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# How to set up a business in China and what are the managerial factors for success?

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# Abstarct

During this dissertation we will present the specificities and impact of iterculural management in the success of a company abroad and more specifically in China. We will thus thanks to interviews and by conducting a survey try to determinewhich are the international and local/cultural management theories to implement and the one that are universal.

Durante esta dissertação, apresentaremos as especificidades e o impacto do gerenciamento físico no sucesso de uma empresa no exterior e mais especificamente na China. Por conseguinte, agradeceremos as entrevistas e, ao realizar uma pesquisa, tentaremos determinar quais são as teorias de gestão internacional e local / cultural a implementar e a universal.

Key words: Inter cultural management, start-up, China, management Classification:

- M13 New Firms • Startups

- M14 Corporate Culture • Diversity • Social Responsibility

# Introduction

Since my youth I have developed a creative, curious mind, and eager for discovery and immersion in new cultures. The desire for entrepreneurship came afterwards. These are the reasons why I chose to integrate an international business school and specialized in management in order to one day reach my objective and create my business. For my second year, I chose to go to Shanghai to discover a new culture and above all new working methods and knowledge related to entrepreneurship. It was during this enriching stay that I was able to approach the notions of management and more particularly of intercultural management. Therefore it is after having been able to address the importance and the stakes of intercultural management, especially in our globalized world, that I have chosen to make of it the problem of this thesis.

In this first part I will explain the scientific and academic approach by which I have reached this problematic through my readings.

# China : The promised land ?

China is now the world's leading economy. Despite a slight stagnation for some time, its growth remains strong, unlike the European countries that barely recovered from the subprime crisis of 2008. Only 60 years ago, China was a developing country, closed to foreign investors and under the yoke of a powerful communist party. As explained by Françoise Lemoine (L'économie de la Chine, 2009), it was only in the late 1970s that China put the modernization of its economy at the top of its priorities. Different actions made it possible: gradual abandonment of its plan for the market, mobilization of its huge laboral ressources and so on. Thanks to those transformations, in the space of a few years China became the factory of the world. At the same time, a major campaign to modernize its industries and infrastructure has been set up thanks to major investments to employ an active population of 1 billion 385 thousand in 2013 according to the latest OECD figures.

Production has soared thanks to the rural exodus and the implementation of new production and management techniques. China has attracted massive foreign investment which has

created new production capacities in domestic and international demand-producing sectors. Indeed, in the space of a few years, thanks to its openness to foreign markets, China has seen flows of foreign investment: in 2013, they reached $ 117.59 billion (EUR 86.2 billion), the volume of which has grown steadily since China's accession to the World Trade Organization in 2001. In 2013, these funds come mainly from Asian companies with a growth in investments of 7.1% for 102.5 billion dollars (75.2 billion euros). They also come from European investors for 7.2 billion dollars (5.3 billion euros), and American for 3,4 billion dollars (2.5 billion euros). Openly welcomed by the authorities but especially charmed by the potential number of consumers that China counts, many foreign companies have tried their luck but have not always succeeded, especially because they did not integrate into their implementation strategy a significant factor: intercultural management.

# Intercultural management

Many definitions of "management" exist and differ among them. Here I chose the definition of Henry Fayol (Administration industrielle et générale, 1916): "*To administer (to manage) is to plan, organize, command, coordinate and control.*". But as shown by Christoph Barmeyer (Management interculturel et styles d'apprentissage: Etudiants et dirigeants en France, en Allemagne et au Québec, 2007), even if these tasks seem universally feasible, their heterogeneity manifests itself clearly in their mode of execution by intercultural differences: then intervenes the intercultural management.

Intercultural management emerged in the 1970s and 1980s in parallel with the phenomenon of globalization. Hofstede (Culture's Consequences: International Related Values, 1984) first demonstrated how cultural dimensions influence the way space, time and interpersonal relationships are perceived, thus linking management models and organizational cultures. Close to the international management which is more concerned with the planning, the organization and the carrying out of the activities of the company abroad, intercultural management places the human and the interactions between the people at the heart of its concerns (Christoph Barmeyer, Management interculturel et styles d'apprentissage : Etudiants et dirigeants en France, en Allemagne et au Québec, 2007). Intercultural management can

thus be defined as the use of national specificities in the management of societies, human behavior and communication. I invite my readers, however, to put the results of Hofstede into perspective, since they date back to the 1970s. The world since then, with globalization, has changed a little and the communities have all come together. Nevertheless, Hofstede remains a reference in the study of societies and their cultural differences. It draws the major traits of a society.

Traditionally there are seven major models of intercultural management applicable to seven cultures (Carlos A. Rabasso, Fco, Javier Rabasso, Introduction au management interculturel).

## The Anglo-Saxon model

A society based on the system of victors / vanquished which results from the strong competitiveness established by the law of supply and demand, the need for abundance, individualism and patriotic values well inscribed in the heritage. Thus priority is given to the financier to the detriment of the social. Recognized communication is written. Formalism and bureaucracy characterize the operating system where time is the central element of productivity.

## The Latin model

To understand the Latin model, it is necessary to evoke the great contrast between the centralizing role of the State and the rebellious behavior of its citizens. The logic of profit and profit at all costs is subject to social criteria. The notion of personal success is linked to respect for the traditions and ancestral values of the group. The relations are paternalistic between the chief and his/her subordinates. The corporate culture is dominated by creativity, a balance between the social and the economic.

## The Asian model (for Chinese, Japanese and Koreans models)

A model mixing tradition and modernity. The values are therefore very imposing and present in the daily life of Asians: family, religion, spirituality, country, and community. As can be seen, the notion of collectivism is very present. Sharing, harmony and the search for consensus at every moment of life are the pillars of the traditional Asian society. No one should stand forth or assert himself by crushing others. Their way of thinking is therefore gentle and non-aggressive unlike Westerners.

## The Indian model

India practices a so-called "high distance" culture, with a clearly hierarchical management mode. The power is very concentrated and it establishes relationships of dependence with the manager. The organization is based on caste, therefore on a deep social segmentation. The culture of India is complex and varied; yet collectivism is a common characteristic to the entire Indian people. The great values of India are: spiritual, cosmic (human nature), social (group), and human (personal) values.

## The Arabic model

Four levels of existence reflect the Muslim world: taking into account personal interests, strict rules of conduct, awareness of evil, a spirit in perfect harmony with the essential needs and desires. These levels of existence have consequences on the management and the different systems of organization: adapted strategies, mode of rewards, motivation. The ideals of justice and morality explain the widespread practice of "bargaining". Any form of uncertainty must be excluded from a contract or transaction.

However, each country and / or region of the same model is different, even if their culture is approximately the same. Indeed, the French and Italians are very different, as are the English and Americans, or the Chinese and the Japanese. It is for this reason that I will address more precisely the Chinese case in the next part.

# The Chinese case

When it came to China in the 1980s and 1990s, thanks to its commitment to globalization, Western and particularly French companies found themselves confronted with a culture far removed from their own. In order to highlight these differences and get a glimpse of Chinese society and its bases I will use the five dimensions of cultural differentiation developed by Geert Hofstede and the resulting study "The Chinese Value Survey".

The first important thing to know about Chinese society is that it is based on Confucianism. This doctrine dating from the 2nd century BC is a moral doctrine based on the teaching of Confucius and dealing with human relationships, work ethics, virtuous behavior and social structures. As presented by Yin Fan (Chinese cultural values and entrepreneurship, a preliminary consideration) this doctrine governs and dictates the rules for the entire social interactions of an individual.
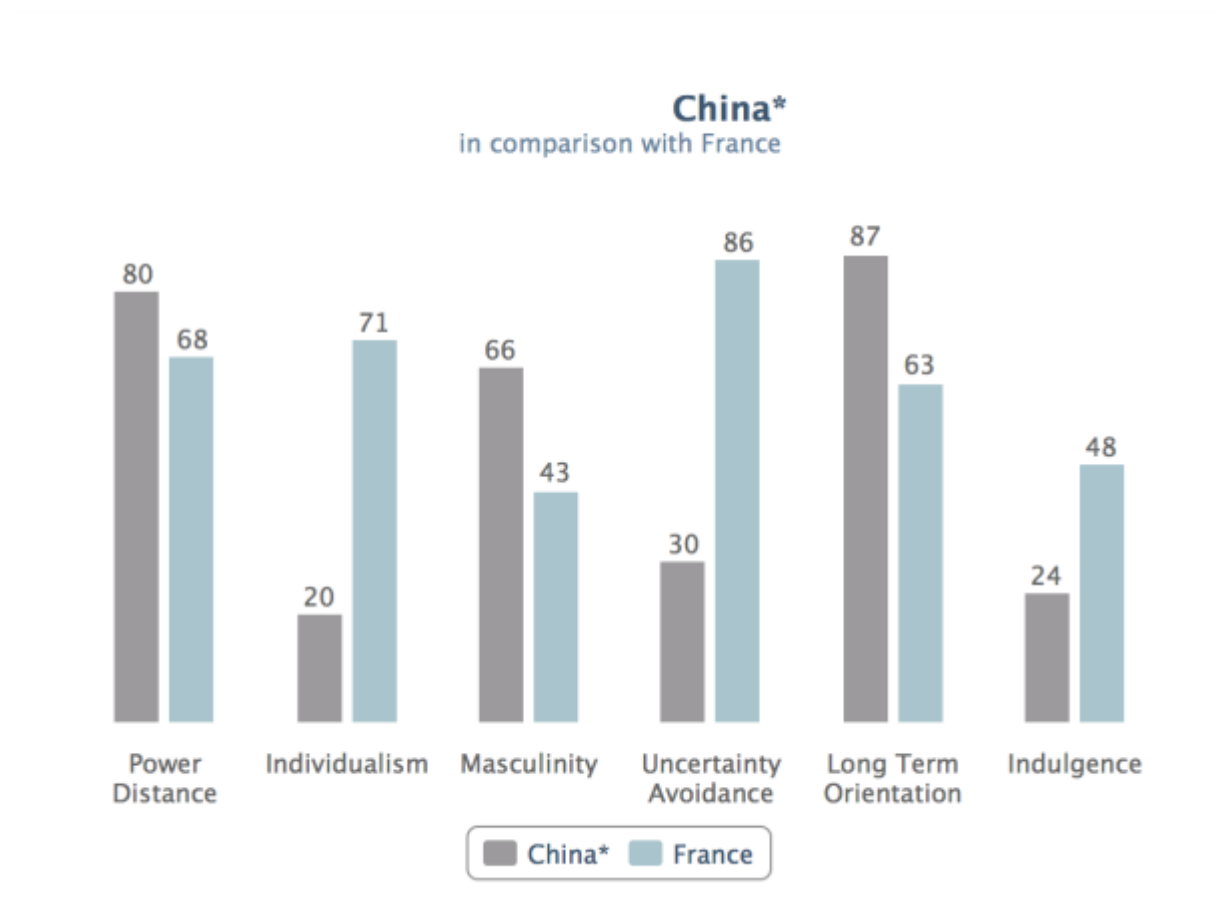
The 5 main values of Confucianism are: humanity, rigor, property, wisdom and finally fidelity. Of these Confucius will define 5 basic human relationships each attached to principles that are called Wu Lun:
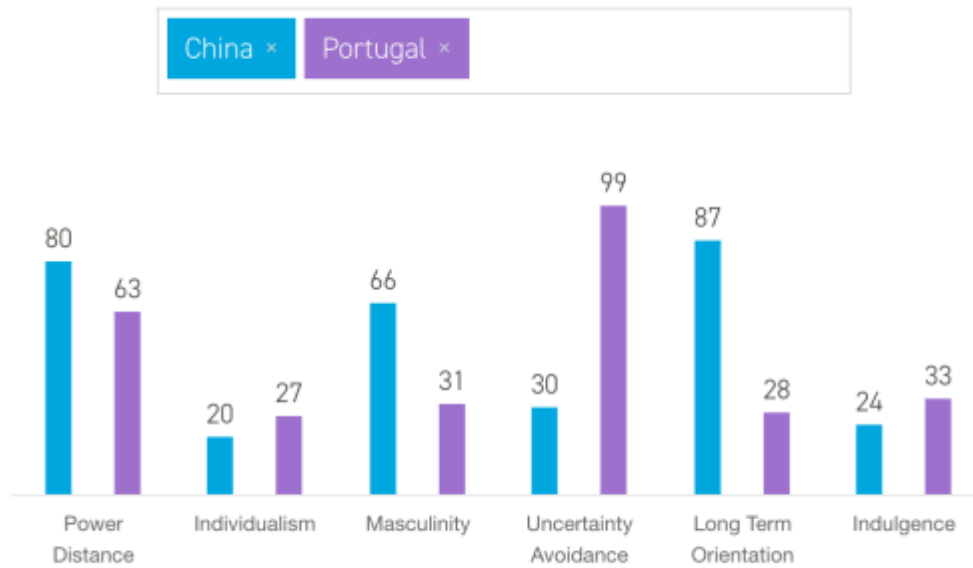
| Relationships | Wu Lun |
|---|---|
| **Sovereign and subject (or master and adept)** | Loyalty and duty |
| **Father and son** | Love and obedience |
| **Husband and wife** | Obligation and submission |
| **Little brother/sisters and elders** | Wisdom of seniority and model |
| **Friend and friend** | Trust |

Each type of relationship is structured to deliver optimum benefits for both parties in order to ensure a harmonious society. It is by understanding this doctrine and its principles that one can more easily understand the dimensions of Hofstede's differentiation for China. Based on an IBM study conducted in 70 countries in 1970, Hofstede was able to define 5 then 6 factors of cultural differentiation:

‑ Hierarchical distance: refers to the acceptance of the inequality of power by the one who is subject to it.

‑ Uncertainty control: refer to the degree of tolerance a culture can accept toward anxiety caused by future events.

‑ Individualism and collectivism: express the degree of freedom an individual is feeling toward a group.

‑ The masculine / feminine dimension: express the sensitivity of a society to the factual and the emotional

‑ Short / Long term orientation

‑ Indulgence: refer to how a society will perceive and treat its desires and pulses

Each of these factors is thus assigned a score. According to The Hofstede Center, China scored as the following:



**China***
in comparison with France

| | Power Distance | Individualism | Masculinity | Uncertainty Avoidance | Long Term Orientation | Indulgence |
|---|---|---|---|---|---|---|
| China* | 80 | 20 | 66 | 30 | 87 | 24 |
| France | 68 | 71 | 43 | 86 | 63 | 48 |

The Hofstede Center also gives us an analysis of these scores, which I chose to transcribe here:

- Power Distance (80): The "subordinate-superior" relationship tends to be polarized, there is little defense against abuse of power by superiors. Individuals are influenced by formal authority and the sanctions applied. The people have confidence in their leaders and are optimistic about the leadership and initiative of these people. The people must not have aspirations beyond their social rank. Overall, we can say that inequalities are accepted between the more and the less powerful.

- Individualism (20): China is a highly collectivist society. People act for the interest of the group, the nation. Hires and promotions are made within close groups and are not always related to merit, the family will get preferential treatment. The commitment of employees to their company is low. It is higher toward the members of the organization. Thus relations between colleagues are cooperative but hostile towards members of another group (other departments, other companies and so on). Personal relationships prevail over the task of the company.

- Mascunality (66): China is a male-dominated society, which means that what motivates the general population is to be the best rather than loving what they are doing (femininity).

Chinese society is therefore oriented and driven by success. Chinese people have a sense of sacrifice and are willing to work hard to succeed. Recreation is not important. People care more about the outcome than how to get to it.

‑ Uncertainty Avoidance (30): China's score is relatively low, that means they valuate the truth. This can be explained in particular by the importance accorded to groups, especially to family, and to the social rules of Confucianism which govern them. Nevertheless, adherence to laws and rules can be flexible to suit the actual situation. Chinese people are very pragmatic. The Chinese individual is at ease with ambiguity: the Chinese language is full of ambiguous meanings that can be difficult to follow for Westerners. He is also adaptable and entrepreneurial. The majority of Chinese enterprises are family-owned and small or medium-sized.

‑ Long Term Orientation (87): China has a very pragmatic culture. People therefore think that the truth depends more on the situation, the context and the time. They show an ability to easily adapt their traditions to changing conditions, as well as a strong propensity to save and invest. Finally, they have an economical spirit, and are persistent in the achievement of results.

‑ Indulgence (24): China is said to be a measured society, in restraint. Retaining society have a tendency to cynicism and pessimism. Moreover, retaining societies, unlike indulgent societies, do not put in the foreground the leisure and satisfaction of desires. People feel that their actions are restricted by social norms and feel that listening to themselve is somehow bad.

Through this analysis, we see the impact of the doctrine of Confucianism on Chinese society and we see very clearly that great differences emerge between our two cultures; also expressed in the style of management. It now seems obvious that our two cultures are distant and even opposed on certain aspects, which is why it is vital for a Western entrepreneur to apply an adequate management synthesizing principles of Western, Chinese and intercultural management. Only what is to take, adapt or leave out? It was with a curious and modest look that I wanted to bring an answer through the following problematic:

**How to set up a business in China and what are the managerial factors for success?**

We believe that this axis of study is interesting because of its strong managerial dimension. The employee is what makes a company going on and evolve. It is the guarantor of its success especially for a start-up company where the dedication of the employee is a priority. However, cultural difference has an impact on management, which has to adapt to its employee. I hope that my readers will find here some ideas and a guide for embarking on the entrepreneurial adventure in China. As an illustration we will use during this thesis the case of French companies. We have made this choice as we are French and we know better its society. However thoe technics are also applicable to more or less any European companies and entrepreneurs.

During the recent years China has attracted large French groups (Carrefour or LVMH for instance), but recently young entrepreneurs seduced by this country where everything seems possible decided to try the adventure. As a proof of this, the French Chamber of Commerce of China now counts more than 1600 registered members for 2015 and this number keeps growing. But the complexity of the Chinese culture, the language barrier or the bureaucracy are difficult to apprehend and seem to be factors of failure.

# Reading and academic researches

The private sector is becoming more and more important in China. In 2002, there were an estimated 2.4 million private enterprises in China employing 34.1 million people. Thus entrepreneurs would today represent the third most important social category after the all powerful government officials, the Communist Party and the managers of state-owned enterprises. According to Guangjin Chen, Jun Li and Harry Matlay authors of the study "Who are the Chinese private entrepreneurs? A study of entrepreneurial attributes and business governance", an entrepreneur is defined in China as "*an individual taking the risk of creating a business from the private sector, through his personal resources*". Here we have a notion of risk-taking, independence and a desire to stand out from the government because it uses its own resources rather than taking advantage of the political system and its network as is very often the case in China.

The Chinese entrepreneur is therefore an ambitious self-made man with a kind of audacity in a country where everything is controlled by the Communist Party.

According to Guangjin Chen, Jun Li and Harry Matlay, we can distinguish 2 groups of companies from the private sector:

- The Getihu, which are micro-enterprises employing fewer than 8 employees and are very often family businesses.

- The private and state companies employing more than 8 employees and having a more "business" nature than the Getihu.

China is the 84th country where it is easiest to create its business (Report 2016 Doing Business), France is ranked 27th and Portugal 25th. It therefore seems necessary to know where to put foot and to be well accompanied.

## Business creation: an idea first and foremost.

Before any procedure, it is very important to have a good project and to know its future customers and competitors. There is currently very little data about competition in China, and even less official data. It is therefore highly recommended to use a local agency that can carry out a market research, introduce you to partners or investors.

Traditionally, when seeking a business idea, we try to provide a service or a new product to create or fill a consumer need. Other alternatives are nevertheless possible for European people wishing to set up their activities in China.

In a recent IFOP survey published in the magazine of the French CCI of China, it is reported that *"The country of origin is a criterion widely taken into account by consumers in their purchases since 44% of them declare to pay attention to it "Systematically or most often" and 30% "from time to time". Seventy percent consider that this is a criterion that plays a "fairly or very important" role in how they choose one product or service over another"*. The association that is most often made by Chinese consumers with the sentence "Made in France", is that of luxury. France is thus associated with *"dimensions of know-how, creation and the ability to deliver dreams that are highly rewarding"*.

France thus brings to the Chinese consumer strong values of social representation (luxury), differentiating it from the outset of its competitors.

This is why many entrepreneurs have chosen to implement a French business concept in China, in order to offer the Chinese the lifestyle and know-how they are fond of. This system seems to work very well. One example is the case of Joachim Poylo, 40, the founding president of Aden Services, a logistics services company similar to Sodexo, or the creators of the Jing'An Creperie in Shanghai, who started the creation of a simple crêperie a few years ago and which today own several restaurants from Shanghai.

Exporting a French or European concept works very well in China since Europe has a social representation for the Chinese and therefore European products too. The made in France is a huge asset. (They do business in China: six success stories, Corine Moriou)

It is also important to get acquainted with the current five-year plan established by the Chinese Government. Every five years, the Government publishes its "Five Year Plan of China" or "Zhōngguó Wǔnián Jìhuà" to explain and plan its economic development over the next 5 years. For the years 2011-2015, the strategic sectors defined by the Government are:

- Clean Energy Vehicles: The Chinese Government is counting on the sale of 500,000 clean cars in 2015.
- New materials: China possesses the world's largest reserves of rare metals, used for new technologies and industry.
- Alternative energies: China has become a leader in the field of green energy: solar, wind and hydraulic dams. It also plans to reach 15% of renewable energy by 2020.
- Information technologies: telephony, access to the Internet and home automation - sectors of choice of the Chinese - are all markets to invest.
- Biotechnology: The Chinese Government wishes to develop bio-medicine, bio-agriculture, bio-manufacturing and bio-environment. The number of people working in these sectors is expected to double by 2020.
- The environment
- Advanced industrial equipments

## Forms of businesses

For a foreigner, it is possible to opt for 4 forms of companies in China:

| Forms partners | Number of partners and associates | Minimum capital | Responsibilities of partners |
|---|---|---|---|
| **Equity Joint Venture, EJV** | One or more foreign partners and one or more Chinese partners | No minimum capital but a foreign stake of at least 25% of the capital. | Limited to the amount of the contributions. |
| **Co-operative joint ventures, CJV** | Minimum 2 partners: one Chinese, the other foreign. | No minimum capital. | Limited to the amount of the contributions. |
| **Foreign investment joint stock company, JSC** | Minimum 2 partners. | Minimum capital of Rmb 5 million, Rmb 30 million if foreign capital. | Each shareholder brings the same amount to the share capital and is bound to the company by his share of the share capital. |
| **Holding** | Minimum 1 partner. | Minimum capital of USD 30 million. | Each shareholder brings the same amount to the share capital and is bound to the company by his share of the share capital. |
| **Wholly Foreign-Owned Enterprises** | No partners | The minimum share capital is set by legislation according to the activity of the company. | Limited to the amount of the contributions. |

The majority of foreigners opt for the Wholly Foreign-Owned Enterprise solution, as it allows foreigners to sell products imported into and from China. It also helps to guarantee the management autonomy abroad and thus to avoid having a Chinese partner and to preserve its knowledge and technologies.

## Business start-up procedures

On average business start-up takes 1 month (2 for the Wholly Foreign-Owned Enterprises because it requires an accredited agent who will be responsible for filing the registration files with the administrations). It consists of 11 procedures, which may take 1 to 11 days:

⁃ The pre-agreement notice for the name to be deposited to the Administration of Industry and Commerce

⁃ The company's legal identity business license with the Administration of Industry and Commerce, the organization code certificate of the Office for Quality and Technology Supervision and the registration with the tax office.

⁃ The notice of agreement for the creation of the company stamp of the local police station

⁃ The creation of the corporate stamp used to authenticate and sign any document

⁃ Registration in the Statistical Office

⁃ Opening a bank account

⁃ Authorization to use and issue purchase / sale invoices with the tax authorities

⁃ Registration of employees at the local office of the career service

⁃ Registration at the Social Insurance Center.

Here is the company created. Now begins the most interesting and challenging part: to successfully establish its presence in the Chinese market and to perpetuate its activity. I will analyze in this section the managerial factors of general successes and those specific to China.

First of all, and in parallel with the managerial factors, it is important to highlight one of the most important success factors in China: the network or "Guanxi".
We find this need for a network in the work of Johanson and Vahiné (1990, 2009) that François Goxe reports in his thesis "Business communities and social networks: a strategic

development factor for the internationalization of companies? the case of French SME entrepreneurs in China ", considering internationalization and thus also the fact of setting up abroad "*as an incremental phenomenon of penetration and integration of networks*". We need to create a network when we are international and especially in China.

François Goxe defines the network on several dimensions as: "*Structures of internationalization (structural dimension and inter-organizational level), or as a social space of internationalization (relational dimension, inter-organizational and inter-individual levels) as a channel for accessing resources (resource dimension, inter-individual and personal levels)* ". Eric Boutin and Pei Liu go further in this analysis by positioning Guanxi as an economic intelligence of its own value.

In their article "Guanxi in China: An Operative Concept of Economic Intelligence," they define Guanxi as "*an orientation of the mind that leads to the mobilization of networks of relationships as soon as we face a decision-making problem at all levels of social life*" using several dimensions:

• First of all, Guanxi is mobilized to solve decision-making problems. This conception of decision-making problem is understood in the broad sense and covers resolutions of family, personal or professional problems.

• Guanxi is a network of relationships centered around an individual and not a collective. This is what initially makes the comparison of Guanxi Economic Intelligence counter-intuitive. Indeed, the objective of economic intelligence is to solve a decision problem that often arises at the level of an organization.

• Guanxi of a person is a form of relationship book that can be presented as a set of concentric circles in the manner of the waves produced by the fall of a body into water (Fei 1948). The more an individual is located on a circle near the center, the higher the level of intimacy with the person in the center. In his Guanxi, an individual has acquaintances from his family, school, workplace and so on. Each actor in Guanxi can compete at some point in solving a problem.

This Guanxi is therefore for the Chinese a problem solving element "*allowing the establishment of a system based on the development of an inter-individual trust in place of an institutional trust*". Guanxi is a true "*bypass strategy to survive in a complex and opaque regulatory environment*". Concretely for an entrepreneur, the Guanxi "*makes it possible to secure scarce resources, to obtain the protection of the authority, thus a certain immunity, and to shorten the bureaucratic deadlines to reach an objective*". It is therefore vital to build

this Guanxi well before the creation of its company.

Mianzi's notion of the face is also closely linked to this notion. In their article "The Impact of Confucian Values on the Management Control Process in a Chinese State Enterprise", Léon Laulusa and Jean-Yves Eglem resume the work of Redding and Ng, published in 1982, to explain the concept of Mianzi.

The Chinese face contains two dimensions:

- A bond that evokes a good moral character and gives the idea of being a decent person. Hence, it is more a value that is attributed to us than a realized value.

- Mianzi means the face "physically" and carries the idea of reputation based on his own efforts. Therefore, we realize this value more than it is attributed to us.

These two dimensions affect behavior differently. Thus, not having a link is equivalent to not having integrity. While not having mianzi simply expresses the idea of having failed and leaves no real stigmata. It is essential for an entrepreneur and even more for a foreigner to integrate this dimension into its relationships and to bring it to the utmost importance. Losing face in China is something extremely humiliating and impacting on the Chinese psychology. It is essential to make sure to "keep the face" and not to make it lose to its interlocutor.

## Successful managerial factors

Churchill and Lewis in their work classify the 8 success factors of SMEs into 2 categories: those linked to the company and those linked to its creator (Factors of success and causes of failure in the enclaved zone, Oumar Liman).

Factors that relate to the business are:

- Financial resources, including cash and borrowing opportunities.

- Human resources, in terms of the number, competence and quality of the staff, particularly at the level of management and functional departments.

- Management systems, in terms of the sophistication of information systems, planning and

control.

- Competitive resources, including customer relations, market share, supplier relationships, manufacturing and distribution processes, technology, reputation, are key determinants of the company's business and in its market.

The factors inherent in the owners are:

- The objectives that the owner has set for himself and for his company.

- Operational skills of the owner in carrying out important tasks such as marketing, invention, production, and distribution management.

- The management capacity of the owner, his willingness to delegate to subordinates and his ability to manage their activities.

- Strategic skills of the owner that allow him to see beyond the present and adapt the strengths and weaknesses of his company to the objectives he has set himself.

In our case we will focus our research on the factors that relate to the company.

In the case of financial resources and management systems, the practices being quite universal, we decided not to develop this part.


## Human ressources

In general, it is believed that the creation of value for a company and therefore its success is based on the involvement of all its stakeholders (Freeman 1983, Clarkson 1995, Wheeler and Sillanpaa 1998). In his article "Value added by the stakeholders and creation of value of the company", Georges Yahchouchi, reminds us of the definition of these stakeholders through the work of several researchers. Thus, "*Post, Preston and Sachs (2002) define the stakeholders of a company as individuals or constituents, who voluntarily or involuntarily contribute to the creation of the company's wealth and to the realization of its activities and, consequently, are potential beneficiaries and / or risk bearers*. ". He goes even further in this analysis by citing the work of Kochan and Rubenstein (2000) "*which suggest three criteria for the identification of stakeholders:*

*1. They provide critical resources for the success of the business. These resources may include corporate acceptance, the license to operate, etc.*

*2. Their own interest is directly affected by the welfare of the company. In other words, stakeholders are risk takers.*

*3. They have sufficient power to influence positively or negatively the performance of the*

*company.* "

Based on these definitions, it is easy to understand that the employee is a stakeholder in the company and is therefore a factor of value creation and success. It therefore seems pertinent to say that human resources management is one of the first factors of success in the creation of the company.

Human resources management is the management of people and their resources in order to "*develop and mobilize the skills of employees*" (Jean-Marie Peretti, Human Resources Management).

This management is based on 4 major dimensions:

- Recruitment and selection

- Training and development

- Performance management

- Compensation systems, motivation and retention

Overall, the theories and concepts applied are the same, only the operational strategy must be prepared on a local basis. Indeed, because of the cultural difference of the Chinese, we must emphasize that the Chinese employees do not have the same personal and professional aspirations as the Westerners and they are not usually attached to their enterprise. It is therefore necessary to adapt its management to the local culture.

On average, a Chinese employee remains only 3 years in the same company: turnover is a scourge for Chinese companies. It therefore seems important to quickly create a sense of belonging and loyalty among the employees by setting up a real corporate culture. This corporate culture is, according to Elliot Jacques (1952), a habitual mode of thought and action, more or less shared, which must be learned and accepted. Edgard Schein (1992) refers to three dimensions of this organizational culture: "artifacts and creations", "values" and "fundamental postulates". These three dimensions are completely impacted by the cultural differences of Hofstede, so the corporate culture must also be adapted.

## Competitive resources

These resources are specific to each company and its business model. It is therefore difficult to draw up generalities.

Resources can be tangible or intangible. It is estimated that the company's performance is highly related to the "collection" of its combined resources that will create value (customer relations, market share, supplier relationships, manufacturing and distribution processes, technology, reputation ...). However, it seems interesting to specify some peculiarities on some of these Chinese resources.

For consumers, several studies allow us to draw trends.

First of all, based on Hofstede's cultural analysis and the principles of Confucianism, which I have outlined in my first part and Chun-Fang Yang's work, it is possible to point out a number of behavior of the Chinese consumer.

The first thing to understand about the Chinese consumer is the importance he attaches to human relations and in particular to those of nearby circles. Thus the Chinese will act above all according to the prescribed social expectations and will not dare to act differently from these because it would transgress the established moral and social order that is dictated by the society and all of its relatives. The Chinese is thus very sensitive to the popularity of a product or a service and the word of mouth takes a very important role.

The Chinese have a vision of the product that differs from that of Western consumers. Indeed, a product has less interest than social relations and is seen as something utilitarian. The purchase of the product will therefore depend on its usefulness and its use in private and social occasions: "*The product is often assessed not according to its universal qualities for all users and possible situations, but according to its suitability for the situation where it will be used; that is, by whom, with whom and for what purpose it will be consumed.*". The product is a social representation, it is chosen according to this one.

Regarding product fidelity, the Chinese being disinterested by the objects themselves and not attaching themselves to them, they are very easily influenced and are not really loyal to them. So it will be easy for them to change brand if the use of the product and the utility is the

same, but on the other hand "*the Chinese can be very reluctant to change brand, when social situations do not impose any change*". Here again the social impact is decisive on the behavior of the Chinese.

This social and situational aspect is also reflected in the decision-making process of the Chinese. Thus, when a product has a low social involvement and is intended for strictly private use, decision-making is based on the perceived direct benefit of the product: "*For this type of product, Chinese would be less attentive to the brand, and less receptive to marketing efforts aimed at creating brand images. Price and quality would be the essential criteria of the purchase.*". In contrast to this, when the product is bought for its social utility "*to reflect social status, maintain social relations, express gratitude, be the counterpart of a favor (Mianzi), signal approval or disapproval*" choice of the product will be on its capacity "*to express the social sense that the buyer intends to convey*". Thus the decision-making factors will be the prestige, the brand and the image conveyed by the product.

It is also important to indicate the need for an entrepreneur to see the Chinese market not as a global market but as a split market with different consumers and needs. Indeed, China is a huge country, populated by more than a billion inhabitants and where hundreds of different languages are spoken. Differences in development are dramatic and therefore need to be taken into account in the way the consumer is addressed.

Regarding relations with suppliers, we invite you to refer to the section on Guanxi that we have developed above. Suppliers should be seen as members of this Guanxi. Their importance is paramount and it is advisable to heal these relationships. Very often, gifts or meetings are solicited by these. It is the duty of the entrepreneur to respond to it in order to perpetuate his relations as well as possible.

## The Chinese management

The Chinese management is above all an Asian management with certain notions of its own: the family and the network, the notion of time and lastly the capacity of questioning combined with a holistic conception of things. (B. Cova and B. Pras, What can be learned from Asian management, 1993).

Indeed, unlike the Western model that places the company as a basic socioeconomic actor, Asians place it behind the family and the network. This notion of network is totally unique to Asians and in particular to the Chinese. Much more than a network of knowledge and relationships, it also induces a notion of duty and "accountability", the Guanxi.

Thus, when a member of our network does us a favor, it is our moral duty to render him one day the same, the Renqing, including his children, so as not to lose "the face", in other words the Mianzi.

In this mode of thought we find the notion of time proper to Asians and Chinese. Their vision of time is much longer than that of Westerners. This is justified by the fact that Asian societies historically have a longer longevity than ours based on splits and revolutions. This long-term way of thinking explains the importance given in the Asian enterprise to the "human resources" aspect with the integration of the person, the search for continuous improvement, and flexibility. (Jean-Claude Usunier, Trade between cultures: A cultural approach to international marketing, 1992).

Finally, the ability to challenge and combine with a holistic approach implies that decision-making is collective, through non-explicit coordination and the art of compromise within the organization. Asians do not like to conceptualize situations, define their feelings and express their opinions. The words matter little, nothing is quite true or false, good or bad, it is the atmospheres that count. Balance is favored by ambiguity and the absence of words. "Consensus" is often only the result of social pressure, where non-consensus, that is, conflict, is experienced as a social drama and not as a banal and constructive event. (B. Cova and B. Pras, What can be learned from Asian management, 1993). This is due to the holistic and harmonious share that Asians tend to find in their society, and which is still rooted in the Chinese Confucian doctrine. Despite these common features, certain peculiarities of Chinese management were emphasized by Hao Guan and Denis Chin. The first one takes into account the transcendence of the Chinese manager over his employees. Indeed, his perimeter of action extends not only to the classical aspects of Western management (motivation, evaluation, training, etc.) but also to the human aspects and the community of which it is the guarantor (health of staff, marriages, housing, family planning, schooling of children) in order to create loyalty and duty relationship with the employees. The company is seen as a big family and the membership toward the groups run by the manager is very important.

The Chinese management is also much more political than the Western management since the Communist Party intervenes and has a very powerful role in the environment and the functioning of the Chinese organization. Indeed, it should not be forgotten today that despite its openness to foreign investors, China remains a communist republic functioning more like an oligarchy. Large Chinese enterprises are run by family and relatives of influential party members. The Communist Party imposes operating procedures and plays a preponderant role in many aspects such as promoting, training, solving social problems, punishments. Some employees accumulate positions in the company and in the party, which gives them a more important position than indicated in the organization chart. (Hao Guan and Denis Chin, Chinese Culture and Modern Management). Thus the manager must be a diplomat and take into account in his decisions the power and will of the Communist Party.

Regarding communication and motivation, importance is attached to the message transmitted and not to the way it is transmitted and perceived (Masculinity of Chinese society), to lie and to omit the truth is quite acceptable, access to information is a privilege. For motivation, it is done on the identification of a real interest and the pleasure attached to it. Taking responsibility is not very motivating in terms of all that it implies and the fears of doing wrong and losing face (Mianzi). This is why promotion is more about relational than about the will to increase competence and merit.

On the other hand, the penalty is perceived in a very hard and humiliating way, the employee loses face in front of his colleagues. This is why it is not practiced systematically but also because of the paternalistic side of Chinese management: the hierarchical superior is sometimes responsible for showing its sense of protection. It is often more important to quickly reduce the negative consequences of misconduct so as not to cause the face of the company to lose more than the employee concerned. The treatment of a sanction is not always made public. However, sanctions may also be subject to "over-communication" to the staff. The aim of the leadership is to pass a clear message on an undesired drift, in other words: a perceived threat. It then seeks to set an example by sacrificing the face of an offender. (Hao Guan and Denis Chin, Chinese Culture and Modern Management).

Between top and middle management, there is a big gap. It is difficult for middle management to have a say and it is often given no choice in the matter. Management is vertical, there is no real delegation of powers. Thus a subordinate can justify a decision

without consulting his / her (middle management) since it has directly consulted the managing director.

Hao Guan and Denis Chin, summarized the differences between western management and Chinese management through the chart I transcribed below:

| Western management | Chinese management |
|---|---|
| Separation from work and private life | The company is the family |
| Delegation, Participatory management | Vertical management, the managing director controls all |
| Access to information is a necessity | Access to information is a privilege |
| Management must also protect the interests of shareholders and employees | Management must first concern itself with the interests of employees |
| Hierarchy assessment | Importance of lower-level opinion to assess hierarchy |
| Written, formal communication | Verbal, suggestive communication |

We see here the difference between our two companies and therefore our two management styles. The Chinese style is more outward-oriented and humane when the western is more focused on efficiency and equality. François Julien also explains this difference in management by the founding doctrines of our societies (Chinese Confucianism and European human rights), creating two opposing realities and placing our two managements in disagreement: that of emancipation (by the universality of human rights) and that of integration (belonging background - family, corporate, ethnic, cosmic). Is it then possible to work with people from a different culture? What are the practices to adopt and / or give up?

Through my problematic **(How to create a company in China and what are the managerial success factors)** and my literary research I managed to identify the following three assumptions:

**A1: The managerial factors inherent to the success of a Chinese company are both cultural and classics.**

**A2: The managerial factors inherent to the success of a Chinese company are mainly cultural.**

**A3: The managerial factors inherent to the success of a Chinese company are mainly classical.**

# Research methodology

In order to answer this question and validate one of these hypotheses I will carry out a research with western expatriate actors in China and Chinese.

By using the term "classical managerial factors," I refer to the success factors developed by Churchill and Lewis in their work "The Five Stages of Small Business Growth" :

- Financial resources, including cashflow and borrowing opportunities.

- Human resources, in terms of number, competence and quality of the staff, particularly at the management level and functional departments.

- Management systems, in terms of the sophistication of the information systems, planning and control.

- Competitive resources, including customer relations, market share, supplier relationships, manufacturing and distribution processes, technology, reputation, are key determinants of the company's business and in its market.

By "cultural factors," I mean intercultural management factors specific to China, which we have been able to identify through the work of Hofstede and Hao Guan and Denis Chin (Chinese Culture and Modern Management) as:

- The company as a family

- Vertical management

- The Guanxi (network) and Mianzi (the face)

- The notion of time

- Thinking abilities and a holistic view of things

- Strong hierarchical distance

- Low uncertainty control

- Collectivism

- The masculine dimension

- Long-term orientation

- Lack of indulgence

Through my problematic, I try to describe the process of business creation for a foreigner in China and to propose a typology of the managerial factors inherent to the success of this one. I am thus in a process of verification since during the making of this paper I have already been able to identify these factors through my academic readings.

Moreover, through the hypotheses I have formulated, I try to verify and deduce what are the factors of success specific to the creation of a company in China: my approach is hypothetical and deductive.

So, in view of my problem and my hypotheses, my research focuses more on an exploratory orientation, thus requiring a quantitative research.

This quantitative research made with a sample of French and Chinese entrepreneurs will allow us to objectively measure the quantification of concrete factual statements and thus to analyze a large mass of information via predefined statistical methods.

However, this type of research methodology will not allow me to deepen the individual level of the respondents, which could have been extremely interesting since the creation of a business also depends on factors inherent to the owners (Churchill and Lewis, The Five Stages of Small Business Growth). Therefore, in order to counter this limit and to deepen the results collected, I decided to carry out in parallel to my questionnaire, an interview with a French entrepreneur that already has created several companies in China and a Chinese entrepreneur.

## The design of the research

No longer settled in China, I will be far from the field, the majority of the exchanges with my samples will be via Internet (social networks and email exchanges). I will mainly seek to find contacts of foreign companies in China, as well as entrepreneurs, managers and employees.

The nature of my sample for the questionnaires will be representative and not probabilistic since I will only distribute my questionnaire to Chinese and French entrepreneurs via networks and distribution channels that I would have previously selected. Respondents will therefore be chosen, targeted and relevant and will represent both the Chinese and French dimensions. It will therefore be necessary to establish quotas.

The purpose of my questionnaire is to determine the intercultural and / or classical managerial factors that are inherent to the success of a company in China, so I will have to ask my respondents to evaluate several factors presented as being successful. My concepts are therefore, as we have explained above:

- Financial resources, including cashflow and borrowing opportunities.

- Human resources, in terms of number, competence and quality of the staff, particularly at the level of management and functional departments.

- Management systems, in terms of the sophistication of information systems, planning and control.

- Competitive resources, including customer relations, market share, supplier relationships, manufacturing and distribution processes, technology, reputation, are key determinants of the company's business and in its market.

- The company as a family

- Vertical management

- The Guanxi (network) and Mianzi (the face)

- The notion of time

- Thinking abilities and a holistic view of things

- Strong hierarchical distance

- Low uncertainty control

- Collectivism

- The male dimension

- Long-term orientation

- Lack of indulgence

The respondent will then have to evaluate the perceived value of the factors that I will present to him, so it will be necessary to use a PERVAL scale and a Lykert scale to evaluate the dimension of the perceived value.

Then I will evaluate the relationship between the success variable of a company and the variables or hypotheses: Cultural factors, classical factors and finally classical and cultural factors. I will therefore use a correlation study between my 3 variables.

## Provisional timetable

| Date | Description |
| --- | --- |
| February | Writing questionnaire and interviews |
| March | Selection channel broadcasting the survey Choice of interviewees |
| April | Dissemination of questionnaires<br><br>Realization of interviews (physical / virtual) |
| May | Data collection, republication of questionnaires, re-launching of non-response channels / new broadcast channels |
| June-July | Analysis of data and conclusion |
| August-September | Writing and thesis correction |
| 30th September | Sending of the dissertation |

# Data analysis

After collecting all of my data using the questionnaire, I can now analyze them to validate one of my hypotheses.

The questionnaire was built around 5 main categories inherent to the success of a company previously presented, namely:

- The resources

- The organization

- The network

- Management

- Employee engagement and motivation

In each of these categories I wrote several statements that 30 respondents had to assess on a scale of 1 to 5 depending on their impact on a company's success in China. These 30 respondents have all created at least one company in China, half of the respondents are Western and the other half is Chinese.

At the same time, I also carried out 2 interviews to deepen the results of the questionnaire. The two interviewees are:

- Patrick Behar-Courtois: 40, CEO of Ming Bai International Group and President of Yue He Business Consulting Ltd. postdoctoral researcher.

- Shi Jianhua, a young entrepreneur in his thirties, has already created more than 8 companies in Shanghai, Beijing and Guangzhou

I will transpose their remarks in order to explain my answers thanks to their experience.

First, all the statements that respondents had to evaluate must be coded. Each of these statements is linked to one of my 2 main factors:

- Cultural managerial factors

- Classical managerial factors

By using this coding, it will thus be possible to establish a general trend making it possible to affirm whether one of these two factors has a greater impact or if they have the same weight. It will thus be possible to validate one of my hypotheses, namely:

**A1: The managerial factors inherent to the success of a Chinese company are both cultural and classics.**

**A2: The managerial factors inherent to the success of a Chinese company are mainly cultural.**

**A3: The managerial factors inherent to the success of a Chinese company are mainly classical.**

I will push the reflection to try to determine which category requires management more adapted to the Chinese cultural particularity. Finally, it will be necessary to note the differences of behavior between French entrepreneurs (of Western culture) and Chinese entrepreneurs (of Asian culture).

After coding, I get the following classification:

|  | Classical managerial factors | Cultural managerial factors |
|---|---|---|
| Ressources | Having easy access to a loan (GM1) | |
|  | Having an efficient production and distribution system (GM2) | |
|  | Having an efficient information, planning and control system (GM3) | |
|  | Have a stable and sufficient cash flow to the business (GM4) | |
|  | Access to technologies (GM5) | |
|  | Having skilled and qualified employees (GM6) | |
|  | Have a competent and qualified administrative / management staff (GM7) | |
| The Organization | | Integrating politics into his |

| | | company (CM1) |
|---|---|---|
| | | Have flexible time management (CM2) |
| | Having a strict time management (GM8) | |
| | Promoting gender diversity within the company (GM9) | |
| | | Have more male managers (CM3) |
| | | Have more male employees (CM4) |
| The Network | Good customer relations (GM10) | |
| | Good relations with suppliers (GM11) | |
| | Good relationships with partners / employees (GM12) | |
| | | Good relations with the Chinese Communist Party (CM5) |
| | | Having an important and rich professional network (Guanxi) (CM6) |
| | | Having time dedicated to the development and maintenance of its network (Guanxi) (CM7) |
| | | Pay attention to etiquette when meeting someone in a professional context (CM8) |
| | | Avoiding conflicts with customers (CM9) |
| | | Avoiding conflicts with suppliers (CM10) |
| The Management | | Have a vertical management style where there is no real delegation of powers between top and middle / low management (CM11) |

| | | |
|---|---|---|
| | Have a participatory management style where each employee collaborates and is perceived to be at the same level (GM13) | |
| | Leave little room for a priori and doubts / questions in its managerial decisions (GM14) | Creating a community within the company (CM12) |
| | | Being involved in the personal lives of its employees and being the guarantor of the "community" of its business (CM13) |
| | | Putting a hierarchical distance between yourself and your employees (CM14) |
| | | Avoid conflicts with employees as much as possible (CM15) |
| The motivation and commitment of its employees | Promote and reward the best in creativity and personal development (GM15) | |
| | Promote and reward the best in terms of risk taking and initiatives (GM16) | |
| | | Fostering and rewarding the best in terms of results (CM16) |
| | | Rewarding employees and employees with access to information (CM17) |
| | Rewarding employees and employees with more responsibility (GM17) | |
| | | Rewarding employees and partners by offering them better compensation (salary, benefits ...) (CM18) |

Now we have to calculate the average of each statement. Since respondents had to use a scale of 1 to 5 (1, strongly disagree and 5 strongly agree), using the total of "points" obtained for each statement allow us to calculate an average. Thus it will be possible to see if this affirmation is a managerial factor inherent to the success to the creation of a company in China. The following results were obtained:

Ressources



Having an easy access to a loan (GM1)
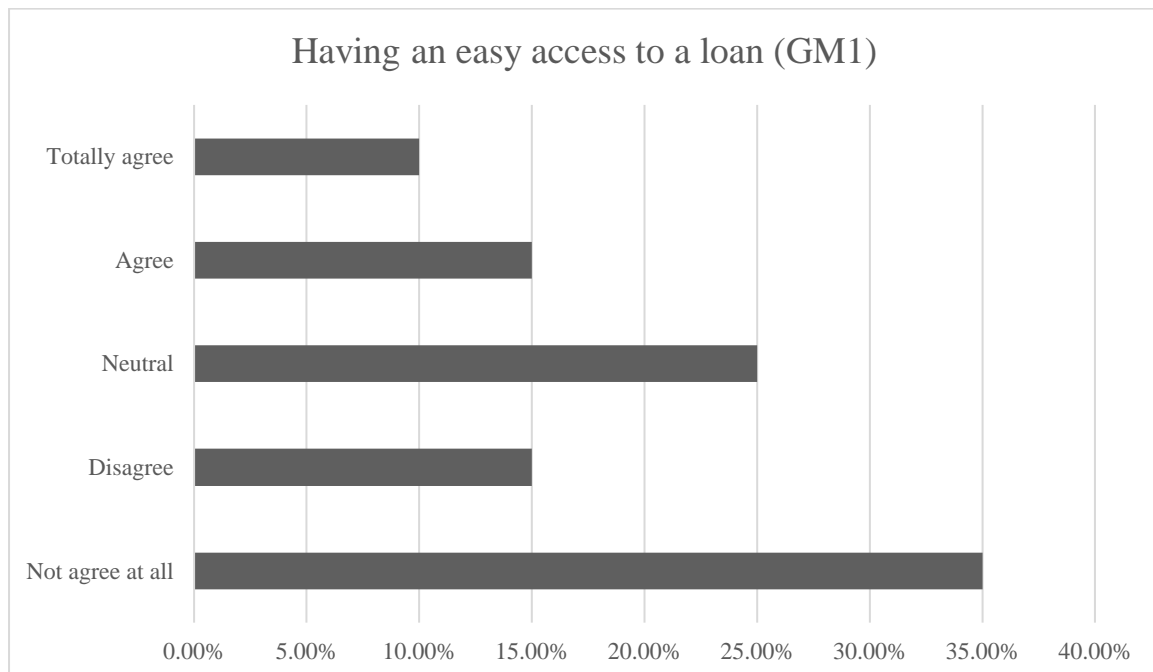
The majority of respondents (35%) responded that access to the loan was not at all a managerial factor inherent in a company's success in China. The average of the respondents is 2.65, which is closer to the neutral impact. We can therefore say that access to the loan is not a factor of success.

**Having an efficient production and distribution system (GM2)**
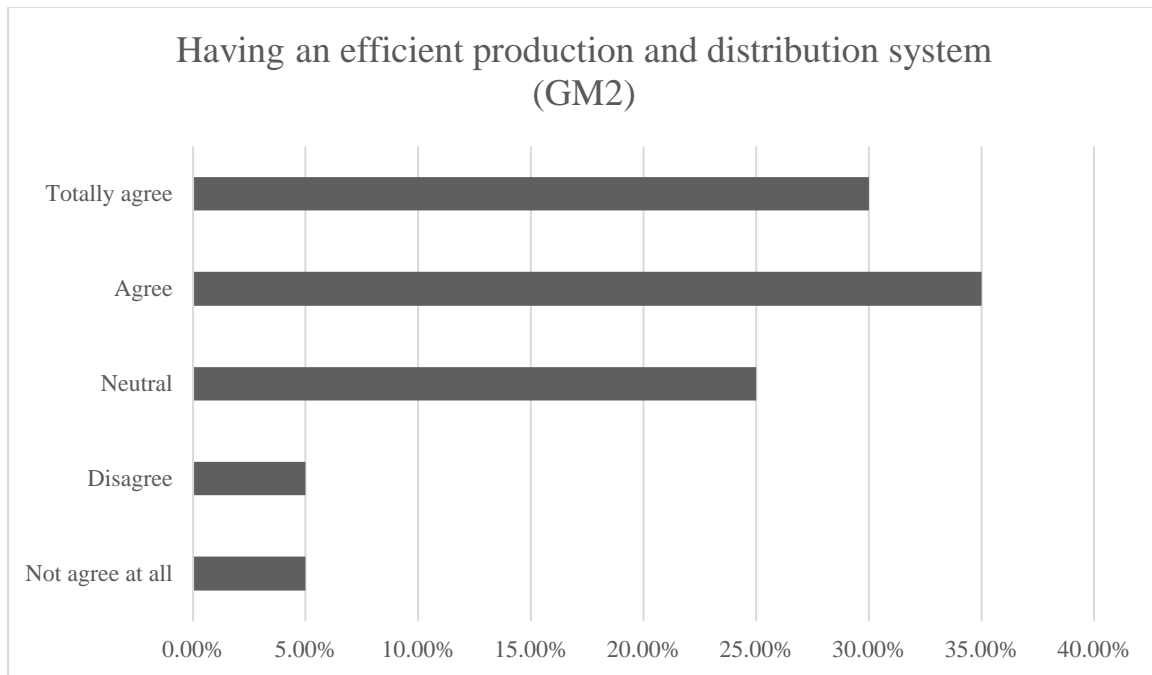
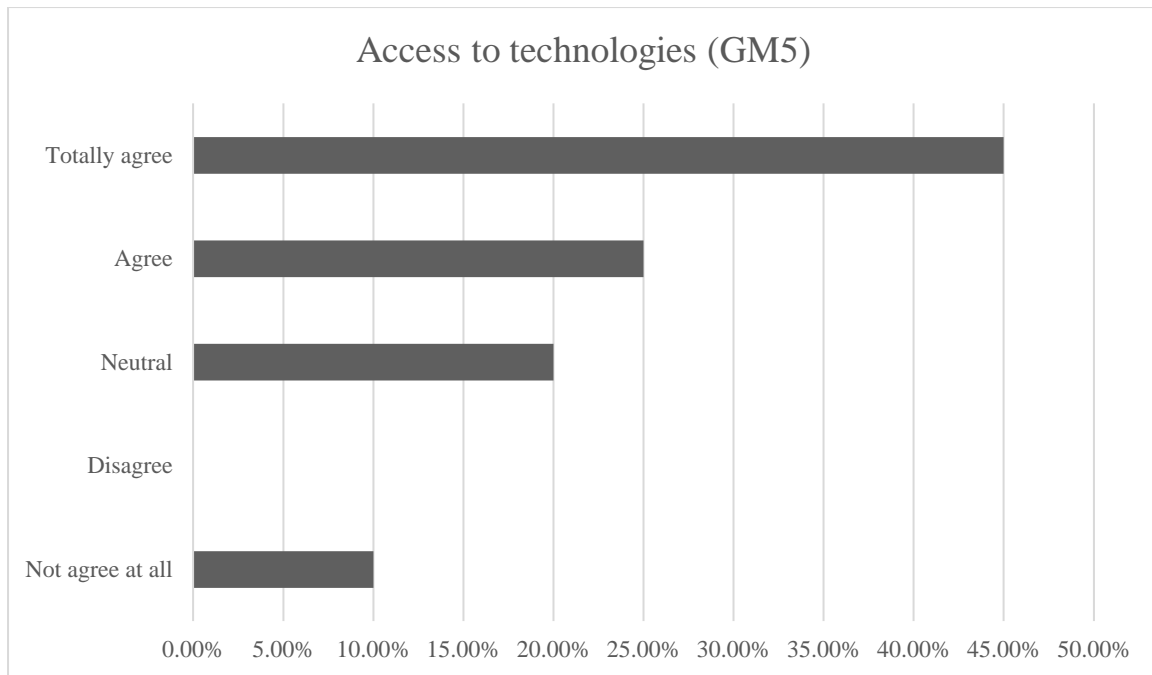The majority of respondents (35%) agreed with GM2. This means that for the majority of respondents, having an efficient production and distribution system is a managerial factor inherent in a company's success in China. The average of the respondents is 3.80 which is closer to the positive impact. We can therefore say that having an efficient production and distribution system is a managerial factor inherent in the success of a company in China.



**Having an efficient information, planning and control system (GM3)**
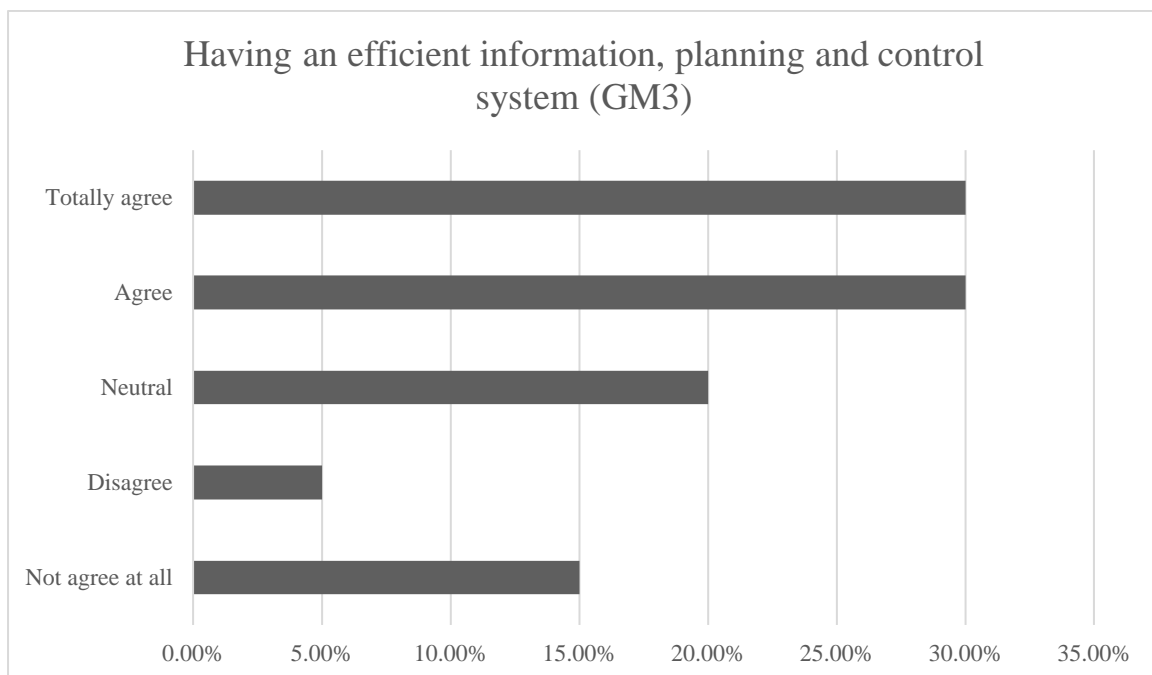
The majority of respondents (35%) said they agreed, or even strongly agreed, with GM3. This means that for the majority of respondents, having an efficient information, planning and control system is a managerial factor inherent in the success of a company in China. The

average of the respondents is 3.55, which is closer to the positive impact. We can therefore say that having an efficient information, planning and control system is a managerial factor inherent in the success of a company in China.

**Have a stable and sufficient cash flow to the business (GM4)**
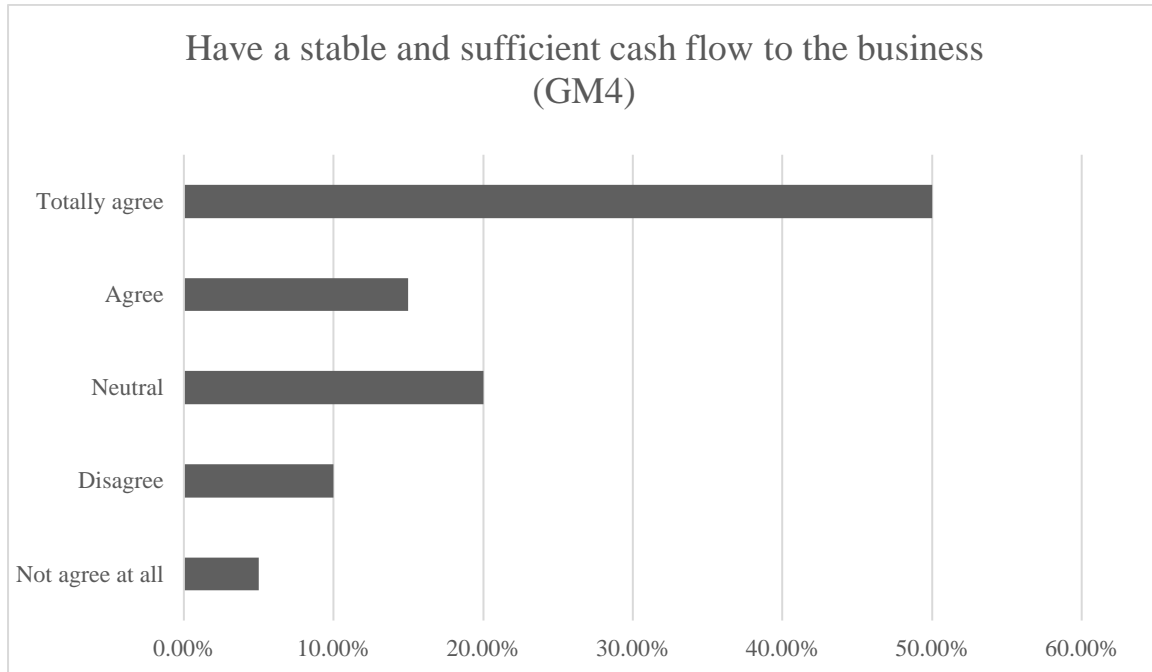


The vast majority of respondents (50%) responded positively with GM4. This means that for the majority of respondents, having a stable and sufficient cash flow to the business is a managerial factor inherent in the success of a company in China. The average of the respondents is 3.95, which is closer to the positive impact. It can therefore be said that having a stable and sufficient cash flow is a managerial factor inherent in the success of a company in China.
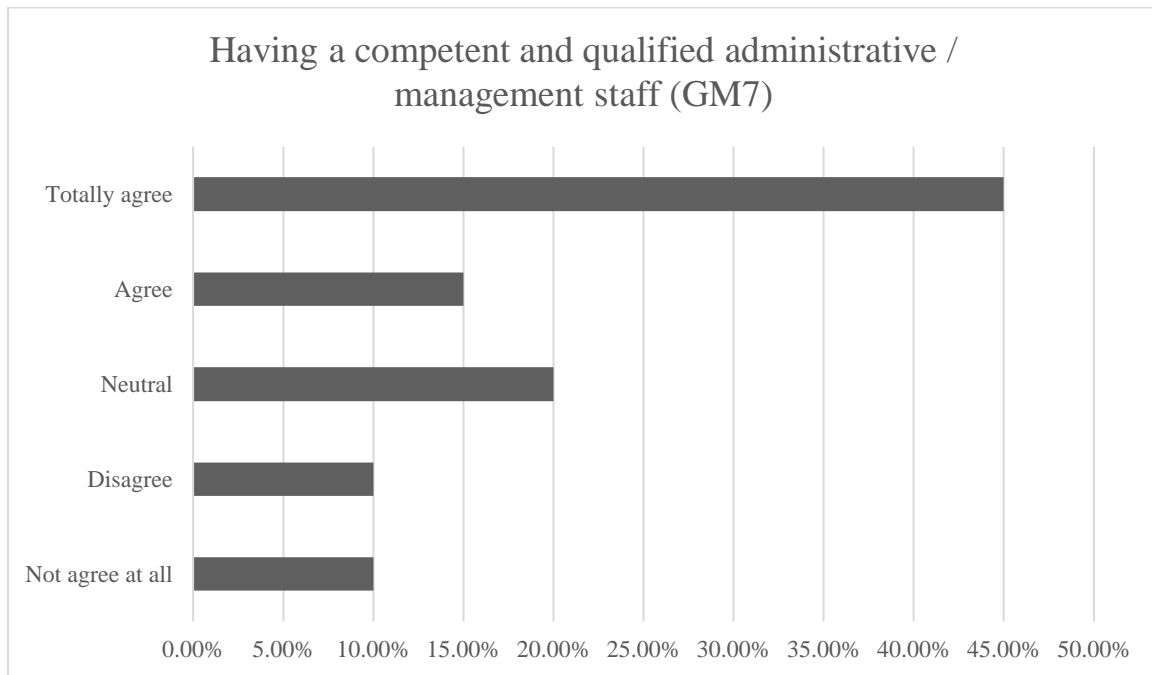
Access to technologies (GM5)

The vast majority of respondents (45%) agreed with GM5. This means that for the majority of respondents, access to technology is a managerial factor inherent to a company's success in China. The average of the respondents is 3.95, which is closer to the positive impact. It is possible to say that access to technology is a managerial factor inherent in the success of a company in China.



Having skilled and qualified employees (GM6)
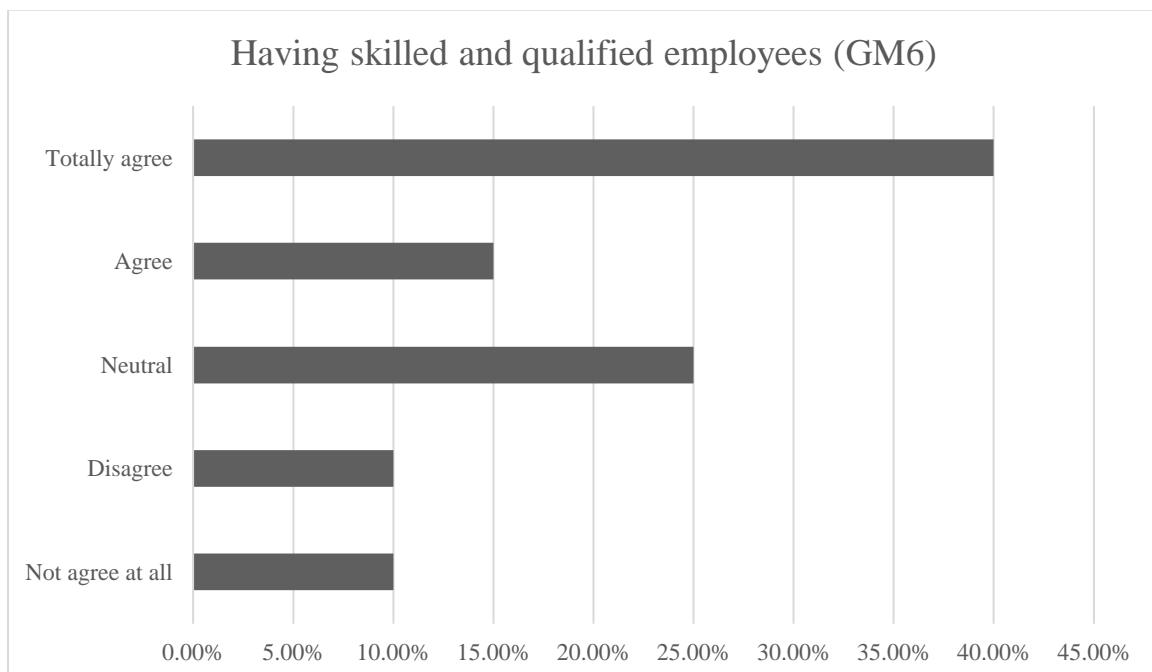
The majority of respondents (40%) responded positively with GM6. This means that for the majority of respondents, having skilled and qualified employees is a managerial factor inherent in a company's success in China. The average of the respondents is 3.65, which is

closer to the positive impact. I therefore affirm that having skilled and qualified employees is a managerial factor inherent in the success of a company in China.
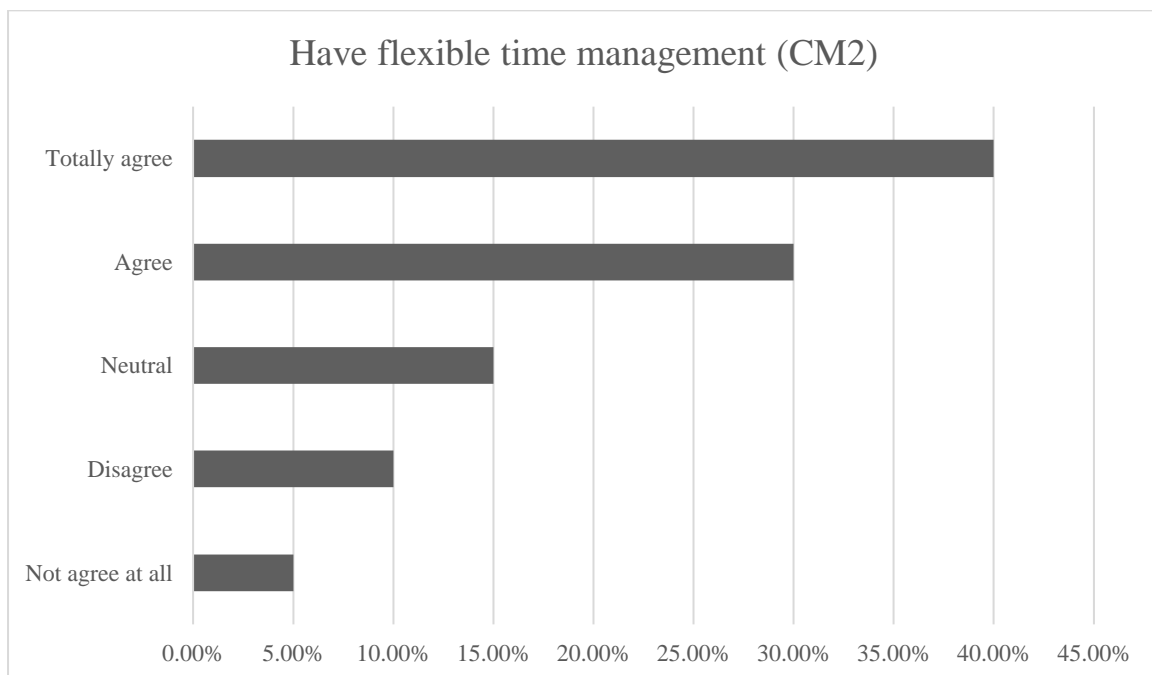


The vast majority of respondents (45%) agreed with GM7. This means that for the majority of respondents, having a competent and qualified administrative / managerial staff is a managerial factor inherent in the success of a company in China. The average of the respondents is 3.75, which is closer to the positive impact. I can therefore affirm that having a competent and qualified administrative / management staff is a managerial factor inherent in the success of a company in China.

The Organization



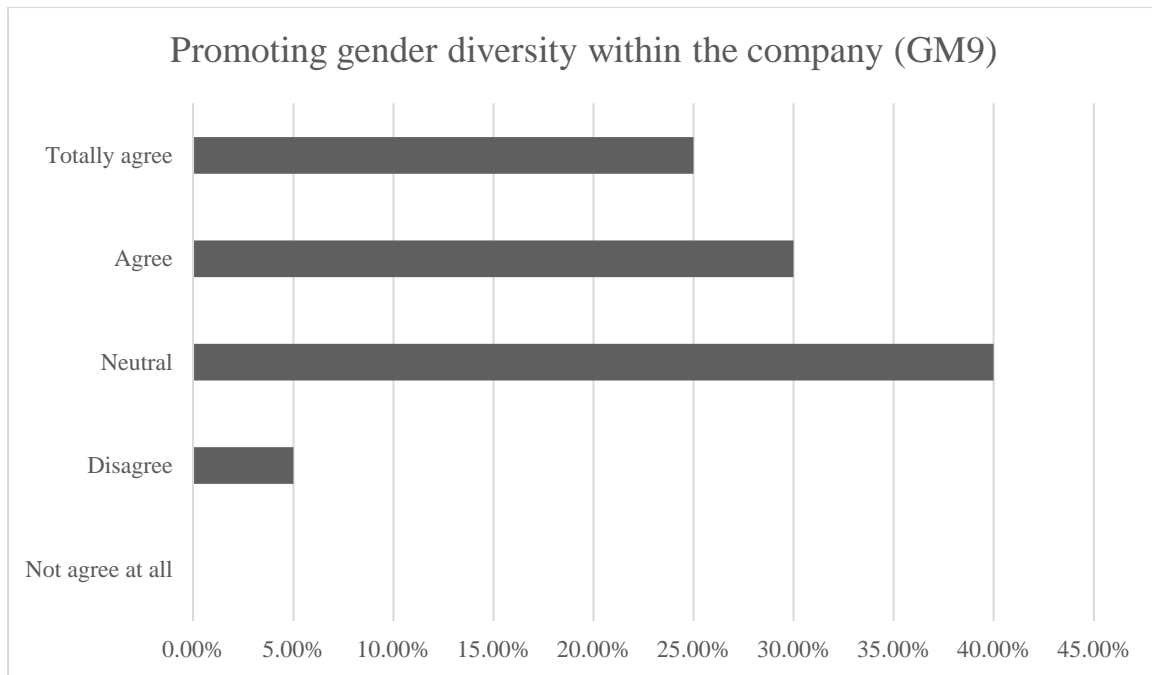**Integrating politics into his company (CM1)**
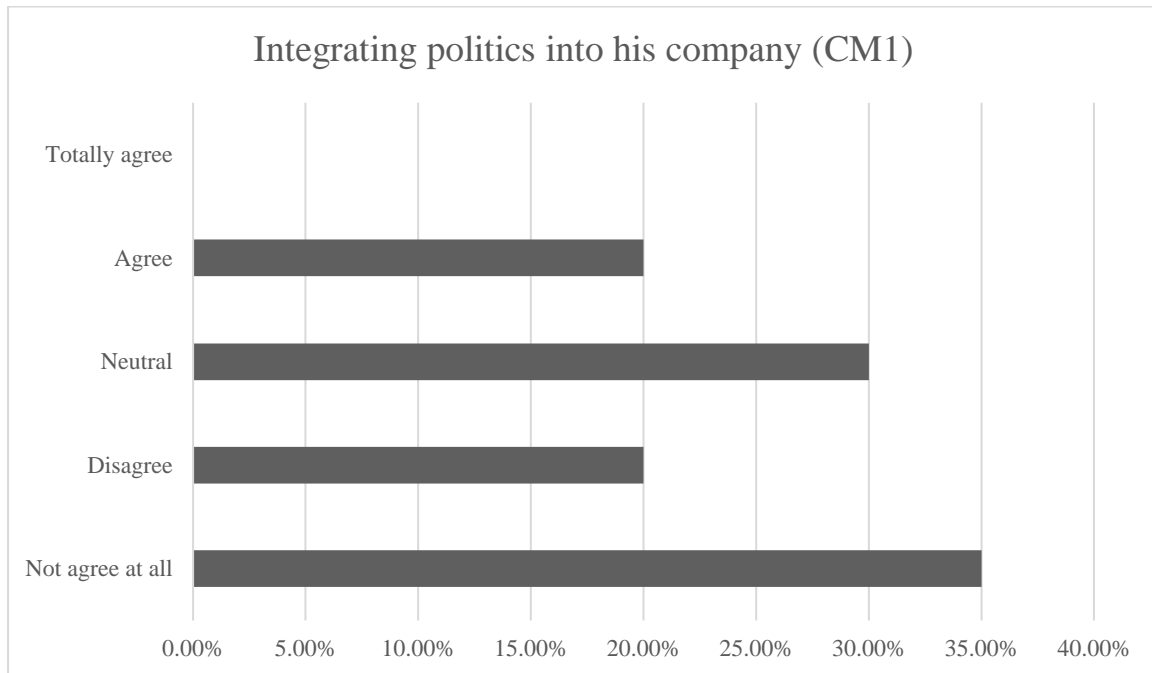
The majority of respondents (35%) responded that they disagree strongly with CM1. This means that for the majority of respondents, integrating politics into their company is not at all a managerial factor inherent in a company's success in China. The average of the respondents is 2.35, which is closer to the neutral than negative impact. It is therefore possible to assert that integrating politics into one's company has a neutral impact on the success of a company in China.



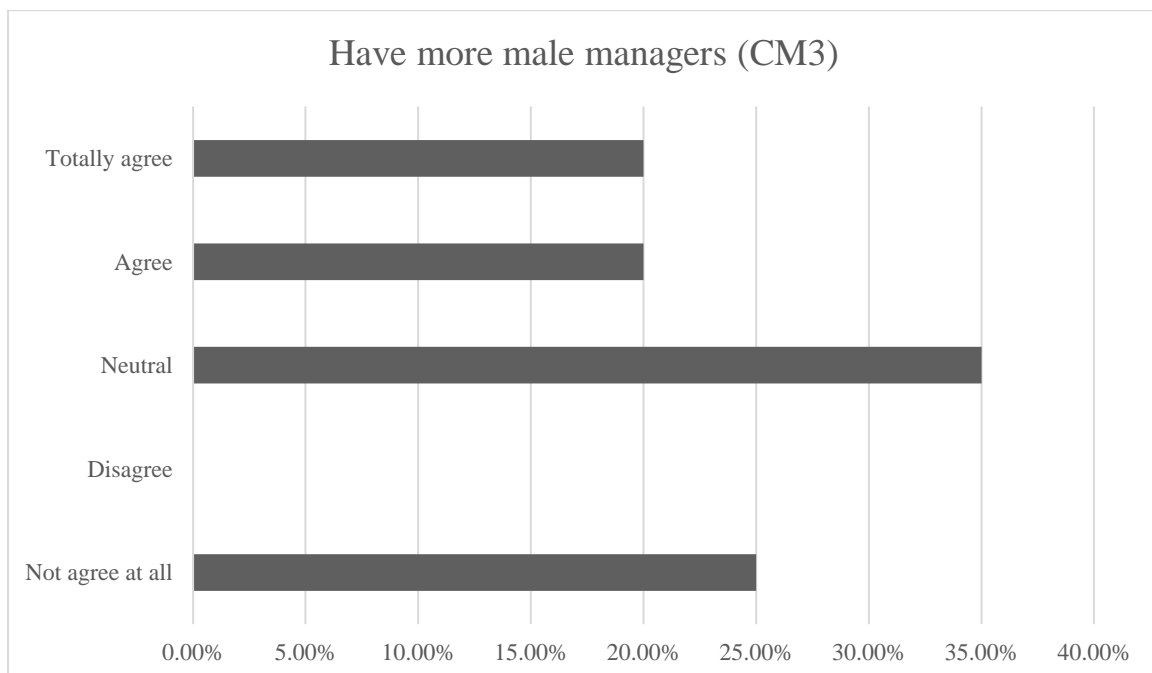**Have flexible time management (CM2)**

The majority of respondents (40%) responded that they strongly agreed with the CM2 statement. This means that for the majority of respondents, having a flexible time management is quite a managerial factor inherent in the success of a company in China. The average of the respondents is 3.90 which is closer to positive. It is therefore possible to say that having a time management has a positive impact on the success of a company in China.



Having a strict time management (GM8)
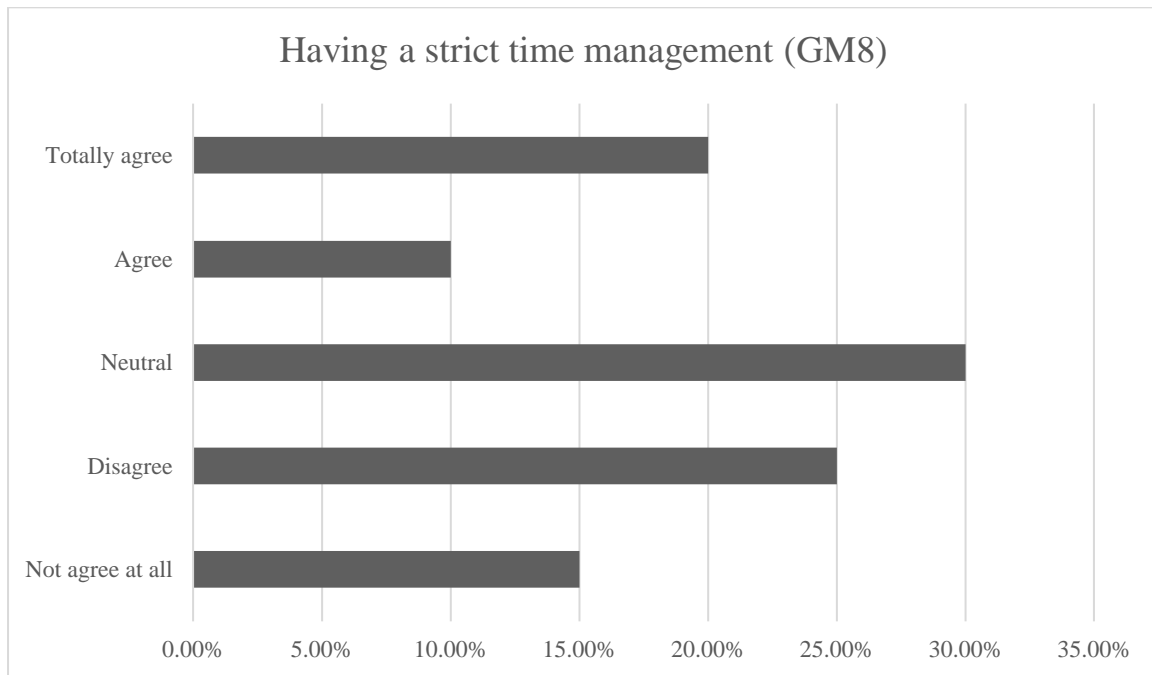
The majority of respondents (30%) responded that they were neutral with the GM8 statement. This means that for the majority of respondents, having strict time management is a managerial factor that has no impact on the success of a company in China. The average of the respondents is 2.95, which is closer to the neutral impact. So I can say that having a strict time management has no impact on a company's success in China.

## Promoting gender diversity within the company (GM9)

| | |
|---|---|
| Totally agree | |
| Agree | |
| Neutral | |
| Disagree | |
| Not agree at all | |

0.00%  5.00%  10.00%  15.00%  20.00%  25.00%  30.00%  35.00%  40.00%  45.00%
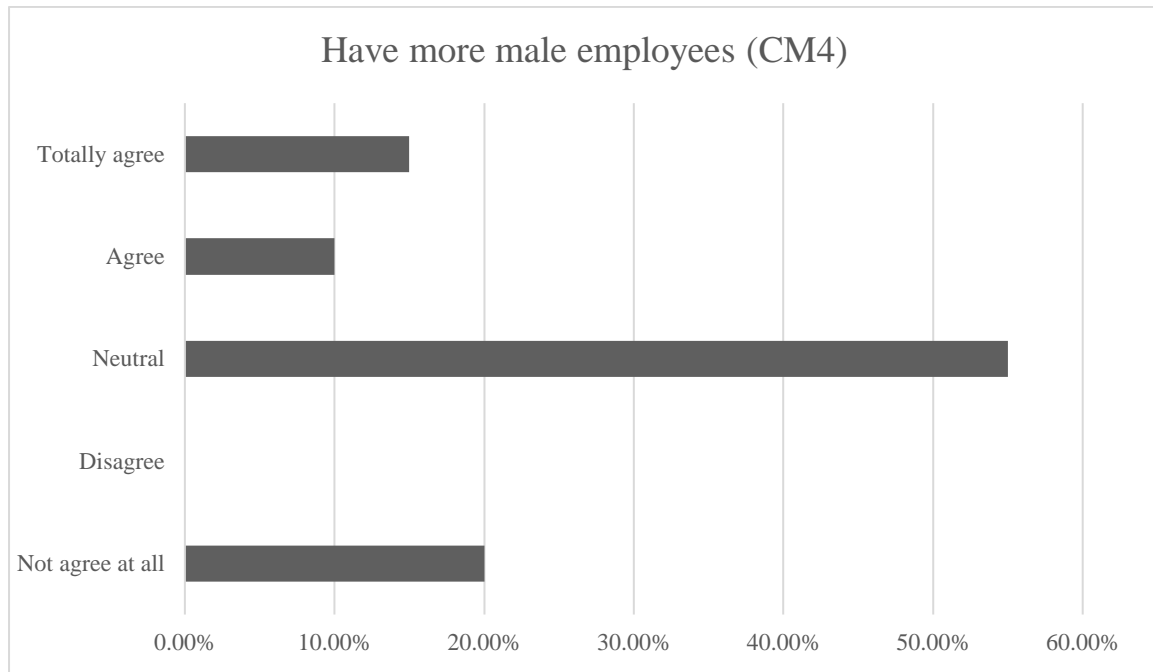
The majority of respondents (40%) said that they were neutral with the GM9 statement. This means that for the majority of respondents, encouraging gender balance within the company is a managerial factor that has no impact on the success of a company in China. The average of respondents is 3.75, which is closer to positive than neutral. It can be said that fostering gender balance within the company has a rather positive impact on the success of a company in China.

## Have more male managers (CM3)

| | |
|---|---|
| Totally agree | |
| Agree | |
| Neutral | |
| Disagree | |
| Not agree at all | |

0.00%  5.00%  10.00%  15.00%  20.00%  25.00%  30.00%  35.00%  40.00%

The majority of respondents (35%) responded that they were neutral with the statement CM3. This means that for the majority of respondents, having more male managers is a managerial

factor that has no impact on the success of a company in China. The average of the respondents is 3.10, which is closer to the neutral impact. It is argued that having more male managers does not impact on the success of a company in China.
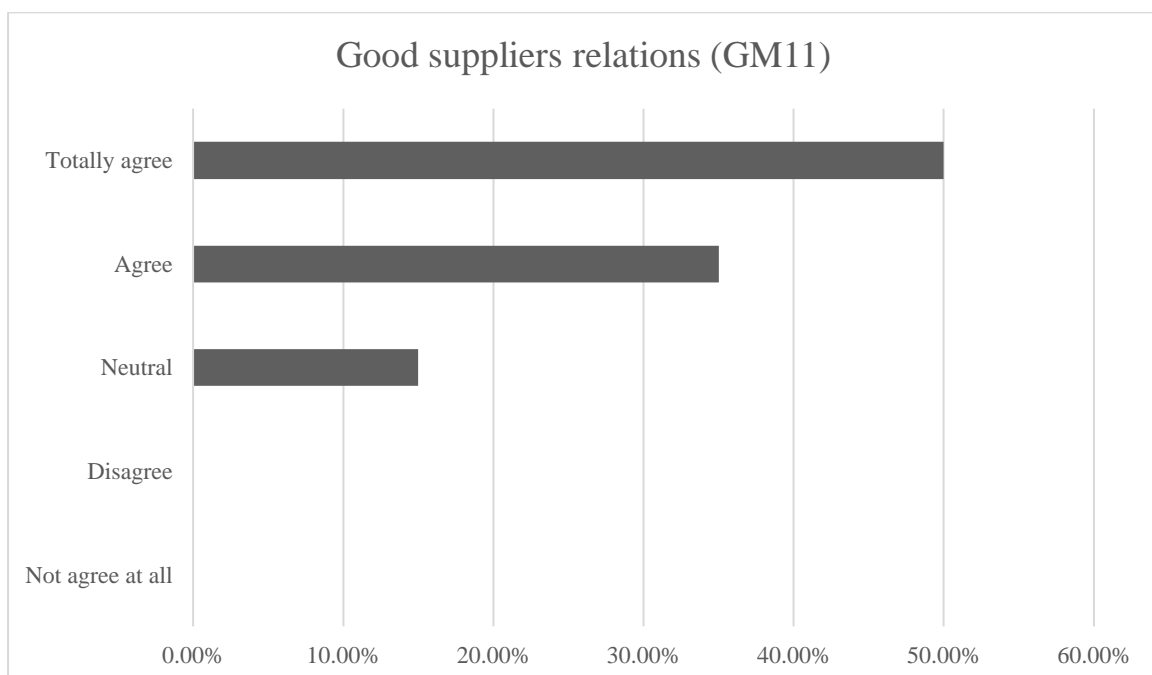


The vast majority of respondents (55%) said that they were neutral with the CM4 statement. This means that for the majority of respondents, having more male employees is a managerial factor that has no impact on the success of a company in China. The average of the respondents is 3.00, which corroborates the neutral impact. It is said that having more male employees does not impact on the success of a company in China.
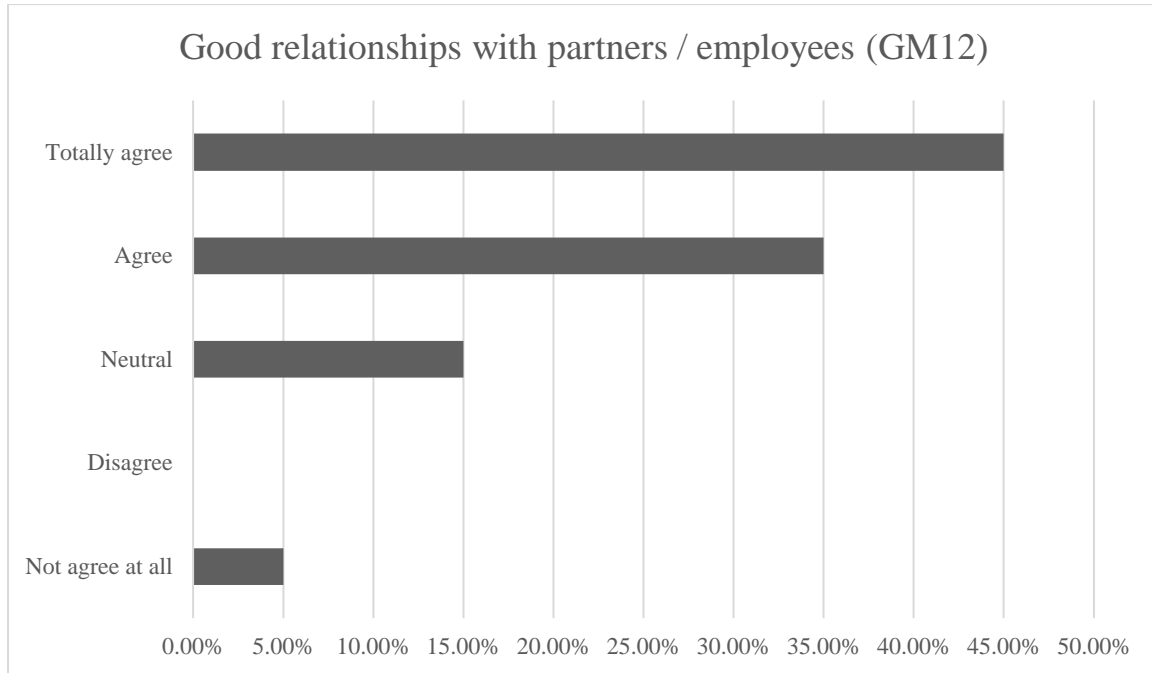
The network

## Good customer relations (GM10)
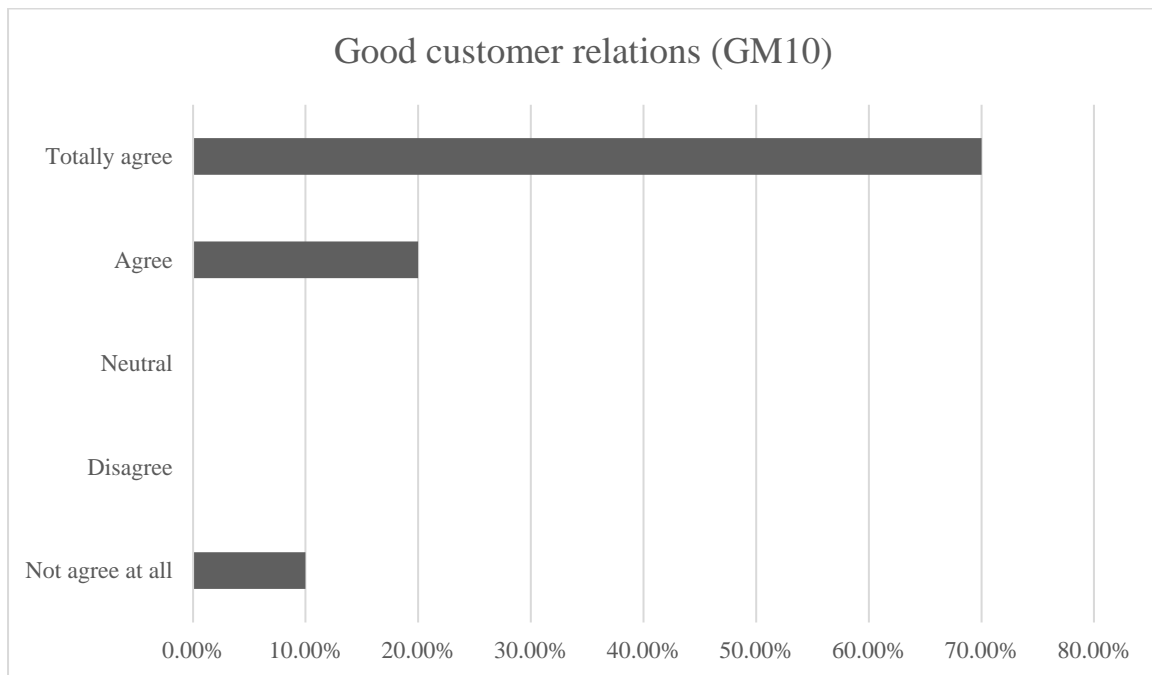


The vast majority of respondents (70%) strongly agree to GM10. This means that for the majority of respondents, having good relationships with clients is a managerial factor with a positive and relatively important impact on a company's success in China. The average of the respondents is 4.40, which indeed supports the positive impact. It is clear that having good relationships with customers has a positive impact on the success of a company in China.

## Good suppliers relations (GM11)

The vast majority of respondents (50%) responded strongly to GM11. This means that for the majority of respondents, having good relations with suppliers is a managerial factor with a positive and relatively important impact on a company's success in China. The average of the respondents is 4.35, which indeed supports the positive impact. I then affirm that having good relations with suppliers has a positive impact on the success of a company in China.

**Good relationships with partners / employees (GM12)**

| Response | Percentage |
|----------|-----------|
| Totally agree | ~45% |
| Agree | ~35% |
| Neutral | ~15% |
| Disagree | 0% |
| Not agree at all | ~5% |

The majority of respondents (45%) responded strongly to GM12. This means that for the majority of respondents, having good relations with employees / employees is a managerial factor with a positive and relatively important impact on a company's success in China. The average of the respondents is 4.15, which indeed corroborates the positive impact. It is possible to say that having good relations with employees / employees has a positive impact on the success of a company in China.

**Good relations with the Chinese Communist Party (CM5)**
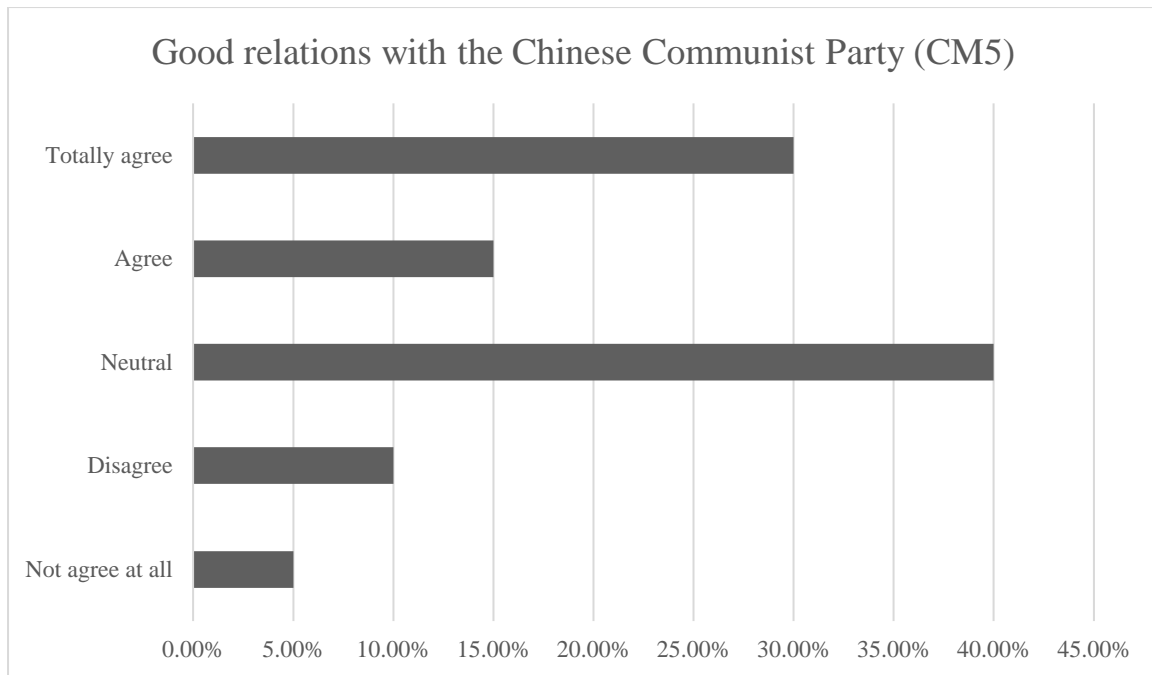
The majority of respondents (40%) said they were neutral with the statement CM5. This means that for the majority of respondents, having good relations with the Chinese Communist Party is a managerial factor that has no impact on a company's success in China. The average of respondents is 3.55, which is closer to positive than neutral. We can therefore say that having good relations with the Chinese Communist Party has a rather positive impact on the success of a company in China.



**Having an important and deep professional network (Guanxi) (CM6)**
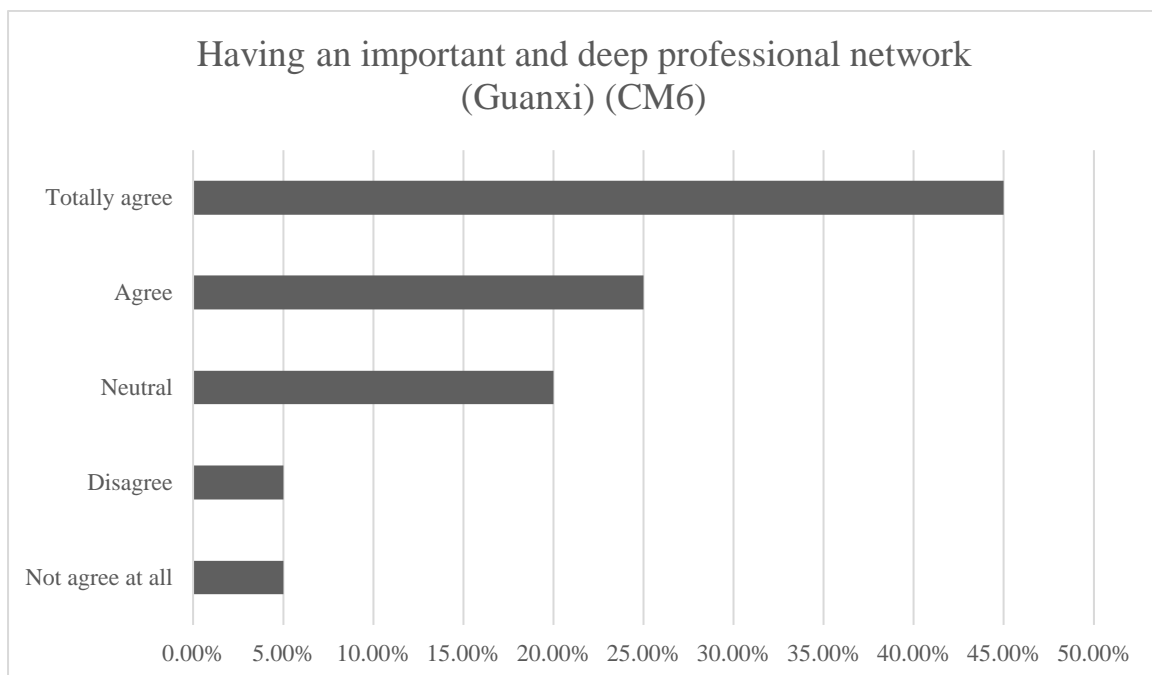
The majority of respondents (45%) responded strongly to CM6. This means that for the majority of respondents, having an important and rich professional network is a managerial factor that has a positive and relatively important impact on the success of a company in

China. The average of the respondents is 4.00, which indeed corroborates the positive impact. It is said that having an important and rich professional network has a positive impact on the success of a company in China.
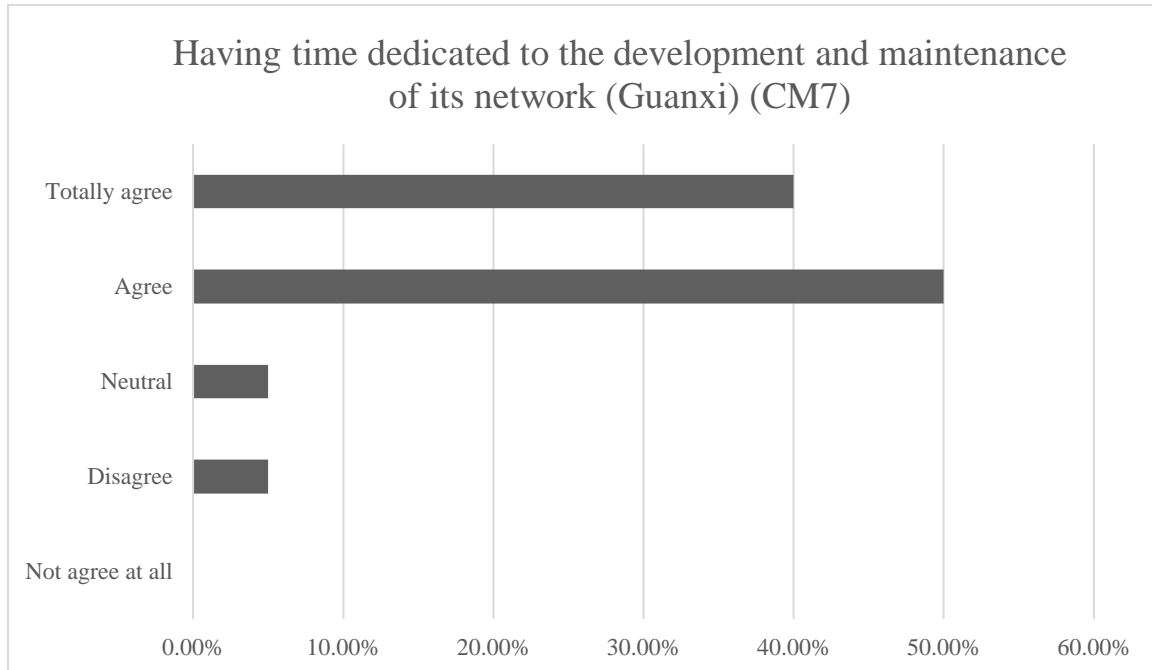


The vast majority of respondents (50%) agreed with CM7. This means that for the majority of respondents, having time dedicated to the development and maintenance of its network (Guanxi) is a managerial factor having a positive and relatively important impact on the success of a company in China. The average of the respondents is 4.25, which indeed corroborates the positive impact. It can be said that having time dedicated to the development and maintenance of its network (Guanxi), has a positive impact on the success of a company in China.

## Pay attention to etiquette when meeting someone in a professional context (CM8)
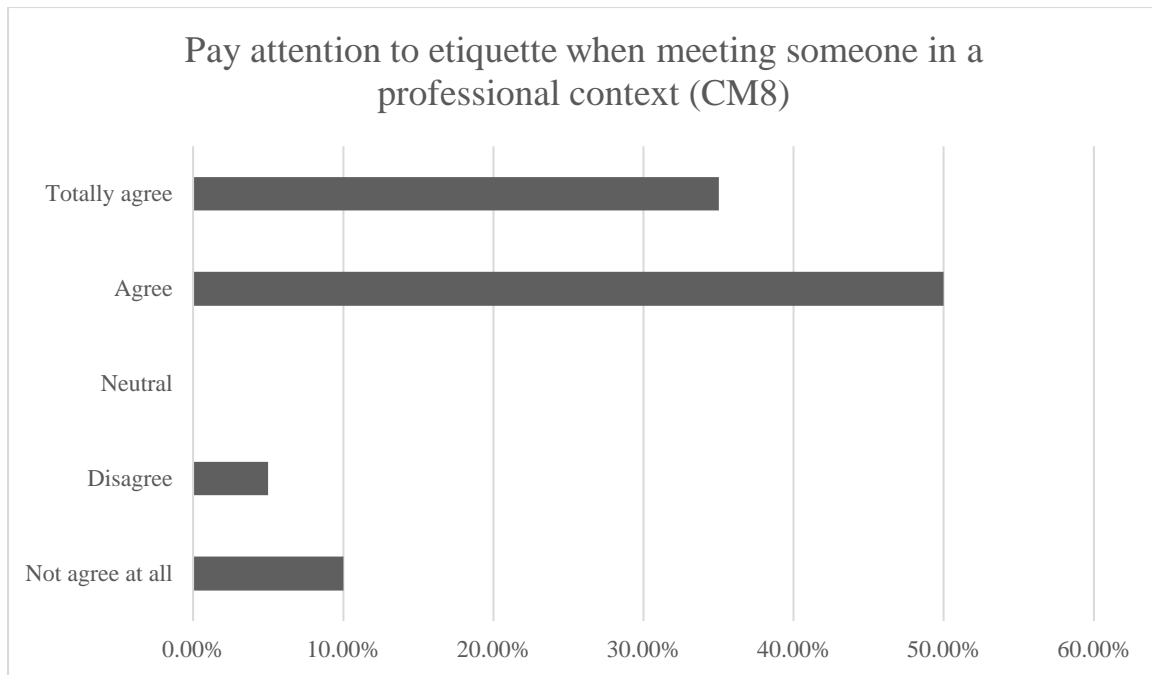


The majority of respondents (50%) agreed with CM8. This means that for the majority of respondents, paying attention to etiquette when meeting someone in a professional setting is a managerial factor that has a positive and relatively important impact on the success of a company in China. The average of the respondents is 3.95, which corroborates the positive impact. It is argued that paying attention to etiquette when meeting someone in a professional setting has a positive impact on the success of a company in China.

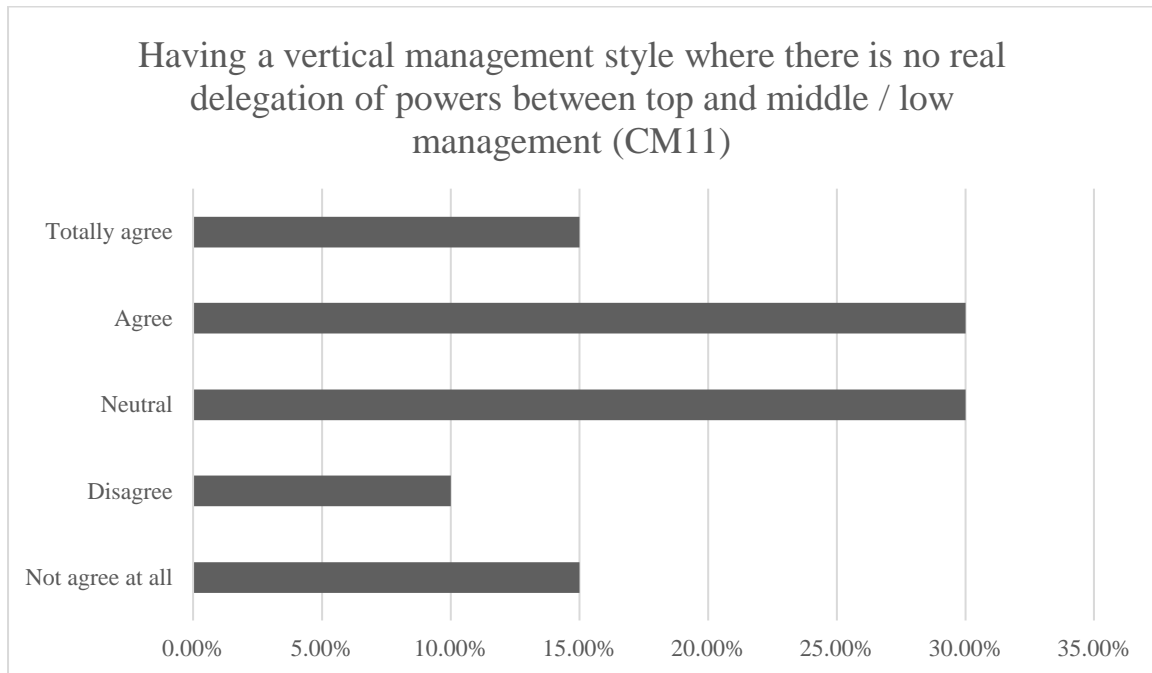## Avoiding conflicts with customers (CM9)
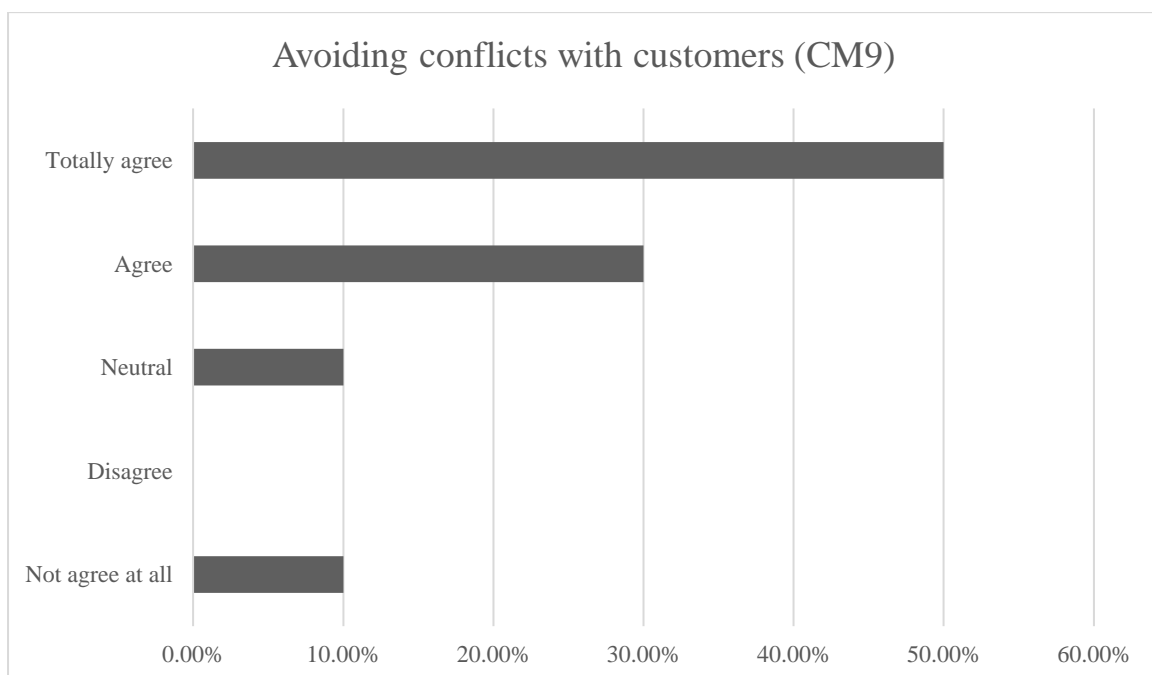


The vast majority of respondents (50%) strongly agree with CM9. This means that for the majority of respondents, avoiding conflicts with clients as much as possible is a managerial

factor with a positive and relatively important impact on a company's success in China. The average of the respondents is 4.10, which indeed supports the positive impact. It is argued that avoiding conflicts with customers as much as possible has a positive impact on the success of a company in China.
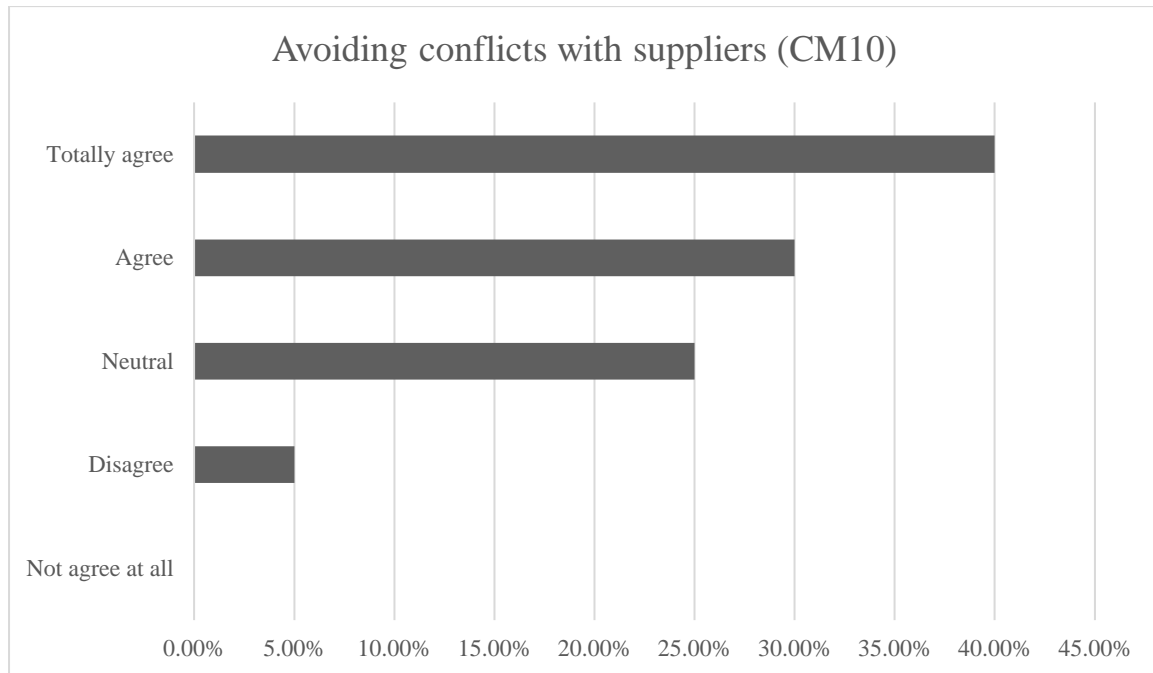


The majority of respondents (40%) responded strongly to CM10. This means that for the majority of respondents, avoiding conflicts with suppliers as much as possible is a managerial factor with a positive and relatively important impact on the success of a company in China. The average of the respondents is 4.05, which indeed corroborates the positive impact. It is therefore argued that avoiding conflicts with suppliers as much as possible has a positive impact on the success of a company in China.
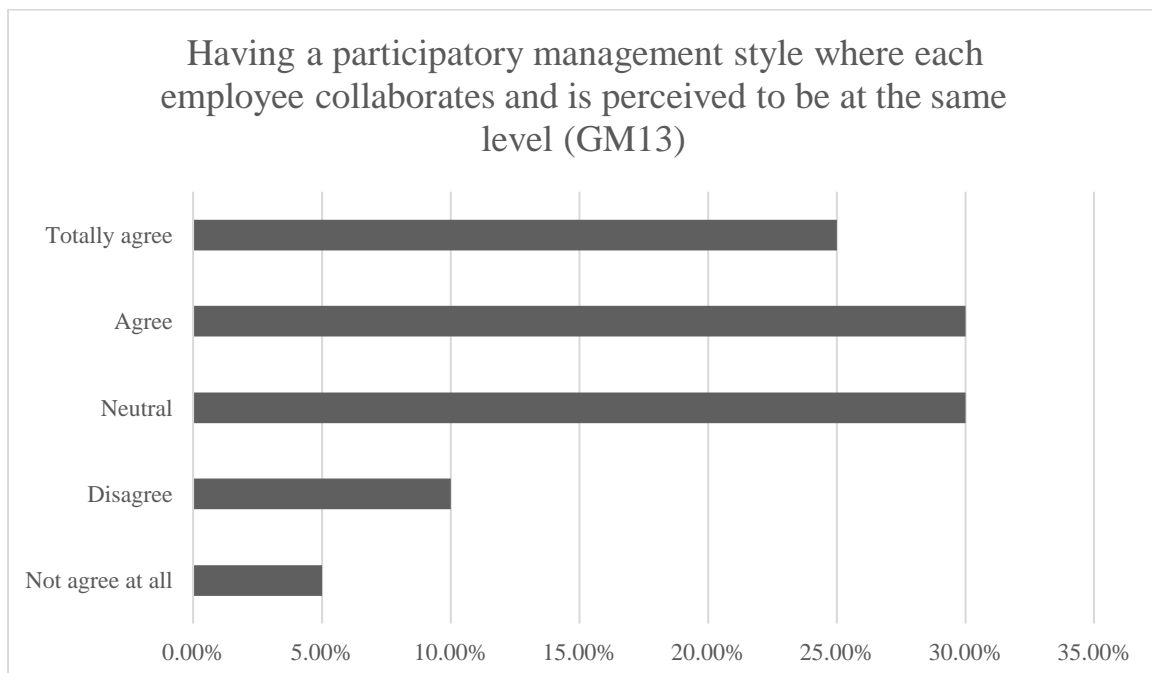
## Management

Having a vertical management style where there is no real delegation of powers between top and middle / low management (CM11)

| | |
|---|---|
| Totally agree | |
| Agree | |
| Neutral | |
| Disagree | |
| Not agree at all | |

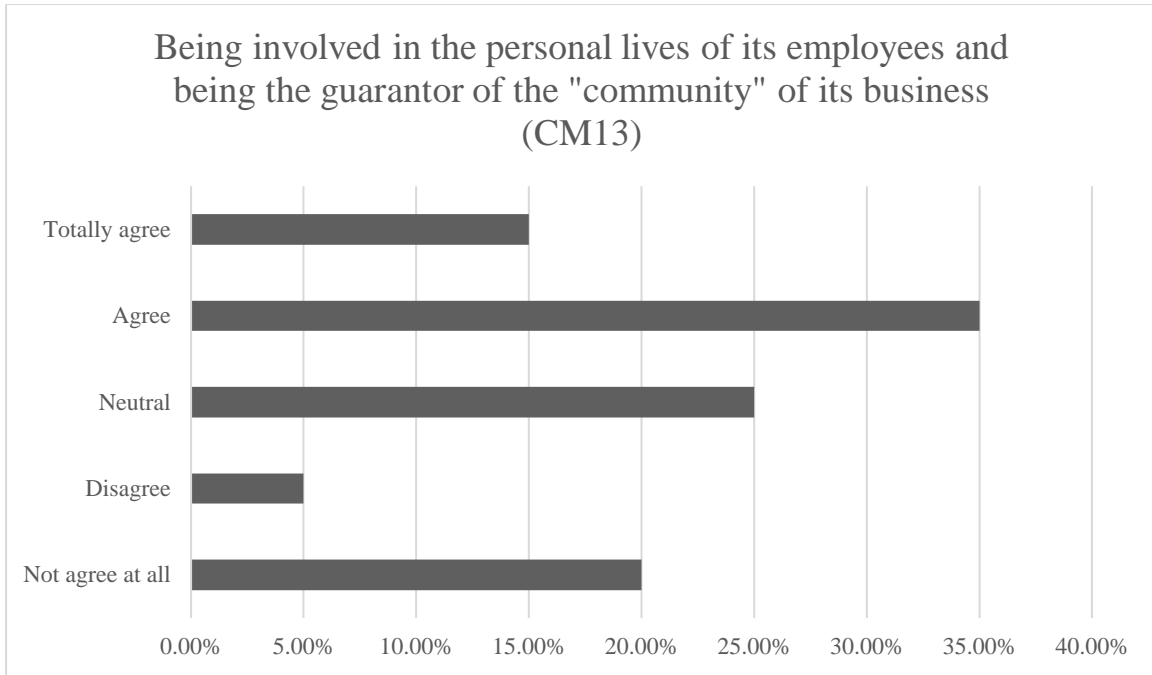0.00%    5.00%    10.00%    15.00%    20.00%    25.00%    30.00%    35.00%

The majority of respondents (30%) either agrees or is neutral with the statement CM11. This means that for the majority of respondents, having a vertical management style where there is no real delegation of power between top and middle / low management is a managerial factor having a rather mixed impact on success of a company in China. The average of respondents is 3.20, which is consistent with the mixed impact. It is therefore said that having a vertical management style does not really have a positive impact on the success of a company in China.

Having a participatory management style where each employee collaborates and is perceived to be at the same level (GM13)

| | |
|---|---|
| Totally agree | |
| Agree | |
| Neutral | |
| Disagree | |
| Not agree at all | |

0.00%    5.00%    10.00%    15.00%    20.00%    25.00%    30.00%    35.00%

The majority of respondents (30%) either agreed or neutralized with the GM13 statement. This means that for the majority of respondents, having a participatory management style where each employee collaborates and is perceived to be at the same level is a managerial factor having a rather mixed impact on the success of a company in China. The average of the respondents is 3.60, which rather corroborates the positive impact. It is therefore asserted that having a participative management style has a relatively positive impact on the success of a company in China.

Creating a community within the company (CM12)
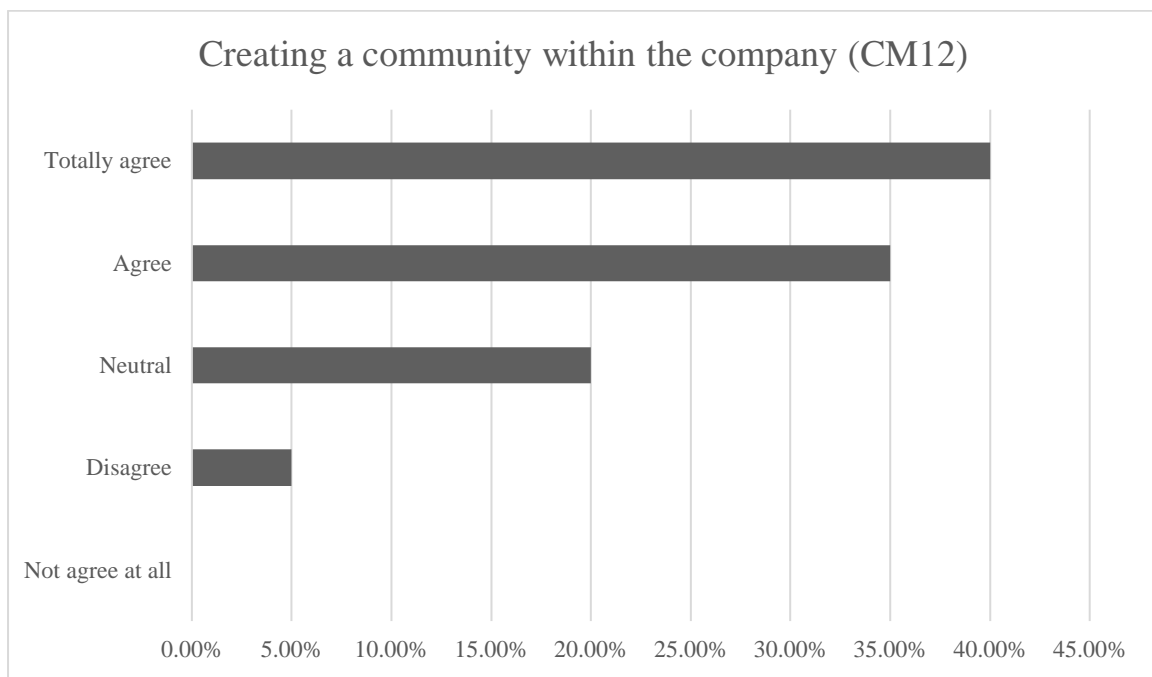


The majority of respondents (40%) responded strongly to CM12. This means that for the majority of respondents, creating a community within the company is a managerial factor with a positive and relatively important impact on the success of a company in China. The average of the respondents is 4.10, which indeed supports the positive impact. It is said that creating a community within the company has a positive impact on the success of a company in China.

Being involved in the personal lives of its employees and being the guarantor of the "community" of its business (CM13)

The majority of respondents (35%) agreed with CM13. This means that for the majority of respondents, being involved in the personal lives of employees and being the guarantor of the "community" of their company is a managerial factor with a positive and relatively important impact on the success of a company, a company in China. The average of the respondents is 3.20, which limits the positive impact. It is argued that being involved in the personal lives of employees and being the guarantor of the "community" of their business has a relatively limited positive impact on the success of a company in China.



Putting a hierarchical distance between yourself and your employees (CM14)
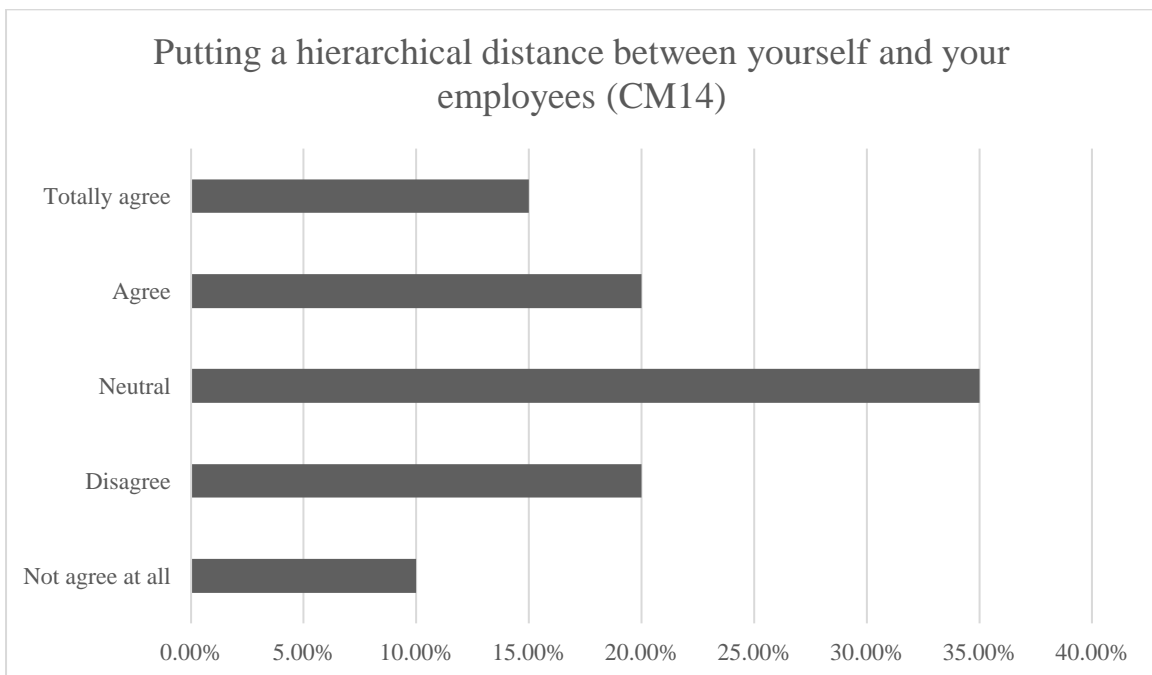
The majority of respondents (35%) responded that they were neutral toward the CM14 statement. This means that for the majority of respondents, putting a hierarchical distance between themselves and their employees is a managerial factor with a positive and relatively important impact on the success of a company in China. The average of the respondents is 3.10, which corroborates the neutral impact. It is therefore asserted that putting a hierarchical distance between oneself and its employees has a neutral impact on the success of a company in China.
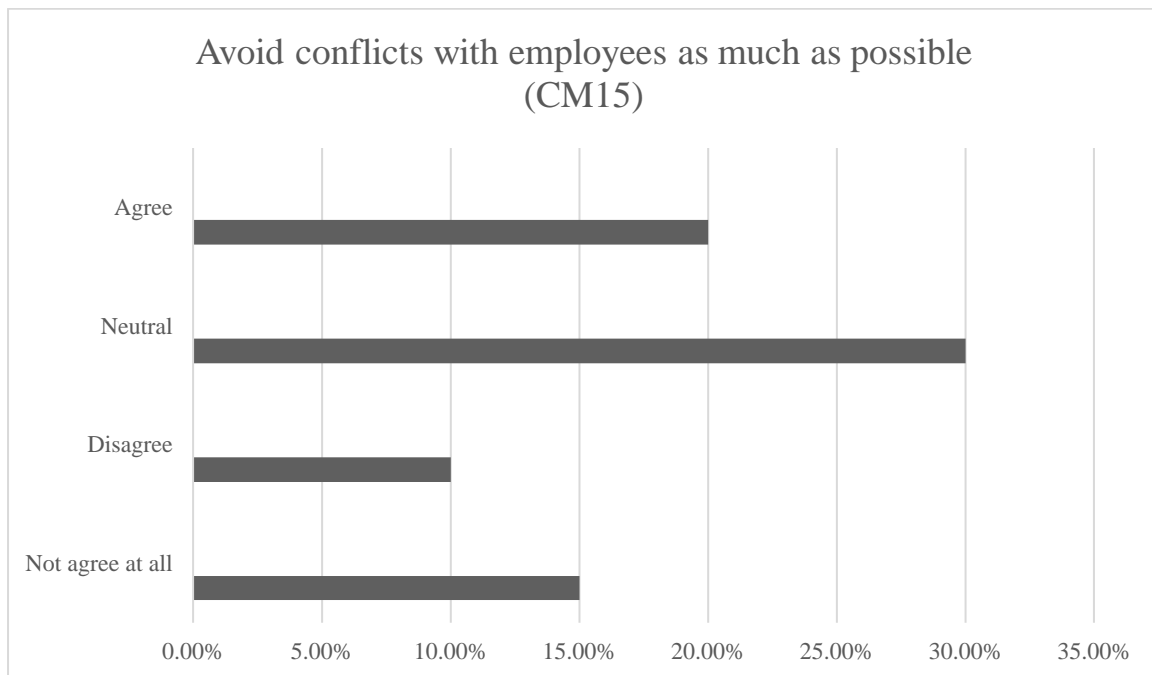


The majority of respondents (30%) responded that they were neutral toward the CM15 statement. This means that for the majority of respondents, avoiding conflicts with employees as much as possible is a managerial factor with a positive and relatively important impact on the success of a company in China. The average of the respondents is 3.30, which corroborates the neutral impact. It is therefore argued that avoiding conflicts with employees as much as possible has a neutral impact on the success of a company in China.

**Leave little room for a priori and doubts / questions in its managerial decisions (GM14)**
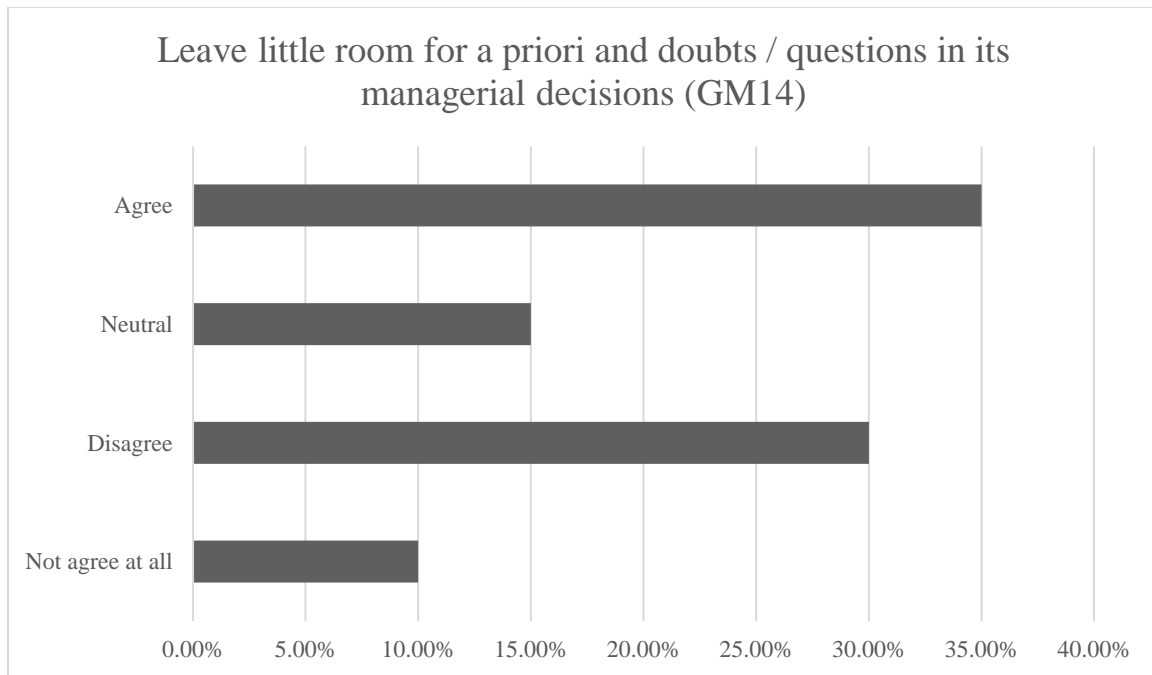
We can see that this affirmation is singularized by two tendencies. Indeed, the majority of respondents (35%) agreed with the GM14 statement, although a large proportion (30%) responded that they did not agree with this statement. The average of respondents is 3.05, which reflects these two trends. It is therefore argued that leaving little room for prejudice and doubts / questions in the managerial decisions has a relatively small positive impact. I will interpret these two trends in more detail in order to understand the origin.

## Motivation and Employee Engagement



**Promote and reward the best in creativity and personal development (GM15)**
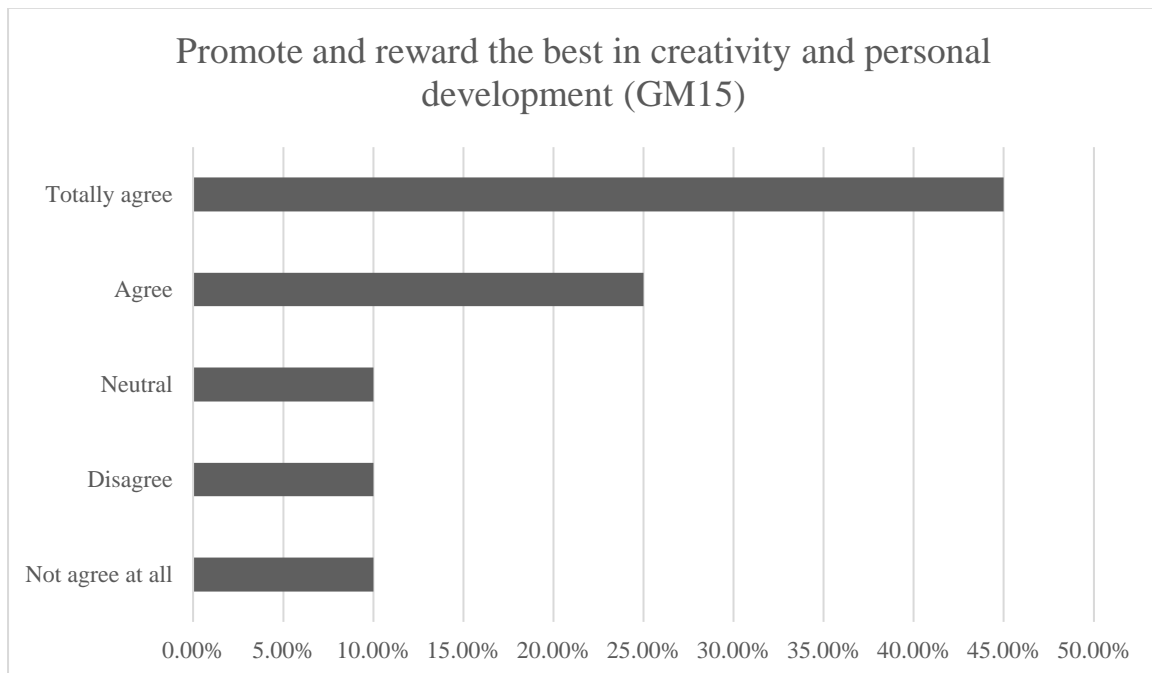
The majority of respondents (45%) agreed with the GM15 statement. This means that for the majority of respondents, encouraging and rewarding the best in terms of creativity and personal development is a managerial factor that has a positive impact on the success of a company in China. The average of the respondents is 3.65, which corrob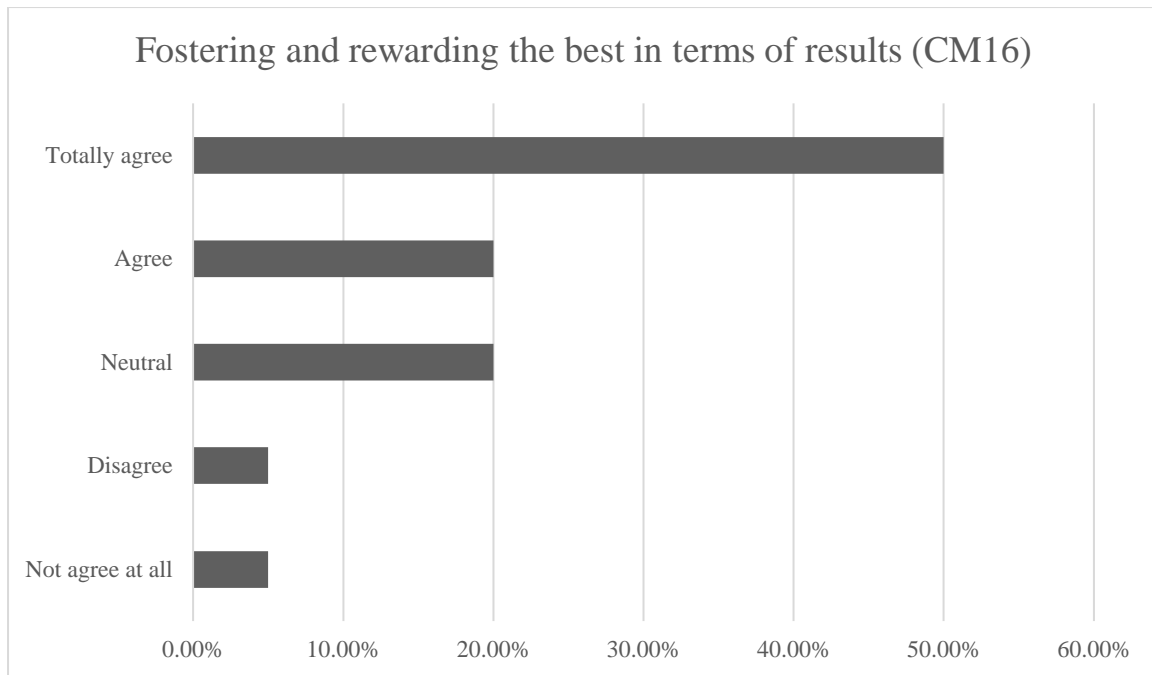orates the positive impact. It can be said that promoting and rewarding the best in creativity and personal development has a positive impact on the success of a company in China.



Promote and reward the best in terms of risk taking and initiatives (GM16)
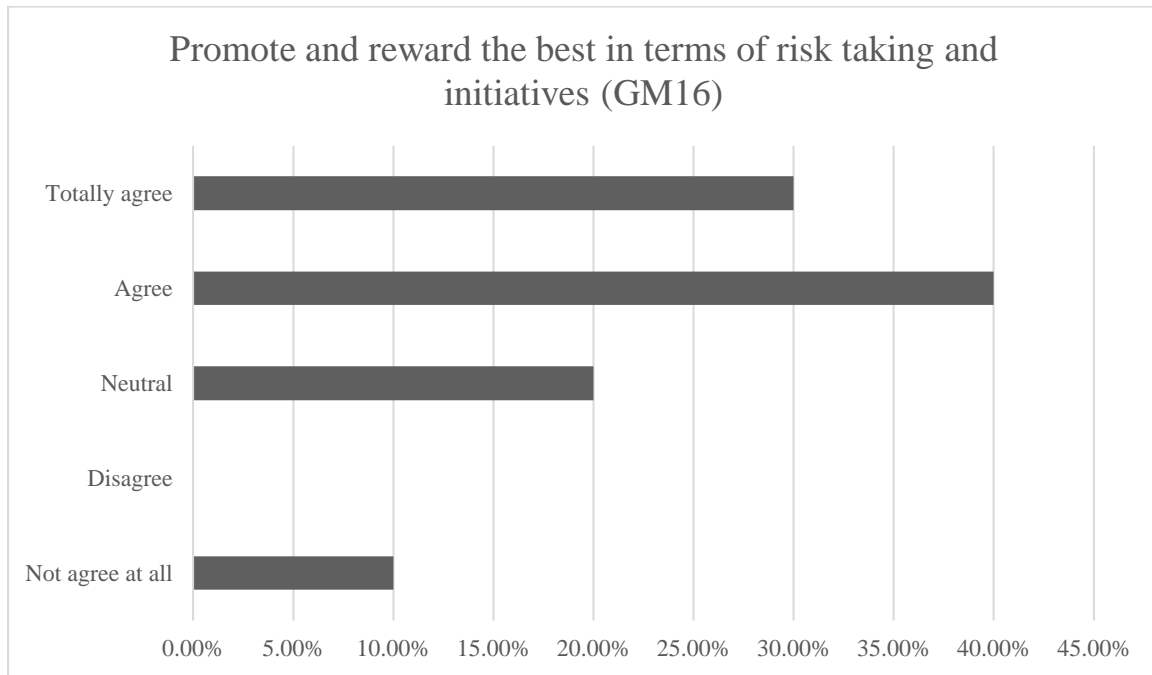
The majority of respondents (40%) responded positively to the GM16 statement. This means that for the majority of respondents, encouraging and rewarding the best in terms of risk taking and initiatives is a managerial factor that has a positive impact on the success of a company in China. The average of the respondents is 3.80 which corroborate the positive impact. We can therefore say that promoting and rewarding the best in terms of risk-taking and initiatives have a positive impact on the success of a company in China.

## Fostering and rewarding the best in terms of results (CM16)



The vast majority of respondents (50%) agreed with CM16. This means that for the majority of respondents, promoting and rewarding the best in terms of results is a managerial factor that has a positive impact on the success of a company in China. The average of respondents is 4.05, which corroborates the positive impact. It is therefore argued that promoting and rewarding the best in terms of results, has a significantly positive impact on the success of a company in China.

## Rewarding employees and employees with access to information (CM17)
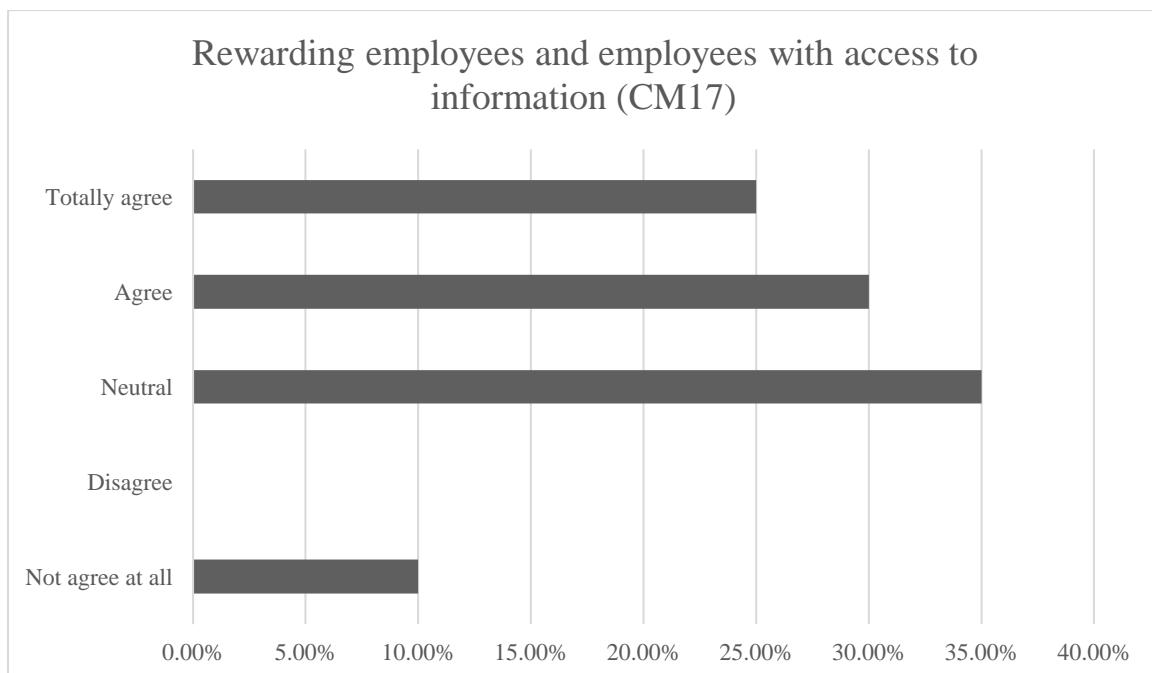


The majority of respondents (35%) responded that they were neutral toward the CM17 statement. This means that for the majority of respondents, rewarding employees and

employees by giving them access to information is a managerial factor that has a neutral impact on the success of a company in China. The average of the respondents is 3.60, which rather corroborates the positive impact. It is therefore argued that rewarding employees and employees by giving them access to information has a relatively positive impact on the success of a company in China.



The majority of respondents (45%) agreed with GM17. This means that for the majority of respondents, rewarding employees and employees with more responsibility is a managerial factor that has a positive impact on the success of a company in China. The average of the respondents is 3.90, which corroborates the positive impact. We can therefore say that promoting and rewarding the best in terms of results, has a positive impact on the success of a company in China.
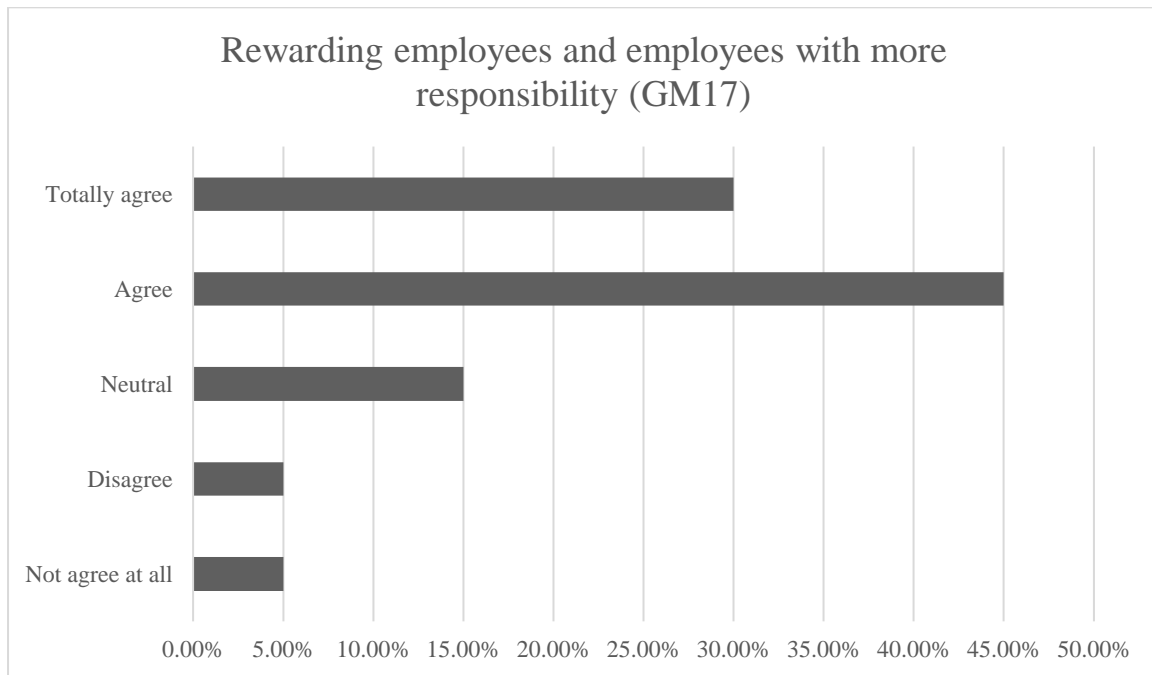
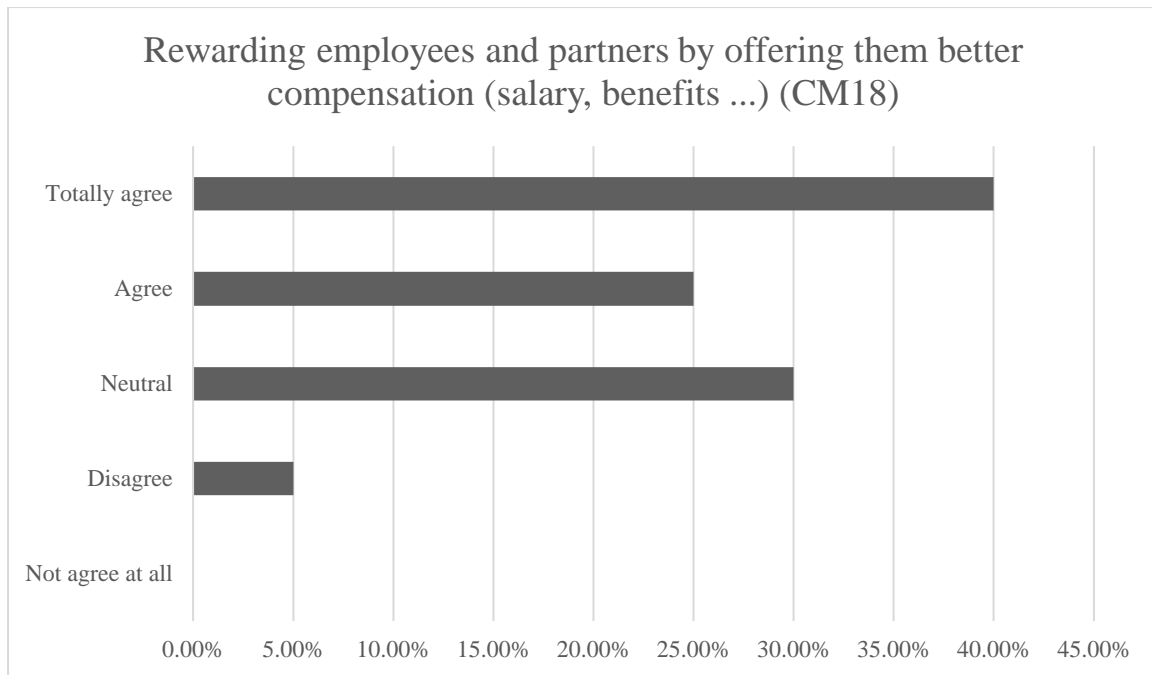## Rewarding employees and partners by offering them better compensation (salary, benefits ...) (CM18)



The vast majority of respondents (40%) responded positively to CM18. This means that for the majority of respondents, rewarding employees and employees with better compensation is a managerial factor that has a positive impact on the success of a company in China. The average of the respondents is 4, which corroborates the positive impact. It is therefore argued that rewarding employees and employees by offering them better pay has a significantly positive impact on the success of a company in China.

## Analysis of results and recommendations

Thanks to the averages of each assertion, I can now see which factors, cultural or classical, seem to most likely have a positive impact on the success of a company in China.

So :

| Coding | Average |
|--------|---------|
| GM1 | 2,65 |
| GM2 | 3,80 |
| GM3 | 3,55 |
| GM4 | 3,95 |
| GM5 | 3,95 |
| GM6 | 3,65 |
| GM7 | 3,75 |
| GM8 | 2,95 |
| GM9 | 3,75 |
| GM10 | 4,40 |
| GM11 | 4,35 |
| GM12 | 4,15 |
| GM13 | 3,60 |
| GM14 | 3,05 |
| GM15 | 3,65 |
| GM16 | 3,80 |
| GM17 | 3,90 |
| **TOTAL** | **3,7** |
| Coding | Average |
| CM1 | 2,35 |
| CM2 | 3,90 |
| CM3 | 3,10 |
| CM4 | 3,00 |
| CM5 | 3,55 |
| CM6 | 4,00 |
| CM7 | 4,25 |
| CM8 | 3,95 |

| | |
|---|---|
| CM9 | 4,10 |
| CM10 | 4,05 |
| CM11 | 3,20 |
| CM12 | 4,10 |
| CM13 | 3,20 |
| CM14 | 3,10 |
| CM15 | 3,30 |
| CM16 | 4,05 |
| CM17 | 3,60 |
| CM18 | 4 |
| **TOTAL** | **3,6** |

In view of these results, I can conclude that both types of managerial factors are equally important and thus validate our hypothesis 3. **The managerial factors inherent in the success of a Chinese company are mainly classical and in fact invalidate the other two**.

But what are the practices to adapt and to keep? Let us go a little further.

First of all, I look in more detail which categories should be most suited to Chinese culture.

First, I have to calculate the "weight" of each of the assertions within each category, but also look at the averages that each of the affirmations have received in order to be able to propose to the readers a "grid of conduct".

*Ressources*

| Statement | Total | Average |
|---|---|---|
| GM1 | 53 | 2,65 |
| GM2 | 76 | 3,80 |
| GM3 | 71 | 3,55 |
| GM4 | 79 | 3,95 |
| GM5 | 79 | 3,95 |
| GM6 | 73 | 3,65 |
| GM7 | 75 | 3,75 |

In this section, all the assertions are based on classical factors. Indeed, access to resources is an overall factor of success, regardless of the location of the entrepreneur and his company. But what are the most important resources to get in China? Given the results, GM4, GM5 and GM7 appear to have the most impact on a company's success in China:

- Have a stable and sufficient cash flow (GM4)

- Access to technologies (GM5)

- Have a competent and qualified administrative / management staff (GM7)

Patrick Behar-Courtois explains why these factors stand out: "*I agree that a healthy cash flow is essential, but I would complete this answer by saying healthy accounting practices. Too many small and medium-sized companies here do not make the distinction between the company's cash and personal treasury. It is a common practice in Chinese businesses, the husband or wife being regularly involved in the management of finances. Moreover, in China as elsewhere, access to skilled personnel is obviously essential, to bring a society on the future ... By definition a society is a group of individuals bringing added value towards the achievement of common objectives. So if we have mules ... *"

*The Organization*

| Statement | Total | Average |
|---|---|---|
| Having a strict time management (GM8) | 59 | 2,95 |
| Promoting gender diversity within the company (GM9) | 75 | 3,75 |
| Integrating politics into his company (CM1) | 47 | 2,35 |
| Have flexible time management (CM2) | 78 | 3,90 |
| Have more male managers (CM3) | 62 | 3,10 |
| Have more male employees (CM4) | 60 | 3 |

The organization of the company is one of the categories where cultural management factors should be most prominent. Indeed, thanks to the academic readings, we were able to explain the specificity of the Chinese organization by explaining its cultural differences (masculinity, place of politics, time management and long term orientation ...). Looking at our results, it appears that the most impactful assertions on a company's success in China are:

- Having flexible time management (CM2)
- Promoting gender diversity within the company (GM9)
- Having more male managers (CM3)

The results generally validated our expectations as two cultural managerial factors emerge in the three factors that have the greatest impact on the success of a company. However, an unexpected contradiction appeared. Indeed, the factors GM9 and CM3 are somewhat contradictory. This highlights the masculinity of Chinese society and raises the question of the place of women in the world of Chinese enterprise.

Despite a long tradition of fights for women's rights, Chinese women are increasingly experiencing a return to the home, as Isabelle Attané explains in her article "Être une femme en Chine auourd'hui: une démographie du genre", especially in cities. There seems to be a decline in mentality, which is reflected in an increase in gender-based discrimination in the labor market and an important phenomenon of glass ceiling.

Our results therefore reflect this trend and this phenomenon since it shows that respondents favor gender equality from the moment management and top management remain masculine. Looking more closely at our results, we find that the Chinese respondents were most in agreement with the CM3 statement and the least in agreement with the GM9 statement compared to the Westerners.

| Statement | Chinese average | Western average |
|-----------|-----------------|-----------------|
| CM2 | 3,6 | 3,9 |
| GM9 | 3,2 | 3 |
| CM3 | 3,1 | 2,9 |

At the same time, we were surprized by the little weight that the integration of politics within the company has, it shows that the Communist Party intervenes less in small companies and start-ups.

Finally, flexible management of time is the managerial factor with the greatest impact on the success of a Western entrepreneur in China. It is also interesting to note that, on average, Western respondents believe that flexible time management is necessary even if it is a Chinese criterion. This also illustrates the Western and Chinese cultural differences.

Westerners with often tighter and formalized time management have to adapt to a more flexible time management specific to the Chinese culture and its "long-term oriented" and "uncertainty avoidance" dimensions.

Patrick Behar-Courtois and Shi Jianhua both confirmed these practices. According to Patrick Behar-Courtois, it is necessary to have a flexible time management and especially with the new generations that are breaking into the the labor market. Shi Jianhua adds that this notion of flexible time is necessary in order to ensure that its employees have understood what he is asking because the Chinese often tend to say yes to everything so as not to lose face. Patrick Behar-Courtois, although surprised by the third statement, explains that Chinese women managers are indeed more ambitious and pressing with their teams, which could convey an image that is too aggressive.

*The network*

| Statement | Total | Average |
|---|---|---|
| Good customer relations (GM10) | 88 | 4,40 |
| Good relations with suppliers (GM11) | 87 | 4,35 |
| Good relationships with partners / employees (GM12) | 83 | 4,15 |
| Good relations with the Chinese Communist Party (CM5) | 71 | 3,55 |
| Having an important and rich professional network (Guanxi) (CM6) | 80 | 4 |
| Having time dedicated to the development and maintenance of its network (Guanxi) (CM7) | 85 | 4,25 |
| Paying attention to etiquette when meeting someone in a professional context (CM8) | 79 | 3,95 |
| Avoiding conflicts with customers (CM9) | 81 | 4,05 |
| Avoiding conflicts with suppliers (CM10) | 82 | 4,10 |

The network is a Chinese characteristic often difficult to understand and integrate for a Westerner. As my academic readings have demonstrated, "Guanxi" has a preponderant part in the success of a company or a career.

| Catégorie | Total |
|---|---|
| Ressources | 72,3 |
| Organization | 63,5 |
| Network | 81,8 |
| Management | 67,3 |
| The motivation and commitment of its employees | 76,7 |

The results obtained illustrate once more the conclusions we have drawn from our readings since this is the category having on average the most significant total, that is to say having the greatest impact on the success of a company in China. The statements with the greatest impact are:

- Good customer relations (GM10)

- Good relations with suppliers (GM11)

- Having time dedicated to the development and maintenance of its network (Guanxi) (CM7)

It is therefore essential for an entrepreneur in China to build up a strong network very quickly, to have excellent relations with suppliers and customers and to give time and effort to the maintenance and development of this network. Many meetings between expatriates, foreign communities and meetings between professionals are organized in major Chinese cities to develop this Guanxi. We warmly invite future entrepreneurs to register and attend these events in a prepared, serious and regular manner.

Again, it is no surprise that Patrick Behar-Courtois and Shi Jianhua confirmed these claims, but by nuancing the importance of the network as something specific to China: "*Having good relations with its customers is valid everywhere to endure in business*". (Patrick Behar-Courtois).

For Shi Jianhua, the importance of the network is important everywhere. In China it brings confidence and communication in industrial relations which benefit the company and therefore its success.

On the other hand, it is perhaps more important in China to have good relations with its suppliers, as Patrick Behar-Courtois explains: "*It is essential in China to have good relations with its suppliers in a context where quality assurance is a major concern. Not necessarily because of lack of competence, but very often because of economic avarice - for example,*

*your first container that arrives to you with all the products to the standards / specifications signed, then the following ones arrive systematically with quality problems, because the supplier is trying to save end-of-pipe.*"

Finally, our two interviewees also confirmed the importance of having time dedicated to its network. For Shi Jianhuan, this is explained by the Confucian culture of China and its dimensions of reciprocity and also by the ability of the Chinese to adapt to the situation and the environment. It takes time to maintain contacts and make them work. Patrick Behar-Courtois adds: "*It's essential here, that's why everyone here is ON 7 / 7days 24/24*".

*Management*

| Statement | Total | Average |
|---|---|---|
| Have a vertical management style where there is no real delegation of powers between top and middle / low management (CM11) | 64 | 3,20 |
| Have a participatory management style where each employee collaborates and is perceived to be at the same level (GM13) | 72 | 3,60 |
| Leave little room for a priori and doubts / questions in its managerial decisions (GM14) | 61 | 3,05 |
| Creating a community within the company (CM12) | 82 | 4,10 |
| Being involved in the personal lives of its employees and being the guarantor of the "community" of its business (CM13) | 64 | 3,20 |
| Putting a hierarchical distance between yourself and your employees (CM14) | 62 | 3,10 |
| Avoid conflicts with employees as much as possible (CM15) | 66 | 3,30 |

Above, we demonstrated through academic research that in theory great disparities existed between Chinese and Western management. Only, it seems that a tendency to homogenize the two styles of management appears over time. This is largely due to globalization, the internationalization of Chinese enterprises, and China's increasing openness to the West (educational exchange programs, Chinese investments abroad and so on). It also seems interesting to add the phenomenon of brain drain. Indeed, more and more wealthy parents are taking the initiative to send their children to study at the best universities abroad. Most of these highly qualified people then return to China by bringing in the managerial practices seen during their schooling abroad and apply them by adapting them to their culture.

The statements with the greatest impact in the management category are:

- Creating a community within the company (CM12)
- Have a participatory management style where each employee collaborates and is perceived to be at the same level (GM13)
- Avoiding conflicts with employees as much as possible (CM15)

This trend is clearly reflected in our results. Indeed, a shift in attitudes seems to be taking place since the second most important factor is participatory management, which is a Western factor. It is coming from the USA and more particularly from the Silicon Valley and is proving to be one of the new best practices in management. Our results also corroborate this tendency to adopt a management style that is more participative and therefore more Western, since the average score between Chinese and Western countries is very similar.

| Statement | Chinese average | Western average |
|---|---|---|
| Have a participatory management style where each employee collaborates and is perceived to be at the same level (GM13) | 3,7 | 3,9 |

However, as mentioned earlier, some major aspects of the Chinese management style, which are very representative of Chinese culture and society, remain preponderant for respondents in the success of a company. Indeed, the most important factor in management to succeed in setting up its business in China is the creation of a community within the company. It is something very important to engage the employees in the long term goal of the business. Then come, once again, the importance given by the Chinese to Mianzi and the importance of avoiding conflict at all costs.

The factors CM12 and CM15 also highlight the importance of employee engagement for Chinese and foreign companies based in China. We will discuss this in more detail in the next section.

Shi Jianhua explains why it is important to create a community within the company: "*It is important to understand in depth the needs and thoughts of its employees and conversely that they understand the needs and expectations of the company. We need to create a team and a collaborative relationship to engage people*".

Patrick Behar-Courtois, nuances the statement 2 and warns: *"Be careful not to mix the French and Chinese perspective ... I think there is a difference at this level between what the employees say and the reality things. In China, employees, through their educational system, are waiting for the manager to give them the information or the solution to the problem, and have a certain lack of responsibility. So, to reach a participatory management on a large scale in China, there is work ..."*. So we have to relativize the position and I would say the "depth" of this participatory management. It would be wiser to display participatory management while leaving a role of decision-maker and "guide" to managers because the Chinese need this figure of leader, having difficulty to take responsibility themselves.

*The motivation and commitment of its employees*

| Statement | Total | Average |
|---|---|---|
| Promote and reward the best in creativity and personal development (GM15) | 73 | 3,65 |
| Promote and reward the best in terms of risk taking and initiatives (GM16) | 76 | 3,80 |
| Fostering and rewarding the best in terms of results (CM16) | 81 | 4,05 |
| Rewarding employees and employees with access to information (CM17) | 72 | 3,60 |
| Rewarding employees and employees with more responsibility (GM17) | 78 | 3,90 |
| Rewarding employees and partners by offering them better compensation (salary, benefits ...) (CM18) | 80 | 4 |

The motivation and commitment of the employees is the second aspect that has the greatest impact on business success in China. Indeed, employee commitment is a very sensitive issue in China and is challenging for some companies. In 2007, a study by Hudson, the world's leading recruitment consultant and human resources consultant, showed that employees and workers in China frequently change jobs and that their average working time in a company is the shortest of all the countries of Asia.

More than half of respondents (52%) reported that "*their average working time in a company does not exceed two years, and this proportion is far superior to that of other markets, only 18% of respondents believe that their average working time exceeds three years, whereas this proportion concerns only about half of the country where the working time of employees is the second shortest.*". In one of its reports, "HR Challenges in China", the EU SME Center

goes even further in this analysis by stating that "*human resource management remains the main challenge for foreign companies to do business in China* ".
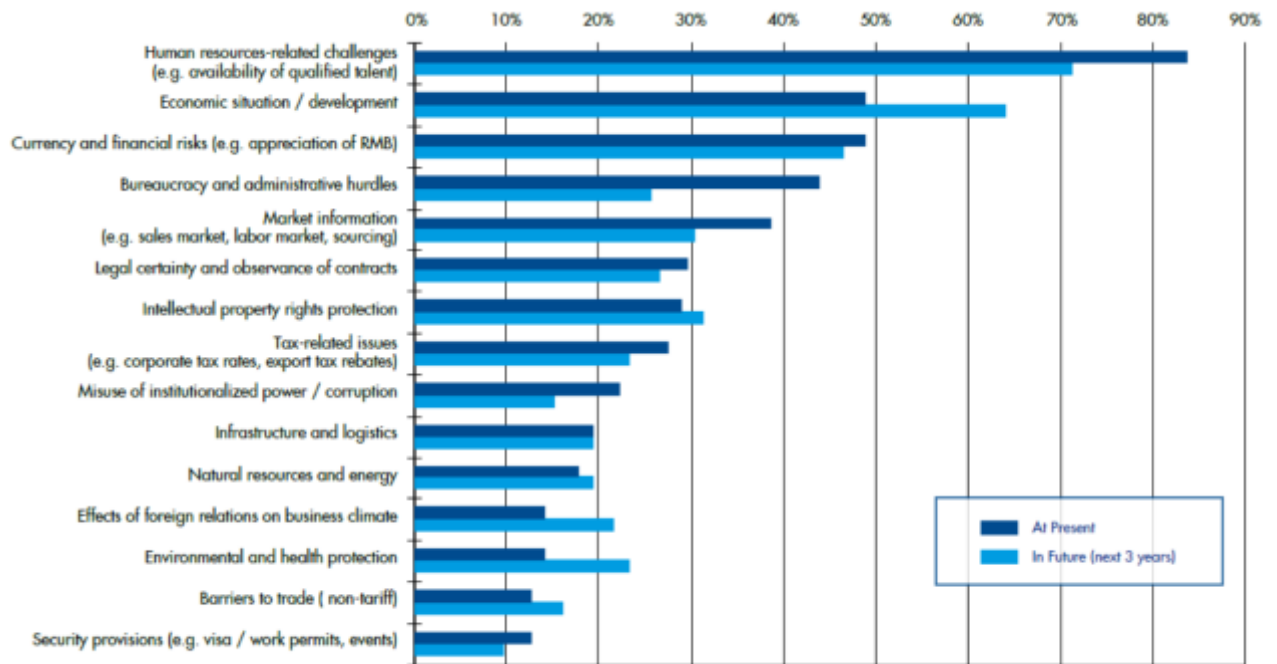


It is therefore crucial to keep employees and engage them in order to reduce this trend and keep knowledge, know-how and talents in the company. Marc Fressange, manager of Ouh La La in Beijing, explains in the book "50 ans, 50 entrepreneurs en Chine" the importance of finding and keeping its executives: "*It is the person who makes the company win. They must be well recruited, motivated and always given back to. In China, it is much harder to retain loyalty.*". The results I have obtained reflect this trend once again, since the statements with the greatest impact are, according to our respondents:

- Fostering and rewarding the best in terms of results (CM16)

- Rewarding employees and employees by providing better remuneration (salary, benefits ...) (CM18)

- Rewarding employees and employees with more responsibility (GM17)

Here again we can see the importance and the impact of Chinese society on how to engage and motivate its employees. First of all the importance is given on the result, we reward the best in terms of result and not really in terms of quality and personal development. This reflects the great dimension of masculinity in the Chinese society. Employees, on the other hand, attach a great deal of importance to wages and little to the conditions of work or the

responsibilities given. Remuneration remains for the employees one of the first criteria that will incite them to change company or on the other hand to stay in the one they are working. Patrick Behar-Courtois and Shi Jianhuan once again confirm these statements but wish to add: "*I agree with all of this, but we also motivate by offering training and offering free time to pass on personal projects*". (Patrick Behar-Courtois.)

"*I show that I respect them and that I esteem them. I also offer them training opportunities and I seek to create a learning atmosphere so that employees feel they will have more to learn in my company than in another*" (Shi Jianhua.)

# Conclusion

Creating your business is often a great professional challenge but also personal. This requires personal and technical skills specific to the creator and his environment. China has been attracting more and more men and women for a few years, seduced by a booming and promising market. However, setting up a company in China is not the same as creating a company in France or in Europe: regulations, cultural shocks, relationships between partners and employees. Throughout our approach, we have tried to propose to the readers a reflection on the factors inherent in the success of a foreign company creation in China: is it necessary to adapt its corporate culture and management to Chinese culture? The answer now seems clear, it is essential for the creator to adapt his business model to Chinese culture while keeping the Western "best practices" of which we are familiar. "*We do not have the same culture, it's up to us to adapt*!" says Benjamin Duvos (50 ans d'histoires, 50 entrepreneurs Français en Chine). But what to adapt and what to keep?

According to my respondents, it is essential to adopt Chinese managerial peculiarities and to mix them with our traditional western practices. For Patrick Behar-Courtois: "*For Western practices, I would say that communication is essential and has to be permanent, to ensure that there are no misunderstandings (mostly cultural ...) and to solve the numerous problems. Also feedback on performance, which matches my work philosophy, to make sure that my teams learn from their mistakes. Finally micro-management too ... often presented in Europe as a negative practice in a managerial context, here it is even something the employees are expecting. Concerning the Chinese practices: Guanxi and respect of the face and more*

*widely, learn to drink ... the Chinese appreciate that one knows how to comply with the custom. "*

Shi Jianhuan has adopted practices that have proven themselves in the West: Lean management, Kanban, Gaishan, Quality management, Negotiation, Philosophy theory.

Patrick Behar-Courtois believes that the main differences are: "*A much more applied management. The manager must be much more visible to get results. He must also learn to make decisions in an autocratic way.*". For Shi Jianhuan, Western management is more transparent and respects employees, while Chinese management is more democratic and results oriented.


Thanks to our survey made with concerned players, we have been able to propose some solutions and practices to my readers. We would first of all indicate the importance of working on its network and its industrial relations. Guanxi holds a prominent place in Chinese society, rooted in Confucianism and its mechanisms of master / pupil, father / son ... It is crucial to give time and effort and to respect these codes in order to establish a relationship of trust with its employees (customers, suppliers, competitors) and be accepted by the community. As Patrick Behar-Courtois points out: "*The unscrupulous associates who have taken advantage of my naivety in relation to the market and local laws are numerous. And they do not hesitate to take advantage of our situation and the fact that we are foreigners. This is one of the pitfalls to avoid upon arrival. It is because we are foreigners that we are targeted, because of that it is difficult to enter the local market. With the years, I have gained a large international clientele, and the opportunity to work with the Chinese government thanks to my expertise. But, not being Chinese, even after 10 years here, my Chinese clientele represents a minority. "*

Indeed, the community is one of the most important dimensions of Chinese society. As we have explained through our academic readings, Chinese society is a highly collectivist society in which the group always prevails over the individual. This dimension is reflected in the management of the employees and their commitment. Our respondents overwhelmingly stated that it was vital for the entrepreneur to create a community within the company in order to engage its employees and involve them in what they do.

Patrick Behar-Courtois, goes even further and considers that the entrepreneur must also adapt and open his mind: "*What an entrepreneur must understand is that he is in a foreign country with different thought systems. It is necessary :*

*1) To have patience. Everything takes time: Build a reputation, develop customer*

*relationships, understand how the "Chinese system" works.*

*2) To rethink things over. And accept that things here are done differently and that people function differently too.*

*3) To have humility: the time of colonization is definitely gone. We can no longer arrive in China in conquered land, as was the case a few years ago. "*

Despite the fact that our cultures are diametrically opposed, it is not impossible to succeed in China. Many success stories illustrate this. However, the Chinese market is very different from ours and also very fragmented: there is about a hundred languages, there are more than a billion people from different regions and ethnic groups each having their own customs. The first trap for a westerner would be to see this market as homogeneous and relatively similar to ours. This is not the case and there are many habits that we have to adapt or even sometimes abandon: a fixed time management with little flexibility, taking for granted what we are told, freeze in the administrative formality, not to take into account the etiquette and the Chinese traditions ... It is essential, I remind you, for foreigners to be "integrated" into the community to win the trust of their peers and collaborators, in order to be able to build efficient and profound professional relations.

We invite our readers to also examine a little bit more about the way the Chinese consumer works, its traits, habits and expectations toward Western products. China, long closed, is today beset by images of a Western world on glossy paper. Yet it would not be very enlightening to imagine that the Chinese dream only of resembling Westerners and adopting our vision of life and consumption. On the contrary, despite an attraction for foreign products, the Chinese have an ability to appropriate and adapt them to their society and culture, even copying some of our services to radically improve them. In addition to the business model and the managerial habits it is above all the marketing approach and the consumer approach that it is necessary to adapt and improve for the Chinese clientele.

Long underestimated and placed in the second rank, China has known in a dozen years to come to the front of the mediatic, political and economic scene. Due to its very large population and its economic weight, will China impose elements of its culture and way of life on the rest of the world?

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