Facility, Location and Employer–
Employee Relations of German-Canadian Businesses in Canada

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The purpose of this paper is an investigation into aspects of the decision-making process of German-Canadian business owners regarding the reasons for their choice of location and their assessment of the differences of some major traits of German and Canadian employees. This paper presents the results of a questionnaire that was administered by mail to German business owners in Canada. The purpose of this focus is to provide regional planners with some understanding why German owners/managers choose specific provinces or sites, and to provide managers in Canada with information concerning differences in traits of German and Canadian employees. The results of this work are that location decisions are mostly personal when it comes to choosing Canada as a country for their business, but the more we zoom into the chosen province and the specific site, the more business-related features become relevant. As far as personnel evaluations by German managers are concerned, the key result is that while at first glance it may appear that Canadians and Germans (and, by extension, Canadian and German employees) are not very different culturally, they actually are. Whereas some results appear to support common stereotypes, e.g., Canadians rank higher when it comes to politeness and tolerance, while Germans excel in job knowledge and punctuality, others are more unexpected. Among them are the results indicating no significant differences when it comes to flexibility, ambitiousness, and the acceptance of authority.

1. Introduction

In many accounts, all depending on its definition, globalization has been around for millennia (Scheuerman, 2014). However, a narrower definition (World Bank, 2014) of the term lets the process begin sometime after World War II and accelerate in the 1980s. Globalization takes many guises: from the availability of inexpensive goods from foreign markets, to the ability to ship a country's own goods to distant markets and labor mobility.

One of the aspects of globalization involves an examination of cross-cultural behavior on the side of both, employers and employees. Mooij and Hofstede (2011) discuss the behavior of employers in individualistic and collectivist societies. The authors focus on global marketing strategies and identify individualistic U.S.-style explicit verbal communication versus the collectivistic Japanese trust-building with the potential loss of face in the back of their minds. This cross-cultural difference is clearly reflected in the roles of advertising: persuasion versus creating trust. Similarly, ELM Team (2011) report on

differences between U.S. American and Chinese management styles. They conclude that while American employees are assigned and responsible for clearly-defined tasks, Chinese employees are much less personally accountable for a specific task or project, but are rather judged as part of a group. Again, the underlying difference is based on the individualistic vs the collective outlook of the different societies.

The story of the success of businesses in a globalized world is fraught with pitfalls and problems. One of the more glaring examples is the establishment of Disneyland® Paris (i.e., Euro Disney) in complete disregard of the French view on drinking wine on site. While this oversight was rectified, other instances were less successful: WalMart, for instance, did not succeed establishing its chain in Germany and ultimately withdrew from that market to the tune of a billion-dollar loss (Jui, 2011). Part of the customers' complaints concerned greeters (which are unknown in that country), bag boys (Germans pack their bags themselves in fear of something may get stolen), and pillowcases in U.S. sizes, which are useless to Germans. All of these features and many more contributed to WalMart's failure to get a foothold in the lucrative German market. For a short review of the failure, see Deutsche Welle (2006). Another epic failure in Germany was by Blockbuster, a video rental store, that disregarded video viewing habits of the population they intended to serve; see, e.g., Burney and Sohail (2006). Other, well-documented, foreign business failures include Suzuki's U.S. venture (a company, known for its small cars, ignoring demand for large SUVs and faced with the need for an expensive service network, see, e.g., Tabuchi, 2012), Tesco's failure in the United States (shopping behavior of U.S customers is different from that in the UK, which has a huge impact on facility location, see Doggart, 2013), Home Depot's and Google's failures in China (China being a "do-it-for-me market, not a do-it-yourself market," and Google's refusal to give in to the demands of a totalitarian regime; for both, see Carlson, 2013).

Similar failures are reported regarding the "Smart" vehicle, a cooperation between the German automaker Daimler-Benz and Swatch, the Swiss maker of watches. Their small vehicle was introduced 2004 in Canada and 2008 in the United States and failed in both countries, as North Americans' general tastes for bigger vehicles and requirements for larger cars in winter are markedly different from those in Europe (Scott-Clarke, 2008, and Cain, 2011). The latest casualty is the department store Target, who decided to close its 133 Canadian stores, after having been in the Country for only two years. Part of the reason of the $5 billion misadventure (for some details, see, e.g., Sturgeon, 2015) was the failure to supply Canadians with what they wanted (and were used to from U.S. American target stores): fashion and other products at bargain prices.

In more general terms, Child *et al.* (2001) observe that large companies, especially those from the United States, tend to carry their habits, procedures, and culture with them when opening subsidiaries in other countries. Tapper (2014) provides some of the main reasons some companies fail to succeed in India.

This paper focuses on the growing trend of German companies and entrepreneurs to conduct business in Canada. The paper deals with a sample of German-owned and German-managed businesses in Canada. The purpose of this paper is to investigate (1) the reasons for locating the business in Canada, and (2) an assessment of the differences between German and Canadian employees and other managers by German-Canadian managers.

More specifically, the first part of this paper examines the reasons why German entrepreneurs chose the location of their business in Canada, in a particular province, and in a specific location therein. Regional planners, who try to entice entrepreneurs to their regions, can use this information to put together packages of incentives that are sufficiently interesting to firms to locate in their region, thus providing employment, an increased tax base, and other benefits.

The second part of the paper regards the differences between German and Canadian co-managers and between managers and employees as viewed by their German managers. The results of the perception of Canadian and German employee work behavior are then assessed from the questionnaire, such as absenteeism, punctuality, and others. The differences found in work behavior of Canadian and German employees are important knowledge for foreign owners/managers operating in Canada and for trainers in international management in order to manage firms efficiently and effectively.

The remainder of this paper is organized as follows. Section 2 is subdivided into two subsections, each of which introduces one of the two main aspects of this paper (*viz.*, location analysis and cross-cultural human resource management). Chapter 3 deals with the main contribution of this paper (i.e., the survey). Again, the section is subdivided into two subsections that deal with location and human resource aspects of the firms. Finally, Section 4 provides a summary of the main findings of this paper and conclusions.

2. The location of facilities and cross-cultural research in management

This section will discuss the location of facilities and issues in human resource management. The discussion will be general, so as to set the stage for the subsequent discussion of the results of our questionnaire. The two subsections below introduce facility location and cross-cultural human resource management, respectively.

2.1 The location of facilities

The first to bring location theory into the realm of business were the geographers von Thünen (1926) and Weber (1909). Modern location theory has its origins in Hakimi's (1964) contribution, and the area has been vibrant ever since. The recent edited volume by Eiselt and Marianov (2011) recounts not only the origins of the science, but also its latest developments.

In its most general form, location theory has myriads of seemingly unconnected and, at times, unlikely, applications. They range from locations of warehouses and fast food outlets, to the location of emergency supplies for oil spills, preferred sites for coast guard vessels, and locations of landfills, transfer stations, tanks and snipers in a military conflict, and health care facilities, to nonphysical location problems, in which products are to be located in a space, whose axes denote the main features of this type of product. All of these problems have a common structure: first, there are the *customers*, who occupy (at least temporary) fixed positions in some *space* (which would be a plane, a traffic network, or some other space). These customers symbolize the users of the facility that is to be located amongst them (e.g., potential customers in the case of restaurants, fishing boats and pleasure craft in potential need of assistance by coast guard vessels, the general population in case of landfills, enemy positions in case of armed conflicts, and others).

Given the locations of customers, *facilities* are to be located in the same space, in which customers are already present. Locating the facilities will depend on the decision maker's objective(s), customer behavior, the space, and other factors. Once facilities have been located in the space under consideration, customers are then either allocated to the facilities based on some measure of proximity (allocation or shipping models), or customers use some utility function (see, e.g., Eiselt *et al.* 2014) to decide which facility to patronize (customer choice or shopping models). Depending on the application under consideration, the main categories in location theory are known as *median problems* (in which a customer's access to a facility is measured as the distance to the facility he patronizes), *center problems* (in which the longest customer-facility distance is used to determine the quality of a solution), and *covering problems* (in which attempt to maximize the number of customers who are within a given distance of a facility).

It is apparent that the location of real facilities is a multifaceted task. Many issues in addition to the easily measurable customer-facility distances have to be considered. Among them, there are cost differences at different sites (due to different land rents and wage levels), zoning issues, subsidies, and tax levels. The little researched features include multipurpose shopping and comparison shopping, see, e.g., Eiselt and Marianov (2014) and Marianov and Eiselt (2014) respectively. Less tangible, albeit important issues involve potential difficulties to lure managers and workers to smaller communities that, due to their size, offer little in terms of cultural and other features. Some of the issues were addressed in Bhadury *et al.* (1999), including a survey in the Maritime Provinces of Canada.

The purpose of the questionnaire in this work does not make an effort to replicate the results of the aforementioned paper. Rather, it attempts to determine why German companies or entrepreneurs locate in Canada in the first place as opposed to Europe, why in a specific province or region, and why at a specific site. Specific attention will be paid to the criteria that were used in the choice.

The main reason for examining companies founded by entrepreneurs in a country foreign to them is that they almost invariably start with a clean slate: there are no historical reasons for them such as inheritances or former places of residence to locate at a specific place, so that they have to plan afresh.

2.2 Cross-cultural human resource management

Research on human resource administration and investigations into cross-cultural business management date back a long time. Murdock developed cross-cultural surveys as early as the 1930s and published parts of his work later (Murdock, 1949), while cross-cultural business research would follow later, popularized by Hofstede's (1980) work on *cultural theory*. In a more recent follow-up, the same author (Hofstede, 2001) examines and explains some aspects of globalization. Since its inception, a flurry of publications have been put forward about different aspects of cross-cultural issues in business. For a recent update on Hofstede's work, see, e.g., Taras *et al.* (2012).

The importance of cross-cultural research in the context of globalization is pointed out by Gelfand *et al.* (2007), who discuss national culture and how it relates to organizational behavior. Tung (2008) presents a similar argument. More specifically, the issue arises whenever a corporation opens subsidiaries by way of purchase, joint ventures, or other means in a foreign country, and employs managers or workers in that country. Given their different backgrounds, differences may manifest

themselves in assessments of success in the context of information systems discussed by Hafid (2007), or in the transfer of management knowledge (Kuyken *et al.*, 2009). More generally, organizations tend to be set up differently, more hierarchical vs. egalitarian. A good example is provided by Geppert *et al.* (2003), who compare the degrees of autonomy between British and German managers, with the conclusion that German subsidiary managers tend to be more autonomous. This is certainly correlated, at least in part, on the highly trained background of German workers. Glunk *et al.* (1996) list some of the main features of German management: production and quality control, manager loyalty, emphasis on good labor relations, timely delivery, but they also point out that the German style of management is based on apprenticeship programs and solid labor relations, so that it may be difficult to transfer to other cultures. A similar argument is put forward by Ferner *et al.* (2000), who investigate German companies that operate in Great Britain and Spain.

Direct comparisons between countries, as presented in the paper, were made by a number of authors. Kim *et al.* (2007) investigate different styles of resolving conflicts that arise between employees and managers. The countries they investigate are South Korea, China, and Japan, and the authors conclude that cultural differences are explaining the differences in management styles. Cheng *et al.* (2005) compare different styles of conflict resolution between Asian, Chinese, and Western companies. The main differences is that while in Asian companies a compromise style prevails, Western companies tend to use a more legalistic approach. A case study of the difference in management styles between Japanese and German companies is put forward by Lincoln *et al.* (1995). The comparison specifically focuses on direct vs indirect decision making and German specialism vs Japanese generalism. The contribution by Pavett and Morris (1995) compares Italian, Mexican, Spanish, U.S American, and English management styles. The main conclusion is that the host country's style dominates. Aycan *et al.* (2000) investigate different human resource management practices in ten countries, including the United States, Canada, Germany, and Russia.

The paper closest to our own interest is the contribution by Lee (2007). It investigates the relations between Canadian managers, who hired German workers in trades and in the construction industry. The piece does not only note some of the difficulties of integration, but also prescribes some remedies for achieving positive manager-worker relations, e.g., by using mixed crews to avoid an "us against them" syndrome, language training, and home calling services.

3. The Survey

This study, and with it the survey as its key ingredient, was precipitated by comments of a German manager at a conference, who was in charge of branches at Montreal, Quebec and Halifax, Nova Scotia. He claimed that he spent most of his time "putting out fires," as he called it (*viz.*, managing the multicultural workforce in his firm). Our immediate question was whether or not this occurrence was purely anecdotal and only related to this manager's specific circumstances, or if there was a more general pattern behind this. That was what sparked our investigation. The questionnaire was developed based on work, such as Zakaria (1988) or the excellent summary by Ismail *et al.* (2011) regarding desirable employee traits and behaviors. It was first tested and finetuned in a series of personal interviews that were conducted in Nova Scotia.

The resulting survey comprised three pages: the first page was the letter that invites the addressee to participate in the survey and explains the ethical guidelines, the second page identifies the participant and queries the reasons for siting the firm at the location where it is found today, and the third page consists of twelve questions regarding the comparisons between Canadian and German employees as seen by the manager of the firm.

Starting in May of 2012, a total of 368 questionnaires were sent out in batches staggered over time. The questionnaires were sent to German companies in Canada. The companies were predominantly chosen online from the German Canadian Directory Inc. at GCDI (2012). This directory offers listings for companies doing business in all German Canadian business sectors. Given these criteria, more than 51% of the questionnaires were mailed to Ontario, followed by 19% to British Columbia, and 10% Nova Scotia. The remaining 19% of the questionnaires were sent to the other seven provinces and the Yukon Territory. In order to achieve as high a return rate as possible, self-addressed stamped return envelopes were included in the mail. A total of 45 replies (for a return rate of 12%) were received, 33 among them were usable. Among those usable responses, 46% were from Ontario, 27% from Nova Scotia, and 10% from BC, the remaining responses are from the other provinces.

3.1 Locational choices

The questionnaire asked the participants three free-form questions: why they located (a) in Canada, (b) in the province of their choice, and (c) in the specific choice they selected. The main purpose was to determine the criteria that made entrepreneurs choose the locations of their facilities. In order to summarize the results, we will use the categories "Personal," "Business" and "General." Clearly, the boundaries between these categories are not as clear cut as it may appear, but the general idea is this. Under "Personal," we summarize criteria such as personal knowledge of the area, the lifestyle in the area, the beauty of the land, the proximity of the site to the personal residence, cultural background, schools, and other features. The category summarized by "Business" includes criteria such as the proximity of the chosen site to other, related businesses, the proximity to customers/markets and to suppliers, technical support, and other features. Finally, the moniker "General" refers to the existing infrastructure, tax levels, demographics, etc. It should be mentioned that each respondent could identify more than one category.

Among the reasons for locating in Canada more than half of the choices are personal. The specific reasons cover a wide range from the admiration of the chosen country, the country's economic stability, and the quality of life, a lifestyle that is decidedly less hectic than that of their home country. The reasons listed in the "Business" category that make up only one sixth of the responses, are fairly predictable: proximity to customers and the U.S. market, but also, somewhat surprisingly, the existence of a "European business culture." Finally, the listings in the "General" category that comprise about one fourth of the reasons include the much higher level of bureaucracy and regulations in Germany, health and social programs in Canada, the North American Free Trade Agreement (NAFTA), as well as Canadian lower taxes and crime rates as compared to their home country.

We next zoom in and consider the reasons for locating in the province of their choice. Here, the reasons change: personal reasons, while still applied, are no longer as predominant as they were when choosing the country. Slightly above one fourth of the reasons fall into this category, and respondents quoted a good area to raise children, friends, landscape, and similar reasons. On this level, business-

related reasons became more important (close to 30% of all responses). The proximity to related industries was mentioned numerous times, as were, R & D programs, technical support, and business opportunities. Finally, in the (here dominating) "General" category we find reasons such as economic stability, and, again, the lack of red tape for starting and operating a business.

Finally, we look at the main reasons to choose a specific site. General and business-related reasons now dominate with just over 75% of all responses combined. The few personal reasons quoted by the respondents include the site's proximity to the residence, existing family lines, and the existence of a German school for the respondent's children. Business-related reasons include the existence of a business (which the entrepreneur took over), the proximity to other businesses, the availability of parking, the ease of setup of a business at this location, the costs, and the option for the firm to grow at this site. Finally, general reasons to locate at a site included again the infrastructure, particularly the proximity to an international airport, and the demographics of the area.

3.2 Managers' perceptions of Canadian and German employees

This section will first look at the results that we obtained from the part of the questionnaire that first asked respondents to evaluate differences in manager-to-manager relations, and then differences in employer-to-employee relations.

Two caveats should be mentioned here. First, the definition of "Canadian" and "German." We defined these two groups somewhat arbitrarily as born in Canada or Germany, respectively. The reason is that second-generation immigrants typically have adopted behavioral patterns of the host country. Zhou (1997) provides a good summary of the issues involved. Secondly, it would be ideal, if respondents had daily experiences with Canadian and German employees at present. However, the pool of firms does not allow for such narrow definition. So we allowed respondents to have had experiences with one group (typically in Germany) in the past and compare them with their present Canadian employees. Clearly, things change over time in all countries, and, adding to that problem of comparability, memory also tends to modify reality.

The first two parts were open-ended questions asking participants to deal with differences between manager-to-manager relations and manager-to-employee relations, respectively, when considering Canadian and German nationals. It turned out that there were some recurrent themes. For manager-to-manager relations, it was noted numerous times that Canadian managers tend to separate their professional and private lives much less than their German counterparts. Most pointedly, one respondent quoted a German saying "Schnaps is Schnaps and business is business" regarding German managers' strong attitude to separate work and home. Other general sentiments include the short-term orientation of Canadian managers, their friendly and more relaxed attitudes, and their more subtle, indirect way of decision making, in which generally group decisions are favored. In contrast, German managers are seen as more formal and knowledgeable to the point of being standoffish, as well as reliable, punctual, and efficient (sentiments confirmed in another part of the questionnaire), and also not being used to ethnic diversity.

Comments regarding manager-to-employee reflect common stereotypes, but also some results of this survey shown and discussed below. Canadian managers are associated with a "more democratic

leadership style" as opposed to their "more autocratic" German counterparts. Canadian employees, on the other hand, are seen to be in frequent need of positive reinforcement, and, due to their lack of knowledge, more dependent. Again, this sentiment is also found in the next part of the questionnaire. German employees are seen to be very reliable with a good work ethic, never quite satisfied with the job, qualified and willing to learn more, but also credited with having "union and entitlement thinking." Another comment pointed to the "Germans'condescending attitude towards Canadian standards." While largely anecdotal, there was very little variation in these sentiments.

In the main section of this part of the study, participants were asked to rate specific traits of Canadian and German employees on a 7-point Likert scale. There was some reverse-coding in order to avoid respondents always choosing a high number if they evaluated one group superior to another, we chose what are normally considered to be desirable features sometimes to be represented by a high number, and sometimes as a low number. We accepted the fact that this might cause some confusion among respondents, but this way, they would have to consider each individual question and respond to it rather than rate all issues based on a general evaluation of the two types of employees.

Using the responses, we conducted a two-sided statistical test concerning the perceived differences between Canadian and German employees with the null hypothesis stating that there is no difference between the two matched samples. Finally in this section, we used the respondents' comments to gain additional insight into the comparison.

3.2.1 Absenteeism

Question 1 concerned absenteeism. Respondents had the choice between "frequently absent" rated as 1 and, on the opposite end, "reliable" rated at 7. The averages showed a slightly higher level (0.64 on the scale indicating a higher level of reliability) for German employees. Given a comparably small variance (the smallest among the twelve questions), this difference was significant at the 95% level (but not at the 99% level). We should note, though, that Canadian and German employees were both rated significantly higher than average. A participant asserted that "…but we definitely did experience that Canadians are less reliable & sufficient than Germans in the non-skilled workforce." This result is in contrast to statistical reports about absenteeism in Germany and Canada, which actually show that German workers on average miss more work days than Canadian workers. According to 2011 statistics by the German Federal Bureau of Occupational Health and Safety, German employees missed an average of 12.6 days of work due to sickness, an increase of 1.3 days from the previous year. (Zeit online, 2013). In comparison with these figures, a Conference Board survey of 401 medium- to large-sized companies show an average absentee rate of 9.3 days for Canadian full-time workers in 2011 (Stewart, 2011). The Canadian report differentiates among professions: an average of 14 days were missed by health-care workers and an average of 8.2 days in the private sector, costing the Canadian economy over 16.6 billion dollars. Similarly in Germany, health care jobs and other physical jobs hiked the average absentee rates, whereas university teachers, doctors, software developers, programmers and clerks in marketing were at the low end with 4.4 missed days in 2012 (PKV, 2013).

3.2.2 Flexibility of employees

Question 2 regarded the flexibility of employees. Flexibility of employees is a positive quality for a company. It means having employees who are flexible with respect to work hours (possibly work overtime when needed, or on weekends), the type of work they do (including training or retraining), and other issues. Flexibility also includes learning new technologies, so as to enable electronic mobility and video conferencing that will make it possible for an employee to work from home for the company (Schröder, 2012). Germans' perceived lack of flexibility is among the stereotypes listed in Schaupp and Graff's (2010) book. In our study, the scale ranged from 1 (flexible) to 7 (inflexible). The average difference between the two groups was small and coupled with a sizeable variance, it was not possible to reject the null hypothesis, so that Canadians and Germans cannot be considered to be perceived different with this criterion. There was only a single comment by our respondent, asserting that "Canadians [are, ed.] more sensitive, more flexible, more accommodating."

In a study comparing various characteristics of U.S. American and German employees, (Vogler, 2007) also discusses flexibility. The author specifically deals with career flexibility, i.e., the willingness of employees to move. Vogler notes that "Career flexibility … are much bigger in America than in Germany."

3.2.3 Ability to work independently

Question 3 dealt with the employees' ability to work independently (rated as 1) or being in need of supervision (rated as 7). It is apparent that this issue is closely related to expertise and job knowledge (Question 8): if an employee is properly trained, there is little, if any, reason to micromanage. On the other hand, if an employee is not trained well, frequent supervision may be necessary to ensure a satisfactory level of quality. For this question, the average difference was fairly large with 1.52, and the null hypothesis of equality could very easily be rejected at the 99% level. This issue actually struck a nerve with the participants of our study, and there were quite a few comments in addition to the ratings. One respondent commented on the lack of knowledge of some Canadian employees, who would—even for somewhat specialized, but fairly straightforward questions—have to call their supervisor. Further comments included "Canadian employees are more dependent, because of lack of knowledge, " "…Have to teach 19 yr. old student how to use calculator to find out room rates plus 13% HST and how much change give back to customers. Government has to improve the education system!" "…even some University students we hired in Canada and Germany were in many ways disappointing. The education level …amongst younger generations is decreasing," "Canadians should be more open-minded in general. Just go to a bank and try to ask a teller something which is not a mainstream question. The supervisor will be called. The teller is kept dumb. Hierarchy very important in Canadian corps," and "Better education based out of Germany."

An internet search revealed that Canadians appear to receive a lot of supervision in the workplace. The Community Foundations of Canada (2012) provide a job description for human resource supervisors: motivate employees, develop work team and individual employee skills, carry out disciplinary functions and conduct performance reviews. The description further states that the supervisory responsibilities increase, when the employees have little experience and knowledge. This

supports our results and comments that Canadian employees work less independent. They are used to being supervised and may have become dependent on the helping hand.

The tendency of our results to perceive independent work habits among German employees was confirmed in a recent dissertation study (UKEssay, 2014). During the study conducted with German software employees aged 40 to 65 at their work place, the researcher observed the virtual absence of any supervision. The responsible manager was often absent, but even when he was in the firm, had seldom contact to his subordinates. Despite their autonomy the employees took only moderate breaks and kept on working independently. Employees voluntarily engaged in learning the new software they were provided with. They were sufficiently motivated to continue their work or engaged in obligatory training activities without pressure from a supervisor. Technical supervision, when it was provided, was considered very bad. Employees stated that it would have been appreciated at times if superiors would show real concern and interest in the work of the employees.

The contribution by Gao (2013), which compares U.S. American and German styles of management, reaches a similar conclusion. Germany's concept of management is different because historically they honored the worker who possesses high occupational skills and works independently, an individual who does not necessarily need a manager to motivate them as they do in the United States. As a result, Germany ranks as one of the countries with the lowest rates of personnel in leadership.

3.2.4 Attitudes towards work

Question 4 focuses on the employees' attitude towards work and leisure and their balance. The extremes were "leisure-oriented" (coded as 1) and "hard-working attitude" (coded as 2). The test clearly rejected the null hypothesis at the 99% level, indicating that Canadians were more leisure-oriented, while Germans were assessed to have more of a hard-working attitude. Among the few comments was a remark that shows an implicit work-life balance as "Canadians seem to "work to live" vs. Germans "work hard – play hard" attitude.

These findings are in contrast with a number of studies in the literature. Most of these contributions seem to contradict our finding that Europeans see long vacation as a "birthright" and appear "apathetic" towards hard work (Chan, 2009). Typically, German workers receive an average of 30 vacation days per year, while Canadian employees average only about one third of that. According to Reynolds' (2004) study, a larger numbers of North American (including Canadian) workers reported wanting more working hours than they currently have when compared to their Swedish counterparts. A worldwide study by FDS International (2006) seems to support this attitude. The authors asked employees from 24 countries how they define work-life balance for themselves? 72% of Canadian workers emphasized "balancing home and work/giving weight to home issues" and achieving a "quality of life" (59%). For German workers, a balance of work –life meant "good cooperation between employer and employee" (76%) followed by "standard of working life" (67%). The perception of work-life balance includes the home life and leisure for Canadians, whereas Germans perceive work-life as workplace co-operation and as employer taking good care of employees' needs.

3.2.5 Punctuality

Question 5 concerned tardiness (rated 1) versus punctuality (rated 7). The null hypothesis is clearly rejected at the 99% level (actually, the clearest result in the entire set of tests) indicating that, at least in direct comparisons, Canadians were less punctual than German employees, thus confirming one of the well-known stereotypes (which is among those listed in Schaupp and Graff's (2010) guide).

Canadian employers highly value employees who show up for every shift they are scheduled to work, who are on time for staff meetings, who complete tasks in a timely manner, who meet deadlines and who return from breaks on time (O'Connor, 2010). Yet, several studies support our findings of tardiness at work. The CareerBuilder (Zupek, 2009) reported that 20% of their 8000 Canadian surveyed workers arrived late to work at least once a week. Twelve per cent were late at least twice a week. The reasons for tardiness range from traffic delays, lack of sleep, getting kids ready for school to public transportation, dress issues, and pet problems. Thirty per cent of employers surveyed, reported that they have terminated an employee for being late (Zupek, 2009).

Germans are famously punctual and according to a survey, close to 85% of Germans claim they take their appointments seriously and expect others to do the same (Zudeick, 2014). In Germany, the rule of thumb is that it is better to be five minutes early than one minute late. The phrase "pünktlich wie die Maurer" (literally translated "as punctual as bricklayers") refers to the tradition of being on time, even when it also refers to employees laying down their tools and not to work a minute beyond their work shift. Punctuality in German businesses is more than a matter of etiquette, but a way of doing business. However, over time, even in Germany, tardiness seems to have become an increasing problem that delays meeting times and the workflow.

Quoting Deutsche Wirtschaft, a specialized publisher in Germany, Kischuni online (2009) offers new strategies to enforce punctuality. Among them are the policy not to summarize aforementioned material to latecomers to meetings, to deal with important items up front, or to radically keep the doors closed after the meeting has commenced, similar to theater performances (at least until break time). If dramatic measures such as the last are introduced, it is important that the rules apply to everybody, including supervisors.

3.2.6 Attitudes towards customers

Question 6 dealt with employees' attitude towards customers. The spectrum offered ranged from "polite" (rated as 1) to impolite (rated as 7). The null hypothesis was again rejected at the 99% level. Tests showed that Canadians were generally seen as friendlier than Germans with the difference of almost 1.5 points on the 7-point Likert scale.

Our results support the common stereotype that Canadians are very polite. This is well-known in Canada and affects the way Canadians deal with one another (McCullough, 2014). Page (2014) quotes Bruce Grierson's essay "*Polite to a fault: Canadians are world champs. And yes, we actually did invent it*," in which he credits the Canadian sociologist Erving Goffman as the inventor of politeness:

> "Most people think of politeness as ingrained good manners, civilized bearing …
> Canadians have that kind of reflexive politeness in spades. Society is organized on the

principle that any individual who possesses certain social characteristics has a moral right to expect that others will value and treat him in an appropriate way."

It appears that Canadians are polite hoping that others will return the favor. Sales personnel who treat customers with courtesy and who pay personal attention to them are likely to have a return customer.

Germans differed significantly from the very friendly and polite Canadians. Like Austria, Germans tend to be more reserved. Corbett (2001) heard the term "personal bubble" in discussing the seeming aloofness or even unfriendliness of Austrians with American exchange students. In fact, people are definitely much more reserved than most North Americans and appear unfriendly, but may show respect for each other's "personal bubble." Servers in a restaurant will not come to the table frequently or do small talk with customers, not because they are rude or impolite, but because they want to ensure their patron's privacy. In comparison with Canadian waiters, this attitude appears less friendly.

3.2.7 Ambitions

Question 7 asked managers to rate their employees' ambitions. In particular, a highly ambitious employee would be rated 1, while an employee with a definite lack of drive would score a 7 on the scale. Somewhat unexpectedly, it was not possible to reject the null hypothesis (at the 95% level). On average, both countries scored roughly at the midpoint between ambitiousness and lack of drive.

We need to point out that while ambition is a personal trait to advance, which may work in a company's favor, if the employee's ambition coincides with the company's objectives. The survey of personal career orientation reported in the Link (2011) examining employee satisfaction and personal motivation, resulted in the ranking of ambitious workers of 25 countries. According to the survey, Indian workers are the most ambitious, which is indicated by employees' mobility switching jobs frequently, being focused on their monetary and promotion levels. In contrast, employees in Germany, Luxemburg and Hungary hardly switch their current jobs because of better job offers. This confirms our result of the lack of ambition of German employees. Canada was apparently not included in that study.

3.2.8 Employees' skills

Question 8 regarded the expertise of the employees and it rated expertise as 1, while the "lack of job knowledge" rated as 7. The test rejected the null hypothesis at the 95% level and almost at the 99% level. This is surprising as the scathing comments would suggest a much stronger distinction between the two groups. Canadians were generally seen as having less work knowledge. Comments were numerous and quite pithy. They ranged from the assertion that the education in Germany is better to "Canadian schooling standards are definitely lower….," a statement based on a family member teaching at a New Brunswick Community College, along with "The Canadian/NS [Nova Scotia, ed.] apprenticeship system requires very little knowledge and skill." In addition, problems were seen with the education in both countries. This is witnessed by statements such as "Both in Canada and Europe, the age group below 30 seems increasingly have a lesser education, work ethic, etc., compared to older generation" and "4th semester college students do not know 7 x 5 without calculator."

The difference of education and job skill between the two countries may be in part explained by the difference in their vocational education systems. Canada offers training programs for carpenters,

welders, plumbers, electricians, masons, nurses' aides, dental assistants, payroll officers, etc., in state or private Community Colleges. These programs usually last up to 1 year, including a short internship period. The German trade schooling is a combination of three-years' vocational education, including a 1-year long internship with a prospective employer. As Heinz (1999) points out, this highly-regarded apprenticeship system seems to offer more job skills and a better transition from high school (10-years' school certificate required) to the job market with good career prospects. Following his fact-finding mission of the apprenticeship system in Germany, the Canadian Minister of Education was encouraged to adapt the European skilled trade system and expand the existing Canadian trade skills and co-op programs (Goodman, 2014).

3.2.9 Working in teams

Question 9 concerned the issue of team players (rated as 1) versus "loners" (rated as 7). The Canadian educational system, as well as many business environments in the world, have emphasized team work. Our results do not enable us to reject the null hypothesis, so that we cannot claim that Canadian and German employees tend to favor team work or individual work more strongly.

Much has been written about the benefits and drawbacks of teams in business. One good reference regarding the effectiveness of teams is Sundstrom *et al.* (1990). As far as team composition is concerned, one view asserts the benefits of mixing immigrants and native population, so as to avoid the "them vs us" syndrome (see, e.g., Lee, 2007). Similarly, Randel (2003), suggests to put together teams of different nationalities so as to introduce different ideas and increase creativity. A potential increase of creativity is also pointed out by the Australian Center for International Business (2002), which, however, also mentions the added friction, conflict and communication problems of diverse teams.

An interesting result on diverse teams was presented by Earley and Mosakowski (2000). The paper presents empirical results that demonstrated that teams with rather high and those with rather low heterogeneity (as far as members' origins were concerned) outperformed teams with a moderate degree of heterogeneity. Given that teams have been formed, Congden *et al.* (2009) compare the effectiveness of German and U.S. American teams in a multicultural environment and found no significant differences.

3.2.10 Sharing ideas

Question 10 deals with the way employees share their own ideas regarding changes or improvements of the workflow (rated 1) or if they are protective of their ideas (rated 7). The null hypothesis could not be rejected, so that there does not appear to be any significant difference between the two types of employees with respect to this issue.

Today, many companies value employees sharing ideas and suggestions which they can transfer into practical ideas. Knowledge sharing which involves providing other employees with explicit knowledge such as formulas, processes, and routines is crucial as it can lead to innovation and ultimately, brand new products for the company (Jackson *et al.*, 2006). Getting employees to open up, share ideas for improvement or innovations, like the employee, who invented the 3M post-it note, also creates a place where employees feel empowered and engaged (Donelly, 2014).

To bring out employee creativity in an organization, van Dyke and van den Ende (2002) regard a system successful that strongly encourages creativity, accepts a broad scope of ideas, processes the new ideas and honors them with rewards. Motivational factors seem to play a role, when employees are hesitant to share ideas. Based on a survey of 172 employees in 50 Taiwanese companies, Lin (2007) reports that expected company rewards did not influence knowledge sharing. However, reciprocal benefits, self-efficacy and pleasure in helping others, were seen as significant motivators. According to Wolumbwa and Schaubroeck (2009), leadership styles influence employees in sharing ideas and having a voice. Ethical leaders who set clear standards, use rewards, are agreeable and conscientious, typically encourage employees' expressing their own ideas and concerns. Such leaders facilitate this behavior by providing a perception of psychological safety, which is pivotal for removing potential negative repercussions for the employee.

Given that the results in our study show no significant difference between Canadian and German employees with respect to sharing ideas vs. protective of their ideas with both groups being ranked in the middle between the two extremes, employers have much room to engage their employees so as to increase their own and their employees' benefits.

3.2.11 Tolerance

Question 11 ask about tolerance. We kept the issue deliberately very general, so as to accommodate ideas, habits, and other matters. The extremes were "intolerant" (rated as 1) and "tolerant" (rated as 7). The null hypothesis was clearly rejected at the 99% level, indicating that Canadian workers were seen as more tolerant as German employees by their employers (by almost 1.5 points on the scale). The comments on the subject about Canadian employees further suggested tolerance: "not complicated to deal with anybody…nobody arrogant"…."easy going" … and "more subtle indirect approach to conflicts in Canada." Two descriptions about Germans behavior was "arrogant" and one person commented that "Germans are thriving on adversarial behavior", whereas this respondent perceived Canadians to be "more inclusive, accommodating." The comment by a German company owner about German managers in Canada that "they are also not used to ethnic diversity and dealing with other cultures" points to multi-cultural concerns at the workplace that should be addressed.

Canada's work environment often consists of people from different ethnic and cultural backgrounds. To work well together, it is important that employers and employees ungrudgingly tolerate these differences (Smith, 2014). However, newcomers also have to know which types of behavior are intolerable in Canadian society, such as groping someone. "Canada's openness and generosity do not extend to barbaric cultural practices that tolerate 'honour killings' … "forced marriage and other gender-based violence" … (Citizenship and Immigration Canada, 2014). Tolerance encourages workers to communicate openly, to build respect and trust, to enhance cooperation and foster good work relationships while at the same time increasing productivity of the company (Smith, 2014). Employers and employees not used to a multicultural workforce, may have the tendency to consider their own culture as the norm and to view other workers' behavior or ways to conduct meetings etc., as being inferior. To increase awareness and avoid conflict with diverse groups in corporate life, recent training programs by the German international companies E.ON, Volkswagen and the Bosch group were set up for managers and skilled workers planning to work in other European countries. The courses help participants to

recognize their own reservations about others and to think outside the box (Stuber, 2009). This "tolerance" training would be helpful for any German setting up business in Canada.

3.2.12 Accepting authority

Finally, Question 12 was concerned with how employees deal with authority. The stated extremes were "takes orders well" (rated 1) and "problem with authority" (rated 7). It was not possible to reject the null hypothesis at the 95% level, so that we must conclude that there is no significant difference between Canadian and German employees with respect to this issue. However, according to one respondent, the way these two groups of employees deal with tasks assigned to them is different: "Canadians on the surface may take the order, but they just don't act on it or walk away from it," whereas "Germans will stand up against it right away, but may be persuaded by good arguments later on." The Canadian in this example shows passive aggressiveness, the German employee opposed the task.

Our results are supported by Hofstede (1980) and Aycan *et al.* (2000). Their large survey of ten countries including Canada and Germany looked at the socio-cultural dimension of "power distance" (Hofstede 1980) to assess the level of status hierarchy and power equality and their acceptance by society. The authors asked the participants four questions, such as "There needs to be hierarchy of authority in our society" and the question "Inequality of status among individuals is not acceptable in our society". Among the ten countries in their survey, the standardized scores on the value "power distance" put Canada and Germany in the middle range with almost identical scores.

As such, Aycan's *et al.*'s (2000) findings are consistent with Hofstede's results. Our survey confirms these results: firstly, there is no significant difference between Canadian and German employees when it comes to dealing with authority, and secondly, scores of employees from both countries are situated between 3.09 and 3.69 on the 1 to 7 Likert scale, which is around the mid-point, a tad closer to willingness to "take orders well."

3.3 The main results of the twelve questions

In order to display the results of this part of the questionnaire, we have chosen to use a graphical profile. In order to do so, we have to convert all results into a form, in which a high number corresponds to a desirable feature, while a small number relates to an undesirable trait. For most features, this is a fairly straightforward trait, e.g., being reliable is a positive trait, while being frequently absent is not, or being hard working is positive, while being leisure-oriented is not. Things are somewhat more complicated when relating to team players vs loners and sharing ideas vs being protective of one's own ideas. As the basis for our interpretation, we have used the notion of what is best for a company to function smoothly, so that a team player and the sharing of ideas will be seen as positive. The solid line in Figure 1 shows the average responses regarding Canadian employees, while the broken line represents average responses for German employees. While replies could range from 1 to 7, averages ranged between 2.4 to 5.7, so we chose to exhibit only a range from 2 to 6. All replies in Figure 1 have small numbers of undesirable and high numbers for desirable traits.

For clarity, we summarize the twelve questions Q1 to Q12.

Q1: frequently absent vs reliable

Q2: flexible vs inflexible

Q3: works independently vs needs supervision

Q4: leisure-oriented vs hard-working attitude

Q5: tardy vs punctual

Q6: polite vs impolite

Q7: ambitious vs lack of drive

Q8: expertise vs lack of job knowledge

Q9: team player vs loner

Q10: share ideas vs protective of own ideas

Q11: intolerant vs tolerant

Q12: takes orders well vs problem with authority
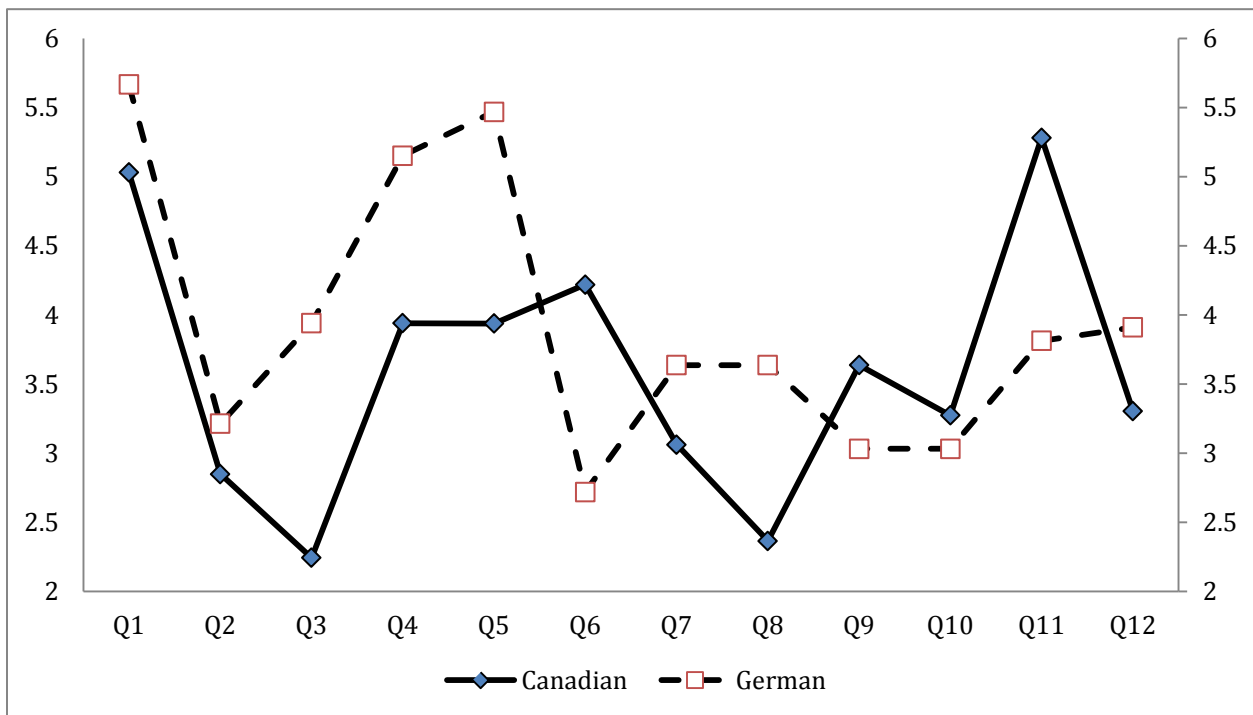
Figure 1

4. Summary & Conclusions

This paper has investigated reasons for the location choices of German entrepreneurs in Canada and employers' opinions based on their perceptions regarding the differences between Canadian and German employees. One of the main conclusions regarding locations is that the typical locations models in the literature, in which transportation costs play the key role, do not appear applicable. In particular, our sample reveals that personal choice, such as love for the country or the area, the existence of opportunities, and the present infrastructure are the main reasons to locate new businesses in specific areas. Regional planners may use these results to provide potential emigrants with pertinent information

about opportunities they offer, and they may put together interesting packages to convince entrepreneurs to make their region the new firm's location of choice.

As far as human resource comparisons are concerned, there is a surprising number of differences in the evaluation of German managers concerning other Canadian and German managers as well as between Canadian and German employees. While German managers are seen as more authoritarian, they are also associated with longer-term planning horizons than their Canadian counterparts.

As far as differences concerning traits of Canadian and German employees are concerned, our comparative survey results show significant higher scores in worker punctuality, skill expertise and independence in German employees and significantly higher scores in politeness, tolerance and reliability with Canadian employees. The results suggest that even in the globalized early 21st century, with a perception of similarity between the two countries, German managers, who freshly come to Canada to administer a German subsidiary firm in Canada or who become entrepreneurs there, must first become aware that their own cultural attitudes should be adapted to Canadian values. This includes an empathic attitude for Canada's diverse reality of a multicultural work environment, including customers and clients. As one respondent put it succinctly: "We are dealing with two completely different cultures. Due to similarities in infrastructure, some shared history and the supposed familiarity with the English language, people and workforce may perceive similarities in certain areas, but this assumption is invalid!! … Both sides need a very high level of awareness for intercultural differences." Another respondent provided a general guideline for creating a successful work atmosphere: "The best, in my experience only solution is to apply the very same care and mindfulness that both cultures apply to groups from more obvious different cultures. Both sides need a high level of awareness for intercultural differences." First steps in this direction are provided by the official site of the Canadian Government (Cultural Information – Germany, 2009) as well as in Schaupp and Graff's (2010) bilingual guide and the Petersen's (2014) guide, who all present a number of helpful hints for German companies planning to set up shop in Canada.

Notes:

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Appendix

Questionnaire

Part 1: Basics

1. Name of the Company	
2. Location (respondent's firm/branch), province and town only	
3. Type of business (food, lodging, energy, retail...)	
4. This branch/company established in Canada since	
5. (Approximate) number of employees (this branch only)	
6. Respondent's position in company	

Part 2: Location

1. Reasons for locating in Canada.	
2. Reasons for locating in the Province you have chosen for your business.	
3. Reasons for locating at the present site.	
Note: Reasons may include infrastructure, type of workforce, taxes, business climate, political stability, employee training, personal knowledge of people or area, bilingualism, access to markets and/or suppliers, labor costs, attractiveness or knowledge of the area, demographics of area, costs...	

Part 3: Human Resource Management

1. (Dealing with other managers): Are there any differences in management style in Canada & Germany? (e.g., dealing with conflicts, taboos, conducting meetings, separation of personal & professional life, humor)	
2. (Dealing with employees): Did you experience any differences between managing employees in Germany & Canada?	

3. In your own experience, please circle the number that best expresses the worker attitude in question.

Canadian	Frequently absent	1	2	3	4	5	6	7	Reliable
German	Frequently absent	1	2	3	4	5	6	7	reliable
Canadian	flexible	1	2	3	4	5	6	7	Inflexible
German	flexible	1	2	3	4	5	6	7	inflexible
Canadian	Works independently	1	2	3	4	5	6	7	Needs supervision
German	Works independently	1	2	3	4	5	6	7	Needs supervision
Canadian	Leisure-oriented	1	2	3	4	5	6	7	Hard-working attitude
German	Leisure-oriented	1	2	3	4	5	6	7	Hard-working attitude
Canadian	Tardy	1	2	3	4	5	6	7	Punctual
German	Tardy	1	2	3	4	5	6	7	Punctual
Canadian	Polite	1	2	3	4	5	6	7	Impolite
German	Polite	1	2	3	4	5	6	7	Impolite
Canadian	Ambitious	1	2	3	4	5	6	7	Lack of drive
German	Ambitious	1	2	3	4	5	6	7	Lack of drive
Canadian	Expertise	1	2	3	4	5	6	7	Lack of job knowledge
German	Expertise	1	2	3	4	5	6	7	Lack of job knowledge
Canadian	Team players	1	2	3	4	5	6	7	Loner
German	Team players	1	2	3	4	5	6	7	Loner
Canadian	Share ideas	1	2	3	4	5	6	7	Protective of own ideas
German	Share ideas	1	2	3	4	5	6	7	Protective of own ideas
Canadian	Intolerant	1	2	3	4	5	6	7	Tolerant
German	Intolerant	1	2	3	4	5	6	7	Tolerant
Canadian	Take orders well	1	2	3	4	5	6	7	Problem with authority
German	Take orders well	1	2	3	4	5	6	7	Problem with authority

Part 4:

Please add any additional concerns that you have or solutions to problems that you have used or suggest.