated by lower scores) than their West German counterparts. On the other hand, former East Germans *value* higher levels of future orientation than West Germans do. High future orientation values are typical for societies which hope to benefit from future developments. This expectation seems to be more dominant for East Germans than for West Germans. Former East Germans use the higher living standard of the West as an upward comparison reference. In contrast, former West Germans are more skeptical about the future and more inclined to preserve the present status quo.

3.3. Results concerning outstanding leadership

Fig. 3 provides an overview of the six second-order leadership factors which are based on 112 leadership attributes ranked by the middle managers in our samples on a scale between 1 (attribute greatly inhibits a person from being an outstanding leader) and 7 (attribute contributes greatly to a person being an outstanding leader). Therefore, the findings show the ideal form of leadership in the Germanic Europe cluster but not necessarily the most commonly found one.

As Fig. 3 suggests, the six scales represent *contributing*, *inhibiting*, and *mid-range* factors. Charisma (5.93), team-orientation (5.62), and participation (5.85) are considered to be highly contributing factors. Humane orientation (4.93) is also seen as contributing, although not as strong as the three factors mentioned before. Autonomous (4.16) can be defined as a mid-range factor, neither clearly contributing to nor clearly hindering from outstanding leadership. Self-protective (3.03) ends up as a hindering factor and is obviously not included in the image of an ideal leader.

A comparison with the leadership images in other countries shows that charisma is a rather universal concept favored by managers all over the world (Den Hartog et al., 1999). In contrast, participation and team-orientation sets the Germanic Europe cluster apart from others. In a comparative analysis of 22 European countries, Brodbeck et al. (2000) found that participative leadership is regarded as highly positive in the Germanic cluster (like in the Anglo and Nordic Europe clusters), whereas it is seen as only slightly facilitating to outstanding leadership in the Latin, Central and Near East Europe clusters. Our findings are also in line with the low power distance scores we found earlier for organizational practices and are consistent with the results of research based on the Vroom and Yetton (1973) model for managerial decision making. This model follows the tradition of cognitive psychology and contingency theory and has a methodological focus on “close to action” measurement (Szabo et al., 2001). The model has been employed to compare leadership styles between Polish, Austrian, and U.S. managers (Maczynski et al., 1994), between within-country samples over time (Reber & Jago, 1997), between seven European countries (Reber et al., 2000), and between the German speaking countries Austria, Germany and Switzerland (Szabo et al., 2001). The studies consistently show the three German speaking countries as highly

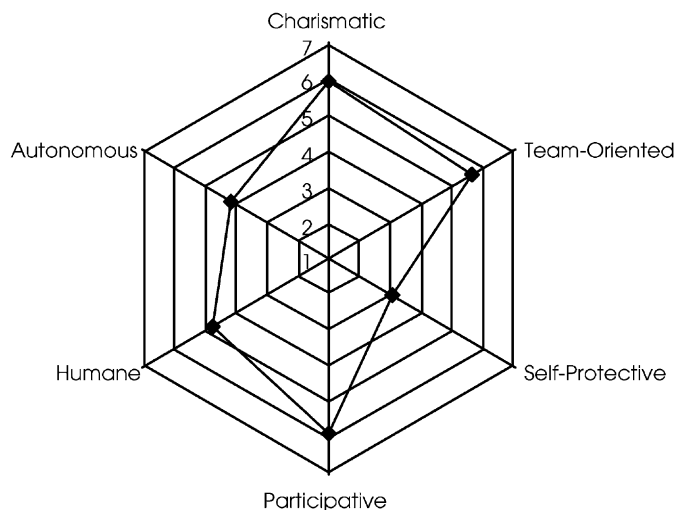


Fig. 3. Germanic Europe cluster's leadership profile scores.

Table 4
Country and cluster means for GLOBE second-order leadership dimensions

	Austria	Germany (Former West)	Germany (Former East)	The Netherlands	Switzerland	Germanic europe cluster
Charismatic	6.02	5.84	5.87	5.98	5.93	5.93
Team-Oriented	5.74	5.49	5.51	5.75	5.61	5.62
Self-Protective	3.07	2.96	3.32	2.87	2.92	3.03
Participative	6.00	5.88	5.70	5.75	5.94	5.85
Humane	4.93	4.44	4.60	4.82	4.76	4.71
Autonomous	4.47	4.30	4.35	3.53	4.13	4.16

participative with only slightly (but not significantly) lower scores than Sweden, and significantly more participative than Finland (in particular, the Swedish speaking Finns, c.f., Reber, 2001), France, the U.S., the Czech Republic, and Poland. No data exist for The Netherlands, thus far, but it can be assumed based on the GLOBE data that the tendency would be similar. A recently collected sample of managers from the former East Germany positions this group between Poland and (West) Germany on the mean level of participation score.

The leadership ideals hardly differ between the five country samples (see Table 4), with the following two exceptions. The managers in the former East Germany sample rate self-protectivism less hindering than their colleagues in the other countries. This tendency might be caused by the need for the protection of privacy within a totalitarian communist state.

Autonomous is considered slightly hindering in The Netherlands, whereas it is a contributing factor in the three German speaking countries. We cannot easily interpret this difference, but would like to stress that the dimension autonomous is a quite complex construction. An in-depth analysis of the data of Austria, Germany (former West) and Switzerland (Weibler et al., 2000; Szabo et al., 2001) revealed that at least for these three countries the scale contains items related to a “lone fighter image” as well as items linked to the image of a “maverick”, each of which may, depending on the country, show differing tendencies (contributing to vs. hindering from outstanding leadership).

4. Discussion

We titled this chapter “The Germanic Europe Cluster: Where Employees have a Voice”, following Hirschman’s (1970) terminology. In the first part of the chapter, we described the industrial relations models that go far beyond systems in other countries. Next, we presented the GLOBE findings and could show that the stress on participation is reflected in our data, in particular at the leadership level. But how did employees get a voice? How did participation become such a normal ingredient in business organizations? The answer to these questions requires another look at the individual countries including their history.

In Switzerland, democracy and participation in political decision making have been considered cornerstones throughout the country’s history (Weibler & Wunderer, 1997). At all societal levels, values of harmony and consensus dominate over values of dissension and competition. One of the consequences is political participation in the form of a “grassroots democracy”. Influenced by this background, contemporary Swiss managers are likely to view participation as a value in itself and consider it a “logical ingredient” of their management style. Similar to Switzerland, participative leadership is highly respected in The Netherlands. Again, this tendency can be attributed to the country’s history, where autonomous cities were governed by the means of democratic decision making processes and liberal ideas of tolerance and equal rights were encouraged.

In contrast, Austria and Germany do not share such century-long democratic traditions. Both countries became democratic republics at the beginning of the 20th century and their first attempts failed as the new governmental systems did not bring the envisioned social and economic improvements to the populations’ “pursuit of happiness”. This disappointment with the performance of democratic leadership paved the way for the approval and renaissance of “strong” autocratic/charismatic leadership styles which cumulated in the cruel defeat of democracy and participative leadership. After World War II both Austria and Germany launched another attempt to institutionalize participative models (this time successfully), both for the political system and the system of cooperation between “capital” and “labor” (see section on Industrial Relations). Both the Austrian and the German system influence organizational dynamics on a daily basis, in particular the interaction between superiors and subordinates. Today’s managers in both countries are likely to have learned that participation serves as a good means to achieve individual and organizational goals, particularly since it is required by the systems through practiced consensus models and legislation defining co-determination and the rights and responsibilities of works-councils (Szabo et al., 2001).

One may pose the final question of whether or not participation has the same quality and stability although it originated from different sources. Little is known about these processes. The Swiss and Dutch examples suggest that the openness of the populace to participatory ideas is a

characteristic of the people themselves, whereas the Austrian and German examples indicate that people can indeed be slowly led to participation by systems and institutions containing built-in participatory elements. As they say, the outcome is the same, whereas the process toward this outcome was very different indeed. Undoubtedly, such change processes take a long time. We assume that the time span varies depending on whether *values*, *cognitively reported behavior*, or *actual behavior* are concerned. As longitudinal studies of leadership styles in several European countries suggest (Reber & Jago, 1997), it seems particularly difficult to change “close-to-action” concepts (Szabo et al., 2001). For example, even a decade after the fall of the iron curtain, intended leadership behavior has not significantly changed in the Czech Republic and Poland.

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