GLOBAL BUSINESS MODELS MAPPING: THE AMERICAN AND EUROPEAN MODELS

ABSTRACT

The globalization of business markets requires rethinking existing management theories, and demands a global mental map, open to cultural diversity. The direct competitor, once across the street, might now be kilometres away, putting pressure on companies to continuously learning, developing their competencies and updating their knowledge. This refers not only to practical and technical knowledge, but also to a wide-reaching knowledge of cultures and markets, be they strong, emerging or weak. As such, this article seeks to present theoretical guidance on the manner in which managers “think strategy” in two very different contexts – those of the US and Germany. Management models for each, related to their specific cultural characteristics, are presented; and the implications of each considered.

KEYWORDS: Globalization, Management global map, Management culture.

1. INTRODUCTION

From its beginnings, the goal of organisational strategy has been the study of the relationship between organisations and their environment in a long-term perspective (António, 2006), but the globalization of the economy and the development of information technologies have forced a rethink of the existing management theories. Read, management theories, global management map or, corporate governance theories, as the same domain of analysis. Economy today expresses its effects over thousands of kilometres, requiring that management be more attentive. Today, more than ever, we stand before an increasingly close society, and the managers’ movement from one point to another has become commonplace in this new international context. Therefore, the change in the environmental context requires a comprehensive mental map (ie, an overview of different models of organizational governance), open to cultural diversity, knowledge of other cultures and markets, and the integration of new values, which are today, more than ever, the main critical success factors for business management. (Kang et al., 2012; Fisher, 2014; Tihanyi et al., 2015)

The theoretical basis of this article seeks to explore exactly these assumptions, showing that the study of different forms of management, the cultural knowledge of the different contexts and international realities and the capacity to absorb all this knowledge should be the key to success. The important thing is to know what is done and how it is done, in the "four corners of the world", having the mental willingness to learn and to understand how knowledge is managed and therefore generated, not only to ensure a greater ability to compete, but also to incorporate, or at least to know, how others act – regardless of location, culture, or market values.

In short, even if one can anticipate the future or constantly adapt to environmental changes, the words "knowledge" and "global map" must be the first to appear in dictionaries of individuals and organisations as they are today universal themes, and the way we treat and teach them can provide a valuable source of learning.

Despite the numerous significant economies that are a part of our global map, and the existence of many others that have recently emerged, it is important to know in detail the two that still occupy the top positions in the world in terms of available capital in international markets, the U.S. and Europe, the latter being presented by its most representative model, the German one.

This article is split into two parts. The first shall present the Anglo-Saxon and North American model, and will discuss how North Americans manage themselves, in a dynamic based on an individualistic character which has nevertheless offered benefits for its business activity and allowed to consolidate real, sustained and lasting competitive advantages for the organisations and the workers themselves in the various industries. In the second part the European model shall be presented, with all its diversity and lack of own identity, managed especially by a German economy relying on an internal social character and on a more hybrid blend it has found itself forced to adopt in the last few years, so as to also be able to consolidate a set of unique competitive advantages in the international panorama. Some final considerations will be made upon the analysis of these two theoretical orientations. As for the business community, it is not intended to present a magic formula to manage organisations. Instead, it is only intended to generate reflections and ideas that may assist managers to better manage their organisations from the point of view of corporate governance and international management. As for the scientific community, this article aims to explore, from the theoretical point of view, two directions of strategic thinking which have obtained considerable success in our global map of corporate governance.

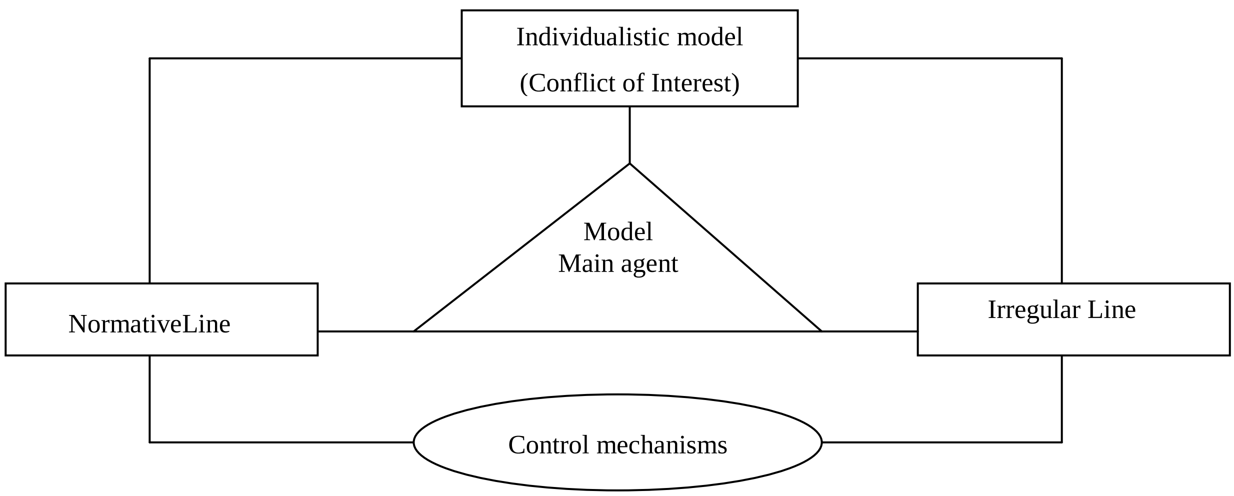
The conceptual nature of this article illustrates how an overview of the the nature of corporate governance can trigger future academic research, and allows us to better face the complexity of the subject, This includes a comparative analysis of various models and the introduction of new dynamisms into current models, in order to create hybrid models that can facilitate manager´s investment decisions.

2. LITERATURE REVIEW

2.1. The Anglo-Saxon model of Management

The Anglo-Saxon model, or agency theory, as it is known in the business world, has been a model used over the years in universities by authors such as Walker and Weber (1984), Demski and Feltham (1978) Spence and Zeckhauser (1971), Basu et al. (1985), Eisenhardt (1985), and White (1985). Although some authors such as Perrow (1986) are involved in controversy, calling the model trivial and dangerous, the truth is that whether one likes it or not, it embodies the foundation of a powerful organisational theory (Jensen, 1983; Barney & Ouchi, 1986; Anderson, 1985; Eisenhardt, 1985), and its example as "characterized by its great universal nature" (Ross 1973: 134) regarding the restoration of the importance of incentives and personal interests in organisational thinking - Figure 1.

Figure 1: Anglo-Saxon Model of Management



Source: Produced by the authors

Briefly, what the Anglo-American model tells us is that, in most cases, there are conflicts of interest. Downstream of the chain are thus today's faceless. These are primarily companies that buy other companies or own part of their shares without being identifiable, what also leads to the absence of interested in which way businesses are managed, the main objective is to create control mechanisms (which obviously creates costs) and with it getting 20% of their income or results (Eisenhardt, 1989).

The problem here lies in the fact that these shareholders have no information about what happens in the company, unlike the company's managers, which leads to the latter gaining power and beginning to pursue individualistic goals, such as becoming presidents of large companies. Consequently, the idea that managers are in business to pursue the interests of shareholders without having an interest of their own is suppressed, leading to a more standard approach according to which the company is an interaction of contracts between shareholders and managers, which highlights, in this model, the individualistic dimension versus the group factor (Eisenhardt, 1989).

In other words, following the approach of Jensen and Meckling (1976), the Anglo-American model of corporate governance is ruled from the principal-agent approach, based on a relationship where the principal (shareholders) hires an agent (managers) to make decisions in a powerful directional way. In a narrower sense, it is a delegation of the service of authority known as agency theory, fundamentally linked to the conflict of interest between the principal and the agent, or what is commonly called centralized residual loss in the conflict of interests and differences between the parties.

The study of this theory has fundamentally focused mainly on the normative line, linked to the economic point of view, recognising that the interests of the agent (monitoring manager) and of the principal (the owners) are to be achieved with governance innovations and incentives, and on the irregular line, leading to a vision according to which managers often tend to mislead the principal or owners, trying to maximise their own usefulness than that of the company itself. This is associated with moral hazard and opportunistic behaviour by the agent, further than mere practices and actions that tend to benefit their own interests, as well as the assumption of behaviours that tend to alienate good agents, as well as hiding information so that it will not even come to be known by the company (António, 2006).

So what this model tells us is that, whether we like it or not, the organisational route is covered in personal interests (Barney & Ouchi, 1986) and risk (Walker & Weber, 1984) that may influence the contract between agent and principal. But more important than disclosing personal interests between actors, or describing the risk contained in that interaction (in the latter case, as evidenced by Eisenhardt [1989], this can be removed by investing in information systems that can in some way control certain managers' opportunism), it is essential to understand this model as a perspective for analysis when compared with other complementary theoretical perspectives.

2.1.1 The Management Model of the U.S.

The U.S., with its industrial and business dynamics, typically Anglo-Saxon, has always been part of a distinct set of countries in the world known as world powers, responsible for the growth and development of many economies in our global map. In this particular aspect, economists, entrepreneurs, managers and scholars are unanimous in stating that the U.S. is the only country able to reinvent itself, which, among other aspects, is due to the multiplicity of nationalities that make up its business landscape (Nimgade, 1989; Blanco & Golik, 2015).

If we look at the major North American universities and their "brilliant" students, these have always been from the most diverse countries such as China, Taiwan, Hungary, Mexico, and many other countries, which made its education system unique in the world. According to Wriston (1990), this multiplicity concentrated in U.S. huge companies, which in turn led to increased levels of competitiveness in the country, the need to retain talent to meet those same competitive standards, and the establishment of a set of other dynamics that serve today as a basic expression to characterise the business system.

The vanguard U.S. education system, consisting of students from the four corners of the world, can thus be described as injecting determinant gains in the U.S. labour market, being part of the answer has to be taken by its corporate structure to respond adequately to the increasing pressure that has been exerted by numerous global economies and increasing competitiveness levels.

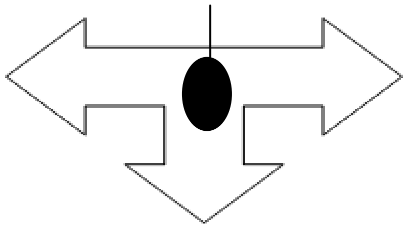
In response to this phenomenon, North American companies have increased their efforts in the development of knowledge and motivation in their internal structures so that their employees be more loyal and linked. Financial control, once the pillar of their bureaucratic system, increasingly gives rise to inspiration, the flow of information between all levels of management, and leaders' ability to mobilise the company's whole structure to solve concrete problems and identify those employees that can effectively be able to solve these same problems. It can thus be said that the management model of the U.S. has sought to be based on people and on the identification of who can create value, not only in terms of products, but mainly in how decisions can be made.

It is, however, noted that despite the North American management model (1) having a set of unique infrastructure business, (2) striving for a strong commitment of its model towards meritocracy (governmental system based on merit) and economic liberalism (a purer version of capitalism and the free market), (3) holding a huge internal market and being characterised by low bureaucracy, (4) having a strong focus on performance and great flexibility of business structures to react to the market and make decisions quickly, (5) and consisting of managers commonly described as simple, sincere, reliable, innovative, open-minded, objective, pragmatic and flexible, several reports indicate that the characterisation of this model goes far beyond the assumptions above (Hansen & Jorgensen, 2000; Vo & Hannif, 2013; Kang et al., 2013; Fisher, 2014; Blanco & Golik, 2015), having: (6) inefficient, excessive and inappropriate regulation of their businesses, (7) high turnover rates derived from the liberalism of its labour legislation to allow to hire and let go of employees easily, (8) litigious environment between businesses, (9) large domestic market as the foundation base of inertia and parochialism, (10) stifling legal system, (11) insufficient (still) monitoring tax fraud, (12) unfair practices between trading partners, (13) business structure oriented for the short-term with an emphasis on rational strategic planning, (14) simple strategies ignoring, most of the time, the complexity of things, (15) complicated intra-department relations, (16) impatient, capricious and superficial managers, (17) emphasis on image, charismatic leadership and style instead of focusing on the content and substance of things, (18) culture of materialistic and individualistic management, judging people by their wealth and positions (19) large salary gap between different levels of management and very low wages at lower levels, and (20) aggressive, uncompromising, and very pragmatic managers, typically due to the parochial education that characterises American society - Figure 02.

Figure 02: Management Model of the U.S.

.

U.S



Environment

*(*1) Huge domestic market and reduced levels of bureaucracy;
(2) Economic liberalism;
(3) Inefficient, excessive and inappropriate regulation of their businesses;
(4) Excessive liberalism of its labour legislation and high turnover rates;
(5) Suffocating legal system;
(6) Monitoring (still) short of its fiscal machine.

Managers

(1) Simple, honest, reliable, innovative, open-minded, objective, pragmatic and flexible;
(2) Aggregates and provincials;
(3) Impatient, unpredictable and superficial;
(4) Emphasis on image, charismatic leadership and style instead of focusing on the content and substance of things;
(5) Aggressive, uncompromising and pragmatic;
(6) Parochial education.

Companies

(1) Unique Business Infrastructure;
(2) Strong commitment to meritocracy;
(3) Strong orientation to performance
(4) High flexibility of its business structures to react to the market and make quick decisions;
(5) Litigious business environment;
(6) Unfair practices among trading partners;
(7) Business structures oriented to the short-term and rational strategic planning;
(8) Simple strategies, most of the time ignoring the complexity of things;
(9) Complicated relations between departments;
(10) Culture of materialistic and

Source: Produced by the authors

As we can see, although the US management model emerges from the universal nature of the Anglo-Saxon model, typical of the 1970s and 1980s (Zeckhauser 1971, Meckling, 1976; Demski and Feltham, 1978; Walker and Weber, 1984; Basu et al, 1985;. Spencer and White, 1985; Eisenhardt 1985.1989; Barney and Ouchi, 1986), it has in fact developed as a hybrid structure grounded on the assumptions disclosed in Figure 2 (Hansen & Jorgensen, 2000; Vo & Hannif, 2013; Kang et al, 2013;. Fisher, 2014; Blanco & Golik, 2015).

2.2 The European Management Model

Europe is a small continent with a broad awareness of its own history. Being European means to have a much more precise identity than the one associated with people who are African, Asian or American, given the geographical origin (Schneider, 2005).

In the Roman Empire time in the late nineteenth century, Western Europe was viewed as anarchic and administratively inaccurate, which would lead to the emergence of the current view of topographically imprecise distinct boundaries within the European continent (Pugh et al., 1993; Deeg, 2005). Five centuries after the empire of Charlemagne, this view also corresponded to the same scheme and a vision of Europe of six countries, then consisting of the Benelux countries, constituted of Italy, France, West Germany and Catalonia, which left out Southern Europe. But this observation was not even original. We have a very concrete example. Even today, entering Hungary is like entering a new stage in the world, confirming the invisible line that runs through and divides the North and South of Europe since the 1960s (Ferrera, 1996). In fact, the German imperial legacy and its overwhelming European domain, partly contributed to the cloudiness of a truly united Europe, showing how different the North, South, East and West of Europe are. The idea of a united Europe has been around for many decades. Already in 1942, the British Prime Minister Winston Churchill, as many politicians in his time, had in his mind the idea of a united Europe - even if these ideas were outlined in meetings and led to inconclusive discussions of what in fact the "country Europe" would become, a scenario that has persisted until the present day (Sapelli, 1995).

Even before that, in 1920, efforts had already been made by the French statesman Aristide Briand and his German counterpart Gustav Stresenann to attempt a real European diplomatic cooperation advocating the end of customs barriers and the creation of a European currency. However, in a real vision of "déjà vu", the German nationalist minister then refuted this idea because, according to this, European interests would be much better served in a broader context and perhaps indefinitely (Graziani, 2002). Continually, the years 1950 and 1957 marked attempts to establish a common market, or more precisely a new way of dealing with the same old problems, which in part can be analysed in the light of issues of power, sovereignty or economic or circumstantial character (Ferrera, 1996).

A truly European Union can be characterised as a mere illusion that, although well-intentioned, is not enough to explain the mutual economic benefit for its member states from their formal agreements throughout history, starting in the 1950s, and through to the signing of the treaty of Rome in 1957 (which was for a common market), the establishment of a full customs union in 1968, the Hague meeting agreement in 1969 to broaden the community, the European single act in 1985, the treaty of Maastricht in 1991 that formally established the European Union (EU) and the Lisbon treaty which entered into force in December 2009, intending to give the E.U. modern institutions and effective working methods enabling it to respond more effectively to the challenges of the new millennium (characterized by rapid changes in cyclical terms) at the level of issues related to globalisation, climate change, security and energy (Gambarotto & Solari, 2012).

In the framework of this historical evolution, the Marshall Plan could also have had an important contribution to this end, but turned out not to have any such effects due to the continent's situation. The United States' aid to Europe of about 248 billion USD delivered between the years 1948 and 1952 could have been effectively decisive, but turned out not to be (Soskice, 2007).

The Marshall Plan put Western Europe in a fortunate position to import raw materials, invest in public infrastructure, and preserve and increase earnings and domestic consumption, all while maintaining employment at historically low levels and even managing to control inflation. However, although the Marshall Plan aimed to begin Europe's economic recovery after the world wars, it is important to mention that the plan's importance was not only in terms of economic performance, but mainly because it prevented major political and social changes that were beginning to emerge given the existence, at the time, of a real transfer of thoughts between investing in modernisation and consumption. Still, it is important to mention that the European problem has always been beyond just the issues of modernisation and consumption. In truth, if we study the history of Europe since the post-war decades, thinking of Europe means looking to the West. This is because cooperation with poor neighbours to the East and the South has always been seen as something to avoid, as in most cases it results in the absence of any material benefit (Schmidt, 2008).

With some rigor and precision in terms of historical analysis, this division exists from as early as the seventeenth century. Even then, the important division was not East-West, but North-South. In the seventeenth century, the distinction was notorious. Northern Europeans were characteristically Protestants (Lutherans, Calvinists and Anglicans), spoke languages with Germanic roots and started to be divided into nation-states with clearly defined borders. As for Southern Europeans, they spoke a Latin-based language, professed the Roman Catholic religion and lived in communities still governed by emperors and popes (Ferrera, 1996; Graziani, 2002).

Even today, in many ways, Budapest, Warsaw (though with noteworthy development in recent years), Vilnius, Zagreb, Prague, Vienna, and Moscow are only partially and vaguely European. There are multiple "Europes", all with legitimate claim to the throne, but none with monopoly, some known and others wanting to be known, some with respectable members and others with a set of "poor relatives", embarrassing, somehow boring and always annoying. Although it is noted that certain European countries have had remarkable developments, then, never can it be considered or pretended that one day we might have a "central Europeanness" because this idea is, at best, nostalgic, and at worst, a scam (Oertel et al., 2016).

Although the boundaries which divide Europe have changed over the years, a rich and poor Europe have always existed and still exist. Until very recently, the Mediterranean coast and its urban fabric, from Marseille to Istanbul, were among the most prosperous regions in Europe. In contrast, the Scandinavian lands were poor for much of their history. Currently, with few exceptions, the situation is absolutely reversed (Deeg, 2009). Another concrete example are the Eastern countries, mostly rural, and completely backward relative to the Northwest, which is more urbanised. The European urban corridor from Hamburg to Milan, in contrast, has always been a centre of prosperity and progress (Schmidt, 2008). All this, fundamentally since the 1990s, has been in parallel to a crescendo in anti-European feeling. The fall of the Iron Curtain and the creation of a prosperous Germany in 1989 also contributed to this sentiment. The creation of barriers (often dissimilated by diplomacy) existing between the so-called Europeans "engines" started the gradual decline of "Europeanism". In fact, the growth trends in the European economy no longer have the same effect as in the years of explosive economic growth of the 1960s, absorbing the excess workforce and pushed those who were in a worse situation, believing at the time they would have solved the problems of production and there was only need to adjust the distribution and avoid excess. Instead, nowadays, Europe has business and industrial wealth and opportunities in the Northwest, with nothing being done to undo this disparity. Then we have the South (with Portugal and Greece heading the group), referred to by many as the class of the economic excluded, for whom the European Union is the only source of help (Rangone & Solari, 2012).

On the other hand, it is hard to imagine a united Europe when, internally, many countries live a clear lack of national identity. The case of Catalonia is an extreme example. Catalonia seeks an autonomy that could end up not only in their economic self-sufficiency, but also in the setting up of an ancient and uninterrupted linguistic heritage. Another example is Italy and the unwillingness of Northerners to share the country with the South, considered by the former to be unnecessary. And there is also the example of the Flemish, with claims to language, administrative autonomy and their own identity in Belgium. We also have Czechs against Slovaks, Croats against Slovenians, and Russians against Ukrainians and other countries that constituted the disaggregated U.S.S.R. (Schmidt, 2008). In other words, Europe is too large and unclear a concept to be built around a compelling human community; the historical concept of identity is fundamentally linked to one's own nation, often populated by an enormous range of frustrated individuals, resulting in a huge social crisis.

European production, trade, and finances are now globally organised. However, the less important role of family, church, political parties and trade unions, and the increasing pressure on governments to reduce benefits earned by citizens over the years in terms of social security and solidarity, among others, without regard to the intrinsic history of certain countries, inevitably leads to a breakdown of the various countries. According to these assumptions, the European economic and business model can be considered as a "closed model", whose macro-economic criteria are defined by Germany, without which there can hardly be a European government able to dominate the markets.

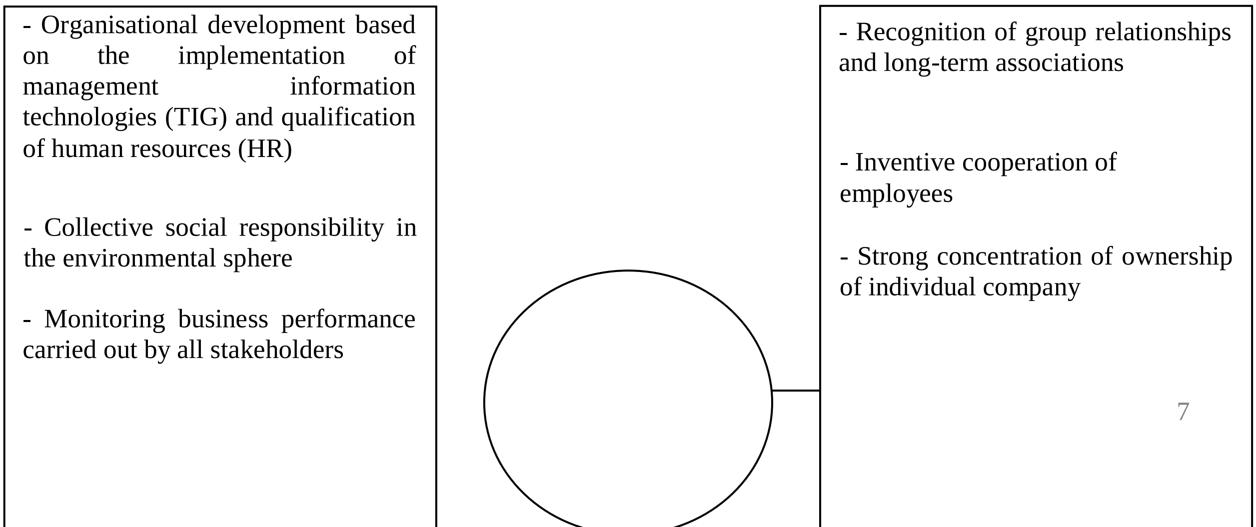
2.2.1 The German Management Model

2.2.1.1 The Concept of Co-decision German Model Previous to 2003

As noted by the illustration of the principal-agent model, the involvement of stakeholders lies short of affiliation to a collectivist ideology, being more linked to a way of managing where competitiveness is the watchword. This governance structure, the aggressiveness in sharing markets and profits, and conflicts between personal and organisational interests redesigned a model seen by many as wrong as it focuses on the unsophisticated view of the company and exclusion from a collectivism and synergy paradigm in trend in this new century. However, while many European countries, such as Portugal, also advocate for this type of organisational philosophies, there are many others that show significant differences in their governance structures. One of those governing models is represented by the most distinguished European model, the German one. Unlike the Anglo-American model, before 2003 the German model emphasized the need for free competition, which included hostile takeovers and a cooperative philosophy, centred in the concept of co-decision (António, 2006).

The sophisticated view of companies presented by the German model considered the company as a social vehicle, involving the business society as a whole so that the combination of strength and knowledge contributed to what António (2006) refers to as reading the global map, defining the same map as something broader that goes far beyond the welfare of shareholders. Briefly, it can be stated that the German model rested on continuous monitoring of managers by stakeholders, grounded in long-term relationships, whose implicit commitment generated mostly important aspects in their decision making, which itself allowed the possibility that most of the time they were made true inter-firm cartels agreements that allowed the creation of commitments, and not incentives to sell shares, having the SMEs unlisted in the stock market a major role in terms of importance in their business society - Figure 03.

Figure 03: German Management Model



German Model

- Focus on training and general education

- Operating costs also supported by certain stakeholders (diluting the Anglo-American vision in which costs and profits are the sole responsibility of the company buying the product)

- Financing by the bank and not the by the stock market

- Reputation in the quality of relationships (ethics) with suppliers, customers, employees and other stakeholders

- Supporting causes related to developing countries

- Cooperative and innovative management of companies

Source: Adapted from António (2006)

The characteristics shown in Figure 3 were the basis for Germany to be described in the 1980s and part of the 1990s as a coordinated economy and a reference regarding the approach in terms of social partnership in industrial relationships, whether concerning wage negotiations, corporatist schemes for vocational training and/or a correct coordination of workers' rights. In other words, compulsory and comprehensive social security schemes are seen in this perspective as being one of the main features of the model that characterized Germany until 1997, or more precisely until 2003, which overlapped the defence of the workforce against loss of income and/or statutes that certain professional classes may enjoy.

The German political system characterised a consensus-based system, the result of cooperative federalism, governing by coalitions, hunting the legislative vote, and the concentration of macro corporatism, which at numerous times in its history led to efforts to restrict political reforms seeking to address what was being generated by the globalised world (Katzenstein, 1987; Czada, 2005). But, historically, although the change of governmental basis if later years had given, the 1990s (after the unification of the West and East Germany) started a new paradigm in the German social and economic context, with the implementation of some structural reforms that in some way changed the structure and the financial and business regulations kept until then (Posen, 2009), especially in terms of the necessary measures to improve the legal protection of shareholders, the liberalisation of the stock market, and the incorporation of innovative actions in business terms.

2.2.1.2 The New Paradigm in the Social and Economic German Context

Although, as mentioned before, transitional movements were made, indeed pressures to pursue deeper financial reforms were still quite moderate, because politicians believed that the income achieved in 1990 by East Germany, of 500 billion Deutsche Marks (DM), against the 108 billion DM recorded in 1989, would support and serve as a buffer to manage the costs of unification, which was then seen as insufficient. Two years later, the balance of German payments recorded a deficit of 150 billion DM, with the country being forced to pursue a high interest rate policy to attract foreign capital that could finance its economy (Czada & Hirashima, 2009).

It is important however to note that during this period the country enjoyed virtually no political conflicts. It was a period during which party policies and federal relations that were still characterized by a widespread consensus and a welfare state where training and retraining, reduced working hours and early retirement served as a basis to restrict the work supply while facing high unemployment at the time. This was the paradigm until 1997 (Czada, 2002; 2004; 2005).

The social consensus of 1997, then, goes back to the 1950s, when the achieved agreements were questioned, as a result of the rejection by the Social Democrats of the drafted reforms introduced by the socialist government (Cerami, 2004; Czada & Hirashima, 2009).

Since then, numerous conflicts have arisen in terms of the continuation of the welfare policies features of the previous German model, which in turn worsen the forces of global economic circumstances that led to true situational constraints and the need to act pragmatically (Cerami, 2004; Czada, 2005; Czada & Hirashima, 2009). These constraints in terms of social welfare truly had their beginnings in 2003, at which point a series of structural reforms (Hartz) was initiated in the labour market in order to avoid the financial collapse of the welfare system, either by reducing the amounts dispensed by the unemployment fund, or by increasing the employability founded in strengthening the individual responsibility of each citizen (Czada, 2005; Buhr & Schmidt, 2007). These restructuring efforts required unprecedented legislative reforms undertaken by Germany to promote the country as Europe's financial centre (Czada & Hirashima, 2009).

New regulations on the stock market (more transparent participation of companies in the stock exchange), restrictions in terms of voting rights of banks in business by delegation (not automatically assuming the right to vote because they have more than 5% of capital achieved by proxies) and the abolition of the tax on capital gains on the sale of equity investments (increasing the level of rivalry between different industrial groups) are just a few examples of these promotion efforts (Lutz, 2000).

This cycle was followed by the deep crisis that Europe and the world plunged into in 2008, which further accentuated conflicts that had been on the rise since 1997, resulting hence in a new set of institutional reforms and opening new paths in the development of policies and initiatives to pursue these same reforms, among them being acts to promote the financial market, the further reduction in social welfare, and a set of actions that led to drastic reductions in terms of the country's financial budget balance (Czada & Hirashima, 2009). But even if these reforms have somewhat altered what until 1997 characterised the German model, by involving the business society as a whole, by maintaining a continuity of the German governing structure, and considering its companies as social vehicles, these reforms alone were not enough, culminating then in the so called 2010 Agenda.

The strong German budget deficit and the loss of competitiveness in the international arena forced the German Chancellor Gerhard Schröder to implement a more comprehensive package of reforms, with the 2010 Agenda (based on a dominant neoliberal orientation) bringing about real changes in taxation, public health, pensions, labour market and municipal finances, as well as starting a debate on professional deregulation.

Since that time, the "gap" between German public revenue and expenditure has indeed diminished considerably, as well as unemployment rates, the number of the unemployed falling from 5 million to 3 million between 2005 and 2009 (Czada & Hirashima, 2009), although this result is fundamentally linked to a decreased quality of life, a considerable increase of part-time work (increasing from 11% to 17% in 2009), as well as to a certain distortion of the realities lived in the East and West of Germany. That is, although these results point to homogeneity of performances in political, social and economic terms, these results are actually not reflective of reality. Although Germany is today far from the heterogeneity experienced by the German Empire in 1871 (Weimar Republic), or even from that of the period prior to unification in 1989, the truth is that, Historically, Germany was always characterized by its heterogeneity.

In 2007, according to Bohr and Schmidt (2007), 16.8% of 13 million East Germans were unemployed (1.3 million), while 2.5 million of 65 million West Germans were unemployed (8.4%). In this sense, despite the fact that over time the amplitudes and inequalities between these two realities have partially faded away, the truth is that there are still significant differences in social and economic terms, for which reason German society cannot be characterised as equitable.

In fact, during the two decades following the fall of the Berlin Wall, there are still political, economic and social differences between East and West Germany. Research documents this kind of inequality; in the East there is the widespread opinion that the country is not equitable in social and economic terms, or in terms of justice, and that there are not equal opportunities for all citizens (Czada & Hirashima, 2009). Notwithstanding, while scepticism is more accentuated in the East (for the above mentioned reasons) the truth is that in Germany there is widespread and growing public disappointment given the successive policies that have been carried out by successive governments, leading to a feeling of disenchantment which has not only taken the ideological right to turn more to the left, but also to the discontent of citizens towards democracy (Posen, 2009). Thus, supported by an export strategy fundamentally relying on Europe (up to two thirds of all exports), making Germany less sensitive to turbulence in global markets and less vulnerable to changes in competitiveness factors among nations and continents and directed also at emerging markets such as China, Russia, India and South Africa, Germany's direct dependence on the American economy has gradually decreased and, although this may vary from sector to sector or in terms of products (e.g., in the automobile manufacturing industry the country remains highly dependent on the American economy), the truth is that the German government's policies have been successful, ensuring that Germany is still the European "engine" in economic terms, focusing mainly on the expertise of the automotive manufacturing industry, industrial engineering and construction, and chemicals (Scharpf, 2003).

What all this tells us is that the capitalist German model, which was previously characterised by a synergetic business society and governmental and corporate structures that functioned as social vehicles, is now a hybrid model that tries to combine into it the virtues of the Anglo-Saxon model, characterised by a greater pragmatism in facing global changes. The current German model is therefore characterised by the attempt to combine social balance and economic flexibility in terms of the financial and corporate markets, the governing strategy today being linked to structural reforms that serve as a constitutional brake on the increase of public deficit, which was in 2011 of 1.5% of gross domestic product (GDP) and, in 2014, a percentage very close to zero, something that has not happened since 1969, reaching that year record levels of tax revenue and a decrease in the cost of services which contributed to a balance in the public accounts led by Angela Merkel that was only expected for the year of 2015.

3. FINAL CONSIDERATIONS

Like any work in progress, there is not a universal model of business management, nor should one think in terms of a single and efficient management structure that all companies or countries should implement. Management is and will always be considered as something systemic and in constant evolution. Companies should be encouraged to learn from each other and to exchange experiences, views and ideas, regardless of country or continent where they are located, because, as in any knowledge structure, the secret always lies in adopting the best policies and practices and not what is unsuitable from an analysis the point of view in a given context.

To that extent, the knowledge that we can absorb from other cultures and markets becomes central to the construction of a mental global map of our managers in the development of their organisations. That is, either by the adoption of better policies and models that they can perfectly implement in their organisations, or by the interchange that managers are currently subjected to, in facing a global economy and management, this paradigm requires, more than ever, the perception of the world as a whole and long term thinking, based on collective social responsibility with respect to all stakeholders, suppliers, shareholders, customers, employees or any other.

We are before a world that has to be thought of in a complex manner, and to deal with the phenomena of innovation, entrepreneurship, motivation, work synergies among employees, involvement of customers, suppliers and community, these aspects are fall far in a free society that requires movement of capital, goods and people. Today, more than ever, this complexity entails a great ability to integrate the best knowledge existing in organisations at a global level. However, it is necessary to know and manage information and think of strategy in the four corners of the world.

There must be a theoretical orientation that enables the knowledge of managers, academics, and students, allowing them to understand how to fight and survive companies globally. If not, there is a risk of having people manage anywhere in the world and not knowing the competitiveness around them – that is our global reality. This article thus aimed to present the models of the two economies that still occupy the two "top" positions in the world in terms of capital in the international markets.

From a scientific perspective it is important to keep carrying out research in this field, in terms of strategic thinking, presenting to academia and management the different ways of acting, interacting and of thinking strategy. Future theoretical and empirical research should, thus, have as purpose the comparison of these results with those of other countries, so as to increase the breadth of perspective in the matter. Likewise, it will be interesting to extend this domain to a set of studies which reflect the characterisation of the models with quantitative models so as to catalogue them as successful or unsuccessful cases.

REFERENCES

ANDERSON, E. (1985), «The salesperson as outside agent of employee. A transaction cost analysis». Marketing Science, 4, pp. 234-254.

ANTÓNIO, N. (2006), Estratégia Organizacional: Do Posicionamento ao Movimento. Edições Sílabo, 2.ª ed., Lisboa.

BARNEY, J. & OUCHI, W. (1986), Organizational Economics. Jossey-Bass, São Francisco.

BASU, A.; LAL, R.; SRINIVASAN, V. & STAELIN, R. (1985), «Sales-force compensation plans: an agency theory perspective». Marketing Science, 4, pp. 267-291.

BLANCO, M. & Golik, M. (2015). «Born under a lucky star? Latin American CEOs' perceptions about their own career development». International Journal Of Human Resource Management, Vol 26, 6.

BUHR, D. & J. Schmidt (2007). «Big Reform with Little Effect? Labour Market and Employment Policy in Germany». CAP-working paper. Munich. Centrum fur Angwandte Politikforschung.

CERAMI, A. (2004). «Germany After the Unification: the Exclusive Society?». University of Erfurt. Faculty of Economics. Paper nº 2004-001SC.

CZADA, R. (2002). «The German Political Economy in Flux, in Ten Years of German Unification: Transfer, Transformation, Incorporation», ed. Jorn Leonhard and Lothar Funk. Birmingham: Birmingham University Press, pp. 151-67.

CZADA, R. (2004). «The End of a Model? Crisis and Transformation of the German Welfare State». WP 1/04 University of Osnabruck: Social Science Department, Acedido em Agosto de 2004, http://www.politik.uni-osnabrueck.de/wp/WP% 20104%20Czada.pdf

CZADA, R. (2005). «Social Policy:Crisis and Transformation. In Governance in Comtemporany Germany». The Semisovereign State Revisited, ed. Simon Green and William E. Paterson. Cambridge: Cambridge University Press, pp. 165-189.

CZADA, R. & K. Hirashima (2009). «Germany and japan after 1989: Reform Pressures and Political System Dynamics». ISS Reseach Series, Vol. 33, pp 75-90.

DEEG, R. (2005). «Change from within: German and Italian finance in the 1990s», in W. Streeck and K. Thelen (eds), Beyond Continuity: Institutional Change in Advanced Political Economies. Oxford University Press: Oxford, pp. 169–202.

DEMSKI, J. & FELTHAM, G. (1978), «Economic incentives in budgetary control systems». Accounting Review, 53, pp. 336-359.

EISENHARDT, K. (1985), «Control: organizational and economic approaches». Management Science, 31, pp.134-149.

EISENHARDT, K. (1989), «Agency theory: an assessment and review». Academy of Management Review, 14(1), pp. 57-74.

FERRERA, M. (1996). «The southern model of welfare in social Europe». Journal of European Social Police, Vol. 6, nº 1, pp.17–37.

FISHER, K. (2014). «Investment, un-American style (American markets perform well)». Forbes, Vol.194, 4, pp.56.

GAMBAROTTO, F. & S. Solari (2009). «Regional dispersion of economic activities and models of capitalism in Europe». Economie Applique´e LXI, nº1, pp. 5–38.

GRAZIANI, A. (2002). «The euro: An Italian perspective. International Review of Applied Economy», Vol 16, 1, pp. 97–105.

HANSEN, A. & P. Jorgensen (2000). «Analytical valuation of American-style Asian options. Management Science», Vol.46, 8, pp.1116-1136.

JENSEN, M. (1983), «Organization theory and methodology». Accounting Review, 56, pp. 319-338.

JENSEN, M. & MECKLING, W. (1976), «Theory of the firm: managerial behaviour, agency costs and ownership structure». Journal of Financial Economics, 3, pp. 305-360.

KANG, J.; B. Berger & H. Shin (2012). «Comparative study of American and Korean practitioners' dissent with perceived unethical management decisions». Public Relations Review, Vol. 38, 1, pp.147-149.

KATZENSTEIN, P. (1987). Politics and Policy in West Germany: The Grow of a Semi-Sovereign State. Temple Press, Philadelphia.

LUTZ, S. (2000). «From Managed to Market Capitalism? Max Planck Institute fur Gesellschaftsforschung» . MPIfG Discussion Paper. Koln.

NIMGADE, A. (1989). American Management as Viewed by International Professionals. Business Horizonts, New York.

OERTEL, S.; Thommes, K. & Walgenbach, P. (2016). Shadows of the Past. Industrial & Labor Relations Review. Vol. 69 (3), pp 683-713.

PERROW, C. (1986), Complex Organizations. Random House, New York.

POSEN, A. (2009). Reform and Grow in a Rich Country: German. Peterson Institute. Washington: Peterson Institute for International Economics.

PUGH, D.; T. Clark & G. Mallory (1993). «Organization Structure and Structural Change in European Manufacturing Organizations: A Preliminary Report on a Comparative Study». Paper presented to the 7th British Academy of Management Conference, Milton Keynes, 20-22 September.

RANGONE, M & S. Solari (2012). «Southern European" capitalism and the social costs of business enterprise». Studi e Note di Economia XVI, Vol. 1, pp. 3–28.

ROSS, S. (1973), «The economic theory of agency: the principal's problem». American Economic Review, 63, pp.134-139.

SAPELLI, G. (1995). Southern Europe since 1945. Longman: London.

SCHARPT, F. (2003). «Regieren im Europaischen Mehrebenensystem – Ansatze zu Einer Theorie.». Leviathan, Vol. 30, 1, pp. 65-92.

SCHMIDT, V. (2008). «European political economy: labour out, state back in, firm to

the fore». West European Politics, Vol 31, 1, pp. 302–320.

SCHNEIDER, F. (2005). Shadow Economies Around the World: What do We Really Know?. European Journal of Political Economy, Vol 21, pp. 598-642.

SOSKICE, D. (2007). «Macroeconomics and variety of capitalism», in B. Hancke´, M. Rhodes and M. Thatcher (eds), Beyond Varieties of Capitalism. Conflict, Contradictions, and Complementarities in the European Economy. Oxford University Press: Oxford, pp. 89–121.

SPENCE A. & ZECKHAUSER, R. (1971). Insurance, information, and individual action. American Economic Review, 61, pp. 380-387.

TIHANYI, L.; GRAFFIN, S. & George, G (2015). Rethinking Governance in Management Research. Academy of Management Journal, Vol. 1015 (1) pp. 1-9.

WALKER G. & WEBER, D. (1984), «A transaction cost approach to make-or-buy decisions». Administrative Science Quarterly, 29, pp. 373-391.

WHITE, H. (1985), «Agency as control». In J. Pratt e R. Zeckhauser (Eds.), Principals and Agents: The Structure of Business. Harvard Business School Press, Boston.

VON BROEMBSEN, M.; M. Wood & E. Herrington. «Global Entrepreneurship Monitor. South Africa Report». Consulted on October 2010, http://www.gbs.nct.ac.za/gbswebb/userfiles/gem200 5.pdf.

WRISTON W. (1990). The State of American Management. Harvard Business Review. Jan-Feb.