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# Deutsches Auto AG and its Global Behavior

Liane Armenta

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Georgia State University

Undergraduate Honors Thesis

28 April 2014

Honors College

# Deutsches Auto AG and its Global Behavior

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*An Honors Thesis*

By

LIANE ARMENTA

Under the direction of Professor Faidra Papavasiliou

# Abstract

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This Thesis discusses issues surrounding the conduct of business in a global environment. The focus of this paper involved a major manufacturer and its business model (Deutsches Auto AG) to supply vehicles to markets in New Zealand, South Korea, Nepal, and Mongolia. Analysis was made from previously collected survey data taken in each region focused on the dealership and end-user level. Not surprisingly, it was discovered that language and cultural barriers had a significant impact on each locations operations. Observations showed that language seemed to have created a problem in every day operations in regards to management and dealership tasks. English as the lingua franca – common language of trade, was often a second or third language of the individuals conducting day to day business. Not only did everybody have their own native language but also regional dialects that affected communication, but cultural perspectives also complicated communication. This paper does not address all issues surrounding global business, but focuses its attention to personal observations and data collected to identify break downs in communications across the regions of New Zealand, South Korea, Nepal, and Mongolia. This research identified and confirmed the problems to be a lack of English skills (comprehension and speech), which is expected to be the common language between all. With this expectation, there is little emphasis given to teaching English, nor the cultural contexts and hierarchical understandings that enhances effective communication.

## How did I get involved?

May 24<sup>th</sup>, 2012, my friend George<sup>1</sup> and I met while I was vacationing in Berlin, Germany and he had flown to Germany for a business meeting. George, originally from a town near Berlin<sup>2</sup>, lives in Singapore, where he works for Deutsches Auto AG, a German car manufacturer. He is responsible for investigating safety related issues of vehicles built by Deutsches Auto AG; determining whether an accident or other safety issues were caused by the driver or are due to manufacturing error. I joined him on his four hour car ride to his business meeting, situated in a mountainous region called “Harzgebirge”. We chatted about politics, child care, my school education at Georgia State University, and his work with Deutsches Auto AG. Our most heated conversations almost always come about when we talk about American versus German politics and this car trip was no different. We spoke about the situation in Iraq and Afghanistan, about Presidents George W. Bush and Barack Obama and drew parallels to German politics. George spoke of his time when he lived for some years in various places in the Middle East. I enjoyed his stories about different countries he lived in and visited working for Deutsches Auto AG. And that day, we shifted from the ‘oil pipes of Iraq’ and the ‘oil greed of G. W. Bush’ (an opinion of the former president of the United States George shares with many Germans, that this war was fought only over the greed for oil and partly as a revenge for the conflict in Kuwait) and we spoke of my interest in cultures. I was envious of his many travels. I explained that I was intrigued by his observations. For the next three days, George and I met daily and I helped him with German to English translations of some Deutsches Auto AG work reports (case reports:

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<sup>1</sup> The company name and all personal names have been changed to protect their identity

<sup>2</sup> The name of the town would easily identify George’s real identity as it is a very small town around Berlin

damage /malfunction /legal issues). What I noticed was that these reports had to be written in English for various markets in Southeast Asian countries. The letters were damage reports where a technician informs of specific damages such as loose cables, missing parts etc. and waits for a report back with instructions on how to proceed. These reports are used for the detection of reoccurring issues, to identify new issues, and to determine whether the issue arose due to the customer or manufacturing error, which then could become a liability issue for Deutsches Auto AG. These reports are a communication method between Deutsches Auto AG, the Importer, the dealership and the technicians.

It is important to understand the relationships between all players. The Importer works directly with Deutsches Auto AG by purchasing vehicles, one may consider this like a franchise relationship. There usually is only one importer per country, but in some cases, there are two or more. The Importer then works with existing dealerships or forms his own to sell the vehicles he purchased from Deutsches Auto AG. In some cases however, Deutsches Auto AG operates as the Importer, as it does in South Korea. It will become clearer what is meant to deal with an independent importer versus Deutsches Auto AG being the importer in the later part of this paper.

During our time together working on the translations, I mentioned to George several times how much I would like to travel the world and get to not just walk the foreign streets as a sightseer but as a cultural observer and turn my observation into a travelogue or something of that nature. I enjoyed working with George, although I did not consider it work, rather a favor as I was not paid for this in anyway. George only stayed five days in Germany and had to return to Singapore. Only a couple of days later I received an invite from George to Singapore for one week. There, I helped with more report translations while George showed me around Singapore

during the evening hours. I saw a country so unlike that in which I was born and unlike where I lived for the past seventeen years (I was born in Berlin, Germany and moved to America in 1994). Seeing Singapore, I was bit by the cultural anthropology bug. As stated, I was not just there for fun and sightseeing but to also help George with his reports. I translated quite a number of reports and it seemed that there were a number of communication issues between various Southeast Asian regions and Deutsches Auto AG. I observed that one side (usually the Southeast Asian regions) had difficulties understanding the reporting procedure as well as communicating clearly enough in a foreign language with which they were faced. The other side (usually Deutsches Auto AG) stuck to its procedural demands with hardly any consideration (At that time I did not fully understand the procedural demands of either side). This observation made me think whether or not Deutsches Auto AG ever considered the possible language barrier and cultural norms of the countries within which it did business. This question made me think of two books I had to read in my Georgia State University coursework, Political Science and Foreign Relations, William Easterly's *White Man's Burden* and *The Ugly American* by the authors William J. Lederer and Eugene Burdick. Both readings, created a lot of questions for me in regard to the 'First World' (it may no longer be appropriate to label the peripheries in such manner, but for the lack of a better description other than 'The West', I shall adhere to the used term) and its interactions with developing countries today. George and I talked about this topic during our dinners, about the different markets, how it operates across the different cultures and if Deutsches Auto AG expresses any interest in the cultures they enter and if they are engaged with the cultures in any way, not just as a local employer. Although George had worked for Deutsches Auto AG for over twenty years, he only provided me assumed answers and he started to wonder what the actual answers might be. This is where George developed the idea of a

summer project combining his work with my interest and curiosity. He made an official proposal to Deutsches Auto AG to travel to New Zealand, South Korea, Mongolia, and Nepal to conduct some technical and cultural research. Deutsches Auto AG approved his proposal for our project and we made plans for summer of 2013.

## Purpose and Plan

The main purpose for this project was to conduct a long-term qualitative analysis of the wear and tear on material and systems of vehicles older than five years, in other words to assess the longevity of material given its surrounding conditions, i.e. gravel roads versus paved roads, how much damage the car showed and how long was the car driven in those conditions.

Deutsches Auto AG expected at least one-hundred-and-fifty vehicle inspection reports which George had to perform. My part was to interact with the customers and receive feedback in the form of written surveys. These surveys contained questions regarding the customer's knowledge (whether self-taught or otherwise accrued) and driving behavior. The goal of this project was 1) to analyze the data from the vehicle inspections and the surveys to find a solution for higher safety quality and fewer reports, and 2) for me to gather as much cultural observation as I could in the time we had in each country. I wanted to answer the question whether big companies, such as Deutsches Auto AG, considered the cultural norms and traditions of the countries they entered. How well did Deutsches Auto AG understand the foreign markets it entered in terms of culture? I wanted to know whether an exit strategy existed should Deutsches Auto AG close their business in developing countries to avoid negative economic consequences for the individuals and perhaps even the country.

George and I started to work on a plan for this project and he put me in charge of the survey. I created questions to provide us with answers of customer-knowledge of his or her vehicle in terms of safety precautions and safety related features. The questions were important to George's analysis as he wanted to figure out the reason for some of the most reported incidents. For instance there are a high number of reports regarding faulty airbags; many reports showed customer complaints because their airbag did not deploy in cases of a collision. In these cases the customer believed that the airbag did not deploy due to manufacture error, but that is not necessarily so. An airbag deploys based on the deceleration rate at impact, meaning how fast does the car come to a stop which depends on the type of collision-object, whether it is solid and stationary or moving or very soft. If a car crashes into a hay stack, then the airbag most likely will not deploy at all because the car will continue traveling, pushing the hay stack for some distance until it finally comes to a halt; the deceleration rate was not great enough to deploy the airbag, unlike a crash where a car hit a solid object and the deceleration comes to zero in an instant; this will always deploy the airbag assuming the vehicle has a normal functioning instead of a faulty airbag system. A great number of customers believe the lack of airbag deployment meant that they owned a vehicle with a faulty airbag system and thus demanded exchange and/or other compensation from Deutsches Auto AG. To avoid claims like these, George believed it to be of benefit to understand the customer of various countries and to observe the street conditions the customer may face firsthand. We also wanted to identify customer issues with their car and/or Deutsches Auto AG as well as any internal challenges with comprehension and compliance faced by the foreign markets with Deutsches Auto AG.

I created the survey that could easily be conducted via phone, face-to-face or with a local interpreter. In the case of a face-to-face interview, the customer was allowed to choose whether

I, the interpreter or the customer himself filled out the survey. To analyze the collected data, I created two spreadsheets; one in which I entered all the information a customer gave, and one in which I entered George's technical data for each inspected car. I explain the survey more in detail in the next section. As for George's data collection, he looked at the vehicles age, model, and condition, he conducted a safety check (counting seat belts, checked warn lights, inspected break system, etc.); looked at the conditions of the tires, inspected the condition of the chassis and undercarriage. The analysis consisted of matching material evidence with survey results. Comparing customer information to the visual damages on the vehicle allowed us to identify what modifications different national markets needed.

George set up our travels systematically so that we traveled in a circle, starting from Singapore to New Zealand, to South Korea, to Mongolia, to Nepal and back to Singapore. The planning and preparing to execute the project took roughly three months and by the time we made our way to our first destination, Auckland, we felt confident that we put together a well thought out plan and documentation process. For each country, George planned our introduction meetings for the early morning hours of our first day with the dealership sales manager, after sales representatives and lead technician and discussed the purpose of George and my tasks. Prior to our visits to each country, the importers and dealerships we visited were informed about the purpose of our visit and advised by George to start a one-week campaign to have Deutsches Auto AG vehicles owners bring in their over five year old vehicle for a free inspection. The age of the car was important for damage evaluation; new cars do not show wear and tear and were mostly useless for our purpose. George suggested that all dealerships, which were either picked out by George or by the importer, placed ads in their local newspapers to solicit customers to bring in their vehicles as this method has previously proven successful in other markets he

visited prior to our project. The dealerships were also informed of my task as a surveyor. It was left to the dealership to decide which method I was allowed to employ, whether a phone survey, face-to-face or through an interpreter. In the case of a phone survey, I was given customer files containing their phone numbers, and placed into a non-occupied office during our stay in Auckland where I performed phone surveys in two dealerships. More details about my phone surveys are given in the below section 'The Survey'.

### The Survey<sup>3</sup>

The questions were designed to solicit customer<sup>4</sup> opinion and knowledge of their vehicle, safety features, and their driving and buying behavior in regard to their vehicle. The survey provided a number of possible answers to choose from to allow standardization. This closed-ended method provided us with a defined range of answers which George perceived as relevant in terms of modification suggestions to Deutsches Auto AG. I designed the survey to take only up to five minutes; I tested timing with George and we were satisfied with the results of five minute restriction. I included gender and age information to identify demographic trends for different vehicles (customer vehicle was identified in Question 1). Questions 2-4 and 16-18 were designed to provide an idea of the social class of customers for different vehicles and provided an understanding of their idea of vehicle maintenance. Questions 5 and 19 were designed to give an idea of how much time a customer spent in the vehicle. Question 6, 7, and 8 allowed us to get an idea of the road conditions on which the customer drove, which was also

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<sup>3</sup> A total of 111 surveys were conducted in four countries.

<sup>4</sup> The solicited customer did not have to be a customer of the specific dealership, but customer regardless whether they bought their car at the/a dealership or as a used car from the private market or used car dealer. Important was to get owners of a Deutsches Auto AG vehicle into the dealership to assess the wear and to conduct the survey.

compared with our own observations of road conditions. These three questions (6-8) were asked because not all cars are made for all types of road conditions and we needed to understand if a customer treated their car if meant for paved roads as an off-road vehicle. Or perhaps, car models were sold in a region meant for paved roads when these regions did not have paved roads (i.e. streets in Kathmandu were mainly dirt roads mixed with large gravel in some areas).

Question 9 and 10 allowed us to understand the driving behavior of the customer. Question 11, 12, 14, 15 and 20 displayed the level of an understanding of the safety systems used in his or her vehicle. The survey did not need specific demographic questions as George and I recorded our own observations, which I explain further in the later sections I devoted to each country we visited. The comments section was designed to allow the customer to say whatever they liked, whether they had technical concerns, complaints, praise or even a general question concerning their vehicle or Deutsches Auto AG.

As mentioned earlier, the survey was designed to be conducted either via phone, as a face-to-face survey or with an interpreter because of a possible language barriers. Because of the different languages I had been assured prior to our travels that a local person translated the survey into their language appropriate for the country as well as culturally attuned to assure respect and compliance with the cultural norms and settings. Usually the translators were people working in the dealerships who were bilingual. In the case of the Korean translation, I sent a translated survey to a Korean family friend who translated the Korean translation back into English for me and I was able to confirm its accuracy. In the case of the Mongolian translation, I contacted the local University to take a translated survey for its re-translation into English, but I was unsuccessful in making contact with any of the language professors named on their university website. I had to trust that the questions remained as I intended them. Based on the

answer however, I assumed that the questions had indeed not been altered. At each dealership, a specific area was designed for me to sit with the customer to conduct the survey. As I later explain, managers of dealerships in Katmandu and Mongolia did not allow direct interaction with the customer, however, New Zealand and South Korea did. In South Korea, I had an interpreter (a manager of the regional office) by my side who spoke with the customer and engaged me in their conversation.

Below: a survey taken 29 July 2013 in Kathmandu, Nepal, filled out by a customer<sup>5</sup>

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<sup>5</sup> The company name and car model have been redacted to protect the company's identity



13. What is of importance to you when selecting/purchasing a car?

Make the interior vehicle safety Price exterior other colour

If customer does not give "safety" as an answer, ask:

14. How important is safety in regard to a car for you? 1 2 3 4 5 6 7 8 9 10

15. What would be a reason for you to not buy a specific car?

Design Lack of Safety systems Price/performance ratio

16. For maintenance and repair, do you bring your car to the dealer ship or an open workshop?

Dealer Open workshop has warranty. Parts are not available outside.

17. If private garage, why? Distance to Dealership Cost concerns do not like dealership

18. How long do you keep your car before considering a new car? 2-3 years

19. What is your main reason/purpose for owning a car? Work family leisure other

20. Do you wear your seatbelt? always often never

Do you have any special comments?

Any question you would like to have answered on technical issues ?

Comments: Has <sup>small</sup> low height. makes difficulty to ride on steep road / unpitched road.

## When, Where and Why

The Project was scheduled to start in June 2013, and to end in August 2013. George and I traveled to the following Countries for our project:

- New Zealand: Auckland and Tauranga : 12 June – 24 June<sup>6</sup>
- South Korea: Seoul and Incheon : 2 July – 12 July<sup>7</sup>
- Mongolia: Ulaanbaatar : 12 July – 19 July<sup>8</sup>
- Nepal: Kathmandu : 28 July – 2 August<sup>9</sup>

George chose these countries for specific characteristics. South Korea and New Zealand were chosen because of their market culture. He picked New Zealand for its familiarity to the western culture and Korea for what George perceived as a more strict culture. George formed his opinion about strict Koreans through his business related interactions with Korean people, apparent in their business conduct as well. To him, strict meant that they adhered to a discipline that does not allow for many smiles or joking around, but any interaction was professional. George picked Mongolia for its extreme weather conditions with temperatures ranging from the upper forty degrees Celsius in the summer to lower than negative forty degrees Celsius in the winter. George was informed by a colleague who had been to Ulaanbaatar before that the streets were in bad conditions, which George wanted to further investigate. Nepal was chosen because it was a new market and here too, the infrastructure was of curiosity to George. From pictures, he

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<sup>6</sup> A total of 46 surveys were taken in New Zealand, visiting 4 independent dealerships

<sup>7</sup> A total of 28 surveys were taken in South Korea, visiting 4 independent dealerships

<sup>8</sup> A total of 17 surveys were taken in Mongolia, visiting 1 independent dealership

<sup>9</sup> A total of 20 surveys were taken in Nepal, visiting 1 independent dealership

knew that almost all roads were dirt mixed with gravel and usually had large holes. George wanted to make his own observation of the lack of asphalt. Nepal also has a lot of rain during the summer months, turning the mud into slick and soft paths. George also picked these countries because he was curious about the people in terms of business. He wanted to see how they managed the repair shops and reports as he saw a lot of safety related reports coming from these countries, thus he used this opportunity to investigate the reasons for the numerous reports.

### *Our days at and after work*

#### *New Zealand*

The first leg of our trip took us from Singapore to first Auckland and then Tauranga, New Zealand. Auckland and Tauranga have fantastic road conditions and typical seasons as far as weather is concerned. George and I observed that the streets are paved and well kept up as well as any other western country with which we are familiar. We asked ourselves, how the road conditions might translate to the chassis and the undercarriage as well as to the rest of the car. Why do customers in these regions choose a Deutsche Auto vehicle? I was eager to learn more about the people and the culture but was rather nervous for the first day at the dealership.

We worked with four local dealerships<sup>10</sup>. These dealerships were advised to advertise a free health clinic<sup>11</sup> in their local newspaper, soliciting cars older than five years<sup>12</sup>. We were joined by a German colleague, Stefan, who came from the German Headquarters<sup>13</sup> as part of the team to assist George with the technical inspections. My first day was at the main office where I

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<sup>10</sup> I will refrain from naming the dealerships as they will allow for positive identification of Deutsches Auto AG

<sup>11</sup> Typically understood as a free vehicle check up

<sup>12</sup> This procedure was suggested by George to each importer who then would transfer this suggestion to the selected dealerships

<sup>13</sup> Here too, I shall refrain from naming the location as it will allow for positive identification of Deutsches Auto AG

was escorted to an office on the second floor. The manager brought me a large stack of customer files that contained contact information. The phone calls always started with my introduction, Name, purpose for the call and that the survey was voluntary. Most of the customers were willing to participate. They were all very friendly and gave me more than I asked for in terms of my questions. When I asked the questions, I gave the customers the answers to select from, which they did, but they elaborated on their choices, often providing interesting anecdotes. For instance the question 13, some answered in the field of “other” with a choice of color. One lady explained that she will only purchase a red vehicle because it is her lucky color and she has never had any accidents in a red car. Her only accident occurred in a rental car which was unfortunately a blue color. Although the surveys were tested for timing by George making sure five minutes is the maximum time needed to fill out the survey, some of the phone interviews lasted fifteen minutes because of customers engaging in small talk during and after the survey. The second day, we worked at a dealership some distance away from the office. I was introduced as a German working with, not for, Deutsches Auto AG while George was introduced as the German expert and the ‘go-to’ guy for safety related issues. The staff understood that I was there to take surveys with any customer willing to answer the questionnaire while George and Stefan inspected the vehicles that were brought to the repair shop. I discussed my approach in conducting surveys and the staff decided to bring the customer to me rather than me approaching the customer, which was to be seen as a kind and very helpful gesture by the staff. After the customer concluded his or her business with the dealership staff, the customer was informed of the voluntary survey and brought to me if they decided to participate. This dealership was a larger building with a sales center and a repair shop attached (some dealerships stand alone and have their repair shop at a different location). The dealership also had a café

lounge where I met up with the customer for a face-to-face survey. I introduced myself and explained the purpose of the survey once more and allowed for reconsideration of participation. I offered the option to either fill out the questions by themselves, which few did, or I would read the questions to them; this method was preferred by almost all customers. Before I started to ask the first question, I asked if he or she would like to take advantage of George's expertise should there be a serious problem with the car (the customer remained anonymous to us). Almost all customers stated that the reason they came to the dealership was to take advantage of the free inspection by the German experts. George was not there for a typical inspection for a customer, but to inspect the car for the purpose of our analysis. But George felt morally inclined to inform a customer of an issue he found outside of what was written on his inspection sheet. But for this, he wanted to assure that the customer is willing to hear his diagnoses and suggestions. George was not there to fix anyone's car. Interesting was to see whether the customer booked an appointment to get the issue pointed out by George fixed. The dealership enjoyed his services as they had many repair bookings and even two car sales, thanks to my conversation with an interesting couple. After the survey, they shared with me that they were looking for a new vehicle but they had difficulties thus far to decide on a new vehicle. She wanted a sports utility vehicle, he wanted a fast sedan. I explained what I like and they decided to take a test drive. They ended up buying two new SUVs. The days were long as we started early in the morning at around eight and did not finish work until the last vehicle was looked at and/or the last survey was finished which sometimes came no earlier than seven in the evening. We were usually picked up in the mornings or had a company pick-up truck available to us. Before we made our way to the dealerships, we always went to the office first for a quick meeting, discussing internal matters and the plan for the day. During lunch, we were taken to local fast food restaurants

accompanied by technicians/mechanics, sales staff, and after sales management staff and the conversations were almost always about either how things were going in the repair shop or in the office, what kind of customers and/cars they had to deal with, conversations to be understood as 'gossip'. After work (and sometimes during lunch), Bill, an after sales manager, took us around showing us some places and told us about the people of New Zealand. Stefan left a few days before us to go back to Germany and to write his reports while we enjoyed those last couple of days by ourselves, walking around Auckland for the usual souvenir shopping and finding restaurants with familiar food. The people who participated in the survey were all very kind and never took only the measured five minutes, but rather chatted away for much longer. In one case I sat with an older couple for about forty five minutes and learned all about their travels to Atlanta and their experience of Southern American hospitality. Most were open enough to tell me of their concerns, complaints and their wishes. In one case, a history professor told me that he continues to purchase this vehicle in memory of his wife. His recollection of listening to the Beatles and having their first kiss was only one of the many touching stories (although not always vehicle related) I was told by the customers who sat with me.

### ***South Korea***

South Korea's Seoul and Incheon remind of western standard street conditions. The streets are well paved and well maintained. It was our observation that Koreans enjoy luxurious vehicles for the right price and the right service. Orienting themselves on the service standards of Hyundai and Kia as well as Samsung, Deutsches Auto AG finds itself in a different environment, one worth understanding. We understood quickly that customer service and name brands are two very important things for Koreans, at least within our range of observation, concentrating on vehicles. We worked at four dealerships in Seoul and Incheon. George and I

were accompanied by a Korean colleague, Charles, who kindly translated the surveys and who adjusted them to be culturally acceptable, meaning the correct order of questioning for age and gender, because the age establishes level of respect. He also placed age and gender to the upper right, next to each other, versus the upper left and stacked. Charles is the son of a South Korean military General and with that he has enjoyed the teachings of South Korean history<sup>14</sup> and was able to brief us about business hierarchy and the Korean culture in general as well as a few helpful words and gestures. De Mente's<sup>15</sup> *Korean Business Etiquette*, amongst other chosen literature, helped us to understand somewhat the Korean culture. The same dealership procedures were implemented as in New Zealand. Because of the language barrier, I was assigned a translator (a manager from the main office) who was placed with me at the designated area. My interaction was a little bit different than in New Zealand. Because I could not hold up much of a conversation, I relied on my translator to explain the purpose of the voluntary survey. Here too, only few denied participation. People who knew that I spoke English conversed with me as well as with my translator. The customers were very cooperative and polite. Most people expressed their concerns about customer service and costs of replacement parts in a way of asking me for help even though they knew that I could not make any changes for them, but was simply a surveyor interested in their answers pertaining to the survey and their culture. In this market, I learned about a lot of miscommunication between Deutsches Auto AG departments and the Korean offices, and I asked myself why that might be. Through my conversations not only with the customers, but also with the dealership and management staff, I learned of frustrations the Koreans have with the Germans, such as language (both [Korean managers or sales staff and

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<sup>14</sup> I was explained that as the son of a General, he received a higher, better education in a private school with a great concentration in Korean military and cultural history. However, De Mente in his book explained much the same way as Charles did.

<sup>15</sup> Boye Lafayette De Mente is an author and journalist who is specialized in Japan and Southeast Asian cultures

German managers] spoke broken English to one another, making it difficult at times to understand what is being communicated), programs that are required to be used by the management staff is not always clear to them, technicians do not understand the proper usage of the equipment Germany requires to be used in the repair shops to name only a few.

As stated earlier, Deutsches Auto AG deals directly with the importer, who may be a private person or Deutsches Auto AG itself. The importer works with the dealerships in providing them with their needs (i.e. cars, marketing) as private franchise entities. Deutsches Auto AG thus starts and ends relationships at the Importer. Any training, support, and parts are the importers responsibilities and no longer a concern to Deutsches Auto AG. So, any vehicle issue that cannot be solved at the dealership/repair shop has to be reported to the importer who reports the issue to the regional after-sales office who then reports to German Headquarters.

The work days in Korea were often longer than experienced in New Zealand. Lunch breaks always happened at the same time. George and I were always taken out to what could be more understood as “feasts” than just a lunch meal. During lunch, there was not one word about work but rather general conversation. Charles always explained the food we were served and, if applicable, its meaning or what it does for one’s body. I had my 17 year old daughter Julia flown to Korea for the duration of my stay as she loves everything Korean (and is a crazy K-Pop fan). But more so than her love for Korean pop culture, she came in handy for the evenings as she studied the Korean language and is very familiar with cultural behavior<sup>16</sup>. We avoided western places (which is difficult to do in Seoul, a hyper-modern city displaying everything known from the Western world) and mingled with the locals as best as we could. Korean

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<sup>16</sup> Julia’s best friends are Koreans and she was taken in by their families as their own as we did with their children. One may think of us as a daily foreign exchange program.

politeness and hospitality mirrored that of what we saw every day in the office and the dealerships. Our last day in Korea was concluded with a presentation given by George and me to present not only what we found with our analysis of the surveys, but our observation of daily operations. The audience was not only the management staff but the Importer himself. Upon presenting the main complaints by the customers and the observation George made within the repair shops, the importer called upon his managers and directors to find out why customers feel the way they do, draw up a plan of action to bring upon changes that will make the customer feel happy with the services they receive, which was not up to standard when compared with that of Kia and Hyundai, not even Samsung. My favorite memory was that of an older lady who brought her car in to have “the German man” look at it. She answered the questions in conversation with my translator, but always smiled when she looked at me. When she reached the last part of the survey, the comments section, she put down the pen and leaned back in the chair. She assured that I paid attention to what she was about to tell my translator. She said that her only complaint with her car was the lack of space next to her seat in the middle to place her purse. She said if Deutsches Auto AG considers a place to fit her handbag, she will definitely be a return customer, even though she does not like the customer service.

### ***Mongolia***

It was our observations that Mongolia’s streets were generally asphalt within the city and dirt and/or gravel outside the city. Roads were not well maintained and often heavily damaged. Based on George’s technical knowledge, driving on such roads may lead to damage to the chassis as well as to the undercarriage and suspension. The question to be asked is how long it will take for a customer to bring the vehicle in for either a checkup or for fixing damages. Mongolia imports cars with both left and right steering (where steering wheel, gas-, clutch-, and

brake pedals are placed on either left or right side), but they drive on the right side of the road. Traffic in the city gets chaotic (very congested and a lot of horn-honking) ; to say the least, thus George and I asked ourselves questions regarding safety concerns; for example whether seat belts are used and safety systems wanted. Additionally, Mongolia has extreme weather conditions which range from the upper forty degrees Celsius in the summer to lower than negative forty degrees Celsius in the winter earning Ulaanbaatar the reputation as the coldest City in Mongolia. Given these conditions, we wanted to know about the performance of different materials in the vehicles but also the use of certain features, such as air condition and electronic window systems. This question came about because of the sand in the air which will find its way into the crevices of the vehicle and perhaps interfere with some of the mechanical functions. We wondered whether an old fashion window crank would be preferable to an electric system because of the sand. Thus, we were eager to see what the survey and technical inspection revealed.

In Ulaanbaatar, we worked only at one dealership during our one week stay. The city was reminiscent of the Soviet Union, with old concrete buildings, broken asphalt roads and unhappy faces wherever I looked. The hospitality was very different from that of the Koreans. We were greeted at the repair shop and George saw right away that there are more problems here than just the road conditions and the lack of smiles. People here seldom knew the English language but are able to converse somewhat in German. The manager of the dealership spoke German rather well and agreed on the usual procedure done in the previously visited markets, with one exception: I was not allowed to personally interact with the customers. The management felt that their customers will not take kindly to foreigners, but he did not go too much into detail with his explanation. The solution was to have the receptionist hand out the

surveys to each customer and have them fill the questionnaire out themselves and return them to the reception desk where I would retrieve them about twice during the day. Here too, I sat with a local young man who translated the survey questions into the Mongolic language and made culturally appropriate changes. We were made aware that in many cases, a personal driver is the person who brings in the owner's vehicle, but this did not matter too much as we then asked for the information pertaining to the driver rather than owner of the vehicle. The analysis of this market was the most interesting as we were able to see how much money there is in Ulaanbaatar which made it difficult to comprehend the terrible infrastructure. Because the task of survey taking was transferred to the receptionist, I used my days to do some data entry, plugging in the gathered information of previous surveys. I sat in a separate office shared with one of the after sales managers who did not speak a word of English, nor German. The manager of the dealership spoke German very well and he expressed the same concerns as the Koreans in regard to language barriers and required equipment. The auto-repair shop lacked equipment and knowledge, for the most part, but I could not find out why this was. Did the interest for leaning not exist or did the importer fail to offer learning tools? It was interesting to see that mechanics were very quick to resort to 'make-shift' methods rather than to acquire the appropriate solution for various vehicle problems. What was also observed was the lack of safety concerns. For the most part, customers did not care to wear their seat belts and wrapped them behind the seats to eliminate the notification sounds from the car, signaling that a seat belt is not fastened. Unlike Nepal's non-existing speed limit, Ulaanbaatar had a regulated speed limit and their traffic is not a constant clogging up of the roads as Nepal experiences around the clock.

When George and I were not working we were left to our own devices. Ulaanbaatar's vehicle registrations restricted the use of the roads to half of the population off the roads, thus the

license plate indicated when the owner is allowed to drive on the roads by odd and even dates. The dealership manager explained this as a means to control the traffic, because there are too many cars which cannot occupy the streets all at the same time. Alternating the numbers of vehicles seemed for them the logical solution to the congestion problem, although the streets were still very congested. I could not imagine the chaos without this traffic control measure. We received a dealership car for a few days, but really could only drive it twice due to the aforementioned restrictions. The interaction with the locals was very limited, not for the lack of interest on our part. Within the dealership, people who knew that I lived in America would stay away and not speak with me. Those that knew that I was from Germany would speak carefully. The only customers who were extremely friendly was a driver from the German embassy and the other was a German man who moved to Ulaanbaatar for mining (copper etc.). The locals we encountered were very reserved and hardly smiled. It was not quite evident why people would not smile. Looking around, only the buildings and infrastructure hinted at poverty, but the cars on the road displayed a different picture. Many of the most expensive SUVs and off road vehicles drove on the roads. In conversations we learned that most of the money comes from the mining industry. The general attitude seemed to have been that westerners come these days to exploit Ulaanbaatar for its mineral riches; at least this is what we were told by the manager and the importer.

My favorite day was when George and I were invited to the importer's house for dinner who proudly displayed his wealth. We were invited to his 'summer house' which was on the outskirts of Ulaanbaatar in the hills amongst areas filled with yurts. His house reminded me of a middle class American family home and the inside was furnished with few, but big furniture. The property was scarce of trees, plants and grass surrounded by a chicken wire fence with a

front gate. Right behind the gate to the left there was a yurt housing the maid and her family. The importer and his wife proudly displayed their love for everything German. His children were raised bilingual (surprisingly, the second language was English rather than German) and received a private school education. The importer's wife and a maid were busy in the kitchen cooking a traditional Mongolian soup consisting of potatoes and vegetables as well as sheep's meat (to which George and I were previously introduced in a restaurant where we ate mutton dumplings, another traditional food of Mongolia). She also prepared German food items presumably to impress her guests. The table conversation consisted of German politics, German car industries and the importer's interest to expand his dealership with another vehicle brand owned by Deutsches Auto AG. However, I was largely held at bay by both the importer and his wife, and conversation was mostly directed at George. I am not sure if it was due to me living in America or because of being a female. The importer was definitely the head of the house with speaking rights that applied not only to the wife but also to his employees, the translator and dealership manager, who accompanied us. When the food was served, it was first served to the importer, then to George followed by me and then the two employees. The wife did not sit with us to eat but remained in the kitchen until desert, for which she joined us at the table. Desert was Japanese traditional chocolate and it was made known to us that this chocolate is very expensive, which was cut into very small pieces. Grapes and sheep's cheese, a soft white delicate cheese, was also offered. After desert was finished, our visit was concluded and the dealership manager brought us back to the hotel. This also concluded our week in Mongolia; before the last leg of the project we flew back to Singapore for a couple of days before continuing on to our last destination.

## *Nepal*

George and I made the observation that Nepal did not have the extreme weather conditions as Mongolia in terms of temperatures, but it shares the extreme road conditions. Although Kathmandu's highways are asphalt, the regular roads are all heavily damaged dirt roads. One of the bigger challenges is the rainfall. Kathmandu experiences heavy rains turning the roads into mud causing the vehicles to sink in and get stuck, a frequent occurrence we witnessed numerous times. Once George rushed to help unsuccessfully trying to lift a small van out of the mud. Additionally, roads are narrow and stuck vehicles obstruct passage. Here too, damage to the undercarriage and chassis will reveal the wear under such conditions. Nepal was also chosen as a destination because it is a new market for Deutsches Auto AG, which entered Nepal only a couple of years ago<sup>17</sup>. Only the small to medium models are offered at this time which made me question whether the customer would consider buying for a second time after assessing their Deutsche Auto vehicle on their roads. Also of interest is the use of the features offered in the car, such as electric windows, air conditioning and heating, seat belt etc. In an overcrowded place such as Kathmandu, why do people choose to drive a car? Is it mainly for work or could family leisure be one of the reasons? May it be a status symbol as it was in Korea? Or perhaps cars are purchased for the lack of public transportation?

Our project was set up with one dealership, but here, the dealership and the repair shop were at two separate locations and we made our little office in the repair shop to be where the cars would be dropped off by the customers. As in Mongolia, here it was suggested for me to not interact directly with the customers, but to have a receptionist take on that task. To disallow

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<sup>17</sup> Revealing the exact amount of years will cause positive identification with the real vehicle company.

the interaction with customers was explained that their people are shy and will not speak. The staff and receptionist did not see the need to translate the sheet as everybody had a general understanding of the English language. I sat down with the receptionist and explained the questionnaire to assure that she understood the purpose of the questions. George found the knowledge of the equipment and the understanding of the various reporting systems lacking as well as the basic functions of the vehicle's systems. He often found himself explaining the basics to the technicians. Every morning, everyone (mechanics and management staff) collected eagerly around George and awaited his lecture. Their interest in learning was evident and undeniable. Through conversations it was clear that the management staff lacked the understanding of what it is they are supposed to do by Deutsches Auto AG's expectations and their frustration grew as they wanted nothing more than do the work correctly. As in Korea, language was a great factor in this growing frustration. The desire for adequate training was made quite clear which led to a feeling of an utter lack of support from Germany. Since I was not allowed to interact with the customers, I sat in the office (also used as the meeting room) and occupied myself with data entry just as I did in Mongolia.

Each morning we were picked up by a driver, a management staff member, who drove us with a car that barely held on to its own parts through the narrow dirt roads, up hills, down hills, and across little city intersections filled with people, dogs and cows. Various readings of ethnographic material did not give us the full picture of what we actually experienced. The people were very friendly and always smiled. Their hospitality surpassed even that of the Koreans. Thomas, the After Sales Manager, was not only helpful with our project, but took his free time to show us around Kathmandu, giving us explanations to its religious way of life as well as its culture. He ensured lunch and dinner were organized and introduced us to much of

the local food. Prepared with the CDC (Center for Disease Control) factsheet of what is safe to consume we shared every meal with strangers as if they were our best friends. Our guides were willing to spend as much time with us as we desired and we saw temples, amazing view of the Himalayan Mountains at dawn and one of the oldest cities in Nepal. The hospitality was so forthcoming that we were invited to one of the dealership's employees' home to meet the entire family and to have a great feast prepared just for George and me. Unfortunately, we had to miss this as we took the warnings of the CDC rather serious and were scared into catching an intestinal bug (which we ended up with anyway, even though we adhered to the list of allowed items, such as very hot drinks, carbonated drinks and only very well cooked meats). The last day was spent holding a presentation for the mechanics and management staff. George explained the various systems on the vehicles in as elementary a style as possible. All mechanics sat quietly and wide-eyed paying attention to every syllable George spoke. Their want for knowledge was almost overwhelming to watch and provided an understanding to Thomas's feeling of frustration for the need for more training and more knowledge not provided by Deutsches Auto AG. Not realizing that it is not Deutsches Auto AG's duty to provide such training but rather in the hands of the importer. But even so, would it not be in the interest of Deutsches Auto AG to properly train the staff at its dealerships and ensuring Deutsches Auto AG kept its place in that market? If this new market dies out, did Deutsches Auto AG truly lose something? What happens to the people employed by the importer?

Nepal, Mongolia and South Korea placed the questions of responsibility in my head. I started to wonder why a big German company would behave in foreign markets as it does. If one compares that behavior (lack of proper training to name just one) with that of their markets

in a different continent, whether it be the US or Europe<sup>18</sup>, it is obvious that they, the markets, are treated completely different. But perhaps the problem does not lie with Deutsches Auto AG but with the lack of training and support within the markets themselves. My observations of the people were very mixed. The Koreans' strict adherence to their Confucius infused behavior, sticking to the tradition of hierarchical respect, clashed with typical German behavior, which is the respect for internal hierarchy based on business ranking and to get work done fast. The first thing Koreans did was to exchange business cards. We knew from the literature we read before our arrival in Korea that this is done for the acknowledgement of the last name, as that establishes the hierarchy, with a concentration to names such as "Lee", which enjoy the highest forms of respect. For Koreans, age and name are the top factors for respect and information exchange. Foreign companies must take note of that (which many do, as we were told) in order to address the correct person within that hierarchy. Korean pride, especially national pride is always present, whether in business or private settings. It is easy to offend a Korean person with one's ignorance to their culture. George and I observed that they work long and hard if they are addressed properly and treated in a sensible manner. The Korean market obviously understands the importance of service and customer satisfaction, while the surveys revealed a dislike for the lack of customer service and high cost of car parts for a vehicle supposed to display prestige in their society. Many customers questioned the local knowledge of their mechanics, believing that they did not know what to do as some customers brought their vehicle to the repair shop multiple times for the same problem.

Unlike the Koreans, the Mongolian customers did not complain about customer service but rather about unnecessary features, such as air conditioning. Here, customers did not question

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<sup>18</sup> Revealing the exact country would allow for a positive identification of Deutsches Auto AG

the capabilities of their mechanics, only that their car has features they would not use or did not see as priority. A working heater was most often a concern, understandably so, given their location right by the Gobi desert with temperatures surpassing negative forty degrees Celsius. The staff complained mainly about the communication process with Deutsches Auto AG but displayed very little interest in pursuing change. Unlike the technicians in Nepal, there were no signs of interest to learn and understand the technology, tools and basic knowledge of the car. Problems also included the lack of tools, not taking time to properly diagnose the problems, and not writing safety reports due to language barriers or lack of understanding of the system through which a report is created. In Mongolia, the lack of communication, not unlike the experience of South Korea and Nepal was due to poor English by both Germans and Mongolians. Why did they not communicate with the Germans in the German language? The answer, as explained by the manager, is that the technician do not speak the German language, neither does the floor manager and therefore they have to resort to English. It was my observation that the people at the dealership and repair shop were very relaxed and laid back and not at all interested to get work done in a timely manner. George complained a little that the technicians are rather slow and not eager to get things done. But perhaps this was Mongolian work-behavior. No need to rush! This is a distinction to what Germans are used to where work is done quickly and quality is the objective (it may be arguable if these traits are always achieved). Nevertheless, the surveys revealed a great lack of technical knowledge on the part of the customers and conversations revealed frustrations with Deutsches Auto AG for the lack of technical support as well as specific training for the mechanics.

The same frustration was displayed by the people of Nepal who seemed desperate to receive the tools, techniques, and knowledge to run the repair shop and office better and make it

successful. A question was brought up by Thomas during a dinner conversation where Thomas raised his genuine concern for the public education system in Nepal. Whether they do not learn either enough or just not what the rest of the world learns. He felt that he and his people at the shop would be able to do so much better if only they knew what they have to know. He wondered if he should blame the Nepal education system for it by not providing what the rest of the world knows. It was unclear to me what exactly he thought we were taught in school that was not taught in Nepali schools. Most of the management staff agreed with Thomas' question as they held a local university business degree as well, but they questioned whether that was enough to compete with the rest of the world. Again, they certainly did not lack the eagerness to learn; what they lacked, in their mind, was the proper teaching of what they believed they needed to know. The management and mechanics seemed to all be young adults, not older than thirty-five. They, the management, were all full of ideas, especially Thomas, but they did not know what to do with their knowledge. However, they all agreed that they must keep their national pride and not succumb to the glamour of the western world. As Thomas explained, they should not move away to find a better or just different life for themselves but to try and make positive changes in Nepal.

Having seen these regions, having met the people, and having had a taste of their cultures, the question of globalization is at the forefront of my personal notes. It seems that the spread of globalization is somewhat discriminating. In a country such as New Zealand we saw no difference in regard to business as it was conducted as is known by Germans. A country like Mongolia is slowly being noticed for its resources as American fast food restaurants such as KFC (Kentucky Fried Chicken) are making their move. But for how long? When the resources are dried up, what else does Mongolia have to offer? When all the foreign investors pull out their

money, and all foreign companies move out, what of the many small companies, such as restaurants and their local employees? What happens to the locals when there is nothing more to be had by a big company? In today's day and age, do western companies who pack up and "jump ship" when the numbers turn from black to red care what they leave behind? Which brings me back to my original question about Deutsches Auto AG; how much, if at all, is Deutsches Auto AG interested in the cultures it enters and the impact it has on those cultures. As a general question for my paper, I ask, do the big companies today display any care for the cultures they enter and do they care what happens to the culture when those numbers are red and they need to pull out?

## Literature Review

Questions of cultural and linguistic competence are at the forefront of business globalization. The literature on the topic identifies several major themes with respect to barriers in intercultural communication, and the challenges companies must overcome when conducting business in the global market place. This reality was exemplified many times over during my travels for Deutsches Auto AG.

### Globalization

The literature used in this section points out the importance to understanding global competition and the need for globalizing businesses, such as Deutsches Auto AG, to gain deeper understanding of the markets and cultures of the countries they expand to in order to avoid conflicts and costly mistakes.

Anthropologist Arjun Appadurai states that “today’s world involves interactions of a new order and intensity,”<sup>19</sup> and points out previous restrictions faced due to geographical, geological and at times resistance to interactions between social groups are significantly lessened through the combined effect of technology, media, and new economic and political forms, specifically the nation state and capitalism.<sup>20</sup> However, this does not lead to some sort of cultural homogenization. Appadurai states that when various metropolises are brought into new societies they tend to become indigenized or localized in one or another way, discussing Americanization, Indonesianization, Japanization etc. He argues that the new global cultural economy is complex and needs to be understood by understanding global development and cultural flows, which brings with it issues of economy, culture and politics.<sup>21</sup>

Considering economic globalization, asymmetries are evident. Professor Ed Weymes of Wiakato University, New Zealand states in his article “Bridging the Divide” that Asia is becoming economically more powerful than the West by gaining an understanding of Western cultures and education. He states that China and India send their young students to the western world in an effort to understand the psychology, government and governance of the western world.<sup>22</sup> He discusses the lack of borders and the connectivity between companies and customers having created complex relationships in need of ethical management.<sup>23</sup> Weymes makes the claim, that unlike western businesses, the Asian business pays attention to people and the

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<sup>19</sup> Appaduraj, Arjun. “Modernity at Large: Cultural Dimensions of Globalization.” 7<sup>th</sup> reprinting Public Worlds. (Minneapolis, MN.:University of Minnesota Press). 27.

<sup>20</sup> See Appadurai’s “Modernity at Large.”

<sup>21</sup> See Appaduraj’s “Modernity at Large”, page 33-41 for his detailed explanation of the various scapes he ascribes to culture flow.

<sup>22</sup> See Ed Weymes “Bridging the Divide: What Western companies can learn from Eastern models of governance” at New Zealand Management, Business Source Complete, EBSCOhost, <http://web.a.ebscohost.com.ezproxy.gsu.edu/bsi/pdfviewer/pdfviewer?sid=b419b0ae-62d8-47e5-9186-b2ba1837197f%40sessionmgr4002&vid=14&hid=4204>

<sup>23</sup> See Weymes “Bridging the Divide.”

application of systems and process, creating a harmonious environment in which freedom and control rely on each other.<sup>24</sup> Weymes suggests a shift in thinking for the West, creating an understanding of the Asian market, allowing for respect toward employees, society and environment.”<sup>25</sup>

Michael Song, Anthony Di Benedetto, and Lisa Z. Song lay out strategies for managers of both West and Asian Pacific regions to understand their competitors. An example they provide, explains that Asian Pacific Managers (except Hong Kong) are less eager to jump in to a competitive environment without fully understanding its business implications, whereas Western Managers would seek to compete and take advantage of learning curve opportunities and in turn erect barriers to competition with which others must contend.<sup>26</sup>

### *Culture in the Context of Communication*

While the business literature points to the differences in motivations and practices between businesses from different parts of the world, with respect to globalization, the process is additionally complicated by cultural and linguistic barriers. The literature in this section points to the various connections between culture and communication. It identifies how communication is influenced by culture.

Gudykunst and Matsumoto argue that cultural differences must be understood in order to understand why there are communication differences to which they refer as “dimensions of cultural variability.”<sup>27</sup> People learn about their own cultures through their language, as

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<sup>24</sup> See Weymes “Bridging the Divide.”

<sup>25</sup> See Weymes “Bridging the Divide.”

<sup>26</sup> See Michael Song’s “Pioneering Advantage in New Service Development.”page 390

<sup>27</sup> Gudykunst, William B. and Stella Ting-Toomey and Tsukasa Nishida ed. Communication in Personal Relationships Across Cultures. (Thousand Oaks, CA.: Sage Publications, Inc., 1996), Chapter 2, 19.

Gudykunst and Matsumoto point out the Japanese saying “The nail that sticks out, gets hammered down,”<sup>28</sup> thus people are not supposed to stand out. Unlike the horizontal, collectivistic culture of Japan, in Germany and the United States, two vertical individualistic cultures, so Gudykunst and Matsumoto demonstrate, people are expected to stand out.<sup>29</sup> Both authors categorize Korea as a collectivistic and New Zealand and Germany as individualistic culture.<sup>30</sup> This categorization made by Gudykunst and Matsumoto provides some insight to why communication between Deutsches Auto AG and the Korean staff (i.e. management, sales staff, and technicians) is difficult. The use of high-context and low-context messages is also an important part to understand in the way people communicate. Gudykunst and Matsumoto point out that an individualistic culture (such as America) use low-context messages in relationships (communicating their feelings), but switch to high-context messages (communication to maintain harmony in their in-groups) in communication with siblings or a spouse.<sup>31</sup> Furthermore, Gudykunst and Matsumoto cite work by Fymier, Klopff, Ishii, Gaetz, Fernandez-Collado, Rubin and Hernandez Sampieri, Kim, and Wilson, demonstrating that individualistic cultures tend to talk more and are more affect oriented than collectivistic cultures, who tend to address communication more in an interpersonal way and are careful not to hurt others.<sup>32</sup> As the authors categorize Asia as collectivistic cultures<sup>33</sup>, the information transfer between Deutsches Auto AG and South Korea, Mongolia, Nepal can be put into perspective.

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<sup>28</sup> Gudykunst, Chapter 2, 24.

<sup>29</sup> Gudykunst, Chapter 2, 24 for the definition of horizontal and vertical collective and individualistic culture.

<sup>30</sup> Gudykunst, Chapter 2, 24.

<sup>31</sup> See Gudykunst, Chapter 2, page 32-33 for an understanding of low- and high-content communication.

<sup>32</sup> See Gudykunst, Chapter 2, page 33

<sup>33</sup> See Gudykunst, Chapter 2, page 28 for a broader categorization of collectivistic cultures.

George and I witnessed the communication transfer in South Korea to be consistent with the high- and low context discussed by Gudykunst and Matsumoto. At our last meeting in South Korea, we sat amongst managers and directors as well as the importer. The manager who had been my translator throughout our stay in Korea explained that he has only worked for Deutsches Auto AG for a few months and is still getting used to his new working environment. His colleague, a manager who replaced Charles has been working for Deutsches Auto AG somewhat longer, but was also still familiarizing himself with his new work environment and responsibilities. Conversation between the two managers and Charles were always interesting to watch as both managers listened carefully to what Charles had to say, usually instructions on how to do their job. When the two managers spoke to each other, they spoke freely and discussed their own thoughts, as understood from Charles' translations. However, neither made decisions as an individual. Whenever it was necessary to make a decision (for instance on how to invite customers into the dealerships for a free check-up, even though George had already given them a working method by placing an ad in the popular local newspaper), the issues were discussed between various managers and collectively, a decision was made. Charles explained that they rather decide in a group to avoid individual responsibility. A notion that is difficult for George to understand as it is time consuming and should be in the ability and capability of only one manager.

Through their study, Kim and Mattila found that Korean customers in American style restaurants did not like customization of their menu as they are not familiar with making choices.<sup>34</sup> The study further showed that lack of formality by American servers was also a

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<sup>34</sup> See Kim and Mattila, under the section title "Cultural differences".

negative remark by Korean customers.<sup>35</sup> Kim and Mattila explain this complaint by Koreans, a high power distance culture<sup>36</sup>, as a result of what they call “power distance.”<sup>37</sup> They cite Hofstede and Hofstede in explaining power distance as “the extent to which the less powerful members of institutions and organization within a country expect and accept that power is distributed unequally.”<sup>38</sup>

Kim and Mattila point out that Korean customers “find it different and even unpleasant that American servers treat their customers as equals”<sup>39</sup> as they are accustomed to a differentiation between the social class of a customer and a service provider; the customer being of higher social status<sup>40</sup>, the server should communicate subservience to the customer to establish cultural parity. The sensing problem is mainly the miscommunication which affects their purchasing behavior.<sup>41</sup> Embarrassment is an emotion associated with ‘losing face’, their societal reputation, which the Korean study subjects experienced when faced with questions they could not answer due to a lack of knowledge, such as a food item<sup>42</sup>. Koreans cope with the issue of not losing face by refraining from asking questions or complaining, especially when the server seemed unfriendly.<sup>43</sup> George and I observed this same behavior during our close-out meeting in South Korea. While presenting our findings with management, area directors and the importer, we pointed out customer complaints in regard to a lack of customer service. The importer addressed this with the appropriate manager in the room and demanded a swift solution for the

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<sup>35</sup> See Kim and Mattila, under the section title “Cultural differences”.

<sup>36</sup> Kim and Mattila, section title “Cultural differences”.

<sup>37</sup> Kim and Mattila, section title “Cultural differences”.

<sup>38</sup> Kim and Mattila, section title “Cultural differences”. Note that Kim and Mattila leave Hofstede and Hofstede, 2005, p.45 out of their list of references.

<sup>39</sup> Kim and Mattila, section title “Cultural differences”.

<sup>40</sup> See Kim and Mattila under section title “Cultural differences”.

<sup>41</sup> See Kim and Mattila under section title “Sensing problems”.

<sup>42</sup> See Kim and Mattila under section title “Emotional/cognitive reactions”.

<sup>43</sup> See Kim and Mattila under section title “Emotional/cognitive reactions”.

problem. The newly assigned manager accepted the rebuke – though not entirely his fault, and kept his head low in submission and later rushed out to immediately address the failure, fearing now for his job, as he explained to me, for having lost face in the eyes of his superior.

### *Language Barriers in the Context of Communication*

One of the problems I identified through my activities with Deutsches Auto AG before and after my travels to New Zealand, South Korea, Mongolia, and Nepal was that of language. All, except for New Zealand, do not speak English as a first language. The official business language between these countries and Germany is English, and thus communication, written and verbal, is done in nearly everyone's second language. My empirical claim here is that most, if not all, of the correspondence is done in broken English and is ripe with the opportunity for misinterpretation or perhaps is not principally understood.

Thomas, a young Nepali manager voiced his opinion to me, stating that he grew quite frustrated when he believed to have done what was asked of him and Germany reported back otherwise. What exactly those tasks were, he did not specify. I asked him what he believed the problem to be between Germany and his Nepali office, to which he replied that it is an issue of communication. When he contacts the after-sales office in Singapore, he speaks with a person who is a Korean native, not a native English speaking person. Thomas felt, so he explained to me, that there should be a fellow Nepali at the other end of the phone or email to assure proper discourse, or at a minimum, someone knowledgeable in English. As to who should be responsible to remove the language barrier, he did not provide an answer, only a shoulder-shrug.

The literature review for this section focuses on language in the context of culture. The literature reveals the understanding across scholars that English is an important part in

international trade. The literature puts perspective to the claims by Thomas, George, and Charles, as well as George's and my observations that Deutsches Auto AG is dealing with an immense language barrier.

Grafton, Kompas and Owens state that "linguistic barriers to communication reduce productivity and capital accumulation."<sup>44</sup> The essay focuses on social barriers to communication presenting a challenge to productivity and profit. They argue that social and linguistic consideration must be given to assure positive productivity. They point out that the social distance needs to be reduced, and a common language established to create links across individuals. One important piece with respect to linguistic competence appears to be the very context and mechanics of instruction in a practical sense. The literature points out the lack of language skills by non-native English speakers who teach English as a second language.<sup>45</sup> Thus, bad English is transferred from tutor to pupil creating a situation where conversation between two non-native English speakers of two different countries with different cultural backgrounds and values leads to confusion and misunderstandings.

However, additional difficulties and problems exist. Professor of Management Ellen Eun Kyoo Kim at University of California and Professor of Management Anna S. Mattila at Pennsylvania State University discuss language barriers in the hospitality business as generating

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<sup>44</sup> Grafton, R. Quinton and Tom Kompas and P. Dorian Owen. Bridging the barriers: knowledge connections, productivity and capital accumulation. *J Prod Anal* (2007). (Published online 15 May 2007). Introduction.

<sup>45</sup> See Shrestha, Ramesh. "English as a Second Language/English as a Foreign Language Distinction: Its Pedagogy & the Nepalese Context." *Contributions to Nepalese Studies Journal*. vol. 11, No. 1. Published 1983. <http://www.mtnforum.org/content/english-second-languageenglish-foreign-language-distinction-its-pedagogy-and-nepalese> (accessed April 16, 2014), pages 52-54 for his explanation on the difficulties Nepalese face in regard to the English language based on the English teaching system of India and the necessity to understand how Nepalese use the English language in a cultural setting.

“negative emotional and cognitive responses”<sup>46</sup> which in turn prevents those who speak English as a second language from either complaining or seeking information. Kim and Mattila cite J.K. Henderson in acknowledging that researchers and professionals in international business need to pay attention to the communication barriers as language affects everyday life.<sup>47</sup> The essay points out that intercultural encounters where both parties are of different cultures present specific challenges in communication or information gathering. Citing J. Luring, Kim and Mattila are in agreement with Gudykunst and Matsumoto that language is not only an important part of culture, but also of individual identities.<sup>48</sup>

Kim and Mattila explain the importance of the English language to Koreans and thus it is integrated into the learning curriculum as a mandatory course.<sup>49</sup> To speak English well, results in the building of pride, an important aspect to Koreans as demonstrated by Kim and Mattila. Anthropologists So Jin Park and Nancy Abelman of the University of Illinois discuss the practical and symbolic value attached to the English language in South Korea by looking at three mothers (a working class, middle class, and upper middle class mother) and their efforts toward their children’s English education with respect to cosmopolitanism.

Park and Abelman suggest that English is a powerful language providing special social status and advancements.<sup>50</sup> Park and Abelman point to Niko Besnier, Professor of Cultural Anthropology at University of Amsterdam when explaining the definition of cosmopolitanism in

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<sup>46</sup> Kim, Ellen Eun Kyoo and Anna S. Mattila. “The Impact of Language Barrier & Cultural Differences on Restaurant Experiences: A Grounded Theory Approach.”

[http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1175&context=gradconf\\_hospitality](http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1175&context=gradconf_hospitality). Abstract.

<sup>47</sup> See Kim and Mattila, Introduction.

<sup>48</sup> See Gudykunst, Chapter 2, pages 22-23 on Individualism-collectivism and see Kim and Mattila’s, Introduction.

<sup>49</sup> See Kim and Mattila under section title “LIMITATIONS AND FUTURE STUDIES”.

<sup>50</sup> See Park and Ablemann’s Class and Cosmopolitan Striving. Page 646 on the connection between English language skills and social status.

the non-classical sense.<sup>51</sup> The education system in Korea changed, as explained by Park and Abelmann, with the IMF Crisis in the 1990s, and created an increasing demand for private and after-school education; English as a second language becoming an important part of the education system. Park and Ablemann state that “English took on particular value at this historical juncture.”<sup>52</sup> Kim and Mattila’s description of Korean pride underlines Park and Ablemann’s statement: “[...] increasingly, to be South Korean means to be South Korean “in the World” – a prospect that calls for the mastery of English as an index of cosmopolitan striving.”<sup>53</sup>

The authors claim, the English education comes at a highly stratified manner.<sup>54</sup> Low income families cannot afford after school programs with native English speaking teachers, thus rely on English worksheets teaching low quality English skills, signifying low social status within the education programs.<sup>55</sup> Economic limitations determine the quality of English skills one can acquire, as Hun’s mother explains<sup>56</sup>. The goal in seeking English skills in after-school programs by low income families is for a better future and a higher social status for their children.<sup>57</sup>

Min’s mother, a middle-class private English tutor opted out of after-school education programs and teaches her son English which she learned in her three years in Scandinavia. She explains to Park that she is aware that her English is not of high quality, but feels it important to

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<sup>51</sup> See Park and Abelmann’s Class and Cosmopolitan Striving. Page 647 for definitions of cosmopolitan.

<sup>52</sup> Park and Abelmann, 650.

<sup>53</sup> Park and Abelmann, 650.

<sup>54</sup> Park and Abelmann, 650.

<sup>55</sup> See Park and Ablemann, page 653 for Hun’s mother’s explanation of English education affordability.

<sup>56</sup> See Park and Ablemann, page 653, where Hun’s mother explains the meaning of a worksheet program and its quality to teach English.

<sup>57</sup> See Park and Ablemann, pages 652 – 654.

be her son's teacher for success in academic achievements<sup>58</sup>. Park and Ablemann argue that Min's mother's criticism and distrust in the private after school education system comes from her own experiences as a hard working middle class woman, striving to secure her son's middle class future.<sup>59</sup>

To explain the ambitions of upper class mothers for their children to learn the English language, Park and Ablemann use the example of Jinu's mother, a housewife, who spends her money to send her children abroad (New Zealand) for an English education "because of a realization that local English education in South Korea was lacking."<sup>60</sup> She became critical of the Korean English teaching system after her son had tested below a private institution's lowest standard in spite of previous English education.<sup>61</sup>

While the stories of these three mothers illustrate the importance of the English language in a cosmopolitan sense, mainly to be "at home in the world,"<sup>62</sup> Ramesh Shrestha in his essay makes the point that English is a world language, and does not only belong to a few countries. He cites Larry Smith in saying: "It is a language of the world,"<sup>63</sup> and goes on to discuss the differences between English as a second Language and English as a foreign language. English as a foreign language is taught as a school subject or "for the purpose of absorbing the culture of

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<sup>58</sup> See Park and Ablemann, pages 657 – 658 for an explanation of Min's mother's decision to home-school her son and the value she places on the English language in the case of her husband's interest to keep up with the English language he learned during the years in Scandinavia.

<sup>59</sup> See Park and Ablemann, page 660 in their conclusion of the middle class mother.

<sup>60</sup> Park and Ablemann, 661.

<sup>61</sup> See Park and Ablemann, page 662 for Jinu's mother's dislike for English teaching institutions.

<sup>62</sup> Park and Ablemann, 647.

<sup>63</sup> Shrestha, Ramesh. "English as a Second Language/English as a Foreign Language Distinction: Its Pedagogy & the Nepalese Context." *Contributions to Nepalese Studies Journal*. vol. 11, No. 1. Published 1983. <http://www.mtnforum.org/content/english-second-languageenglish-foreign-language-distinction-its-pedagogy-and-nepalese> (accessed April 16, 2014).

another nation,”<sup>64</sup> while English is taught as a second language “when English becomes a language of instructions in the schools,” or “an alternative way of expressing the culture of one’s own ... or a lingua franca between speakers of widely divergent languages [...]”<sup>65</sup> In his essay, Shrestha identifies Korea among other Asian countries as English as a foreign language country and Singapore as an English as a second language country “because of its status as an official language.”<sup>66</sup>

Nepal, according to Shrestha, falls into the category of English as a foreign language country, claiming that “English is not a dominant working language”<sup>67</sup>, but rather “taught as a subject of study... used by adults for the purpose of reading literature [...]”<sup>68</sup> Shrestha identifies that “there is a particular Nepaliness about the use of English by the Nepalese who use the language and it is noticeable in their sound system, accent and intonation, and selection and arrangement of words.”<sup>69</sup>

As Park and Ablemann discussed cosmopolitanism in the Korean culture when it comes to the English language, Shrestha also describes the English language as one of four functions in Nepal, the Interpersonal function, where English serves as a code amongst the educated and serves as “symbolic elitism, prestige, and modernity.”<sup>70</sup> Further, Shrestha explains that English

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<sup>64</sup> Shrestha, 46. Shrestha is citing Paul Christopherson and A.H. Marckwardt.

<sup>65</sup> Shrestha, 46. Shrestha is citing Paul Christopherson and A.H. Marckwardt.

<sup>66</sup> Shrestha, 47.

<sup>67</sup> Shrestha, 48.

<sup>68</sup> Shrestha, 48.

<sup>69</sup> Shrestha, 52.

<sup>70</sup> Shrestha, 53.

is not used for the purpose of communication, but rather used as a “library language”, making use of educational material written in the English language.”<sup>71</sup>

This literature goes along with George and my observation. Not enough cultural and linguistic attention has been paid toward the markets, particular in South Korea, Nepal, and Mongolia. The language barrier, as we observed, was not always due to the lack of English language but also because a hierarchal business structure is not understood, as identified in South Korea. The literature reinforces my observations that Deutsches Auto AG has little understanding of the barriers they place themselves, that limit or restrict communication. Due to these failings in identifying these issues, Deutsches Auto AG loses time and resources, i.e. money, rather than aligning employees’ strengths and skills with organizational needs.

## **Design of the Study, Sample Population, Study Instruments, Data Collection**

For each region, George picked randomly independent Deutsches Auto AG dealerships, which were willing to participate in our study. For our trip to New Zealand, we visited three dealerships in Auckland and one dealership in Tauranga; In South Korea, we visited four dealerships in Seoul; In Mongolia we visited one dealership in Ulaanbaatar; In Nepal we visited one dealership in Kathmandu. For the study, volunteer participants which were Deutsches Auto AG vehicle owners (not necessarily affiliated with the dealership where the surveys were conducted) were individually interviewed either via phone, face-to-face, or by means of self-answering a printed survey. Surveys were translated for the South Korean and Mongolian

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<sup>71</sup> See Shrestha, under section title “Priority of Skills” explaining the need for English versus why Nepalese should learn English.

Markets. A translation was not needed for New Zealand and Nepal; English is one of the official languages in New Zealand and the management in Nepal insisted in keeping the survey in the English language.

South Korea provided a translator for the face-to-face interviews, whereas dealerships in Mongolia and Nepal felt it appropriate to have an employee of theirs hand out the surveys to their customers without face-to-face contact with me. In the cases where I was not allowed to interact with the customer, I explained the survey questions and their purpose to the associate and rehearsed questioning to ensure questions were asked and recorded without compromising the survey (questions came with a pre-selected number of answers from which the customer had to choose). Any other information that the customer was willing to provide were recorded on the survey, but not seen as part of the answers, nor analyzed as part of our conclusions.

Because of the limited time in each location, sample sizes were unavoidably small, but provide an entry point to begin tracing cultural and structural elements that may significantly affect market prospects for dealerships, importers and Deutsches Auto AG.

### **Implementation of Study**

George conducted the technical part of our project, mainly checking all conditions of the car to identify issues, such as seat belts (such as the mechanism that pulls back the seat belt or tightens during a sudden slow-down), wear and tear on undercarriage, conditions of tires, etc. He recorded his technical findings in a separate log and later entered into a separate report for analysis. George also did an inspection of repair shops and dealership conditions, observed problem solving techniques by managers and technicians and looked at the available technology and tools in the repair shops.

**Data Quality Control**

Most survey questions provided standardized answers from which respondents had to choose. For instance question 6, asking for the region the customer drives mostly with three possible answers of either city, rural area or both. In some cases, where the question required a car model number, model year, hours or miles per day, etc. the customer had to fill in the appropriate answer. Question 12, (an open ended question where the customer had to explain his/her understanding) and customer comments had to be filled in based on an understanding of specific safety functions, such as the function of the air-bag system and personal feelings of anything Deutsches Auto AG related: praise, complaints or suggestions.

**Findings and Analysis**

***\*\* Numbers in the Vehicle Use section are percentages, unless otherwise noted.***

***Trip Durations:***

Country	Dates on location	Days devoted to data collection
New Zealand	12 June- 24 June 2013	9
South Korea	2 July 12 July 2013	6
Mongolia	12 July – 19 July 2013	5
Nepal	28 July – 2 August 2013	5

Our Team (George and I) had only a limited time in each country to conduct the surveys. Our days began usually with a meeting before we went to our stations. In New Zealand, George was used for various activities besides his vehicle inspections. Managers demanded George's expertise regarding various vehicle and safety related issues. We usually discussed the agenda

for the day and then took off to the dealerships. In South Korea, we held meetings either in the morning or in the evening. Here too, George's advice was desired for various technical and managerial questions. The meetings were translated by Charles, George's colleague from the home office. In South Korea, George was not able to only communicate the agenda, but had to explain the purpose of the project repeatedly as it remained unclear to the management and technicians. Language barriers were a hindrance in getting the project working smoothly. It took almost until the end of our stay to get the management to understand the purpose and importance behind our efforts due to their lack of English. Mongolia was a different experience. We only dealt with the manager, who spoke fluent German, but little English. Explaining the purpose and importance of this project took very little time. Everything was swiftly organized and we started our work almost immediately. The language barrier came into play when George entered the repair shop, which was adjacent to the dealership. Technicians and management did not speak English or German. The condition of the repair shop was below standard, as up-to-date equipment, software and tools were not present. George quickly learned that the technicians lacked important technical knowledge to convey specific problems to the appropriate department, i.e. the after-sales office responsible for the region, as well as lacking some basic skills to address some problems at the vehicles. A lot of time went into training technicians and updating software. In Nepal, we faced similar issues. When we arrived at the repair shop, it was quickly apparent to George, that they were overstaffed, underequipped and lacking basic knowledge and skills to perform the tasks of a technician. Unlike in Mongolia, great eagerness to learn was present every day. We held a meeting every morning and in the evening. George used most of his time to train the technicians and to actually give a basic knowledge lecture.

*Survey Demographics:*

Country	Total # surveys	# of Face to Face	# of Phone	# of face-to-face with translator	# filled out by customer	# of males	Male Ages	# of female	Female Ages
New Zealand	46	17	24	-	5	27	46-83	19	32-74
South Korea	28	-	-	22	6	25	24-62	3	33-65
Mongolia	17	-	-	-	17	13	18-57	4	20-55
Nepal	20	-	-	-	20	16	26-50	4	27-54

The above table displays the survey demographics of all four countries. Time constraints did not allow a large sample. However, Mongolia and Nepal are very small markets for Deutsches Auto AG, therefore, the collected data at the very least gives us an idea about the consumer, importer and dealership issues. New Zealand and South Korea being much larger markets for Deutsches Auto AG naturally produced a larger sample population than of the smaller markets. In South Korea and Mongolia, I used translated versions of the survey, which were translated into the appropriate languages. In South Korea, I was provided with a translator who sat with me during the face-to-face interviews. To assure the accuracy of questioning and importance of staying within the survey frame of questioning I explained the purpose behind the questions and what each question will mean for the analysis. The language barrier was apparent as it took a few trial runs before my translator understood the purpose for this survey as even my translator did not understand English well enough. We chose to ask age and gender to get an idea of what age groups are driving what model, and identify consumer preference trends.

***Ownership of Multiple Vehicles:***

	New Zealand	South Korea	Mongolia	Nepal
Respondents owning multiple vehicles	38	21	11	9

The question of multiple vehicle ownership provided some understanding of the consumer's socioeconomic status, and whether a second, or even third vehicle might be desired for specific purposes such as leisure or primarily for work. This data was further explored by asking about vehicle model for each additional vehicle to understand brand preference, if not Deutsches Auto AG, within each region. The data was also used as a measure of the financial standing of consumers.

***Vehicle Use:***

As can be seen in the below tables, we wanted to get an idea about where people drive, what are the surfaces and how they described the road conditions. Given that all regions we visited, Auckland and Tauranga in New Zealand, Seoul in South Korea, Ulaanbaatar in Mongolia and Kathmandu in Nepal are cities, it is not surprising that most drivers drove in cities rather than rural areas. It is also not surprising that most travelled roads were paved rather than gravel and/or dirt roads. We observed that New Zealand and South Korea's street conditions were well kept. In Mongolia, we observed streets in bad conditions with broken asphalt, and large potholes. Loose asphalt was not removed from the driving surface. Nepal had mainly dirt roads which were in very bad condition. Like Mongolia, large potholes and loose rocks, were present everywhere. The highways were paved, but covered in sand. Because dirt surrounded the asphalt

roads, sand was unintentionally transferred by pedestrians, cars and animals as well as by weather conditions, such as wind. During our stay, we experienced a lot of rainfall and witnessed the transformation of dirt roads into soft ground that caused vehicles to sink and get stuck. The paved but sandy highway became slick and hazardous. In analyzing this data, we needed to consider local perceptions; for instance, in Mongolia - 47% of the sample population described the road conditions as 'good', however to George and me, most roads were highly damaged. The language barrier was not the only obstacle to our study. Local standards, contexts and perspectives presented their own challenges, for example "good" in the more rural regions might be what we consider to be "Bad" road conditions in America or many European countries.

### Driving Environment

	City	Rural	Both
New Zealand	56	8	34
South Korea	75	-	25
Mongolia	70	-	29
Nepal	60	-	40

(NOTE: Data given in percentages; totals not equal 100 are due to rounding)

### Road surface

	Pavement	Gravel	Dirt
New Zealand	100	-	-
South Korea	100	-	-
Mongolia	65		35
Nepal	45	55	

(NOTE: Data given in percentages; totals not equal 100 are due to rounding)

### Road conditions

	Very good	Good	Bad
New Zealand	46	43	11
South Korea	43	57	-
Mongolia	-	47	53
Nepal	-	20	80

(NOTE: Data given in percentages; totals not equal 100 are due to rounding)

***Driving Behavior:***

The questions in regard to the consumers' driving behavior provided insight into how they treated and how they perceived their vehicle. We also wanted to know for what purpose a consumer purchased a vehicle. This provided information on desired vehicle types in each region. New Zealand is a recreational oriented region with a lot of RVs (Recreation Vehicle) and Campers. 72% of the New Zealand survey population used their vehicle for leisure, whereas only 15% of Nepalese survey population used the vehicle for this purpose. Only 11% of population used their vehicle for work whereas 75% of the Nepalese used it for that purpose. We compared people's self-reported driving style and the damages found on the inspected vehicles. 100% of the Nepalese described their driving style as 'normal', in accordance to the local legal speed limits. However, like our questions on road conditions, we had to understand the context within which individuals drove. For example, as Kathmandu does not have a city speed limit it is impossible to drive fast.

**Driving Style**

	<b>Fast</b> Above speed limits	<b>Normal</b> at speed limits	<b>Calm</b> below speed limits
New Zealand	11	72	17
South Korea	11	57	32
Mongolia	6	82	12
Nepal	-	100	-

(NOTE: Data given in percentages; totals not equal 100 are due to rounding)

**Purpose of vehicle**

	<b>Work</b>	<b>Leisure</b>	<b>Family</b>
New Zealand	11	72	17
South Korea	43	39	11
Mongolia	59	23	18
Nepal	75	15	10

(NOTE: Data given in percentages; totals not equal 100 are due to rounding)

***Safety:***

The questions for this section addressed the consumers' knowledge of the safety features in their vehicles. We were interested to gauge where customers' interest and desire for such features and how important these features are in terms of a vehicle purchase. These data provided ideas about areas in which consumers could be better educated. We identified various problems in consumer understanding. While 100% of New Zealanders answered that they always wear the seat belt, only 41% of Mongolians do so. This was apparent to George as well, as most of the vehicles he inspected in Mongolia had the seat belt fastened behind the seat, indicating that the driver did not use the seat belt. Yet, when asked about the importance of safety features, 53% of Mongolians answered that it is highly important, while 94% admitted to not understand the included safety features, mainly the ABS, ESP and Airbags. In South Korea, Mongolia and Nepal, most believed that the airbag prevents accidents from occurring; one Mongolian believed that the airbag is an addition to the air-condition-unit. As priority features in purchasing a vehicle, most spoke of design and brand rather than safety. Only two out of seventeen stated that safety features are a priority in a car purchase. In New Zealand, several people told me that they trust the companies to have the best safety features in their car, thus their highest priority could shift to other features. Likewise in Korea, where a middle aged man explained to me that when he pays good money for a car, he trusts the company to know what they are doing and thus he does not have to make safety his highest priority as it is expected to have good safety features. Regarding deterrents to vehicle purchase, the most significant factors identified were design, color, and price. Interestingly, 65% of Mongolians would not buy a specific car for the lack of safety features. Given the degree of misinformation about safety, however, this finding needs to be problematized. It is possible it was considered the socially acceptable answer, though another

possibility is that they believe that the safety features are a given, even without fully understanding their functions.

#### Use of seat belts

	Always	Often	Never
New Zealand	100	-	-
South Korea	82	18	-
Mongolia	41	35	23
Nepal	95	5	-

#### Importance of safety features (ABS, ESP, Airbag)

	High	Medium	Low
New Zealand	56	40	4
South Korea	68	32	-
Mongolia	53	18	29
Nepal	55	35	5

#### Understanding of Safety Features(ABS, ESP, Airbag)

	Yes	Some	None
New Zealand	56	26	17
South Korea	-	-	100
Mongolia	-	6	94
Nepal	-	-	100

#### Importance of features for vehicle purchasing decision

	Safety features	Vehicle Brand	Price	Other
New Zealand	24	32	4	40
South Korea	39	21	4	36
Mongolia	41	41	-	29
Nepal	-	50	10	40

#### Reasons to NOT purchase a specific vehicle

	Lack of Safety features	Vehicle Brand	Price	Other
New Zealand	24	17	13	41
South Korea	21	7	29	39
Mongolia	65	-	12	18
Nepal	10	-	50	40

(NOTE: Data given in percentages; totals not equal 100 are due to rounding)

## Conclusion

### *The Observed Problems*

George and I set out to conduct a qualitative analysis of the long-term wear and tear on material and systems of vehicles to assess longevity of vehicles given its surrounding conditions. We also wanted to identify various problem areas such as the consumers' knowledge, language barriers and cultural backgrounds to develop suggestions for improvement. We felt well prepared after creating various excel spreadsheets for our data collection, designed well thought out survey and inspection sheets and were ready to take on the project. However, we were not prepared for the information we actually found. We identified language, knowledge and equipment, or the lack thereof, as major issues.

Thomas, the young manager in Nepal described his difficulties in communicating with the after-sales office as rather frustrating. The after-sales office is a division of Deutsches Auto AG which is concerned with all vehicle issues occurring after the sale of the car. Engine issues, noises, vibration and specific types of accident related issues are reported to the after sales office where the issue is analyzed and solutions are communicated back to the dealerships and or repair shops. This frustration in bad communication was born from numerous conversations in which Thomas felt lost because he had to communicate in English. He explained that he had difficulties understanding what was said to him because it was often in broken English by an individual who also did not speak English well. Thomas wondered if it would not have been more beneficial to have placed a Nepalese speaking person to correspond with the Nepalese market. He understood that the official language had to remain in English, but wished to be able to ask questions and receive explanations in his own language to assure best results. The thought

of producing best results made Thomas question whether or not the Nepalese received an adequate education that could compete with Western education. In his opinion, he was not quite sure that Nepalese received a good and competitive knowledge base. He asked a lot of questions, yearning for answers, a behavior not only displayed by him, but by everybody else in the office, from the secretaries, to the managers, to the technicians. He understood the problem as a local problem as well as a corporate problem. Thomas wondered why Deutsches Auto AG was not sending people to train his staff so that they may work in accordance to Deutsches Auto AG's expectations. He believed that if Deutsches Auto AG would provide proper training, then they could thrive in the Nepalese Market for a long time. He feared, however, that without any training or other assistance to improve performance, the problems will only increase.

As George explained to me on numerous occasions, what is not understood is the responsibility the importer has to Deutsches Auto AG. Business relations are between the importer and Deutsches Auto AG in the acquisition of vehicles. It is not the responsibility of Deutsches Auto AG to train those hired by the importer and dealerships, which is often not understood by dealership employees. Unfortunately for Thomas, this means that he has to address his problems to the importer if he wants to receive training for the management staff and technicians. If the importer is unwilling to provide the requested aid then so be it. The question arises whether it should be in the importers interest to provide as much education and equipment as possible to keep his dealership in business, or at least the repair shop. This also should be important to Deutsches Auto AG since it means that it is potentially misrepresented.

Charles, George's colleague, a native of South Korea, benefited from his life of a few years in Canada where he learned the English language. He is a young, energetic and well-educated son of a South Korean Military Officer. During our time together on the project in

Seoul, he displayed his pride in being a South Korean citizen. He occasionally compared Deutsches Auto AG to well-known Korean service oriented companies such as Samsung, Hyundai and Kia. He understood that service at Deutsches Auto AG was not what Koreans value when it comes to customer service. He too questioned the issue of education and language barriers within the company. Often, he explained, he receives phone calls from the Korean office – an effort to overcome recognized language barriers, to discuss work related issues. His replacement needs Charles' help in technical questions and importer related issues, a result of a too short a time for the 'hand-over', when Charles left Korea. However, he still helps because he feels that he is more effective in assisting people to do their work because he can provide information and solutions in Korean. Charles said that it is also a matter of trust. The Korean managers know Charles and they trust him. He explained that a lot has to do with his hierarchical standing, being the son of a General as well as having a culturally significant last name.

George and I observed Charles' popularity while we were in Seoul. Two managers, including the one who replaced Charles, accompanied us throughout the project. They were unable to communicate in the English language, except for a few sentences. Charles became the constant translator between the managers, George and me. It was not only difficult to communicate, but very time consuming as well. George and I spent too much time explaining rather than doing. Of course, this is even a greater issue for George than for me as I only conducted a survey. Knowledge, tools and language was thus not only a problem in Nepal, but also in South Korea. George explained, that there are English courses offered by Deutsches Auto AG, but too few make use of this service because people will not take the time for an

English class during work and definitely not after work. Mongolia was another case in which language was a problem, in addition to the lack of tools and knowledge.

We arrived at about midnight in Ulaanbaatar and quickly learned that one does not get far with the English language. It is not that there is a lack of English; it is just not spoken that much. But with the increase in western presence for Ulaanbaatar's resources, such as copper, western restaurants make their way into this Asian country. A KFC (Kentucky Fried Chicken) opened only weeks before our arrival and a McDonalds was rumored to open soon thereafter. The Manager of the dealership in which we conducted our surveys spoke little English but was fluent in German. He studied and received his business degree in a German university. He explained that Mongolians typically speak some German and hardly any English. Unfortunately, most of the staff did not speak English or German. My assigned translator, a young gentleman versed in English and Korean explained that many people leave to study in other countries and many do not return. He believed that the education in Mongolia cannot compete with any western country. His English language skills, he explained, are self-taught. I have to say, he spoke very well for a self-taught young adult. His Korean language skills, he acquired while working for Deutsches Auto AG in a Korean office. He spoke about sending his siblings to school outside of Mongolia so that they could be more competitive.

Language became a big issue for George when entering the repair shop. He could not communicate with any of the technicians, but he observed the lack of knowledge and tools in the work shop. Software used to communicate with Deutsches Auto AG was outdated, and the technicians did not know how to properly use the equipment. As was necessary in Nepal, here too, George found himself as an instructor rather than an inspector. But seven days were not enough to teach what needs to be known inside a repair shop. The manager explained that he

addressed this very issue a few times, although it was unclear to whom he addressed his concerns. He explained his frustration in how this dealership is run and that there is nothing he can do to improve any issues.

George and I met the importer and his family; A well-educated family with a love for German products. The Importer spoke broken English; his wife on the other hand spoke much better as she had proper English language training in England. She was also well travelled as she spoke of the many places she visited with her parents. Their three children all spoke English, and they used English to communicate with each other at least during our visit to their summer house. The Importer was well informed in regard to world politics and business related affairs. He was not only a Deutsches Auto AG importer, but also an investor in various other businesses. His next planned venture was the acquisition of another Deutsches Auto AG brand and to expand his dealership. Perhaps the Mongolian Manager would have agreed that the importer's money would be well spent within the dealership and its current needs. George mentioned numerous times that he identified a lack of knowledge and tools amongst the technicians, but the Importer did not engage in a discussion.

New Zealand presented none of the problems of language barriers, lack of knowledge and tools. Everything ran as known about Western companies. While George and I were there, management relied on George for insider information, basically as the German authority that could make decisions on the spot. In some cases, George had that ability, in others he had to go through official channels. He taught the New Zealand crew a few short cuts and tricks through the software system, but other than that, the project there was 'smooth sailing' without any identification of internal problems.

### *A Success Story*

In Seoul, a customer, a young student, walked in and sat down at the chair on the other side of my desk. He greeted me, and I greeted him back, in Korean, of course. Koreans are very friendly when they see that a westerner embraces their language and culture. Knowing that I am German, he said a “Guten Tag” and continued to converse in English. Filling out the survey was somehow just a side-task as he was very interested in my life in America. We discussed my studies at Georgia State University and ended up talking about various food items. He handed in his completed survey and I noticed his comment in the comment section. He stated that he had an issue with his engine light that does not want to turn off. He brought the car to the repair shop three times already, but nobody seemed to know what the problem was. Prior to our trip, George and I discussed that serious safety issues should be brought to his attention right away so he can address them, of course, only if the owner agrees. I asked the young student if he would mind if George would take a look at it. At first he was hesitant; explaining that he was only at the dealership to wait for his parents and does not have the time to wait for the service. I explained to him that George would take a quick look and will be able to identify the problem right away and that a repair can be scheduled at a more convenient time. He gave in and I called George who addressed the car right away, finding the problem in less than three minutes.

This now impressed young man asked for a repair right away, but unfortunately, the repair shop did not have the needed part. George temporarily fixed the issue, with the advice to make an appointment to get the proper part installed. The customer approached me at my desk once more and thanked me for finally having fixed his car. He said that he is very impressed with George and he is angry that the people in the repair shop were unable to fix it three times. He stated that he has very little to no trust in the technician’s abilities and that he is very happy

that two Germans finally came to fix the cars and to teach their [the dealership] technician how to fix a good car.

At our last day in Seoul, George and I put together our survey and inspection analysis, to present at our final morning meeting. This meeting was attended by various managers, directors and the importer. Charles was present as a translator and interpreter. We presented the findings of customer dissatisfaction with the dealership and technicians; mainly there was a lack of trust, dissatisfaction with customer service (many compared customer service to Samsung, Kia and Hyundai) and the complaint about high cost for replacement parts. Although the importer understood that customers speak rationally, he felt it highly important to not dismiss their feelings. In his opinion, if people lost their trust, for whatever reason, that reason ought to be taken seriously and must be addressed. The story of the young student who brought his car into the repair shop three times for the engine light and that it took a German analyst less than three minutes to identify the issue, exemplified his point and he noted that this is an embarrassment for the dealership but also for him. He ordered everyone in the room to find the problems, to figure out how Kia and Hyundai's customer service differs to that of his dealership and to come up with solutions which he wanted to have presented to him within days.

### **Recommendations**

As the analysis showed, lack of knowledge is not only an internal, corporate problem, but also in terms of the customer. The consumer displayed a great lack of knowledge in regard to safety features. Not only would a well-informed driver be more cost efficient to the company as law suits and injuries can be reduced, but a well-informed driver will be a safe(er) driver for everyone. Safety knowledge would explain to consumers that an airbag does not prevent

accidents, but deploys under specific circumstances to reduce human injury and perhaps, the number of seat belt wearing individuals will increase. People may change their shopping behavior by shifting priorities, and a car is not mainly bought for its color or interior design, but for how well it can protect human beings. Rather than a flashy manual that lays quietly in the glove box, a new approach should be implemented; an approach appropriate to regions, addressing the cultures and their surroundings, and using the local language to assure maximum comprehension.

Thomas, the two South Korean managers, Charles and the Mongolian Manager, would all agree that language courses need to become a better option. As George stated, lectures are offered, but it is inconvenient to visit those due to time constraints. Thomas requested opportunities for managerial and technical training. From what George and I have witnessed, the people are eager to learn, and want to perform at a high level. It is my opinion that provided training, supported by Deutsches Auto AG would yield better technicians, better reports, better customer satisfaction, and an increase in return buyers.

### **Limitation of this Study**

Although George and I are confident that we have been successful in identifying some key issues in need of improvement, we acknowledge that we operated within many limitations; time being one of them, a lack of language and culture knowledge the others. More time at each location would have given us more opportunities to understand the cultures within areas that Deutsches Auto AG wants to function (by way of importers). We identified various issues within the regions that need improvement, but we did not have enough time to fully assess their impact. All we were able to provide is a snapshot, an idea. With more knowledge of the regions and

more time, a much stronger case, I believe, can be made for the necessity of understanding language, local education and culture in order to provide positive impact as well as profit for all involved.

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