

Chinese Management Drilling

Some Thoughts & Sharing on the
differences of Managing a
corporation in Chinese and
Japanese Environment

December 2, 2006

**2006 Nishogakusha Conference for
International Politics & Economics**

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<http://www.dch-japan.com>

Lecture Methodology

- Micro perspective – Company level
- Personal Perspective
- Personal Experience sharing – bits pieces
- No Judgment nor generalization
- Welcome comment from your perspectives

Content

- **Company and Me Relation**
- **Cultural Difference Analysis Exercise**
- **Problems of managing & doing business in a company in foreign culture**
- **Management Concept of a Chinese Manager in China**
- **Recruitment Issue of Japanese Firms in China**

Chinese & Japanese Company & Me (1)

Japanese

- Company > Family
- Making a living + social attachment
- I depend on Company
- Work for the company
- Collaboration
- Loyalty from all

Chinese

- Family > Company
修身齊家國 天下
- Making a living
- Company depends on me
- Work for the Boss
世有伯樂後有千里馬 千里駒有伯樂常
- Clearer division of labor
- Loyalty from “core /family members”
信 報告 親

Chinese & Japanese Company & Me (2)

Japanese

- Life time employment
- Superior & subordinates
: less distanced
- Single Inheritance –
preserve business
entity

Chinese

- Job hopping for non
core member
東
家打家
家打家
- Superior & subordinate
: distanced
- Equal Inheritance –
preserve the family

Suggest reading : "Business Organization and Management : A Comparison between Japanese and Chinese Firms" by Tan Hock

Cultural Difference Analysis Exercise

Time System in Business (1)

■ Monochronic People

- Do one thing at a time concentrate on the job
- Take time commitments (deadlines, schedules) seriously

■ Polychronic People

- Do many things at once are highly distractable & subject to interruptions
- Consider time commitments an objective to be achieved, if possible

Cultural Difference Analysis Exercise

Time System in Business (2)

■ Monochronic People

- Need coded, explicit communication
- Are committed to the job
- Adhere religiously to plans

■ Polychronic People

- Need less coded, explicit communication
- Are committed to people and human relationships
- Change plans often and easily

Cultural Difference Analysis Exercise

Time System in Business (3)

■ Monochronic People

- Are concerned about not disturbing others; follow rules of privacy & consideration
- Show great respect for private property, seldom borrow or lend
- Emphasize promptness
- Are accustomed to short term relationships

■ Polychronic People

- Are more concerned with those who are closely related (family, friends, close business associates) than with privacy
- Borrow and lend things often and easily
- Base promptness on the relationship
- Have strong tendency to build lifetime relations

Survey Details

- Samples 128 persons
 - 62 Japanese
 - 66 Chinese
- Combination of Survey results
 - **JJ** Japanese see Japanese
 - **JC** Japanese see Chinese (stereotype)
 - **CC** Chinese see Chinese
 - **CJ** Chinese see Japanese (stereotype)
 - **J** All respondents see Japanese
 - **C** All respondents see Chinese

Survey Result

Combination		JJ		CJ		J Total		CC		JC		C Total
Question		62		66		128		66		62		128
1	A	52	84%	64.5	98%	91%		8.5	13%	17	27%	20%
	B	10	16%	1.5	2%	9%		57.5	87%	45	73%	80%
2	A	53	85%	59	89%	88%		11	17%	8	13%	15%
	B	9	15%	7	11%	12%		55	83%	54	87%	85%
3	A	25	40%	46	70%	55%		22	33%	29	47%	40%
	B	37	60%	20	30%	45%		44	67%	33	53%	60%
4	A	51	82%	45.5	69%	75%		17.5	27%	9.5	15%	21%
	B	11	18%	20.5	31%	25%		48.5	73%	52.5	85%	79%
5	A	58	94%	60	91%	92%		10	15%	2	3%	9%
	B	4	6%	6	9%	8%		56	85%	60	97%	91%
6	A	54	87%	57	86%	87%		10	15%	3	5%	10%
	B	8	13%	9	14%	13%		56	85%	59	95%	90%
7	A	50	81%	54	82%	81%		9	14%	14.5	23%	18%
	B	12	19%	12	18%	19%		57	86%	47.5	77%	82%
8	A	45	73%	49	74%	73%		17	26%	10	16%	21%
	B	17	27%	17	26%	27%		49	74%	52	84%	79%
9	A	39	63%	24	36%	49%		33	50%	16.5	27%	39%
	B	23	37%	42	64%	51%		33	50%	45.5	73%	61%

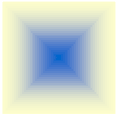
Who is Mono- or Poly-chronic?

	A	B	Japanese J	Chinese C
1	do one thing at a time concentrating on the job	do many things at once are highly distractable and subject to interruptions	A	B
2	take time commitments (deadlines, schedules) seriously	consider time commitments an objective to be achieved, if possible	A	B
3	need coded, explicit communication (eg. 2 lawyers in a court trial)	need less coded, explicit communication (eg. Communication between 2 twins grown up together)	A/B	B
4	are committed to the job	are committed to people and human relationships	A	B
5	adhere religiously to plans	change plans often and easily	A	B
6	are concerned about not disturbing others; follow rules of privacy and consideration	are more concerned with those who are closely related (family, friends, close business associates) than with privacy	A	B
7	show great respect for private property; seldom borrow or lend	borrow and lend things often and easily	A	B
8	emphasize promptness	base promptness on the relationship	A	B
9	are accustomed to short-term relationship	have strong tendency to build lifetime relationships	A/B	B

Japanese in the Eyes of

	A	B	Japanese JJ	Chinese CJ
1	do one thing at a time concentrating on the job	do many thing at once are highly distractable and subject to interruptions	A	A
2	take time commitments (deadlines, schedules) seriously	consider time commitments an objective to be achieved, if possible	A	A
3	need coded, explicit communication (eg. 2 lawyers in a court trial)	need less coded, explicit communication (eg. Communication between 2 twins grown up together)	B	A
4	are committed to the job	are committed to people and human relationships	A	A
5	adhere religiously to plans	change plans often and easily	A	A
6	are concerned about not disturbing others; follow rules of privacy and consideration	are more concerned with those who are closely related (family, friends, close business associates) than with privacy	A	A
7	show great respect for private property; seldom borrow or lend	borrow and lend things often and easily	A	A
8	emphasize promptness	base promptness on the relationship	A	A
9	are accustomed to short-term relationship	have strong tendency to build lifetime relationships	A	B

Chinese in the Eyes of

	A	B	Japanese JC	Chinese CC
1	do one thing at a time concentrating on the job	do many thing at once are highly distractable and subject to interruptions	B	B
2	take time commitments (deadlines, schedules) seriously	consider time commitments an objective to be achieved, if possible	B	B
3	need coded, explicit communication (eg. 2 lawyers in a court trial)	need less coded, explicit communication (eg. Communication between 2 twins grown up together)	A/B	B
4	are committed to the job	are committed to people and human relationships	B	B
5	adhere religiously to plans	change plans often and easily	B	B
6	are concerned about not disturbing others; follow rules of privacy and consideration	are more concerned with those who are closely related (family, friends, close business associates) than with privacy	B	B
7	show great respect for private property; seldom borrow or lend	borrow and lend things often and easily	B	B
8	emphasize promptness	base promptness on the relationship	B	B
9	are accustomed to short-term relationship	have strong tendency to build lifetime relationships	B	A/B

Stereotype in their own Eyes

	A	B	Japanese CJ	Chinese JC
1	do one thing at a time concentrating on the job	do many thing at once are highly distractable and subject to interruptions	A	B
2	take time commitments (deadlines, schedules) seriously	consider time commitments an objective to be achieved, if possible	A	B
3	need coded, explicit communication (eg. 2 lawyers in a court trial)	need less coded, explicit communication (eg. Communication between 2 twins grown up together)	A	A/B
4	are committed to the job	are committed to people and human relationships	A	B
5	adhere religiously to plans	change plans often and easily	A	B
6	are concerned about not disturbing others; follow rules of privacy and consideration	are more concerned with those who are closely related (family, friends, close business associates) than with privacy	A	B
7	show great respect for private property; seldom borrow or lend	borrow and lend things often and easily	A	B
8	emphasize promptness	base promptness on the relationship	A	B
9	are accustomed to short-term relationship	have strong tendency to build lifetime relationships	B	B

Problems that a
Japanese Manager may
face in managing a
Chinese subsidiary

Problem I face

(Life Time Employment)

- Difficult to fire incompetent staff nor recruit good staff from outside
 - Personnel cost is high but efficiency not optimal
 - Disincentive to staff who are good performer
 - Social responsibility vs corporate profitability is a dilemma
- Problem you may face
 - **Competent staff may leave you for better anytime**
- You should learn
 - How to retain capable staff
 - Reason for them to work for you
 - What are their individual need
 - Your Chinese staff are likely coming from the risk taking group

Problem I face (Working Attitude)

- Staff are discipline & follow rules but they are not trained to adjust to changes
 - Whenever there is change, there is complaint
 - Staff are not flexible to deal with changes like Chinese 執生
- Problem you may face
 - **Staff may make their own decision to achieve what they think is OK**
- You should learn
 - How important is rules and discipline in your business
 - Reward and PENALTY to shape desire work attitude & discipline
 - Achieve objective legally is the end; following rules itself is not the end

Problem I face

(Performance Management)

- Managerial staff is relatively weak in staff performance management
 - Relies on Company's Personnel system to do everything
 - They are not willing to discipline or fire staff themselves (no bad guy)
 - They do not know exactly how much their subordinate earns
 - Line of authority is a different concept
- Problem you may face
 - **You expect staff to perform diligently automatically, but not**
- You should learn
 - Bold to fire the wrong guy
 - Set up your performance monitoring system
 - Incentive or pledge for performance
 - Interpersonal monitoring mechanism

Problem I face (Decision Making)

- Consensus prevail
authority of Boss
 - There is less absolute power
 - Complaint of not being consulted
 - Barring of innovative ideas sometimes
 - Lobby your staff becomes extra job
- Problem you may face
 - **You are on your own to take ultimate responsibility**
- You should learn
 - Enjoy the absolute power
 - Build up your core team for internal consultation
 - Utilize your peers and outside consultant

Problem I face (Risk Management)

- Credit Risk in Japan is not low
 - Long credit terms
 - Trust rather than collateral
 - Trade practice does not change
 - Do or no do?
 - New way to do business is necessary
- Problem you may face
 - **Bad debt and collection problem**
- You should learn
 - Do not extend credit easily
 - COD if possible
 - Sales staff pledge to collect
 - Build up a tough collector image
先小人後君子.
 - Other supplier also concern

Management Concept of a Chinese Manager in China

CASE STUDY

Shanghai DCH Food
Industries Limited

(SDFIL)

SDFIL

Food Repacking & Distribution in China



- **Start 1994**
- **12 years continued profit**
- **100% owned**
- **Own Sales and Logistic Team**
 - **Market share 35.8%**
 - **100 Salesmen**
 - **10,000MT Cold Storage**
 - **>10 Wholesale Depots**
 - **1000 Supermarket, 400 Restaurants, All Major Hotels**

10 Management Concepts of SDFIL

- Build Up Corporate Culture
- Company Objective – Profitability
- Incentive System to all levels
- Control Systems *
- Central Purchase Decentralize Sales *
- Severe Credit Control System *
- Internal Audit System *
- Penalty to Enforce Responsibility *
- SWOT Strategy on Competition
- Legal Compliance *

Lessons Learned from SDFIL

- Staff behavior control and education is key
- Understand your Chinese staff
 - They come from state own company
 - They have been gone through very poor living before
 - They are from the relatively high risk taking group
 - They lived in communistic society before used to control & monitoring
 - Their integrity level?

Recruitment Issue of Japanese Firm in China

An Interesting Survey

Source : www.rietigo.jp/en/china/0304021.html

By Dr. CH Kwan

Good employer in the heart of Chinese university graduates

- ◆ 50 company rated
- ◆ 33 are foreign companies
- ◆ No. 1 is Haier, Chinese company
- ◆ 3 out of 33 is Japanese company
- ◆ Samsung 14, Korean company
- ◆ Sony 17, Matsushita 32, Toyota 46
- ◆ Key issue : Career Development

Lessons learned from the survey

- ◆ Localization program in Japanese corporation is not profound enough
- ◆ Should not copy Japanese Personnel system into China
- ◆ Recruit more Chinese graduates from Japan for the China project

That's all Folks

That's all Folks

The End