

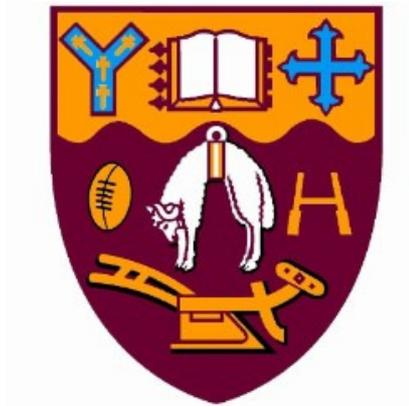
# **THE INFLUENCE OF CULTURAL FACTORS INCLUDING LANGUAGE ON BUSINESS OUTCOMES**

PERCEPTIONS AND EXPERIENCES OF NEW ZEALAND  
EXPORTERS IN ASIA WITH REFERENCE TO SOUTH KOREA

By

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*This thesis is dedicated to my husband John, who continues to love me unconditionally; and to our sons, Joshua and Jonathan, our most precious gifts from God.*

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## ABSTRACT

This thesis examines the role of language and culture in international business. Through a theoretical framework it investigates how these barriers are integrated and argues that an understanding of the complexity of the relationship between language and culture in cross-cultural communication is crucial in international business, as essentially it provides an explanation as to what effective communication means. The premise that language and cultural barriers might be preventing New Zealand businesses from enhanced engagement in Asia was investigated using quantitative data obtained from an online survey of New Zealand exporters supported by qualitative data from case studies. The results revealed that New Zealand companies were expressing much apprehension regarding language and cultural barriers prior to entry into Asia but upon entry, they had found that the experience had not been as difficult as anticipated. English alone was sufficient for the most part, particularly during the early phases. However, if businesses wanted to commit fully on a long term engagement with Asia, then English alone was not enough because without knowledge of the local language and culture they could not communicate effectively to build long-term relationships. Faced with a rapidly changing, increasingly competitive multilingual global environment, this study suggests that New Zealand businesses will need to find practical solutions to best enhance their opportunities in Asia.

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# CHAPTER 1: INTRODUCTION

## 1.1 RATIONALE FOR THE STUDY

In 2006, a report published by Asia New Zealand Foundation titled *Preparing for a future with Asia – How New Zealand can benefit from Asia’s growing influence*, stated:

In a country that is committed to raising knowledge about Asia, businesses will place higher priority on Asia-related knowledge and skills. This includes language and cultural skills, understanding of specific markets and ability to tap into business networks within those markets. The need for Asia-related knowledge will be reflected in hiring policies, in the commitment businesses make to raising knowledge among employees, and in the efforts they make to develop networks within Asian nations. (Steeds, 2006, p. 18)

Amongst the findings reported, the business community identified language and cultural barriers in particular, as major issues that needed to be addressed in order to enhance New Zealand’s opportunities in the Asia region. “Language and cultural barriers prevent New Zealand businesses building effective relationships with Asian clients.” (Steeds, 2006, p. 12)

Knowledge of language and culture plays an important part in international business. Research examining the extent to which language and culture affect business outcomes can generally be found in the form of cultural guidance through the varied accounts of experiences of foreign countries in their dealings

with cross-cultural barriers in business with Asia<sup>1</sup>. These often conclude that more knowledge is needed in areas of ‘cultural sensitivity’ and such advice is primarily pitched to the Western businesspeople. Subsequently, studies in New Zealand have also supported these findings.

With regards to the role of language, in reviewing the research from both overseas and New Zealand examining its role in international business, it was found that studies have been somewhat limited to data gathering exercises, reporting on the level of foreign language use by businesses; primarily to determine if there has been a shift in their (Western businesspeople) attitude to foreign language as a reflection of the impact of the global landscape where businesses are required to operate in an increasingly multilingual environment.

By and large, businesses, particularly those which are more export oriented, have demonstrated an enhanced understanding of the benefits of foreign language use and have taken measures to adapt accordingly, albeit arguably, to a limited degree. These studies have revealed that mostly, the “language barrier” in international business has been addressed through the use of English as an international language of trade.

This thesis will examine the role of language and culture in international business to highlight the development of some of the key factors that may influence and determine the process and the outcome in cross-cultural business dealings. Using both quantitative and qualitative research methods, the perceptions and experiences of New Zealand businesses as exporters to Asia will be examined. Assuming that these barriers (language and culture), as stated in the report is real and not perceived, this study will ask:

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<sup>1</sup> The term ‘Asia’ is used in this thesis, to refer to ‘the Asian region’ or ‘the Asian continent’. As an extension of this terminology, the word ‘Asians’ is used to mean ‘people from the region or continent of Asia’. Where a particular country of the Asia region/continent is needed to be specified, the name of that Asian country will be explicitly mentioned.

- To what degree, if at all, does knowledge of language and culture influence international business outcomes?
- Are they separate barriers or integrated?
- How are New Zealand businesses dealing with these barriers of language and culture?
- What methods are they employing to overcome this barrier/these barriers?
- Is knowledge of language and culture essential to international business for New Zealand businesses or is it merely beneficial?

## **1.2 BACKGROUND AND LITERATURE REVIEW**

### *New Zealand's relationship with Asia*

Owing to its small domestic population, New Zealand's economy, out of necessity, has had to adopt and develop export-oriented businesses and trade. However, because of its colonial heritage, for the general public and also to a certain extent the business community, the word 'export' has been generally linked to New Zealand's traditional trading partners such as Australia, United States and England. These historical business relationships would have developed due to (i) the familiarity of the Anglo-Saxon based culture; (ii) the commonality of the English language; and (iii) political ties.

Whilst the above situation would have been true and accurate in the years leading up to the 1980s, in reality, the New Zealand export market has evolved and diversified over the years and in recent years the Asian market has become New Zealand's largest and significant export trading block. Beal (1999) notes in

particular that the evolution of New Zealand's relationship with Asia did not occur in isolation, but rather, that it is part of a wider relationship with the outside world. "New Zealand is very much Asia oriented, more so than Canada, although still less than Australia but New Zealand is still moving and becoming increasingly more Asia-oriented." (Beal, 1999, pp. 7-8) In a globalised market, the importance of exporting in order to maintain the wellbeing of the economy particularly for a small country like New Zealand, is becoming more apparent than ever. As Beal (1999, pp. 26-27) has noted, "We are indeed vulnerable to changes in the international economic and political system. There are very few facets of New Zealand life which have not been affected in some way by this new globalised world: a world in which Asia is very important and growing more so daily."

Although Australia continues to be New Zealand's single-nation main export market with a total figure of NZ\$5.88 billion in the year ending June 2005, the Asian markets of Japan, China, South Korea and Taiwan were ranked within the top ten markets identified in *New Zealand Trade Profile Ranked by Export Value*<sup>2</sup> list. Japan, China, South Korea and Taiwan are ranked third, fourth, sixth and eighth respectively in this ranking list in export value which identifies a total of 226 trading partners for New Zealand. During the same period (year ending June 2005), the combined total of New Zealand exports to these four Asian countries alone, constituted an impressive 23% of its total export revenue or a total of NZ\$6.74 billion.<sup>3</sup> New Zealand's goods and services are increasingly being exported to Asia.<sup>4</sup> In the year ending June 2005, exports to Asia totaled over NZ\$10 billion compared with a figure of NZ\$7.88 billion in 1997. The value of

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<sup>2</sup> *New Zealand Trade Profile Ranked by Export Value List* compiled for Statistics New Zealand [www.stats.govt.nz](http://www.stats.govt.nz)

<sup>3</sup> Throughout this thesis, numbers below 10 are written in words when the number is used for 'counting' (eg. 'five years' or 'two respondents') but not when they are representing a subject (eg. Company 1) or when the actual numerical number represents a given value. Where data are presented in percentage, '%' will be used rather than 'percent'. So it will be '5%' or '7%', not 'five percent' or 'seven percent'.

<sup>4</sup> *New Zealand External Trade Statistics 2004* compiled for the Ministry of Foreign Affairs and Trade by Statistics New Zealand, available online on [www.stats.govt.nz](http://www.stats.govt.nz)

goods exported to Asia in the year ended June 2011, totaled NZ\$18.3 billion which accounted for 40% of the total value of all New Zealand goods exports. To put this figure into perspective, over a period of six years, from 2005 and 2011, there was a growth of 7%, that is, from 33% in 2005 to 40% in 2011. As a bilateral trading partner, imported goods sourced by New Zealand from Asia accounted for 43% of the total value of goods imported in 2011. This represents a growth of 5% between 2005 and 2011. In terms of dollar value, this 43% corresponds to NZ\$19.5 billion. This growth in imports from Asia corresponded with a fall in the proportion of goods imported from Australia where New Zealand now imported more mineral fuel and oil from Asia but less from Australia.<sup>5</sup>

The Asian market has evolved to become a valuable and a significant trading block for New Zealand and there has been a phenomenal growth of export dollars from the Asia region as shown in the statistical pattern: from NZ\$7.88 billion in 1997 to NZ\$10 billion in 2005 and a total of NZ\$18.3 billion in 2011. The dynamism of the shift has not slowed. In 2012, China became New Zealand's second largest export market, ranked just below Australia. Total value of exports to China alone was recorded as \$6.1 billion in 2012. This represents an exponential growth of almost triple the figure from 2008 (NZ\$2.1 billion). The New Zealand-China Free Trade Agreement took effect in October 2008 and at that time China was New Zealand's fourth-largest export market. In sharp contrast to an increase of nearly 300% in the value of exports to China, over the same period, exports to Australia rose by just 14%.

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<sup>5</sup> Although this does not mean that New Zealand is moving away completely from our traditional trading partners such as Australia, figures do nevertheless indicate that the dynamics are shifting. For example, overall, for goods exports, in comparison to the 40% of export revenue derived from the Asia region in 2011, collectively, the trading block made up of Australia, North America and the European Union, with whom New Zealand has been trading for a considerably longer period of time, revenue of goods export to this region accounted for only 43% for the same period.

### *Asia-related knowledge*

In 2003, a national survey was undertaken by The New Zealand Asian Studies Society (founded in 1974), to which nine of New Zealand's tertiary institutions provided data. More than 100 of New Zealand's Asia specialists contributed to this research. This has resulted in a valuable report named *Knowing Asia* (Keating & Keen, 2004). It identifies ways in which tertiary-level Asian Studies programmes can better contribute to New Zealand's growing political, economic and cultural relationships in the Asia-Pacific region. Some of the survey's key findings highlighted the need for more 'Asia-scholars'. It has found that Asia expertise is very heavily concentrated in Chinese and Japanese fields and that the majority of these specialists are based in Language and Literature departments. It has also found that despite the growing importance of Asia in the region, between 1997 and 2003, the number of Asia specialists employed by New Zealand tertiary institutions actually declined. One of the more important findings highlighted in this survey was that hardly *any* Asia-related courses were being offered in the degree programmes in Faculties such as Commerce and Business Management and that in New Zealand, there are in fact, very few graduates of Asian studies who proceed to further their studies at postgraduate level.

Following this, *Preparing for a Future with Asia: How New Zealand can benefit from Asia's growing influence* was released by the Asia Knowledge Working Group (Steeds, 2006). This report is the major product of the 'Seriously Asia' project<sup>6</sup> which was personally launched by Prime Minister Helen Clark in 2003, where the aim of the project was to consider what Asia knowledge is required for New Zealanders to successfully participate in a future with Asia. The report recommends focusing on three main strategic priorities: (1) to raise knowledge of Asia and its people; (2) to commit to Asians in New Zealand; and (3) to connect with Asia. Furthermore, it makes an important statement reflecting on the state of New Zealand's current relationship with Asia: "The new economic superpowers

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<sup>6</sup> Full reports contributing to Seriously Asia (2004) can be viewed in full at [www.asianz.org.nz](http://www.asianz.org.nz)

are Asian and globalization will be led by Asia.<sup>7</sup> Asia is a region growing faster than any other in the world and is set to play a major role in world affairs for decades to come.” (p.3) This report concludes that action is vital and urgent for New Zealand to successfully increase engagement with Asia and that action of these strategies will require support from a wide range of individuals and organizations in all sectors of New Zealand society, including academics.<sup>8</sup>

### ***What does Asia-related knowledge mean?***

*“Foreigners should listen for indications that what is being said is not what is meant”.*

(Zimmerman, 1985 )

When speaking of Asia-related knowledge for the business community, in the earliest literatures in particular, most can be found in the form of accounts of foreign Western countries’ experiences in dealing with cross-cultural barriers in business with Asia. The earliest of these to emerge deal primarily with Japan, covering topics such as ‘how to do’ and ‘what not to do’, as well as literature that gives enlightenment to many stark differences between the American and Japanese styles of doing business, giving advice to foreigners, mostly Westerners,

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<sup>7</sup> The report refers to Asia as a region with a combined population of 3.8 billion according to figures in *United Nations Demographic Yearbook 2003* ([www.unstats.un.org](http://www.unstats.un.org)). Also, as a combined region, Asia has purchasing power GDP in excess of US\$15 trillion according to *Purchasing Power Parity Gross Domestic Product 2004* figures ([www.worldbank.org](http://www.worldbank.org)).

<sup>8</sup> Professor Yongjin Zhang in his article published in *The Press* newspaper (July 11, 2006), said: “The report makes bold statements about strategic priorities...to follow them through, however, demands strategic leadership and strong support mostly from the government. This means unwavering commitment of at least five or six consecutive governments in the next 15 years.” By ‘bold statement’, he is referring to the statement of vision in the report that states: “By 2020, all people living in New Zealand will understand Asia well enough to allow them to fully embrace the opportunities the region offers.” Zhang further notes: “Knowledge alone will not be sufficient, as knowledge will always have its limits. What we need urgently is not adaptation to the changing global environment but a radical transformation of our global outlook. No matter how ambivalent we are about our Asian identity, New Zealand has its future not with Asia but in Asia.”

on how best to understand the Japanese way of doing business (Deutsch, 1984; Zimmerman, 1985 ). The work of Hall & Hall (1987) provided a more comparative overview between the two cultures, highlighting the need for American businesspeople to aim for better and more detailed understanding of the Japanese culture in intercultural communication. Similarly in Europe, learning how to do business with the Japanese beyond just understanding the rules of *do's* and *don'ts*, and understanding how to negotiate effectively by understanding the cultural factors which affect the negotiating styles of the Japanese was noted in the European Journal of Marketing for their business community (Hawrysh & Zaichkowsky, 1991).

As with Japan, much of the early literature dealing with cultural barriers in business with China highlight the paramount differences between the Western and Eastern cultures and generally proceeds to provide a guide to 'how to do business in China' (Pye, 1982; Warrington & McCall, 1983; Frankenstein, 1986; Hendryx, 1986; Lee & Lo, 1988). More literature continued to follow throughout much of the next decade (Blackman, 1997; Buttery & Leung, 1998; Fang, 1999), amongst others, followed by more recent similar works: Zhao (2000); Ghauri & Fang (2001); and Sheer & Chen (2003).

Similarly, some of the earliest works dealing with South Korea has been from an American perspective. Hynson (1990) for instance, discussed the business practices of Koreans and offered practical advice to the Americans in areas such as, the importance of finding well-connected Koreans with influence to get things done; that one should endeavour to get the highest-status Korean to do the initial introduction; to be mindful that 'yes' does not always mean 'yes'; and how to understand Korean names, amongst many others. Korean business culture has largely been viewed by American business people as a complex set of rules and works such as that by De Mente (1998) which explains in some detail how Koreans think, communicate and behave, helps to demystify their business culture. De Mente's 'dictionary' is well researched and detailed, and in essence, does not just lay out the 'dos' and 'don'ts' of doing business in Korea, but explains the

‘how’, the ‘why’, and the logic behind what makes a Korean mind tick – how the collective psyche of the Korean people has been influenced and shaped by its history of more than 5000 years. De Mente’s more recent work on South Korea was in 2004 and is essentially a simplified version and a summary of his earlier works, explaining in *Korean Business Etiquette* how the cultural values and attitudes of the Korean people have shaped the Korean business personality.

### ***Shared cultural similarities***

Furthermore, topics on how to do business in Asia can be found written as an etiquette guide and this is dealt in literature that covers Asia as a whole (Dunung, 1995; Foster, 2000; Tomalin & Nicks, 2010). Generally, individual countries are treated separately with separate chapters allocated to each but upon closer analysis of these chapters, particularly in Foster’s work, it was observed that unfortunately the information he shares blurs the line between shared cultural similarities and sameness. For instance, Foster (2000) on China and South Korea (each presented in separate chapters):

Structure and hierarchy are critical at all levels in Chinese society – in the home, at school, in the military and in business. A Confucian formality has developed around what one does and with whom; it is essential to show the proper respect for individuals, depending on their rank and position in order to succeed in China.  
(p.54)

This paragraph (above) can be seen repeated on page 86 in the chapter on South Korea, with only the words ‘Chinese’ and ‘China’ substituted with ‘South Korean’ and ‘South Korea’, respectively. Similarly, in writing about the negotiation styles of the Chinese, Japanese and South Koreans, advice is offered on dealing with the Japanese on page 47:

The first meeting is usually very formal, with the Japanese sizing you up and your organisation. Expect no decisions at the table, and be willing to provide copious amounts of information, to the degree that you can, in response to their questions and in anticipation of their needs. Presentations should be well prepared and simply propounded. Details are best left to questions and backup material, which should be translated into Japanese and left behind.

In the following chapter on China, the word ‘Japanese’ is substituted with ‘Chinese’ on page 77, re-using the entire paragraph from page 47; and on page 105 when writing about the negotiation styles of the South Koreans, again the same paragraph is used.

Overall, Foster differentiates the Japanese culture and their business specific culture, etiquette and protocol in far more individual detail to that of China and South Korea, perhaps suggesting that he may be more intimately familiar with the Japanese culture. Given the longstanding historical relationship between these three North East Asian countries, understandably, there will be many shared cultural aspects and many cultural similarities, more so than between South Korea and Indonesia or Japan and Philippines, for instance.

### ***Shared ideologies***

The main reason for these cultural similarities in East Asian cultures emanate from the influence of Confucianism, particularly in China, Japan and Korea (Hitt, Lee, & Yucel, 2002). “Confucianism is a philosophy of human nature that considers proper human relationships as the basis of society.” (Yum, 2000). This ideology is based on the teachings of Confucius who viewed the universe as an organic whole where all beings are interconnected and governed by a unifying force. It teaches that to achieve harmony both within oneself and with others, there are principles of virtue which must govern our conduct. In the work of Yum examining the impact of Confucianism on interpersonal relationships, these

principles are said to embody the following fundamental codes: *jen* (humanism or humanness), *i* (faithfulness, loyalty, justice), *li* (propriety) and *chih* (wisdom). The first three deal directly with social relationships. The first principle of *jen* is said to sum up the core of Confucianism, and it essentially means ‘warm human feelings between people’. The second principle is *i*, which is based on the notion that human relationships are not based on individual profit but rather on the betterment of the common good. The third principle of *li* is described as ‘the fundamental regulatory etiquette of human behaviour’ where individuals are to strive to overcome self and be considerate to others. The influence of these in shaping the ideals of the people who adopt them, determine the outcome of interpersonal relationship patterns including communication:

Ethics in Confucian thought are based on relationships and situations rather than on some absolute and abstract good. Instead of applying the same rule to everybody with whom they interact, East Asians differentially grade and regulate relationships according to the level of intimacy, the status of the persons involved, and the particular context. They have developed elaborate social interaction patterns for those whose social position and relationship to oneself is known, but there are few universal patterns that can be applied to someone who is not known. (Yum, 2000 p.80)

Yum explains that the nature of relationships in Confucian societies is viewed as complementary and reciprocally obligatory, and that the notion of reciprocity is an embodiment of *jen*: “Human relationships under Confucianism are not universalistic but particularistic...the warm human feelings of *jen* are exercised according to one’s relationship with another person.” Accordingly, as a consequence, this primary concern with maintaining harmony within social relationships has strongly influenced the way people from these cultures communicate.

The influence of the shared ideologies in shaping the cultural values which in turn shape the way they think, behave, communicate and interact with others, affect all aspects of human interaction including communication, according to Yum. However, an understanding of these different ways cannot be categorized as a strict set of rules. There are no fixed prescriptive ways which regulate how people from different cultures behave in cross-cultural encounters. In his study of intercultural communication, Verschueren (2008, pp. 24-25) said that it would be wrong to think that people from different cultures are “stuck in the habits that they grew up with” and cautioned against a “static comparison of cultures”.

### ***The relationship factor***

The value of human relationships in cultures that share Confucian ideologies has implications for business relationships. Hitt, Lee and Yucel (2002) in their study of relational networks among Asian and Western firms defined these human relationships as social capital and contend that it is an increasingly important asset to multinational firms operating in global markets. Their study focuses on three countries: China, Japan and Korea, where “relationships provide a basis for the culture, business transactions and business operations”. It highlights the value of relationship building in these countries and concludes that “guanxi, kankei and inmaek represent a form of social capital”<sup>9</sup> in these East Asian countries:

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<sup>9</sup> Hitt, Lee and Yucel offer the following definitions of these concepts: *Guanxi* refers to connections, often individual, that provide or imply the exchange of favours where these interpersonal relationships often form a vast relational network that is ubiquitous in all business dealings in China. *Kankei* refers to the way Japanese relationships are defined by identifying who is ‘in’ and who is ‘out’ with respect to the network, where individuals subconsciously grant ‘access’ based on their assessment of the individual’s loyalty, trustworthiness and commitment to the larger social arrangement. *Inmaek* in Korea is the concept which literally refers to people connections. Common ties such as family, education, birthplace are most commonly used to identify and establish personal connections. The subtle differences between the three are that while both *guanxi* and *inmaek* networks emphasize common background characteristics, the Chinese *guanxi* is much more family tie oriented than the Korean *inmaek* or Japanese *kankei*. Family ties are important in Korea and to a lesser extent in Japan as well but the Korean concept places most emphasis on geographic ties while the Japanese relationships could be described as more rational, logical, and even flexible.

Social capital has become an important asset to multinational firms because of the need for appropriate resources (eg. information, technology, knowledge, access to distribution networks, etc.) to compete effectively in global markets. Therefore, multinational firms may be able to gain a competitive advantage because of their social capital. In the West (ie. North America Western Europe), business dealings have been largely based on the concept of transactions. However, in most Asian societies, they are based on relationships. For example, the concepts of *guanxi* in China, *kankei* in Japan and *inmaek* in Korea all emphasize the importance of relationships or connections in these societies. However, while all three concepts share many similarities, they also have some subtle differences. (p.354)

Many studies (from 1990s onwards) on cross-cultural international business have focused on better understanding the critical elements of the Chinese culture, particularly in the concept of relationships. Osland (1990) in his framework for cross-cultural understanding concluded that it is important to understand these critical cultural elements of the Chinese people to understand “how communication occurs cross-culturally through language, material objects, and non-verbal behaviour”. In his analysis, he highlights the critical role of interpersonal relationships in China. He notes that factors such as “*guanxi*, face, group orientation and deference to age and authority” are all elements of the cultural framework which need to be better understood to improve the process of doing business in China.

The value of relationship marketing and network building in Asia, particularly in China, are also reported in the works of Xin & Pearce (1996), Fock and Woo (1998), Abramson & Ai (1999) and Wong & Tam (2000). Amongst the Chinese executives, *guanxi* connections were found to be relied on more and considered more important by executives in private companies than executives in state-owned institutions (Xin & Pearce, 1996). Fock and Woo (1998) contend that for Western

managers involved in the China market, they need to include the *guanxi* approach in their relationships with Chinese partners and that “they should mount sustained efforts to build up *guanxi*” to give them a competitive edge whilst “being aware that it cannot eliminate threats and competition because *guanxi* may not involve commitment”. Similarly, when examining the role of *guanxi* for Canadian companies doing business in China, Abramson & Ai (1999) found that *guanxi* relationships based on trust and mutual benefits are the essential basis for business and concluded that relationship is a key success factor. Wong & Tam (2000) contend that whilst the topic of relationship marketing is considered to be an area of importance for international business and has consequently been gaining increasing attention from researchers, they concluded there is limited understanding on the complex notion of *guanxi* and its role in relationship marketing.

This thesis does not purport to examine the fundamentals of *guanxi* so we will not examine this area further, but the point was to exemplify what social capital might mean for businesses. The overview resulted from a discussion on the fundamental cultural differences in cultures sharing the Confucian ideologies – of how these affect the way people think, behave and communicate and ultimately how these factors might affect business outcomes. But whatever patterns of behaviour can be attributed to cultural differences, it is important to note that people are not “stuck in the habits that they grew up with” (Verschueren, 2008) as noted above. An understanding of these different ways based on any patterns of behaviour should be considered a starting point to progress to an enhanced understanding of the ways of the other rather than the end point in cross-cultural encounters.

Fletcher and Fang (2006) in their study assessing the impact of culture on relationship creation and network formation in emerging Asian markets, noted that an understanding of culture cannot be approached from a comparative view of cultures bound by national identities. For a better understanding, managers need to go beyond traditional national culture stereotypes and adopt an assessment

through an understanding of differences and similarities within cultural groups which “intrinsically embrace paradoxes in philosophies, values and behaviours”. Their suggestion is that “given the idiosyncratic nature of relationships and the increasing significance of the emic contexts enriched by globalisation, the proposed approach is likely to generate a better understanding of the impact of culture on relationship creation and network formation”.

### *Cross-cultural challenges*

*“The business of international business is culture.”*

(Hofstede, 1995)

A guide to business etiquette in doing business with Asian partners, however beneficial it may be, may not provide sufficient knowledge for a successful outcome in international business dealings. As Dana (2000) points out:

Every region has a predominant culture and there are many intricacies intertwined into each one. Just as there is not one culture for all of Europe, there is neither one single culture nor one single way of doing business in Asia. The key, for Westerners doing business in Asia, is to have patience and to learn as much as possible about what is important to each cohort.

Adaptation to a globalised international economy will entail enhanced sensitivity of the notion of ‘culture’.<sup>10</sup> Dana (2000, p. 13) notes that numerous Westerners have failed in their attempts to do business due to their lack of sensitivity to “cultural values and attitudes that dictate what become accepted norms”. He adds, “It is not a matter of noting the ‘different ways’ that ‘those’ people have; what is useful, is to comprehend the rationale behind these different ways, as everything has a reason and implications.” Likewise, Saeed (2007) draws attention for businesses in the global economy to focus on intercultural awareness as the key to international business success and says that “the main source of misunderstanding among cultures is the differences in values and priorities”.

In cross-cultural encounters therefore, “the confrontation between cultures can lead to frustration or conflict if one or both parties are unaware of the expectations of the other” (Gudykunst & Kim, 1984, p. 4). These differences in values and priorities which give rise to misunderstandings in cross-cultural encounters result from different cultural values which affect how humans interact.

Certainly, for New Zealand businesses, Asia-related knowledge needs to be more than just being equipped with a guide book. In a follow-up to *Preparing for a Future with Asia*, the same organization (Asia New Zealand Foundation) conducted a study, this time reporting from the perspective of Asians doing

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<sup>10</sup> Hofstede (1991) defines ‘culture’ as “the collective programming of the mind which distinguishes the members of one category of people from another”. He explains that “understanding people means understanding their background, from which present and future behaviour can be predicted, where their background has provided them with a certain culture”. In expanding on Hofstede’s definition, Harris and Moran (1999, p. 4) describe culture as having the following characteristics:

- (1) culture is a distinctly human capacity for adapting to circumstances and transmitting this coping skill and knowledge to subsequent generations;
- (2) culture gives people a sense of who they are, of belonging, of how they should behave, and of what they should be doing;
- (3) culture impacts behaviour, morale, and productivity at work as well, and includes values and patterns that influence company attitudes and actions.

business with New Zealanders,<sup>11</sup> and this resulted in a report titled *Asian Perceptions of New Zealand Business People* published in 2007. For this study, a total of 667 business people who had lived in Asia and were local business people (not expatriate New Zealanders); and who had worked or done business with a New Zealander in the previous five years, were interviewed. Interviewees were from a number of different industries, across different countries of Asia which comprised as follows: 64 from Hong Kong, 58 from Japan, 100 from Korea, 100 from Malaysia, 100 from Philippines, 67 from China, 76 from Singapore and 102 from Taiwan. The study has found that generally, New Zealanders were well regarded in Asia, particularly in their personal qualities such as attitude and key attributes such as trustworthiness. These skills were generally referred to as ‘soft skills’. However, the study also found that there were areas where New Zealanders needed to perform better: one of the areas highlighted as needing more effort was in the area of cultural sensitivity.

According to this report, in China, 40% of those surveyed considered ‘sensitivity to cultures and tradition’ as ‘important’ and a further 21% said ‘extremely important’. However, as far as skills that New Zealanders demonstrate in that area are concerned, only 10% of the Chinese surveyed thought that New Zealanders had ‘excellent sensitivity to Chinese culture and traditions’ and 45% thought New Zealanders only had an ‘average’ performance in this area.

In Japan, where New Zealanders have been doing business longer than in China, disappointingly, results were not much better than that of China. Only 10% of the Japanese business people interviewed thought New Zealanders’ performance in being sensitive to the Japanese culture and tradition was ‘excellent’, same as in

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<sup>11</sup> Mr Ong Keng Yong, the Secretary General of ASEAN (Association of South East Asian Nations) has been quoted in ‘The National Business Review’ (May 5, 2006 p.40) as having addressed New Zealand businesses in a recent Gateway to Southeast Asia international trade summit in Auckland with the following message: “New Zealand goods and services and business people are welcome and highly regarded in Southeast Asia. But don’t be complacent or rest on your laurels, or the competition will shut you out. New Zealand should not just leave things as they are; they should try to compete strongly with the other producers.”

China, and 26% of the Japanese participants actually rated New Zealand's performance in this key area of cultural sensitivity as 'poor'.

The results reported for Korea are also in line with that of China and Japan. New Zealanders' performance in the area of 'knowledge of the local language' was rated as 'poor' by 71% of those surveyed, and in terms of being 'sensitive to South Korean culture and traditions', 24% thought New Zealand's performance was 'poor'. This is similar to the 26% rating in Japan. Subsequently in 2009, Asia New Zealand Foundation also reported on the findings of research conducted by Deloitte, to help New Zealand businesses build on their knowledge and understanding of South Korea. In *South Korea: an opportunity for New Zealand businesses*, it is reported that a thorough understanding of the business culture is a critical factor for any businesses looking for opportunities in South Korea. It concludes that one of the key lessons which can be learnt from the experiences of the New Zealand exporters is that "in Korea, cultural issues dominate business".

These results suggest that New Zealand businesses are not performing as well as they could in these areas, where showing sensitivity to Asian cultures and traditions can play a significant role in business outcomes. Bowen (1999) had already highlighted that language and cultural relationships are challenges for New Zealand businesses in China. A more recent work by Starks, Harlow and Bell (2005), where the researchers conducted a study examining the negotiating experiences of selected New Zealand investors, reported that "the unique Chinese business environment manifests challenges for every international marketer". The study concluded, "The implications for these marketers are to better understand the Chinese cultural values. Many respondents saw patience and increased cultural understanding as being the best way of overcoming difficulties during negotiations."

Prior to Bowen (1999) and Starks, Harlow and Bell (2005), there was already a reasonable amount of literature (foreign) available dating back to the 1980s,

highlighting ‘cultural sensitivity’ as an area important for international business (Gudykunst & Kim, 1984; Hall & Hall, 1987; Harris & Moran, 1999) followed by the more recent works of Lincoln (2000), Peterson (2004) and Shapiro *et al* (2008). Peterson (2004) refers to enhanced cultural sensitivity as “cultural intelligence” and Shapiro *et al* (2008, p. 82) describes ‘cultural sensitivity’ as follows: “Cultural sensitivity is an ability to environmentally scan and make sense of cross-cultural differences via emic declarative, procedural, and situated knowledge structures, and to use this understanding to enact culturally appropriate behavior.” The term ‘cultural sensitivity’ or cultural intelligence implies an in-depth understanding of the cultural factors which drive their behavior and subsequently applying this understanding against the context in which the behavior was manifested. How individuals might acquire cultural intelligence (and to what degree) will be discussed in the next chapter.

### ***Foreign language use in business***

*“Many UK companies, without even realising, are losing valuable trading opportunities due to lack of foreign language skills...”*

(Hagen, 1988)

The findings from the report *Preparing for a future with Asia* suggest that New Zealand businesses will gain enhanced opportunities in Asia with increased knowledge of Asian languages and cultures. As this report is a result of a study conducted on New Zealand businesses, they (the findings) imply that businesses are aware that relying on the notion that English as a global language for business may not suffice to grant them the opportunities to stay competitive in the global markets. As a consequence then, there should be corresponding evidence to show that foreign language is being increasingly used in businesses in New Zealand and other Anglophone nations.

When researching on literature dealing with foreign language use in business, the works of Stephen Hagen was found to be widely acknowledged. In 1988, based on surveys he carried out in 1977 and 1984 in Northern England, Hagen reported that many UK companies were losing valuable trading opportunities due to lack of foreign language skills. A comparison of the matching samples in the two surveys showed that foreign language use had increased by 10.5% during a period of seven years. However, some 44% of those companies surveyed indicated that they felt they could have significantly improved their performance on the export market, had they had better foreign language resources. Hagen (1999) later wrote on the communication difficulties for exporters: “The UK’s survival in this increasingly competitive and fast-moving global trading environment now involves having to learn how to develop the capability to acquire knowledge not only of the local language, but also of the different cultural norms, values and general trading practices.” (p.32)

Crick (1999) sought to further investigate the use of foreign language in the UK, particularly by the SMEs (Small to Medium Enterprises). His research focused on aspects such as the importance and benefits of using foreign language as perceived by the managers and the issues preventing the use of foreign languages. He reported on the findings that showed, that in general terms, the importance of foreign language use was rated rather highly and the major benefits brought about by their use was recognised. Of those firms that did not think foreign language was important, it was reported that it was because they thought English was widely spoken. Foreign language ability was widely accepted as being of benefit particularly in the areas of sales and marketing. In areas where the companies relied on complex knowledge of the product, foreign language abilities of in-house staff were seen as crucial. Respondents had pointed out that both agents and translators had limitations because when there is no product knowledge, a literal translation of technical standards might be conveyed incorrectly. Crick noted that this point in particular was in support of the earlier findings by Hagen (1988). Following this, the role of foreign language competency in business was

examined by Swift & Huang (2004), also in the UK. They reported that where foreign language competency had traditionally been used for what the authors refer to as “short term sales orientation”, the focus should instead be on the development and maintenance of long-term business relationships.

In the US, a similar study on foreign language use by American companies was conducted in 1990 by Fixman. Amongst her findings, she reported that for business people it would seem that all that was required in terms of foreign language skills was “basic survival skills...if they sought to learn another language at all”. In general, foreign language skills were considered by US companies as a skill that can be easily acquired by using outside help such as “interpreters and translators, outside contractors or foreign-national employees in subsidiaries abroad”. (p.41)

In New Zealand, comparable work examining foreign language use in business was that carried out by Massey University in 1986. The Massey University survey (Watts, 1987)<sup>12</sup> was in actual fact the third survey in a series: the first in 1966 (Dunmore & Rollason, *Foreign Languages and the New Zealand Exporter*, 1967) followed by a second survey in 1976 (Dunmore & Brooker, 1976).

In the first study conducted in 1966, of the 364 responses from exporters and potential exporters, more than 80% were found to be using no foreign languages in their export transactions. Only 36 respondents (10%) said they made use of foreign languages in their business. The remaining 10% said they were not exporting at the time. A surprising 142 respondents (39%) had expressed no interest in using a foreign language at all.

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<sup>12</sup> Clarification: The surveys had been carried out in 1986 but the results and the findings from the survey were reported in 1987 therefore the report is herewith and henceforth referred to as ‘Watts 1987’.

When this study was followed ten years later in 1976, the results showed a marked improvement from the 1966 figures. As many as 51% said they were using foreign language in their export transactions, representing a significant increase from just 10% in 1966. As for those respondents not using foreign languages, the figure had correspondingly dropped significantly from 80% in 1966 to 29% in 1976. Also in contrast to the findings of 1966, only 11% of respondents to the 1976 survey said they had no interest in using a foreign language compared to the previous 39%.

This marked shift in attitude by New Zealand businesses was again further confirmed ten years later in 1986 (Watts, 1987). With this study, Watts wanted to “investigate whether or not the increased emphasis on trading with countries outside the traditional English-speaking areas had resulted in an increase in the use of foreign language”. A total of 446 firms returned completed questionnaires. It was found that increased international market activity and engagement had indeed coincided with an increase in foreign language use by New Zealand businesses in export transactions: 78% said they used foreign language, compared to 51% a decade earlier in 1976 and 10% from two decades earlier in 1966. The shift was evident – a jump from just 10% to 78% within a period of 20 years. In general terms, “The New Zealand firms that make the greatest use of foreign language were also those that are the most export oriented and who have the closest association with markets in overseas countries that are not primarily English speaking.” (Watts, 1987 p.3)

As encouraging as these figures might seem however, and whilst these are good indications of progress being made by New Zealand businesses to “better understand the people with whom they wish to trade” the study also found that the large increase in the amount of foreign language use was limited to language material employed by exporters in their publicity and packaging. Furthermore, “Firms are making increasing use of non-European languages such as Japanese, Arabic and Chinese as they attempt to open up trade in areas outside the traditional English-speaking markets.” (Watts, 1987 p.3)

The study (Watts, 1987) also found that in 76% of the firms that responded to the survey, their staff used only English in telephone conversations with foreign customers and when they travel overseas, they mostly used English only. It was reported also that in only 8% of the cases the staff members were able to conduct business overseas in the language of their customers without an interpreter. Furthermore, in the majority of cases, the New Zealand firms did not provide interpreters for foreign visitors when they were in New Zealand on business. These figures suggest that in spoken communication, New Zealand exporters do place considerable reliance on the ability of their customers to converse in English<sup>13</sup>(Watts, 1987 p.2). Thus, Watts concluded his report as follows:

The attitude that the overseas client should be able to write or speak in English is, regrettably, still prevalent. The general impression that one gains is that while many New Zealand firms are prepared to employ private or commercial translators to prepare publicity materials in foreign languages for overseas markets, they are not convinced of the advantages of recruiting staff who have the necessary foreign language proficiency to handle correspondence received in a foreign language, respond to overseas telephone calls or carry out fact-to-face business discussions with overseas clients. However, one is encouraged by the positive comments received concerning the importance of foreign languages in exporting, not only as a vehicle for disseminating information to overseas customers but also as a means by which exporters may gain better understanding of the people with whom they wish to trade, and determine market needs. (p.3)

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<sup>13</sup> The apparent reliance by New Zealand businesses on the notion of English as a global language points to a need for a discussion on the topic. In the next chapter we discuss the future of English as a global language and what challenges there might be for Anglophone New Zealand competing in a multilingual global environment.

Following the Massey University study (Watts, 1987), a pilot study was carried out at Waikato University in 1994 (Enderwick & Akoorie, 1994), which researched on the employment of foreign language specialists by New Zealand companies. For this study, a sample of successful and less successful New Zealand companies were compared, where “successful” was defined as those companies winning a major export in the previous three years. The study found that these “successful” companies employed more foreign language specialists with a higher level of language proficiency and that currently these people were more likely to be employed in marketing functions where their skills were used in direct selling modes. The study proposed that companies would gain maximum benefit from these employees with linguistic abilities if they were further trained in areas such as marketing. The report noted that the implications of this study are that New Zealand language specialists will enhance their employability considerably with marketing expertise and preferably overseas experience.

The findings of the Massey University and the Waikato University studies are promising signs indicating that New Zealand’s attitude to the use of foreign language was in keeping with the fast paced changes in the international global business environment, though whether the use of foreign languages in business has continued to gain traction since is difficult to know. However, with the rapidly changing landscape in the global environment since then, with China now at the forefront as the main driver along with the powerhouses of Asia, discussions on what New Zealand must do in order to keep up with the pace in the global environment have been squarely focused on raising knowledge of Asia, as reported in *Preparing for a Future with Asia*.

### **1.3 METHODOLOGY**

This research was carried out in two parts: through an online survey for quantitative and descriptive data gathering; followed by case study interviews, for in-depth qualitative findings.

According to Robert Yin (2003), a survey is best suited to research dealing with exploratory and/or descriptive studies, that is, where questions deal with ‘who’, ‘what’, ‘where’, ‘how many’ and ‘how much’. The questionnaire for the survey was designed with this in mind but more importantly, it was a simple and short survey to allow for the busy schedules of the participants who consisted mainly of export and sales managers and executive directors, chief executives and managers. The online survey was distributed via email to potential participants, where in total, 34 responses were received. The survey design, survey execution, the questionnaire, the questions flow-chart and the actual distribution process of the online survey are all detailed in Chapter 3.

The main part of the survey which sought data on the respondents’ experiences was divided into three parts: the preparation phase, the entry phase, post entry phase (or the maintenance phase ie. once the market had been penetrated). The reason for having a preparation phase (phase 1 – prior to entry) was to see if any patterns would emerge that could indicate how the level of preparation – any anticipation of difficulties or any apprehensions they may have had, correlates to the actual experience of entering the new markets later on.

The other two phases were specific to the actual experience. The same questions were asked at both phases. This approach was to observe any particular patterns or indication of any possible shift over a time period. If there was a language barrier encountered by New Zealand businesses when first entering new markets and whether this barrier diminished at the post entry phase. Once the company has

entered the market, the connection has been made and relationships established, as parties then become known to one another, both sides are likely to be more willing to work through any communication issues in order to maintain the business relationship. One could assume, that as parties become more familiar with each other's way of doing things and conducting business and develop a mutually comfortable working relationship (and a certain level of intimacy), communication is likely to become easier because there is mutual understanding of each other's expectations.

But quantitative data is not enough to form a complete picture. We need to explore more than 'who', 'what', 'where', 'how many' and 'how much'. We also need to seek answers to the 'how' and 'why'. For this purpose, the quantitative data gathered through the survey were further supported and complemented by case studies. The interviews for the case studies were conducted face to face where possible and by phone and email where distance was a factor. Four subjects were selected for the case studies. They are all successful global exporters, each from a different industry. For two of those, South Korea is currently their largest export market. For one, South Korea was its first point of entry into the export market but Japan is now its largest foreign market. And for the other, Japan is its largest market with South Korea a close second.

Further qualitative data were obtained in the following way: Responses to the survey were assessed on an individual basis to observe if the answers indicated a change in pattern over a time period, for instance, if a respondent had said that a bilingual staff had been the most effective method at the entry phase and a distributor the most effective method at the next phase. These identified respondents were contacted directly because it was important to understand the context and the circumstances behind their answers. In other cases, the comments provided at the end of the survey (where all respondents were invited to provide as much additional comments or information as possible) had been particularly interesting. These respondents then were also contacted directly so they could qualify their answers.

The qualitative interview itself as a data gathering tool is widely used in all forms of qualitative research of all kinds, and is especially suited to case studies. According to Rubin & Rubin (2005, p. 7), the qualitative interviews are like night goggles, “permitting us to see that which is not ordinarily on view and examine that which is looked at but seldom seen”. Furthermore, as Gillham (2000, pp. 10-13) explains:

For the case study researcher, all evidence is of some value and this value has to be carefully appraised. A judge presiding over a judicial inquiry turns no evidence away but assesses what faith can be placed in it, and relates it to other evidence to hand. Broadly speaking, this is the approach of the case study researcher. Case study itself is a main method in qualitative research where interview is one of the sub-methods.

The case study interview, however, is not a flawless tool. Webb *et al.* (1966) first highlighted the potential pitfalls in using the qualitative interview by claiming that the intrusive nature of the interview process itself – the qualitative interview involves interrogating someone who is a complete stranger – may elicit atypical roles and responses and the interviewer is limited to those who are accessible. Furthermore, according to Fontana & Frey (2000, p. 645), “Asking questions and getting answers is a much harder task than it may seem at first. The spoken or written word has always a residue of ambiguity, no matter how carefully we word the questions or how carefully we report or code the answers.”

The following are some suggested guidelines for qualitative interviewing for the researcher/interviewer, according to Mike Newman<sup>14</sup>:

- (a) To improve the quality of disclosure, firstly minimize anything that may lead to the interviewee to feel uncomfortable;
- (b) Recognize that subjects are creative interpreters of their worlds as we are of theirs;
- (c) Allow the interviewee to describe and explain their world in their own words by using techniques such as mirroring in questions and answers;
- (d) Avoid using 'leading questions' but rather, use open ended questions so as to not 'put words in their mouths';
- (e) Remember that the role of the interviewer involves listening, prompting, encouraging and directing the conversation;
- (f) Take account of the subjects' differing attitudes and respond accordingly;
- (g) Be flexible and be prepared to explore interesting lines of research;

With these guidelines in mind, the questions for the interviews were formulated in a semi-structured format rather than structured or unstructured. A structured interview would have been too prescriptive and too inflexible for the purposes of this research and an unstructured interview would be distracting, as too much improvisation would be required during the interview process. The interviewer in such a situation would be mentally pre-occupied formulating the next question while the interviewee is still possibly answering the previous one, and hence the interviewer may miss out on vital information being conveyed.

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<sup>14</sup> Professor Mike Newman from the University of Manchester presented a seminar at the University of Canterbury on April 7, 2006. These guidelines are from that seminar.

## 1.4 THESIS STRUCTURE

Following this introductory chapter, Chapter 2: *Cross-Cultural Communication and International business* examines the relationship between language and culture. This progresses towards a discussion on how cultural context may affect the outcome of communication, through a theoretical framework. The English language as a communication tool for international business, what its popularity in Asia means for the future of English as a global language and consequently what the challenges for monolingual Anglophone nations might be, are discussed in this chapter.

The next three chapters focus on the Survey titled *New Zealand exporters and Asia*. Firstly, Chapter 3: *The Survey: Design and Execution*, deals specifically with all details regarding the survey, how it was designed and distributed, and the questionnaire of the survey. The flow-chart of the survey is also presented in this chapter (and also in Appendix A). In Chapter 4: *The Survey Results*, as the title suggests, the survey results are presented. Finally, the survey results are analysed and interpreted against our theoretical framework and these findings are presented in Chapter 5: *Interpretation of Survey Results*. The survey results are an important source of data for this thesis providing both the breadth and the width necessary for an understanding of the topic at large. The analysis and interpretation of the data have been carried out adopting a method whereby the responses received for the survey questions are de-lineated from the sequential flow of the survey questionnaire and these are further investigated under time-segments, both 'between' and 'within' a time variant. Respondents to the survey had been asked to inter-rank their responses for three of the questions and for these type of responses, analyses have been based on a comparative analysis model, whereby the weighting of the answers under each category are visually represented on a radar graph. Overall, the findings reported represent a fair and accurate indication of the trend and attitudes by New Zealand exporters in their experiences dealing with the cross-cultural communication barrier in business with their Asian counterparts.

The implications of these findings are further expanded upon in the four case studies presented in Chapter 6, which lend focus on the experiences of New Zealand exporters in South Korea (and Asia), giving this thesis the depth necessary to support the findings from the results in the survey. The case study subjects have been selected from four different industries. Case Study I (Company A, a manufacturer and exporter of beauty products) is the most detailed of the four. Its experience in South Korea is extensive and the discussion points emerging from this experience lend firm support to our survey findings. This case study offers a particularly good example of potential problems arising from confrontations with distributors. Its experience also serves to illustrate translation problems, hierarchy and gender stereotypes. Case Study II (Company B), details the experience of a successful electronics company; here too, its largest Asian market is South Korea. Its main point of difference to the first case study is the scale of the companies it deals with in South Korea. One of the key findings from the survey is further supported by the experience of this company. Next is Case Study III (Company C). Here, the major impact of English language education as an export market for New Zealand is well demonstrated by the success of this established company with good reputation (all over Asia and elsewhere) and has been in operation for more than 20 years. Case Study IV (Company D, a manufacturer and exporter of marine parts for the shipping industry), is the last of our case studies. This company currently employs 300 staff and is the largest of the four companies. Its largest market is South Korea. This company operates across Asia and worldwide through the use of a wide network of local distributors, where the requirement for selection is English language proficiency. The experience of Company D presents an opportunity for comparison with the first case study, with regards to the use of local distributors.

Chapter 7: *Hidden Resources* follows, where selected findings from the author's earlier work (Chang, Morris, & Vokes, 2006) examining the experiences of Korean migrants in Christchurch, are presented to highlight in particular the unemployment and under-employment issues faced by this migrant group. Our

survey results as reported in Chapter 5, point to a key finding, that the use of a bilingual employee may be the most effective method to overcome the cross-cultural communication barrier in Asia. A suggested solution is the employment of more multilingual Asian migrants. Already, studies by Benson-Rea, Haworth and Rawlinson (1998), Henderson (2001, 2003), Lidgard and Yoon (1998) and Ho (2001), propose that the problems faced by New Zealand businesses on the language front may lie with the use of Asian migrants. These skills are referred to as “untapped skills” by Henderson and the author hereby refers to these Asian migrants (and their skills) as “hidden resources”. Thus the irony is that whilst this need for bilingual New Zealanders has been identified as one of the key factors for success in Asia, at the same time, Asian migrants equipped with these very skills are being rejected by New Zealand employers. In this respect, the Korean migrants’ example is particularly relevant to this thesis, as a representation of the issues faced by the wider Asian migrants’ community in New Zealand.

Chapter 8: *Discussion and Conclusion*. The findings reported upon analysis and interpretation of the survey results; the discussion points highlighted in the case studies; and the issues of unemployment and under-employment faced by Asian migrants in New Zealand; these are all brought together in this final chapter. It culminates in an overview of any new knowledge this thesis might add, finally closing with concluding remarks pointing to the implications for future studies.

The Appendix, where the raw results from the survey are presented in detail and includes the author’s notes and explanation on the responses from the participants, follows this final chapter of the thesis. The Bibliography can be found following the Appendix.

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## CHAPTER 2: CROSS-CULTURAL COMMUNICATION IN INTERNATIONAL BUSINESS

*“Communication across cultural boundaries is always difficult...If we want to communicate, we must know more than language.”*

(Neustupny, 1987)

### 2.1 INTRODUCTION

This chapter examines the relationship between language and culture and investigates how communication is achieved in a cross-cultural setting. In international business, overcoming barriers of cross-cultural communication may mean that a simple understanding of the other parties' language will often not suffice, as one must also understand their culture and the cultural context in which language exists and functions, to understand the meaning of the message being communicated. In discussing the difficulties in cross-cultural communication, this chapter reviews the status of the English language as a global language. In the process, the role and the future of the English language as a communication tool in international business will be examined and whether speaking English, means understanding it, especially in Asia. It had been found in previous studies conducted by Massey University that with regards to New Zealand businesses' attitude to the notion that everyone should be able to communicate in English, was regrettably, prevalent. Faced with the increasing number worldwide of speakers of the variety of English other than that found in the 'inner circle', the future of monolingual Anglophone nations may be uncertain, as is the future of English as the reigning lingua franca. What challenge does this represent for New Zealand's future in the global stage?

## 2.2 A THEORETICAL APPROACH

*“Most human behaviours are language embedded and therefore language is an inevitable part of culture.”*

(Fishman, 1985, p.11)

### 2.2.1 THE RELATIONSHIP BETWEEN LANGUAGE AND CULTURE

Linguistic and cultural behaviours are “intricately chained together” as Neustupny (1987) has described, so an analysis into how culture influences business outcomes cannot be undertaken without firstly examining if language and culture are interrelated. Our starting point for our theoretical framework is to examine what actually makes the relationship between language and culture complex. How are they inter-related?

According to Bakhtin (1981), cross-cultural communication difficulties arise because every language or discourse system accents, highlights and evaluates its material in its own way, thus when parties are communicating in different languages, the meaning of what is being communicated is understood (and limited by) through a process whereby each party derives the meaning of the message through his/her own understanding of the concepts which exist in his/her own language. Bakhtin referred to this process as ‘re-accentuation’ which is “a complicated process and may fundamentally distort the way a discourse is understood... however, within certain limits, the process of re-accentuation is unavoidable” (pp.419-420).

Linguistics and the philosophy of language acknowledge only a passive understanding of discourse, and moreover, this takes place by and large on the level of common language, that is, it is an understanding of an utterance's neutral signification and not its actual meaning. The linguistic significance of a given utterance is understood against the background of language, while its actual meaning is understood against the background of other concrete utterances on the same theme... A passive understanding of linguistic meaning is no understanding at all, it is only the abstract aspect of the meaning. (Bakhtin 1981, p.281)

The main assertion of this theory is that an understanding of language is dependent on the understanding of the culture in which it exists. For instance, in international business, where English is being used as a common communication tool for both parties, with English as a second language to only one of the parties, the understanding of the meaning of the message being transmitted in English may not necessarily be the same as the meaning the native English speaker intended or assumed to have conveyed. Conversely, the English being used by the non-native speaker to transmit his/her message may not necessarily carry the meaning which the native speaker is expecting.

The phrase 'a passive understanding is no understanding at all' in isolation, may be considered an overstatement and an overgeneralization but the point Bakhtin is trying to make is that attaching all significance to the linguistic meaning of the utterance may lead to failure to communicate successfully. Bakhtin notes that one would accent, highlight and evaluate concepts differently, according to their culture.

Examples drawn from a comparison between a low-context language (English) and a high-context language (Korean) would aptly illustrate this. For instance, in

the Korean language,<sup>15</sup> there is a vast array of different counting nouns which are used to differentiate between physical objects to which they relate<sup>16</sup> and there is also a range of different types of the verb ‘to wear’ to specify which part of the body the object is being ‘worn’<sup>17</sup>, suggesting that these concepts which are highlighted in a detailed way are being treated in such a manner to indicate that they are of particular significance in the Korean culture. Conversely, in English there are plural<sup>18</sup> and collective nouns<sup>19</sup>, gender pronouns, and gender specific nouns but the corresponding are not found in the Korean language thus one could surmise that these concepts are not of equal importance or significance in the Korean culture in the same way they are in cultures where English is spoken as a

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<sup>15</sup> According to various textbooks, it is widely accepted that the Korean language belongs to a group of languages called the ‘Altaic’ languages, indicating that it has many linguistic similarities to Turkic, Finnish and Hungarian languages. In 1971, Roy Andrew Miller in *Japanese and the other Altaic languages* argued that Japanese also belonged to this group. This illustrates that the two languages share many similarities. However, some linguists are still not convinced that Korean is in fact an Altaic language, and they are still debating as to whether it is actually a language isolate. The primary reference sources for this chapter, on areas relating to Korean grammar and vocabulary, are the following textbooks: Chang & Kim (1989) *Functional Korean: A Communicative approach textbook*; Sohn (2001) *The Korean Language*; and Ihm et al (2001) *Korean Grammar for International learners*; unless specified otherwise.

<sup>16</sup> Example: ‘myung’ (명) or ‘bun’ (분) for people, ‘mari’ (마리) for animals’, ‘jang’ (장) for pages (paper), ‘cheung’ (층) for floors in a building, ‘cheob’ (척) for boats, and many others. Thus, ‘one man’ would be ‘namja han myung’ (남자 한 명) or to use the esteemed version of the counting noun, it would be ‘namja han bun’ (남자 한 분); but it should never ever be ‘namja han mari’ (남자 한 마리). Explanation: [namja han mari] where ‘namja’ means ‘man’, ‘han’ means ‘one’ and ‘mari’ is the counting noun for animals – this combination would obviously not be acceptable as it is implying that the ‘man’ is an ‘animal’. An inappropriate application of these nouns would be not only incorrect, but quite embarrassing and deeply offending, unless it is deliberately meant to offend or be construed as a joke.

<sup>17</sup> Examples: The verb ‘ipda’ (입다) refers to clothing items Koreans put on their bodies such as dresses, pants or shirts but with loose fitting items such as shawl or scarf, Koreans more commonly prefer to use the verb ‘gueolchida’ (걸치다). The verb ‘sseuda’ (쓰다) refers to wearing a hat, a wig, cap, veil, or any other item on the head including glasses. The verb ‘kkida’ (끼다) is reserved for wearing of gloves, bracelets, rings (on fingers) and earrings and sometimes used for referring to the wearing of glasses in place of the verb ‘sseuda’. The verb ‘gueolda’ (걸다) is used when one wants to say ‘wearing a necklace’, for instance, or other ‘hanging’ items. The verb ‘chada’ (차다) for ‘wearing a wristwatch’. And the verb ‘shinneunda’ (신는다) is reserved for shoes and socks and general items on feet.

<sup>18</sup> For example: foot/feet, tooth/teeth, phenomenon/phenomena, criterion/criteria.

<sup>19</sup> For example: cow/herd, goose/gaggle.

native language. The different ways the two languages accent and highlight concepts in their respective cultures can be seen in most obvious contrast in one fundamental feature of the Korean language; the speech levels<sup>20</sup> which serves to represent the hierarchical nature of the Korean culture. This hierarchy system<sup>21</sup> forms the basis of all cultural and linguistic behaviour and speech levels are essentially the primary way the concept of hierarchy is represented through the language.

Hierarchy in society and in particular, in one's workplace, is very complex. It can be obvious, most commonly through age and gender, but demonstrated also by an individual's ranking in the organization, or subtle, as in between workmates of the same ranking. Other factors such as education, social status and title, are also important. Then there are other sub-factors such as school, University, army, church, place of birth, and many others to determine compatibility and shared experiences. Understanding hierarchy in business in particular can be extremely important where the correct assessment can be crucial: if one assumes a too friendly attitude to senior Korean contacts, he/she may invite a negative first impression and evaluation. Conversely, if one is too formal to a Korean contact of

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<sup>20</sup> Whilst both Korean and English conjugate verbs for tense, unlike English, Korean does not conjugate verbs using agreement with the subject (gender and number). Instead Korean verbs are conjugated according to speech level/register where verb-endings will differ greatly depending on *who* the audience is and the relationship between the people speaking. Each speech level has its own unique set of verb endings which are used to indicate the level of formality of a situation but more importantly, speech levels are used to show respect towards a speaker's or writer's audience. There are no fewer than seven verb registers (speech levels) and each level caters for a specific situation and level of formality which range from the highest - extremely formal and polite, to the lowest - informal, neutral politeness or impoliteness. The lowest level would normally be used between close friends and relatives and when addressing younger people. One must correctly select the appropriate honorific or humble form of the verb itself which must in turn be accompanied by the corresponding honorific or humble terms of address, title and special nouns. This is a consequence of Confucian values where the primary concern is with maintaining harmony within social relationships has strongly influenced the way people from these cultures communicate.

<sup>21</sup> The hierarchy system in Korean culture is not a system based on a class system as one would find in a rigid caste system, but one based on a hierarchical structure of authority, mostly defined by age and/or economic social status. On a deeper level it is far more complex and multi-layered where the dynamics are not stagnant but semi-permanent.

an inferior ranking, then s/he may have inadvertently undervalued his/her own ranking. In order to make a correct and accurate assessment of the hierarchical balance which will help one determine which level of formality and intimacy to assume and engage in (primarily through the language), one would need to actually acquire a level of knowledge beyond an understanding of the utterances in the language. It requires a knowledge which for native speakers for the most part, would have developed as a set of learned behaviour from a very young age where one is immersed in rules, expectations and norms of the culture: those which are absorbed by the native speaker. This knowledge is then applied to context and situations at the instinctive and intuitive level. This is an apt example of what Dana (2000) refers to as “cultural values and attitudes that dictate what become accepted norms.” As Salacuse (2004) notes, “International business deals not only cross borders, they also cross cultures. Culture profoundly influences how people think, communicate, and behave. It also affects the kinds of transactions they make and the way they negotiate them.” (p1)

Cultural traditions, customs, values, behavioural codes, expectations, ways of doing things, rules and accepted norms shared by a group; this is our understanding of the notion of ‘culture’. The ‘language’ has developed within that culture for the purpose of transmitting and communicating the concepts of that culture and at the same time, the evolution of language is driven by the customs of that culture. The relationship between culture and language is therefore one which is interlinked and inseparable.

In high-context languages especially, cultural context is important when trying to make sense of what is being communicated where there is “great reliance on non-verbal actions, such as gestures and tone of voice, as well as the environment setting to convey meaning.” (Bovee & Thill, 1999). Korac-Kakabadse *et al.* (2001) in their study of low and high context communication patterns observed that “the major difficulties in cross-cultural communication stem from the fact that actors from different cultures have different understandings regarding the interaction process and different styles of dialogue.” For instance, in the Korean culture, there

are many ways of showing respect for one's hierarchy, among which language plays a major role. The general expectation however, is that the politeness and formality of the language must be accompanied by the appropriate gestures and behavioural code. That is to say that the verbal and non-verbal language must be intrinsically tied in such a manner that the addressee will then construe the message being conveyed as being sincere. Mizutani & Mizutani (1987, pp. 14-15) in their observation of the way the Japanese business culture, noted the key ways the Japanese show politeness, not only through the use of polite language, but the accompanying gestures tied to the language:

Non-verbal behaviour such as bowing, handing things over to others using both hands, and keeping an appropriate distance from the listener, are all important in conveying a polite attitude... the Japanese in fact tend to value the non-verbal expression of politeness more highly than verbal politeness. Thus a speaker who is not very fluent but shows a polite hesitancy and fear of being rude, will often be warmly received.

Much of what is being communicated in high-context languages is happening at the metalanguage level so it can often be difficult for speakers of low-context languages to comprehend the full implications of missing vital clues such as context specific facial expressions, tone, duration and frequency of pause, and to some extent, the choice of vocabulary, to name just a few. One must stay constantly tuned to the situation and re-assess it frequently. It is very important to listen to what is being spoken but understanding what is not spoken is even more important, - non-verbal cues such as mannerisms, tone of voice, gestures, hesitations and mood amongst many others; - these all mean something and if they are not being read correctly, the meaning of what is actually being communicated is not being understood.

We can observe this in a simple example drawn from the differences between English and Korean in the use of negativity. Consider a scenario where there are two parties and a request is being made by one to the other. If the addressee of the request wishes to express his/her unwillingness to comply to the request, an explicit negative expression of ‘no’ would generally follow and be perfectly acceptable. The addressor would generally not be offended by this negative answer. This is of course, where both parties are native English speakers. In English and most other European languages, ‘no’ as an expression of declining a request to do a favour for another, or unwillingness to participate and engage in a requested activity, is totally acceptable and is not perceived as a rude gesture in any way.<sup>22</sup> In contrast, a Korean person would rarely answer ‘no’ in such situations, as an explicit ‘no’ answer can be regarded as offensive and thus avoided through various means. The answer therefore may be in many forms, such as ‘maybe...,’ ‘I’ll think about it...,’ ‘yes’ with a pause and hesitation, etc.<sup>23</sup> These answers would generally be accompanied by non-verbal cues such as changes in tone and body language and general uneasiness of mannerisms, long pauses, or all of the above. An explicit ‘no’ would not normally be uttered, particularly in a business situation. The non-Korean speaker then may construe this answer as a ‘yes’, because s/he may assume that if the addressee had wanted to say ‘no’, s/he would in fact have explicitly expressed in such manner. This may be especially true where the addressee is a native speaker of a low-context language such as English, where s/he would have re-accentuated the utterance based on his/her own understanding of his/her own language where ‘yes’ means ‘yes’ and ‘no’ means ‘no’. The boundaries of ‘yes’ and ‘no’ are not so clearly

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<sup>22</sup> That is not to say however, that ‘no’ in low-context languages such as English, are always explicit. For instance, politeness can be shown in many ways – in most cases the sentences just become longer. For example, “I am sorry but...”; “I am afraid I cannot because...”; “I wish I could help you but...”. These have the function of saying ‘no’ but in a polite way.

<sup>23</sup> It could be said that there are many forms of affirmative answers in Korean. The distinction between ‘no’ and ‘yes’ is not as clearly marked as in English. If one is saying ‘yes, but I will confirm that with you’, s/he may be really saying ‘no, but I can’t bring myself to say it’ (because I don’t want to offend you, so I’ll just make an excuse later).

defined in high-context languages where many non-verbal cues have to be taken into account and factored in before the 'actual' meaning of the discourse can be understood. It could be said that the receiver of the message in this case, in the absence of an understanding of the cultural context, did not understand the intended or inferred meaning.

Similarly, when an English speaker is dealing with a Chinese speaker, much of the potential misunderstandings may be due to the high-context nature of the Chinese language. This situation has been described by Doucet (2008) in *What part of YES don't you understand?*, who notes (with a measure of candid humour) from her encounters with the Chinese, "When dealing with Asian businesses, this common word can take on many shades of meaning...we tend to assume that 'yes' means 'I agree', as it does in the Western culture."

The Chinese often answer with a very quick 'yes' whenever you ask a question. This happens even when we know they haven't thought about the question long enough to even answer. Why do they say 'yes' when they can't possibly mean it, and what do you do when this happens?

Doucet notes that there are several cultural factors that come into play such as in situations where there is a need to 'save face',<sup>24</sup> for instance: "The Chinese will often pretend to understand your meaning." She recalled the words of a Chinese engineer who negotiated multimillion dollar deals for integrated software systems across China who explained why this happens: "Usually, in our culture, the

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<sup>24</sup> David Ho (1976) in his article titled 'On the concept of face' in the American Journal of Sociology, explains that "while it is not a necessity for one to strive to gain face, losing face is a serious matter which will, in varying degrees, affect one's ability to function effectively in society. Face is lost when the individual, either through his action or that of people closely related to him, fails to meet essential requirements placed upon him virtue of the social position he occupies."

Chinese pretends to understand. I can't always say 'sorry, sorry, I don't understand', or I will lose face. The Westerner will think, 'Why can't you understand?' so I just fake it and say 'yes yes'". Hence Doucet describes the Asian 'yes' as a 'neutral constant' because it is a "habitual response and almost never means 'yes'". The cross-cultural dilemma in understanding what 'yes' actually means, she notes, is due to the high importance placed on context:

Context is important, because when an Asian says 'yes', it can mean any number of things, sometimes it means maybe. Sometimes 'yes' may only be a sign of respect, a signal that you have been heard. Sometimes 'yes' may even mean 'no'. There is no intended deception. 'Yes' is simply a more complicated word in Asian culture.

### **2.2.2 UNDERSTANDING THE MEANING OF WHAT IS BEING COMMUNICATED**

*"All communication is cultural --- it draws on ways we have learned to speak and give non-verbal messages. As business has turned more and more to an integrated world market to meet its needs, the difficulties of communicating at a global level have become increasingly widespread... as is commonly known, culture differs from one another....decisions depend on cross-cultural communications of one sort or another."*

Huang (2010, p. 196)

Our analysis into how language and culture are interrelated has naturally progressed into an illustration of the ways in which cultural norms shape the language and how language is the manifestation of those cultural values. Thus it has now become evident that the difficulties associated with cross-cultural

communication may not be adequately understood by applying the re-acculturation theory alone. Our theoretical framework needs to be extended to an understanding of how cultural situational contexts in which utterances are embedded actually affect the meaning of what is communicated; what processes might be a factor in affecting the outcome of communication.

“Studying intercultural communication without studying culture is analogous to studying physics without looking at matter,” according to Sae (2007, p. 58). For him, the assumption that efficient communication between cultures is solely based on linguistic competence is false: “Speaking a language cannot be considered synonymous with communicating in it as cultural dimensions to communication go far beyond syntax and vocabulary.”

Thomas (1984) discusses the very nature of why there is misunderstanding of other people. She used the term ‘pragmatic failure’ to refer to the inability to understand ‘what is meant by what is said’. The term ‘cross-cultural pragmatics’ is used by Thomas to refer to any communication between two people who do not share a common linguistic or cultural background, rather than being limited to native and non-native speaker interactions. She notes that to gain ‘pragmatic competence’ is not synonymous to communication competence and concludes:

Communication is, by its very nature, culturally relative. Ways of communicating meaning in talk are learned in the speech community, that is, by talking to people with whom one identifies socially. All communication is cultural, and understanding cross-cultural communication is a means to understanding language at the same time that it is a means to understanding.

Understanding of the hierarchical rules in the Korean culture which determines language and behaviour, and as a consequence, expectations, is an example; - the

complex rules and norms are learned in the speech community and not from a language textbook. When a Korean speaker selects the speech level, he/she does this intuitively and the correct application and usage has the function of different intentions and meanings attached to it. The rules of speech levels, when and how to use it and to what effect, can be taught to a limited capacity through a textbook. However, for an accurate understanding (actual understanding as opposed to passive understanding in Bakhtin's terms) the fine nuances and meanings would differ in situational contexts and can only be learned as the native speaker accumulates this knowledge through his/her experience within the speech community. For instance, the lowest informal speech level, is generally used to signify intimacy between the speakers and used to show age authority (adult to child). If used when addressing a stranger or someone of obvious higher ranking this would be construed as an aggressive act. Conversely, a sudden shift from an informal register to a more formal level could in certain situations also be construed as an aggressive act by the addressor as in a scenario where two friends are engaged in conversation using the informal register: - a sudden shift to a more formal level by one of the parties may be a signal for an intention to put distance between them, as if to imply something akin to 'I am not keen on your high and mighty attitude' so it has the effect of an act of aggression. Sometimes a sudden shift in formality from neutral/informal to formal may have the effect of showing sarcasm or displeasure. As the Korean language is highly contextual what the exact meaning of the sudden shift in formality really indicates would depend on each unique situation. These subtle nuances would be difficult for a non-native Korean speaker to pick up on. Their 'linguistic/emotional radar', so to speak, might be able to detect some of the 'true' meanings once they become more fluent but it is unlikely that the actual meaning of what is being communicated would be construed accurately, until they become completely fluent in both the Korean language and culture, ideally learned in an immersion setting.

The variable factor in this assertion however, is obviously the human factor, as different individuals will have different levels of natural capabilities to acquire this pragmatic competency. In fact, whether pragmatic competence is a skill that

can be taught was investigated by Kasper (1997) in her study with learners of foreign language and concluded that it could not. It was observed that the degree with which some students acquired this competence depended on how intuitive each was in deriving the meaning of the message in the foreign language delivered in a given context. “Intercultural communication competence is the ability to encode and decode meanings in matches that correspond to the meanings held in the other communicator’s repository,” according to Beamer (1992) and she says that little attention has been given as to how this can be acquired but her study shows that the key is to try to understand other cultures by asking questions in an “ongoing challenge to previously held signs.”

Jameson (2007) asserts that the field of intercultural communication needs a stronger focus on understanding oneself. In her study examining the role of cultural identity in intercultural business communication proposes that an understanding that “cultural identity changes over time and evokes emotions”. Culture not only connects people but defines them as unique individuals: “Cultural identity is affected by close relationships and negotiated through communication.” Jameson suggests that a definition should be based on a broad concept that it is identified not as a nationality but instead should balance components related to vocation, class, geography, philosophy, language, and the social aspects of biology and other components directly related to business, such as economic class and professional affiliation.

In cross-cultural communication, “Only a part of meaning resides in the words spoken; the largest part is communicated by hints, assumptions, and audience filling-in from context and prior experience.....an enormous problem even within a culture, of figuring out what is meant that is not said. Cross-culturally it becomes a maddening guessing game that most entrants lose.” (Tannen, 1984. p193). The aspects of communication which differ from culture to culture are illustrated by Tannen using eight specific examples of how speakers from different cultures use different ways of signalling what they mean: (i) when to talk;

(ii) what to say; (iii) pacing and pausing; (iv) listenership; (v) intonation; (vi) formulaicity; (vii) indirectness; and (viii) cohesion and coherence. These are said to represent the levels of differences on which cross-cultural communication can falter.

The study of cross-cultural communication is a paradigm example of the inseparability of linguistic theory and application...Just as physicists understand the nature of physical elements by observing their behaviour in various environments and in interaction with other elements, so we come to understand the nature of language by observing it in communication and in contact with other systems of communication.....What is it that can be culturally relative in communication? The answer is, just about everything - all aspects of what to say and how to say it. (Tannen, 1984, p189)

Understanding the meaning of what is being communicated should not be a 'maddening guessing game' of the speaker's intentions but the process by which human communication is achieved is such a complex process, it might as well be considered a mind-reading exercise. Sperber and Wilson (2002) theorised that communication is achieved when the intended meaning of the addressor/speaker/communicator is understood by the addressee/receiver/audience by inference when s/he has found relevance in what has been conveyed to him.

This relevance-pragmatic theory asserts that the human mind is set up in such a way that it automatically attend to the most relevant-seeming information. The human brain when confronted with stimuli (linguistically coded and other codes found in the metalanguage) will search for the most easily and readily accessible relevant concept known to him and when that is found it will stop processing the information input. So when we communicate, the process whereby the recipient of the message derives at the intended meaning is one of relevance-seeking because

utterances raise expectations of relevance in the mind of the hearer as essentially the search for relevance is a basic feature of human cognition. For the intended meaning of the communicator to be processed accurately (or to yield a positive output), the receiver takes into account what was said, what was implied, inferred and the context in which the utterances were delivered.

Verschueren (2008) says that “first and foremost, intercultural communication must be looked *as* communication”. It should not be viewed as a special phenomenon different from other forms of communicative interactions and discusses the very nature of intercultural communication describing their basic properties as “the tension between communicative intentions and inferencing processes”; and “the tension between culture-related assumptions and what is actually said”.

Communication is indeed never absolute. In order to explain the fact that language can still achieve its communicative purpose with a significant degree of success in spite of the use of variable means, that cannot be interpreted mechanically, we rely on the concept of adaptability. Communicative means and their use can be continually retuned or adapted. That is why an intercultural context is not to be equated with the sum of two different contexts, but essentially the creation of a new one. (Verschueren, 2008 p.24)

In language, “there is no absolutely fixed relationship between linguistic forms and their functions” and “meaning is continuously negotiated interactively”, according to Verschueren (2008).

Hence speakers must continuously engage in the making of hypotheses about what it is that can be reasonably assumed to be 'given' or 'known'; and whoever interprets a message must make assumptions about the nature of the utterer's presuppositions. The competence that enables people to do this is what psychologists call 'theory of mind', a typically human capacity that is developed by every child by a certain age. The result is that meaning in interaction is indeed always dynamically generated and negotiated. (p.24)

These theories could be interpreted into one hypothetical model of how communication is achieved. The human memory bank is as a powerful central processing unit. The memory bank would be composed of a compilation of an infinite number of neatly stored, systematically filed and catalogued database of meanings, where each of these units of meanings could be said to equal the sum of the linguistic meaning of an utterance plus each specific occasion or context of the situational experience in which this linguistic utterance occurred. When a message is transmitted by the sender (the input is received into the processing centre), the system (recipient's cognitive process) processes this input with unimaginable speed whereby it seeks to derive the intended meaning of the message by searching through the files stored in the database for the best match.

So the variable factor which will influence whether the outcome of this cognitive process exercise may or may not produce an accurate meaning (which could only be measured in degree rather than absolutes) will be the human factor. If the memory bank is thinly stocked because the individual has had limited exposure to instances in which meanings are negotiated interactively, the process will not yield an accurate meaning but merely the nearest meaning. It could be said that the closest match to the meaning of the message being transmitted will depend largely on the individual's experience. Furthermore, the assessment of each of these specific instances where meanings are negotiated (contextual situational experience) may differ between individuals because some individuals are more

apt in pragmatic competence than others and these individual differences will add to the overall variable factor determining the outcome of this process of relevance-seeking exercise in understanding meaning in communication.

Brislin (1981), having examined different incidents of cross-cultural encounters concluded, that contact with different groups lead to accumulated wisdom which will benefit individuals when attempting to analyse and cope with new cross-cultural experiences. So one's ability to 'mind-read' when trying to understand the intended meaning of the communicator's message is both governed and limited by a combination of his/her linguistic competence; range of personal experience in different contexts and situations; natural pragmatic competency capabilities; emotional intelligence; as well as breadth and depth of exposure to different cultures and languages. This is the human variable factor which Verschueren referred to as the "concept of adaptability".

In the work of Johnson, Lenartowicz and Apud (2006) it is proposed that more focus should be given to develop a model for a definition of cultural competence "as many international business failures have been ascribed to a lack of cross-cultural competence on the part of business practitioners". They noted that the concept of cultural competence is nurtured in individuals, where an "effective application of the requisite skills, knowledge and attributes" are necessary for cultural competence. But they concluded that there is a gap between 'knowing' and 'doing', when it comes to the application of this knowledge to the environmental and contextual impediments. Verschueren asserts that meanings in interactions are always "dynamically generated and negotiated". As cross-cultural communication is essentially a human interaction, it seems the variable factor will always be the human factor – flexible with unpredictable outcomes.

## 2.3 ENGLISH AS A GLOBAL COMMUNICATION TOOL

### 2.3.1 DOES EVERYONE SPEAK ENGLISH?

Having thus far discussed the differences between high-context and low-context languages and the complication that cultural context represents as a major factor determining the outcome of how meaning is understood in cross-cultural communication, it must be noted at this point that this is not to suggest in any way that for a speaker of a low-context language, a high-context language would be difficult to learn and that the reverse would not necessarily apply.<sup>25</sup> Whilst it may be true that high-context Asian languages such as Korean, Japanese and Chinese for instance are considered to be some of the most difficult to learn<sup>26</sup>, proficiency in a low-context language such as English, is a difficult task to achieve for native speakers of those high-context languages.

The difficulties encountered in cross-cultural communication are not due to the differences in the language, whether one is low-context or high-context. Korac-Kakabadse *et al* (2001) in their examination of low and high-context communication patterns concluded that the reason for the communication difficulties lie with the persons, in that “actors from different cultures have different understandings regarding the interaction process and different styles of dialogue”. The cultural variability that affects communication patterns needs to be better understood by both parties to achieve success in communication.

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<sup>25</sup> A low-context language does not mean that it is less complex. For Koreans learning English, relative and embedded clauses and inferred meanings are difficult to learn. This complexity of semantics in English sentences means that a Korean speaker is required to acquire a level of linguistic ability beyond using simple conjunctions such as ‘and/but/so/or.’

<sup>26</sup> The Foreign Service Institute (FSI) of the US Department of State has compiled approximate learning expectations for a number of languages for their professional staff who are native English speakers (and who generally already know other languages). Of the 63 languages analysed, the 5 most difficult languages to reach proficiency in speaking and reading, requiring 88 weeks or 2200 class hours, were listed as Arabic, Cantonese, Mandarin, Japanese and Korean.

Kameda (2000) reported on the shortcomings of language competency in Japanese managers, where English was used as a business communication tool between Japanese managers and businesses people in Singapore. The research sought to examine “if the cause of communication blunders by the Japanese business managers is related to their level of competency in English or to fundamental differences in communication patterns”. The study found that the Japanese managers’ English was not so bad in terms of grammar, or word choice, for instance. The fundamental problem was found to be communication skills. The majority of the responses to the questionnaire survey sent out by Kameda to the Singaporean businesspeople, suggested some constructive ways in which the Japanese could improve their communication skills such as: ‘being less conscious of oneself’; ‘not being too polite’; ‘being more open with information’; ‘requesting the explanation to be repeated in order to check the level of understanding’; ‘making use of simple and straightforward expressions’; ‘not being so unwilling to express negative feedback directly’; ‘being more direct’; and ‘saying ‘no’ when you do not agree’; amongst others. The findings show that lack of communication skills in Japanese managers using English as a foreign language is “not due to them being not good at English”, but due to problems such as “lack of message clarity, ambiguity in word choice, and the length of a sentence”. The Japanese managers<sup>27</sup> need to better understand the notion that “English is just a tool to exchange ideas”, as the respondents had noted, and hence the need to keep expressions short and precise with intentions clear and straightforward. Kameda notes that it is the cultural factors that affect how the Japanese communicate in English: “The mixture of facts and opinions, unclear

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<sup>27</sup> Kameda (2000) also notes that ability to communicate effectively is important for managers, not only for outside business encounters but equally important when dealing with internal employees, particularly when one must deal with employees of different cultural and linguistic backgrounds. The Japanese manager can be an ideal “cultural integrator” if “he can communicate well with all of his employees in a language with which none of the ethnic groups has relations, in this case in English.” In this, Malaysia is cited as an example, where “multiple ethnic groups who have their own languages within its territory and who are jointly working for many Japanese companies there.”

statements, reverse positions of cause and effect, the use of vague and indirect expressions, all these are culture bound, I believe.”

As with the observations made by Kameda on the different communication patterns of the Japanese, the same problem was observed in the way Koreans communicate. Park, Dillon and Mitchell (1998) used case studies to examine the different styles of complaint letters between Americans and Korean managers (using English as a second language) and noted the important differences between the two groups in terms of directness and indirectness of the message. The Americans tended to state the main idea or the problem first before sharing explanatory details and requested action explicitly. In contrast, the Korean managers' style was indirect and the action requested was not explicit. It could be difficult for the American counterparts to discover the main point of the message and the study concluded that if the reader was not accustomed to this style of letter writing, the Korean managers' rhetorical pattern could be perceived as vague, emotional and accusatory. They concluded that for efficient communication, it is important for both parties to recognise the different styles of the other and strive for enhanced understanding of these different communicative patterns.

In a study conducted in 2004 by Song, Hale and Rao where factors influencing success and failure in business negotiations between Americans and South Koreans were examined, it was reported that despite the growing reliance on English for business negotiations and notwithstanding South Koreans' relentless pursuit of English language proficiency over the last half a century, lack of English proficiency was identified as a problem and a cause for many miscommunication issues. One Korean participant in the study discussed the difficulties associated with language when dealing with his American counterpart as follows:

No matter how excellent a Korean might speak English, the Korean cannot perfectly understand English. Therefore, he becomes diffident or loses confidence at the beginning... Therefore, our strategy is to speak less and listen more. This is solely because our English proficiency in speaking and listening is poor.

Park (2009) in *The local construction of a global language*, examines at length the global aspirations of Koreans as manifested in their pursuit of the English language. He discusses the problems associated with this ideology, where English proficiency is “presented as a key for class mobility in the global age, but in reality, pursuing the purported indexes of English competence does not provide such opportunity in itself”. Park says that Koreans are always being told that their English is not good enough, and that in reality, the future employees themselves cannot speak English. He further notes that where members of the higher social class are often expected to have good English language skills, this is not always the case and there are frequent complaints in the media about the sub-standard level of English competence of higher-level government officials.<sup>28</sup>

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<sup>28</sup> Consider a situation where a candidate is being interviewed for a position in a large corporation and is being tested on his English language skills. If his language skills are excellent under normal circumstances he would be expected to show these but the interviewer carrying out the tests (who is usually his potential future employer and his senior) might not necessarily possess the same linguistic skills. The nature of the hierarchical Korean system dictates that under the Confucian values one must be humble so should the candidate show humility and play down his abilities so as not to hurt the feelings and the pride of the interviewer or should he demonstrate his abilities to the full in the hope of maximising his chances of being hired? To maintain harmony in human relationships is a Confucian principle and the Korean behaviour will reflect this. Whilst in a normal employment interview situation in the Western norm a candidate’s skills would be weighed based on its merits, in a situation such as the one described above where cultural factors are thrown into the equation, the answer may not be so simple. Unless the interviewer is a fluent speaker of English and therefore completely self-assured of his own linguistic abilities, a candidate with excellent English skills may not necessarily be given full merit points for these seemingly highly prized skills. The interviewer is unlikely to select a candidate whose English skills surpass his own: (a) because a subordinate’s superior English proficiency is likely to upset the hierarchical order in the workplace; and (b) for self-preservation: the interviewer would want to minimise competition for himself within the organisation for future promotion opportunities, as the employee with better English skills would likely have an advantage.

When discussing the lack of English language proficiency in Asian countries such as South Korea, a further point that needs to be highlighted is the problem that obviously arises when Anglophone nations make when doing business in Asia: assuming that their Asian counterparts' will all speak English, and that their English will be as good as their own. Assumptions of any kind that are brought to the negotiation table in any business dealings can be damaging, and assumptions that 'English alone will be enough' and that 'everybody speaks English' are no different. In Song, Hale and Rao (2004), a Korean participant in the survey described in detail how miscommunication occurs when such assumptions are made:

When we talk about technical, professional and specific issues, we understand little... American companies send specialists, but we are generalists. Therefore, our negotiation capability is low. Although we hire American specialists, our ability to communicate with them is still low. Why? Because we have to explain our points to our American specialists in English. Also, we cannot understand what our specialists and the American counterparts negotiate...

For the most part, according to Song, Hale and Rao (2004), the attitude adopted by the native English speaking counterpart needs to be adapted to this environment by "speaking gently, clearly, and slowly" and never assuming that their Korean counterpart has understood completely. A participant offered this comment: "In Southeast Asia, we can communicate with confidence because both parties use the second language, English, as a communication medium. However, we Koreans have a handicap in negotiations with Americans because we use English."

Where the parties communicating in English are both using it as a second language, it is unlikely that such assumptions would be made and it may even be

the case that both parties would be making allowances for an imperfect English on both sides. Furthermore, the attitudes they bring to the table may put both parties at ease rather than rendering one to an inferior position as is the case when a Korean is faced with the prospect of negotiating with a native English speaker.

### **2.3.2 THE FUTURE OF ENGLISH**

In the New Zealand studies examining the use of foreign languages in international trade, it was observed that New Zealand companies were still reliant on the notion that everyone is able to understand English. The dominance of the English language in international business cannot be overlooked where English is generally perceived as an open passport to the world both by those that speak it as a mother tongue and those passionate in its acquisition as a second language. Millions of learners of English as a second language throughout Asia accept English as the reigning lingua franca and seem to have whole heartedly embraced the opportunities a 'common language' can bring them particularly in international business. However, the current international status of this global language may experience challenges in the future.

Graddol (1997) said that "the future of English will be more complex, more demanding of understanding and more challenging for the position of native-speaking countries than has hitherto been supposed" (p.3). The future of the English language had been also examined and discussed by Crystal (1997) around the same time, where he noted in particular how the English language's position as a global language had happened so quickly. According to Graddol, "the story of English in the 20<sup>th</sup> century has been closely linked to the rise of the US as a superpower that has spread the English language alongside its economic, technological and cultural influence" (p.8), but "Britain's colonial expansion established the pre-conditions for the global use of English" (p.6).

The monolingual speaker of English is at a disadvantage in today's multilingual world where the great majority of the world's English users are multilingual and native speakers of other languages, giving rise to many different varieties of English, as argued by Graddol (1997): "As the world is in transition, so the English language is itself taking new forms" (p.2). With the increasing number of speakers of English around the world, these 'new forms' referred to by Graddol, are in reference to the varieties of English spoken around the world, which had been previously categorized by Kachru (1985) into three groups: (i) the inner circle; (ii) the outer circle; and (iii) the expanding circle. This is a model which has been widely used and applied since then.

In the model presented by Kachru (1985), the English used in the United States, Great Britain and its settlement colonies such as Canada, Australia and New Zealand in general, are categorised as the 'inner circle'. The prestige usually associated with being a native speaker of English is traditionally reserved for the speakers of English within this inner circle but Graddol points out that the extraordinary increase in the sheer number of English speakers around the world, particularly in the countries of the expanding circle, puts this very prestige and position in question. The second category, the 'outer circle', are the new English varieties which developed and evolved naturally in the trade and exportation colonies, alongside the language of the local inhabitants who represented the majority of the population. These outer circle varieties can be heard in many parts of Asia, including Singapore, Hong Kong and India, amongst others. The third variety is the English of the 'expanding circle' in countries where English was traditionally taught as a foreign language and where English has since become the language of choice for the educated and the upper middle class. This has given rise to terms such as 'Chinglish' for English spoken by the Chinese, 'Japlish' for English spoken by the Japanese and 'Konglish'<sup>29</sup> for English spoken by Koreans;

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<sup>29</sup> Koreans themselves commonly refer to their own 'bad English' and 'broken English' as "Konglish", and say "Sorry for my Konglish!". When referring to someone else's lack of English proficiency, and making fun of their 'bad English', they also use the term "Konglish": "Speak English please, not Konglish!" or "I can't understand your Konglish!"

as was noted by Kent (1999). He tends to regard these “tongues” as “incorrect English”<sup>30</sup> as opposed to the Standard English which he regards as the “correct English”.

Canagarajah (2006) argues that it would be unwise to define proficiency based on a single variety of English. The assessment and measure of proficiency needs to take into account the many varieties simultaneously and the changing communicative needs of postmodern globalization. That requires a move away from testing methods based on formal grammatical competence and develop “instruments that are sensitive to performance and pragmatics”.

Kachru’s approach in categorizing these varieties of ‘World Englishes’ is acknowledged as a good starting point by Graddol, but he prefers to instead use the model of L1 (first language speaker), L2 (second language speaker) and EFL (speaker of English as a foreign language) rather than the ‘3 circle’ model. Graddol’s reason for this is that with Kachru’s model, native speakers of the ‘inner circle’ “may feel that the language *belongs* to them, but it will be those who speak English as a second or foreign language who will determine its future” (Graddol, 1997, p. 10).

The work of Kachru, and the notion of World Englishes categorised into three groups, can be examined broadly under the framework of the re-accentuation theory, and what this might mean for speakers of the English variety in the ‘inner circle’, in particular. For the most part, for speakers of English in the outer circle, the English language has developed and evolved alongside their own native language. As language and culture are intrinsically chained, this means that in reality, during the development and the evolution of these outer circle Englishes, the cultures of the native speakers of their respective local languages have

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<sup>30</sup> ‘Singlish’ (for English spoken by Singaporeans) and ‘Manglish’ (for English spoken by Malaysians) are other terms often heard commonly being used by Koreans (and other Asians) to refer to the English spoken by other Asian cultures.

penetrated and infused these new varieties of English with their own culture over a long period, some close to a century. The English language as understood in the inner circle has been adapted to these local cultures to suit those who speak it as a second language. This adaptation would have happened over a period of time during which time re-accentuation of the meaning of the English words would have generated a new set of meanings to suit the function and uses for these words in these new varieties of the outer circle Englishes, each to suit the individual culture.

In a broader sense therefore, the English spoken in Singapore, Hong Kong and India for example would be different to each other as each country has a different culture and therefore each has their own understanding of the meaning of the English utterance according to their own understanding of the world and the abstract concepts within their world, through their native language and culture. As they “highlight and accent the neutral significance” of the English words conveyed to them, each in different ways, the resulting varieties of English are not only different to each other within the outer circle itself, but different to the English of the inner circle as well as to the Englishes in the expanding circle.

In the expanding circle, as English was mostly learned as a second language, the evolution may not have occurred over an equally long period of time (compared to the outer circle) but would have been nevertheless affected in some ways by the native speakers’ own language and culture, as these learners of English accentuate and make sense of the world presented in the new language through their own understanding of their language and culture in their world. As with the speakers of Englishes in the outer circle, the speakers of English in the expanding circle also accent and highlight the meanings of the words and utterances in their second language through notions and concepts acquired within their own understanding of the world through their native language and culture, resulting in yet another variety of English in a different category to the traditional inner circle English spoken in countries like New Zealand.

These World Englishes can be illustrated as shade variations of the same base or different shades of white, but they are not yet different colours in their own right. So for the moment, they are mutually intelligible, even when variety of accents, pronunciations and regional dialects from within each of the circles are factored in. Eventually though, these different shades of the base colour may even become so deeply ‘tinted’ that they become indistinguishable from their original source. As more and more speakers around the world are speaking many different varieties of English, some of these varieties may one day become so deeply re-accentuated by their speakers as to render some of them into a different language category altogether, something other than their originating source – English.

The impact of this global language in Asian countries has been unprecedented. English fever during the last half-century has resulted in its own socio-economic repercussions such as the ‘wild-geese father’ or the ‘astronaut family’ (Aye & Guerin, 2001) phenomenon, referring to living arrangements where families are split-up for many years with the children and the mother residing in popular Anglophone ‘inner circle’ countries such as New Zealand during the educational years of their children, whilst the father remains home and provides the financial means to fund the education. In their study, Aye & Guerin (2001) examined the psychological impact on such families from South Korea, Taiwan and Hong Kong, living in New Zealand, and reported that where these living arrangements for these families are supposedly temporary, the strain it places on the family unit is more permanent and the consequences far reaching.

Park (2009) said that “the influence of English on Korean society has been growing over the past several decades” (p.34) and “English skills have become an important criterion for decisions regarding employment in the white-collar job market.” (p.42)

For parents, this is likely a major motivation which makes them try to provide whatever it takes to help their children break out of this cycle; they do not want their children to struggle with English the way they did and to lose out on opportunities that (they hope) might be seized through English, so they make great investments even though it means an even greater burden for themselves. (Park, 2009 p.51)

The popularity of English around the world (and especially in Asia) is certainly evident, with seemingly great sacrifices being made by Asians, sometimes to the peril of their family unit not to mention the large financial commitment these people are willing to make but with this comes the danger of a misconstrued perception that for countries such as New Zealand, English alone is sufficient to compete in the global market. Business with Asian countries should not be difficult, as far as language barriers are concerned – a certain amount of complacency is certainly possible. However, according to Graddol (1997), with the growing number of speakers of these World Englishes comes a growing influence of a ‘polycentric’ lingua franca, as opposed to the ‘monocentric’ position the ‘inner circle’ variety of English has traditionally enjoyed as the lingua franca. His prediction on the future of English is that by 2020, the number of people learning English will have reached 2 billion and that at that point there will be a flattening out of the global spread of English fever.

Graddol is of the view that the status of English as the international language of trade will be challenged not only through the changing and evolving nature of the English language impacted by the growing number worldwide of speakers of these World Englishes, but also competition for the lingua franca position will come from other languages such as Spanish and Chinese. For instance Xu (2010), having reviewed the state of ‘Chinese English’ or CE, concluded that with an estimated 350 million Chinese currently learning English, this major variety of English will become a powerful member of the World Englishes family. Monolingual speakers of English may be increasingly at a disadvantage where

those in the Asian regions in particular, become more competitive with their multilingual skills.

Masci (2000) in his analysis of the future of language observes that in discussing the position of a global language, while experts may not agree on this topic, they do agree that the main concern lies with the prospect of obscure languages being lost forever in the process. Likewise, Buttigieg (1999) had noted in his study of the growing use of English that whilst the spread of this global language may mean increased communication, there was the potential that cultures might be erased and diversity “replaced with sameness”.

So on this note there is a final point on the future of language worth mentioning. Edwards (1985, p. 34), when referring to English as *lingua franca* observes that “the use of a ‘large’ language across group boundaries has immediate appeal on purely communicative grounds”. The identity of the people who adopt the *lingua franca* is strongly identified with their native language so “inevitably they do not desert their original variety”. The ensuing new varieties of Englishes around the world create new areas of debate amongst those not in the academia, such as the British media and those in the literary circle concerned with the demise and the standards of the English language, in what Edwards calls “amateur interest in language protection” and which he says is “clearly based upon prejudice and ignorance”.

Concerns regarding language decline and the need to maintain standards have been widely debated and according to Edwards there is ongoing “anxiety (hysteria, some would say) about literacy and linguistic standards on both sides of the Atlantic”. Apart from works of linguists who are concerned with linguistic corruption which is through “deliberate or ignorant misuse of existing words”, Edwards notes that debates from those of non-linguistic background wishing to protect and maintain linguistic standards are efforts warranted nevertheless, “however poorly expressed or ill-conceived” they might be, as underlying these

very efforts are their own “desire to protect an important component of group identity”. What Edwards is correctly pointing out is that the language-identity link is not reserved just for those who chose to adopt the English language as their lingua franca, but is just as important and relevant for those speakers of the lingua franca itself. As Seargeant (2008) asserts, “Ideological issues are of fundamental importance for the way that language both exists and operates within the globalised context.”

## **2.4 CHALLENGES FOR NEW ZEALAND**

Before any discussions on the challenges that New Zealand businesses may be facing in the global multilingual international markets, first, one fact needs to be established: that officially, English is not the only language of New Zealand. However, for the purpose of this study, this thesis will adopt the view that New Zealand is a monolingual Anglophone nation, based on Starks, Harlow and Bell (2005, p.13):

In the early 21<sup>st</sup> century, the linguistic landscape of New Zealand is characterised by considerable monolingualism in English, alongside a re-emergent partial bilingualism among Maori people, and growing multilingualism through the presence of immigrant groups. English has been the dominant language of New Zealand since the second half of the 19<sup>th</sup> century. It is the primary language of the government, media, and education sectors, as well as the primary language of work, and entertainment.

If Graddol’s predictions are true, then the monolingual Anglophone nations will be at a disadvantage in the global stage. English is currently the only available facilitating method for international business in the global market and as a communication tool, it has been efficient. Its current status may remain for some

time to come. The organic evolution of the English language has been accelerated by this global adoption and adaptation of the language as more and more speakers around the world have come to accept it and even embrace it as a necessary communication tool which must be acquired to serve a specific function, that is, to address the cross-communication barriers in the global market. As Edwards (1985) has noted, it has “immediate appeal purely on communicative grounds”. In his prediction on the future of the English language, Graddol notes:

There is a growing belief amongst language professionals that the future will be a bilingual one, in which an increasing proportion of the world’s populations will be fluent speakers of more than one language. For the last few hundred years, English has been dominated by monolingual speakers interests: there is little to help us understand what will happen to English when the majority of the people and institutions who use it do so as a second language. (Graddol, 1997, p. 4)

The strategy report *Preparing for a Future with Asia* recognizes that New Zealand is increasingly engaged with Asia and proposes that an active promotion of the profile and the perceived value of Asian language and cultural skills by supporting the creation of more resources and training opportunities to enhance opportunities for all New Zealanders by becoming more competent in their interactions with Asian cultures. One of the actions proposed is to provide study of Asia across the curriculum in pre-tertiary education, incorporation of optional study of Asia into all undergraduate degree programmes at tertiary level and subsequently the support for growth in specialist skills area for Asia knowledge courses. They envisage that these steps will result in an increase in the number of people who are proficient in Asian languages and culture, who can successfully interact with people of Asia’s diverse cultures.

Similarly, the case for multilingualism was addressed (Griffith University, 2009) by Australia, but the prospects for a nation-wide adaptation of the educational policies proposed are faced with limitations. In their report titled *The Australian Strategy for Asian Language Proficiency*, they identified an urgent need for the Australian government to take decisive action in implementing new policies in education to have within a generation, over half of its population competent in a second language, with two-thirds of those under the age of forty with either high-level, sound, or basic proficiency in a second language. With three-quarters of Australians speaking English only, making it one of the most monolingual developed nation in the world, the proposed actions of the report are deemed as necessary to address what it calls “a serious skills crisis”, where more Australians with the ability to understand and operate in languages and cultures other than their own, are needed in the global future. According to the report, the intent of the government when setting these policies should be with a long-term view, by facilitating a revolution in Australia’s attitudes towards multilingualism:

Long-term trends show a steady internationalization of our society and economy. Australia is becoming increasingly integrated into the dynamic region of its north. New, Asian powerhouses are rising....our region will increasingly conduct its business in the languages of the big Asian powers, and be shaped by their mind-sets and preferences.

This report proposes that Australia invests heavily in its goal to build an Asia-literate Australia, in a long-term plan of action requiring commitment and funding for a comprehensive nation-wide strategy which includes teaching of Asian languages and cultures at all levels of education, a strategy which is estimated to cost the country AU\$11.3 billion over the course of 30 years and it justifies such an investment by presenting its case as follows:

As long as Australian governments try to promote language study on the cheap, our monolingualism will endure, and we will fall further behind the many dynamic, multilingual countries. Australia has not skimped on investing in vital infrastructure in the past. Asia literacy is our most pressing human infrastructure priority: it demands serious and sustained investment and will offer far greater rewards.

Despite the urgency noted in the Australian report calling for the government to commit, implement and fund a major and costly long-term educational reform to free Australians of their monolingualistic attitude, no follow up steps to adopt any of the suggested strategies have been made public as yet. The Australian government is yet to commit or agree to any of the key principles for decisive action recommended in that report as more pressing matters have occupied the Labor government's agenda. According to a recent article,<sup>31</sup> an analysis reviewing the Australian Asian language policy (Griffith University, 2009) had recently been carried out by Benjamin Herscovitch from the Centre for Independent Studies and he had been quoted as labelling the policy as a "waste of money" because Australia's diverse population meant that an estimated 2.2 million people already spoke an Asian language.

As New Zealand's closest neighbouring monolingual Anglophone nation, the challenges faced by Australia are particularly relevant to New Zealand. As much as ambitious visions such as, "by 2020, all people living in New Zealand will understand Asia well enough to allow them to fully embrace the opportunities the region offers",<sup>32</sup> may signal a positive direction for the country, it is difficult to see how this vision might be realized. As mentioned earlier, it has been reported in *Knowing Asia* in 2003, that despite the growing influence of Asia, between

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<sup>31</sup> Bianca Hall, "Language policy is labelled a waste", 6 Sept 2012, Sydney Morning Herald.

<sup>32</sup> Preparing for a future with Asia, page 17

1997 and 2003, the number of Asia specialists employed by New Zealand tertiary institutions actually declined and that there are in fact, very few graduates of Asia studies who proceed to further their studies at postgraduate level. It is fair to assume from this finding then, that the demand for Asian languages from students has actually decreased, resulting in the decline of academics in the area.

The level of commitment required from governments on implementation of long-term plans is, according to Graddol (2006, pp. 120-121), not something that can be easily achieved. He notes that where a country decides to make English their second language, for instance, “they are embarking on a project which will take 30-50 years to fully mature”. In cases where democratic governments are re-elected every three to five years then, this “is often extremely difficult,” he says, as “language education requires commitment and consistency as well as a flexible approach responsive to a fast-changing world”. These two, he adds, “are difficult to reconcile”.

Certainly, having more New Zealanders fluent in Asian languages with an increased understanding of the Asian culture represents a worthwhile goal but it is nevertheless a long-term goal. To implement and adopt educational policies for Asian languages in New Zealand, in an ideal world, would be commendable but it is a long-term project and one which requires a considerable financial input as well as a long-term commitment from successive elected governments.<sup>33</sup>

When considering the future linguistic trends in the globalised world, the placement of the English language at its centre, and its continuing role as the international language of trade, studies such as that of Graddol suggests that adopting educational policies to adapt to the multilingual global world seems to be

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<sup>33</sup> The strategies set out in *Preparing for a Future with Asia*, since it was reported in 2006, went largely ignored by the National Party government and it is unlikely that they will be resurrected any time soon for discussion, or otherwise.

a vision which may need urgent attention for monolingual Anglophone nations such as New Zealand, but whether this is an achievable goal in the near future is a question which cannot yet be answered with any measure of certainty. Before any proposals for any major language policies can be assessed, in addition to the limitations already discussed, other factors such as the considerable amount of time it takes to learn a new language need to be seriously considered particularly, against the background of our fast changing global landscape.

In the 1980s, for instance, the strength of the Japanese economy and its presence in the global market resulted in a popularity and a demand for Japanese language classes in both secondary and tertiary levels as learning the Japanese language and culture was widely touted as the key to opening up the opportunities for employment both at home and abroad for both Anglophone and other Asian nations. The unprecedented popularity of the Japanese language was widespread throughout the world, including Australia and New Zealand. A study by De Kretser and Spence-Brown (2010) reviewing the current state of Japanese language education in Australia noted as follows:

From the 1970s until the early 2000s, the teaching of Japanese in Australia expanded rapidly, and it is now the most widely taught language in Australia, in both schools and universities – a unique situation within the western world. The impetus for this expansion derived partly from the economic and strategic importance of the Australia-Japan relationship, which prompted government investments in promoting the teaching of Japanese.

Japanese language fever has persisted during the 1980s not only throughout the Anglophone nations, but in Asian countries, especially in South Korea. The dramatic growth in enrolments in Japanese language classes in Australia throughout the 1980s and 1990s, has been referred to as a “tsunami” (Lo Bianco, 2000; Coulmas, 1989), where the popularity was not limited to tertiary and

secondary sectors but strong demand was also seen in primary schools. This phenomenal popularity of Japanese language in Australia at school level during the ‘tsunami’ phase is said to have been second only to that in South Korea. The growth in student numbers might have slowed throughout the last decade though and De Kretser and Spence-Brown (2010) say that “changes in Japan’s economic status may have caused the cooling”. To reach proficiency in the Japanese language<sup>34</sup> is generally accepted by Anglophones as a difficult goal to achieve<sup>35</sup>, certainly not possible during the course of a couple of semesters or even a couple of years, for that matter. Despite the huge popularity of Japanese language in Australia and throughout Anglophone nations, the number of native English speakers who can profess to be fluent in Japanese to native speaker level, with the exception of academics who may have devoted their whole lives in the pursuit of Japanese language proficiency, is still unlikely to be in great numbers.

In the meantime, the global landscape has changed considerably, especially since the 1990s as China emerged as the new important market to conquer<sup>36</sup> so predictably the world focus has since shifted.<sup>37</sup> Accordingly, there has been a growing popularity for Mandarin language classes throughout Anglophone nations.<sup>38</sup> In Asian countries such as South Korea, language skills in Mandarin are considered so vital for the immediate future that an increasing number of parents

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<sup>34</sup> De Kretser & Spence-Brown (2010, p.19) says that Japanese is often perceived to be more difficult than European languages for English speakers but the difficulty is related to the complicated nature of the Japanese writing system (dual system of hiragana and katakana).

<sup>35</sup> The National Virtual Translation Centre notes that the Japanese language is typically more difficult to learn than other Asian languages.

<sup>36</sup> According to Zheng (2005), when China began to open up and reform its economy in 1978, China’s total foreign trade was worth \$20.6 billion, in comparison, in 2005, this figure has risen to \$851 billion.

<sup>37</sup> Japan continues to maintain its status as a major trading partner for New Zealand, according to the statistics. In the latest statistics released in 2012, Japan was ranked New Zealand’s fourth largest export market.

<sup>38</sup> As an indication of the continuing growth in popularity of Chinese language in Anglophone nations, it was reported that in the New York times (Oct 2005) that the Defence Department had given a grant worth \$700,000 to public schools in Portland, Ore., to double the number of students studying Chinese in an immersion program. Furthermore, Senators Lieberman and Alexander had introduced a bill to spend \$1.3 billion over five years on Chinese language programs in schools.

are choosing to invest in their primary school aged children's Mandarin language private tuition fees.<sup>39</sup> Mandarin, as with Japanese, is generally considered to be a very difficult language to acquire to fluency level. As a second language to English, as with the Japanese language, the learner will need to invest many years to achieve proficiency.

Despite this current trend however there is literature suggesting that China is not the only world economic power (Harris J. , 2005), where both India and Brazil are also referred to as the emerging third world powers. Similarly, Cohen (2001) and Ganguly (2003) both had already previously referred to India as an emerging power. Thus the focus on the different nations of Asia (and elsewhere) may quite possibly continue shifting, even if China continues to occupy the number one spot seemingly for some time still in the world stage.

So it seems the challenges for monolingual Anglophone nations facing a multilingual global landscape cannot be properly addressed by striving to become multilingual themselves, at least not for the purpose of realizing immediate benefits. Whilst increasing knowledge of language and culture of our Asian counterparts may present New Zealand businesses enhanced opportunities in Asia, focusing on achieving this may not be the key factor in determining success in business outcomes. In addition, achieving those goals may be difficult, as discussed thus far.

Our theoretical framework suggests that the benefits of a second language cannot be maximized without a full understanding of the language and culture to a fluency level where the individual is capable of making sense of the cultural situational context in which language exists. In order for the meaning of the

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<sup>39</sup> In June 2004, the Chinese media reported in Xinhua News that according to the information made available through the Ministry of Education and Human Resources Department, it was reported that Chinese language has become the second most studied foreign language in South Korea, after Japanese.

message being communicated to be accurately understood, a considerable time investment in the acquisition of the second language and culture will be required. Notwithstanding the human variable factor where different individuals will possess different levels of capability in achieving this cultural competence, still, the time investment factor does render the exercise impractical, particularly in a global landscape where the market dynamics are not stagnant.

Having examined the future challenges for New Zealand businesses operating in multilingual global markets and discussed the constraints and limitations of the suggested solution, there is one final point to discuss and that is, to consider the benefits of knowledge of language and culture in business. Is the knowledge essential or merely beneficial in determining business outcomes? To consider this we should return to the topic of cultural sensitivity, which was briefly discussed in the previous chapter. The perceptions of Asian businesspeople with regards to New Zealand suggested that New Zealand businesses are not performing so well in the area of cultural sensitivity; but what does that mean?

In South Korea, for instance, not being ‘culturally sensitive’ may have a major effect on the Korean counterparts’ ‘kibun’ (which could be loosely translated as a strong sense of self-pride, feelings and mood) to the point where they may have felt offended by what they might have perceived as disrespectful or at worst, being culturally insensitive could even be perceived by Koreans as callous disregard for the Korean culture and tradition. De Mente (2004) refers to ‘kibun’ (기분) as the “good mood syndrome” and says that it is “one of the most important facets of Korean psychology” (p.35) because it deeply affects the way Koreans behave. “Koreans are extraordinarily sensitive to slights and setbacks that damage their kibun and upset the harmony of their existence, and they will go to what appear to Westerners to be extreme lengths to maintain their own and everyone else’s kibun.” (De Mente 2004 p.35) Furthermore, according to De Mente (2004 p.42), “Western businesspeople should be aware of, and keep in mind, the role that feelings play in Korean behaviour. Their emotions are just

below the surface and can be turned on with startling suddenness, over something that the outsider might not regard as important.”

In the work of Song, Hale and Rao (2004), an American participant has been quoted as saying: “If you make Koreans mad at you, then do not expect any more business with them. That will be the end of business. Koreans are emotional.” A damaged ‘kibun’ may spell the end of business negotiations and often it does not take much to inflict damage as explained by a Korean participant: “We might feel that the counterpart is not sincere. That hurts our kibun. Then, we say, this is not a big negotiation. Let’s go back to Korea.” (p.60) Indeed, in a study conducted in New Zealand (Deloitte 2009, p.45) advises New Zealand businesses that “in Korea, cultural issues dominate business”.<sup>40</sup> Certainly, being culturally sensitive to their language, culture, history and tradition would be a good starting point in getting on their ‘good side’ and ensure that their ‘kibun’ works to one’s advantage rather than against,<sup>41</sup> as according to De Mente (2004, p. 35), “The ‘kibun’ factor often plays a decisive role in business because the conditional cultural reflex influences virtually every nuance of the private as well as public lives of Koreans and is part of their institutions of etiquette, politeness and respect.”

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<sup>40</sup> Given the complexities of the hierarchical rules, it is not surprising then, that in a business situation, especially where one of the parties is a foreigner and presumably a stranger to the rules, mistakes can be made and unfortunately at times these mistakes can be costly. Considering what De Mente has to say about the importance of ‘kibun’ and the profound effect it has on the Korean peoples’ behaviour, it would not be an overstatement to emphasize the need to ensure that in business transactions, factors which might affect the ‘kibun’ of the Korean counterpart is an extremely important area to observe. In that regard, failure to understand the hierarchy would inadvertently be one sure way of setting off emotions which could spell the end of negotiations, as the ‘kibun’ factor would play a major role in these instances. Maintaining ‘warm human feelings’ in Confucian societies may indeed prove to be an influencing factor in the outcome of human interactions in business cross-cultural encounters.

<sup>41</sup> As irrational as it might seem to think that some Koreans may make business decisions based on ‘feelings’, there may be a positive flipside to this. If emotions indeed rule the decision making process, then just as a damaged ‘kibun’ may spell failure in business negotiations, an enhanced, elated and inflated ‘kibun’ may lead to a favourable business outcome.

However, this approach must be considered with a measure of caution firmly factoring the context and situation into the equation. As Shapiro, Ozanne and Saatcioglu (2008, p. 82) said, “Whilst Asian partners are unique individuals guided by cultural patterns they are not determined by them.” This example of the notion of ‘kibun’ as a cultural factor determining the behaviour of the Korean people can seem extreme and the outcome of each encounter or incident will certainly not be pre-determined. As with all human interactions, the variable here will again be the human factor. Obviously not all Koreans will react in the same manner described by De Mente or Song *et al*, but what it serves to exemplify is the important role that cultural sensitivity may play in the outcome of business encounters.

To weigh the benefits of knowledge of language and culture perhaps can be best assessed in the following way: an individual with less knowledge of language and culture but who shows *at least* an understanding of the different ways people from different cultures behave and more importantly, shows respect for these different ways may have a far greater chance of achieving a successful business outcome than one who has a greater knowledge of language and culture but fails to appreciate that there are different cultural drivers affecting the behaviour of people from different cultures and fails to show respect, acceptance and a willing attitude to understanding of these differences.

## 2.5 SUMMARY CONCLUSION

The complex relationship between language and culture needs to be understood. As explained by Neustupny (1987, pp. 3-5):

Communication across cultural boundaries is always difficult... If we want to communicate we must know more than language. It is necessary to master rules of communication other than those that are normally included in the language teacher's usage of word... Culture includes communication and communication includes language. Communicative and cultural behaviour are intricately chained together.

For successful outcomes in international business, understanding culture seems to be paramount for success. However, as seen in this chapter, the complex relationship between language and culture means that one cannot be understood without the other. For Anglophone countries such as New Zealand, learning a new language, especially an Asian language is not always a practical solution. In any event, the Asian countries seem to be making a lot of effort to acquire English language skills and therefore the logical conclusion that one would draw is that because English is an international language of trade, for Anglophone nations, business in Asia without knowledge of the local language should not be difficult.

The work of Graddol and his prediction that the current Lingua Franca status of the English language as the international language of trade will be challenged in the coming years was discussed. He argues that the prestige that comes with being a native speaker of English, especially for those in the 'inner circle', will wane somewhat as an increasing number of speakers of English around the world speak a variety of English that belongs to the 'outer' and 'expanding' circles.

The number of speakers in the expanding circle in particular continues to grow as they relentlessly pursue their goal to attain English language proficiency with the view of embracing the opportunities that a globalized world market presents. However, despite the large number of English speakers worldwide, speaking English does not always mean ‘understanding’ English. There may be therefore many unfortunate cases of ‘lost in translation’ episodes where true understanding is called for and would have been vital for the success of a business negotiation. Where accurate understanding of what is being communicated would be deemed imperative in business dealings, this ‘passive’ understanding may inadvertently amount to ‘misunderstanding’ which may in turn translate to a missed business opportunity.

Within our theoretical framework, Bakhtin’s re-accentuation theory was illustrated in the examples we have used in this chapter supporting the view that language and culture are intrinsically chained together and that one cannot be understood without understanding the other. His definition of ‘understanding’ is reserved for an understanding beyond the understanding of the neutral significance of the utterance. We discussed the complexities of how culture and language are related using the Korean language and culture as an example, to understand that a real understanding means more than being able to translate the meaning of the concepts attached to words found in the vocabulary of one’s own language by finding a corresponding meaning in the vocabulary of the language of the other. Within our theoretical paradigm still, we then examined how communication cannot be successfully achieved unless the meaning of the message is understood against its cultural context background.

Sperber and Wilson (2002) theorised that we derive the inferred meaning of the message being communicated by a pragmatic-cognitive process whereby our brain searches for relevance. In cross-cultural or intercultural communication, one has to learn to decipher the codes and meanings hidden behind each and every utterance that is expressed verbally, the context and manner in which it was uttered, the vocabulary and speech register chosen for the utterance, along with all

other cues, including what was 'not' said, understanding the significance of 'why' it was not said, and 'what' all of these together means as a conveyed message against the cultural context background.

Acquiring knowledge of unspoken rules for correct situational application takes many years of practice and it requires a deeper and detailed understanding of cultural cues and the significance of these cues. Where a native speaker would draw upon his/her instinctive understanding of the language to assess the situation correctly, a non-native speaker may never fully grasp the subtle nuances of the language and the meanings associated with it. Therefore cross-cultural communication can falter if there is too much reliance on the linguistic meaning of the utterance with an assumption that the intended meaning of the message being communicated is attached to the language alone.

So if one is asking, 'what was the real message the addressor was intending to convey?' – this is a question which cannot be answered by the recipient of this message armed with knowledge of the meaning of the 'words' alone. The 'neutral significance of the utterance' will not suffice. In terms of how much 'relevance' one can find within his/her cognitive system to enable him/her to arrive at the true intended meaning of the message being communicated in the absence of an extensive memory catalogue of relevant meanings accumulated through his/her own experience, it seems this cannot be quantified, but the limitations would seem obvious.

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## CHAPTER 3: THE SURVEY - DESIGN AND EXECUTION

### 3.1 INTRODUCTION

This chapter outlines the survey methodology, from its design to the execution stage, including modes of distribution of the online survey. The first person pronoun is regularly used in this chapter when describing the process whereby participants were sought during the cold-call stage to both seek permission to send emails in order to avoid being in breach of the anti-spam laws, as well as to try to ‘sell’ the survey. Although writing in the first person is not a conventional way for academic thesis writing, as the experience was personal, in many instances it was unavoidable. The survey questionnaire is also outlined in this chapter in the flow-chart. The colour coding in the flow-chart was not a random choice, but represents the different ‘stages’ of the process of entering the Asian market, from the preparation phase, to entry phase and the post-entry phase. The general profile questions are also coded in a different colour as is the section of perceptions and attitude to language.

### 3.2 THE SURVEY DESIGN

Although a postal survey had originally been suggested during the early stages of this research, the low response rate normally associated with these would have been a likely scenario given the busy schedules of the participants. To maximize the chances for a good response rate it was decided that an online survey would be the best method to distribute the survey.

An online survey called ‘Instant Survey’ was the chosen software and with this it was possible to design a tailor-made online survey with customized questionnaires and a survey format best suited for this research’s purpose. The design process itself was indeed time-consuming and it took several attempts at formulating the

questions: they had to be worded in a simple and easy to understand format with the accompanying answering options that are equally simple. It took many drafts and rewrites and endless fine-tuning over a period of three months before the survey was ready to be distributed.

During the design process it was important to stay mindful of who the participants were. A long survey with endless questions would be a sure way to lose the interest of the participants. The survey was therefore designed to take about 10 minutes with 20 short questions to answer. Participants simply had to click on one or more of the given answer choices for each question and writing was only required if they chose to, under the 'comments' section, which this research would benefit from with more qualifying answers than few. The participants had the choice to elaborate on their answers by adding comments and qualifying their answers, if they wanted to or if they felt they needed to, and therefore, depending on how much of these 'qualifying' answers participants were prepared to provide, the survey could take longer than 10 minutes.

When preliminary fact-finding research was carried out to decide on which method of survey would be most suitable and what would be the maximum length of time deemed acceptable by participants, it was found that anything above 15 minutes in length would be viewed as 'frustrating' for most executives and those in higher management. In most cases, participants had indicated that they would not be prepared to sit through long postal surveys at all and with online surveys, they said they would be willing to participate only if it was short and easy to navigate through. They said they had experience in being 'lured' into long and drawn out online surveys in the past, and that these had looked short enough and easy enough in the beginning, but they were deceived. Most of these long online surveys were abandoned halfway and never completed. It was therefore critical to ensure that for the best rate of participation and return, the online survey method was easy to use for the participants in many ways with features such as 'pause and continue' options which allowed them the flexibility of not having to complete the entire survey in one sitting, notwithstanding the fact that to complete the survey would only take 10 short minutes.

### **3.3 SEEKING PERMISSION TO SEND EMAIL**

An online survey with all the obvious advantages over postal surveys, presented one problem for the researcher – the anti-spam law. The law protects the participants from being subjected to unsolicited emails. Thus in order to avoid breaking the law, it was important to ensure that permission was sought from every participant prior to sending the survey via email. A phone call was made to every participant seeking permission to send them the survey. As the list of potential participants was extensive, this process was a time consuming exercise.

The list of participants was worked through systematically over many hours and over several weeks. I phoned each company and explained briefly where I was from and what my call was about and proceeded to ask whether I could speak to their CEO or the export manager. If neither was available, I asked if it would be all right for me to send them an email directly. At this stage I would either be referred to the CEO's PA or sometimes the frontline person would kindly volunteer to give me the personal email address of the person to whom I should address my enquiry, generally the Chief Executive, Managing Director or the Export Manager. In some cases, the frontline person would ask me to send them the survey directly, assuring me that they would personally pass it on to the person most suitable to give me the answers.

In most cases I was able to communicate directly with the top person (CEO, MD or Export manager). It was important to explain to them in a brief and concise manner what the research was about using simple uncomplicated language. The merits of the research would sometimes be questioned and at other times potential participants asked whether it was a long survey. Once satisfied with my answers, they agreed to have a look at the survey and verbally agreed to receive the survey via email. This was an exercise which should be summed up as hard cold-call sale. Establishing a connection with the participant at this stage was critical in order to ensure that in the end they do actually follow through to participate in the survey.

### **3.4 DISTRIBUTING THE ONLINE SURVEY**

An “Invitation to participate in survey” was prepared with a URL link to the online survey. The invitation was emailed to participants with a personalized email thanking them for agreeing to participate in the survey. The preliminary phone calls to participants seeking verbal permission to send them the online survey via email were conducted over several weeks beginning in July 2009. At the end of each day, emails were sent out to the persons who had agreed to participate in the survey. More phone calls would be made the next day and at the end of each day emails were sent out to those who had verbally given permission over the phone that day. Over a period of two months, more than 100 personalized emails were sent out after more than twice as many phone calls. More often than not, it took several phone calls to eventually get to the right person and hence the actual distribution time took much longer than anticipated.

This active mode of distribution of the online survey was aided by a more passive form. I sought assistance from many business councils, chambers, organizations and associations requesting that they include the link to the survey on their monthly electronic newsletters. I phoned the CEOs and in some cases, the head of media and marketing in these organisations to try to convince them of the merits of this survey. Initially many were reluctant to entertain the idea of yet another survey as they felt their members were already inundated with numerous online surveys. Others simply did not think it would be relevant to their members. They wanted to be convinced that it would be worth their while to at least peruse through the questions on the survey by doing a test run before deciding whether or not it would be of interest to their members. I stressed that the survey was short. Most eventually agreed to have a look and an email link was sent. Fortunately, after doing a trial run, a number of them were in fact convinced that the survey might be of interest to their members and advised me that they had decided to include the link in their electronic newsletter to their members.

My initial request to these organisations had been for assistance in the distribution of the survey by way of forwarding the invitation to their members. However, I was quickly reminded that such unsolicited mass email to their members would contravene anti-spam laws which applied equally to them regardless of whether the recipients are members of the said organisation or not. I had to therefore be satisfied with the more passive form of distribution being offered by these organisations in the form of e-newsletters, knowing that it may not be an effective mode. For the most part, however, assuming that the members do actually read the newsletter, I hoped that when seeing the invitation and the survey link, the individual members who most probably by then would have received an email directly from me, would at the very least be reminded to complete the survey if they had not already done so. If the newsletter could act as a reminder to the individual participants it would certainly be beneficial in raising the chances of the response rate. It is not known how effective this passive mode of distribution has been therefore but it is hoped that it has been beneficial. In addition to the newsletters, some organisations also offered to put the survey link onto their website. Although this was yet even more passive as a distribution mode, it was nevertheless a kind and supportive gesture on their part and therefore it was most gratefully appreciated and accepted.

### **3.5 FOLLOWING UP ON THE RESPONSES**

The responses were monitored on a daily basis. By simply logging-in my user name on the Instant Survey website, I was able to keep track of the responses coming through. Each individual report was printed and notes made on any interesting and unusual responses. At this stage, any test run responses were deleted from the file but any incomplete responses were left undeleted to allow the participants to return to the online link to complete at a later stage.

The list of email addresses with the date when the email was sent that had been compiled earlier was cross checked daily against the responses coming through. Those that had responded would have their names crossed out from the list and a personalized thank you email was sent to them promptly. On the same email, I

requested time for a short interview by phone, particularly to those who had been generous with their comments or had interesting views and experiences. Most were agreeable and indicated a time and date which best suited them. These phone interviews were mostly to gather additional qualitative data by way of having respondents clarify and qualify their comments and in some cases, it was merely an opportunity for them to expand on the views and opinion they had already expressed in the survey.

Participants who had not completed the survey were emailed with a short and polite reminder email three weeks after the date when they would have received their first 'Invitation to participate in survey' email. Most responded by sending me an apology email and proceeded to complete the survey promptly. I chose not to insist further with a second reminder email if this first reminder had not produced a result.

### **3.6 THE SURVEY QUESTIONNAIRE**

The survey was titled *New Zealand Exporters and Asia* and it consisted of a series of questions dealing with the experiences, expectations, perceptions and attitudes of New Zealand businesses as exporters, in particular with their dealings in Asia.

Firstly, to gather data pertaining to the general profile of the participating businesses, the survey began by asking respondents to firstly state their particulars including the name of their company, their name and position in the company and their contact details including email address. Then they were asked to identify their business category by selecting one answer from a drop-down menu which consisted of the following:

- Agriculture/Food & Beverages
- Chemicals/Pharmaceuticals/Beauty products/Nutraceuticals
- Education and Training
- Finance/Investment/Legal & Business services

- Giftware/Homeware/Textile/Clothing/Footwear
- Hospitality/Travel & Tourism
- ICT/Electronics
- Other

The categories were grouped as much as possible to maximize the number of responses per category. If their answer was 'other', then they were asked to specify it. This question was followed by 'What is your product?' to which the respondents were asked to write a one line answer.

The survey then sought to gather general data on the size of the participating companies and asked 'How many employees does your company have?'. Respondents had to select an answer from the following drop-down menu: less than 10; 10 – 50; 51 – 100; and more than 100. Again, the available selection of answers was deliberately kept to a minimum in order to maximize the responses per group.

### **3.6.1 YES – WE ARE EXPORTING TO ASIA**

Next, participants were asked 'Do you export to Asia?' This was a 'Yes' or 'No' question. Depending on their answer, a branching was created where the respondents were automatically directed to the next relevant set of questions. Those answering 'yes' to the above were asked 'Which country/countries of Asia do you currently export to?' They were asked to 'select all that apply' from the following menu: China; Hong Kong & Macau; India; Japan; Singapore; South Korea; Taiwan; and Other. Respondents were asked to specify if they had chosen 'other'.

Following this, they were asked: 'Of the total annual export revenue for your company, what % would you say is derived from Asia?' They could select one from the following: less than 10%; 10 – 25%; 26 – 50%; more than 50%.

‘Which country is your largest Asian market?’ was the next question where one answer was to be chosen from the following menu: China; Hong Kong & Macau; India; Japan; Singapore; South Korea; Taiwan; and Other. Next, they were asked ‘How long have you been exporting to Asia?’ One answer was to be selected from the following: less than 1 year; 1 – 5 years; 6 – 10 years; 11 – 20 years; and more than 20 years. The questions thus far were designed to provide general information on company size, where in Asia they are exporting to, who is their largest Asian market, how much revenue they are deriving from Asia and how long they have been exporting to Asia – this data would give an overall picture of who is doing what and where.

### **3.6.2 PREPARING TO ENTER ASIA**

The next set of questions were under the heading of *Preparing to enter Asia* to gather information on their experiences prior to entry into their chosen Asian market, that is, the preparation phase before the actual entry.

Respondents were asked to firstly answer ‘Yes’ or ‘No’ to the question: ‘When your company first made the decision to export to Asia, would you say that your company anticipated any difficulties?’ Those answering ‘yes’ were then asked: ‘Which of these difficulties did you anticipate?’ where respondents were asked to select all that apply from the following:

- Language barrier;
- Understanding of their social customs (eg. culture specific etiquette and social habits);
- Understanding of their business specific culture & protocol (eg. negotiating styles and business etiquette);
- bureaucratic procedures (eg. government regulations);
- Other and
- None of the above.

Next, the respondents who answered 'Yes' to the above question were then asked: 'Having anticipated these difficulties, what steps or measures did your company undertake in preparation for your entry into the Asian market?' Respondents could select as many answers from the following menu:

- Hired bilingual staff;
- Trained key members of our existing staff in their language and culture;
- Investigated the services of various NZ and/or international agencies;
- Researched into the services of NZ government agencies;
- Other
- None of the above

Following this, these respondents were asked to rate the amount of preparation their company undertook prior to entry into the Asian market on a 5-point scale, with '1' being 'insufficient' and '5' being 'sufficient'.

If respondents had said 'No' to the first question in this section, indicating that they had not anticipated any difficulties, they were then asked: 'What would you have done differently, had you anticipated the difficulties?' They could choose any or all from the following:

- hired bilingual staff
- trained key members of our existing staff in their language and culture
- investigated the services of various NZ and international agencies to seek advice
- researched into the services of NZ government agencies to seek advice
- other
- none of the above

These respondents were then also asked to rate the amount of preparation their company undertook prior to entry into the Asian market on a scale of 1 to 5, as had the respondents who had answered 'Yes' to having anticipated difficulties prior to entry into the Asian market.

### 3.6.3 BREAKING INTO THE ASIAN MARKET

The next set of questions related to the respondents' actual experience of entering their chosen Asian market for the first time, under the heading of *Breaking into the Asian market*. It began by asking: 'From your experience, which of the following would you say have facilitated your entry into your targeted Asian market?' Respondents could choose one or more from the following:

- We used an employee of our company who was able to communicate with the other parties in their language;
- We used an employee of the other party's company who was able to communicate with us in English;
- We engaged/contracted the services of a professional translator/interpreter;
- We engaged the services of an international agent/facilitator to represent our company (excluding NZ government agencies); and
- Other

Next, the respondents were asked to rate the experience of breaking into the Asian market on a scale of 1 to 5 with '1' being 'very easy' and '5' being 'very difficult'.

After rating the level of difficulty, respondents were then asked: 'Of the many difficult aspects that may be associated with breaking into the Asian market, from your experience, how would you inter-rank the following? Here the respondents were asked to rate on a scale of 1 to 4, where 1 is the 'least difficult' and 4 is the 'most difficult'. Each answer required a number next to it and for the purpose of inter-ranking, no number could be used twice. The selection was from the following: language; social cultural environment; business specific culture & protocol; bureaucratic procedures.

Still under the heading of *Breaking into the Asian Market*, respondents were asked: 'From your company's experience, how would you inter-rank the following four methods, in terms of effectiveness for facilitating your business at the stage of breaking into the Asian market?' As in previous question, on a scale of 1 to 4,

with '1' being 'least effective' and '4' being 'most effective', each number could only be used once and each answer required a number. The selection was as follows:

- an employee of our company who speaks the language of the targeted Asian market;
- an employee of the other party's company who is able to communicate with us in English;
- contracting the services of a professional translator and/or interpreter
- engaging an international agent/facilitator to represent our company (excluding NZ government agencies).

The next two questions asked respondents if their company had engaged the services of New Zealand Trade & Enterprise and whether they had subsequently received any funding from NZ government agencies such as NZTE, to find out if the aid of this government body was effective as an additional facilitating method for New Zealand businesses in their export experience in Asia.

#### **3.6.4 DOING BUSINESS IN ASIA**

This is the next phase of their experience, post entry into their chosen Asian market. Under this heading, the respondents were asked: 'You have now successfully entered the Asian market. How would you now inter-rank the following four methods in terms of effectiveness, in helping your company *maintain* its ongoing relationship with your Asian market?' The response selection here was identical to that of the previous question.

#### **3.6.5 NO – WE ARE NOT EXPORTING TO ASIA**

So far, the questions were relevant only to those that are exporting to Asia. For those respondents who had said they were not currently exporting to Asia, the branching programme of this survey automatically directed them towards a different set of questions under the heading *Currently not exporting to Asia*. Here they were asked: 'If you do not currently export to Asia, are you planning to in the

near future?’ If their answer was ‘Yes’, then they are directed again to a new set of questions under *Planning to export to Asia* where they are asked: ‘To which of the following country/ies of Asia do you plan to export to in the near future?’ Respondents were asked to select all that apply from the following: China, Hong Kong & Macau, India, Japan, Singapore, South Korea, Taiwan, Other.

The next question was a ‘Yes’ or ‘No’ question and respondents were asked if they anticipated any difficulties. Again, depending on their answer, another branching was created. If the answer was ‘Yes’, they were asked three further questions. Firstly, ‘Which of these difficulties do you anticipate?’ The selection of answers were as follows, and respondents could choose all that apply:

- language barrier;
- understanding of their social customs (eg. culture specific etiquette and social habits);
- understanding of their business specific culture and protocol (eg. negotiating styles and business etiquette);
- bureaucratic procedures (eg. government regulations);
- other

And secondly, ‘In preparation for entry into your targeted Asian market, do you plan to undertake any (or all) of the following to facilitate the process?’ Respondents were asked to select all that apply from the following:

- hire staff with knowledge of their language and culture;
- train existing staff in their language and culture;
- investigate the services of agencies in NZ and overseas and seek advice;
- investigate the services of NZ government agencies and seek advice;
- other
- none of the above.

The respondents planning to export to Asia were then asked to rate on a scale of 1 to 5 with 1 being ‘very easy’ and 5 being ‘very difficult’, their expectations regarding the level of ease/difficulty in breaking into the Asian market.

### 3.6.6 PERCEPTIONS AND ATTITUDE TO LANGUAGE

Regardless of their answers and the consequential branching they had been directed to during the survey response process, all respondents were automatically directed to this last section of the questionnaire. This part of the survey sought to gather data on New Zealand businesses' attitudes to English as an international language of trade, as well as their attitude to foreign languages and in particular, their perceptions or any pre-conceived ideas about Asian languages. The answers from this part of the survey would essentially serve to differentiate between perceptions only (from the non-exporters) and views derived from actual experiences (from the exporters). Respondents were asked to answer three questions.

The first asked them to rate on a scale of 1 to 5, where 1 indicates 'strongly disagree' and 5 'strongly agree' with the following statement:

**English is the international language of trade. Asians wanting to do business outside of Asia are making the effort to learn the English language. Therefore, there is no need for New Zealanders to make a special effort to learn their language.**

Next question also asked respondents to rate on a scale of 1 to 5 (1=strongly disagree, 5 = strongly agree), the following quote from Neustupny (1987):

**Communication across cultural boundaries is always difficult. If we want to communicate, it is necessary to master the rules of communication other than those that are normally included in the language.**

The last question under this heading asked the respondents to select all the answers they agreed with from the following selection:

- learning a foreign language, especially an Asian language is too difficult and too time consuming;
- understanding your counterparts' language and culture is not essential for success in doing business in Asia;

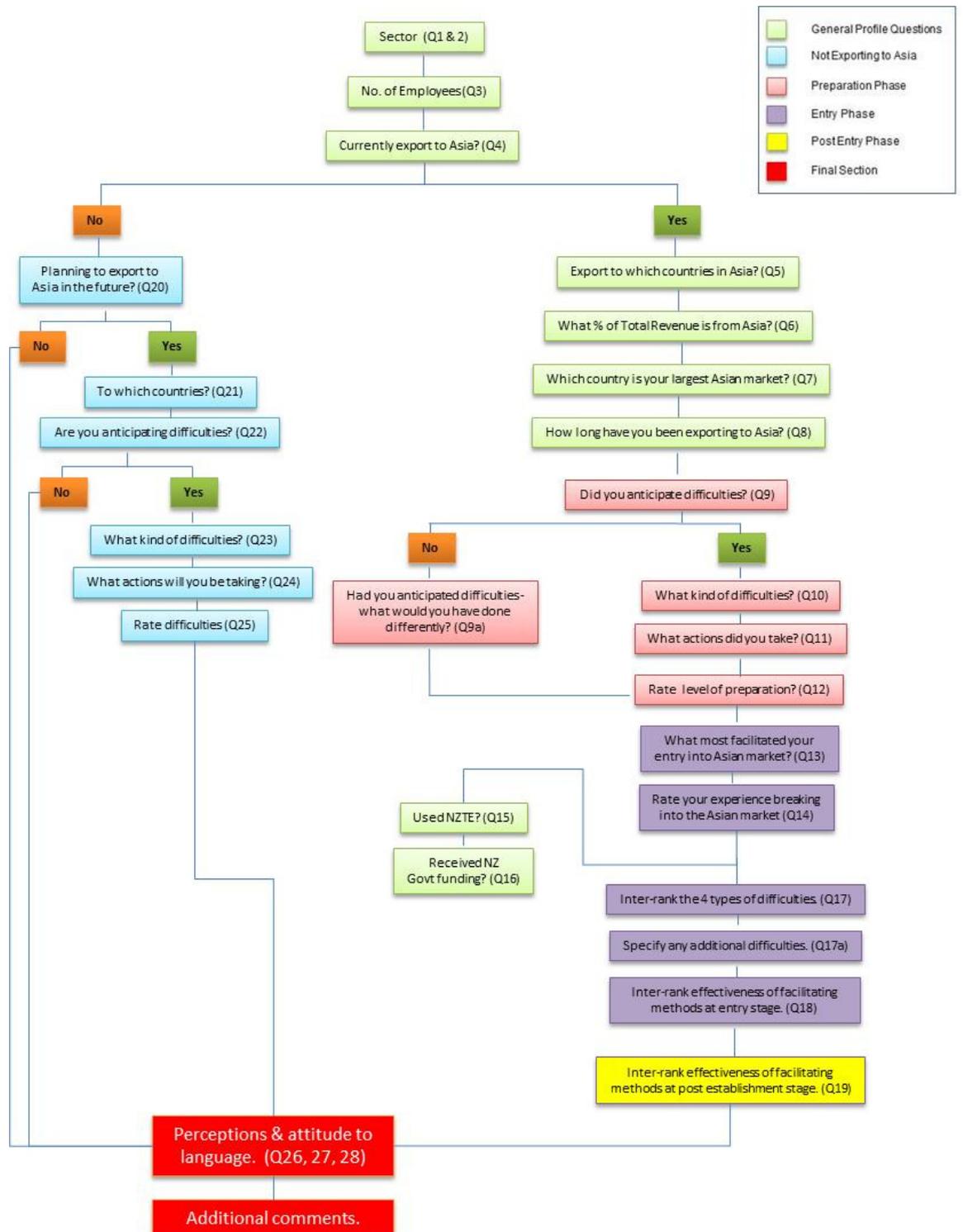
- understanding your counterparts' language and culture gives you an advantage when doing business in Asia;
- English is enough when conducting business in Asia;
- English is not enough when conducting business in Asia;
- Most Asians speak English and understand our culture so business is not difficult;
- Other (please specify)
- None of the above

### **3.6.7 ALLOWING FOR FURTHER COMMENTS**

At the end of each question, respondents were invited to add comments. The survey was designed to accommodate only one question per page and an answer was required at each stage (ie. at the end of each question) before the programme would allow respondents to progress onto the next page. However, the comments section on each page/question was set up as an optional feature so they could leave the allocated spaces empty and still be able to progress onto the next question.

The final section of this questionnaire invited all respondents to write further comments on their past and present experiences and/or expectations of exporting to Asia and asked respondents to indicate if they would agree to being contacted for further information.

### 3.7 FLOW-CHART OF THE SURVEY



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## CHAPTER 4: THE SURVEY RESULTS

### 4.1 INTRODUCTION

The results of the online survey *New Zealand Exporters and Asia* are presented in this chapter.<sup>42</sup> A total of 34 respondents participated in the survey.<sup>43</sup> Of these, 31 responses were returned complete and three were incomplete. Three companies returned multiple responses from different participants within their organisation.<sup>44</sup> Two of these three companies each returned two survey responses, each from two different individual participants within their organisation. These two companies constitute Case Studies III and IV, presented in Chapter 6. The third participating organisation is a large educational institution and it returned four survey responses from four different individuals where three surveys were returned complete and one was incomplete.<sup>45</sup>

### 4.2 GENERAL PROFILE OF PARTICIPATING ORGANISATIONS

Thirty four respondents participated in the survey representing the diversity of New Zealand industries (Figure 4A). Of these, 38% indicated Agriculture/Food; 24% Education & Training; 9% Hospitality/Travel & Tourism; 6% Chemicals/Pharmaceuticals; and 3% ICT/Electronics. The remaining 21% identified 'Other category' and specified various manufacturing products such as

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<sup>42</sup> For detailed raw data from the survey, readers should refer to Appendix A. Detailed explanations and author's notes on the data collected can also be found in Appendix A.

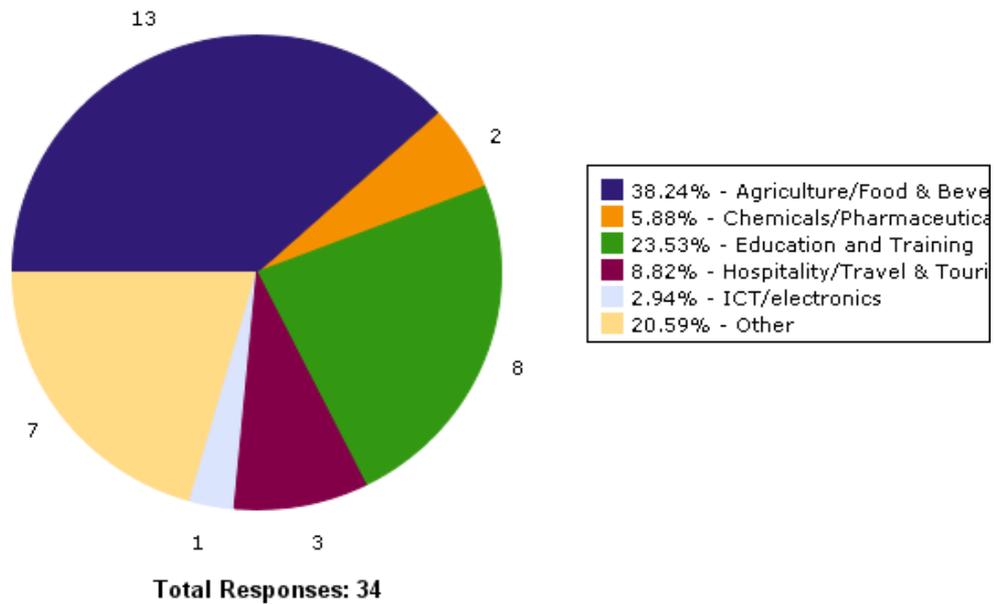
<sup>43</sup> In total, the 34 responses in this survey (including incomplete responses) represent 29 different participating organisations.

<sup>44</sup> The distinction between participants and participating organisations/companies will be specified where necessary. In presenting these results, the terms 'respondents' and 'participants' are used to refer to responses from individuals only, not to organisations or companies.

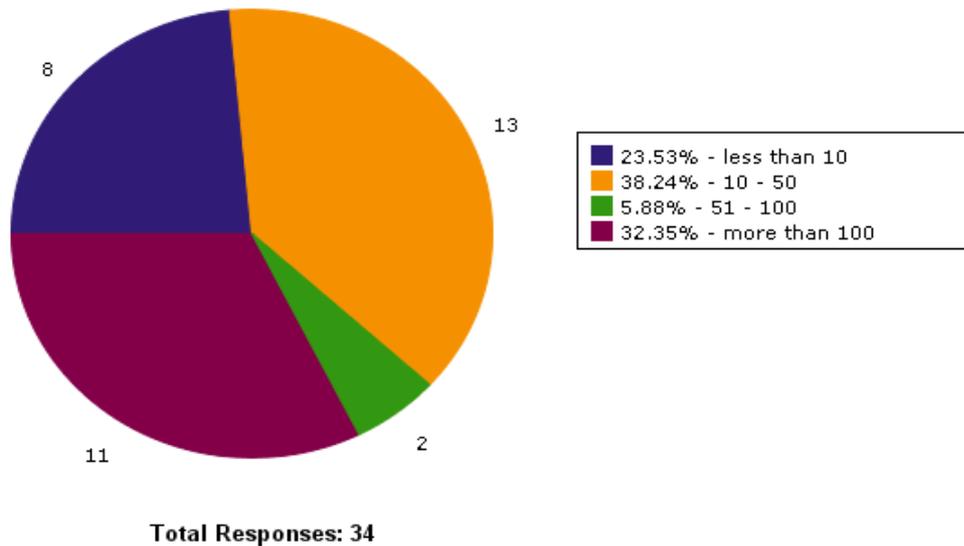
<sup>45</sup> The three completed responses will be presented in more detail in the next Chapter. This organisation will be referred to as 'Company 13'.

marine products and cargo transport systems. Each participant was asked ‘what is your product?’ and this produced an interesting and varied list, ranging from ‘English language education’ to ‘pallet based refrigerated mini-containers for transporting perishable products’. This diversity and range of products available for both the domestic and the export market is representative of the actual New Zealand economy and perhaps also a reflection of the innovativeness of New Zealand companies. The number of employees at these participating companies varied in size (Figure 4B), with the largest group being in the ‘10 -50 employees’ category at 38%. The next largest group was in the ‘more than 100 employees’ group, with 32%. Overall, there was good representation from across the board, in terms of company size.

**FIGURE 4A: BUSINESS CATEGORY**



**FIGURE 4B: NUMBER OF EMPLOYEES**



### **4.3 RESULTS FROM THOSE CURRENTLY EXPORTING TO ASIA**

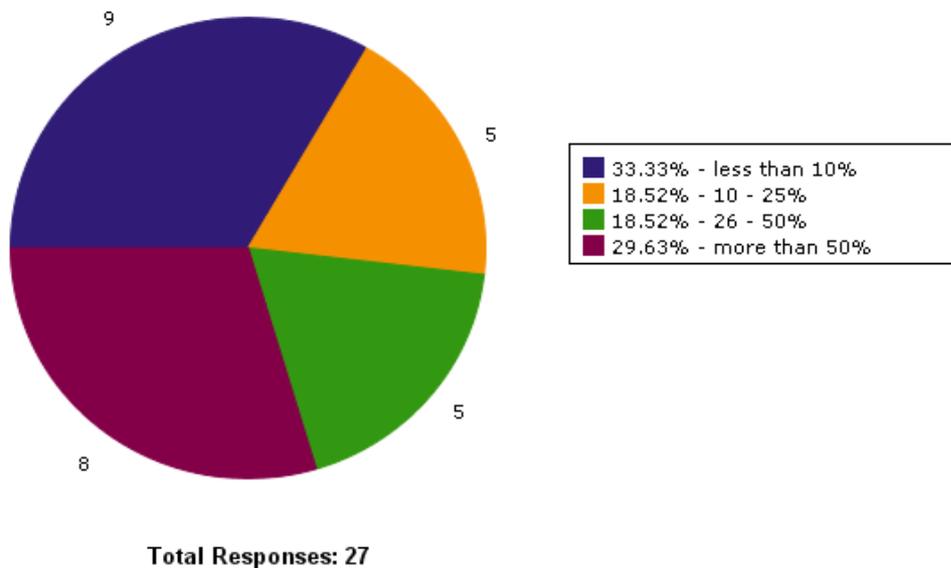
Twenty seven of the 34 respondents (79%) said they are currently exporting to Asia. Although by population, Asia, as a trading block, could be a significant export market for New Zealand companies, only 30% of the respondents generate more than 50% of their total annual export revenue from Asia (Figure 4C). Conversely, 70% of those currently exporting to Asia derived 50% or less with more than 33% indicating that they generate less than 10%.

There could be many reasons as to why so few companies generate the majority of their export revenue from Asia, and these include, but are not limited to: (i) Asian markets being traditionally unfamiliar to NZ businesses; (ii) pre-existing perceptions that doing business in Asia, due to language barriers, is too difficult; (iii) limited understanding of the Asian's markets' full potential as a profitable and achievable market; (iv) New Zealand's premium products may not suit many of the developing markets in Asia, particularly if they are to compete in a price-

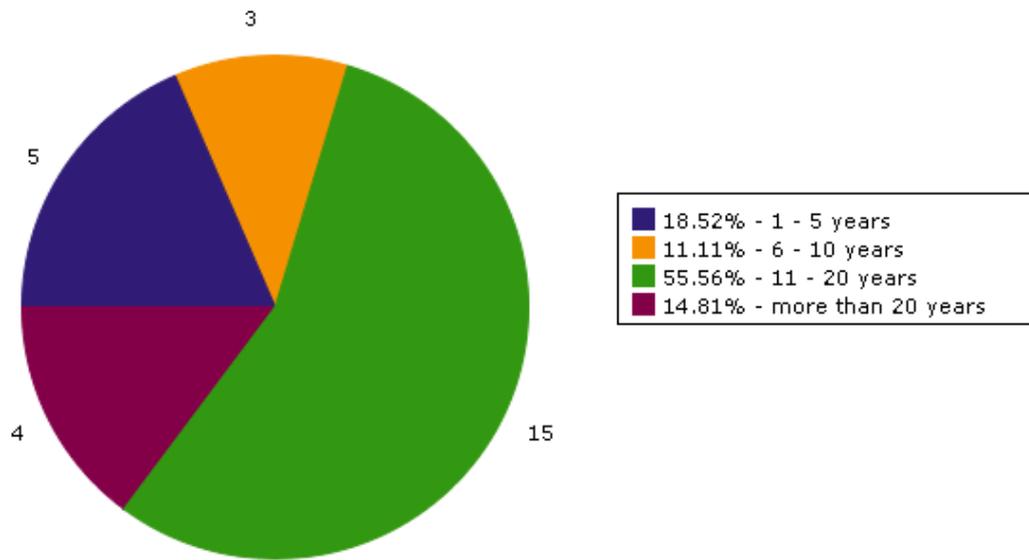
driven market. Despite the hurdles – perceived, real, or otherwise, the survey found that 70% of respondents have been exporting to Asia for more than 10 years with 55% indicating that they have been exporting between 11 and 20 years and 15% indicating more than 20 years (Figure 4D). This is a promising result.

Furthermore, results from this exporters’ group indicate that a majority of them export to multiple countries in Asia. When asked which was their largest Asian market, 33% of the respondents said China, with Japan a close second with 26% (Figure 4E). A further 19% indicated that Hong Kong/Macau is their largest Asian market and when this figure is combined with the 33% who indicated that China is their largest market, it means that a total of 52% of the respondents have identified the Chinese market as being the single largest market for them. This in fact reflects the current global trend.

**FIGURE 4C: REVENUE GENERATED FROM ASIA**

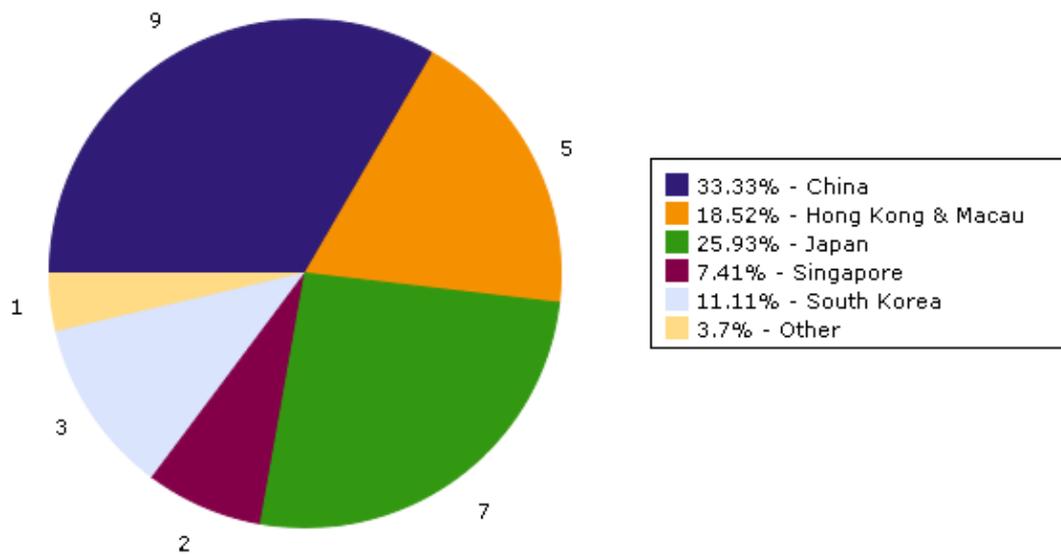


**FIGURE 4D: NUMBER OF YEARS EXPORTING TO ASIA**



**Total Responses: 27**

**FIGURE 4E: LARGEST ASIAN MARKET**



**Total Responses: 27**

### **4.3.1 PREPARING TO ENTER ASIA**

In this section of the survey we sought to find out what perceptions and anticipations were present during the preparation phase for these exporters, once the company made the decision to enter Asia and what measures were taken in preparation for the anticipated difficulties, if any.

A significant proportion of the respondents, 81% (22 of the 27 respondents) indicated they had in fact anticipated countering some level of difficulty when entering the Asian market for the first time. When asked which difficulties they had anticipated at this stage, their concerns seem to be somewhat evenly spread across language, social culture, business culture and bureaucratic procedures. However, overall, slightly more respondents felt that they might experience difficulties in trying to understand the business specific culture and protocol of the target Asian market, over barriers regarding language and social customs; and more concerning than bureaucratic procedures (Figure 4F).

**FIGURE 4F: DIFFICULTIES ANTICIPATED BY EXPORTERS (PREPARATION PHASE)**

Response	Total	% of Total Respondents	%
language barrier	17		77%
understanding of their social customs (eg. culture specific etiquette and social habits)	16		73%
understanding of their business specific culture & protocol (eg. negotiating styles and business etiquette)	18		82%
bureaucratic procedures (eg. government regulations)	15		68%
Other (please specify)	4		18%
None of the above	1		5%
<b>Total Responses: 22</b>			

Other difficulties anticipated were aspects involving transport logistics, alcohol preference, competitive market and what one respondent described as “general trading concerns such as payment and customer trustworthiness”. These ‘other’ aspects are not unique to business with Asia but seem to be of mostly general business concerns by nature, which would be normally expected prior to entering any new foreign market. Of those who said difficulties had been anticipated at this preparation phase, 77% had anticipated language to be a barrier and a further 73% indicated that they had anticipated difficulties in understanding the culture specific etiquette and social habits (as shown in Figure 4F), however, despite these apprehensions, in reality, the majority of them have not taken proactive action to specifically address these challenges (Figure 4G).

**FIGURE 4G: ACTIONS UNDERTAKEN TO ADDRESS ANTICIPATED DIFFICULTIES**

Response	Total	% of Total Respondents	%
hired bilingual staff	8		36%
trained key members of our existing staff in their language and culture	2		9%
investigated the services of various NZ and/or international agencies	10		45%
researched into the services of NZ government agencies	12		55%
Other (please specify)	8		36%
None of the above	2		9%
<b>Total Responses: 22</b>			

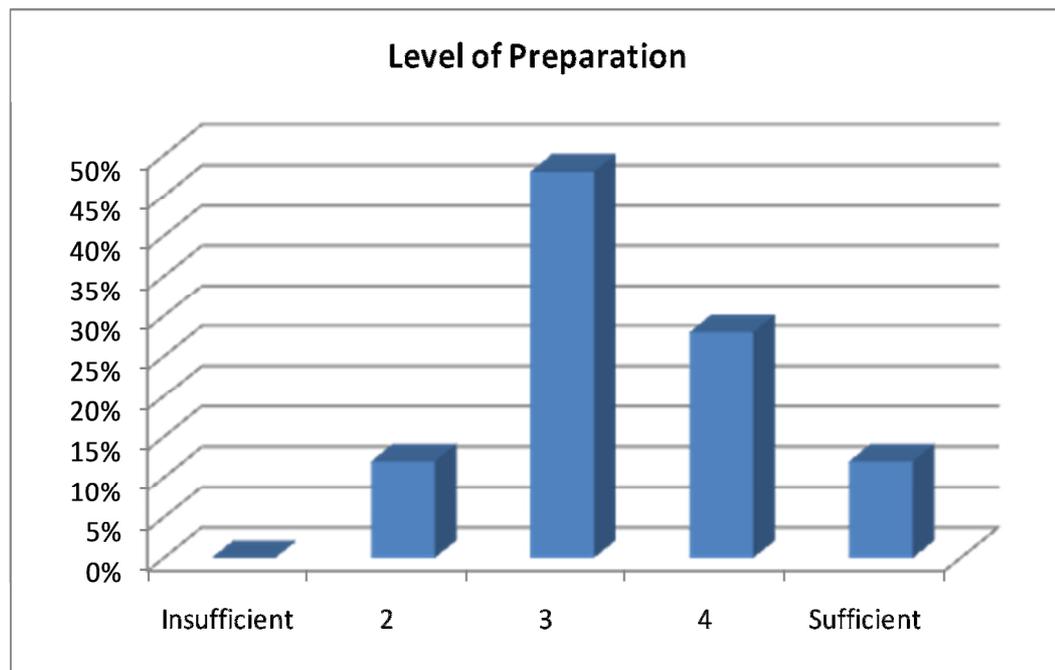
As shown above (Figure 4G), only eight of these 22 respondents hired bilingual staff in anticipation of communication and cultural difficulties and only two respondents indicated they had trained key members of their staff in the language and culture of their target Asian market. Other methods of addressing the anticipated difficulties and challenges were more popular with 55% of respondents indicating that they had researched into the services of NZ government agencies and 45% indicating that they had investigated the services of various NZ and/or international agencies. A further 36% said they had sought other solutions such as local distributors, local agents, sourcing other forms of trade contacts, setting up joint venture partnerships and bilingual partners.

Still at this preparation phase, of those currently exporting to Asia, five individual companies said they had not anticipated any difficulties. However, the majority of this group of five had indicated that in hindsight, they would have liked to have researched more and sought advice on available services provided by various New Zealand and international agencies. It was difficult to imagine that for any organisation preparing to enter any new foreign export market, especially to non-

English speaking markets, to not have anticipated any difficulties. So these respondents were contacted directly post survey to gain a better understanding. Their responses are presented in more detail in the next chapter.

When asked to rate on a scale of 1 to 5, whether or not they thought the steps they took in preparation for entry into the Asian market had been sufficient, the majority of the respondents (88%), thought their level of preparation was adequate or better, according to the results shown below in Figure 4H. Three of the 25 respondents<sup>46</sup> (12%) thought their level of preparation was below average but there were no respondents who thought their preparation had been insufficient.

**FIGURE 4H: PARTICIPANTS RATED THEIR LEVEL OF PREPARATION PRIOR TO ENTRY**



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<sup>46</sup> There were originally 27 respondents who had indicated they were currently exporting to Asia. Of these, two respondents who were exporters did not proceed past this point so there are now only 25 respondents in this exporters' group. These 25 respondents rated their preparation level as shown in Figure 4H.

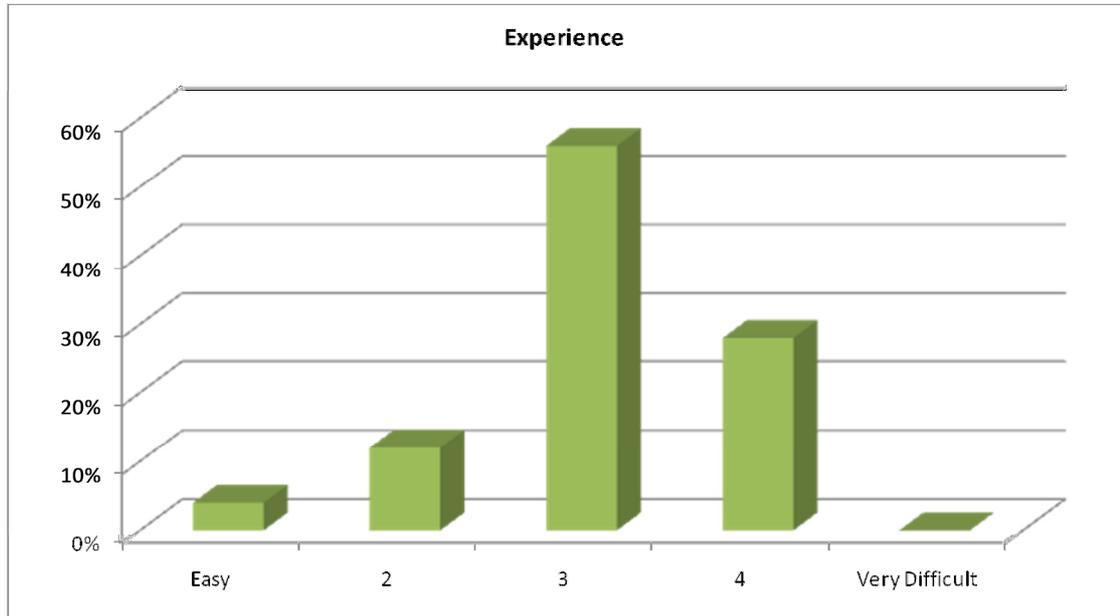
One respondent said that at this preparation stage, they had visited Hong Kong and Singapore several times but their research resulted in the eventual decision to deal with an Australian company which had a long history of dealing with Asia. Another said that because of the brand of its product, there was “hardly any effort exercised.” For another respondent, preparation was “an ongoing process” and similarly, another respondent said, “we learnt as we went.” A respondent with a trading history of 20 years said they have had to alter their methods to suit as “the market and directions of the Asian market do change.” One respondent summed it up as follows: “You never know when you start if you are sufficiently prepared. At some point you just have to do it!”

This study goes on to explore whether the respondents’ high level of expressed apprehension and anticipation of difficulties prior to entering the Asian market was found to be real or largely made up of perceptions only. If they were real, then the study sought to find out specific factors that participants encountered and whether their initial anticipations and perceptions of difficulties matched their actual experiences in Asia. Thus the next section of the survey looked into their actual experience at the entry phase into Asia.

#### **4.3.2 BREAKING INTO THE ASIAN MARKET**

When asked to rate their experience of breaking into their chosen Asian market, respondents have indicated that their experiences have been largely ‘*average*’ to ‘*difficult*’ but no participant has responded that it was ‘*very difficult*’ (Figure 4I).

**FIGURE 4I: PARTICIPANTS RATED THE LEVEL OF DIFFICULTY AT ENTRY PHASE**



One respondent who did not think the experience had been particularly challenging, attributed this to the efforts the Asians are making and said, “Exporting to Asian countries is becoming easier over time, more because of the efforts of the Asians than us. Most Asian countries are striving to be ‘western’ so generally they go out of their way to accommodate a Westerner.”

Similarly, another respondent who works with education agents in Asia and did not think that the experience had been particularly difficult, said that many of those she worked with had studied abroad “so have an understanding of Western culture.”

If the participants’ experience of entering the Asian market for the first time was ‘average’ to ‘difficult’, then it is important to try and understand what aspect of their experience was particularly challenging.

Participants were asked to inter-rank the following four aspects: (a) language; (b) social cultural environment; (c) business specific culture; and (4) bureaucratic procedures, rating it from 1 to 4, with 1 as 'least difficult' and 4 as 'most difficult'.

Results show (Figure 4J, blue) that 48% of respondents reported 'language' as the least difficult aspect at this stage and a further 16% rated it as moderately difficult. These added together means that for 64% of respondents, the language barrier did not necessarily pose a great difficulty at the entry phase into Asia. As one respondent said: "Language is the least difficult as almost all of our customers have English as a second language."

Furthermore, 60% of respondents reported social cultural environment as not being particularly challenging either, rating it as only moderately difficult (Figure 4J, red). Therefore, as a whole, linguistic and cultural barrier (but only where culture is not specific to business culture) therefore, does not seem to have presented itself as a major difficulty for these businesses.

The most challenging aspect reported by New Zealand exporters, seems to lie with cultural aspects relating to business specific culture and protocol, as opposed to cultural aspects pertaining to social customs and etiquette.

A total of 72% of participants rated business specific culture as '*difficult*' to '*most difficult*' with 32% saying that it was the '*most difficult*' aspect (see Figure 4J, green).

A respondent whose company has been exporting to Asia for five years, said he experienced "difficulty in understanding the organisation structures in large

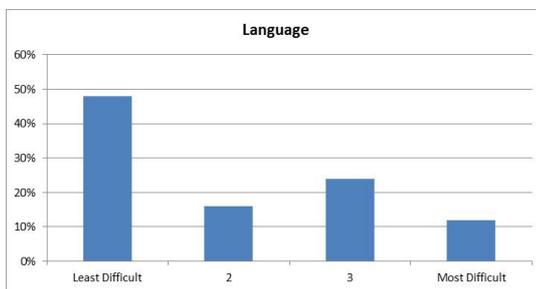
corporations”. And another respondent who has been exporting to Asia for 20 years said, “The way of doing business was then, and still is today, a mystery to understand because the basic premise of decision making is so different from that in the West.” Similarly, a respondent who has been exporting to India and Singapore for almost a decade also indicated that business specific culture was the most difficult aspect in Asia, and shared similar views but elaborated further: “The greatest difficulty for us has been the way things are negotiated. Time is important to us but not important to them. When trying to complete an agreement, we tend to want to get on with it. They want to eat, drink, play, in fact, anything other than doing the deal. It can be frustrating.”

As for difficulties associated with bureaucratic procedures, respondents were somewhat evenly split: 40% said that this was the ‘*least difficult*’ and 48% said it was the ‘*most difficult*’ (Figure 4J, purple). One respondent said that this aspect was not difficult because it was “the customers’ responsibility.” Another said that “bureaucratic procedures can be challenging but with proper research most of this is eliminated.” And another respondent reported that she would rate only ‘bureaucratic procedures’ as being the *most difficult* aspect and felt that the other three aspects: language, social customs and business specific culture were all equally rated as *least difficult*.

**FIGURE 4J: PARTICIPANTS INTER-RANKED 4 ASPECTS OF DIFFICULTIES AT ENTRY PHASE**

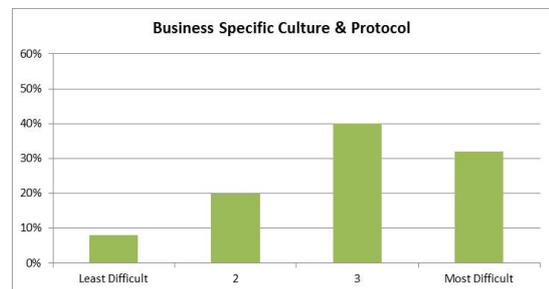
**Language:**

More people thought language was the *Least Difficult* aspect of breaking into the Asian market



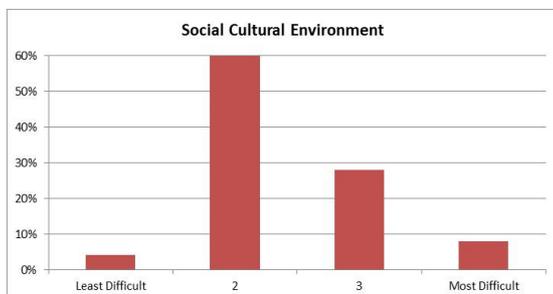
**Business Specific Culture & Protocol:**

A vast majority of respondents thought 'Business Specific Culture & Protocol' as being *Difficult* to *Most Difficult*



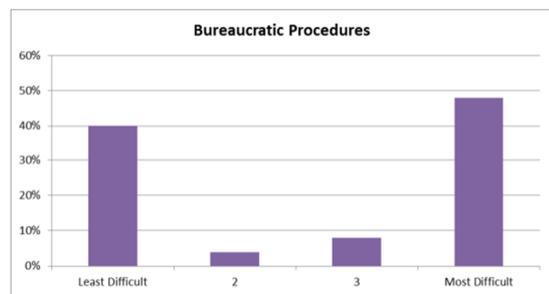
**Social Cultural Environment:**

A majority (88%) of respondents described the 'Social Cultural Environment' as being *Moderately Difficult* to *Difficult*. Two respondents indicated this as the *Most Difficult* aspect



**Bureaucratic Procedures:**

Slightly more participants thought their actual experiences with 'Bureaucratic Procedures' in Asia was *Difficult* to *Most Difficult* with 56%, versus 44% who thought it was *Least Difficult* to *Moderately Difficult*



Faced with these difficulties then, this study sought to find out what methods these companies thought had facilitated the process of entry into their targeted Asian market. According to the responses as tabled in Figure 4K, comparatively, the use of ‘other party’s English speaking employee’, received the most number of responses with 40%. An equal number of responses was recorded (with 28% each) for (i) internal staff who spoke the language and (ii) engaging the services of an international agent/facilitator. The least preferred method was the use of external contractors to interpret/translate for the company.

**FIGURE 4K: FACILITATING METHODS AT ENTRY PHASE**



A reasonable level of responses (36%) said ‘others’. In this category of responses, the participants relied on the notion of English language as an international language of trade and therefore actively sought out English speaking distributors, buyers or joint venture partners. One respondent said, “We ensure our distributors are able to communicate in English...”; and another said, “Let’s be pretty clear – most of the buyers worldwide do speak English...” One exporter who has had experience in Asia for almost two decades said, “All our buyers speak and read

English...in general, the language barrier can be worked around as most of the genuine business people speak English.”

Participants were also asked to assess the effectiveness of the methods employed to address the difficulties associated with cross-cultural communication during this phase of entering the targeted Asian market. In particular, they were asked to inter-rank the four most common methods (Figure 4L).

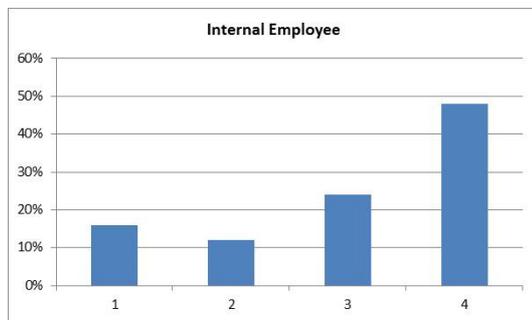
Results (Figure 4L) show that comparably, 48% of respondents felt that an employee of their company who speaks the language (blue) was the *most effective* method from their experience. A total of 72% indicated this was *effective* to *most effective*. In contrast, contracting the services of a professional translator/interpreter (green) was reported as being the *least effective* method by 52% of the respondents. A vast majority indicated this method to be the *least effective* to only *moderately effective* at this entry stage.

**FIGURE 4L: PARTICIPANTS INTER-RANKED FOUR METHODS OF EFFECTIVENESS IN FACILITATING BUSINESS AT ENTRY PHASE**

(1 = least effective, 4 = most effective)

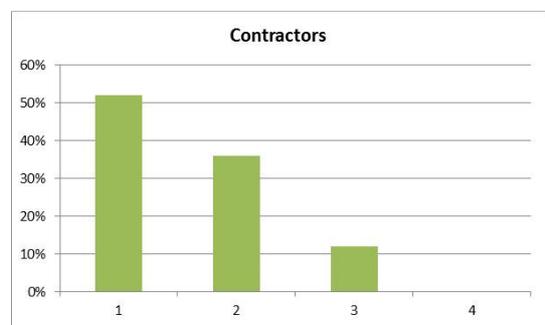
**An employee of our company who speaks the language of the targeted Asian market:**

72% of respondents said this was *effective to most effective*



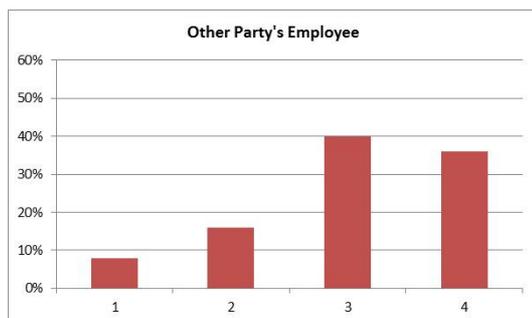
**Contracting services of a professional translator & interpreter:**

Vast majority of participants responded by saying the use of external 'Contractors and/or Interpreters' as being *least effective* to only *moderately effective*



**An employee of the other party's company who is able to communicate with us in English:**

Reasonable size of respondents (76%) said that utilising the other party's English speaking employee was *effective to most effective*



**Engaging an international agent / facilitator to represent our company, excluding NZ government agencies:**

Response to using 'International agents / facilitator' was roughly evenly spread, with slightly more respondents leaning towards indicating that it is less than effective.



### 4.3.3 DOING BUSINESS IN ASIA

This section of the survey sought to find out whether the participants felt that the facilitating methods they had employed at the entry phase into the Asian market were equally effective in helping their company maintain their business relationship with their Asian market, at the post entry phase.

Thus in Question 19 (detailed results in Appendix A) participants were asked the same question with the same answer choices given for Question 18, regarding their assessment of the effectiveness of the methods used for navigating through the cross-communication barrier, this time, post establishment in the Asian market. As with the previous question, they were asked to inter-rank the same four methods.

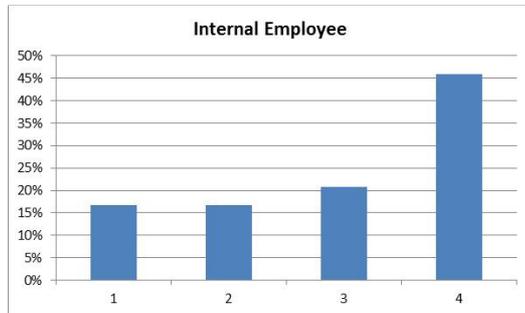
The results as tabled in Figure 4M below, are very similar to that for the entry phase with only slight deviations. It was found that at this post entry phase, the *most effective* method is still ‘an employee of the company who speaks the language’, and ‘contracting professional translation and interpreting services’ is also still, the *least effective*.

**FIGURE 4M: PARTICIPANTS INTER-RANKED FOUR METHODS OF EFFECTIVENESS IN MAINTAINING ONGOING RELATIONSHIP WITH THEIR ASIAN MARKET AT POST ENTRY PHASE**

(1 = least effective, 4 = most effective)

**An employee of our company who speaks the language of the targeted Asian market:**

67% of respondents said this was *effective* to being *most effective*



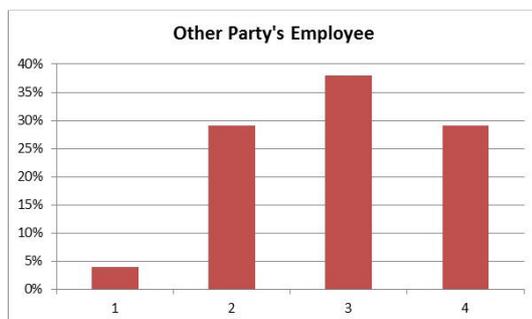
**Contracting services of a professional translator & interpreter:**

Vast majority of participants responded by saying the use of external 'Contractors and/or Interpreters' as being *least effective* to only *moderately effective*.



**An employee of the other party's company who is able to communicate with us in English:**

Reasonable size of respondents (67%) said that utilising the other party's English speaking employee was *effective* to *most effective*



**Engaging an international agent / facilitator to represent our company, excluding NZ government agencies:**

Response to using 'International agents / facilitator' was roughly spread evenly, with slightly more respondents leaning towards saying that it is less than effective.

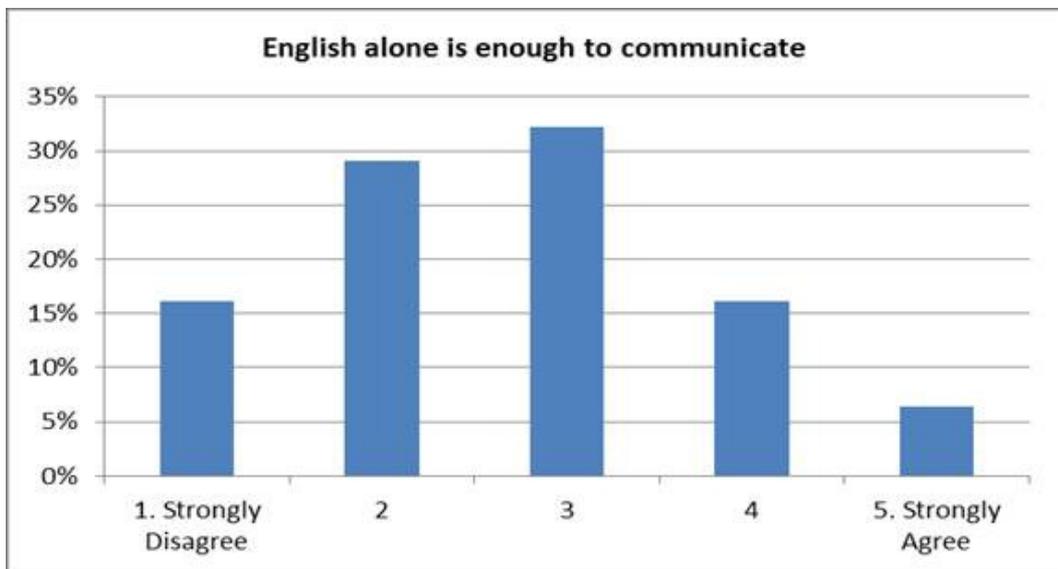


#### 4.4 PERCEPTIONS AND ATTITUDE TO LANGUAGE

*“English is the international language of trade. Asians wanting to do business outside of Asia are making the effort to learn the English language. Therefore, there is no need for New Zealanders to make a special effort to learn their language”.*

All respondents were asked to indicate their level of agreement to the above statement, on a scale of 1 to 5. Out of a total of 31 responses, two ‘strongly agreed’ with the statement and five respondents ‘agreed’. Detailed responses can be found in Appendix A, under Question 26.

**FIGURE 4N: PARTICIPANTS’ LEVEL OF AGREEMENT TO THE STATEMENT: ENGLISH ALONE IS ENOUGH TO COMMUNICATE**



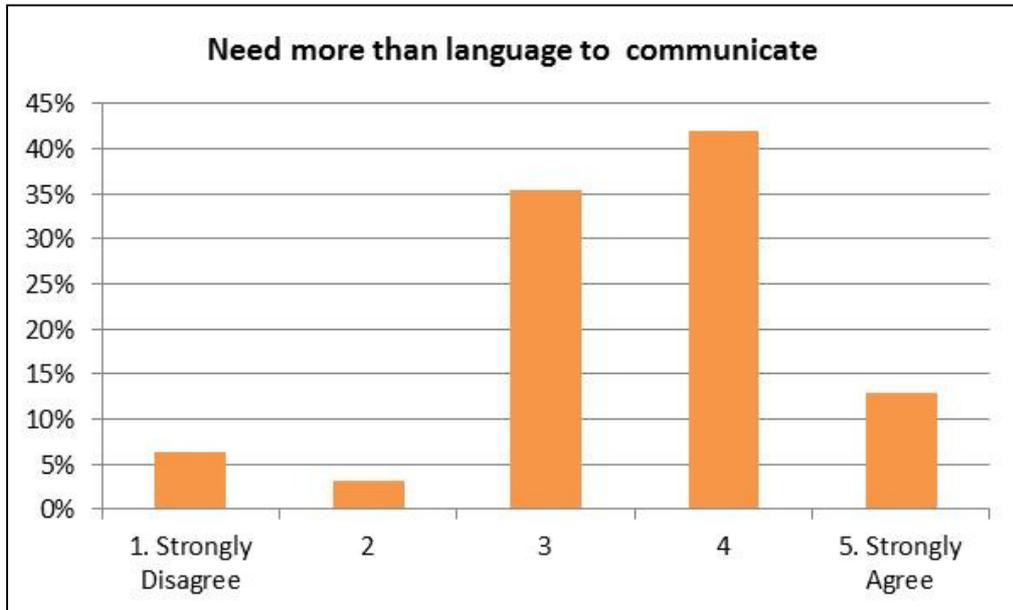
A respondent who agreed said, “All our customers speak English but through courtesy, where possible, we attempt basic communication in their language.”

However, the majority of the score was slightly higher towards disagreeing with the statement above, with five respondents disagreeing strongly. A respondent who has been exporting to China for almost 15 years, strongly disagreed with the statement but said that from his experience “making an effort is what really matters.” And another respondent who also disagreed strongly is not currently exporting to Asia and has indicated that he is not planning to in the near future.

To further gauge insight on the perceptions and attitudes of New Zealand business people to foreign language, participants were asked to again indicate on a scale of 1 to 5, to what extent they agreed or disagreed with the following statement:

*“Communication across cultural boundaries is always difficult. If we want to communicate, it is necessary to master the rules of communication other than those that are normally included in the language.”*

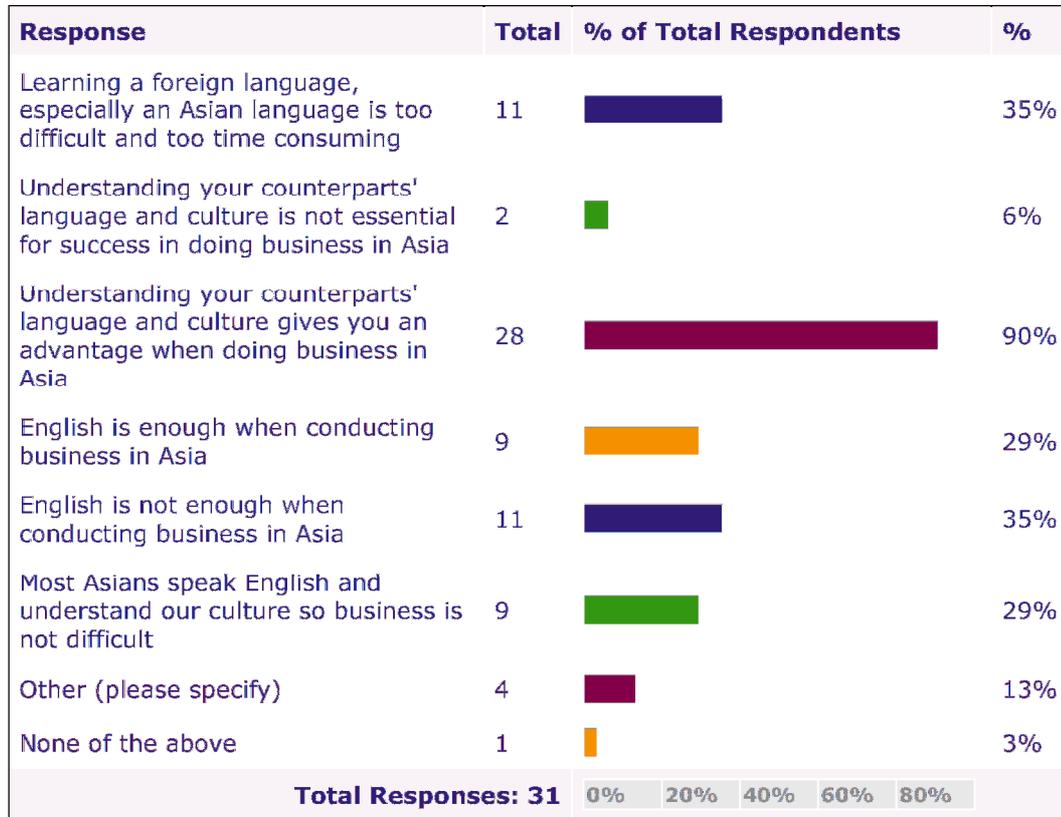
**FIGURE 4O: PARTICIPANTS' LEVEL OF AGREEMENT TO THE STATEMENT:  
NEED MORE THAN LANGUAGE TO COMMUNICATE**



Results shown in the above table (Figure 4O) indicate that an overwhelming number of respondents have positively supported this statement (detailed results in Appendix A, Question 27). The data have been qualified with comments such as: “yes, - communication goes far beyond just verbal. Empathy, listening and non-verbal communication are equally important”; and “a lot is gained from face-to-face communication over and above what is said.”

Next, in Question 28 (see Appendix A for details), all respondents were asked to indicate which of the statements they agreed with. As shown in the results tabled in Figure 4P below, a total of 90% of participants (28 of the 31 respondents) agreed with the notion that understanding your counterparts’ language and culture gives you an advantage when doing business in Asia. Only 6% (two respondents) elected to say that understanding your counterparts’ language and culture is not essential for business in Asia.

**FIGURE 4P: PARTICIPANTS INDICATED WHICH STATEMENTS THEY AGREED WITH**



In terms of indicating their views on the importance of understanding one’s counterparts’ language and culture, respondents said that it was not how much of the language was understood (or how well one could speak in the language of the other) but how much effort one was prepared to make in order to have ‘some’ understanding of their language. Most of the responses received indicated that this was the most important aspect, generally to “show respect” for their culture. As one respondent said, “Making an effort is what really matters...Under no circumstances would I allow a member of our team to visit a country without knowing the basics”. Another respondent with similar views said, “Showing an effort to understand a country’s culture and language can go a long way to building a relationship.” And a respondent with many years of experience in Japan said, “My knowledge of

Japanese certainly helped in Japan as although it's not good enough to conduct meetings, they appreciated me making an effort and knowing about their culture.”

Furthermore, 29% of respondents indicated that because most Asians speak English and understand our culture, business was not difficult. An equal number (29%) said that English was enough for business in Asia and 35% said it was not enough. As for learning an Asian language, 35% said that it was too difficult, and furthermore, many respondents correctly pointed out that as Asia is not one country, where New Zealand businesses are operating across multiple Asian nations, it would be impossible to learn all the Asian languages. One respondent's comments were as follows:

I do agree that a lot of people I have met are able to speak English to various levels of proficiency but invariably there are difficulties in understandings. To learn an Asian language takes time and because Kiwis have not had foreign language speaking countries next door across our border like Asia or Europe, we find it a bit harder to learn a new language. To get around that problem, I often travel with someone who can speak the local language. That said, English is a second language of choice for a lot of Asians and we are benefitting from that.

Another respondent said, “If Asia was our biggest market, we would put more effort into learning the languages of Asia. We will in future do more business with Asia and our people will develop language skills that are a better fit for doing business with Asia.” And another respondent shared similar views: “I am not disputing that learning the local language is an advantage but when we are dealing across Asia, the effort in doing so is outweighed by the benefits.”

## **4.5 INDIVIDUAL COMPANY PROFILES OTHER THAN CASE STUDIES**

### **4.5.1 WE DID NOT ANTICIPATE ANY DIFFICULTIES**

Of the respondents that are currently exporting to Asia, five individual companies<sup>47</sup> had indicated that they had not anticipated any difficulties prior to entering Asia (at the preparation phase). It was important to understand the reason why they did not anticipate any difficulties so they were contacted directly post survey.<sup>48</sup> I was able to speak (briefly) with four of these respondents. The individual profiles of these five companies are presented here.

#### **4.5.1.1 COMPANY 1 AND COMPANY 2: WE ALREADY HAD BILINGUAL STAFF**

Company 1 and Company 2 both had experience exporting to Asia between one to five years. Company 1 reported export revenue from Asia totalling up to 25% of their total annual export revenue and Company 2 reported it to be more than 50%. Both companies said that the reason they had indicated on the survey that they did not anticipate any difficulties at the preparation phase was because their companies already had a bilingual staff with knowledge of language and culture of the targeted Asian market. As such, they felt they were well prepared before what they could categorise as being the actual 'preparation phase'. Within their own definition of 'preparation phase', only 'active' preparation measures were considered to be part of this phase. An internal bilingual employee who was already employed by the company prior to them making the decision to enter their

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<sup>47</sup> For simplicity, and for ease of reference, these companies have been numbered from 1 to 5. They are hereby and henceforth referred to as Company 1, Company 2, etc. They have not been numbered in any particular order of importance.

<sup>48</sup> All five in this group had indicated in the survey that an understanding of their counterparts' language and culture gave them an advantage when doing business in Asia, agreeing with the overall collective result where 90% of all respondents indicated the same.

chosen Asian markets, was therefore not considered an active preparation measure. Only Company 2 said that having a bilingual staff was a contributing factor influencing its decision to enter the Asian market. Company 1 was not sure. Both of these companies consequently indicated that in terms of effectiveness as a facilitating mode at both entry and post entry phase, an internal bilingual staff was by far the *most effective* method and in contrast, contracting the services of professional translators and interpreters was rated as the single *least effective* method in both stages. In terms of their attitudes to foreign language, both respondents said that learning a foreign language, especially an Asian language was too difficult.

#### **4.5.1.2 COMPANY 3 AND COMPANY 4: ALL OUR CUSTOMERS SPEAK ENGLISH**

Company 3 has fewer than 50 staff and Company 4 has more than 100 staff. Both said they did not anticipate any difficulties because their customers in their targeted Asian markets all spoke English. Company 3 exports to India and Singapore with Singapore as its largest Asian market; and Company 4 exports to Hong Kong, Macau and Singapore with Hong Kong and Macau as its largest Asian markets. Both have reported their export revenue from Asia to be less than 10% of their total annual export revenue. These two companies felt their level of preparation had been *moderately sufficient* and they had relied on the notion of English as an international language of trade, indicating on the survey that ‘an employee of the other party’s company who is able to communicate in English’ was the *most effective* method in facilitating their entry into their Asian market. Their approach post entry however, differs from each other. Whilst Company 3 chose to hire local agents to represent its interests in their Asian markets of India and Singapore, Company 4 chose to hire a native bilingual speaker to deal with day to day activities in its largest markets of Hong Kong and Macau.

### ***We needed bilingual staff at post entry phase***

The respondent from Company 4 who is the marketing executive of the company, said that their decision to hire a native Cantonese speaker post entry, was because whilst a good majority of people speaks English in Hong Kong and Macau and hence the actual experience of breaking into these Asian markets was relatively easy, knowledge of Cantonese language was eventually identified as being a necessary tool post entry, as there were many who still relied on and preferred to speak Cantonese, sometimes exclusively, whilst for many others it was simply a case of not being able to speak English to the level required to elevate the business relationship to a more mature level. Thus, while it is true that Company 4's relatively easy experience of entering the Asian market was due to the fact that New Zealand businesses can to a large extent rely on the notion of English as the international language of trade, especially when dealing with Asian countries which belong to the 'outer circle' as we had discussed earlier in this study, the limitations which surface afterwards at the post entry phase is something which was evident in this respondent's own experience.

### ***We needed local agents at post entry phase***

Similarly, Company 3 had also relied on the notion of English as an international trade and to a large extent, because their counterparts in India and Singapore "had good English", the entry phase was not particularly difficult on the language front but they did find the business culture in both India and Singapore *most difficult*. Their decision to hire local agents to maintain their ongoing business relationship with India and Singapore was based on good judgement and after having "weighed the pros and cons". They were very effective in dealing with issues such as "helping the company really understand what the customer wanted".

#### **4.5.1.3 COMPANY 5: IT WAS VERY EASY**

Company 5 was the only participant in this survey that indicated that the experience of breaking into the Asian market was *very easy*. This is a small company with fewer than 10 staff with almost 20 years of experience exporting to multiple countries of Asia. It generates an export revenue from Asia of up to 25% of the company's total annual export revenue. The respondent who is the general manager, is of Indian origin and he described the marketing of the kiwifruit in the foreign market as "a walk in the park" due to the combination of various factors such as the worldwide brand of the product, the international reputation of NZ produce as a brand of integrity and his own ethnic background. He said that for products such as the kiwifruit, "the world comes to you and hence there is hardly any effort exercised."

#### **4.5.2 WE DID ANTICIPATE DIFFICULTIES**

From the group that had anticipated difficulties, if the individual survey response had shown a shift in the effectiveness of methods over the two different phases the respondent was contacted directly. I was successful in making contact with five participating organizations (Company 6 to Company 10). Their individual experiences will be presented here as a result of the brief phone interviews conducted post survey. Furthermore, one of the participating organisations in this survey returned three separate individual responses. These have been collated and presented here under Company 11.

#### **4.5.2.1 COMPANY 6: ADAPTING METHODS THROUGH TRIAL AND ERROR**

This company employs 20 staff and is currently exporting to China, Hong Kong and Macau. These Asian markets generate export revenue of up to 25% of the company's total annual export revenue. This company has been exporting to Asia for 15 years.

##### ***Bilingual staff not very effective***

The respondent was the managing director and said that one of the main difficulties he had anticipated prior to entering the Asian market was the language barrier. Not wanting to take chances, he had hired a native bilingual Mandarin speaker for his Chinese market but this was not what he would describe as "hugely successful" because this employee "had not been educated in New Zealand and his English was not great". It was often difficult for him to understand what the managing director and the other staff wanted of him, not just because of his limited linguistic abilities but due to him "not really understanding the company culture". Having a Mandarin speaker on board had nevertheless helped this company during the entry phase, despite his limited English language abilities, but eventually a local agent for the Chinese market was engaged post entry to "better address the challenges".

##### ***Don't assume everyone speaks English***

In terms of the respondent's views on language, he said that it is a fact that most Asians do speak English and therefore business is not necessarily difficult. However, he added, "Everything else has to be taken into consideration and other factors taken on board." While he had "expected Hong Kong to be easier than China, because they had been speaking English longer", he admitted that he had "assumed wrongly". He offered the following comment based on his experience: "If Asia was our biggest market, we would put more effort into learning the languages of Asia. We will in future do more business with Asia and our people will develop language skills that are a better fit for doing business in Asia."

#### **4.5.2.2 COMPANY 7: SUCCESSFUL AND EXPERIENCED LARGE COMPANY**

Company 7 was another company that had anticipated difficulties prior to its entry into Asia 20 years ago. Its first point of entry, Japan, continues to be its largest market but the Asian market has expanded since to now include Singapore, Taiwan, Malaysia, Guam, Thailand, Hong Kong and Macau. At the time of the survey, it had not yet entered China. This company now employs more than 100 staff and generates just under 50% of its total annual export revenue from Asia.

##### ***Bilingual staff was effective***

The respondent was the export sales manager and said that the difficulties they had anticipated was not necessarily with language itself, but with the understanding of the culture, social customs and etiquette and specifically with business etiquette and protocol. The company had hired a bilingual employee many years ago and found that she was very effective in helping the company overcome the language challenges for its key market of Japan and continues to be very effective post entry in helping the company consolidate and maintain its market presence, not just with communication itself, but with the understanding of what is needed in terms of cultural knowledge, especially that which is specific to business.

##### ***All our customers speak English***

For its other markets, at both the entry and the post entry phase, the company continues to rely on the other party's English speaking bilingual employee who has been rated as very effective. The respondent commented: "All of our customers speak English but through courtesy, where possible we attempt basic communication in their language."

##### ***Bureaucracy was a cumbersome barrier***

The bureaucratic procedures had also been identified as a concern at the time. This was a challenge that needed to be addressed "with proper prior research" and

most could be eliminated as a result. He added that “it was not really a barrier – just cumbersome.”

#### **4.5.2.3 COMPANY 8: LANGUAGE BARRIER WAS NOT DIFFICULT**

Company 8 had also reported that the language barrier was not difficult at all during the entry phase, particularly as all the local distributors the company engages, speak good English. This company has been exporting New Zealand honey to multiple Asian countries including China and Japan for 15 years and currently generates up to 50% of its total annual export revenue from Asia alone.

##### ***Bureaucratic procedures very difficult***

The respondent was the export manager and she said that whilst the language was not a problem during any of the stages, their understanding of the business specific culture had proved to be a challenge particularly during the entry phase. What they did find to be most difficult overall, were the bureaucratic procedures.

##### ***Cultural awareness most important***

She thought that Asian languages were too difficult to learn but felt that it is not necessary for New Zealanders anyway, because English alone was “most definitely enough” in business with Asia. She expressed her own views on how to be successful in Asia as follows:

Long-term business is not dependent on a pre-requisite for cross-culture language and culture awareness. We have found that business transparency and good long-term relationships with the same ideas and goals in mind between ourselves and the importer/distributor is the best formula for long-term business development and growth.

#### **4.5.2.4 COMPANY 9: BUILDING LONG-TERM RELATIONSHIPS IS KEY TO SUCCESS**

The respondent was the sales and marketing manager who said that this company's only Asian market is China, from which they derive up to 25% of their total annual export revenue. They employ 15 staff and as exporters, they have 20 years of experience, with the Chinese market only in the last 12 years, the experience which he described as follows:

Over our 12 year relationship, only the past four years could be considered successful. It's been a matter of waiting for the Chinese to trust us and consider our relationship as a partnership for the future success of both parties. We have accepted that time is an important factor to success with China.

##### ***Bilingual staff not always effective***

Overall, this company's experience of entering China was rated as *quite difficult*, where language was rated to have been the *most difficult* aspect followed by the business specific culture of the Chinese people. They had a non-native Mandarin speaker on staff and she was found to have been 'not very effective at all'. In sharp contrast, their counterpart's bilingual staff were reported as 'very effective' in facilitating business for both parties. She was a Chinese national who had studied in Australia and her English was excellent but more importantly, "she had a very good understanding of the Western culture".

##### ***Respect is most important***

In explaining the difficulties associated with business in China, other than language, the respondent said that if you do not have the language, "making an effort is what really matters" and added: "Understanding culture is highly important but more so, respecting the individual is of higher importance – getting to know the other team is a priority when working with China."

#### **4.5.2.5 COMPANY 10: SUCCESSFUL AND EXPERIENCED SMALL COMPANY**

This is a relatively small company with fewer than 10 staff. This company has been successfully exporting to Asia since 1996 and the revenue derived from Asia is more than 50% of their total annual export revenue.

##### ***Misaligned loyalties***

The respondent is the owner of this company and he recalled his experience of breaking into the Asian market as not particularly pleasant. This company had decided to address the difficulties he anticipated with language and culture, by taking proactive measures but unlike the other companies, rather than hiring bilingual staff for the task, this respondent chose to instead enter into a partnership agreement with a bilingual partner. Whilst the partnership with a Mandarin speaking business partner was beneficial initially in terms of navigating through the language and cultural barriers, there were other aspects which had not been anticipated and which began to surface as the business expanded. He said that in retrospect, this partnership arrangement was a mistake because amongst other reasons, he felt that his partner “always sided with his own race whenever disagreements arose”.

##### ***Business specific culture most difficult***

The bureaucratic procedures were found to be the *least difficult* aspect during the entry phase not because he had a Chinese partner but because “the bureaucracy was the customers’ responsibility”. The most difficult aspect from his experience, was the business specific culture as “the way of doing business was then, and still is today, a mystery to understand...”

##### ***Change of method – hired bilingual staff post entry***

The partnership eventually dissolved but he hired an internal bilingual staff during the post entry phase and he subsequently indicated that using an internal bilingual staff was the single *most effective* method in helping his company maintain its day

to day running of the business, followed by using an English speaking employee of the other party's company. And in contrast, during this post entry phase, engaging international agents to represent his company was reported as the *least effective* method.

This respondent, having had extensive experience travelling to various parts of Asia, thought that learning an Asian language was too difficult and that overall, English is enough when conducting business in Asia.

#### **4.5.2.6 COMPANY 11: MULTIPLE PERSPECTIVES FROM WITHIN**

There were initially four respondents from this Company but one survey was returned incomplete. The three respondents who did complete the survey were the International director, and two International marketing executives. Company 11 is a large educational organisation employing more than 200 staff and they have been exporting to multiple countries of Asia for the past 20 years. They have received NZTE funding prior to their launch into Asia and have been receiving ongoing support from them in various forms. Currently, they derive 70% of their annual export revenue from their Asian markets. They deal with all their overseas markets mostly through local education agents, "many of whom have studied abroad so have an understanding of the Western culture". This has been very effective, particularly, as they deal with so many different countries in Asia and elsewhere.

One of the respondents who understands some Japanese indicated that language was the *most difficult* aspect when doing business in Asia and that understanding your counterparts' language and culture does give you an advantage when doing business with Asia: "I lived in Japan for two years and my knowledge of Japanese language, customs and culture means I am able to work much more effectively."

### *Identify and prioritise key markets*

She explained that where a market is identified as a priority target, bilingual staff was hired to fit the role: “While it is great to make an effort to learn the language, when you are working with a variety of countries, it is impossible to learn them all. We have prioritised our main market China and we now have a Mandarin speaker on staff.”

The second respondent is a native Mandarin speaker, who is the staff member referred to above. Predictably, he said that language was the *least difficult* aspect when dealing with Asia and said that English alone is most definitely *not enough*.

The third respondent who has no background in Asian languages agreed with the first respondent that language was the *most difficult* aspect encountered at the entry phase and that learning an Asian language is simply far too difficult but also said that English alone is most definitely *not enough* when doing business in Asia, agreeing with the second respondent. He added, “However, for institutions operating across several markets, it is difficult to have language fluency in all.”

Whilst the three respondents had participated in the survey without any consultation with one another – and therefore their views represent personal views based on each individual’s own experience – all three respondents agreed on one thing: that contracting of professional translating and interpreting services are the *least effective* method in dealing with the cross-cultural communication barrier, in both the entry stage and post-entry stage.

## **4.6 NOT CURRENTLY EXPORTING TO ASIA**

At the beginning of the survey, a total of seven respondents representing seven different companies had said that they are not currently exporting to Asia. Of these, three said they are planning to export to Asia in the future and four have indicated they have no plans to export to Asian markets. These are the survey results from this group. They were not contacted directly post survey.

### **4.6.1 THEIR PERCEPTIONS**

The majority in this group (six of the seven respondents) have indicated that ‘understanding your counterparts’ language and culture gives you an advantage when doing business in Asia’. These are perceptions only, as respondents in this group do not have actual experience in Asia but interestingly, these perceptions do nevertheless match the results from the group currently exporting to Asia, where 92% (22 of the 24 respondents) have indicated the same, based on their actual experience. Furthermore, three of the seven respondents in this group said that ‘English is not enough when conducting business in Asia’ and no respondents in this group thought that ‘learning an Asian language was too difficult’.

### **4.6.2 WE ARE PLANNING TO EXPORT**

Of the three companies that are planning to export to Asia in the future, two indicated that they are anticipating difficulties when entering the Asian market in the future. One of these two companies plans to export to China in the near future and having identified language barrier as an anticipated challenge, the respondent representing this company has indicated that she is planning to hire bilingual staff to address this problem. Her view is that English alone is not enough for business in Asia and that understanding her counterparts’ language and culture will give her an advantage.

Another respondent who is also anticipating difficulties is the director of a small company with fewer than 10 staff and manufactures cargo transport systems for perishable products. He said that he has extensive plans to export to multiple countries of Asia in the future, and anticipates many difficulties, including all aspects involving language and culture, as well as bureaucratic procedures. In addition to this, he specified aspects relating to requirement for bribes in Asia as a major concern. He plans to address all the identified challenges by preparing extensively, including hiring bilingual staff, training existing staff in Asian languages and culture, investigating services of domestic and international agents as well as that offered by New Zealand government agencies.

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## CHAPTER 5: INTERPRETATION OF SURVEY RESULTS

### 5.1 INTRODUCTION

For the purpose of examining the role of language and culture in international business, an online survey titled *New Zealand exporters and Asia*<sup>49</sup> was carried out where 34 respondents participated. The purpose of embarking on this research was to find out whether or not the barriers of language and culture were real or simply perceived and if they were real, this study sought to find out how New Zealand businesses were dealing with them and whether knowledge of language and culture was necessary or merely beneficial in determining business outcomes. The survey results provide this research with a primary source of data for an indication of trends and attitudes of New Zealand exporters in their dealings with Asia. The key factors that may influence and determine the process and the outcome in cross-cultural business dealings can be examined in analysing, interpreting and drawing some preliminary findings. However, these preliminary findings will necessitate contextualization by examining the collective results of the survey (quantitative data) against some of the individual experiences as reported in the case studies presented in the next chapter (our qualitative data). This will ensure our thesis findings are an accurate representation of trends and attitudes of New Zealand businesses as exporters to Asia, and not one based on any general and wide-scale assumptions.

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<sup>49</sup> Throughout the rest of this chapter and beyond, the name of the survey will not be used. Where it is necessary to specify which survey, to differentiate this survey from other surveys being discussed within a discussion topic, then it will be referred to as NZEA survey, otherwise, just 'survey'.

## 5.2 PREFERRED APPROACH TO INTERPRETING THE RESULTS

When analysing the survey results it was important to try to interpret these from a holistic perspective. Whilst an individual set of data (responses) from one particular question in the survey may elicit some useful information on its own, if these were to be read in isolation there would be a real and possible danger of misinterpreting the data. For this reason the author has invested some time to delineate the sequential questions and answers from the participants. The preferred approach to analysing the survey results therefore, is as follows:

- Try and understand if there were any differences between the **perceptions** and attitudes of participants who are not currently exporting to Asia<sup>50</sup> and the actual **experiences** from exporters already engaged in Asia.
- **Time-segment** the collective responses of the participants currently exporting to Asia, between three phases: (i) **preparation phase** (ii) **entry phase** and (iii) **post entry phase**.
- **Inter-rank** the responses *within* each **time-segment** and *between* the **time-segments**

It is important to mention at this stage that because of the sample size of the survey, the results are not meant to be a major statistical analysis nor are the interpretations of these meant to be treated as irrefutable statements; but rather, as mentioned above, through this type of sampling methodology, an indication of trend based on New Zealand exporters' experiences in their dealings with their Asian markets, can be revealed.

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<sup>50</sup> Seven individual companies indicated they are not currently exporting to Asia. Of these, three said they are planning to in the future and four said they have no plans.

### **5.3 INTERPRETATION OF RESULTS – PRELIMINARY FINDINGS**

The survey found that 90% of all respondents agreed that ‘understanding of your counterparts’ language and culture gives New Zealand businesses an advantage when doing business in Asia.’ These are the views of all respondents, both those exporters and non-exporters and therefore it represents both perceptions only (from those not currently exporting to Asia) and views based on experience (from those currently exporting to Asia). It is also a fair representation of current attitudes of New Zealand businesses today. In analysing these results between the two groups (perceptions versus experience) it was found that the results did not differ greatly between the two groups: In the exporters group, 22 out of 24 (or 92%) and in the non-exporters group, six out of seven (or 86%). The sample size of these groups, particularly in the non-exporters group was small.

In general terms, these results indicate that New Zealand businesses are acknowledging the advantages of understanding the language and culture of their Asian markets in their business. In the study previously discussed in Chapter 1, enhanced cultural sensitivity by New Zealand exporters when dealing with their Asian counterparts, was highlighted and identified in the report as an area that needed improvement. The results of our NZEA survey indicate that New Zealand businesses are already well aware of this need, regardless of whether they already have experience in Asia or not. Being aware of this ‘advantage’ - where for some it is a mere perception that it might be of an advantage, while for others it is more than just a perception but views based on real experience – gives rise to a whole range of apprehensions and trepidation regarding the barriers and challenges future New Zealand exporters might encounter in Asia.

Some very interesting findings have come out of this survey. Whilst there was a high degree of collective trepidation from the New Zealand exporters at the preparation phase on almost all facets of doing business in Asia, during the actual entry phase, these companies were experiencing something quite different. At the preparation phase, the majority (70% plus) of our exporters rated language barrier, understanding social custom, understanding of business specific culture

and protocol and to a slightly lesser extent bureaucratic procedures, all as areas of difficulties anticipated when entering Asia. ‘Language’ in particular had been anticipated by 77% of the respondents as the most challenging barrier (Figure 5A).

**FIGURE 5A: DIFFICULTIES ANTICIPATED DURING THE PREPARATION PHASE**

Response	Total	% of Total Respondents	%
language barrier	17		77%
understanding of their social customs (eg. culture specific etiquette and social habits)	16		73%
understanding of their business specific culture & protocol (eg. negotiating styles and business etiquette)	18		82%
bureaucratic procedures (eg. government regulations)	15		68%
Other (please specify)	4		18%
None of the above	1		5%
<b>Total Responses: 22</b>			

This result demonstrates that the general ‘perception’ of New Zealand exporters prior to entering Asia is one of trepidation and possibly with heightened anxiety across the field. In other words, the fear of the unknown might be overshadowing and impeding New Zealand businesses from entering and taking the opportunities the Asian export markets offer.

However, what our survey participants found upon breaking into Asia is a different picture: 66% of respondents have said that the challenge of ‘language’ was *least difficult* to only *moderately difficult*, rather than *difficult* to *most difficult*, as one would have expected. This is a surprisingly high percentage of respondents saying that language had in fact not been a particularly difficult challenge when doing business in Asia, or at least not as difficult as they had initially anticipated.

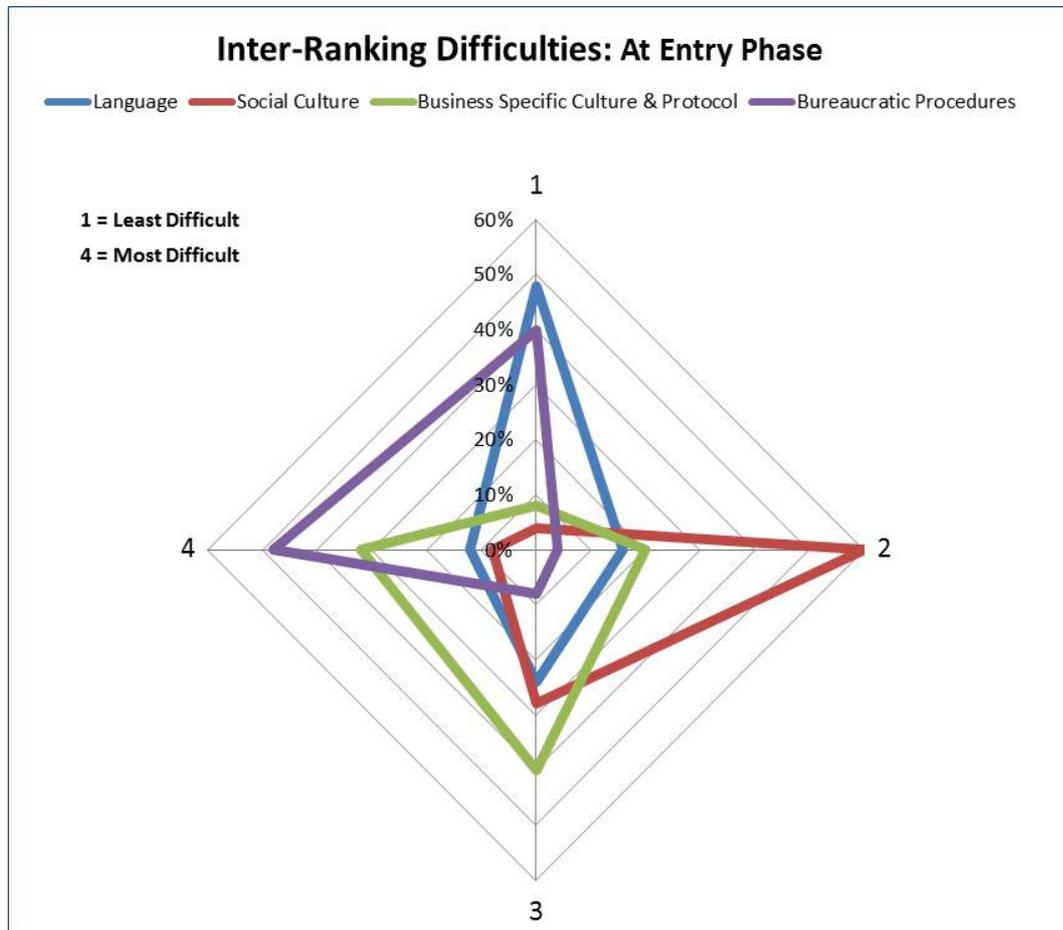
Similarly, 60% of our exporting respondents have said that, at the time of breaking into Asia they have found the ‘social cultural customs’ to have been only *moderately difficult*. Again, respondents’ perceptions held prior to entering their Asian export market differed from their actual experience during the entry phase into the Asian market.

Thus overall, what these exporters actually found was that despite their initial perceived difficulties with regards to ‘language’ plus ‘culture’ (limited to that which is related to social cultural customs), the actual experience was not as difficult as they had initially anticipated. In contrast however, from their experience, the majority (72%) of the respondents have said that culture which is specific to business had been *difficult to most difficult* at this entry stage.

When analysing these results as a whole, it shows that the majority of respondents have collectively said that comparably ‘language’ had been the *least difficult* aspect and that ‘business specific culture and protocol’ was among the *most difficult* aspect.

For a visual comparison, the results were plotted on a radar graph (figure 5b). The degree of difficulty rating on the graph increases clockwise from *least difficult* to *most difficult*. The percentages on the Y and X axes represent the percentage of received responses from participants rating the four specific aspects of their experience when entering the Asian market for the first time.

**FIGURE 5B: COMPARATIVE ANALYSIS INTER-RANKING DIFFICULTIES EXPERIENCED**



Plotting the values on the graph it clearly demonstrates the differences in weighting and that comparably the majority of respondents thought that:

- (i) Language was the *least difficult* aspect of breaking into the Asian market;
- (ii) Social Cultural Environment was deemed to be slightly *more difficult* than Language but *not as difficult* as Business Specific Culture & Protocol or the Bureaucratic Procedures;
- (iii) Business Specific Culture & Protocol was thought to be *reasonably difficult*. In fact, out of the four categories mentioned above, the most number of participants responded this aspect of doing business with Asian counterparts was comparably the *most difficult* of them all;

- (iv) Bureaucratic Procedures produced an unexpected result. The weighting between the two extremes of *least difficult* and *most difficult* was evenly spread. Just under half of the respondents said this was *least difficult* and the other said it was *most difficult*. From the available limited information, it would be difficult to conclusively explain why. However, the author is of the opinion that this would probably be attributed to the differences in the product and country specific regulatory compliances.<sup>51</sup>

## 5.4 LANGUAGE

It was mentioned earlier that the survey results need to be interpreted in a holistic manner and not to conclude based on a single data set. A case in point is the responses received in regards to ‘language’. Overall, the collective survey results indicate that there was a high degree of collective trepidation from the New Zealand exporters at the preparation phase on almost all facets of doing business in Asia,<sup>52</sup> however, what these respondents experienced during the actual entry phase, was something quite different. Our exporters had found readily available solutions to overcome the language barrier when dealing with our Asian counterparts.

Let us assume that for the most part, when venturing into unfamiliar foreign markets, where a difficulty has been identified, steps would be taken by the businesses to address these anticipated difficulties, to minimise the perceived

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<sup>51</sup> For example, if we compare an agricultural product such as honey, and the regulations which would be specific to that, and compare that to the regulations which may relate to computer parts, for instance. A case in point is Company 8 (4.5.2.3). It has been exporting New Zealand honey to multiple Asian countries including China and Japan for 15 years and reported bureaucratic procedures as the most difficult aspect in dealing with Asian markets. Ideally, if the sample size had been larger, it would have been possible to conduct an analysis based on industry. With the data available it was not possible to draw any firm conclusions on what factors may be contributing to the different levels of experiences with regards to bureaucratic procedures but the explanation offered here would seem logical.

<sup>52</sup> The level of apprehension by New Zealand businesses to the perceived difficulties associated with business in Asia was well illustrated in the lengthy comments from a respondent who was planning to export. The list of difficulties he articulated was extensive. He planned to address these perceived challenges thoroughly and proactively. His response was presented in Chapter 4 (4.6.2).

challenge or barrier in order to ensure that they maximise their chances of success. This would seem to make sense. So what did our respondents do in terms of taking actions to better prepare themselves for the anticipated barriers?

**FIGURE 5C: ACTIONS UNDERTAKEN TO ADDRESS PERCEIVED DIFFICULTIES**

Response	Total	% of Total Respondents	%
hired bilingual staff	8		36%
trained key members of our existing staff in their language and culture	2		9%
investigated the services of various NZ and/or international agencies	10		45%
researched into the services of NZ government agencies	12		55%
Other (please specify)	8		36%
None of the above	2		9%
<b>Total Responses: 22</b>			

According to results (as shown in Figure 5C), Eight of the 22 respondents (36%) hired bilingual staff in anticipation of communication and cultural difficulties and only two respondents (9%) indicated that they had trained key members of their staff in the language and culture of their target Asian market. These results were examined in more detail and it was found that:

- seven different companies had hired bilingual staff to address the issue<sup>53</sup>;
- one company had trained their staff in the language and culture of their target Asian market;
- one company had done both; and
- two companies had indicated resorting to ‘joint-venture with Asian partner’ and ‘a bilingual partner’.

<sup>53</sup> There were 2 individual responses from the same organisation.

Thus in total, for 11 of the participating organisations, their perceptions that proper understanding of language and culture of their target Asian market or markets was a priority in securing and developing a profitable business, led them to take proactive actions to specifically address these challenges. In addition, the results from those who said they had not anticipated any difficulties during this phase were looked into in more detail and it was found that two of these companies already had an internal bilingual staff prior to the actual preparation phase (details under Company 1 and Company 2).<sup>54</sup> These results are encouraging and an indication that New Zealand companies are well aware of the possible difficulties that may arise from communication barriers but more importantly, that these challenges are being taken seriously.

Subsequently, in regards to the collective perceived difficulties, upon analysis of the survey results between a time variant, revealed that whilst the perception of the respondents prior to entering the Asian markets was that the language barrier was going to be *difficult*, that the collective concern had dramatically diminished upon entering the Asian markets. Our New Zealand exporting companies to Asia had in actual fact experienced something quite different to the initial perception. Their ‘experience’ upon entering the market had been for the majority of them, *least difficult* to only *moderately difficult*, comparably (as shown previously in the radar graph Figure 5B).

#### **5.4.1 HOW DID THEY MEET THIS CHALLENGE?**

Our exporters had found many methods to address the challenge of language barrier at the entry phase:

- 40% used an English speaking employee of the other party’s company
- 28% used their own employee who spoke the counterpart’s language
- 28% used services of international agents/facilitator to represent their company
- 8% engaged/contracted the services of a professional translator/interpreter and
- 36% said they used ‘Other’ methods

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<sup>54</sup> Whether their existing internal bilingual staff had been a factor in the actual decision making process to enter the Asian market is not known as the phone interviews had been very brief.

These results indicate that in this early phase, many of the participating New Zealand companies (40%) are resorting to relying on the '*counterpart's English speaking employees*'. Almost a third of the companies (28%) used '*their own employees who can converse with their counterparts in foreign language*' and an equal number of respondents (28%) have '*engaged the services of an international agent/facilitator to represent their companies*', whilst very few (8%) have used the '*services of a professional translator/interpreter*'. The responses from those who indicated 'other' (36%), were examined on an individual basis and it was found that the majority had used local distributors who can speak English, two said that they had bilingual partners and one company said 'Trade NZ', now known as NZTE (New Zealand Trade and Enterprise).

Results show that the majority of the respondents currently exporting to Asia generally relied on the notion of English as a communication tool for international business, in one way or another and in many ways, this attitude is not unfounded. As previously discussed, English is now spoken by many in Asia and the number of learners are continuing to grow arguably at a phenomenal rate particularly in the 'expanding circle' where Asians are indeed making a great effort to achieve English language proficiency in order to gain the competitive edge in the global markets.

What was interesting to observe from the survey results was that despite the majority of respondents having indicated that they did not think that English alone was enough when doing business with Asia, responses such as: "all our customers speak English"; "most customers we deal with speak English as they have been brought up that way"; and "language is the least difficult as almost all our customers have English as a second language"; generally prevailed amongst the responses, perhaps indicative of the attitude of New Zealanders overall who may feel that English alone would suffice in business in Asia.

Thus, overall, whatever the methods employed, these New Zealand exporters were able to find solutions to their communication problem. Then the natural question that lends to the situation is – how effective were these various methods of resolving or overcoming the language barrier?

For a comparative analysis, the radar graph was again used to illustrate the inter-ranking of the responses for a visual comparison in the weighting of these responses (see Figure 5D).<sup>55</sup>

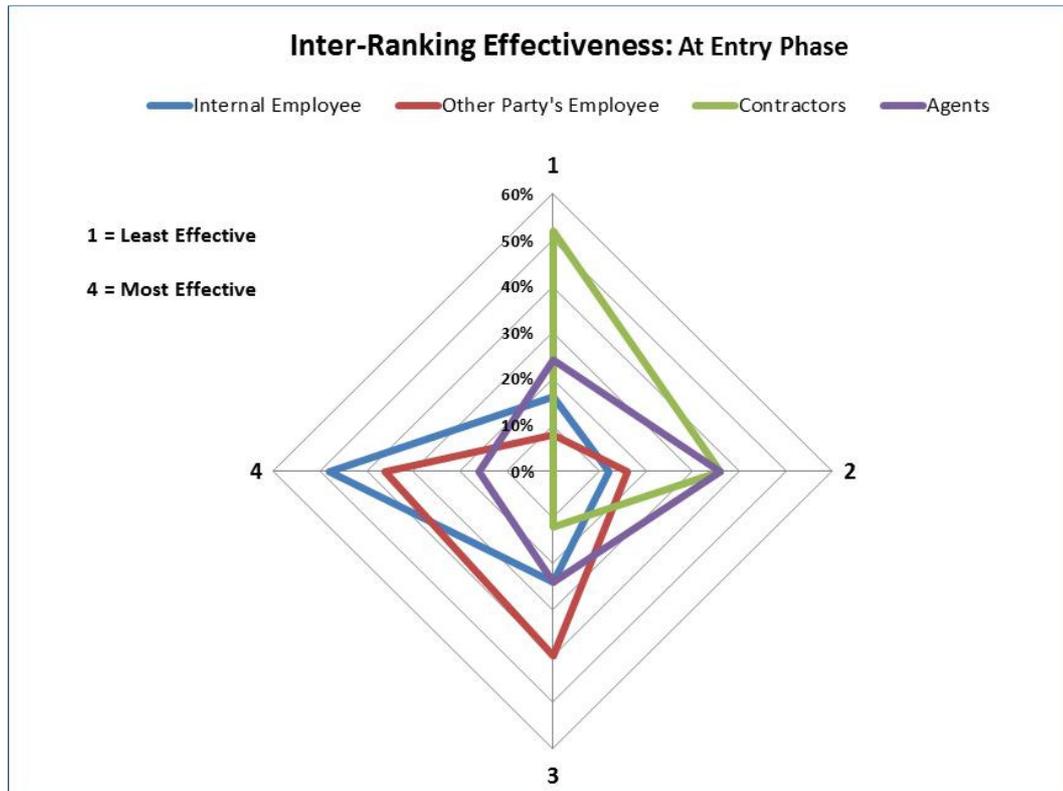
Through this graph, we can see that comparably the respondents collectively have said that the using of foreign speaking ‘Internal Employee’ (**blue line**) was by far the most effective method of achieving a successful entry to Asian markets. This was closely followed by the use of the ‘Other party’s English-speaking Employee’ (**Red line**) as being the next most effective facilitating mode.

Participants overwhelmingly scored both the use of: (i) external professional translator and interpreter (contractors) (**Green line**) and (ii) international agents / facilitators (**Purple line**) – as being less than effective when trying to break into the Asian market for the first time.

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<sup>55</sup> The method is as previously explained for Figure 5B.

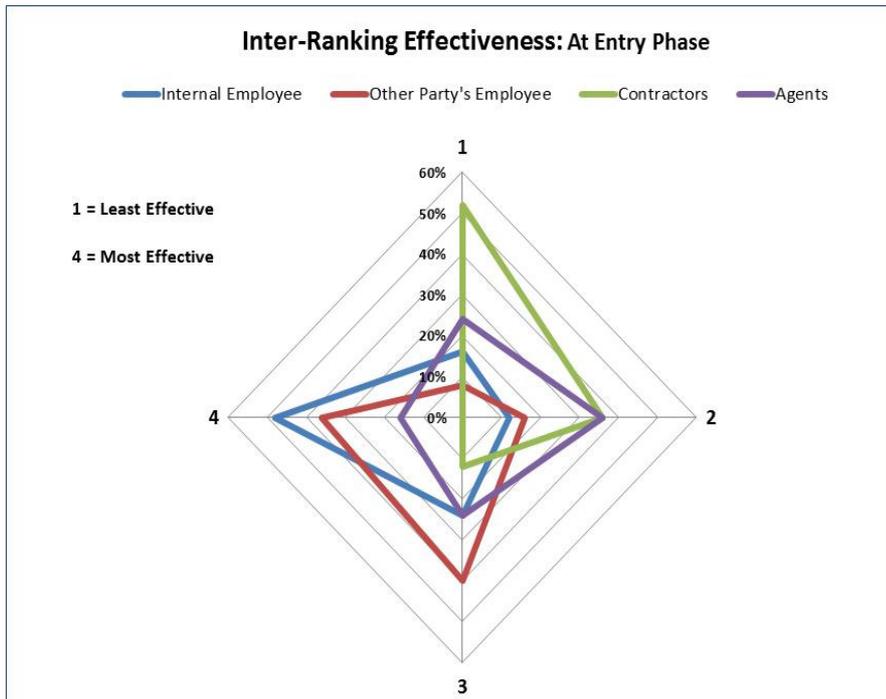
**FIGURE 5D: COMPARATIVE ANALYSIS INTER-RANKING EFFECTIVENESS**



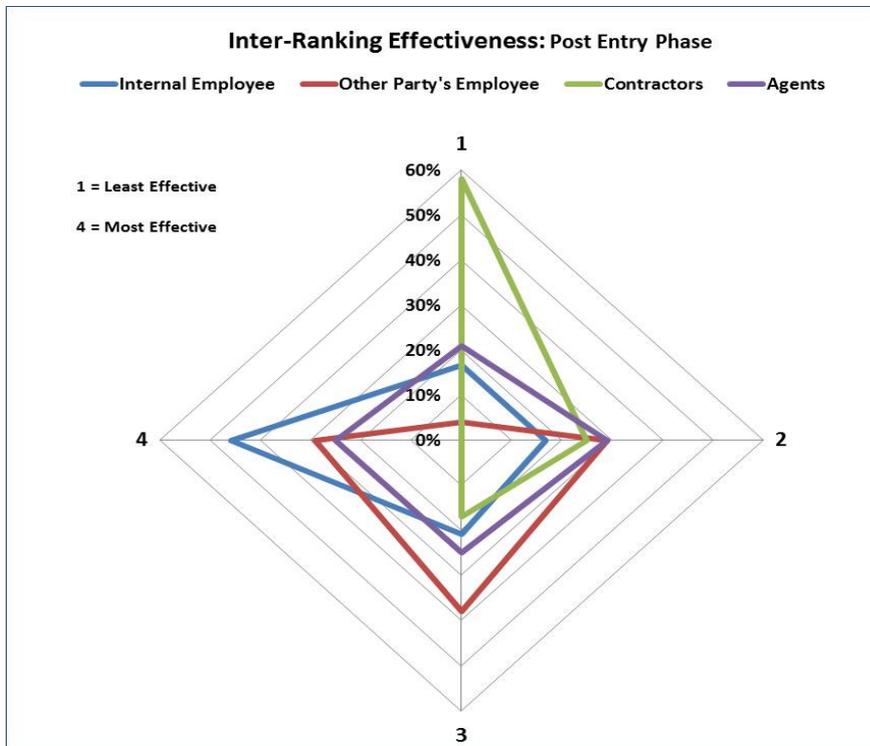
#### 5.4.2 INTER-RANKING EFFECTIVENESS BETWEEN TIME VARIANTS

The effectiveness of the above mentioned four different methods of resolving the language issue when exporting to Asia was compared in a time-variant manner between the entry phase and the post entry phase. When the results were analysed, it was found that there was very little difference. This can be seen in a direct visual comparison of the two development phases as shown below:

**FIGURE 5D: EFFECTIVENESS AT ENTRY PHASE**



**FIGURE 5E: EFFECTIVENESS AT POST-ENTRY PHASE**



When comparing the collective responses of the participants at the time of entering the Asian market (Figure 5D) and at the post entry phase (Figure 5E) the following was observed:

**Foreign Speaking Internal Employee:** Comparably the respondents have said that the using of foreign speaking ‘Internal Employee’ (**blue line**) was still by far the *most effective* for their business. There was a slight drop in the positive responses from 72% at the time of entering down to 67%. However this method was still deemed to be one of the *most effective* way of doing business in Asia.

**Other Party’s English-Speaking Employee:** Similarly to the ‘Internal Employee’ case, once established, the positive responses to ‘Other Party’s Employee’ (**Red line**) has dropped a little from 76% of participants responding to this being *effective* to *most effective* at the time of entering the Asian market, down to 67%, once established.

**Professional Translator / Interpreter (Contractor) (Green line):** By far this method of achieving a successful entry into the Asian market and establishing an ongoing viable business is consistently deemed to be by far, the least effective. At the time of entering the Asian market, 88% of the participants scored this method as *least effective* to *moderately effective*. Their rating of the effectiveness of this method during the post-entry phase was not much better with 83% indicating that it was still *least effective* to only *moderately effective*.

**International Agents / Facilitator:** Over time there have been slight changes to the opinion of the participants. At the time of entering the Asian market, 60% of respondents have said that using ‘International Agents / Facilitators’ were *least effective* to only *moderately effective*. Once their businesses have been established the participants have scored 50/50 – 50% saying that this method was *least effective* to only

*moderately effective* and the other 50% saying that it was **effective** to *most effective*.

Generally speaking, no real variation in the inter-ranking of the four methods between the two phases was observed. The consistency and the robustness in the effectiveness of using bilingual internal staff seem to be evident from the results.

The only deviation (very slight but noticeable) was in the following: A slight drop in the effectiveness of the other party's bilingual staff and a slight increase in the effectiveness of international agents. Whether these changes are significant or not and whether the drop in one and the rise in another are indicative of an interdependent relationship, it cannot be ascertained as the sample size is too small to be able to make any statistical analysis but this observation will nevertheless be discussed in more detail later in this chapter.

The effectiveness of these methods *between* time variants can be reviewed through the individual experiences of some of our participating companies which revealed that companies were making adjustments over a time-variant. For instance, Company 3 and Company 4 had both at the entry phase relied on the notion that English alone would be enough but post entry, Company 3 sought the help of local agents and Company 4 needed to hire bilingual staff. Company 6 had a bilingual employee at the entry phase but due to his limited English language abilities, was found to be ineffective so at post entry phase a local agent was engaged. And Company 10 hired bilingual staff at the post entry phase after an unsuccessful alliance with a bilingual partner at the entry phase.

At this point, the findings from the survey thus far can be intermittently summarized. With regards to language barrier, our survey results show that in the context of New Zealand companies exporting to Asia, the perception on encountering a high level of difficulty on the language front when dealing with

our Asian counterparts was not to be true. The actual experiences of respondents have been not as difficult in reality as it was perceived at the preparation phase. Some plausible reasoning to this would most likely be because respondents have found methods of resolving the language barrier relatively easily. There were different methods employed by the respondents' companies, where some companies had used more than one.

Subsequently, the comparative analysis has demonstrated that the respondents thought that the use of their internal bilingual staff had been the more effective method in overcoming the language barrier and this was closely followed by the method of '*using an English speaking employee of the other party*' at this crucial entry phase. However, as these respondents' companies established themselves in their respective Asian markets, results were suggesting that something else might be happening which needed a deeper investigation.

These respondents had inter-ranked these four methods again at the post-entry phase and when these results were compared between a time-variant, no real changes had been immediately apparent, nevertheless, it was observed that there was a slight deviation between this time variant: there was a very slight drop in the effectiveness of '*English speaking counterpart's employee*' while at the same time the effectiveness of using '*international agents/facilitators*' rose slightly. Whilst this deviation was indeed very small, given the small sample size, any deviations warranted further investigation to ensure that the data was being interpreted correctly. For this, the analysis was refocused on the language factor, this time 'within' a time segment.

### **5.4.3 THE LANGUAGE FACTOR - TIME VARIANT**

A question had been posed to all the respondents asking them whether they ‘strongly disagreed’ or ‘strongly agreed’ with the notion of English alone being enough to communicate in business with Asia, because ‘English is the international language of trade’. The responses received to this question were examined closely by firstly, separating the responses between two groups: currently exporting to Asia and currently not exporting to Asia. Secondly, the responses from the first group (exporters) were grouped according to the number of years they had been exporting to Asia. Then, the responses from these sub-groups were analysed on radar graph (Figure 5F) for a visual comparison ‘within’ the time variant. It is important to mention again that the sample size is small but the results are not meant to be a definitive statistical analysis; rather, it is an indication of trend amongst our New Zealand exporter respondents.

The comparative analysis (Figure 5F) shows that the more experience our participating New Zealand companies have in Asia, the more they tend to ‘strongly disagree’ with the notion of English alone being enough for business in Asia. The weighting pattern provides an illustrative visual comparison.

**FIGURE 5F: LEVEL OF AGREEMENT TO “ENGLISH ALONE IS ENOUGH”**

Participants were grouped according to the number of years they had been exporting to Asia

(graph moves clockwise from 1 to 5 where 1 = *strongly disagree* and 5 = *strongly agree*)

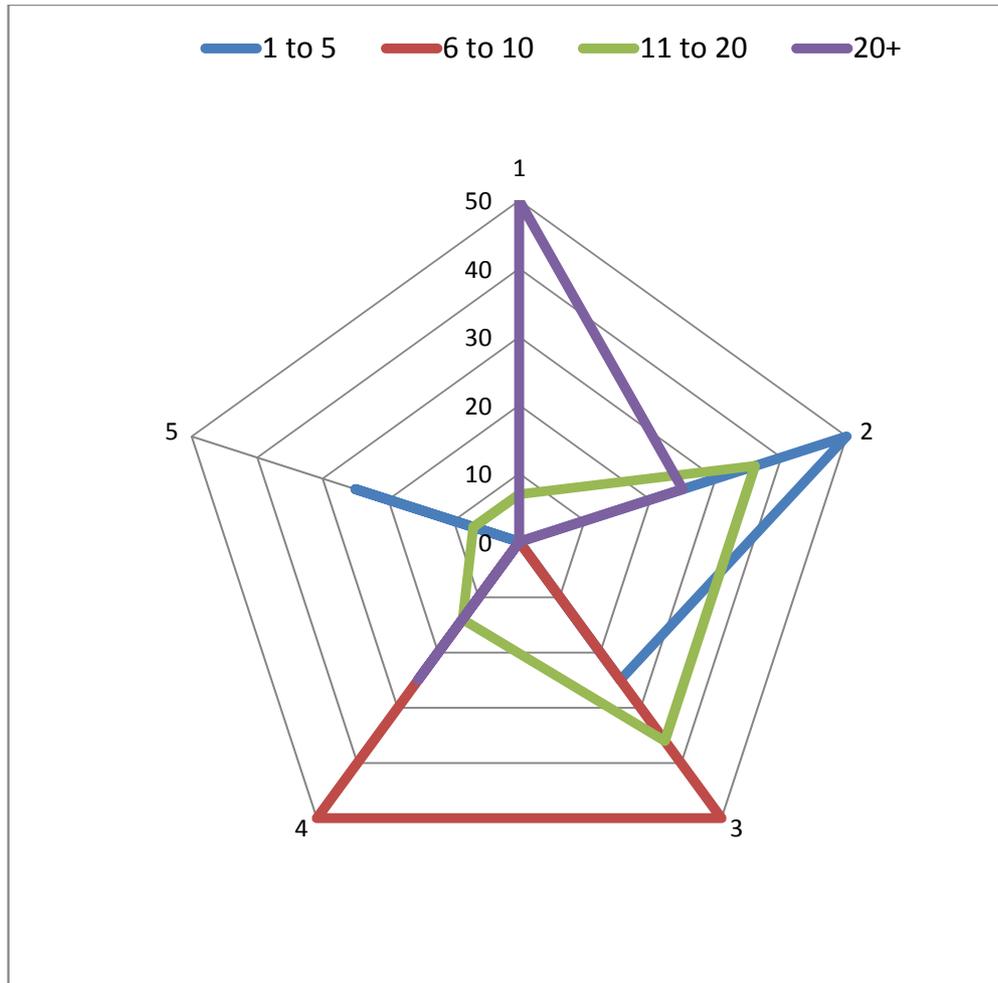


Figure 5F shows that out of the four sub groups, those with ‘6 to 10’ years of experience in Asia rated more likely to be “agreeing” (rated 3-4) with the statement. Majority of the ‘11 to 20’ years group “disagreed” (rated 2-3) and the majority of the group with the longest experience in Asia, the ‘20+’ years of experience group had “strongly disagreed” (rated 1-2) with the statement. The most recent group and with the least amount of experience in Asia, the ‘1 to 5’ years group was rating somewhere in the middle of the sub groups’ collective

range of sentiments, rating between 2 and 3, that is “*disagreeing*” with the statement. No respondent from any of the sub groups said that they ‘strongly agree’ with the statement.

This comparative analysis demonstrates that at the preparation phase there is a high degree of awareness and some trepidation from our New Zealand exporter respondents that language is going to be a barrier to doing business in Asia. Surprisingly this initial perception of difficulties with language dissipated upon entering the markets, so much so that the majority of respondents have said language was *least difficult* to only *moderately difficult*. However, a closer examination of the responses from these sub-groups suggest that where language was not a particularly difficult challenge for New Zealand exporters in the beginning, the longer these exporters are in Asia, the more they are likely to find that language is a challenge.

In order to explain these results in a logical manner one may need to seek answers in areas beyond an understanding of cultural factors including language, but expand it to include general marketing principles to include the natural dynamics of market/economic forces that any exporting businesses may face, irrespective of the geographical location of that market, when entering, establishing and expanding in foreign markets.

## **5.5 NATURAL COMMERCIAL AND MARKET FORCES AT PLAY**

When addressing the matters of language and culture in the context of New Zealand exporters exporting to Asia, one cannot disregard the matters of commercial and market forces that come into play. These forces do have real influence on the business decisions our respondents’ companies make and ultimately determine their outcomes. For this reason the author would like to examine the findings reported thus far in more detail.

### 5.5.1 CHANGES IN THE EFFECTIVENESS OF CERTAIN METHODS

A close examination of the empirical data revealed that over time, from entry phase to post entry phase, our New Zealand exporter respondents have said that the use of '*English speaking counterpart's employee*' was less effective at the post entry phase than at the early entry phase. The variation was not significant in any way but nonetheless there was an observation of a decline.

At the same time there was an increase in the opinions of the respondents that use '*international agents/facilitators*' indicating that it was more effective at the post entry phase than at the early entry phase. And again the variation was noticeable but subtle. In this case it would be more logical to try and explain this in terms of commercial realism than through the dynamics of culture or language.

The author is of the opinion that these changes are inter-linked. Simply put, the summation from the results is that over time some New Zealand companies deem the effectiveness of the method of using '*English speaking counterpart's employee*' to be waning. As a result, these companies went out and engaged industry relevant and market savvy '*international agents/facilitators*'. It cannot be ascertained conclusively that this was the case but based on the data it would be relatively safe to assume that this was indeed what had happened.

One plausible commercial reasoning for this would be the fact that the longer these New Zealand companies deal with their counterparts solely relying on the '*English speaking counterpart's employee*' to do the business, it would be commercially naive to think that the other party's employee would be acting in the best interest of the New Zealand companies or be totally and utterly objective when translating for both parties. This is not to suggest that they are acting dishonestly or unethically but it is more about commercial prudence. In business it is likely that there would be many occasions where the parties would not be seeing things eye to eye. In such incidents, the '*English speaking counterpart's employee*' would have no obligation nor loyalty to the New Zealand company.

This type of scenario as a summation from the results will be further tested in the later chapters when examining the Case Studies.

In this line of thought then these results are in fact consistent with the notion of *hiring your own foreign language speaking staff* as being the best possible option and the most effective one. The foreign language speaking internal employee's interest would be aligned to his/her employer's thereby together aiming for the best outcome for the New Zealand company.

### **5.5.2 IS ENGLISH ALONE ENOUGH FOR BUSINESS IN ASIA?**

In the survey results it was found that the majority of the respondents thought that when doing business in Asia, English alone was not enough. Subsequently, what was interesting to find, was the fact that this sentiment was in a large sense in direct correlation to the length of time one has been in that Asian market: - the longer you have been exporting to Asia the stronger you tend to disagree. On the surface, the respondents' sentiments seem to be in contradiction from the earlier responses where at the entry phase the majority of respondents have said that language was *least difficult* to only *moderately difficult*. So how can these two be reconciled?

One practical way of explaining these results might be by way of discussing them in the context of 'time' and 'commercial environment'. As reported earlier, language was found to not have been a particularly difficult challenge for our exporters. At the entry phase, language was not a big barrier because New Zealand companies were able to readily find solutions to resolve the communication barriers. However through experience, these New Zealand companies were saying that the longer they stayed in their chosen markets they were finding that English alone was not enough and relying on their counterparts to make all the effort by communicating with them in English, was not enough either.

As businesses moved from entry phase to post entry phase, the respondents' companies were relying less on the '*English speaking counterpart's employee*' and engaging more with '*international agents/facilitators*' to help their business grow in the Asian market. At the entry phase and depending on how unique the product or the level of desire (from the consumers' perspective) from that market, in the initial few years it could be said that it will be relatively easy to find new customers/clients/business partners. In a way it could be said that one is "picking the low hanging fruits". This is a logical approach as business is all about taking the path where there is least resistance (time, effort and costs) with the aim of achieving the highest return on profit.

After a few initial years in that market though and once these 'low hanging opportunities' have been exhausted, these New Zealand companies are subjected to the normal market forces. Irrespective of how unique or desirable one's service or product might be, at some point in time they will be faced with increasing competition and this competition might be home-grown (from the local competitors in Asia) or from abroad, and even from other New Zealand companies. To compete, market intelligence encompassing a greater level of knowledge of the market, people, consumers' needs and wants, etc, will be needed. This market intelligence has to be good enough to compete in order to continue to expand New Zealand's share of the market in Asia. Failing this, sales in the chosen Asian markets will either stagnate or be pushed out from the market.

Our experienced New Zealand exporter respondents are saying that if New Zealand companies want to export to Asia, then they should not be held back or hesitate on the basis of perceived difficulties with language. In general terms, they will get by relying on English as a communication tool in the international markets, particularly during the entry phase. However, if they wish to fully commit to these Asian markets and there is a desire to expand in that market, then New Zealand companies will need more than English. To investigate why English alone may not be enough in business with Asia, the survey results will need to be further examined, particularly with regards to our New Zealand exporter

participants' responses to the level of difficulty they experienced in the area of 'business specific culture' in Asia. This is our discussion point in the following section.

## **5.6 BUSINESS SPECIFIC CULTURE**

Previously, studies from Massey University have shown that the shift in New Zealand businesses' attitudes to foreign language seemed to be in line with the changing global environment. Although their shift in attitude towards foreign language use had not extended fully to spoken language, the shift in attitude did nevertheless represent an increased awareness of the need for foreign language, which was encouraging. Subsequently, there had been more recent studies highlighting the need for New Zealand businesses to improve in areas of 'cultural sensitivity' when dealing with our Asian counterparts. Certainly, these are useful but largely, they only serve to identify a problem (the 'what') without any guidance on the specifics of 'why' or 'how' and generally leaving New Zealand businesses with the impression that simply increasing their basic understanding of the language and culture of their Asian counterparts will suffice in improving their chances of a deeper engagement (and success) in Asia. The results of our survey demonstrate that in reality, the answer may be more complex than that.

At the preparation phase, 82% of the respondents indicated they had anticipated encountering some level of difficulties in regards to '*understanding of their business specific culture & protocol*'. This is a significant proportion and was above the cohort's concern over language (77%). What was interesting to observe is that whilst a large percentage of respondents anticipated difficulties with '*understanding of their business specific culture & protocol*' at the preparation phase, in reality, the majority of them did not address these perceived challenges in a proactive manner and simply relied on the assumption that English alone would be enough when doing business in Asia.

The low level of investment in time and resource by the participating New Zealand companies to better understand the culture of the target Asian markets might have been justified on the basis that 60% of respondents reported ‘social culture’ environment as not being particularly challenging. In analysing the responses received with regards to the difficulties these respondents found on the ‘culture’ front, in more detail, results show that the problem lies specifically in the ‘*business specific culture and protocol*’ area. Some 70% of respondents have said that comparably, they have found the ‘*business specific culture and protocol*’ to have been *difficult to most difficult* at the all important entry phase, as previously shown through a comparative analysis on a radar graph. This sentiment upon entering the foreign market mirrored the respondents’ anticipated concerns in regards to business specific culture at the preparation phase.

Earlier it was reported that 90% of all our survey respondents thought that having an understanding of our Asian counterpart’s language and culture gives New Zealand businesses an advantage in business and questioned what the real significance of this result might be. The respondents indicated that they are well aware of the challenges and the need for increased cultural sensitivity in international business has been acknowledged by the majority.

Subsequently, upon a closer analysis of the survey results revealed that to gain maximum benefit from Asia, engagement and commitment should be with a long-term prospect in mind. New Zealand companies wanting to succeed in Asia, must do more than simply rely on English as the international language of trade. For any business, the desired outcome from exporting to a particular market is to make profit and to expand the market share within that market. To do this well, New Zealand businesses must be able to communicate effectively with their counterparts in Asia.

## 5.7 SUMMARY CONCLUSION

Cross-cultural communication in international business in particular, highlights and exposes the complexity of the relationship between language and culture. To communicate effectively, the difficulty lies in that not only one must master the linguistic skills of the language but also the accompanying cultural significance of the utterance as discussed in Chapter 2.

So whilst the ‘cultural’ aspects of our Asian counterparts as far as ‘social customs’ are concerned might not have been a particularly difficult challenge, the business specific culture was found to have been more complex. Cross-cultural communication involves a complex and dynamic exchange of one’s intent, deliverance of feelings and ideas, which cannot be achieved without knowledge of the local language and the cultural context in which language is delivered.

Where New Zealand businesses are not understanding the local language, they are not understanding the business specific culture but they may be making an “effort” to understand the social culture and customs. In fact, many of our survey respondents were of the view that “making an effort is what matters.” In reality, however, the results of this survey suggest that making an effort may not be enough, although, certainly, some knowledge is infinitely better than none at all; as in many cases, our Asian counterparts may appreciate this as a sign of respect for their culture.

In turn, and as an extension of the discussion points thus far, in further support of the finding that English alone may not be enough in Asia, the importance of effective communication needs to be assessed against the wider topic of commercial factors previously mentioned, particularly in relation to how businesses can find protection from the full impact of market forces through building long-term relationships.

The interpretation of the results as put forward in this chapter exposes the vulnerable position New Zealand exporters may be facing in the Asian markets, without the language. In particular, an understanding of what a 'language' barrier really represents for the long-term has been discussed.

New Zealand companies that still feel that there is no need to make an effort to understand the language of the other seem to be particularly missing the point of why understanding the language of their Asian counterparts is important. This is especially so where companies are wanting to expand further and consolidate their position in these Asian markets, as once the supply of "low hanging fruits" has been exhausted, the normal market forces will begin to exert pressure and the initially easy playing field may change its shape; the contour of the field may become more challenging, if one does not have the language.

For as long as there is a benefit, their Asian counterparts will continue to make the effort to meet them on the language front and make efforts to build a working relationship. So the danger is that New Zealand businesses may fall into a complacency mode. Encouragingly, however, this has not been the case, according to the survey results, which indicate that New Zealand companies may have the right attitude and a real understanding of what is really needed to better engage with Asia. The most positive indication of this attitude has been in the results showing that 90% of our respondents thought that understanding the language and culture of their Asian counterparts gave them an advantage in business.

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## CHAPTER 6: CASE STUDIES

### 6.1 INTRODUCTION

The four case studies presented in this chapter have each been selected from a different industry and each highlights different experiences in Asia and South Korea in particular. Our first case study is Company A. This is the most detailed study of the four. The observations are a result of two formal meetings with the director and founder (Mrs B), and a meeting with her staff at a shared lunch. I was also extended an invitation to a presentation by a potential South Korean distributor at the company's head office in Christchurch. Case Study II is Company B which was selected from the ICT/Electronics category. Company B is based in Auckland, and the interview with the CEO of the company Mr M was conducted over the phone in 2008. Due to time constraints, a semi-structured set of questions had been formulated in preparation for this interview. Our third case study is Company C which was selected based on its well established reputation as a major provider of English Language courses for overseas students in Christchurch. For this research, two company employees were interviewed together. Both are young women in their early 20's and employed as sales executives. Our fourth and final case study is Company D, also based in Christchurch. Company D is a successful multi-million dollar global exporter and a leader in the manufacturing sector. It is a large enterprise<sup>56</sup> currently employing 300 staff. Both the marketing manager and the sales manager were interviewed. Each case study is presented and concluded with a summary discussion and conclusion.

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<sup>56</sup> According to the report *SMEs in New Zealand: Structure and Dynamics* (2010), published by the Ministry of Economic Development, only 0.4% of all enterprises in New Zealand have 100 to 499 employees. Company D is the only company of this size participating in this study.

## **6.2 CASE STUDY I – COMPANY A**

### **6.2.1 COMPANY BACKGROUND**

Company A is an SME (Small to Medium Enterprise) based in Christchurch and has been in operation since 1995. It produces high-end skin and body care products with a range of about 200 lines and is currently successfully exporting to more than 10 countries around the world. Its products are all developed and manufactured in NZ and are well received in the domestic market as well as in Australia, Canada, US and UK. There is a new office in Berlin which is the centre of their European market. Sales in Europe overall are strong and growing. Apart from South Korea, which was the company's first point of entry overseas in 1995, its Asian markets now include Japan, Hong Kong, Singapore and Taiwan. Japan was identified in the 2009 online survey as the company's largest Asian market. Also in this 2009 survey, it indicated that of the total annual export revenue, more than 25% (but less than 50%) is derived from its Asian markets.

### **6.2.2 THE STAFF**

The company's production staff in Christchurch (10 at the time of this interview), consists almost entirely of South Koreans. The only New Zealanders in the company are Mrs B herself, her production manager and her receptionist. Mrs B said that she finds the Koreans to be "completely trustworthy, hardworking and utterly reliable employees". Most of them have been with her for many years. When one employee leaves, they immediately embark upon themselves to find a replacement, "usually from their church group" and they take it upon themselves to train the new staff. The quality control manager is Min, a middle-aged native Korean who together with his wife, have been in this company for more than 10 years. His current role in the company is unique as he sometimes steps in as the unofficial translator/interpreter for telephone conversations with South Korea. Mrs

B had wanted for Min to be trained in sales but he found the task “too stressful” and has decided that he is “most happy in quality control”.

During the shared staff lunch, everyone showed wonderful hospitality. Each staff member brought a generous amount of Korean food and it was a unique opportunity to observe first-hand their dynamics. I was told that all the Korean staff had gained employment in this company through their prior acquaintance with Min, through their church. As a result, Min and his wife were treated as the ‘leaders’ amongst the Korean staff. It was interesting to observe that a distinct hierarchy (which was immediately evident through their language) typical of a work environment in the Korean culture, was being emulated within that small group, within a Western company outside of Korea. Min was the quiet type, mild-mannered and softly spoken. He did not seem particularly comfortable however, as the only man in the group I surmised that he was simply holding his authority, the way Korean men would be expected to do, by talking less and listening more, particularly in the presence of women.

Min’s wife, mostly by virtue of her husband’s position of authority (as the quality control manager with all his subordinates being women) was confident and self-assured and exuded an air of authority herself, notwithstanding that some of these women actually seemed older than her. Her position in this hierarchy was evident not just through the language she employed on the other women but through her body language, mannerism and demeanor. She immediately took charge of her surroundings and became the centre of attention by monopolizing the attention of their boss’s guest – me.

She was very talkative and offered a vast amount of information about herself, her educational background and on the background of the company, mostly unprompted. She told me that Mrs B’s entry into South Korea was through her own introduction to Mr H who was an old acquaintance of hers and Min’s and that breaking into the South Korean market is a big achievement, particularly

where the company was able to enter in a big way, scoring deals with major high-end department stores. This, she said, can only be done through the right connections, which by all inferences, I took it to mean her own. I did personally leave this meeting with a distinct impression that she felt unappreciated for her efforts. I found Min's wife to be friendly and engaging which was appreciated, particularly as she was so forthcoming with information, but unfortunately her talkative nature meant that the lunch hour lapsed without my getting a chance to hear from any of the other staff members, including her husband. In fact, after the initial greetings and brief exchange of pleasantries, the other women simply sat silently through the lunch hour and listened (rather attentively) only participating with the occasional nod as a sign of agreement to the information being freely offered by Min's wife. Min himself, seemed happy enough to just enjoy his lunch.

### **6.2.3 ENTRY INTO SOUTH KOREA**

Company A first entered the South Korean market through an association with a Korean New Zealander, Mr H, who had been living in Christchurch (and had been introduced to Mrs B by Min and his wife). I am told by Mrs B that Mr H knew of her products and had expressed deep interest in taking them to South Korea. Presumably he 'knew' of the products through Min prior to being introduced to Mrs B but details as to whether he had asked to be introduced and whose idea it had been was not established. Nevertheless it was an opportunity that happened to both parties by chance through a common acquaintance. He had said that he had been largely involved in business in South Korea before coming to New Zealand and therefore had "many existing business connections and ties back home", and he was confident that he could be successful. Mrs B gave Mr H exclusive distributorship to South Korea modeled on a joint-venture format and the export business was launched in 1995.

At Mr H's suggestion, Mrs B hired a Korean employee, Jin, to work from the head office in Christchurch to deal with the sales enquiries from Korea. However,

her English “wasn’t great initially” and it took much effort for her to be able to communicate adequately with the sales team in New Zealand and liaise with the Korean counterparts accordingly. Mr H eventually returned home in 2004, as he had many other business interests in South Korea. Jin also returned home and continued to work for Company A from South Korea.

#### **6.2.4 EXPERIENCE IN SOUTH KOREA**

In the beginning, Mrs B made regular business trips to South Korea at Mr H’s suggestion, to meet with the retailers. It was suggested to her, that her presence, ‘as a Westerner’, was essential to endorse the authenticity of the company’s products. She was told that Koreans like to see a western product represented by a western face. She recalled that these meetings were often “very long and arduous” and unfortunately for her, they “were conducted entirely in Korean”.

At first, there had been attempts to use Jin to translate intermittently throughout these meetings but this proved to be “far too impractical and time consuming”. Finally, they agreed that Mrs B would “just sit through these meetings” and a summary of the points discussed would be explained in English at the conclusion of each meeting.

She said she found these meetings to be “pointless and non-productive” and many times she “was frustrated” because she felt that her message “wasn’t being translated properly when she had something to say”. She felt that the translator was only translating what “she thought the Korean counterparts wanted or needed to hear” rather than what she was actually saying, or trying to communicate.

She also found it frustrating that the Koreans were “never on time for the meetings” and she would sometimes be “kept waiting for up to 2 hours” and this was “perfectly acceptable to most Koreans”. Mrs B’s presence at these meetings

was viewed as necessary in order to put a 'face' to the company and authenticate the products as genuine 'foreign' goods but she now no longer makes visits to South Korea, preferring instead to conduct all business dealings from her head office in New Zealand. All the overseas distributors are given full customer support, including full training in product knowledge and marketing strategy support. As for difficulties on the cultural side, Mrs B found many things to be "far too different from the western way of conducting business, and it was not just lateness to meetings". She recalled: "In the early days (approximately a decade ago), Korea had very few rules and regulations in place for foreign businesses. Anything was possible if you knew the right person.

Mrs B said that Koreans had a "general tendency to disregard protocol in business". She has not been back to Korea for a number of years so is "unsure whether things have improved now in terms of tightening the rules and regulations for foreign businesses" but she suspects that they may have improved. Among the difficulties in dealing with the Korean market, has been the "general unwillingness from the Korean distributor to take up any suggestions on the marketing strategies" provided by the company. The need for branding, especially the NZ image of pure and natural products, has been repeatedly suggested to Mr H but he has rejected it, instead, wanting to compete on price alone in the Korean market.

### **6.2.5 FALLING SALES**

In South Korea, Company A's items are stocked in famous department stores throughout the country (a total of 9 at the time of our first interview in 2008), however, whilst in the past yearly sales of more than \$1 million dollars (2003) were achieved in South Korea alone, "due to various factors such as the rising New Zealand dollar, sales had been falling steadily since 2003 and the forecast for 2008 was a fraction of that of 2003 (\$160,000)." Mrs B said that "sales in NZ are more than \$1.5 million dollars and therefore "in a country (South Korea) where

the population is many many times over that of NZ, it is fair to expect sales there to be at least equal to that in NZ”. She elaborated on this as follows:

The main point of difference between my products and other body care products being mass marketed in South Korea is the clean and green NZ image steadily enjoying customer loyalty in South Korea as products that can be trusted. Not capitalizing on this point of difference to sell a story and a brand, seems to be a mistake being made in South Korea, to damaging results, as demonstrated by the disappointing sales.

To rebuild the brand and regain wider brand recognition and market loyalty in South Korea, Mrs B insists that a continued investment in marketing is needed. “The hard work over the years that eventually accumulated to the \$1 million plus sales in 2003 has been driven down in the last four to five years by taking the foot off the pedal as he (Mr H) has continued to expand his investments and business interests further afield allowing less injection of cash into the continued marketing of my company’s products and subsequent growth in sales. He no longer seems interested in growing our products in South Korea”.<sup>57</sup>

Her South Korean distributor has been given numerous warnings about the falling sales and the need to improve and revitalize their marketing strategy. After numerous emails drawing their attention to the critical figures, Mrs B has now sent them a final notice advising them of her intention to withdraw the exclusive distributorship agreement, unless they can constructively demonstrate a change in their strategy, including an active marketing campaign: “Unless you can change your strategy and get growth through correct positioning and an active marketing campaign, I am not sure we can continue to offer you exclusive distributorship

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<sup>57</sup> This is Mrs B’s own interpretation of the situation. However, Mr H continued to insist in his emails that she should lower her prices to be able to compete with similar products, some even from New Zealand which had been steadily gaining a market share in South Korea.

status”. In response to this, Mrs B received the quarterly report soon after, from South Korea which forecast a sales growth of 28.9% for 2008. The report pledged that they will improve the competitiveness in department stores but did not explain how. Revitalization of the internet shopping market is identified as one of the targets for growth but again the report does not explain how they plan to achieve this.

#### **6.2.6 MEETING WITH PROSPECTIVE NEW DISTRIBUTOR**

A Korean company (herein referred to as Korean Co.) wishing to secure distributorship rights to Company A’s products had arranged to make a presentation to Mrs B at the Christchurch head office. I was invited by Mrs B to attend this presentation. This was another unique opportunity to observe people dynamics, this time, within a business meeting conducted in English, between an Asian company and a Western company, outside of Asia.<sup>58</sup>

The President of Korean Co. was a young Korean woman, Miss Kim (probably in her late 20’s) who had studied in Australia and was fluent in English. She was accompanied by the Director of Marketing Mr Park, a middle-aged Korean man who spoke very little English. Mrs B’s production manager, Min, was also present. The presentation was aptly conducted by Miss Kim, entirely in English, professionally and faultlessly delivered while Mr Park sat quietly and listened.

Korean Co had been successfully gaining a market share in South Korea recently by introducing New Zealand food products to the Korean middle-class. Their philosophy of ‘all natural ingredients from nature’ to the Korean market was well placed to tap into South Koreans’ current trend for ‘well-being’. We were told that money was no object for the large population of wealthy middle class Koreans

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<sup>58</sup> Mrs B had simply introduced me as Mrs Chang. They would have assumed that I was working for the company. I greeted them in Korean when I was introduced.

concerned with the below standard food products manufactured in South Korea and particularly with the massive amount of sub-standard food products coming from other Asian countries. Korean Co had enjoyed success due to this factor. The clean and green image of NZ in South Korea was a big advantage for market placement of food products and Korean Co was actively seeking new opportunities throughout New Zealand.

After the presentation, it had become evident that despite its success, engaging this company as a new South Korean distributor would represent a big risk for Company A, for its experience thus far had been limited to food products. Furthermore, Korean Co seemed to be interested in only one of the more well-established products of Company A's range which was in fact its best-selling item as well as the signature brand of the company.

Mrs B was looking for a distributor who would take on the entire range so she made her position very clear and suggested another option: - as she had just launched a brand new (cheaper) range which needed a distributor, she asked if Korean Co would be interested. The range she was referring to was displayed at the far end of the meeting room. Mrs B pointed to the display and said, "I will be looking for a distributor for South Korea but at this stage we are not quite ready." She continued talking, "We have to refine our pricepoint and we are still completing our market research."

Mr Park and Miss Kim both listened and nodded but did not ask any questions. Miss Kim made no attempts to translate. Perhaps interpreting the silence as a sign that they were waiting for more information and elaborate on the proposal, Mrs B continued to talk and suggested that the best way to go about it would be for Korean Co to come back to Mrs B with a marketing plan. If she liked the plan, Korean Co would then be asked to "prove itself on the market for a trial period for a further review prior to a more permanent arrangement."

Mrs B's intentions were clear. She was not offering them the distributorship of her new range but merely extending an opportunity for further negotiations in the future, pending the conditions she had explicitly laid out. Those conditions were clear to me. Still there was no reaction from the other parties, so Mrs B continued to talk and offer information about her company and her products. She talked for a considerable length of time, elaborating on how the company got started, their current sales success in Europe, her projections for the company in the future, her expectations for the new range and what needs to be done to fine-tune the price, etc. At no stage was she interrupted and no questions were asked.

This did not seem unusual to me as in the Korean culture, asking questions during business negotiations can be considered to be impolite. They simply listened and continued to nod politely. In turn, Mrs B continued to take this as a sign of understanding and continued talking. Finally when Mrs B stopped for long enough, Miss Kim took this long pause as a sign that it was now her turn and asked Mrs B politely if she could translate to Mr Park.

### **6.2.7 TRANSLATION ISSUES**

Translation problems became evident almost immediately. What Miss Kim said to Mr Park was: "She wants us to think about the distributorship opportunity for a new range she has just launched. We need to bring her a marketing strategy." Mr Park thought about it seriously for a while and told Miss Kim to tell Mrs B that they would think about it and would come back to her. Miss Kim turned to Mrs B and said, "We will think about it and come back to you."

Mrs B nodded thinking that they meant that they would come back to her with their marketing plan, as she had asked. It was clear to me that communication had faltered at this point. Mr Park was answering, 'yes, we will think about whether or not we want to distribute your new line', but Mrs B's understanding of 'yes, we will think about it and come back to you', was that they would think about the

proposition and come up with the marketing strategy as she had asked. Mrs B seemed satisfied but the essence of the message had been missed.

I thought that surely Min would have picked up on this and waited for some reaction from him but he sat there quietly looking down at the table. He did not seem to be engaged in any way in the meeting proceedings and in fact I cannot be sure that he was even listening. At this point, against my better judgement, I quietly and discreetly leaned over to Mrs B (whom I was seated next to) to let her know that the translation may not have been accurate and suggested that Min (as part of the company staff) should translate on her behalf to make sure there are no misunderstandings. By interfering in this manner I may have inadvertently broken the golden rule of 'the observer should never interfere', however, I felt that under the circumstances, it was unavoidable.

Mrs B asked Min to translate again to ensure everyone knew what had been discussed. Min tried to get the accurate meaning across and addressed Mr Park directly while Miss Kim sat quietly. After a few attempts, and questions back and forth from Mr Park to Mrs B through Min, the situation was clarified and Mrs B's intent was finally conveyed. Mrs B looked my way in a manner that was seeking some confirmation and I nodded discreetly to indicate that the translation was now fine. Mr Park left the meeting with a clear understanding of what was required of them but more importantly, what was actually being offered, and seemed visibly disappointed.

I am not certain why Min did not intervene to let Mrs B know that the translation may not have been accurate. Perhaps he had not been listening. Perhaps he did not understand. I did observe that although his fluency in Korean was obviously faultless, his English language competency was of a much inferior level. With the mountain of information which had been provided by Mrs B, Min may have

simply missed out on picking up and pulling out the intended message.<sup>59</sup> Min's personality may also have been a contributing factor. He is shy and by nature uncomfortable in the presence of others as Mrs B had previously correctly pointed. Even if he had appreciated that the message had been inaccurately translated, it is likely he would still have been reluctant to interject during a business negotiation.

A further possible reason could have been that Min was conscious of hierarchy. When Miss Kim and Mr Park spoke to one another in Korean during the presentation, it had become immediately obvious (to me and surely to Min as well) that Mr Park was the boss of Korean Co, despite their titles on their business cards suggesting otherwise. Min might have been conscious of his position as a factory worker in the presence of another male who is obviously of a higher ranking in social hierarchy. This would have made him reluctant to intervene.

At the conclusion of the meeting, Mrs B had decided that Korean Co was not the right company to become her new South Korean distributor, for many reasons. She decided that she was willing to give Mr H a bit more time to turn the sales around as she was "a fiercely loyal person". However, if things did not turn around in South Korea, she would also consider advertising in national Korean newspapers calling for written expressions of interest, or open tenders for the distributorship where interested parties would be invited to submit market strategies, plans and forecast of sales volume for her consideration. Those shortlisted could then make a presentation face to face. She would talk to Mr H and consider all her options.

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<sup>59</sup> In fact, the information overload may have been a factor in the mistranslation also, which will be discussed later.

### 6.2.8 RESPONSE TO THE SURVEY

Responding to the survey some months later, Mrs B wrote, “Joint-venture with Korean native no longer exists and now our company has Korean speaking employee.” Predictably, she has also indicated on the survey that her company had anticipated difficulties when they first made the decision to export to Asia, including difficulties with language barrier, understanding of their social customs and business specific culture and protocol as well as bureaucratic procedures and that she had taken measures in preparation for these anticipated difficulties by (i) hiring bilingual staff and (ii) researching into the services of NZ government agencies. She subsequently rated the amount of preparation as outlined as having been “sufficient”. In terms of the actual experience of breaking into the Asian market, she said that the joint-venture set up with a Korean native had in fact facilitated the entry process.

Nevertheless, despite rating the preparation as sufficient and the entry process somewhat facilitated by the joint-venture method, she rated her overall experience of breaking into the Asian market as having been quite difficult (a 4, on a scale of 1 to 5), with bureaucratic procedures such as government regulations as being the most difficult aspect followed by understanding of business specific culture and protocol of the Asian counterpart.

Furthermore, it is interesting to note that these difficulties were experienced despite her company’s engagement of the services of NZ government agency NZTE on an ongoing basis and subsequently receiving funding from them. From her own experience, Mrs B has also indicated on the survey that an employee of her company who speaks the language of the targeted Asian market is the most effective way to facilitate business at the stage of breaking into the Asian market and equally, the most effective way in helping her company maintain its ongoing relationship with its Asian clients.

As for views on perceptions and attitude to language, Mrs B indicated that English is not enough when conducting business in Asia but learning a foreign language, especially an Asian language is too difficult and too time consuming. However, understanding your counterparts' language and culture does give you an advantage when doing business in Asia. She summarized her views based on her experience as follows:

Every country in Asia is completely separate in terms of culture, customs, expectations, business methods, etc. English is certainly more accepted and more often used than 15 years ago. Young people would benefit from learning an Asian language at school but in reality, they need to learn Korean, Japanese, Mandarin, Vietnamese, etc, as one language doesn't cover Asia!

## **6.2.9 SUMMARY DISCUSSION AND CONCLUSION**

### ***Conflicting interests***

Company A's entry into South Korea had not necessarily been a planned path from the onset. Mr H had approached Mrs B through Min (employee) wanting to secure a sole distributorship agreement for the company's products in what could generally be described as an opportunistic move. He would have assessed at the time that this company's products were unique enough, with no (apparent) competition in the South Korean market. With his existing connections to the larger department stores in Seoul, Mr H had been very confident that he could be successful. The South Korean market did prove to be very lucrative: between 1995 and 2003 sales had grown steadily, peaking in 2003 at \$1million.

Despite the initial success of the products in the South Korean market, the partnership became increasingly strained as sales stalled. Mr H was not willing to take up suggestions on the marketing strategies put forward by Mrs B and preferred to compete on price alone. As Company A had achieved growing

success in other overseas market, particularly in Europe by branding its products with the clean and green New Zealand brand, Mrs B had wanted the same branding strategy in the South Korean market but Mr H was unyielding. The business strategy proposed by Mrs B was not unfounded as evidenced by the success of Korean Co. Despite the obvious merits of her proposals, Mr H's stance eventually resulted in loss of market presence in South Korea and the continuing downslide in earnings.

It could be said that the conflict that ensued between the two parties on the business strategy culminated from more than just a difference of opinions. Perhaps it could be that Mr H's traditional Korean male psyche wanted to assert his dominance over his female counterpart in a business environment. Perhaps he simply wanted to assert his position that he knows best when it comes to understanding his own market in his own territory. Although these factors cannot be ruled out completely, they are unlikely explanations. The most plausible explanation would be that the interests of the parties simply became misaligned.

The effect of market forces during the post-entry phase was discussed in Chapter 5 and it was mentioned that this would be examined more closely through the case studies. This case study represents a good example of how natural commercial factors can affect the efficacy of the local agents/distributor method. The joint-venture model had been successful initially but according to Mrs B's interpretation of the situation, the business partner had lost interest in the business as seemingly more lucrative interests were presented to him upon his return to Korea. Perhaps, his interest had already waned by the time he decided to leave New Zealand. We cannot be sure.

Kanter and Corn (1994) in their study of foreign acquisitions of US firms, examined whether cultural differences make a business difference and concluded that although they (cultural differences) "clearly affect relationships within organisations, tensions are often triggered by other contextual factors". They

observed that problems between two partners “most often arise out of strategic, organizational, political and financial issues”.

In the case of Company A, it is difficult to establish with certainty whether this was the case, but it would seem likely that the conflict in their relationship was triggered first and foremost by their differing views on business strategies and approach. Consequentially, the cultural differences, in so far as their mutual understanding and acceptance of the ways of the other, or the lack of, could be said to have become a contributing factor to the breakdown of their relationship.

This company had enjoyed success in South Korea through a relatively easy path with the least level of investment of time and company resources as the Korean partner who had existing connections in the business (through his *inmaek*) had a good understanding of the market, as well as knowledge of language and culture.

As their interests began to diverge however, Mr H’s own agenda kept him from staying fully committed to Company A, according to Mrs B. As the products no longer became unique and increased competition began to push it out of the market, it meant that the distributor had to work even harder to achieve the high level of sales they had previously enjoyed. Mrs B refused to lower her prices and as a consequence, Mr H had essentially lost interest and pursued other more lucrative opportunities, where presumably he would not have to work as hard (in marketing for instance) to enjoy the same benefits in terms of profit output.

The agent/distributor’s commitment to the New Zealand company is likely to only prevail for as long as he needs the product. As soon as the competition driven market begins to play a role, and the company’s products are no longer unique or desirable, then regardless of how well established the company’s products seem to be in that market, continued hard work is the only way to ensure that one does not lose its market position. Competition on price alone is likely to be the only option once the brand loses its market share.

***Who are the parties in the negotiation?***

Mrs B recalled how it had been necessary for her to visit South Korea regularly during the early stages of establishing the business. To ensure that the products are received in South Korea as genuine foreign articles and until such time that the brand is established, these trips were deemed to be an absolute necessity in order to authenticate the product with a 'western face'. But as she found herself sitting through long and arduous meetings which were conducted entirely in Korean she became increasingly frustrated. Despite Mrs B's own Korean speaking employee's attempts to translate intermittently, this exercise was seen as impractical so instead, a summary of the points discussed was presented at the conclusion of each meeting.

Mrs B's presence at these meetings was purely for authentication. The parties participating in this meeting are the Korean customers and Mr H only. The negotiations exclude Mrs B but she would not have understood the situation. She would have assumed that what she had to say mattered (after all, this was her company and these were her products) but what she had to say did not interest them. To the Korean buyers, their dealings were with Mr H only.

Her presence there was to represent the company symbolically, not to partake in the negotiations, but because she had not been able to assess the situation correctly, understandably, she would have wanted to offer information and be part of the meeting proceedings. This would have made the situation for Jin, the bilingual employee, difficult. She herself was another bystander. One can imagine that she would have been caught in the middle trying to pass on the information from Mrs B to the Korean buyers but would have known that they were not particularly interested. She would have understood the interpersonal dynamics of the situation which Mrs B had failed to appreciate and hence her frustration. Mrs B was left feeling that what she had to say was not being translated properly and her assessment would have been correct. Jin was most probably only translating what she thought needed to be said or she knew they wanted to hear.

### *Bilingual staff not always effective*

But it is more than that. The relationship between Mrs B, Jin (the Korean employee) and Mr H needs to be examined in more detail to really understand the situation. Technically, Jin may be an employee of Company A, but in real terms, her allegiance or loyalty lies with her Korean employer Mr H, who had originally been responsible for securing her employment at Company A. She had not been selected based on her skills, linguistic or otherwise, but based on her pre-existing personal relationship with Mr H and simply on the merit of her native Korean background. She returned to South Korea with Mr H suggesting that perhaps she may even have been a close relative of his. The relationship between the parties suggests that Mrs B's messages were not being translated accurately not because of Jin's linguistic inadequacies but because Jin had more of an obligation to Mr H, and by extension, to his Korean customers, than to Mrs B.

It is important to remember that despite the 'joint-venture' model between Company A and Mr H, he was the distributor and not a part owner or a stakeholder in this company and therefore essentially he was 'the other party'. As such, in a commercial world, his interests would not be expected to always be aligned with that of Company A, but always aligned to his own. Thus on that note, as an employee of Mr H, Jin's interests would always be aligned with his, rather than with that of Company A.

Jin's loyalties are not in question here. This relationship merely serves to demonstrate that it is important to identify accurately who is acting in the best interest of the company. Where the survey findings indicated that an internal bilingual employee is the most effective method for overcoming the language and cultural barriers when dealing with the Asian counterparts, in this case study, this method was not always successful.

### ***Being made to wait***

One other point that emerged from Mrs B's experience in these meeting is punctuality. Mrs B had expressed her frustration not only with these long meetings conducted entirely in Korean but also in the way Koreans disregard the importance of punctuality to meetings. Her experience of having to wait 'up to two hours' was astonishing.

It is difficult to find an explanation and it is certainly an extreme case but does it suggest that her Korean counterparts simply did not give her the respect she deserved? Are they saying 'you are not important'? I was not told of the details as to whether it had been both herself and Mr H made to wait together or whether it was just Mrs B, so I cannot offer an explanation. But judging from the situation encountered in the meetings as analysed above, it would seem likely that it was only Mrs B who was made to wait. In which case, the reason for the long wait could be that preliminary negotiations could have been happening behind closed doors between Mr H and the Korean counterparts before the actual meeting. It could simply be that they did have the best of intentions and wanted to discuss through the main items prior to bringing Mrs B in, to spare her a long and arduous meeting. It would seem unlikely (in logic terms) that the Korean customers would act in such an extremely rude manner and risk losing business. This is a possible scenario but in the absence of more details, it is offered here only as a suggested explanation.

### ***Company dynamics in Korean Co***

The company dynamics of Korean Co was an interesting phenomenon to observe. Within the traditional gender roles in the Korean business environment, senior positions are mostly held by men and women are generally delegated to supporting roles (personal assistants or secretaries).<sup>60</sup> When the president Miss

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<sup>60</sup> Gender discrimination in the Korean labour market is noted in the work of Bai and Cho (1996) who reported that women have limited access to high-wage industrial sectors due to extensive discrimination. Likewise, Hlasny (2012) examined the patterns of profiling of job candidates by

Kim and the director of marketing Mr Park had been introduced, it appeared that there had been a shift in the traditional mentality and that the accepted norm of traditional corporate roles had been reversed in Korean Co. However, their hierarchical relationship although at first not clear, soon became evident most obviously through the language when Miss Kim (an employee) addressed and spoke to Mr Park (most likely an investor) in Korean.

There are nowadays many private investors – from lawyers to accountants, doctors and bankers in South Korea – with money to invest but at times very little English to enable them to conduct business overseas. The front person, therefore, equipped with English language abilities is hired specifically for this task and given an impressive title for ‘face’ in business dealings.

In a hierarchical Korean society, without the right title, one cannot be taken seriously as a person yielding the right amount of authority. Thus it seems that English language proficiency in South Korea may indeed open up opportunities in employment, as discussed in our Chapter 2. Miss Kim’s fluency in the English language places her in a unique position within the company and the investor/s (Mr Park, and possibly more) would be utterly dependent on her. Mr Park’s inability to communicate in English renders him vulnerable and this was evident here in the translation issue that was observed.

### *Translation issues*

The reason for the mistranslation could have been due to several factors. Firstly, it seemed to me that there was an information overload and the Korean parties were trying to sift through this mountain of messages to decipher the main intended

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Korean employers and found evidence of employment discrimination against women. He reported that the majority of Korean women were employed in sales, transportation and service and those with specialized skills tend to be employed as nurses and teachers. He observed that there was clear evidence that in Korean society, the marketplace prefers women for certain positions but not others.

message. Mrs B talked for a considerable length of time before she paused for long enough, at which point the Korean counterparts understood it as a signal that it was their turn. By then, too much information had been offered and the main message may have been buried, or forgotten.

Culturally, the communicative patterns of Koreans (and other Asian cultures, particularly those influenced by Confucian principles) differ from the Western ways and it prevents them from interrupting or asking questions to double check the information while the other person is speaking. Despite the fact that Miss Kim had been educated in a Western environment, the cultural norms which influence how an individual communicates would for the most part remain unchanged.<sup>61</sup> Mrs B, on the other hand, was oblivious to the fact that there might be these differences and mistook their silence as an indication that they wanted more information. She never actually stopped to check and ask if they understood what she was saying. It became a unilateral offer of information on her part, rather than a dialogue exchange as it would normally be in a business negotiation.

But there was more to this. Mrs B did not know that the decision making key person in Korean Co was Mr Park. The interpersonal dynamics between Miss Kim and Mr Park was not particularly unusual in any way (mannerism, behaviour or other forms of body language) to suggest that he might be her superior so without the knowledge of the language, Mrs B had no reason to suspect otherwise.

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<sup>61</sup> Kim (2004) in his study examining the cultural obstacles preventing Korean students' improvement in English language competency argued that the Confucian mentality is actually a negative factor. The collectivistic culture stifles the individual and affords him/her little opportunity to overstep the hierarchically accepted boundaries as defined in a teacher/student relationship. The student, out of respect for authority is unlikely to express individuality by asking questions or expressing opinions. "Just listening to teachers respectfully in class is a norm in the Korean education system." He says that this attitude and acceptance of norm and expected behaviour embedded in the culture, learned from an early age is then extended and reflected in the wider communicative pattern of Koreans in society and business.

She continued to direct the information to Miss Kim who clearly had no problems with English language competency. Had she been able to assess the situation correctly, it is likely that she may have been more mindful to stop, check and ask Miss Kim to translate to Mr Park to ensure the key person was receiving the message. But without an understanding of the hierarchy between the two, she continued to unilaterally relay the information directly at Miss Kim, assuming that she was her equal counterpart (who obviously had no problems with English).

Another reason for the mistranslation could be attributed to the concept of saving 'face'. Not wanting to be seen as having failed completely in the task of securing the distribution rights for which they had come, Miss Kim was filtering the information to Mr Park and packaging it in a way to suggest that they had not been completely unsuccessful but rather that the deal was a work in progress. Failure is unpleasant and can be upsetting, so in the Korean culture, it is not polite to give your boss bad news because it will upset his *kibun*. If you cannot omit it completely, filter it, tailor it and play it down.

A successful business outcome, rightly or wrongly, can be deemed to be a measure of one's own abilities. The mistranslation is likely to have been an attempt by Miss Kim to save face (both hers and his).<sup>62</sup> Miss Kim's fluency in both English and Korean, in equal measures, as was witnessed, indicates that despite the factors discussed above, this was not a case of simply

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<sup>62</sup> Conflict avoidance was observed in a study exploring behavioural strategies in conflict avoidance between Chinese employees with their managers (both Western and Chinese) in the study by Peng and Tjosvold (2011). They reported that conflict avoidance strategies are related to social face concerns and that these concerns were stronger among employees who interacted with Chinese managers compared with those working for Western managers. The study concluded that the value the Chinese place on social face does not mean that conflict avoidance will lead to passive avoidance, challenging the traditional theories based on Confucian harmony principles. Previously in 2002, Leung, Koch and Lu (2002) had already had these observations published in the *Asia Pacific Journal of Management* reporting on their findings of their study examining conflict management in East Asia. They found no evidence of encouragement of conflict avoidance in Confucian teaching and contend that the Confucian notion of harmony actually embodies disagreement and open debates: "Harmony as conflict avoidance is not a main feature of classical Confucianism, but a characteristic of the secular version that is associated with cultural collectivism."

misunderstanding the meaning of what Mrs B was trying to communicate, nor was it a case of Miss Kim not being able to convey the right meaning across in Korean. It is more than likely that the mistranslation was deliberate.

Steyaert and Janssens (1997) discussed the role of language and translation in an international business context and said that within the perspective of culture as a variable and language as representation (of culture), translation becomes a neutral act where language is merely a technical skill required for this act. More recently, Blenkinsopp and Shademan Pajouh (2010) observed that effective inter-cultural communication is an issue of great importance in international business and draws attention to the crucial role of the translator and the potential for cross-cultural communication problems arising from an inadequate understanding of context and relationships.

The shortcomings of translation services were well exemplified in this case study from two different perspectives. Sometimes, the translator, being aware of the cultural factors at play, may at times decide that the directness with which some of these Western suggestions come across could potentially be deemed as too offensive and demanding, and hence perceived as not polite by the addressees. S/he would hence make a judgement call to smooth down and soften the information to fit within the boundaries of what he/she knows is an acceptable level and during this process omit or make additions. Or at other times, the translator simply does not understand the company's products and/or the technical information accompanying them. And at others, on another level, even factors such as a lack of understanding of the company's culture, history and dynamics and what is trying to be achieved at the discussion table, could all be factors which culminate to a lack of a deeper and detailed understanding necessary for a precise and accurate translation, one which is more than just conveying the meaning of the utterance, but rather the meaning of the message.

Translation problems present a unique set of challenges when taken into account the cultural aspects that need to be factored into the technique itself as was shown in this case study. The person with the bilingual skills may hold the key to decide what information gets through and how the information should be presented. The person wanting to convey information can never know for certain if the real meaning of their message has been relayed accurately, but has no choice.

If the difficulties in cross-cultural communication are attributed to the variables of cultural context, then translation, as a mode of cross-cultural communication can be held to be equally or more complex. Pym (2004) notes that successful cross-cultural communication can be characterized by a relatively high degree of effort required to reduce complexity and that to communicate successfully between cultures would thus require a special kind of risk management. This case illustrates that the risk factor in relying on translators to communicate effectively with one's business counterparts would seem to be particularly high given that the cultural factors determining the process is complex to begin with. Where the cultural context and the resulting interpersonal dynamics are not understood by the party wanting the message translated, the risk is likely to become even greater.

## **6.3 CASE STUDY II – COMPANY B**

### **6.3.1 COMPANY BACKGROUND**

Company B is a successful multi-million dollar global exporter in the ICT/Electronics category, with distributors throughout Asia, Europe, USA, South America and Middle East. It is a relatively new exporter when compared to Company A, with exports to Asia only since 2005. South Korea was its first entry point in the Asian market and the company has since opened offices in both Seoul

and Japan in 2010. It also has an office in Singapore, which is the service centre for the Asian market, chosen in particular for its central geographical location.

This company is a leading designer and developer of touch screen technology. It is a pioneer of the latest optical technology and design to provide unique, cost-effective touch-screens for a wide range of applications, including after-market touch sensitive overlays that retroactively fit to existing computer and display screens. In 2008, according to the local media, Company B had won a multi-million dollar contract to produce optical touch-screens for Hewlett Packard's first generation of Touch-Smart computers. In 2009 it was named in Deloitte Technology Asia Pacific Fast 500 list as well as in Deloitte New Zealand Fast 50. Company B has 70 employees and its largest market is South Korea with sales figures of US\$1 million (in 2008) which was expected to grow. Its annual revenue from the Asian market alone is up to 25% of the company's total annual export revenue. The interview was with the CEO of the company Mr M.

### **6.3.2 EXPERIENCE IN SOUTH KOREA**

Company B's opportunity in the South Korean market came through a meeting in a trade show with an agent who is now its South Korean distributor. Once the decision had been made to export to South Korea, Mr M set out to hire a Korean speaking employee. "From the very beginning, I knew I needed a Korean speaking employee", he said. He had always been "well aware of the differences in the Asian culture". At the time of the interview, this Korean speaking employee had been with the company for five years. She was a Korean native educated in New Zealand and had excellent English. She had no prior experience in sales or the IT industry but she had been given extensive training on the job in sales and customer service. He regarded her as "absolutely essential" in dealings with his South Korean counterparts and said that "it just couldn't have happened without her". This company has 20 bilingual or multilingual employees and Mr M

said that he was planning to hire more in the future. When selecting his staff, he said that “the candidate with bilingual skills would always have that advantage”.

The services of NZTE are tapped into on an ongoing basis in South Korea and Asia, especially the translating services. He has found their services to be practical and helpful and he contracts them regularly to run meetings and during visits to his customers. Like Company A, this company has also received funding from NZTE in the past. Mr M indicated that he was “very happy with their services” and found them to be “very good at what they do”.

In terms of difficulties encountered in South Korea, Mr M singled out ‘business specific cultural differences’:

It’s difficult trying to understand the organizational structures in large corporations and whether you’re talking to the right people, even now. It’s not transparent. With large corporations such as Samsung or LG for example, you may be sitting through a long meeting only to find at the end that this is not the ‘top guy’. It may take a few more follow up meetings and so on with various people to finally get to the person who has any decision making powers, or you think this is ‘the guy with the answers’ but more often than not, you never get there. The multi-tiered and multi-layered structures of these large Korean corporations mean that you never know exactly how the guy you’re talking to fits into that structure. Their titles (on their business cards) don’t give you any clues.

When asked if he now had an improved understanding of their business specific culture and protocol, he said that he was “still frustrated”, but he qualified that by explaining that “things are so different” and one just “has to accept it”. He stressed that it is very important “not to impose our way of doing things on them and expect that our way is the right way”. For instance, he explained that at first he could not understand “why the meetings didn’t conclude in the meeting rooms”. Whilst the need for networking and building relationships happens in every

business relationship, in South Korea “it’s taken to a whole new level where the trust building process is so long and arduous and you just have to do it – it would be rude not to”. To this he added, “You go for dinners afterwards and drinks and before you know it it’s past 1 in the morning and you have another early meeting the next day. And this could go on for days on end.”

### 6.3.3 VIEWS ON LANGUAGE

*“They never expect me to speak Korean...”*

As for his observations on the need for an Asian language, Mr M said, “I am not expected to learn the language but I am expected to understand the culture and be sensitive to cultural issues. Any attempts to better understand the language is appreciated (by my Asian counterparts) but not mandatory.”

When asked why he thought there was this expectation, he answered, “These are my own expectations”. He noted that the Koreans are always trying to make a “great effort to speak English better” and are often apologetic at their limited abilities. “Their own expectations of English language abilities seem very high and they are often almost embarrassed at themselves when something is said (in English) and they don’t catch it the first time.”

His own understanding of the Korean language is still limited to basic greetings but even that, he said, is “very much appreciated” by the Koreans:

They never expect me to speak Korean but they kind of impose it on themselves to be able to speak English to a level more than just introducing themselves in my language. They do seem to understand quite a bit though, more than they give themselves credit for, especially those people in top management. I find it strange that their English is not bad but they are always apologetic. But I always have my interpreters there anyway.

As for the need for foreign language skills in general, he said that learning a foreign language, especially an Asian language is too difficult and too time consuming but one could make “an effort to learn and pick up cues in the other culture, especially those that will ensure nobody is offended in any way”. He added, “It is important to show respect in that way.” Throughout the interview, Mr M focussed on stressing this final point to me.

Mr M said that he is able to communicate in English with the Koreans somewhat adequately although they still tend to “speak Korean amongst themselves during meetings”. He indicated that nowadays English is enough when conducting business in Asia “because you can always get help”, referring to the interpreting and translation services provided by NZTE on foreign ground which he has been relying on a regular basis. They also arrange meetings and offer other services such as meeting him at the airport and taking him to meetings. He said that he has been “more than satisfied with NZTE’s service”. However, for the day-to-day running of the business, Mr M said that his company’s bilingual and multilingual employees are “indispensable”.

#### **6.3.4 SUCCESS AND EXPECTATIONS**

When asked in 2009 what his definition of success was, Mr M responded that his own personal expectations of success in Asia would be achieved only when he “lands a multi-million dollar contract with a large Korean corporation such as Samsung or LG”.

In October 2010 it was announced that the company would exhibit at Korea Electronics Show 2010 as well as in FPD International in Japan. Furthermore, in December 2010, it was announced that this company’s touch screens would be integrated into the new all-in-one (AiO) computers released by Samsung. Whether or not this deal is the multi-million dollar contract that the company had been

aiming for, cannot be known, but it would seem from the results that Mr M might have finally succeeded in at least dealing with the ‘guy with the answers’.

### **6.3.5 SUMMARY DISCUSSION AND CONCLUSION**

Reflecting the view of many New Zealanders doing business in non-English speaking countries, Mr M indicated that English is enough when conducting business in Asia, and in fact, has noted that South Koreans seem to be making a great effort to speak English. Their own expectations of how well they should speak English, means that they are often more apologetic than necessary at their limited English language ability. He himself was not expected to speak Korean but added that even a limited display of basic linguistic ability such as greetings, was very much appreciated by the Koreans.

It would be fair to suggest that the amount of effort the South Koreans are making to speak English, without ever expecting Mr M to speak Korean, is a good indication of how much the Koreans value this company’s products. The niche market that it has established over the years during a relatively short time was due to the fact that his product was unique and there were no other similar products competing for a market share. In other words, they need Company B more than it needs them. In a commercial environment, the side that needs it more, will always make more of the effort. It seems to be a logical explanation.

Whilst the wide acceptance of English as an international language and the obvious effort by Asians to master the language means that business in Asia can be conducted with no language other than just English, this case study suggests that such an assumption would be misguided. Company B’s dealings in South Korea are with large corporations and business negotiations would have taken place mostly with those on the executive levels and middle management. At that level, especially in large corporations, it would be easy to assume that most of the business counterparts would be likely to have fair to adequate English language

skills. But despite South Koreans' obsession with English language proficiency and the increasingly high importance placed on these skills for white-collar employment opportunities (as discussed in Chapter 2), South Koreans, still cannot communicate effectively in English; as demonstrated in this case study, where it was reported that translators and interpreters were required for all meetings.

In this case study, there are many parallels to Case Study I so in our discussion, I would like to note the observations from a comparative view approach between the two companies more or less categorised into two areas: (i) effectiveness of bilingual staff and translators and (ii) being aware of the differences.

#### *Effectiveness of bilingual staff and translators*

***“The candidate with bilingual skills would always have that advantage”.***

This case study supports the key finding from our survey in its reporting of the value that bilingual and multilingual staff represent to the company. However, a comparison between the experiences of the two companies shows that there are factors which will affect the degree of effectiveness of this method.

The main difference between the bilingual staff of Company A (Jin) and Company B was primarily in the area of English language competency. But that is not all. The bilingual Korean employee of Company B had been educated in New Zealand and had been chosen as the best suitable candidate through a selection process whereas Company A chose its employee based solely on the candidate's association with the company's joint-venture Korean partner and consequently the nature of the relationship was also discussed as a factor affecting the outcome of translation.

Company A's reliance on its bilingual staff for translation had produced unsatisfactory results on both counts, with Jin and Min, who both did not have the adequate level of English language competency to be effective. But as discussed, linguistic competency may not have been the main contributing factor to miscommunication and mistranslation. The different communicative patterns of the parties involved, cultural context, individual personalities and the nature of the relationship between the parties were all observed as other contributing factors affecting how and how much of the intended message was being transmitted. The conclusion was that translated messages in cross-cultural communication could not be relied on for accuracy.

Company B, on the other hand, has reported that translation services have been very satisfactory. The approach adopted here towards cross-cultural communication through a third party is from two angles: for day to day company operations, it relies on the internal bilingual Korean employee, who attends to customer sales enquiries and all communications with the Korean customers from the head office in Auckland; and for translation services during business meetings on foreign soil, professional translators employed by New Zealand government organisations abroad, are relied on. We can presume that these translators are linguistically competent and professionals well-rehearsed on the technical language required in this industry. With this approach, Company B has been able to avoid all the problems experienced by Company A: firstly, there are no loyalty issues with the internal staff as we discussed in Jin's case; and secondly, as objective outsiders there would be no hierarchy issues between the professional translators and the Korean counterparts during meetings – their role is just to provide service.

### ***Being aware of cultural differences***

This case study was also a good illustration of the hierarchical nature of the business environment in South Korea where the large corporations especially, are multi-tiered and multi-layered, and highly hierarchical, and this is often translated into lack of transparency. This can be problematic. As seen in Case Study I,

understanding how individual persons fit into the hierarchical system is not easy without the language. Likewise, Mr M found it can be difficult to identify who the person with the decision making powers is, especially within a large corporation.

Mr M indicated that understanding the business culture of the South Koreans is still very much a work in progress. Although he was still frustrated at how different things are, he was careful to point out that it is important “not to impose our way of doing things”. His primary concern does not seem to have been with the difficulties anticipated in understanding the language but mostly with the differences in culture and subsequently with the different ways things are done in business but invariably he concluded that “one has to accept it”.

In examining the experience of Company B in South Korea, it seems that above all else, the attitude of the CEO has in fact been the most positive factor in helping him achieve success in South Korea and it is this very attitude that is the driving influence behind his approach to difficulties and challenges. As discussed in Chapter 1, South Koreans rated ‘sensitivity to the Korean culture and tradition’ as ‘extremely important’ and yet, New Zealand businesses doing business in South Korea were seen as lacking in this area by the South Koreans who were surveyed.

In contrast, Mr M’s performance in this area is likely to be rated very well. He had been “well aware of the differences in the Asian culture” from the very beginning and has imposed expectations upon himself to understand the culture and be sensitive to cultural issues and has said it is particularly important to make “an effort to learn and pick up cues in the other culture, especially those that will ensure nobody is offended in any way”. He felt that it was important “to show respect in that way”. He understands that the way things are done in South Korea are different to the usual understanding in the Western world so despite his expressed frustration, his acceptance of this, but more importantly his sensitivity to these differences was evident.

In many ways, this attitude is in contrast to that of Mrs B from Company A. She had expressed an equal amount of frustration at the different ways things are done in South Korea but there had been no evidence to suggest that she had accepted these differences. The root of the frustrations stem from her relationship with her Korean partner/distributor, a relationship which although mutually beneficial did not seem to have been built with a clear understanding of what role each party would assume. This was evidenced in the way she was treated in the meetings in Korea.

In *her* model of the business joint-venture, she still retained the ownership of the products and he was her distributor (as she had said) but in *his* view of the partnership model, he was an equal partner, not a distributor. South Korea was *his* market where *his* connections had allowed the business to get established in the first place. So she had not been treated with the respect that would be expected (understandably as this is her company and these are her products). He had assumed ownership and taken control as an equal partner rather than understanding that he is a distributor.

Perhaps she would have been more accepting of the differences and been left less frustrated had the relationship been made clearer from the start and she had been treated better. And perhaps this was more than a lack of understanding of roles in the partnership – a simple clash between two strong personalities, incompatible for whatever reasons. No conclusions can be drawn but one fact has been made clear, is that the variable factor in the outcome of this cross-cultural encounter, in whatever cultural context, was the human factor.

On a final note, Mr M's (Company B) personal view was that the process of building network and trust must be treated as an ongoing and protracted process but the acceptance of this factor is the first step to success when doing business not just in South Korea but in Asia. Many survey respondents had expressed similar views on the importance of building relationships and indicated that it is a

process which takes time and a lot of patience and many indicated that building solid relationships is crucial for long term business in Asia.

## **6.4 CASE STUDY III – COMPANY C**

### **6.4.1 COMPANY BACKGROUND**

This company is a leading provider of English language courses in Christchurch. It employs 30 staff and has been successfully exporting globally since 1991. Their students come from China, Hong Kong, Taiwan, South Korea and Japan, with the latter as their biggest Asian market currently. South Korea had in previous years been their largest market but at the time of this study, Japan was ranked first. The two markets (Japan and South Korea) alternate back and forth in the top two rankings. More than 50% of this company's total annual export revenue is derived from Asia. The rest is from Middle East, particularly Saudi Arabia, with a small number from South America and Europe. Saudi Arabia is a growing market currently due to the free government scholarships granted to their citizens.

### **6.4.2 CULTURAL DIFFERENCES**

Both interviewees, young female executives in their early 20's, said that their company did indeed anticipate difficulties with the Asian market, in all aspects: - with language barrier, social customs, business customs, as well as with bureaucratic procedures. For that reason, they hired bilingual staff specifically to cope with the anticipated difficulties. In addition, they have engaged the services of NZTE to help them guide through the process but nevertheless, in summary, the experience of breaking into the Asian market was rated as 'difficult', overall.

Despite seeking and receiving support and guidance from NZTE, they did not receive any funding from them. The assistance they receive is on an ongoing basis, and is of a more practical role due to the nature of their business. The company attends agent workshops in six to seven different countries per year and these are organized by the staff at the offshore offices of NZTE who source out and make contact with 20 to 40 top agents in each of the countries for these workshops. NZTE also works closely with NZ Immigration.

In this type of education sector, a large network of international agents is contracted, mostly on a commission basis to “source out students” from the Asian countries. Their agents all have good English, “some better than others” and they are almost all natives to that country. Whilst most of their business is derived from the workshops overseas, they also receive “random enquiries from agents in New Zealand asking them if they could direct students to them”. Overseas agents based in New Zealand are directed to a database of English schools through NZTE.

As sales executives, both interviewees travel to Asia regularly to meet with the agents and they have noticed that at times, they are treated with a “bit of hesitation” and it takes time for them (Asian counterparts) to “open up and be comfortable” around them. One interviewee said:

They think that because we are young and females we must be lower down in the chain. Their reaction when they meet us is ‘wow, you are so young’ before they even say hello. They are surprised even though they have communicated with us in the past through emails. We are both young and we are females and often our counterparts are men so at times we feel that we are not taken seriously or that they think we don’t know what we are doing. Once we prove ourselves, after talking and discussions, then it eases a bit.

And the other interviewee added, “When our CEO travels with us to Asia, he usually meets with the CEO. We feel more comfortable and we find that it’s more useful for us to meet with the counsellors and the people who are interacting directly with the students.” However, they both suspect that increasingly, Asian men were exposed to having to deal with young Western women in professional positions so things “weren’t so bad” and they were now more “careful not to judge”.

### **6.4.3 VIEWS ON LANGUAGE**

Whilst one of the interviewees said that from her experience most Asians have a good understanding of the English language and that they (Asians) understand our culture so business itself is not difficult, the other interviewee said that English is not enough when conducting business in Asia. Nevertheless, they both agree that understanding of the counterparts’ language and culture is an advantage when doing business in Asia.

In this respect, both women expressed frustration at their limited knowledge of the Asian language and culture, even though one of them has some knowledge of the Japanese language and the other had a majored in Chinese language. However, because they had dealings in more than one Asian country, they admit it would be “impossible to learn all the different languages anyway”. They said that they do make an effort to learn the basic cultural rules of social etiquette of each country as well as basic greetings in each language. “It shows respect.” On that note, they also both strongly agree that cross-cultural communication is difficult as it involves more than just mastering the language.

Both interviewees had a background in Linguistics and had taught English at the company before moving to the sales team. One of them majored in Chinese Language and Linguistics and said that from her experience, her knowledge or the Chinese language has definitely been beneficial but she would not consider it

essential. She had started learning Chinese in High School and that her family had encouraged her: “I saw that the opportunities for jobs would be greatly enhanced by an Asian language so I took up Mandarin in High School. They (family) knew that China was beginning to open up and that would have a bigger bearing on international relations and trade.” She explained that her family had always been involved with international students and were “very well-travelled”. She had also studied Spanish for one year and feels that her Spanish is more fluent than her Chinese, which she had studied for eight years. Her reading and writing of Mandarin was reasonably good but she felt she needed more practice with speaking.

The other interviewee had limited knowledge of the Japanese language and she had become interested in learning it after having travelled to Japan as part of the sales team. Previous to that, she had taught English in Japan. In contrast to the other interviewee’s family, her family was not well travelled and had never encouraged her to learn an Asian language early on. Her current interest in learning an Asian language was through personal interest alone and not through necessity even though the majority of the people she had encountered in Japan, did not speak English and she had found the experience of asking for directions frustrating. She had also studied some French.

In terms of needing an Asian language for business in Asia, she thought that it was not necessary as all the agents spoke English. She thought that what was important is that “you show them that you value their culture”. An effort should be made to learn the basic cultural tips and etiquette of each country in order to avoid offending them. She said that in countries such as Japan, it was important not to make any cultural faux-pas as they were very sensitive but in other countries such as Thailand, they were “very relaxed about it and more understanding”. In their jobs, both women had learned the necessary business etiquette as they “went along” rather than having studied them.

#### **6.4.4 EXPERIENCE IN THE ASIAN MARKET**

Both women indicated that the business specific culture in Asia is difficult in general. In South Korea in particular, the market is more price sensitive. “They always ask for discounts.” Company C however concentrates on quality and service. The school has a good reputation which they have built on since 1991 as they provide the ‘whole package’. They help with obtaining visas and insurance as well as overseeing the students’ accommodation arrangements through their homestay co-ordinator. Whereas some agents would insist on signing up the students and binding them to a contract with a particular school prior to them leaving their country, the education agents affiliated with this school encourages students to come to New Zealand and meet the staff of the school and look around before choosing the school they like and committing themselves.

This ensures that the students are happy knowing that they had a choice. The level of service the school provides is a full package and the staff, including the counsellors who are “like their mothers”, are mostly all bilingual. The majority of the Korean students are in their 18’s and 20’s, hoping to learn enough English to gain acceptance into New Zealand Universities, while others learn English to gain University entrance qualification in South Korea. Some are mature students, mostly teachers who are here to improve their English and this senior market is said to be on the increase.

I was told that the South Korean students, when they first arrive in New Zealand are placed in Kiwi homes where they pay about \$200 per week for basic food and accommodation. However, most of them do move on to homestays run by other Koreans, who charge \$300 up to \$400 per week. Despite the obvious disadvantage of living with other Korean families, where the opportunity to be immersed in the English language would be denied, the parents of these students who would normally come from privileged and pampered backgrounds, quickly opt for the more costly option of accommodation in Korean homes for their children, with the

understanding that they will be fed Korean food in abundant portions and treated in a manner similar to the way they had been accustomed to back home in comfortable surroundings. This “defeats the purpose” but Korean parents value their children’s comfort and well-being over and above the need to learn English, despite the added financial burden this creates, especially when tuition fees are factored on top of accommodation expenses. Thus the international student market is a much needed source of income for the Korean community itself, as well as a lucrative export market for the wider New Zealand economy.<sup>63</sup>

The interviewees said that the South Korean market is seen as more “long term”, despite the current spike in Saudi student numbers. The company expects that when the Saudi government stops awarding free scholarships to students studying English abroad, the Korean market will again become the largest market for this company. Over the years the in-flow of students from South Korea has remained steady despite the difficult economic climate globally.

#### **6.4.5 SUMMARY DISCUSSION AND CONCLUSION**

The success of this company is a good representation of the wide-scale popularity of English language education in New Zealand to Asian students, most of whom intend to stay on and further their education here by gaining entry into New Zealand Universities. The popularity of the English language worldwide was discussed in previous chapters and this case is an illustration of how New Zealand is directly benefitting from this. It is worth noting that the role of NZTE in an industry such as this seems to be of great value, in fact, the practical assistance it provides may even be deemed essential. Their offshore offices contact agents and organize agent workshops for English schools in New Zealand and without this offshore service, it would be difficult for schools such as Company C to source out agents overseas, as they deal with many different countries throughout Asia.

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<sup>63</sup> This is also discussed in the author’s previous study on the experiences of Korean migrants (Chang, Morris and Vokes, 2006).

The role of NZTE for New Zealand companies operating overseas was also noted as being a contributing factor in the success of Company B and to some extent Company A.

### *Cultural differences*

Although business in Asia was rated as generally 'difficult', it was not due to a lack of understanding of the Asian language or languages, as the overseas agents this company engaged in different parts of Asia all spoke English, albeit in varying degrees of competency and fluency. In this industry, fluency in the English language would be a basic requirement.

Sharing the views expressed by both Company A and B, the interviewees of Company C said that when dealing with an Asian market, knowing the language of that country was not essential for business, although beneficial. Understanding the counterparts' language and culture gives an advantage when doing business in Asia, however, they are of the view that it would be impossible to learn all the different languages of Asia, especially when they are not dealing with one country in Asia, but many. They said that they personally make an effort to learn the basic cultural rules of social etiquette of each country as well as basic greetings in each language, in order to show respect for that culture. This, in their view, was more important than understanding the language itself.

The interviewees also reported on another difficulty encountered in other aspects particularly in countries such as China, Japan and South Korea. Their age and gender was often received with a measure of hesitation by their Asian counterparts, especially since most of their counterparts were men. This is not unexpected as women in the workforce in Asia, especially young women in their early 20's, tend to be employed mostly in administrative and other supportive roles within a company rather than in more active executive roles such as that of a sales executive. This point was also mentioned in Case Study I. However, this was not a particularly difficult hurdle for these young women. They simply accepted

that there are these differences in attitudes towards young women in executive positions and just made a conscious effort to “prove themselves”.

### *Long-term relationships*

One important observation in the experience of Company C that we can compare with the other two preceding case studies is the importance of long-term relationships. It was reported that the South Korean market in particular is a price driven market. We are told that Koreans “always ask for discounts”. The experience of Company A was similar. The conflict with the distributor had been over prices: Mr H wanted to compete on price alone whereas Mrs B wanted to maintain the status of her brand. The conflict eventually caused the partnership to dissolve. Company C on the other, has been able to justify its high pricepoint based on the the good reputation it has established over the years as a provider of quality of service above all else. But this does not mean that the quality of Company A’s product was in question or that Company A did not have enough time to establish itself in the Korean market. The difference between Company A and Company C seems to lie in the strength of the relationship they have built with their respective Asian counterparts.

Company C has been operating in Asia since 1991. During this time it built a strong working relationship with its overseas agents. The CEO of the company as well as the executives make regular trips to Asia to meet with their clients. Where under normal circumstances a new business would have to compete on price alone, a long-standing company of good reputation such as Company C, with a market presence in Asia over nearly two decades, has now formed business networks and forged strategic relationships with key partners, to be in a position well regarded enough to be able to sell its products based on quality (primarily) without being undercut on price. This illustrates well why building relationships is considered to be of utmost importance in the Asian markets. Many of our survey respondents had also indicated the same.

## **6.5 CASE STUDY IV – COMPANY D**

### **6.5.1 COMPANY BACKGROUND**

Company D is a successful multi-million dollar global exporter and a leader in the manufacturing sector with waterjet propulsion systems for boats as its main product. This is the last of the case studies and its main point of difference to the previous three is the size of this company, with 300 employees. For this case study, both the marketing manager and the sales manager were interviewed.

This company currently exports to all countries in Asia: China, Hong Kong, India, Japan, Singapore, Taiwan, Malaysia, Vietnam, Indonesia, Sri Lanka, Philippines and of course South Korea. The sales manager explained that the company exports 98% of their products worldwide where the annual export revenue from Asia is approximately 30% of their total export revenue. This company's largest Asian market is South Korea where their market presence was established more than 20 years ago. Their first point of entry into Asia happened about 25 years ago and it was "either Singapore or Japan". He was unsure, as it had "happened so long ago".

In 2009 the company opened an office in Singapore and this was a "strategic move (geographically) to look after the Asian markets". When asked why Singapore was chosen over Hong Kong, for example, given that both countries have English as their official language and they are both equally placed centrally in terms of geographical location within Asia, I was told that it was because "that is where the boss lived before so he knew the place".

### **6.5.2 EXPERIENCE IN ASIA**

Both interviewees said that the company had anticipated difficulties with the language barrier, understanding of the social customs, business culture and

bureaucratic procedures, during the preparation phase prior to entry into Asia. In turn, the company investigated the services of various NZ and international agencies in preparation for the entry phase. The marketing manager rated the amount of preparation as somewhat sufficient but added, “It is an ongoing process.”

They had engaged the services of NZTE at that stage and have subsequently received funding from them in the past. Unlike Company B, however, they do not currently utilize their translation and interpreting services. Both interviewees indicated on the survey that contracting the services of a professional translator and interpreter has been the least effective method in overcoming the language barrier. Whether they are referring to the translating services provided by NZTE or not, is not known.

When asked about the difficulties they had experienced when breaking into the Asian market, the marketing manager said the business specific culture and protocol was the most difficult, followed by bureaucratic procedures. Overall, the experience was rated as “difficult” (a 4 on a scale of 1 to 5, where 5 is “very difficult”). He said that it was “more difficult than Americas and Europe”.

The sales manager had similar views. He indicated that the most difficult aspect when dealing with Asia is the socio-cultural aspect, followed by business specific culture and protocol: “It’s knowing how it goes on.” He said that he now accepts that “it’s part of their business culture” and he “understands what’s going on”. As a specific example, he recalled when a meeting in South Korea had been planned to be held over a week and a half:

The time allocated to that meeting, to us, that was way way more than is required. I mean it’s grossly inefficient and a waste of time. The meeting was painfully slow. But now I understand what is going on in the background - distributors

getting to know the shipyard and forging links, strategic links. That's the purpose of why the meetings were so long, that they need time... to forge these links....

In terms of what has actually facilitated the entry process into their targeted Asian market, the marketing manager said, "We use a network of carefully selected distributor companies who help bridge the cultural gap. We ensure our distributors are able to communicate in English and we spend time with them to develop good relationships and understand their business and country."

The sales manager explained that back in the 1960s and 1970s when the company first started, "people would just wander into the factory, having heard about the company, wanting to be distributors" They would just come in and say, "Can I represent you?" He added, "It was kind of opportunistic." On their company's success, he reiterated the viewpoint of the marketing manager, that from their worldwide experience, not just in Asia, one of the keys to their success has been the network of local distributors: "Having good English language skills is our main selection criterion. Our distributors all have good English."

### **6.5.3 VIEWS ON LANGUAGE**

As for their views and attitudes to foreign language, the sales manager thought that learning a foreign language, especially an Asian language was too difficult because of "the length of time that it takes to learn an Asian language". To this, he added, "We would need so many languages because we operate in so many different Asian countries."

Having said that, he noted that "foreign language skills are very helpful" and that he himself had studied French in an immersion course in the south of France and back in his days, he was one of the very few learning a second language. His bilingual skills are highly valued by the company. Company D has other bilingual

staff with Italian, Japanese, German and Mandarin. On the need for foreign language skills, he expressed his views as follows:

Foreign language would be ideal. New Zealand is so far behind but essentially our company has found a way around negotiating that by using local distributors. I am not disputing that learning the local language is an advantage but when we are dealing across Asia, the effort in doing so is outweighed by the benefits if you have a local partner who can translate and give assistance with cultural guidance.

The marketing manager was of the same view:

In our situation where we use distributors to help bridge the cultural gap (globally, not just Asia), we make a concerted effort to build good relationships with the distributors. This included having conferences in New Zealand and also in distributor countries from time to time to help us understand how they each do business and increase our understanding of their culture.

#### **6.5.4 CULTURAL DIFFERENCES**

*“In Asia, the cultural issue is almost paramount.”*

The sales manager said that he still does not know everything about their (Korean) business culture. “I know hierarchy, my understanding is that age is the key,” he said, “I got told that. I had that explained to me before I got to the place.” To this he added:

It’s essential to take guidance from our distributors: – every part of the world is different. For instance in Europe, the technical aspect is of paramount importance, not the language issue. In Asia, the cultural issue is almost paramount. Technology takes on a much lower level. As a European, you get taken out by the Korean distributor with the client or anywhere in Asia, and latitude will be given

for not observing every last cultural bit. You've got to be open to new things, like passing of glass at the table. I just picked that up from the table. You have to do that to get along with them.

He also explained that because the way business is conducted in South Korea is so "vastly different to the usual understanding in the Western world", without the local distributor network, it would be impossible to conduct business there. On this, he cited a specific example:

We have a Korean distributor who does major business with Korean coastguards. The organisation has some 28,000 people. He told me that over the years, he has taken 7000 of them out to dinner. Sometimes he'll be doing 3 dinners a night. No way in hell we'll do that in New Zealand! He's got all those key links and so on. So the key to doing business up there is in the hands of the distributor.

Furthermore, he explained that for OEMs (Original Equipment Manufacturer), the key relationship in many ways is between the distributor and the client but they "need to be in the picture as well although their relationship with their end client is "nowhere near as strong". They do get to meet with the end client (shipyards and coastguards), although "not very often".

Both interviewees agreed that communication across cultural boundaries is difficult and the marketing manager said, "A lot is gained from face to face communication over and above what is said." The sales manager said that face to face meetings are essential and recalled an incident in South Korea when a project was being developed for the Korean coastguards:

When we were going through the process of developing the product and securing the contract, even though we had worked with our Korean distributor for 20 years, those face to face meetings were absolutely essential. We would have email and phone communication going back and forth and we would see our (and their) understanding of each other diverging more and more. Someone then has to get on that plane. They come here or we go there. We have a face to face meeting. Straighten everything out. Four or five weeks later, we're parting company again. Someone gets on a plane again. Start again. You get an email. You pass it amongst 3 different people and we all get a different understanding. Then you get on the phone and you get more information but you still don't get a full picture.

He noted in particular that face to face meetings were crucial, because with emails "you miss all sorts of nuances". This seemed a wise observation so I asked if he thought the problem was because Asian languages were more high-context, he replied, "No, this problem is not just specific to an Asian client."

#### **6.5.5 SUMMARY DISCUSSION AND CONCLUSION**

*"Foreign language would be ideal. New Zealand is so far behind but essentially our company has found a way around negotiating that by using local distributors."*

Company D has established itself successfully in the Asian market over a period of more than 20 years. It is a large company when compared to the other three case studies and its continuing success in South Korea remains unchanged. It currently exports to a number of countries in Asia and the interviewees attribute the company's success to one key factor: a wide and extensive distributor network, carefully selected, where one of the major selection requirements is English language proficiency.

### *Cultural guidance from distributors*

For a large company such as this, with business interests spanning globally, the practical assistance met by forging ties with their chosen English speaking distributors, is the key to overcoming the difficulties encountered in the form of cultural gap. As each country in Asia represents a different language, a different culture and in summary, a different way of doing business, without disputing that knowledge of a foreign language would be ideal, logistically, given the length of time that it takes to learn an Asian language, coupled with the fact that they would need so many different languages, this is deemed to be an impossible task. They seek cultural guidance from their local distributors especially in Asia, where the “cultural issue is almost paramount”.

The key to Company D’s success as exporters, in Asia especially, seems to emanate from their deeper appreciation and understanding of the unique role of culture when doing business in Asia, an understanding which they have earnestly acquired over their longstanding experience as exporters to Asia, spanning over two decades. The understanding and acceptance that each country in Asia does indeed do business differently to the usual understanding in the Western world; that one cannot be expected to impose the Western ‘norm’ into their business practices; and that the cultural gap is very real. They understand this and consequently seem to rely heavily on their local distributors to guide them through the cultural issue. Furthermore, Company D invests a considerable amount of ongoing time and resources to ensure good relationships are forged and consolidated with their distributors. They make a “concerted effort” in the form of conferences in New Zealand and in the distributors’ countries, to help them understand how each of them does business and to enhance their own understanding of their (distributors) culture.

### *Effectiveness of distributors*

However, if companies such as Company D are selecting local distributors based on their English language proficiency, does it necessarily mean that these local

distributors are the best suited companies to partner with? According to the sales manager, having good English language skills is their main selection criterion; that is to say that rather than being just one of the major requirements in the selecting process, English language skills are their main requirement.

Thus in this process, one might question if New Zealand companies such as Company D are to some extent, inadvertently limiting themselves to a smaller pool of available overseas distributor partners, that is, to only those who are able to competently sell themselves as the most suitable option; those who may not necessarily be the best at what they do and/or not the most widely connected within their local distributor chain. If English language proficiency alone is the deciding factor in what is deemed a careful selection process, it seems that New Zealand companies may quite possibly miss out on opportunities for seeking out better or the best suited overseas distributor partners.

### ***The relationship factor***

There is no doubt the distributor network method has been and still is, a very successful method for this company to help them overcome the cross-cultural communication barrier in doing business overseas, which they have been doing over a considerable number of years. However, for other New Zealand companies, especially the smaller and newer players in the export market, the same outcome may not always be guaranteed.

Company D has been a major player in Asia for over three decades and has effectively had time on their side to iron out any wobbles and absorb any bumps along the way, so to speak, during the long haul that it took to achieve this level of success. Relationships with distributors can be fine-tuned over time and at worst, can be severed completely if it does not work out and new relationships with new distributors forged, if the company can afford the time and resources for trial and error along the way.

The situation for smaller companies in particular, may be different. Due to constraints of financial resources, it may be that it is crucial to get it right from the very onset to have any chance of success. When selecting a distributor, they need to get it right the first time. A mistake can be costly and they may not be around for 30 years to try out different distributors to see which one is the better fit. This scenario was seen with Company A where falling sales was a direct result from the distributor having lost interest in the product. Thereby the product itself had to compete on price alone. By the time the company sought to remedy the problem and contemplated on finding a new distributor, it was already too late as the product had lost its market position in South Korea. It never regained its previous market share despite the company's best efforts.

Company D is a good example of when using local agents/distributors might be the best option. Firstly, it has a unique product which the South Korean distributor wants, so in this instance, the other party is making a lot of effort to ensure a good relationship is forged with the exporter. This company has also invested heavily over many decades to ensure the relationship building process is never overlooked but always prioritised. Secondly, Company D is dealing in multiple markets worldwide and therefore it may be the most cost effective way to deal directly with the distributors rather than training their staff both in the technical knowledge and the level of language proficiency needed to communicate with the Asian customers.

## 6.6 CHAPTER SUMMARY

The key points observed in our case studies can be summarized as follows:

- (a) Our case study companies have not found language to be a major barrier in their dealings with their Asian counterparts. For the most part, it was found that by and large, English alone can be enough;
- (b) The distributors and local agents representing our global exporters have good knowledge of the local language and culture and it is important to seek cultural guidance from them;
- (c) Business specific culture is difficult, regardless of how many years one has been operating in the Asian markets, but the key is to accept that these differences are there and adopt an attitude of acceptance rather than resistance;
- (d) Bilingual staff can add value to the company but the effectiveness of this method will depend on the linguistic competence of the employee as well as other cultural factors;
- (e) Relationship building with Asian customers is very important and the importance cannot be underestimated. However, this is a process that needs full commitment with a long-term relationship in mind and it takes much effort, patience and understanding;
- (f) Strong, solid established ties and strategic alliances may give New Zealand companies protection against market forces in competing markets;
- (g) Mutual respect and understanding of the different ways of the other will help form a solid basis upon which a long-lasting mutually beneficial relationship can be built.

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## CHAPTER 7: HIDDEN RESOURCES

### 7.1 INTRODUCTION

The findings from our survey indicate that there might be economic benefits for New Zealand companies for hiring and utilising bilingual and/or multilingual staff. Many of the respondents had indicated that amongst all the methods they had employed in their engagement with Asia, their internal bilingual staff had been the most effective way for them. Then why are our Asian migrants still experiencing issues with unemployment and under-employment?

A study was conducted in 2006 by Chang, Morris and Vokes, examining the experiences of Korean migrants living in Christchurch, where 36 Korean migrants were interviewed. These interviewees included 12 men and 24 women, ranging in ages between 24 and 68 years; and they had arrived in New Zealand at different times, from one to 23 years. A report titled *Korean migrant families in Christchurch: Expectations and Experiences* was published in 2006, reporting on the findings. Sections 7.2 to 7.4 of this chapter are relevant extracts from that report (author's previous work). In this chapter, the issue of migrant unemployment in New Zealand as highlighted in this study, will be discussed against the relevant literature (Benson-Rea *et al*, 1998; Henderson *et al*, 2001; and Ho, 2001) to examine what observations can be made in support of this thesis.

### 7.2 BACKGROUND

#### *Migration from South Korea to New Zealand*

Korean migrants began to arrive in New Zealand in significant numbers after the economic and social reforms (in South Korea) in the 1980s. At that time, several hundred families arrived in the country as part of the 'new wave' of immigration

from East Asia<sup>64</sup>. The majority of the new Korean migrants came under stream four – ‘general skills’ – from 1991 onwards (Statistics New Zealand 2002). By the end of 1991, 930 Koreans were registered as living in the country. At first, most of these new migrants settled in the North Shore area of Auckland. By 1992, 37 Korean-owned businesses were already registered in the area. As numbers increased, many new Korean migrants settled in other parts of New Zealand as well: Christchurch, Waikato and Wellington in particular. However, an estimated two-thirds of all Korean migrants continue to live in Auckland and its surrounds. By 1996, 12,657 Koreans were registered as living in New Zealand. This number increased to 19,023 by 2001.<sup>65</sup> An estimated two-thirds of all Korean migrants continue to live in Auckland and its surrounds.

During the second half of the 1990s, the rate of immigration from Korea began to slow significantly. This resulted from the reintroduction, by the New Zealand Government, of an English language test for all new migrants and the onset of the Asian economic crisis of 1997. Nevertheless, despite this slowdown, over the course of barely a decade, the size of the total Korean population in New Zealand had increased by almost 2000 per cent, thus making the Korean population the fastest growing ethnic group in New Zealand over a given period.

### ***Challenges of a ‘new’ ethnic group***

The Korean community in New Zealand is distinctive as a ‘new’ ethnic group, with over 94% of all Koreans in the country not born in New Zealand, and 87% of them having lived in New Zealand less than a decade. These unique characteristics mean that the Korean community is faced with both a range of advantages as well as a number of specific challenges, when compared with other ethnic groups in New Zealand. Thus, in terms of challenges facing Koreans living

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<sup>64</sup> Prior to that, from about the mid 1960s, Korean settlers in New Zealand were primarily employees of various Korean shipping firms, as well as a smaller number of Korean agriculturalists involved in fur farming. Overall, the number of these early settlers is very small.

<sup>65</sup> The 2006 New Zealand census found 30,792 Koreans were living in the country.

in New Zealand, one of the biggest is that of English proficiency. Of all Koreans who responded to the census of 2001, as many as 26% claimed that they did not speak English (Statistics New Zealand 2002). In addition, and partly as a result of the language barrier, the new Korean community has experienced very high levels of both unemployment and under-employment in their new home.

Despite increasing numbers of Korean-owned businesses (630 registered by 1997), the Korean ethnic group had one of the highest rates of unemployment in New Zealand, at 57%, and the second lowest level of personal median income, at just \$5,300 p.a. (Department of Labour, 2006). What is surprising is that this median income was lower than even the Somali community, most of whom had arrived in New Zealand on humanitarian grounds.

For those who could find work, under-employment remained a problem. Having arrived in New Zealand on the 'general skills' stream, most of the new migrants were drawn from the Korean 'middle class', most of whom had held senior positions in management prior to their departure from Korea. In their new home, however, partly as a result of the language barrier, few were able to secure comparable posts. Instead, they were more likely to find themselves working for small-scale businesses such as grocery stores, restaurants and travel agencies; businesses which existed largely to cater and serve the Korean community itself. Thus, for many of the new migrants who had, upon arrival in New Zealand been able to purchase properties in relatively affluent suburbs with funds they had brought with them from Korea, were faced with an ongoing issue of security of income, or lack of.

In addition to the employment issues, another major challenge facing new Korean migrants was that of integration into New Zealand society. Despite an overwhelming desire by these new migrants to develop friendships and contacts with other New Zealanders, more than half of new Korean migrants reported that even after 18 months in the country, they had yet to make any friends or

acquaintances outside of their own ethnic group (New Zealand Immigration Service 2004). It would be fair to assume that unemployment is a major factor leading to social exclusion from mainstream society as opportunities of friendships which would normally be forged in the workforce environment, are being denied to these Korean migrants.

### *The migration decision*

The decision to leave Korea and migrate to another country was the outcome of a number of push and pull factors – the stress of life in Korea in terms of the education system, work regimes and gendered family roles, and the promise of a more relaxed life in a Western country, with the additional benefits that accrue to those with an English education. The family is central to the migration decision. This is not necessarily to do with the immediate improvement of the economic fortunes of the family, given that only the already successful are able to migrate to countries such as New Zealand. Rather, it is much more to do with the future of the family, understood largely as the future of the children.

Participants said that in Korea one has to be a businessman or a lawyer in order to be seen as successful. Most people have to study, whether they have an aptitude for it or not. In New Zealand, by contrast, there is more freedom of choice, as there is more than one definition of success. For some, coming to New Zealand is not always a way to escape this environment. It can also be a strategy for getting ahead – a Western education can help them acquire the best jobs and therefore, status. As a result, educating one's children abroad is very popular: several participants told us that they had come to New Zealand precisely for this reason. This is also the motivation for women to bring their children to study in New Zealand while their husbands stay behind in Korea.<sup>66</sup> One woman said that some families sold everything they had to pay for their children to get a foreign

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<sup>66</sup> Referring to the 'wild-geese fathers' or the 'astronaut family' phenomenon previously mentioned.

education. These families represent a group of migrants to New Zealand for whom the move is seen as a temporary, rather than a permanent one.

### **7.3 THE REALITY OF LIFE IN NEW ZEALAND**

Generally, Korean migrants in New Zealand can be categorised into four groups. At the top are the wealthy people who maintain businesses in Korea as well as investing in New Zealand. These people do not actually work on a day-to-day basis in the companies they own. The next category could be referred to as small-business migrants. These people entered New Zealand as business migrants, but are less wealthy than the above group and so are likely to also work in the businesses they own here. These people are generally more likely to have been professionals rather than business owners in Korea. The third category is education migrants. These are professional people who entered New Zealand under the general skills system. A few, perhaps, have managed to gain employment in the field they are trained in, but many have not. They either work in established Korean businesses or establish small businesses themselves. The fourth category is that of workers brought in especially to work in specific Korean businesses, particularly Korean restaurants. These people are sponsored by Korean business owners. All of the male participants interviewed for this project fell into the second and third categories, as outlined herewith. There were in total 12 male participants ranging in ages between 33 to 64 and they have lived in New Zealand between 3 to 23 years.

Employment opportunities for Korean migrants remain a significant issue in New Zealand. Koreans mostly own businesses such as restaurants, bakeries, Korean grocery stores, gift shops, travel agencies, and services such as gardening, catering specifically to the Korean community. Koreans also buy small businesses, such as dairies, fish and chips shops, fruit and vegetable shops, photo-processing shops, etc, that is, small retail businesses rather than professional businesses, that cater for non-Korean customers. In both instances, if the business can sustain more than a husband and wife team, they will hire a Korean person. Thus Koreans are the

largest employers of other Koreans. In most cases, the businesses these new migrants set-up or buy into has nothing to do with the kinds of jobs they previously held in Korea. Koreans who migrate under the general skills system have high educational qualifications and considerable professional work experience. There are engineers, computer programmers, pilots and architects, and these people, though they qualify to come to New Zealand in part because of their professional qualifications, they have found it impossible to find jobs in New Zealand in their fields of expertise. In one case, a professionally trained librarian applied for many positions, from research librarian to shelving assistant, but was not successful. She was sometimes told that she was too highly qualified. One man, who was trained as an engineer in automotive manufacturing, had assumed that every country had a car industry but found to this surprise that this was not the case in New Zealand. Another, who could not find a job as a computer engineer, attributed this to the fact that New Zealand is not very advanced in this field.

However, it is not just a matter of the availability of work in particular fields. According to the interviewees, New Zealand companies do not want to employ Koreans. Some felt that this was because their English was not good enough and they said that they expect that when their English improves, so will their job prospects. One man with a Masters' degree said he was unable to find a teaching job despite having applied to many high schools. He found it hard to convey the abstract concepts of his subject in English. He planned to attend the College of Education to improve his English and he believed he would then be able to teach in New Zealand. In another case, one woman has been unable to gain registration as a nurse in New Zealand because of high English language requirements. Immigrants in New Zealand need a score of 7.0 in each of four areas (writing, reading, speaking, listening) whereas in the US, one only needs an average of 6.5 across the board. In the meantime she has found a job as a nurse aide in a rest home while she tries to improve her English. She said she had made considerable efforts in the workplace to make up for her lack of English by doing all the jobs nobody else wanted to do. Whilst many were optimistic that their work

opportunities would improve once their English was more fluent, others said that Korean unemployment is the result of anti-Asian feelings in New Zealand.

As a result of their inability to obtain employment in areas which fit their field of expertise, education, knowledge and work experience, Korean migrants either resort to unskilled work such as taxi-driving, factory work, cleaning jobs or other menial tasks. Many simply fall back on the Korean community and take up relatively unskilled jobs in Korean businesses. It is common to find doctors working as taxi drivers and veterinarians working in dairies. One woman, who tutors maths to Korean students, had been unable to gain a job as a maths teacher even after achieving top marks in New Zealand teaching and maths qualifications. She said that she finally ‘dropped the idea of getting a job in New Zealand society and instead just decided to live off other Koreans.’ Another woman noted that the Korean community is ‘quite dependant’ upon Korean international students, Korean tourists and new migrant families, where immigration is a significant business in itself for Korean companies. Also, many Korean families are able to gain extra income by taking in other Korean students as home-stays. For many Korean men, in particular, migration to New Zealand has resulted in a decline in social status normally associated with their previous occupation. They have essentially traded their status for the future status of their children. One woman explained that that social status that comes with running a business like a dairy is quite low compared with what most male migrants were accustomed to in Korea.

#### **7.4 FUTURE PLANS**

All the participants interviewed said they had looked forward to becoming part of New Zealand society prior to leaving Korea. They expected a better life, one which was different from their lives back in Korea. They hoped and expected to meet Kiwis and befriend them. They expected that by virtue of having met the rigorous immigration criteria, by virtue of their being financially secure – often in fact bringing considerable amounts of money into New Zealand, - and by virtue of their respect for the value of education; for these reasons, they would be

welcomed into New Zealand, and would be able to participate fully in New Zealand society.

In reality, however, many have found that this was not the case. Instead of being made welcome and being valued for their potential contribution, people experienced differing degrees of rejection by mainstream society. As a result, many fell back on other Koreans, in both economic and social terms. In this way, the Korean community is as much a product of exclusion by the mainstream New Zealand society as it is the outcome of a community-building project by migrants themselves. Whilst most of the people interviewed said they were consciously making an effort to settle in New Zealand, despite the lack of employment opportunities, some said they were planning to leave. Some were adamant that they would not return to Korea. Having said goodbye to friends and relatives meant that going back would be admitting failure and loss of face. One man said that he wanted to stay to make a home for himself and also to try and pave the way for other Koreans. He wanted not only to help other Koreans to settle but also to help them become viewed by Kiwis as a worthy community that adds value to New Zealand society. Through his church, he tries to teach young people that because the New Zealand government has given them an education, it is therefore their duty to put it to good use in the New Zealand community.

Of those who plan to leave, most do not intend to go back to Korea, but rather Australia, US or Canada, particularly after their children have finished their high school education. One man said that he would like to stay in New Zealand but it would depend on whether his daughter got a job at the end of her studies. If she was going to be doing a menial job after completing a degree, he would rather she went back to Korea. A young woman said her siblings all either went back to Korea or migrated to other countries to find jobs after they graduated. Another said that 80% of her Korean friends had left New Zealand for Australia, Canada or Korea, because they could not get a job here.

Overall, the participants for this research reported that they had moved to New Zealand in search of a better, less stressful life for their family, and a better future for their children, whether this was seen in terms of gaining a Western education that would allow them greater success in Korea, give them the necessary opportunities to migrate beyond New Zealand to other Western nations or to have the chance to be someone different than what is allowed in Korea. Whatever the motive, they had come to New Zealand with the hope and intent of becoming Korean New Zealanders, integrated into New Zealand society.

Unfortunately for many, this dream has not been realised. While most enjoy and appreciated the more relaxed lifestyle in New Zealand, many have experienced exclusion and rejection by mainstream society. In general, they have been unable to gain employment in the professional fields in which they have been trained and many men have been forced to take unskilled jobs, mostly in Korean-owned businesses. In many respects, they are disappointed with the outcome and many more have indicated that they are worried about the future of their children in the job market once they have completed their tertiary education.

## **7.5 SUMMARY DISCUSSION AND CONCLUSION**

The New Zealand government attempts to monitor the settlement outcomes of migrants with the view that understanding the economic and social outcomes of migrants contributes to the development of effective immigration policy and settlement services, through the Immigration Survey Monitoring Programme. In 2009, the Department of Labour published the results of their pilot survey in a report titled *Key Findings from the Migrants Survey*, whereby the researchers sought to monitor the outcome of migrants' settlement and labour market outcomes, employers' experience with migrants, and community attitudes towards immigration.

The survey was conducted online and using telephone interviews and achieved a total sample of 3,072 respondents. Of these, there were in total 547 respondents in the category specified in the report as 'skilled principal'. In this category, 15% of respondents were from North Asia, 16% from South East Asia and 8% from South Asia. The largest group in this category was from the UK/Irish Republic with 29%. The next category was specified as 'skilled secondary'. Within this category, there were a further 576 respondents where 6% of respondents were from North Asia, 18% from South East Asia and 6% from South Asia. Again, the largest group within this category was the UK/Irish Republic migrant respondents with 31%.

According to this report, new migrants generally achieve good employment outcomes in New Zealand, both in their rate of employment and in the matching of their skills and experience to the labour market. Migrants to New Zealand typically reported high levels of satisfaction with life here, where 89% of respondents surveyed, reported that they were satisfied or very satisfied with life in New Zealand. This rate was deemed to be consistent with previous migrant surveys. Amongst some of the key findings reported, the survey found that employment outcomes were positive across several indicators. Furthermore, 82% of skilled principal migrants said that their current job matched their skills and qualifications.

These findings are at odds with the results from my Korean migrants' study. The results do not seem to represent the actual experiences of the Korean migrants. The survey (*Key Findings from the Migrants Survey*) was conducted online and using telephone interviews, whereby two-thirds of the responses were received online and the remaining third received through telephone interviews. Using these types of methods, could give rise to biased results by effectively excluding new migrant groups such as Koreans with limited English proficiency. Apart from the 'satisfaction and safety' question, the survey categorised the responses according to the immigration classification and not ethnic origin. It begs the question as to what the comparable outcomes might be had the survey subcategorised the responses according to ethnic origin.

Inability to communicate in English would have been one of the main reasons for Korean participants to shy away from interviews, both online and telephone. The survey lists respondents in the 'Asian' category under three groups: North Asia, South East Asia and South Asia. There is no indication in this report as to which countries fall under their specified 'Asian' groups. But it is doubtful that there would be many Koreans included in any of those three Asian groups. It is very likely that respondents in the 'Asian' group would have been from Asian countries in the 'outer circle', such as Singapore, Hong Kong, Malaysia, Philippines and India. So if there were respondents of Korean descent within the 'Asian' group, in any event, they would not be representative of the larger Korean migrant community because a large majority do not have the English language skills sufficient to participate in such a survey. For these reasons we can assume that the findings reported in the migrants survey report is not representative of the situation being faced by the Korean migrants.

The majority of the interviewees to the Korean migrants' study said that they would like to integrate into the mainstream New Zealand society but they thought that their lack of English proficiency was preventing them from gaining employment. English language proficiency is a continuing problem for Koreans in South Korea, as discussed in previous chapters. The situation was not much better amongst Koreans living in New Zealand. Most said that they would continue with their efforts on improving their language skills and hoped that their chances of employment would increase accordingly. Some even remained optimistic despite setbacks while others had given up and resorted to "living off" other Koreans. An example of this was mentioned in our Case Study III where the interviewees spoke about Korean students preferring to stay with Korean families during their stay in New Zealand, even where these Korean host families were charging them considerably more than the Kiwi hosts.

The general sentiments shared by the Korean migrants are that their issues with unemployment and under-employment are directly linked to their lack of English

language skills. As reported in earlier chapters, Benson-Rea *et al*, as far back as 1998, had already addressed the issue of many well-qualified bilingual immigrants not being able to find meaningful work in New Zealand. Similarly, Henderson *et al* reported in 2005 on the employment problems of the skilled Chinese immigrants and he later referred to these skills as “untapped talents”. These studies had found that to a large extent, it is true that the most common barrier was the level of English language proficiency. However, it was also found that these skills were not measured against a common testing system, during interviews, but rather, language proficiency was assessed according to what the employers thought should be the appropriate level of language proficiency. This subjective nature of the assessment itself therefore represents a barrier to the migrant candidates’ chances of success.

Where New Zealand employers are saying that they are not ready to employ new migrants with English which may not be perfect (by their own subjective assessment), the English these migrants are speaking, is English nevertheless, albeit different varieties. According to Graddol, these new varieties of English and the massive number of speakers of these varieties, particularly in Kachru’s expanding circle will put pressure on our notion of what the correct English should be. So if New Zealand employers are currently assessing these new varieties of English as not good enough to their own standards, what determines ‘correctness’ in the future may mean an entirely different assessment. Furthermore, the studies have shown that New Zealand employers are setting a requirement for ‘relevant New Zealand experience.’ This may be a manifestation of the general prevailing attitude of New Zealand businesses and if so, then as suggested by Ho (2001), New Zealand may be losing out on an important contribution from skilled migrants.

The Korean migrants research reported on the future plans of these Korean migrants, where the majority had expressed some level of apprehension for their children’s future in New Zealand. Most had migrated to New Zealand for the prospect of a better life and many had sacrificed their own future in exchange for

a promise of a better future for their children. If this brighter future for their children could not be realised here, they would be willing to move again. For most, returning to South Korea was not an option, but moving to other Anglophone countries where they thought their children had a better chance of gaining employment, was a plan being considered by many.

What this means is that New Zealand will be losing valuable skills from migrants who are educated in New Zealand and who can offer their future employers, not only bilingual skills but skills in other areas which they would have been trained for through their New Zealand tertiary education. Most of them will be from the 1.5 generation (those who have come to New Zealand no later than at a young school age, usually with their parents) and others even second generation Korean New Zealanders. English language proficiency may be a barrier now for the new Korean migrants, but their New Zealand educated children should not be facing the same issues. However, our Korean interviewees were not so optimistic of their children's future in New Zealand. The prevailing sentiment was that their children would not be able to get a job in a New Zealand company after graduating from a New Zealand tertiary institution. And this was a sentiment largely shared because this well connected community were all well aware of the experiences of others, which had thus far, not offered them a positive outlook for their children's future.

So the irony here is that in this decade and for the near foreseeable future, commercial opportunities for New Zealand are in Asia. However, as identified in New Zealand studies, there are barriers to overcome, namely the language and culture of our Asian partners. At the same time in New Zealand we have immigrants from various Asian countries wanting to make meaningful contributions to their adopted country but opportunities are few. This study shows that New Zealand businesses may be overlooking what these immigrants can offer and it suggests that pre-programmed prejudiced views or assumptions which undermine the value of immigrants as resources may lead to missed opportunities.

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## CHAPTER 8: DISCUSSION AND CONCLUSION

### DISCUSSION

This thesis examined the role of language and culture in international business to investigate the development of some of the key factors that may influence and determine the outcome in cross-cultural business dealings. Through our theoretical framework in Chapter 2, we established that language and cultural barriers are integrated because of the complex nature of the relationship between these two entities and that an understanding that language and culture operate as one unit in cross-cultural communication is crucial and particularly important in international business. An examination of the relationship between language and culture naturally progressed into an examination on why effective communication may be difficult particularly in cross-cultural encounters. Effective communication means parties must be able to exchange accurate meanings of messages but the cultural context within which language is used, delivered and understood, may render the outcome unpredictable. Added to the cultural context, there is also the human factor, which is always a variable, most obviously because communication, whether inter-cultural or intra-cultural, is essentially an act of human interaction.

The challenges for New Zealand's exporters in the global environment is to embrace the opportunities in Asia but for some, these opportunities are either not immediately apparent or the perceived barrier of language and culture is too overwhelming. This study however, shows that New Zealand businesses need not be overcome with fear of the unknown. Many have already achieved success but they too had demonstrated apprehensions and trepidation prior to entry into Asia. What they have found, is that the experience is not as difficult as they had initially feared.

### ***Are these barriers real?***

Chapter 4 reported on the findings of the survey which revealed that despite their expressed apprehensions, New Zealand businesses are adequately coping with the language barrier in their dealings with their Asian counterparts through various methods and accordingly reported that the language barrier had not been a particularly difficult aspect in their dealings with their Asian counterparts. By and large, it has been found that English alone will suffice in international business (in Asia) but the ‘business specific culture and protocol’ has been an area of great difficulty. Subsequently, we concluded in Chapter 5 that an understanding of business specific culture and protocol involved more than a passing understanding of the basic cultural tips (and a basic vocabulary of the language of the other mostly limited to greetings).

### ***What methods are being used?***

As for the methods employed by New Zealand businesses, our survey found that for many of our respondents currently exporting to Asia, their internal bilingual staff had been the most effective way in helping them to deal with the cross-cultural communication barrier, as long as they were linguistically competent in both languages and have the right skill-sets for the industry. Our case studies subsequently revealed that there are other factors over and above linguistic competency and industry knowledge, affecting the degree of the effectiveness of this method. Cultural factors were found to greatly affect the outcome as we discussed in Case Study I and II.

Another method which was found to be effective was using distributors/local agents. Where the companies are exporting to multiple markets in Asia and elsewhere, respondents were correct in pointing out that it is not possible to learn the language and culture of all their markets so using distributors was found to be their preferred method. But the benefit is not just on the language front. Our Case Study IV, Company D, was careful to point out that it is important to seek cultural guidance from their distributors. Also thought the case studies, we discussed the

importance of clearly establishing and understanding the nature of the relationship between the parties when engaging these two methods. For instance, with Company A, we questioned whether there might be an element of loyalty issue with the internal bilingual staff; and with the distributor, the conflict observed could be attributed to the parties having entered the partnership agreement without a clear understanding of the nature of their relationship.

### ***What does understanding 'culture' mean?***

As a suggested solution for the language and cultural barriers faced by New Zealand exporters in Asia, in Chapter 7 we discussed the situation of unemployment and underemployment of Korean migrants in New Zealand and concluded with the observation that New Zealand businesses should consider these hidden resources more carefully given the findings of our survey. We can draw some parallels between the migrants' situation (particularly those educated in New Zealand) and New Zealand businesses' experience in Asia.

These young educated Korean New Zealanders are not experiencing difficulties with the language barrier. They are able to communicate adequately in English but they may not be communicating effectively with their employer during a job interview. The reason being is that whilst there are many Koreans who have integrated well into the mainstream New Zealand society, the majority of them still feel more comfortable amongst other Koreans. They watch Korean movies, go to Korean churches, eat Korean food and socialise exclusively with other Koreans, both within and outside of their educational institution environment. By this behaviour, they are effectively limiting their opportunities to learn the New Zealand culture and consequently not learning how to speak English in a New Zealand way;<sup>67</sup> as one must understand the language and the culture together to be able to communicate effectively.

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<sup>67</sup> This is not to imply that one must have a Kiwi accent.

Thus when faced with a job interview, these young people may not be able to connect with their New Zealand employer because s/he cannot find common ground with the employer and is not able to engage or relate with the New Zealand counterpart in the absence of a real understanding of the culture. So in such instances, whilst they may be displaying linguistic proficiency in the English language, in reality, they may not be speaking 'the language of New Zealand'. Consequently, this may be the reason why New Zealand employers are setting requirements for their migrant candidates to have 'relevant New Zealand experience'. Reading between the lines, what these employers may really be trying to say is, "I can't connect with you because you don't understand my culture."

### *Putting it all into perspective*

Upon a closer examination of the survey results through a process of analysis of responses both within a time-variant and between a time-variant, Chapter 5 reported on the next important finding: that if a company wants to commit to its Asian market on a long-term, then English alone will not be enough. In trying to explain why that might be the case, factors relating to the natural commercial and market factors could not be discounted and this certainly seemed to be the most logical explanation. Our survey results showed that when New Zealand companies entered Asia, they had used various methods of overcoming the language barrier. English, for the most part, was an adequate tool. Once these businesses had entered the market, over time, they were finding that they needed more than just English in order to understand the market. We concluded that the reason for this must be because effective communication is needed to build relationships.

And in this respect, indeed, many of our respondents, particularly the more experienced New Zealand exporters, had said that building relationships is the key to success in Asia but it is a process that takes time. The importance of relationship building was noted in the work of Zhu, Nel and Bhat (2006), where they examined the communication strategies employed by managers for building business relationships. It concluded that business relationships are regarded as part

of social capital and that efforts in relationship building are given greater attention and priority at the initiating stage of the business in comparison to the maintaining stage. The participating Chinese and Indian business managers employed more interpersonal strategies when initiating a business relationship (because they are putting more effort into building a relationship) than at the maintaining (of the business) stage (because the relationship has already been established by this stage). The study found that in comparison to the participating New Zealand or South African managers, the Chinese and the Indian business managers have a stronger orientation towards long-term relationships.

In business, the importance of relationships cannot be overlooked, particularly in international business. George Day (Day, 2000) examined how market relationships are managed and concluded that to gain a durable basis for a competitive advantage, firms must be able to create and maintain relationships with their most valuable customers. In real terms, without a relationship, New Zealand businesses may be left vulnerable, particularly where the interests of the exporter and the customer are found to be misaligned; because without a meaningful relationship, loyalties need not abide, thereby business outcomes will be determined and dictated solely by market forces (eg. factors such as uniqueness and desirability of the product itself may wane when other competing products are introduced, with competition from both abroad and home-grown) leaving one exposed.

Our case studies supported the observations made in our interpretation of the survey results. These observations are further supported by the work of Williams, Han and Qualls (1998), who conducted a study examining the impact of social and structural bonding as determinants of business relationship performance and concluded that “knowledge of cultural orientation and its relationships to the social and structural bond that exists between partners is a key predictor of long-term commitment in cross-national business relationships.”

From a New Zealand perspective, a study from the School of Business and Public Management at Victoria University (Chetty & Blankenburg Holm, 2000) conducted a case study of four manufacturing New Zealand firms and reported on how they use organically developed business networks (as opposed to formal structured networks) when they internationalise and illustrated the dynamics of how they interact with their network partners. They reported that firms can benefit from these networks due to their “synergistic effect of pooled resources”. Through these organically developed networks, they gain exposure to new opportunities, obtain knowledge, and learn from experiences. While Chetty and Blankenburg Holm (2000) observed that in New Zealand, government export promotion programmes encourage formal structured networks, the findings of this thesis suggest that these formal networks (such as NZTE) may in fact be necessary. They are as both a starting point and a reference point for both the New Zealand companies and the foreign companies. Thereafter, it is up to the individual organisation to assess and invest the effort necessary in developing their own relationships to create their own networks.

To answer our thesis question as to whether knowledge of language and culture is essential to international business, our findings suggest that the answer is both ‘yes’ and ‘no’. It will depend on the targeted outcome and we found that there are many variables which will affect this outcome. We have found that knowledge of language and culture is not essential for business in Asia. English alone may be sufficient. But if the aim is to commit for the long-term, then knowledge of language and culture will be essential. Why? Because if you cannot communicate effectively with your counterpart, it may be difficult to build a relationship.

One must be able to connect with the other party and to do that, communication is the key but effective communication cannot be achieved without understanding the culture which influences the communicative pattern and the cultural context in which communication occurs. But this does not mean that one must speak the language of the other to a native speaker’s level of competency and understand the

culture in detail – we have already established that this would be impractical, if not impossible. What it means is that there will be a greater need to utilize the skills of those who already have those skills, whether using bilingual staff or local distributors, depending on the specific needs of each individual company. They have the linguistic and cultural knowledge to enable them to act as effective mediators for the New Zealand company to achieve communication with its cross-cultural partners.

But above all, with all the practical tools one may engage, there is one very important criterion in achieving the goals towards building stronger relationships with our key partners, beyond an understanding of the language and culture and that lies with the variability of the human factor. Mostly, it is in the attitude of the individuals involved – a willing and positive attitude based on acceptance and understanding of the different ways of the other, with no preconceived assumptions or expectations of outcomes. On another level, it may be with the natural cultural competence capability of individuals but this in itself may be limited by, and affected by, the very attitude the individual adopts in the first instance.

## **CONCLUSION**

The growing importance of the Asia region in a globalized world and New Zealand's place within it was highlighted by Beal (1999). Subsequently, *Preparing for a Future with Asia* in 2006 reported on the vital and urgent need for more New Zealanders to understand the languages and cultures of our Asian neighbours in order to enhance our opportunities in this major trading region. It reported that language and cultural barriers prevent New Zealand businesses building effective relationships with Asian clients. In our thesis discussion we concluded that indeed this is the reason knowledge of language and culture is essential – for building relationships.

Through this thesis, we sought to find practical business applications for New Zealand businesses. The importance of applying Asia-related knowledge to Commerce was reported in *Knowing Asia*, as previously discussed and it was with this view in mind that this research was pursued. Indeed, one of the key findings of *Knowing Asia* was that New Zealand tertiary institutions offered hardly any Asia-related courses in the Faculties of Commerce and Business Management, and that Asia-related knowledge was heavily concentrated in Language Departments. What this study hoped to achieve through an interdisciplinary perspective, was a road map for New Zealand businesses which would complement the road signs already available through the current literature.

The road map points to great opportunities in the Asia region if New Zealand businesses are prepared to dispel and disown any pre-conceived assumptions and prejudices they may have felt towards Asia and the people of Asia. To be commercially savvy, they must be ready to embrace the opportunities now utilising resources available right here. Just as Asians are embracing the opportunities in the global stage by fervently embracing the English language as their main business tool, conversely, New Zealand businesses must be able to look beyond their traditional approaches and rid themselves of any assumptions that English alone will be enough in a multilingual global stage. The world markets are changing and moving far too rapidly. However, this road map does not suggest that hiring bilingual staff will always benefit your business. Being able to speak the language is not enough. The bilingual staff will need to be proficient in both languages in equal measures, and will need to be trained in the key areas of the business. This means that New Zealand companies wanting to commit for the long-term to their Asian markets, will need to invest in the training of their foreign language speaking staff for maximum benefit.

The findings of the Waikato University study (Enderwick & Akoorie, 1994) recommended that where foreign language specialists (FLS) are hired, they should be hired for more than just their language skills. Where traditionally they (FLS) were mostly hired for front-line sales positions, they should ideally be trained in

the skills of marketing and other areas, where the skills are effectively extended to product knowledge. Presumably, they are suggesting that by doing so, when companies invest in training these foreign language speaking internal staff, then long term benefits will be further realised for the company. Speaking the foreign language alone may not be enough for the company to fully realise the benefit of having a FLS staff on board if he/she is being used as a method to overcome the language barrier alone. A detailed understanding of the product and the company culture in conjunction with an understanding of the overseas market and the counterparts' company's culture should as a whole package amount to increased success in the foreign market.

This all translates to a long-term commitment overall to the overseas market in question. For New Zealand businesses to find the competitive edge in an increasingly multilingual global environment, changing rapidly, utilizing the "untapped skills" of Asian migrants may be the most practical and logical solution: "New Zealand can only embrace the opportunities Asia offers if people of Asian descent are recognised as integral members of society and this means that the skills, knowledge and qualifications of people of Asian descent are recognised and valued." (Preparing for a future with Asia, 2006) New Zealand already has a diverse population with bilingual and multi-lingual skills and the findings of this thesis certainly lend support to the argument for the advantages of utilizing our existing hidden resources. Modes of harnessing these existing skills should be prioritised over and above any other strategies that may be proposed in the future.

At the same time, the New Zealand migrant community needs to be more proactive in furthering their understanding of the New Zealand culture. Speaking English, however proficiently, will not always mean communicating effectively with the New Zealand employer if there is no understanding of the New Zealand culture. For as long as the younger generation of Asian New Zealanders are limiting their opportunities to understand the New Zealand culture by centering their social life solely around others from their own country, New Zealand employers will continue to request for 'relevant New Zealand experience'. To

engage with New Zealanders and New Zealand employers, these young Asian New Zealanders must do more than be bilingual. They must become truly bicultural. Their tertiary qualifications may be overlooked and their employment opportunities may not be fully realised unless true biculturalism can be achieved.

With regards to ‘methods’, there is one final point that needs to be mentioned. Where New Zealand companies are saying that there are various methods they are employing other than using bilingual staff, their experiences need to be considered within the context of ‘whatever works best for the company’s needs’. There are no ratios or ready-made models which can be applied in assessing the efficacy of each of the methods. Contextualising each case is the most important exercise in determining which method works best and is the most suited.

The implications of the findings from this study for future research therefore seem to lie in two key areas. Firstly, further studies examining whether the employment and under-employment situation for migrant groups from non-English speaking countries have improved in recent years. In particular, to examine the theory as presented above that a lack of understanding of the New Zealand culture may be a key factor influencing New Zealand employers’ attitudes towards the migrant candidates.

Secondly, and perhaps more importantly, further studies based on a large scale survey of New Zealand companies employing foreign language specialists, to examine their experiences in Asia and abroad, particularly in areas regarding relationship networks, would be valuable. Examining whether any applications of these practical methods suggested from our study has influenced business outcomes through improvements in relational networks would be an important area for further research. Results of those will add further empirical evidence in support of the findings of this thesis, to give New Zealand businesses, particularly where they are more export-oriented, further notes to be added to the road map hereby provided.

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## APPENDIX: THE SURVEY RESULTS – RAW DATA

### Contents:

*Flow-chart of the survey questionnaire*

*Questions 1 – 4: General profile questions for all participants*

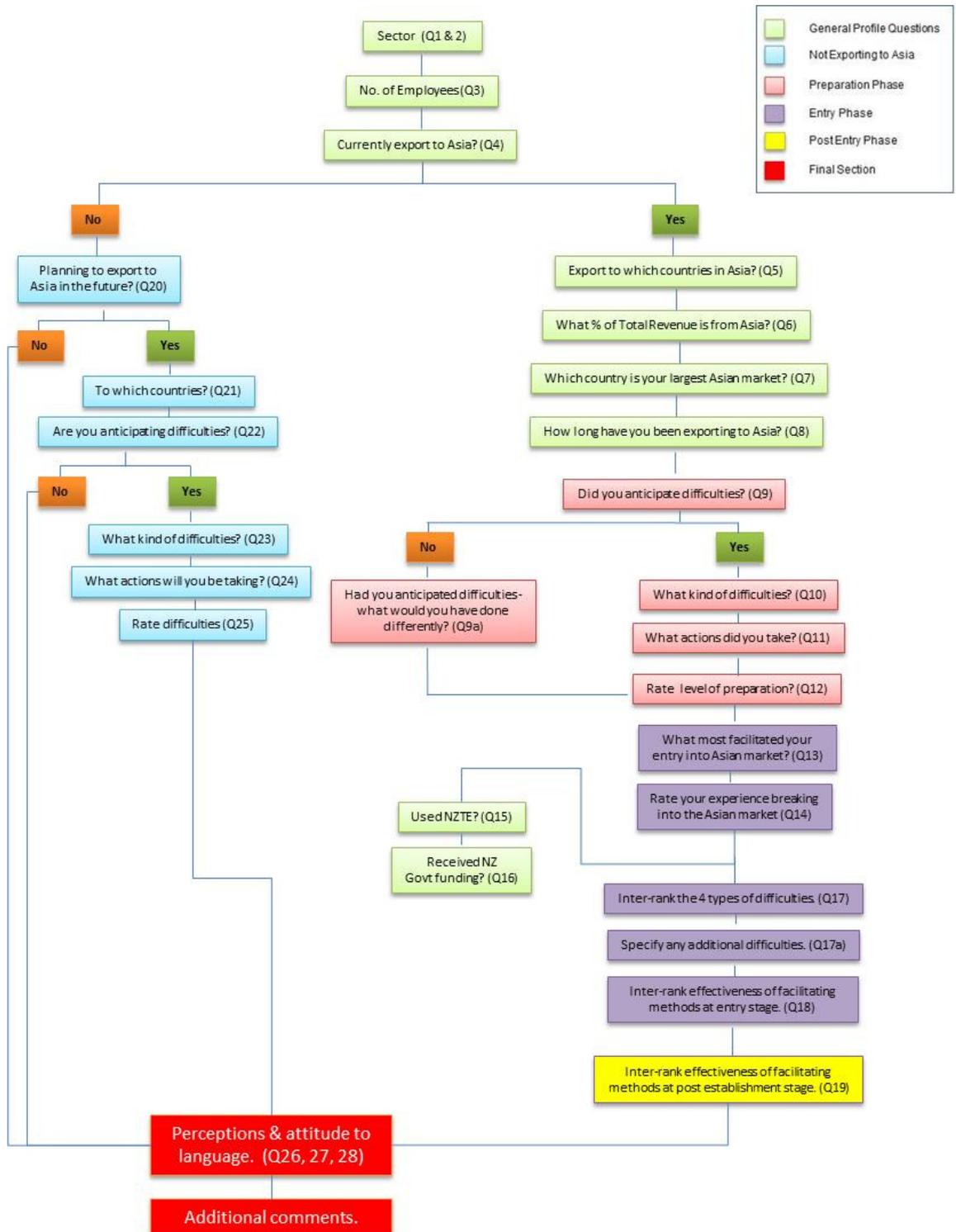
*Questions 5 – 19: For participants currently exporting to Asia*

*Questions 20 – 25: For participants not currently exporting to Asia*

*Questions 26 – 28: All participants were required to answer these*

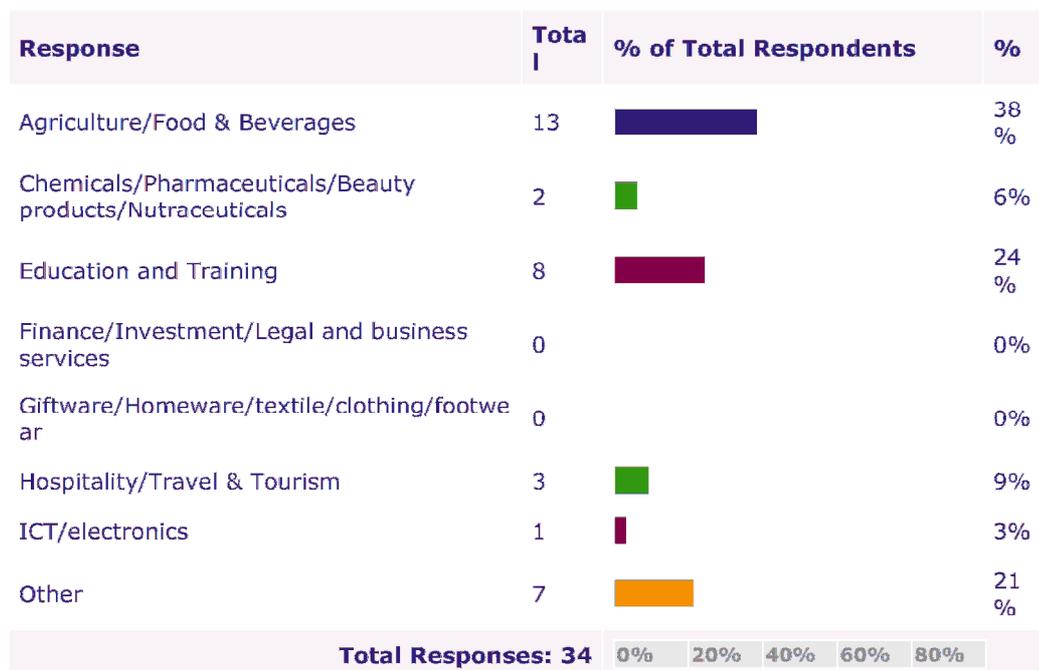
*Further comments: Requested from all participants*

# Flow Chart of the Survey



***Q1. What is your business category?***

(Each Respondent could choose only **ONE** of the following options:)



**Respondents who indicated 'other', specified the following:**

1. Marine
2. Marine products
3. Exporter
4. Manufacturing
5. Excavator spare parts
6. Economic development services
7. Cargo transport systems for perishable products

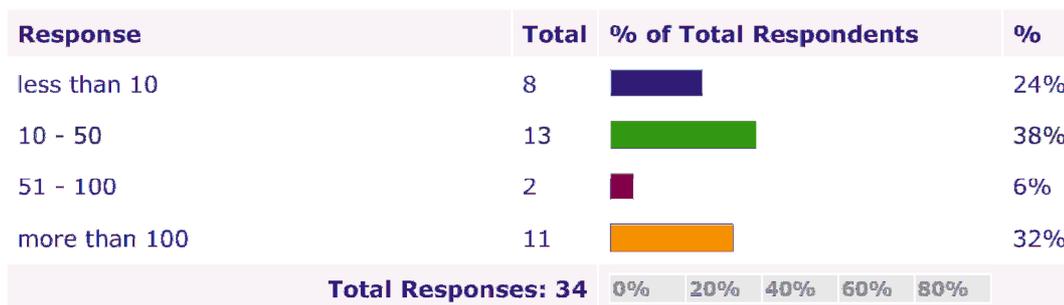
**Q2. What is your product?**

**Respondents listed the following products:**

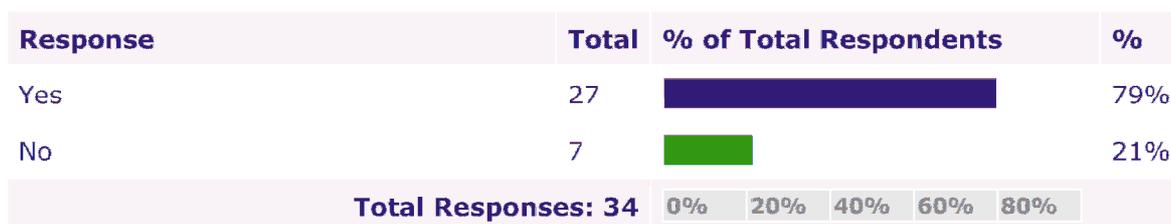
- English language education
- Skincare/beauty products
- bridging programmes and tertiary education
- niche marine services
- touch screens
- general education
- honey and honey products
- salmon
- accommodation
- hotel and restaurants
- construction materials
- raw materials for steel processing
- organic and natural foods
- waterjet propulsion systems
- new and used excavator spare parts
- canned paua meat
- meat patties
- fresh fruit and vegetables
- wine
- fresh produce
- boysenberries
- processed frozen NZ ovine and bovine products
- private labelled infant formulas
- pallet based refrigerated mini containers for transporting perishable products.

**Q3. How many employees does your company have?**

(Each Respondent could choose only **ONE** of the following options:)



**Q4. Do you export to Asia?**

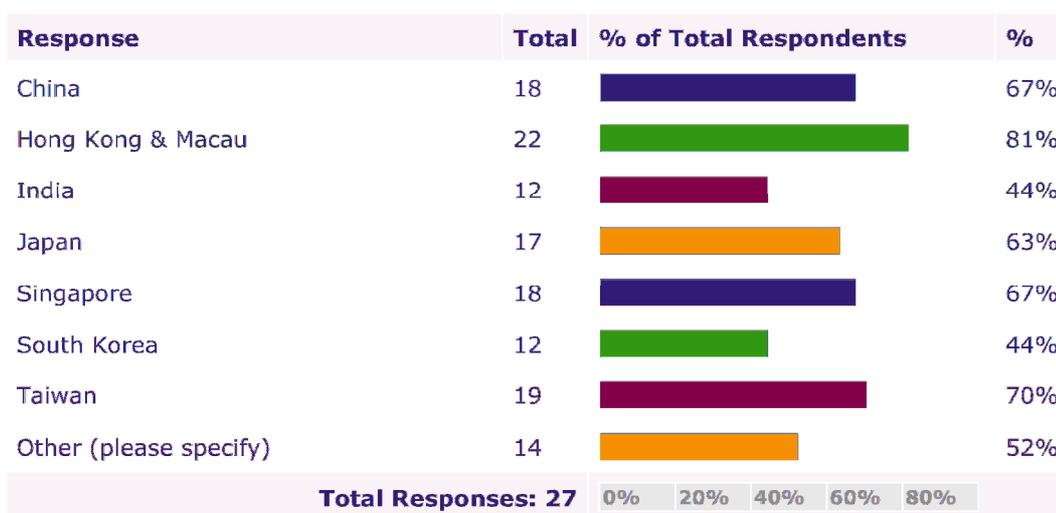


Respondents who answered ‘no’ to Question 4, indicating they are not currently exporting to Asia, were automatically branched to a different set of questions. The other 27 respondents who indicated that they are currently exporting to Asia, proceeded to Question 5.

**Q5. Which country/countries of Asia do you currently export to?**

**Select all that apply**

(Each Respondent could choose **ANY** of the following options which have been listed in alphabetical order):

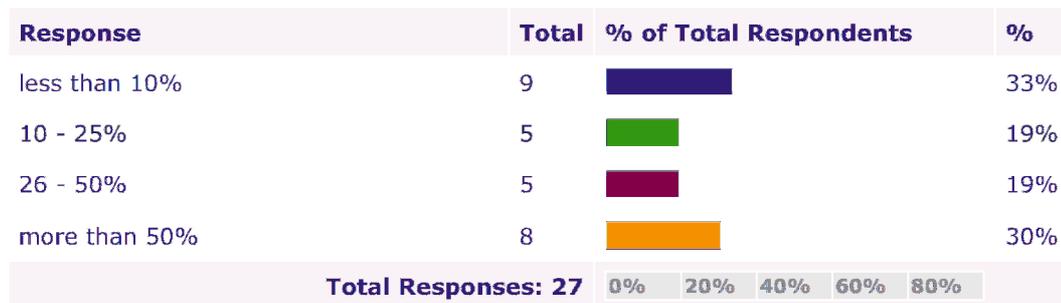


Respondents who indicated 'other', specified the following countries which are listed below in alphabetical order. Duplicated answers have been removed:

1. Bahrain
2. Dubai
3. Guam
4. Indonesia
5. Malaysia
6. Maldives
7. Philippines
8. Sri Lanka
9. Thailand
10. UAE
11. Vietnam

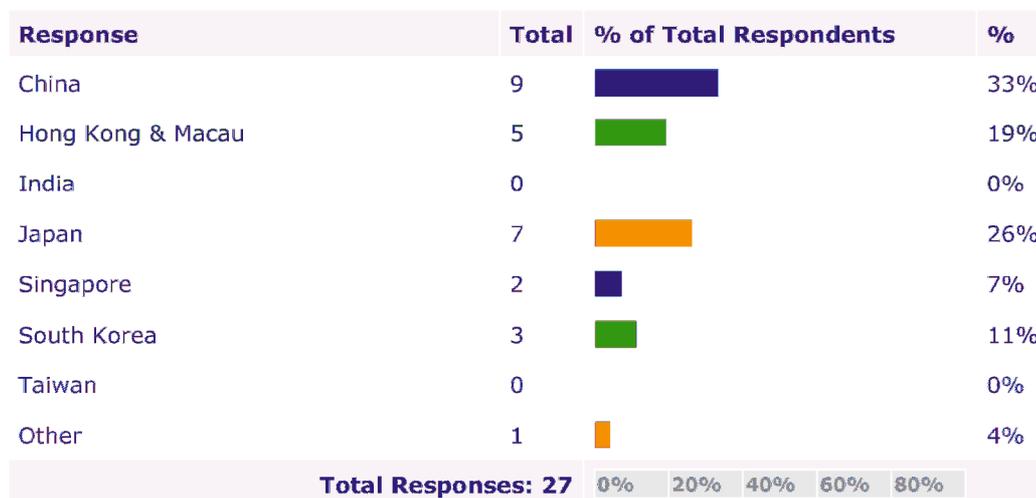
**Q6. Of the total annual export revenue for your company, what % would you say is derived from Asia?**

(Each Respondent could choose only **ONE** of the following options:)



**Q7. Which country is your largest Asian market?**

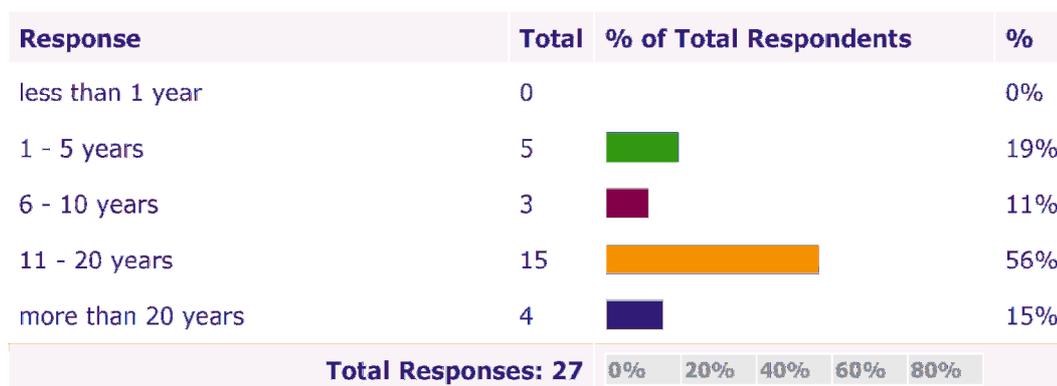
(Each Respondent could choose only **ONE** of the following options:)



Respondent indicating ‘Other’ specified it as ‘Middle East’

**Q8. How long have you been exporting to Asia?**

(Each Respondent could choose only **ONE** of the following options:)



## Preparing to Enter Asia

**Q9.** *When your company first made the decision to export to Asia, would you say that your company anticipated any difficulties?*

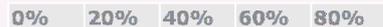
Response	Total	% of Total Respondents	%
Yes	22		81%
No	5		19%
<b>Total Responses: 27</b>			

**Q9a.** *In hindsight, what would you have done differently, had you anticipated the difficulties?*

**Select all that apply**

**"We would have....."**

(Each Respondent could choose **ANY** of the following options:)

Response	Total	% of Total Respondents	%
hired bilingual staff	1		20%
trained key members of our existing staff in their language and culture	2		40%
investigated the services of various NZ and international agencies to seek advice	3		60%
researched into the services of NZ government agencies to seek advice	2		40%
Other (please specify)	0		0%
None of the above	1		20%
<b>Total Responses: 5</b>			

**Only respondents who answered ‘no’ to Question 9, indicating that they had not anticipated any difficulties prior to entry into Asia, were required to answer Question 9a.**

**Q10. Which of these difficulties did you anticipate? \***

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)

Response	Total	% of Total Respondents	%
language barrier	17		77%
understanding of their social customs (eg. culture specific etiquette and social habits)	16		73%
understanding of their business specific culture & protocol (eg. negotiating styles and business etiquette)	18		82%
bureaucratic procedures (eg. government regulations)	15		68%
Other (please specify)	4		18%
None of the above	1		5%
<b>Total Responses: 22</b>			

**Four respondents who indicated ‘other’, specified the following anticipated difficulties which are listed below in no particular order:**

1. transport logistics
2. competitive market
3. alcohol preference of the target Asian market
4. general trading concerns such as payment and customer trustworthiness

**\* Only respondents who answered ‘yes’ to Question 9, indicating that they had anticipated difficulties prior to entry into Asia, were required to answer Question 10.**

**Q11. Having anticipated these difficulties, what steps or measures did your company undertake in preparation for your entry into the Asian market? \***

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)

Response	Total	% of Total Respondents	%
hired bilingual staff	8		36%
trained key members of our existing staff in their language and culture	2		9%
investigated the services of various NZ and/or international agencies	10		45%
researched into the services of NZ government agencies	12		55%
Other (please specify)	8		36%
None of the above	2		9%
<b>Total Responses: 22</b>			

**Eight respondents who indicated ‘other’ specified the following measures/actions they undertook in preparation for entry into Asia and which are listed below in no particular order:**

1. set up a local distributor network
2. used feedback from customers
3. the provincial government of the target Asian market appointed a contact within their import/export trading company to work with us
4. used a network of carefully selected distributor companies to help us bridge the cultural gap
5. appointed local market agents in the target Asian market
6. the key was to simply build relationships with genuine companies in the same industry
7. a bilingual partner
8. hired new immigrants with Asian ethnic background

**\* Only respondents who answered ‘yes’ to Question 9, indicating that they had anticipated difficulties prior to entry into Asia were required to answer Question 11.**

***Q12. How would you rate the amount of preparation your company undertook prior to entry into the Asian market?***

**1 = insufficient, 5 = sufficient**

(Each Respondent could choose only **ONE** of the following options:)

Response	Total	% of Total Respondents	%
1	0		0%
2	3		12%
3	12		48%
4	7		28%
5	3		12%
<b>Total Responses: 25</b>			

**Author's comments:**

- In Question 4, 27 respondents said they were currently exporting to Asia
- Of those 27 respondents, 22 respondents said in Question 9 that they had anticipated difficulties during the preparation phase and 5 respondents said that they had not anticipated difficulties
- All 27 respondents were then directed to Question 12, but 2 of the 5 respondents who had indicated that they had not anticipated any difficulties chose not to go further with the survey
- Thus in total, only 25 respondents answered Question 12.
- These 25 respondents were invited to add further comments at the end of Question 12 regarding their thoughts on the amount of preparation their company undertook prior to entry into Asia.
- Their responses as listed below came from 11 different respondents and are listed in no particular order of importance or value of their comments, but rather, more or less by the length of the comments, purely for stylistic layout purposes.
- Some responses have been edited semantically to convey the meaning of the sentence more accurately and to delete any ambiguity while others have been edited in order to preserve the identity of the respondent. In all instances, the editing has been limited to a minimum amount in order to ensure the tone of the respondents' message is conveyed.

- Details of the respondents are not made available to readers but are available to the examiners upon request.

**Respondent's comments on the amount of preparation their companies undertook during the preparation phase, prior to entry into Asia:**

1. We learnt as we went.
2. Preparation is an ongoing process.
3. We set up a joint-venture company with a Korean partner.
4. There is huge demand in Asia. Asians are very polite and have an admirable culture.
5. You never know when you start if you are sufficiently well prepared. At some point you just have to do it.
6. Building a strong relationship meant we got good feedback from our customers and this solved all our problems.
7. I migrated to NZ from Dubai in 1990 and worked very hard to introduce the first ever Steinlager beer into the GCC (Gulf Cooperation Council) countries.
8. We visited Hong Kong and Singapore several times before deciding to deal with people in Australia who had a long history of doing abalone business with Asia.
9. Our company's history of trading with Asia extends back to almost 20 years. We have learnt from our mistakes and altered our methods to suit. This still continues to this day as the market, directions and styles of the Asian market do change.
10. Our entry was through trade contacts that remain a part of our relationship today. We have been consistent in our travels. We have accepted that time is an important factor to success with the Chinese business people.
11. Our product, NZ kiwi fruit, is a great success story and hence there was hardly any efforts exercised as the world comes to you. It was a walk in the park due to the current regulations in place.

## Breaking into the Asian Market

**Q13.** *From your experience, which of the following would you say have facilitated your entry into your targeted Asian market?*

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)

Response	Total	% of Total Respondents	%
we used an employee of our company who was able to communicate with the other party/ies in their language	7		28%
we used an employee of the other party's company who was able to communicate with us in English	10		40%
we engaged/contracted the services of a professional translator/interpreter	2		8%
we engaged the services of an international agent/facilitator to represent our company (excluding NZ government agencies)	7		28%
Other (please specify)	9		36%
<b>Total Responses: 25</b>			

**Nine Respondents indicated 'other' in Question 13 and the answers they specified are listed below, numbered from 1 to 9. They are listed in no particular order other than the length of their answers:**

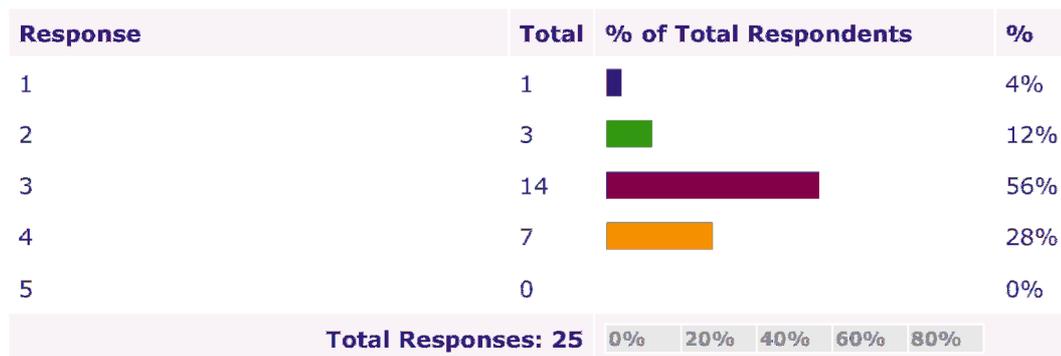
1. N/A
2. Not sure
3. Distributors
4. The use of local distributors
5. Trade NZ (New Zealand Trade and Enterprise)
6. We made visits to the markets in person and build strong personal relationships
7. Set up a joint-venture company with Korean native. Now our company has Korean speaking employee as joint-venture no longer exists.

8. I strongly believe in putting a face to a name hence I do travel a lot. Let's be pretty clear – most buyers worldwide do speak English and communicate very well with the various self-translating dictionaries in the internet.
  
9. All of our buyers speak and read English. On one business trip a translator was necessary. He was recommended to us and was very good. In general, the language barrier can be worked around as most of the genuine business people speak English.

***Q14. Overall, how would you rate your experience of breaking into the Asian market?***

**1 = very easy, 5 = very difficult**

(Each Respondent could choose only **ONE** of the following options:)



**Author's comments:**

- Participants were invited to add comments at the end of Question 14, regarding the difficulties they have experienced during the entry phase into their target Asian market.
  
- Individual comments from 8 different respondents are listed below in no particular order of importance. As with the previous comments, these have been listed roughly by order of the number of words from each individual respondent.
  
- As with the answers previously, they have been edited where necessary but this has been kept to a minimum to ensure the tone and meaning of each individual respondent's message are not compromised.

**Respondents' comments on the difficulties experienced at the entry phase into Asia:**

1. The experience into Asia was more difficult than Americas and Europe.
2. It was all about passion and building personal relationships.
3. We have had significant success in some markets, while in others, we have learned along the way. In other markets we are still struggling to get traction.
4. We are viewed as very honest exporters with least corrupt practices. We operate from a platform of clean and green New Zealand.
5. Cheap commodity items are easy to sell but it is difficult to educate the market to take the higher value items.
6. Over our 12 year relationship, only the past 4 years could be considered successful. It's been a matter of waiting for the Chinese to trust us and consider our relationship a partnership for the future success of both parties.
7. In retrospect, taking on a Chinese speaking business partner was a mistake. While Asians will treat a foreigner better than one of their own, nevertheless a Chinese partner tends to side with their own race rather than their own partner.
8. Being a New Zealander of Indian origin, it was easy to communicate. More importantly, the integrity of New Zealand produce goes a long way in Asia, as our MAF quarantine regulations are considered first class. This coupled with the systems we use in our grading and packing of produce for worldwide exports, makes the whole process easy.

**Q15. Did your company engage the services of New Zealand Trade & Enterprise?**

Response	Total	% of Total Respondents	%
Yes	16		64%
No	9		36%
<b>Total Responses: 25</b>			

**Q16. Did your company receive any funding from NZ government agencies such as NZTE?**

Response	Total	% of Total Respondents	%
Yes	9		36%
No	16		64%
<b>Total Responses: 25</b>			

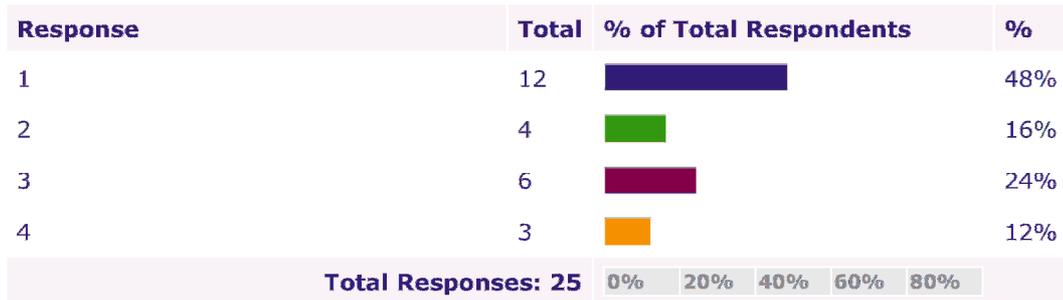
**Author's comments for the next question:**

- In Question 17, for the purpose of inter-ranking, respondents had to choose 1, 2, 3, or 4 only once across the four selections: (a) language, (b) social cultural environment, (c) business specific culture, and (d) bureaucratic procedures.
- Thus, a respondent could not choose both (a) language and (b) social customs as 1 (least difficult), for instance. Each category, from 'a' to 'd' needed a number from 1 to 4, without any of these numbers being duplicated.
- Whether or not the respondents felt that for example they were all equally difficult and therefore all should be rated '4', or conversely, they should all be rated '1', indicating that they were all equally not very difficult, they had to make a decision on which aspect was 1, which was 2, which was 3 and which was 4, comparatively, amongst the 4 selections given.
- In Question 17a, respondents had an opportunity to elaborate, specify or simply to just add comments on how they came to inter-rank the above difficulties.

*Q17. Of the many difficult aspects that may be associated with breaking into the Asian market, from your experience, how would you inter-rank the following four aspects (listed below from 'a' to 'd')?*

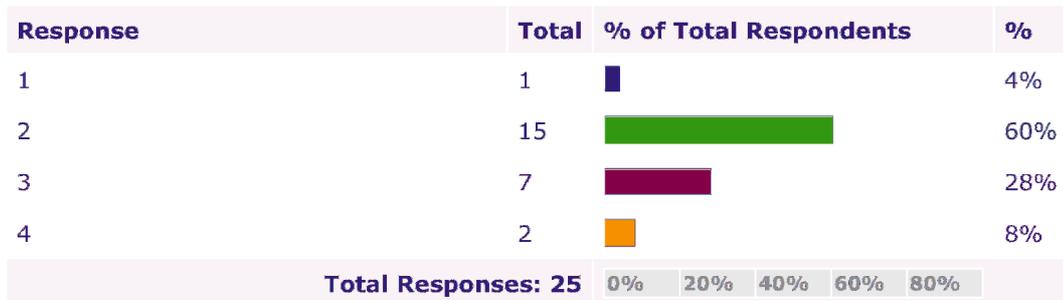
**(a) Language**

**1 = least difficult, 4 = most difficult**



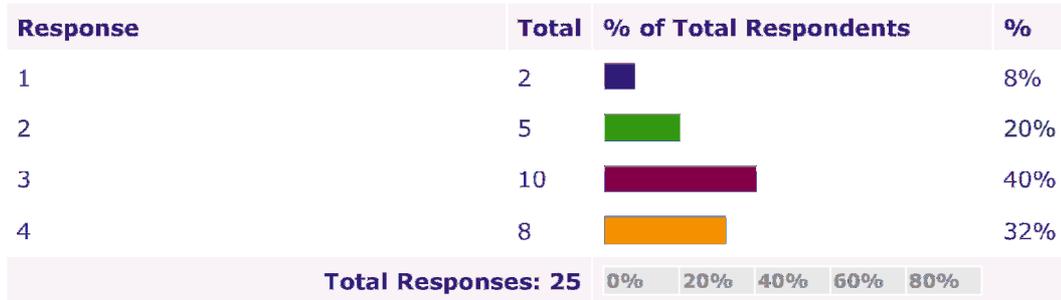
**(b) Social cultural environment (eg. customs, etiquette, social habits)**

**1 = least difficult, 4 = most difficult**



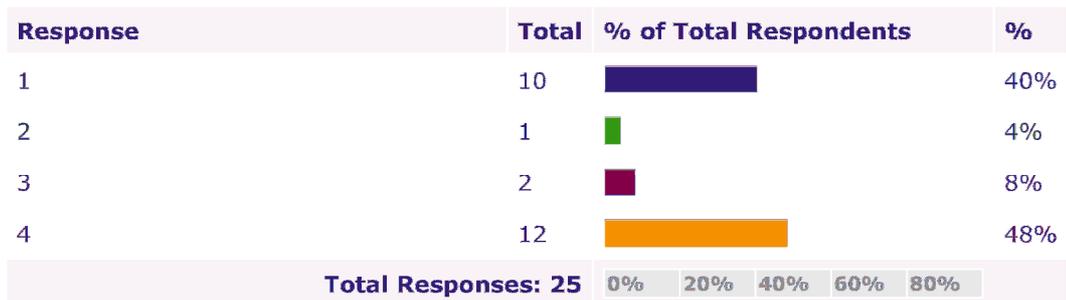
**(c) Business specific culture & protocol (eg. negotiating styles)**

**1 = least difficult, 4 = most difficult**



**(d) Bureaucratic procedures (eg. government regulations)**

**1 = least difficult, 4 = most difficult**



***Q17a. Please specify any additional factor or difficulty that would apply to your company's experience:***

***Six responses from 6 individual respondents are listed below, in no particular order:***

1. All 3, ie. language, social customs and business culture, I would classify them as a '1'. They are all 'least difficult' and on par with each other. The only '4', being the most difficult aspect, would be the bureaucratic procedures.
2. Difficulty in understanding the organization structures in large corporations and whether we are talking to the right people.
3. Being a no red meat eater, personally, food habits have been an issue for me. And also, hygiene is a big issue in some parts of the Asian region, especially in developing areas.
4. The bureaucratic procedures can be challenging but with proper prior research, most of this is eliminated. It's not really a barrier, - just cumbersome. Language is the least difficult as almost all of our customers have English as a second language.
5. The bureaucracy was not difficult because it was the customers' responsibility. Social etiquette was easy to go along with. The language was a bit harder to understand but most Asians, whatever the country, would try hard to accommodate me. Their way of doing business in Asia was then, and still is today, a mystery to understand because the premise of decision making is so different from that in the West.
6. The 'business' is not conducted in an office. The office is more a quick visit before lunch or dinner where the relationship is formed and trust is gained. A common saying here in our office is: "It's all about the lunch", which isn't too far from the truth. If you don't drink with them you will struggle. The Chinese that we work with are open and honest with us and freely admit that much of their own domestic business is conducted at the sauna or the mahjong table.

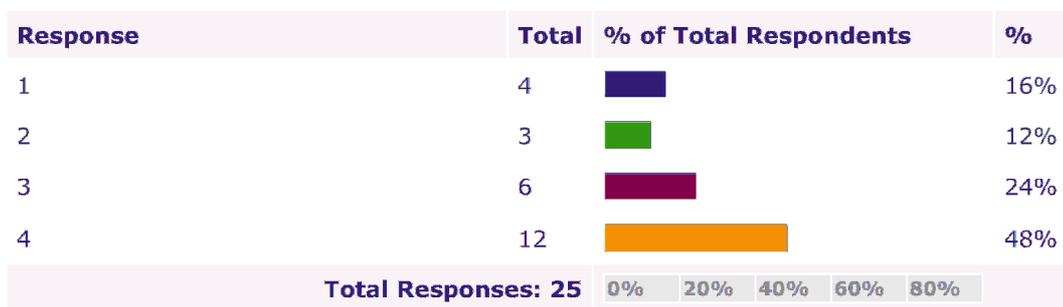
**Author's comments for the next question:**

- In Question 18, respondents were asked to inter-rank (from '1' to '4') amongst the selections ('a' to 'd').
- The process of inter-ranking is as explained previously in the Author's comments in Question 17.
- Whilst in Question 17 the inter-ranking was to do with 'how difficult' the experience was, in Question 18 (and Question 19), the inter-ranking related to 'how effective' the 4 facilitating modes were.
- The selections ('a' to 'd') are the same in both Questions 18 and 19 but Question 18 is for the entry phase and Question 19 for the post entry phase.

*Q18. From your company's experience, how would you inter-rank the following 4 methods (from 'a' to 'd') in terms of effectiveness for facilitating your business at the stage of breaking into the Asian market?*

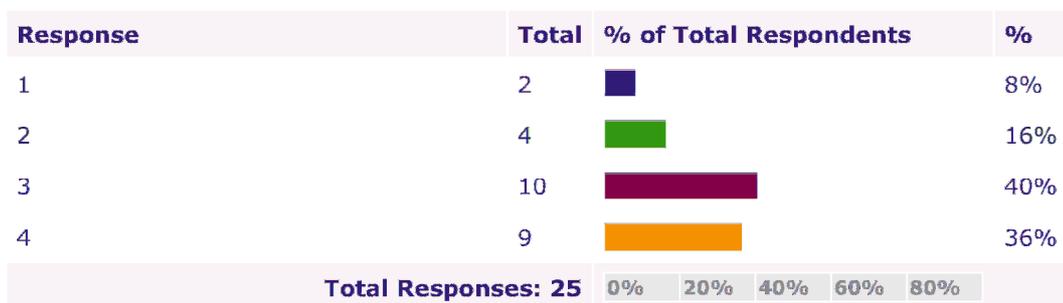
**(a) An employee of our company who speaks the language of the targeted Asian market**

**1 = least effective, 4 = most effective**



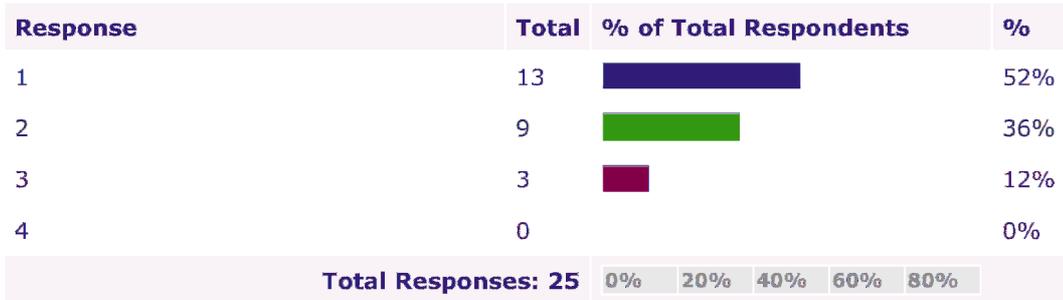
**(b) An employee of the other party's company who is able to communicate with us in English**

**1 = least effective, 4 = most effective**



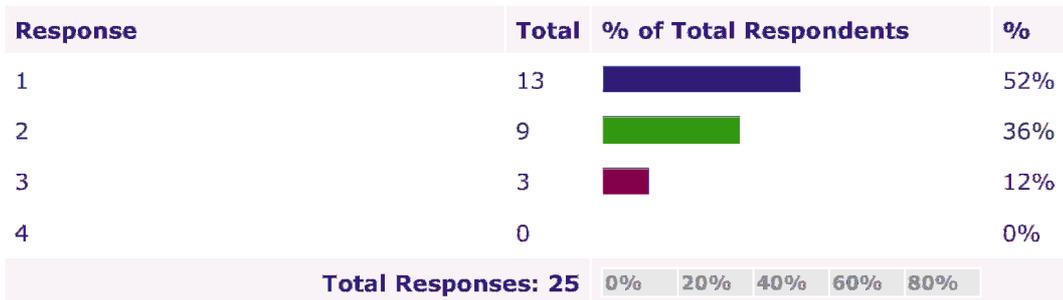
**(c) Contracting the services of a professional translator and/or interpreter**

**1 = least effective, 4 = most effective**



**(d) Engaging an international agent/facilitator to represent our company, excluding NZ government agencies**

**1 = least effective, 4 = most effective**

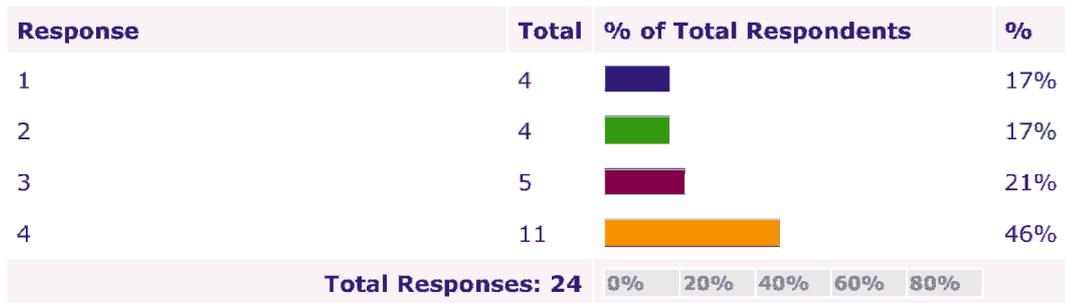


## Doing Business in Asia

*Q19. You have now successfully entered the Asian market. How would you now inter-rank the following 4 methods (from 'a' to 'd') in terms of effectiveness, in helping your company maintain its ongoing relationship with your Asian market?*

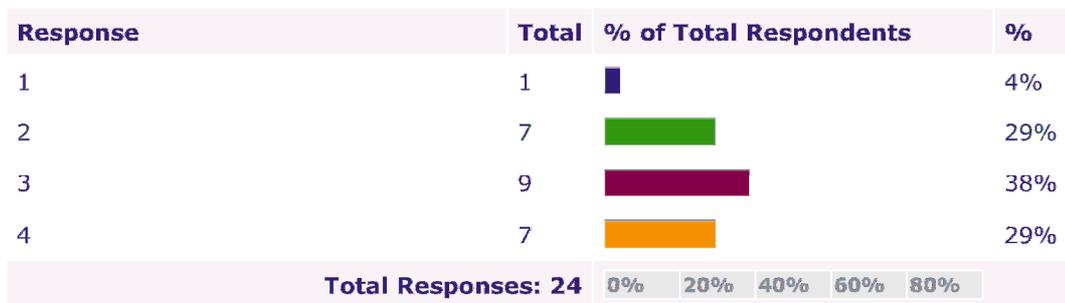
**(a) Using an employee of our company who speaks the language**

**1 = least effective, 4 = most effective**



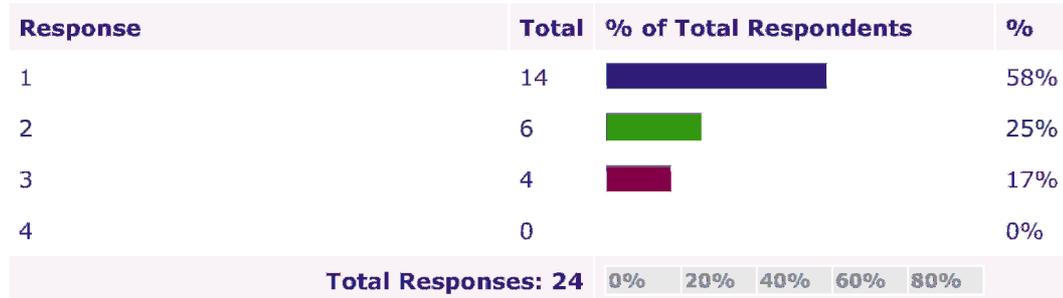
**(b) Using an employee of the other party's company who speaks English**

**1 = least effective, 4 = most effective**



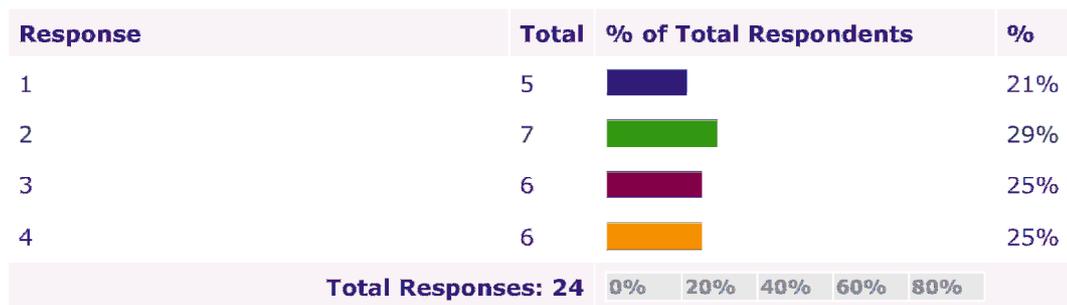
**(c) Contracting professional translating and interpreting services**

**1 = least effective, 4 = most effective**



**(d) Engaging an international agent/facilitator to represent our company**

**1 = least effective, 4 = most effective**



## Currently not exporting to Asia

The questions (and responses) thus far related to only those currently exporting to Asia. Respondents who said ‘no’ in Question 4 indicating that they are not exporting to Asia were automatically directed to the questions below. There were 7 respondents who said that they are not currently exporting to Asia.

*Q20. If you do not currently export to Asia, are you planning to in the near future?*

Response	Total	% of Total Respondents	%
Yes	3		43%
No	4		57%
<b>Total Responses: 7</b>			

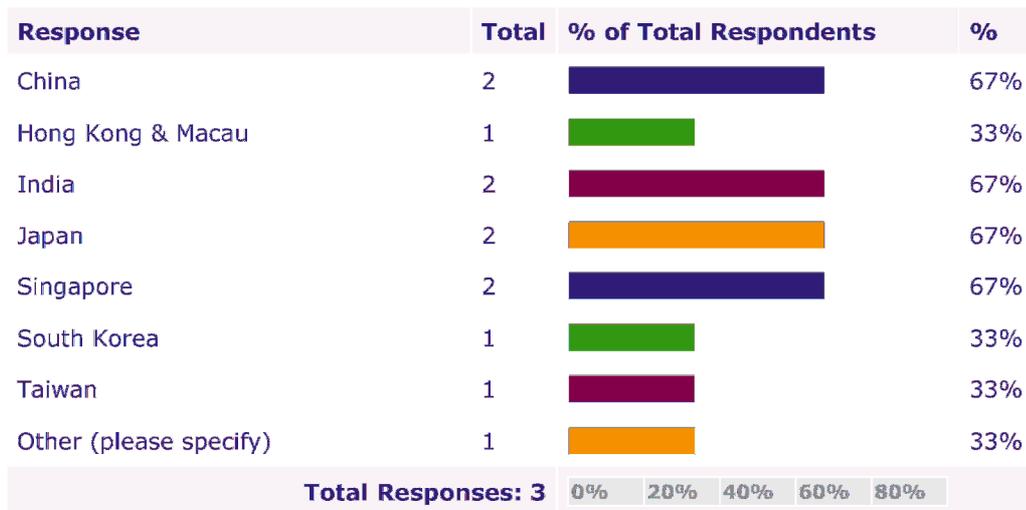
Respondents who answered ‘yes’ to Question 20 indicating that they are planning to export to Asia in the near future were required to answer Questions 21 and 22

## Planning to export to Asia

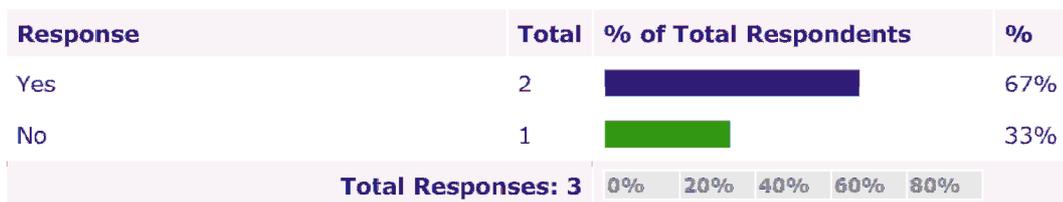
*Q21. To which of the following country/countries of Asia do you plan to export to in the near future?*

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)



*Q22. Do you anticipate any difficulties?*

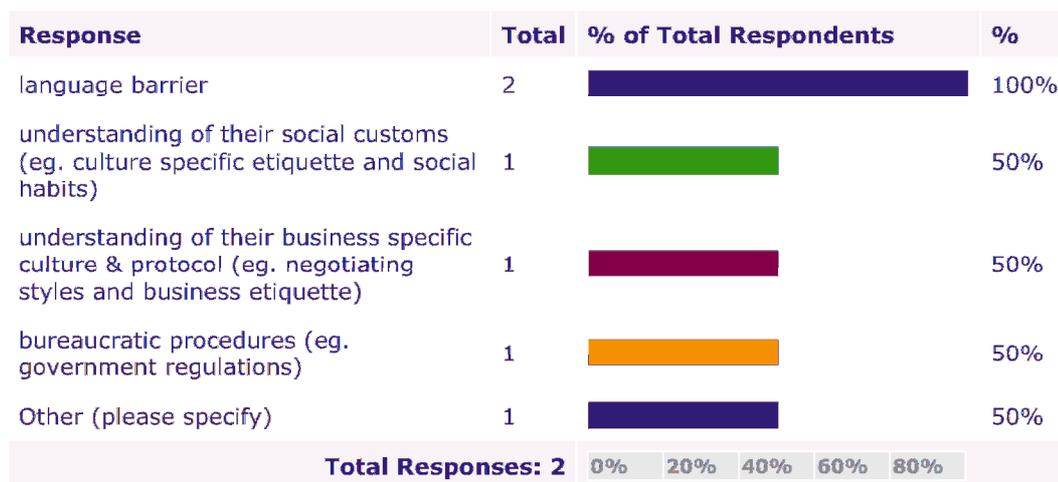


**Respondents answering ‘yes’ to Question 22, indicating that they are anticipating difficulties, were required to answer Questions 23, 24, and 25.**

***Q23. Which of these difficulties do you anticipate?***

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)



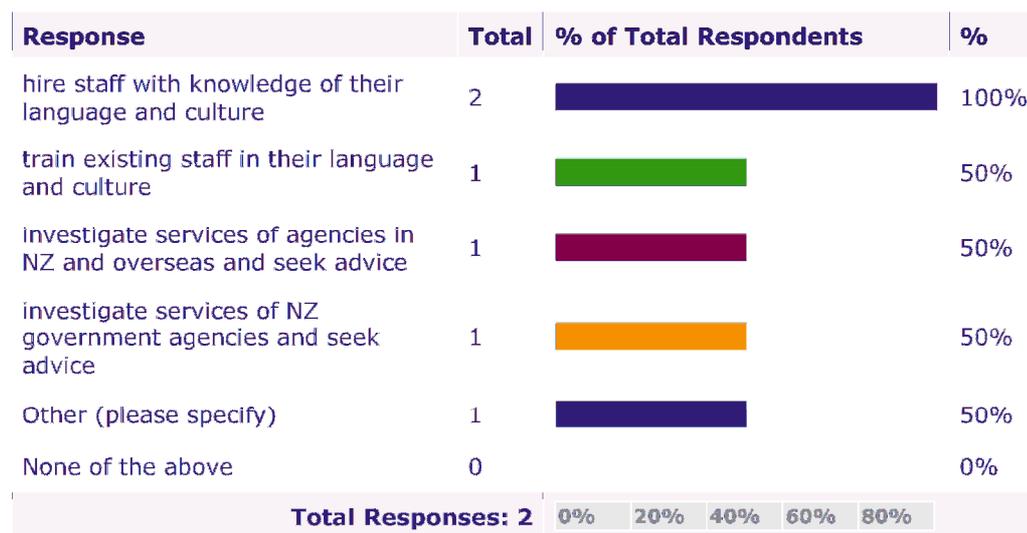
**One respondent indicated 'other' and made the following comment:**

Understanding how best to handle the frequent requirement for bribes and what we would call back-handers which seem to be entrenched in the culture and a possible requirement for getting business done.

**Q24. In preparation for your entry into your targeted Asian market, do you plan to undertake any (or all) of the following to facilitate the process?**

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)



**Only one respondent indicated 'other' and made the following comment:**

Whilst we have not been exporting to Asia, we have raised \$1mil of venture capital from Japan and Hong Kong. We have visited Thailand, Malaysia and India to consider contract manufacturing relationships. We have also undertaken a market development trip to Singapore and met with US Navy officials regarding their interest in our product.

**Q25. How would you describe your expectations regarding the level of ease/difficulty in breaking into the Asian market? \***

**1 = very easy, 5 = very difficult**

Response	Total	% of Total Respondents	%
1	0		0%
2	0		0%
3	1		50%
4	1		50%
5	0		0%
<b>Total Responses: 2</b>			

**One respondent elaborated on the difficulties he is personally anticipating as a future exporter to Asia and shared his views as follows:**

We have had success working with local representatives including local NZTE representatives. Our business is at an early stage. The challenges are huge: language, culture, distance, and the time it takes to identify the best parties to work with and establish relationships. However, that said, Asia is a willing business partner and it is a matter of giving them what they want, how and when they want it, at a price that works. Pirating of intellectual property is a significant risk and there are many stories of companies establishing manufacturing and finding a plant operating down the road producing the same product shortly after. We plan to manage our IP carefully, including black boxing part of it and being very selective about what we contract out to be manufactured. Our most likely course is manufacturing high tech components in NZ for later assembly into products manufactured close to major markets. We also intend to use the internet extensively to support and promote our products and services and link all this in with local representatives and agents. For this, our systems will need to be multi-language. Language and culture are not just an issue for us in Asia. Also, I don't think we can impose our way of doing things in Asia, on their turf. It's about adapting to doing things their way. Issues relating to their bribe system are sensitive and if not dealt with in the right way, could be a significant impediment. I understand that many major Western businesses who have set up in Asia, have someone looking after this for them. All this is very foreign to us Kiwis.

## Perceptions and Attitude to Language

### Author's comments:

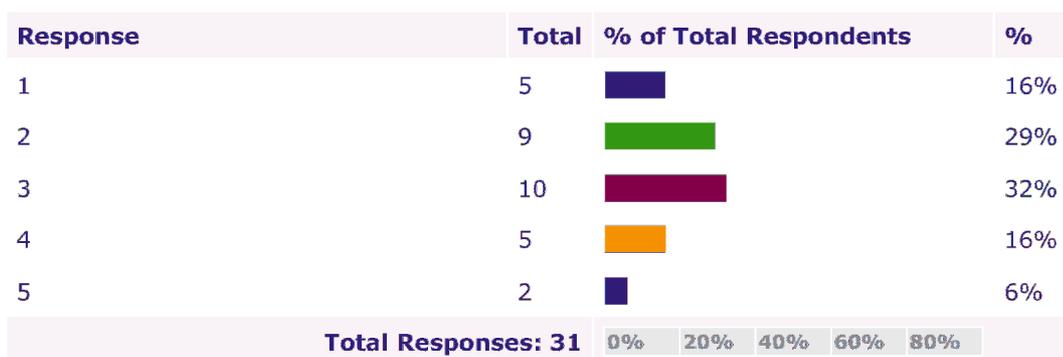
- All participants were directed to this last section of the survey.
- At the beginning of the survey, there were 34 respondents in total but 2 of the respondents who were current exporters to Asia did not complete the survey past Question 11.
- One other respondent who was also a current exporter to Asia, did not complete the survey past Question 18.
- The online survey had features allowing the respondents to pause and continue at a later stage, so it seems these respondents either did not get around to returning to the survey to complete it before the closing date for various reasons or simply chose to abandon it for unknown reasons.
- Hence, only 31 responses were received in this last section of the survey, from Question 26 to 28.
- From these 31 respondents, 12 separate comments from 12 different individual respondents were received as 'further comments' at the end of the survey.

*Q26. “English is the international language of trade. Asians wanting to do business outside of Asia are making the effort to learn the English language. Therefore, there is no need for New Zealanders to make a special effort to learn the language.”*

*To what extent to you agree or disagree with the above statement?*

**1 = strongly disagree, 5 = strongly agree**

(Each Respondent could choose only **ONE** of the following options):




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**Author's comments:**

- Nine separate comments were received from 9 individual respondents at the end of this question.
- As with the other comments and as explained previously, they have been edited carefully and sparingly.
- They are listed below in no particular order of importance or any particular relevance, but rather, for stylistic reasons, the shortest comments are at the beginning and the longest at the end.

**Respondents' comments on whether English alone is enough:**

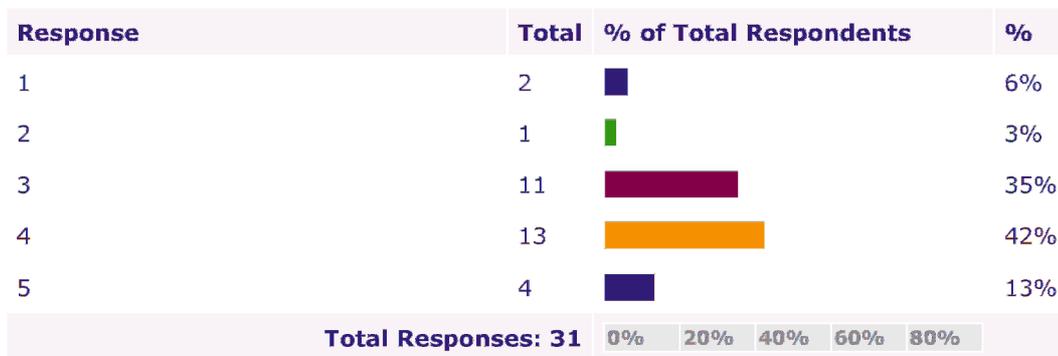
1. Knowing the language, from my personal experience, is half the battle won.
2. For institutions operating across several markets, it is difficult to have language fluency in all.
3. Showing an effort to understand a country's language and culture can go a long way to building a relationship.
4. All of our customers speak English but through courtesy, where possible, we attempt basic communication in their language.
5. Most customers we deal with speak English, as they have been brought up that way. We also employ native speakers of key markets.
6. I am not expected to learn the language, but I am expected to understand the culture and be sensitive to cultural issues. Any attempt to better understand the language is appreciated but not mandatory.
7. While it is great to make an effort to learn the language, when you are working with a variety of countries, it is impossible to learn them all. We have prioritized our main market China and have a Mandarin speaker on staff.
8. Making an effort is what really matters. This goes in any country I've worked or travelled in. Under no circumstances would I allow a member of our team to visit a country without knowing the basics, regardless of perception from other business people.
9. When I started out exporting in 1996, in countries like China and Vietnam, I was treated as an oddity because most people had never seen a white skinned person. Language was a real difficulty. In recent trips to the same markets, many people now speak very good English. English has become the international language of trade.

**Q27. “Communication across cultural boundaries is always difficult. If we want to communicate, it is necessary to master the rules of communication other than those that are normally included in the language.”**

**To what extent do you agree or disagree with the above statement?**

**1 = strongly disagree, 5 = strongly agree**

(Each Respondent could choose only **ONE** of the following options:)



**Author’s comments:**

- One respondent said that he did not fully understand this question.
- Six separate comments were received at the end of this question from 6 individual respondents.
- These 6 responses are listed below under *Respondent’s comments*.
- As with the other comments, these have been suitably edited sparingly.
- They are listed in no particular order of importance other than mostly by order of length of the individual comment.

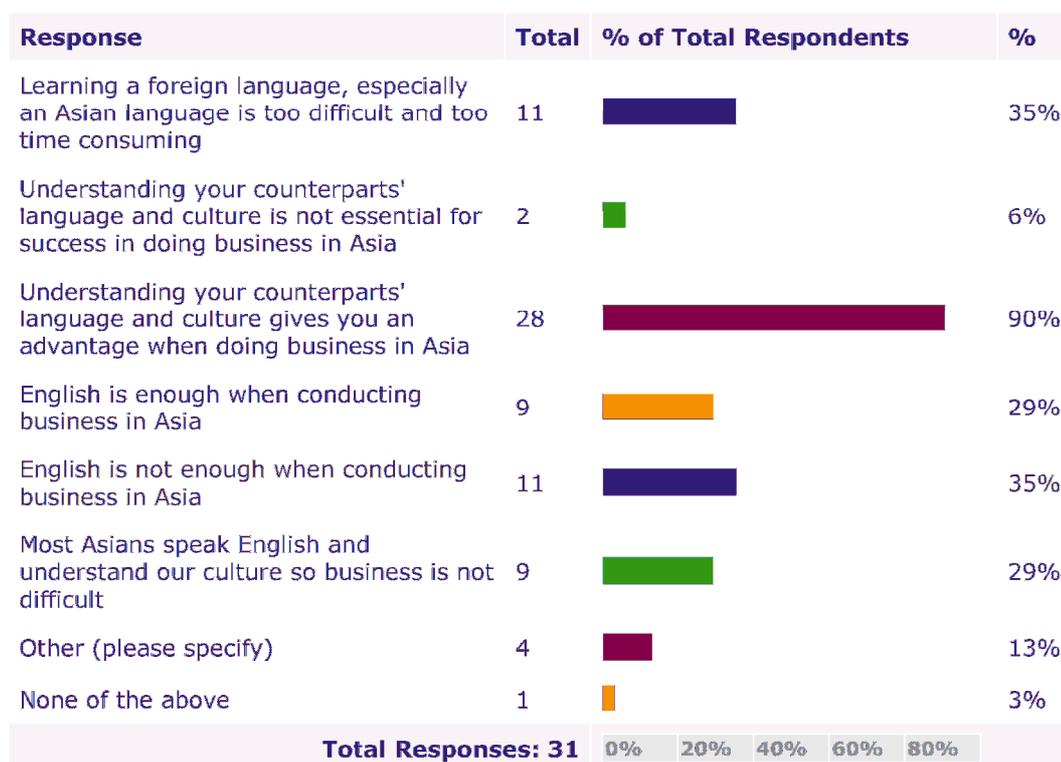
**Respondents' comments on whether there is a need to learn rules of communication other than language:**

1. A lot is gained from face to face communication over and above what is said.
2. Some latitude will be given for a foreigner but it is essential for us to take the guidance of our distributor on these matters.
3. Yes, - communication goes far beyond just verbal. Empathy, listening and non-verbal communication are equally as important.
4. This is important, however, the other party is coming towards you as well as you towards them. There may be misunderstandings occasionally but goodwill and trust go a long way.
5. I have found that especially in situations where neither party speaks the other's language, how readily you communicate, - so long as both parties are positive about wanting to communicate, - it will happen.
6. We are lucky in that we work with education agents, many of whom have studied abroad so have an understanding of Western culture. However, I have lived in Japan for 2 years and my knowledge of the Japanese language, customs and culture means I am able to work much more effectively.

**Q28. Of the following statements, which would you agree with?**

**Select all that apply**

(Each Respondent could choose **ANY** of the following options:)



**Four respondents indicated 'other' in Question 28 but only 2 offered specific answers as listed below:**

1. Having assistance for local language and culture is essential, especially in Korea.
2. I do agree that a lot of people I have met are able to speak English to various levels of proficiency but invariably there are difficulties in understandings. To learn an Asian language takes time, and because Kiwis have not had foreign language speaking countries next door across our boarder like Asia or Europe, we find it a bit harder to learn a new language. To get around this problem, I often travel with someone who can speak the local language. That said, English is a second language of choice for many of the Asian countries and we are benefitting from that.

**In closing, all participants were invited to add any further comments at the end of the survey and 12 individuals offered the following 12 separate personal views as listed below:**

1. We have been doing business in Singapore through a marketing group for some years now and have found the experience rewarding and successful.
2. Understanding culture is highly important but more so, respecting the individual is of higher importance. Getting to know the other team is a priority when working with China.
3. A company needs to be very patient in cultivating a business relationship before expecting sales to occur. The representative needs to convey a sense of sincerity, honesty and that the relationship is beneficial to both parties.
4. If Asia was our biggest market, we would put more effort into learning the languages of Asia. We will in future do more business with Asia and our people will develop language skills that are a better fit for doing business with Asia.
5. I am not disputing that learning the local language is not an advantage but when we are dealing across Asia, the effort in doing so is outweighed by the benefits especially if you have a local partner who can translate and provide assistance with cultural guidance.
6. Long term business is not dependent on a pre-requisite for language and culture awareness. We have found that business transparency and good long-term relationships with the same ideas and goals in mind between ourselves and the importer/distributor, is the best formula for business development and growth.
7. Every country in Asia is completely separate in terms of culture, customs, expectations, business methods, etc. English is certainly more accepted and more often used than 15 years ago. Young people would benefit from learning an Asian language at school but in reality, they need to learn Korean, Japanese, Madarin, Vietnamese, etc, as one language doesn't cover all of Asia.
8. In our situation where we use distributors to help bridge the cultural gap, - globally and not just in Asia, - we make a concerted effort to build good relationships with the distributors. This includes having conferences in New Zealand and also in the distributor countries from time to time, to help us understand how they each do business and to increase our understanding of their culture.
9. Firstly, put yourself in the shoes of the importer to better understand his requirements and ask several times: - 'Would you deal with me?' and 'Would you buy from me?' Humility plays a large role in the success of being a good exporter and always remember that it does not cost money to be humble, polite and address people as Sir or Madam. You need to build relationship to be a successful exporter.

10. The greatest difficulty for us has been the way things are negotiated: - here, we seem to go around in circles, whereas in Asia it's a direct question. Also, time is important for us but not important to them. When trying to complete an agreement, we tend to want to get on with it but they want to eat, drink, play, in fact anything other than doing the deal. It can be frustrating. Contact at a personal level is number one in importance to do business in Asia.
  
11. Exporting to Asian countries is becoming easier over time, more because of the efforts of the Asians than us. Most Asian countries are striving to be 'western' so generally they go out of their way to accommodate a Westerner. Because I have a fascination with understanding how others live, rather than staying in 5-star hotels, I try to stay where the locals would stay, eat the local food and observe their daily routine. I have found that most of the people I visit, are more appreciative of this fact than most other things.
  
12. For the past two and half years I have marketed our institution in China and Japan. I found it difficult to market in China with no knowledge of the language as many of the representatives from other educational institutions spoke Chinese so I always felt on the 'back foot'. We now have a native speaker in the role which will be a huge advantage. My knowledge of Japanese has certainly helped in Japan. Although it's not good enough to conduct meetings, they appreciated me making an effort and knowing about their culture.

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