

Case study



CASE STUDY What problems in the organization of Shanghai Volkswagen are highlighted in the case? Most of the problems highlighted in the case are due to the significant difference between the two cultures. For example, in China, one is supposed to answer all questions regardless of the fact that the answer is known or not known; not attending a question was not acceptable. Secondly, if one commented on someone's professional work it would be interpreted as a hit on the person's personal life, unlike in the West where work and personal life are separately treated. The Chinese people didn't know how to refuse; it was in their culture to be courteous and not say 'No', the refusal would be conveyed in hidden words which was difficult for the Westerners to gauge. Chinese people have a habit of accepting that has been handed down to them, without questioning its basis. The Western culture believes in independence and individuality but Chinese have been trained to copy the best ideas of others and implement them in their own productions. They believe initiating something on their own could mean taking a risk or asking for a disgrace. They lacked communication, either the Germans would not understand what Chinese were trying to communicate or the Chinese would not bother making a second call if there hasn't been a response in a long time. The Chinese people didn't believe in long-term planning and they would only consider small things. Due to long chain of hierarchy, lack of coordination was seen which affected standardization of reporting.

2) What are key features of VW and the Chinese Automotive sector that need to be considered in deciding how Shanghai Volkswagen, in particular the Electrical Engineering Division, is organized?

The Chinese automotive sector emphasizes on local production rather than

imports as this substantially reduces the cost. Transfer of technology requires that timely trainings are provided to the Chinese engineers at the same time encouraging them to do research and development at their end too. The EE should be given more autonomy, where they are responsible to take decisions on their own without consulting everyone in the chain of authority.

3) What organizational changes would you recommend and why?

A few organizational changes that I would like to recommend are as below:

Efficient communication – it saves time and conveys what exactly needs to be done without creating any confusion or causing unnecessary chaos.

Professionalism – people should be made to realize that a comment on the professional work doesn't indicate an attack on their personality. There is always room for improvement; if someone has identified some faults with their professional work it can always be corrected.

Encourage questions and taking initiative – encouraging employees to ask relevant questions is going to reduce misunderstandings that can develop at some point. By taking initiatives and risk, employees will build up confidence and gain experience.

Independence and authority – Project Managers of EE should be given the authority to control time schedules, budgets and other resources since they were based in China they could monitor it more closely.