

ANALYZING THE ROLE OF PERCEPTION IN CHINESE-GERMAN BUSINESS CO-OPERATIONS

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ABSTRACT

According to the German Foreign Office (2011), Germany has emerged in the last decade, as China's most significant business partner in Europe. Given the vast sums invested by both German and Chinese companies in collaborative agreements, it is critical that all parties perceive the objectives of the agreement in the same way. Unfortunately, the diversity in culture between Germany and China often means that a common perception of objectives is not achieved. This paper seeks to highlight where significant differences in cultural perception lie, particularly with regard to the personal motivation of Chinese managers, their character traits and the objectives of the Chinese company, and how these differences impact on the level of conflict in Chinese-German business cooperation. This paper additionally aims to advise managers on conflict avoidance, when entering into collaborate agreements with Chinese companies.

INTRODUCTION

*Thus it is said that if you know others and yourself, you will not lose in every battle;
If you do not know others but yourself, you win one and lose one; If you do not know others and
do not know yourself, you will lose in every battle. (Sun Tzu ca. 540BC)*

Given the high failure rate of international co-operations of around 70% (Expert interview, Schafhauser, 2010), one can argue that managers do not take Sun Tzu's wisdom to heart. Managers often do not have enough information about each other and that much of the information they possess is incorrect or biased by their perception.

The research outlined in this article, focused on Chinese and German business culture, Chinese and German co-operation and their relationship to perception. To date, there is little research

analyzing the connection between these areas. With the hypothesis that the degree of congruence in person perception is negatively related to the level of conflict, the following research was conducted to explore Chinese and German business culture and its relation to person perception.

This paper will first outline the relevant concepts and ideas of other authors and the theoretical frameworks. It will then develop the hypothesis, describe the research methodology and finally summarize the results concerning Chinese managers' personal motivators and character traits, Chinese companies' motivations and the perceived conflict between these areas.

Chinese-German Business Co-operation

While China is the second most important export country for German companies, Germany ranks number five in respect to export volume for China and altogether presents China's biggest business partner in Europe (German Foreign Office, 2011). According to the Ministry of Commerce, German companies' direct investment in China summed up to about 6,407 Million US\$ in 2000 and more than doubled in the following years to reach 15,661 Million US\$ in 2008 (Schueller, 2010). It is furthermore estimated that Chinese direct investment in Germany grew by over 900% during the last years to 845.5 Mio US\$ in 2008 (Schueller, 2010). Given China's prominent and important position in the world economy, one can expect mutual investments to grow even further.

Germany and China are, however, said to be difficult terrain for foreign firms (World Bank, 2011) and therefore, German and Chinese companies often struggle to succeed in their mutual co-operations. One factor is the difference in country and business culture. The main differences between both cultures could be seen in Hofstede's (2005) categories of Long-Term Orientation and Power Distance, where China scored higher on both characteristics. Although most managers recognize these differences and are capable of naming some, they might ignore the fact that culture is not homogeneous but varies between age groups, gender, regions, occupations and time.

According to Forstmann (1994), Loebbert (2009) and Moran et al (2007), every person creates their individual culture which can change over time and depends on the person's current social group and situation. This can lead to a vicious cycle of misperceptions, misunderstandings, seemingly inappropriate behavior and conflicts, which can influence the success of the Chinese-German co-operation. Hofstede (2005) found, on the other hand, that while the country culture of Germany and China show significant differences, business and leadership practices turned out to be similar. There was also a great degree of congruence when comparing "masculinity" in China and Germany. Similarly, Jones & George (2006) found that the values of executive managers that influence perception, attitude and behavior, tend to be similar worldwide; executive managers, in this respect, represent a rather homogeneous sub-group within a global sub-culture.

Perception

“Perception is the process through which people select, organize, and interpret sensory input – what they see, hear, touch, smell, and taste – to give meaning and order to the world around them” (Jones & George, 2006, p.166). Lee et al (1999) comment that perception is one of nine parts of culture; every culture has a different way of selecting, organizing, and interpreting environmental stimuli. Thus, the same information might be interpreted differently and thus lead to different attitudes and behaviors.

Like Hermann Hesse (1974, p.133) wrote, “There is no reality except the one contained in us.” In other words, through perceptions, that are adapted from culture, people convert external experiences and impressions into meaningful internal understanding (Samovar, Porter, McDaniel, & Roy, 2010). Since "other people ... are some of the most, if not the most, important objects of the environment to be perceived" (Freeman, Rule, & Ambady, 2009, p. 195), in person perception those external impressions are formed of human beings.

In general, perception consists of the subject or perceiver, the object of perception and the situation. In person perception, both the subject and object are people. While social perception refers to the process of gaining information about another person, self-perception is focused on the perceiver him- or herself. Since behavior is based on people’s perception, “the world as it is perceived is the world that is behaviorally important” (Robbins & Judge, 2009, p. 139). Thus, social perception enables people to understand another person’s behavior and objectives, appreciate the reasons and motivations behind it, and foretell a person’s action in other situations.

Self-perception is required to conceive one’s own behavior towards another person (Zucha, 2001). What people perceive might thus not actually be the whole truth, but just one subjective part of the picture, since people’s perception can be influenced by their own attitudes, motives, interests, experiences and expectations as well as the target’s characteristics and the situation (Jones & George, 2006). In addition, perceptual filters and biases like observation goals, stereotypes of in-group and out-group allocations might lead to further subjectivity and thus inaccuracy in perception (Srivastava et al., 2010). For managers in an international business co-operation these findings imply that one should expect information to be interpreted differently. Thus, different meanings will be attached to the same situation, which will lead to different behavior and possibly conflicts or misunderstandings. In addition, the necessary adaption to new cultural situations, which is a pre-requisite to such co-operations, can in itself easily lead to misinterpretations (Moran et al., 2011).

To enable productive and successful cross-cultural co-operation between companies, managers need to create a common understanding of each other and their objectives. Luft and Ingham (1971) illustrated this idea with their Johari Window framework. They stated that the *Arena*

(shared knowledge) and the proximity of perception between subject and object needs to be increased. Taking the perspective of others enables us to stand in the *Arena*, to be aware of the *Blind Spot* (something that is known to object but not subject) and to investigate the *Façade* (knowledge of subject but not object). It is only by taking these factors into account that interpersonal relationships can improve and thus positively influence business success. The framework additionally provides a powerful means of minimizing perceptual biases (Achouri, 2010; Agarwal, 2009). There are many managers who are successful in doing business in their home country and in their familiar environment, but fail in international business due to a lack of intercultural skills. Those skills include the ability to interact with people from diverse cultures and to perceive situations without judgments (Sheridan, 2005).

Furthermore, individuals tend to devote more attention to familiar stimuli that are consistent with own schemas and values (Day & Lord, 1992; Hambrick & Mason, 1984; Kiesler & Sproull, 1982; Beyer, George, Glick, & Pugliese, 1997). Other stimuli that are discrepant with existing beliefs of the perceiver have the tendency to get ignored or forgotten (Kiesler & Sproull, 1982; Beyer et al., 1997). People have a selective perception and actively filter information to confirm existing beliefs, to simplify complexity, and to reduce improper or unimportant stimuli (Robbins & Judge, 2009).

RESEARCH HYPOTHESIS

One can assume that every person has “a general schema of what others are like” (Srivastava, 2010, p. 523) and that this schema influences all encounters with an individual. From the preliminary literature research and the resulting logical conclusions follows the following hypothesis: The degree of congruence in person perception is negatively related to the level of conflict. This study aims not only to support the hypothesis that gaps in perception of Chinese managers in Chinese-German cooperation lead to conflicts. It furthermore highlights which indicators are especially prone to conflict. By measuring and comparing German managers’ social and Chinese managers’ self-perception sensitive areas can be analyzed, reasoned about and thus conflicts minimized.

RESEARCH METHODOLOGY

The research was conducted in two steps. Firstly, expert interviews with German managers conducting business in or with China, established an understanding of German managers’ perception of China and Chinese managers. A second step of the quantitative online questionnaire, covering various areas of management behavior, was developed both in the German and Chinese languages and distributed via Internet-based social media. This targeted a group of managers with international responsibilities, who are or might get in contact with Chinese managers. It aimed to measure the perception of German managers, regarding Chinese managers, as well as Chinese managers’ self-perception. The output from the interviews was

then combined with quantitative data from the questionnaire, to produce ratings on a variety of indicators. The response rate on the questionnaire was 40.7 percent, which resulted in a sample size of 11 German manager and 22 Chinese managers. Two open and ten structured questions linked to the Likert Scale (excluding sociological questions to ensure quality), as well as analog questions enabled the comparison of German and Chinese subjects' answers.

To measure the gap in perception between respondents, it was assumed that a subject's answer as "I perceive" is influencing this persons' behavior and thus must be considered true (Sekuler & Blake, 1985). In addition, the Chinese managers' self-perception was defined as "real perception" and therefore the gap in perception was calculated as Chinese managers' mean rating minus German managers' mean rating. The gap was defined as significant if the confidence interval had a level of 80 percent or higher; if both subject groups reported the same perception, this was called "correct perception" (Lee et al, 1999). In addition, the perceived level of conflict in German-Chinese co-operation was measured. The perceived gaps were then compared to the measured level of conflict in order to test the degree to which the hypothesis reflects reality.

RESULTS

The research findings suggest that measuring a foreign person with one's own standards will lead to misperception, misinterpretation and the wrong choice of action and reaction. This, in turn, increases the probability of conflict. The study found a positive correlation between the gap in perception and the perceived level of conflict.

The Chinese perceived the level of conflict as being more extreme, compared to German managers. In addition, one can argue that Chinese managers' perception of their peers is a better indicator for conflicts. The hypothesis that the degree of congruence in perception is negatively related to the level of conflict is therefore strengthened. This study aims to not only prove that gaps in perception of Chinese managers in Chinese-German cooperation leads to conflicts, it furthermore points out which areas are especially prone to conflicts. By measuring and comparing German managers' social and Chinese managers' self-perception sensitive areas can be analyzed, reasoned about and thus conflicts minimized.

Since the answer on any question depends highly on the probands' mood, personality and current opinion, an open question asked Chinese and German managers at the beginning of the questionnaire about their spontaneous association with China and Chinese managers. From this, it was found that Chinese managers tend to agree on the whole with positive statements and disagree with seemingly negative ones. German managers were found to be neutral when talking about China, but slightly reserved in respect to Chinese managers. Thus, one can conclude that the preexisting attitude of the probands groups will increase the perceptual gap. Three of the six topics that were researched in the study will be discussed here: what motivates Chinese

managers, their character traits and the perception of Chinese company objectives, as well as the perceived level of conflict in Chinese-German business collaborations.

Gap in Perception of Motivational Factors

On a scale from one (very important) to seven (very unimportant), respondents had to rank twelve motivators, according to how important they believed them to be for Chinese managers. While Chinese managers rank the majority of motivators between 4.5 and 1.8, German managers showed a higher standard deviation. Figure 1 below shows the gap in perception for all motivational factors.

For Chinese managers it is important to...

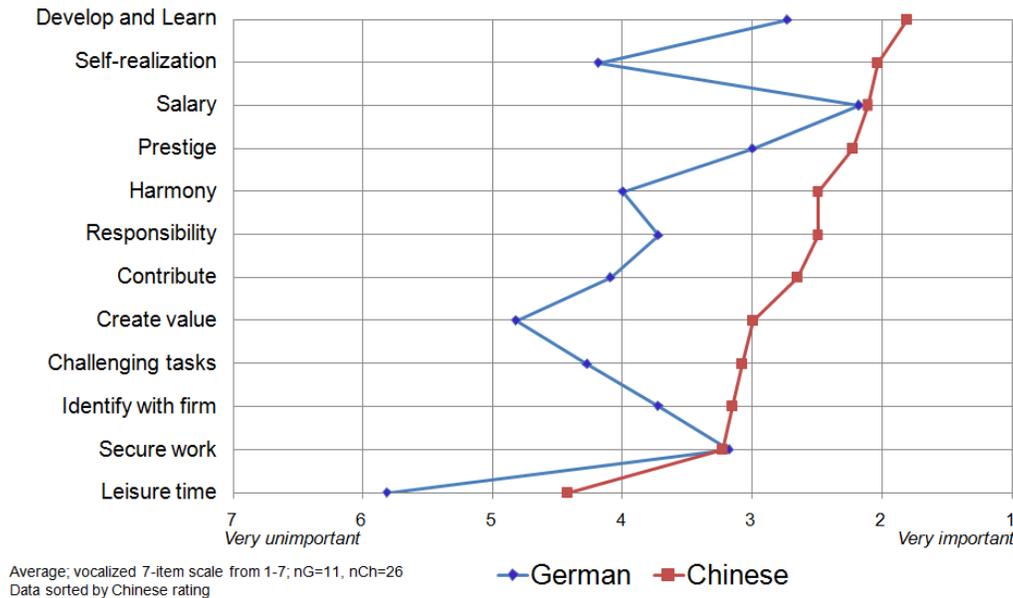


FIGURE 1: GAP IN PERCEPTION OF MOTIVATIONAL FACTORS

All in all, the gap in perception is significant for all statements except salary, prestige, identify with the firm, and secure work. For those statements, congruence is high and therefore one can expect these perceptions and the importance of the motivators, to be correct. Although both groups agree on the absolute importance of these motivators, they disagree concerning their importance in relation to other factors. For instance, German and Chinese managers agreed that salary was very important. German managers saw it as the number one motivator, while Chinese ranked it as number three after personal development and self-realization. Self-realization, on the other hand, was the motivator that showed the highest gap in perception, being ranked nine out of twelve by the Germans.

The congruence in secure workplace can most likely be credited to humans' desire for security, which Maslow said to be a primary need (Jones & George, 2006). While Germans perceive the security of workplace to be ranked as number four motivator, Chinese managers see it as much less important and put it as number eleven. The Chinese' dynamic and changing environment, as well as a culture with much less uncertainty avoidance, could explain the difference in ranking.

As seen in Hofstede's research, German managers are used to a stable environment, while Chinese subjects accept uncertainty more readily, which reduces the importance of having a stable workplace in comparison to other factors. Apart from self-realization, there is one more motivator that shows a huge gap in perception, "creating value," which was formulated as the feeling of doing something useful for the society. Both German and Chinese managers rank this statement as less important (ranked eleven and eight respectively), but the overall rating was very different, which resulted in a gap of -1.82. Given that China is known to be a socialist country with collectivistic tendencies, one should expect companies and their managers to have the good of the community in mind.

Despite the disparity between German and Chinese respondents, concerning their rating of the motivators, they agree that leisure time is the least important factor for Chinese managers. Although the rating is much higher in Chinese perception, both subject groups ranked it as number twelve out of twelve. This is congruent with the expert interview view of Chinese managers. Given that leisure time can be seen as the opposite of work time and thus salary, it is not surprising that the relative importance is perceived as low. During the expert interviews one respondent stated that China is currently catching up to the western standard of living, just as Germany had to catch up during the 1950s, the same strive for wealth could be observed. The quantitative ratings of German and Chinese managers support this statement.

Gap in Perception of Character Traits

In the second stage of the research, respondents were asked to state to what degree a particular character trait applies to Chinese managers. A scale of one to seven was used; a one indicates that a trait applies completely and a seven indicates that a trait is completely inapplicable from the perspective of the respondees. The eleven traits were formulated in a positive way (from a German perspective) and selected for their importance to successful international management. As can be seen in the upcoming figure 2, Chinese respondees perceive their peers as having more of the traits than the German respondees.

Chinese managers are...

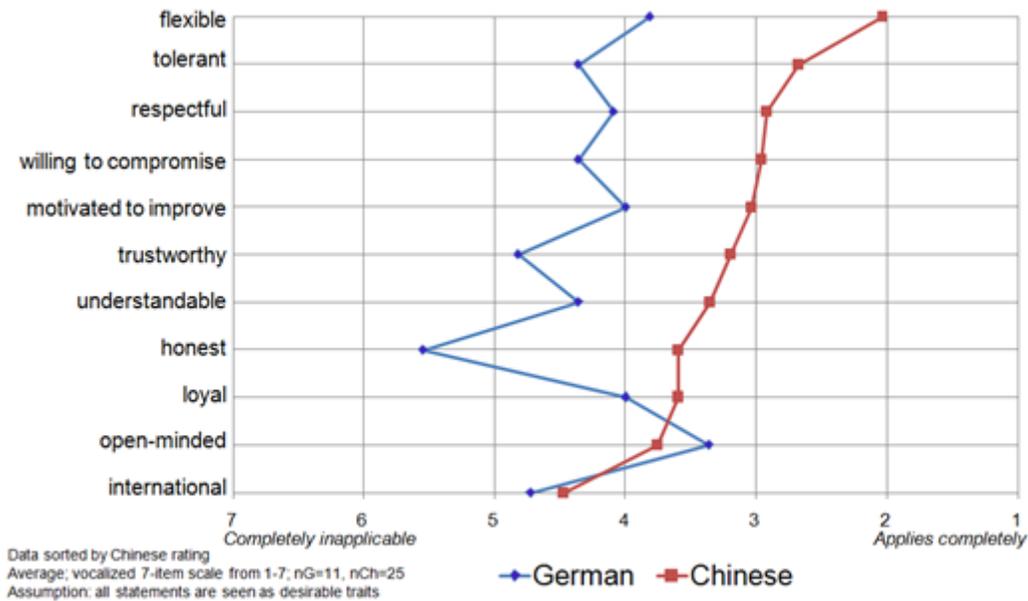


FIGURE 2: GAP IN PERCEPTION OF CHARACTER TRAITS

The characteristics that Chinese managers think describe themselves best are firstly “flexibility in thinking, behavior and relationships,” secondly “tolerance for foreign cultures,” and thirdly “respect for other people and cultures.” Germans agree that Chinese managers are somewhat flexible by ranking it number two, but rank the other two traits only as number five and six. From a German perspective, Chinese managers are best described as “open for new experiences,” “flexible in thinking, behavior and relationship,” and thirdly “loyal to the company,” as well as “motivated to constantly improve their own knowledge and skills.” In respect to “loyalty,” the expert interviews indicated that Chinese managers are very loyal employees as long as they feel appreciated and have opportunities to develop. This statement connects this question with Chinese managers’ motivation where German managers underestimated the drive for self-advancement.

The German managers also stated that they see a typical Chinese manager as being hard working, respectful, willing to take risks, goal oriented, intelligent, adaptive in their work and negotiation style, self-confident, and ready to compromise, but inflexible when it comes to learning new skills or adapting to changes. Chinese managers seem to agree more with the experts’ perception by ranking this characteristic second to last. The key result from this area of research is not the difference in ranking, but rather the immense gap in the perception of almost all items. All items that were ranked high by Chinese managers show a significant gap in perception. “Open-minded” is the only statement where German managers perceive the Chinese as more skilled than the Chinese believe themselves to be. Although this finding is interesting, the gap in perception for this characteristic as well as for “loyalty” and “internationality” is not

as significant. For all other statements, German managers do not perceive the characteristics to be as applicable.

The greatest disparity in perception can be seen for the statement about honesty, flexibility, tolerance, and trustworthiness. This result is congruent with experts' perception. For example, one respondent stated that although he has a very positive image of Chinese managers as hard working, respectful and polite, he would never trust them. He adds that he experienced situations in which Chinese managers only told him good news but left out bad news, which he interpreted as dishonest behavior. A Chinese manager might interpret the same behavior as honorable since it saves the other person worry and the messenger saves face. The culture thus acts as perceptual filter that lets managers interpret the same situation differently. The gap in perception of typical Chinese managers' characteristics might therefore route in a different understanding of how, for example, honorable or trustworthy behavior is manifested. This misunderstanding could present a threat to Chinese-German collaborations.

Gap in Perception of Company Objectives

According to Hinner (2005), business co-operation works best if both partners pursue the same or supporting goals. If objectives are mutually exclusive or misinterpreted, the business collaboration loses any potential synergies. One question in the quantitative questionnaire thus asked German and Chinese managers what objectives they thought were important to Chinese companies and its' management. Figure 3 below shows the gap in perception of company objectives.

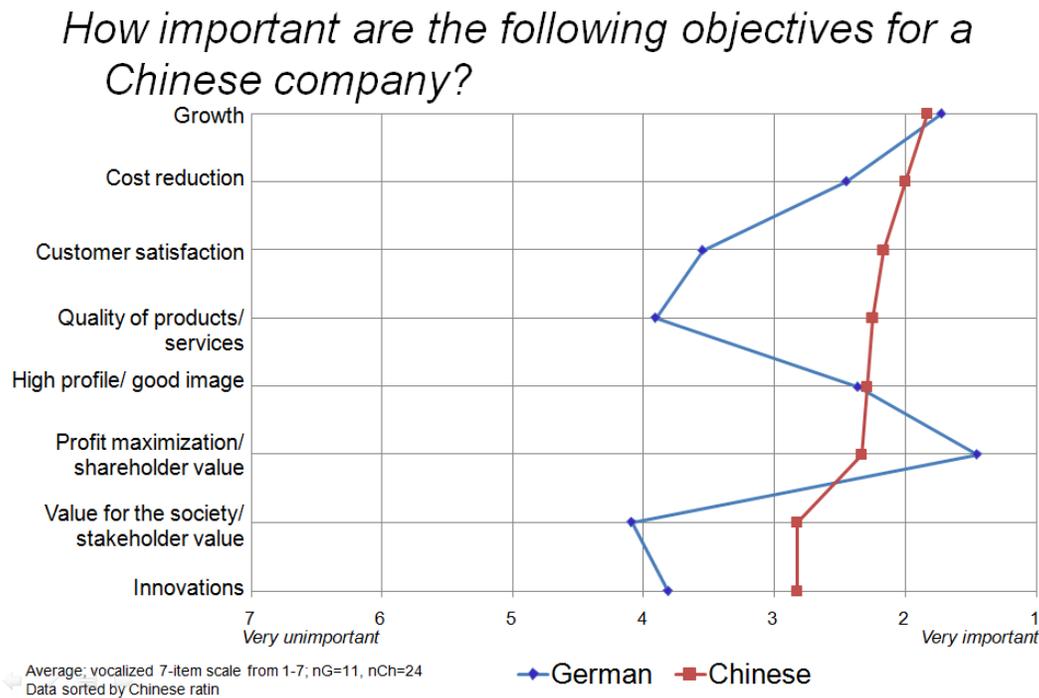


FIGURE 3: GAP IN PERCEPTION OF COMPANY OBJECTIVES

The Chinese managers rated all of the objectives: growth, cost reduction, customer satisfaction, quality of products and services, having a high profile, good image, profit maximization/ shareholder value, creating value for the society/ stakeholders, and innovations - with a similar level of importance. The German managers show a much greater deviation in their rating. According to both German and Chinese managers, growth is a very important objective for Chinese companies. This confirms the statement of an expert, who said that China was currently catching up to the western world and, as Lee (2010) states, to its former position of important player in the world economy.

While Chinese managers see “growth” as the most important goal, German managers believe that Chinese companies firstly strive for profit and maximization of shareholder value, an objective that ranks third to last in Chinese perception. The data, therefore, suggests that German managers overestimate the importance of this objective for Chinese firms. From the Chinese perspective, it can be said that maximizing profit corresponds with managers’ objective to earn good salaries which, as analyzed earlier, is seen as the fundamental motivator.

The answers provided by the German managers suggest the perception that Chinese companies mainly focus on maximizing their profits, growing the business, maintaining a good company image and reducing costs. All other objectives are perceived as less relevant to Chinese companies. These findings are consistent with the expert opinions during the interview stage. An expert tells how surprised he was about the Chinese skill to win high politicians for their co-operation and promote their companies’ collaboration. This experience mirrors the German managers’ high rating for the statement of “high profile and good image.”

The interpretation for the high rating for “cost reduction” corresponds with German managers’ perception of Chinese managers being especially skilled in controlling their costs. The Chinese managers’ image might thus have influenced the perception of Chinese companies as cost sensitive. There are three objectives, where the rating by Chinese and German managers showed no significant gap in perception. These objectives were growth, cost reduction and good image. All other objectives were perceived differently by the two groups. According to the answers of the German managers, Chinese corporations are least likely to pursue stakeholder value and to improve the quality of their products. They also perceive customer satisfaction to be an inferior goal. These three objectives, therefore, show the highest disagreement between German and Chinese managers.

As the Chinese managers naturally rated all goals as important, the explanation for the gaps, therefore, has to come from the German managers’ perception. The research showed that German managers are polarized about China and criticize, for example, the growing gap between rich and poor as well as environmental pollution and exploitation. This overall perception of China might influence the perception of Chinese companies and account for the low rating in “creating value for the society and stakeholder.” The low rating on “customer satisfaction” might be due to managers’ schemas. It has been explained earlier that every person has certain

schemas, according to which information is assimilated and interpreted. Customers in China might require different services than German customers and thus the actions taken by Chinese firms to ensure customer satisfaction might be misperceived or misinterpreted by Germans. One, therefore, has to question whether German managers would define customer satisfaction, and especially the associated actions to achieve it, in the same way that Chinese managers would.

Differences in schemas might not only lead to German managers' misperception of Chinese companies' drive to ensure customer satisfactions, but also to biases concerning other company goals. Another objective that shows low congruence in perception is the objective of "high quality."

China is seen as a low-cost manufacturing location, from the German perspective. Low-cost can easily be misunderstood as low quality. It was evident from the questionnaire responses as well as the expert interviews, that German managers believe that China's strength does not necessarily lie in producing high-quality goods. The company objective "innovation" was rated comparably low by Chinese and German managers. This indicates that China is still developing into a creative and innovative country. Significantly lower ratings by German managers can be connected to their opinion about quality of production in China, as well as the expert view that identity theft and product copying are problematic threats for international companies in China.

Gap in Perception on the Level of Conflict

The German and Chinese managers were asked about the perceived level of conflict in various areas of business and management. This question allowed the perception of the personal motivation of Chinese managers, their character traits and the objectives of the Chinese companies to be analyzed in combination with the perceived level of conflict. Although some experts described their Chinese-German co-operation as harmonious, figure 4 will show that Chinese and German managers nonetheless experience a degree of conflict in their relationships.

Areas of trouble, misunderstandings, or problems

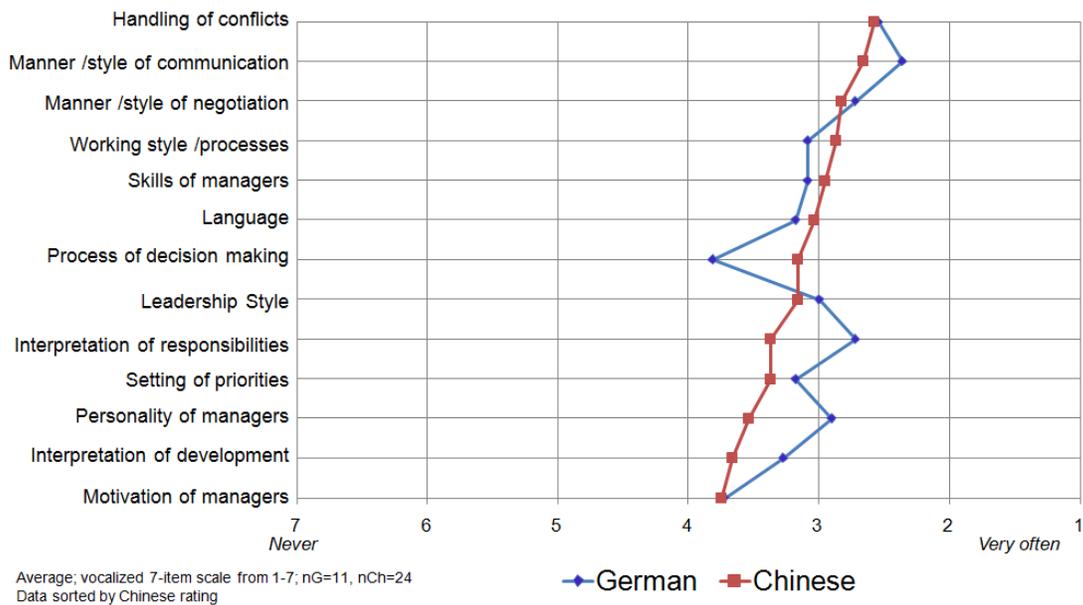


FIGURE 4: GAP IN PERCEPTION OF LEVEL OF CONFLICT

The quantitative analysis supported the view that Chinese and German managers experience conflict over a wide range of issues. Chinese managers rated “handling of conflicts” as the number one area for misunderstandings, while German managers placed “manner and style of communication”, which is ranked second by Chinese, as creating the most conflicts. Both subject groups agreed that “motivation of (Chinese) managers” posed a lower conflict risk. Chinese and German managers, however, see certain areas as more contentious than others. German managers, for example, rate “interpretation of responsibilities” as number four and “personality of managers” as number five in situations of conflict, whereas Chinese managers saw them as less problematic. “Process of decision making” on the other hand, seems the least critical area according to German managers’ perception, but poses more of a problem according to Chinese managers. Chinese and German managers, nonetheless, display a high congruence in their perception of conflicts in Chinese-German co-operation.

RESEARCH LIMITATIONS

A first and important limitation, which is also a recommendation for further research, is that there are no current and detailed data available about failures of German-Chinese business collaborations. The majority of reports show only the positive impact of such collaborations, including risks to some extent, but without any detailed figures about failed business co-operations. Secondly, the sample size of the quantitative research is rather small, due to the narrow definition of the target groups and the difficulty of reaching them. Although the sample size was sufficient for this research, because the data is used to point out tendencies, the

application of in-depth statistical analysis is therefore limited. A larger sample size would allow correlation analysis and not be limited to subjective interpretation.

Furthermore, the questionnaire asked German and Chinese managers about their personal perception of “a typical Chinese manager,” which ignores the heterogeneity of this group. Given the size of China, with its different regions and differences in people and culture, it is difficult to find consensus on what is considered “typical.” Factors, such as the age of a manager and their educational background will also influence the personal perception of an individual. Additionally, differences in the location, the industry, and the type of enterprise have an impact on a managers’ beliefs and behavior (G. Hofstede & G. J. Hofstede, 2005; McCauley et al., 1999; Moran et al., 2011). Srivastava (2010) contends that a piece of research can be limited by the researcher’s own perceptual biases, which might have influenced the formulation and translation of the questionnaire, as well as the interpretation of the results. In addition to that, intercultural studies are criticized for assuming that ideas and formulations can be converted from one culture into another (Pervin, 1999). Although, the German questionnaire was carefully worded, translated and checked for congruency, the risk of misunderstandings and misinterpretations cannot be fully eliminated.

Finally, the research of this study focused on the self-perception of Chinese managers and the social perception of German managers regarding Chinese managers. Additionally the self-perception of German managers and the social perception of Chinese managers regarding German managers could have been analyzed and compared. This would have allowed a two-way comparison of Chinese and German managers. Therefore, this is a recommendation for further research.

IMPLICATIONS AND CONCLUSIONS

The findings of this study suggest that the perception of managers from Germany and China will influence the level of conflict and thereby the working relationship in Chinese-German business co-operation. Managers, therefore, have to be more sensitive with how they perceive their own culture, beliefs and biases, to minimize the gap in perception, or at least the way in which they react to their perception of a given situation. On the level of Chinese managers’ personal motivation, their character traits and Chinese companies’ objectives, all three areas highlighted significant gaps in perception and thus might be a potential source of conflict for a co-operative relationship.

German managers have to be more aware of the diverse objectives of their Chinese business partner. While money is a strong motivator, Chinese managers’ self-perception shows that it is not necessarily the most important motivator. The strive for self-advancement, self-development and self-realization needs to be taken seriously, to strengthen boss-subordinate relationships (no

matter if a German or Chinese manager is the subordinate) and thus improve the cooperation efficiency. Working together, Chinese and German managers can address this difference in perception to narrow the gap. Chinese managers, for example, should speak more openly about their own goals. German managers would benefit from observing their Chinese colleagues more closely to find the motivators for each individual manager. In this way, motivational rewards can be distributed more efficiently to make managers more effective.

When considering the character traits of Chinese managers, the gap in perception of honesty and trustworthiness is a serious problem, since both characteristics are needed to build long-term business relationships. If one party does not trust the other and believes information to be wrong, their behavior will be cautious, reserved and protective, which will limit communication. Without this, knowledge exchange and synergies cannot be built. Given that these are the main reasons for forming a strategic collaboration, the German skepticism can put a strain on the Chinese-German business relationships. However, one also has to recognize that neither the German nor the Chinese perception is correct and objective but rather they represent two different interpretations of a situation or behavior.

One can thus attribute this gap in perception to perceptual filters and biases. What might be a behavior that evokes trust in Chinese managers might not be seen as one from a German perspective – and vice versa. Thus, German managers have to be more aware of their perceptual biases and adjust interpretation of behavior to the Chinese way of thinking and acting. Chinese managers, on the other hand, should learn what kind of behavior is seen as trustworthy and honest from a German perspective so they can adapt their behavior.

The analysis additionally shows that German managers do not perceive Chinese managers as possessing many of the skills needed to conduct international business. In other words; German managers question the qualification of their Chinese business partners. Big gaps in perception can be seen in the statements of “flexibility” and “tolerance”. While flexibility and tolerance are traits that one can improve by practice and management training, it is more difficult to change the social perception towards an image of being honest and trustworthy. Shifting from Chinese managers to Chinese company objectives, the study shows that German and Chinese managers have a largely different perception of what Chinese companies’ objectives are. While this does not have to mean that German and Chinese objectives are not congruent, the significant gaps in perception indicate the potential for misinterpretation. Given that a co-operation is usually formed to create a win-win situation, these misperceptions can lead to alliances with partners, who do not share the same objectives, or to incorrect strategies that may threaten the future of the relationship.

German managers need to recognize that, while profit maximization is an important goal for Chinese companies, it is by far not the most important. The research showed that collaborations usually fail because the objectives of the partners drift apart. A correct evaluation of goals, at the beginning of collaboration, might reveal mismatches earlier and thus prevent co-operations that

are doomed to fail. Thus, German managers require a greater level of awareness of their partner company objectives, such as quality, customer satisfaction, stakeholder value and innovation, to create better synergies. They have to adjust their way of thinking and perceiving to meet the thinking and perception of their Chinese collaborators. Chinese managers and companies, on the other hand, have to behave in a way that helps German managers to perceive how serious they are about these objectives and communicate their goals more clearly. This requires Chinese managers to behave in a way, in which their German colleagues will understand.

Chinese and German managers should generally improve their intercultural skills by learning about each other's culture and business practices. It is furthermore recommended to openly speak about misunderstandings and problems, to enhance shared knowledge, as elaborated in the Johari Window framework (Luft & Ingham, 1971). By following this approach, long-lasting and successful collaborations can be built, which will enrich the business practices and achievements of both Chinese and German parties.

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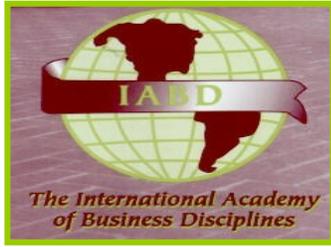
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