

- LUO, Y. and PENG, M. W. (1999), «Learning to Compete in a Transition Economy: Experience, Environment, and Performance», *Journal of International Business Studies*, vol. 30(2), pp. 269-295.
- MADSEN, T. K. and SERVAIS, P. (1997), «The Internationalization of Born Globals: an Evolutionary Process», *International Business Review*, vol. 6(6), pp. 561-583.
- MAKINO, S. and DELIOS, A. (1996), «Local Knowledge and Performance Implications for Alliance Formation in Asia», *Journal of International Business Studies*, Special Issue, pp. 905-927.
- MCDUGALL, P. P. and OVIATT, B. M. (2000), «International Entrepreneurship: The Intersection of Two Research Paths», *Academy of Management Journal*, vol. 43(5), pp. 902-906.
- MENON, A., BHARADWAJ, S. G., ADIDAM, P. T. and EDISON, S. W. (1999), «Antecedents and Consequences of Marketing Strategy Making: A Model and a Test», *Journal of Marketing*, vol. 63 (April), pp. 18-40.
- MOEN, O. (1999), «The Relationship between Firm Size, Competitive Advantages and Export Performance Revisited», *International Small Business Journal*, vol. 18(1), pp. 53-71.
- MOEN, O. and SERVAIS, P. (2002), «Born Global or Gradual Born? Examining the Export Behavior of Small and Medium-Sized Enterprises», *Journal of International Marketing*, vol. 10(3), pp. 49-72.
- MOFCOM, Foreign Trade Statistics and Investment Statistics, 1979-2005.
- NAKATA, C. and SIVAKUMAR, K. (2001), «Instituting the Marketing Concept in a Multinational Setting: The Role of National Culture», *Journal of the Academy of Marketing Science*, vol. 29(3), pp. 255-275.
- OVIATT, B. M. and MCDUGALL, P. P. (1994), «Toward a Theory of International New Ventures», *Journal of International Business Studies*, 1st Q, pp. 45-64.
- OZSOMER, A. and PRUSSIA, G. E. (2000), «Competing Perspectives in International Marketing Strategy: Contingency and Process Models», *Journal of International Marketing*, vol. 8(1), pp. 27-50.
- PALIWODA, S. (1993), *International Marketing*, 2nd, Butterworth-Heinemann Asia, Oxford.
- PANITCHPAKDI, S. and CLIFFORD, M. L. (2002), *China and the WTO, Changing China Changing World Trade*, John Wiley & Sons (Asia) Pte. Ltd.
- PENG, M. W. (2001), «The Resource-Based View and International Business», *Journal of Management*, vol. (27), pp. 803-829.
- PENG, M. W. and HEATH, P. S. (1996), «The Growth of the Firm in Planned Economies in Transition: Institutions, Organizations and ...
- RUCHTER, F. J. (1999), *Business Networks in Asia, Promises, Doubts and Perspectives*, Westport, Quorum Books.
- SIRMON, D. G. and LANE, P. J. (2004), «A Model of Cultural Differences and International Alliance Performance», *Journal of International Business Studies*, vol. 35, pp. 306-309.
- SRIVASTAVA, R. K., LIAM, F. and CHRISTENSEN, H. K. (2001), «The Resource-Based View and Marketing: The Role of Market-Based Assets in Gaining Competitive Advantage», *Journal of Management*, vol. (27), pp. 777-802.
- TALLMAN, S. and SHENKAR, O. (1994), «A Managerial Decision Model of International Cooperative Venture Formation», *Journal of International Business Studies*, First Quarter, pp. 91-113.
- VANHONAKER, W. (1997), «Entering China: An Unconventional Approach», *Harvard Business Review*, March-April, pp. 130-140.
- WANG, G. and OLSEN, J. E. (2002), «Knowledge, Performance and Exporter Satisfaction: An Exploratory Study», *Journal of Global Marketing*, vol. 15(3/4), pp. 39-64.
- WOETZEL, R. J. (2003), *Capitalist China, Strategies for a Revolutionized Economy*, John Wiley and Sons (Asia) Pte Ltd.

Understanding and learning from China*

VIRGÍNIA TRIGO

TÍTULO: Compreender e aprender com a China

In early 2006, the Dean of ISCTE Business School, Professor António Gomes Mota launched the basis for the establishment of a Centre for Asian Studies at ISCTE. The school, he reasoned, possesses an unusual pool of faculty that has lived, worked, and taught in several places of Asia and who are still closely related to research and academia in that part of the world, thus creating a critical mass whose efforts could be leveraged if pooled together under a more or less formal structure.

His words at the closing of the debate that ended the one day workshop to inaugurate the Centre reflect this belief: «Looking at your faces it is easy to conclude that this has been a very long, intensive day, so I will keep this final note short, just two or three simple things. First, I want to restate the commitment of the Business School towards this project. We fully support the creation of Asiânia, and this for several reasons. In a way, it is the first formal stone of a building that we want to develop in terms of the perspective of a very small country like Portugal, on the relationships between Europe and Asia. This first stone mainly relies on a very significant previous experience, contacts, networks, and so on, that some of our faculty have established since 1989 in the Asia region. Let me just give you two, two simple examples that probably many of you know well. My colleague Nelson António was the Dean of the Faculty of Business Administration, University of Macau, for over ten years. He had a very broad and very intensive experience there... Another good example is Professor Mário Murteira, who was perhaps a pioneer in Portugal in establishing an early and fruitful network of researchers – Euro-Asia Link – from China, Macau, and people here. In fact, for a long time, we have been close to Asia reality. Several of our faculty have delivered training programs in China and we had for years a joint venture MBA with the University of Macau. Currently we continue to have several Chinese students in different programs including the doctoral program.

This is a long term relationship that we value and Asiânia is another additional step that embodies our strong interest in Asia. Within the framework of an ever growing

* Closing Debate at the Workshop to inaugurate Asiânia, the Centre for Asian Studies at ISCTE Business School – 4th October, 2006.

* Debate de encerramento da workshop de inauguração do Asiânia – Centro de Estudos Asiáticos da ISCTE Business School – 4 de Outubro de 2006

system of networks, the purpose of Asiânia is threefold in this exciting and challenging new era of growing relations between Europe and Asia: to conduct research on business subjects of interest to Europe and Asia; to assist students and other researchers in these related studies; to assist the business community in its endeavours and enhance the cooperation between professionals and academia. This Centre has the most important things such an initiative should have: the support of the School and the enthusiasm and commitment of all those involved. Thank you very much.»

This closing note followed a debate mediated by Virgínia Trigo and participated by: Mário Murteira (ISCTE Business School); Nelson António (ISCTE Business School); Álvaro Rosa (ISCTE Business School); Gérard Cliquet (University of Rennes 1); Catherine de La Robertie (CREM UMR CNRS 6211/ESM Saint-Cyr); Fernanda Ilhéu (ISEG); Gu LiHong (Vice-President of Xian-Janssen, Johnson & Johnson Group, China and doctoral student at ISCTE); Pan Yu (Entrepreneur and doctoral student at University of Rennes 1); Fernando Costa Freire (Edeluc - Consulting & Investments); Ana Cristina Alves (Centro Cultural e Científico de Macau) and Manuel Lopes (Universidade Lusíada).

Some highlights of the debate are as follows:

On Asiânia

Virgínia Trigo: Today we have formally inaugurated a new centre at ISCTE Business School, the Centre for Asian Studies. We named it Asiânia, a fusion of two words: Asia and Lusitânia, a former region of the Iberian Peninsula where Portugal originated. We are of course based in Portugal but our research will not be limited to this country but rather extended to other countries in Europe with whom we will cooperate. To start with, we have among our founding members people we have known for a long time through common work in the field as, for example, Gérard Cliquet and Catherine de La Robertie. We know however that a Centre established here will be distinctive, will have a different perspective from others established elsewhere.

On the Day's Events

Virgínia Trigo: We started today's workshop with Professor Mário Murteira, one of the founding members of Asiânia. He brought to the debate the importance of China, its impact in the world trend of globalisation. And we retain from his words that we need to understand China in order to understand much of what is going on nowadays; that the world economy before China, before 1978, is not the same as after China's entry.

This is a fact, no matter what angle we are going to approach it – and we have discussed many angles here, raised some conflicting ideas, and proposed different fore-

casts. Some are of an impending disaster, others are optimistic. One example we discussed relates to the growing relations China – Africa: are we about to witness a new form of imperialism or will China have the key and the will to truly support Africa's development? In their quest to strengthen relationships with Africa are not they only looking for oil and other resources?

Besides the need to *understand*, another idea from the discussion is that we need to *learn*. However I must say there has not been among us, in Portugal, much willingness to understand or to learn about China. With two other people present here, Fernanda Ilhéu and Fernando Costa Freire, we have given seminars in different parts of the country but we could never say we had a crowd or anything close to it. Even today we have here more Chinese colleagues than we have Portuguese.

Another topic we discussed today, introduced by Fernanda Ilhéu, is the impact of China – Portugal economic relations, which have been basically short term in nature, a «Kleenex tissue» strategy. Companies have isolated strategies, do mainly import-export for maybe five, maybe ten, maybe fifteen years, always the same, all time around, so long as it goes OK we will do it, in the future we will see.

As a contrast, we have the example of Gu LiHong's company. Gu LiHong is a doctoral student at ISCTE and a Vice-President of Xian-Janssen, group Johnson & Johnson. Originally a Belgian company it went to China as early as 1979 and is today one of the largest pharmaceutical companies in the country. How is it that different cultures could be integrated into a common organizational culture to generate such a successful company? Gu LiHong will you introduce this case and example of best practices to us?

On Foreign Multinationals in China: The Case of Xian-Janssen

(Gu LiHong): Good afternoon. Our company started when Dr. Paul Janssen from Belgium came to China, in 1979, and had the great vision to bring his good products to our country and establish a world level company, a school for the manufacture and practice of pharmaceutical products in China. Since the beginning, we have set an example in China and practiced an open policy: all Chinese pharmaceutical companies, if they do not have the opportunity to go overseas, they can learn at our plant; we share our practices with them and even with traditional Chinese medicine companies. We think this is good for patients, is good for China, we believe in sharing our knowledge with others. This is an important value that our company has incorporated in our mission. We encourage our employees to have passion in their work, to work hard because we think we are responsible in helping to improve the pharmaceutical industry in China. They are encouraged to work not just to get a

higher salary or better working conditions. I think if you just stay at that stage, employees will not work as hard as they would if higher goals were set to them.

Look at the picture (Gu LiHong shows a shabby small building surrounded with mud). We had a very difficult start. In 1983, the Chinese yuan, compared to the US dollar, was only one point three. When our project started, it devaluated to two. When we started our construction it devaluated to five point three. When we started to buy the material from Janssen in Belgium, the yuan further decreased to eight point three. The same happened with the interest rate: in the beginning it was seven per cent but it rose to a high of nineteen per cent. When our company started it was April, 1989, and the Tiananmen Square student movement happened. Most foreign companies withdrew from China in the belief they had done the wrong investment.

However, at that time, the Chinese Embassy in Belgium explained Dr. Paul Janssen all the background of the Tiananmen Square events and he was confident enough to continue. During that period all others thought it was a disaster, it was a crisis in China, but our company saw it as an opportunity. We stayed and we worked jointly to overcome all the problems, issues, difficulties... Actually, we can say we got support from all sides, and achieved the breakeven only after two years of operation. In the original plan we would need seven years of operation before breakeven. Actually, after only two years we got it.

(Gu LiHong shows more pictures). This is a picture of the engineers who worked together to solve the problem (several people thoughtfully looking at maps on a table). This person is our Vice Chairman, yeah, this one. He is a Belgian. He worked from the very beginning and helped us to solve a lot of issues and to attain success.

Virginia Trigo: And this one is you...

Gu LiHong: Yes. This one with a lot of hair was me. It is already twenty seven years I have been working with this company... you can see from this picture... and here is Dr. Paul Janssen. He had three doctoral degrees: pharmacy, chemistry and medicine. He could effectively invent products and all his products are well sold in China. This cooperation not only benefits the Chinese but the Belgian too: because of the investment we could set up a large and famous company in China while Belgium could boost its exports. Our company was chosen twice by Chinese Fortune magazine as the «best foreign western company» and the «most admired foreign western company» in China. You see, Belgium is a small country, but two of their joint venture companies are among the Top Ten in our country.

Our key for success is first based on our Chinese open policy: all along we got a strong support from government. Although we had big difficulties, especially on the days following the student movement, we kept doing our business and continued to produce products for patients. The Chinese government fully understood it. They did not use us for any promotion or propaganda and did not make any pressure to reform us. So, understanding is really very important. You shouldn't just think about yourself, you should consider other parts. What their stand point is, what is their way of thinking, what pressures are they subject to and what has to be done so that everybody can work together for the same goal, for our patients.

Our company has a strong credo: first, our responsibility is to our patients, customers, mothers, fathers and all those who use our products. Second, we are responsible towards our employees – not just give them a good salary or a good working environment but especially provide good training and a job that is more meaningful. That is why, you see, we could learn really fast from America and Europe in both company values and technology. Thirdly, we are responsible to the community, not only for selling our products but also for sharing our best practices. If we do well for customers, employees and society, we believe our shareholders will benefit in a reasonable way.

The making of a successful joint venture in China

Gu LiHong: It is often the case that, in a joint venture company, the parties always fight together. Our success also stems from the fact that, instead of fighting, we always try to work together. We understand that the foreign party has its own advantages: they know the products; they know the technology. But the Chinese partner has its own advantages too: we know our market, we know our culture, we know our hospital needs, our doctor needs, our patients' needs, we know how to translate the foreign party technology and information to meet our customer needs, and we know how to introduce the whole branding.

Branding transfers are very important. If you come to the market just to make money, I don't think you would have the support from the society. Dr. Paul Janssen always thought about the patients: how to produce good products, high quality products with high technology and he really tried to create a good program to help patients and their family members. If you think this way you will have the support from the government, from society and the customers will stand by you. Then you gain trust. You gain trust not only externally but also internally, from your employees. I think this is important so that we can always work together, that is, trying to understand the other parties, what they think and why they think so.

Understanding the culture

Gu LiHong: We also had some conflicts. I give you an example: at the very beginning, when we were building the factory, during the construction period, all workers had to go back to the countryside because it was the harvest season. The construction site was short of labour, and both parties started to worry «What can we do?». Then the Chinese partner authorized our employees to work during the weekend to help the construction work. For foreigners this was very difficult to understand. They shouted and they said: «How is it possible that you ask those engineers to do this kind of labour? What if an accident happens?». They couldn't understand and they shouted. However our Western general manager thought: «Oh, it's a culture shock», it's a different mentality, a different way of thinking things. Then he started a communication to understand why we did so. Our employees also told them this is our traditional way of doing things: if there is an invitation, we like to work for it. There was no wish for conflict and please don't be angry.

Working together

Gu LiHong: I believe that if people communicate, explain and respect the other party's culture, then it will be easier to get an alignment. This has been our principle, when a problem arises it may be a culture shock but our credo has been important in helping us to work together. So has been our emphasis on team work. One example is the sharing of profits of our company. In the past we used to allocate some portion to donate flats or houses to people in need but from last year we decided to divide the money among our two thousand employees. Everyone has a donation share and we also donate from our salary and also books, clothes or something we do not need. Then, as a team, together, we think what kind of things we would like to do with the money. One department may donate to old people, other to children who need help, and so on. Each team selects the project they would like to support, they work together even during the weekend and they make the donations they have agreed upon. Then during our «credo day» we share our best practices. This encourages us and we learn that in China today there are still so many poor people, so many poor areas, and we feel responsible to do our best to help them. With this kind of innovative program we have a better team, better employees, and it makes our company continue to grow in our business and in the trust from the society. This was some information I enjoyed to share with you. Thank you.

Virginia Trigo: You have mentioned the importance of branding. Pan Yu from Shanghai has been researching with Gérard Cliquet and Catherine de La Robertie precisely this topic. Names, and of course brand names, are very important in China. Pan Yu will now discuss some 'good' and 'bad' names, please?

On Problems of Brand Transfer in China

Pan Yu: Good afternoon. My topic is «The sinograms of marketing» and I will use two examples to illustrate my opinion. One is Carrefour vs Auchan, the other is Peugeot vs Citroen. I guess all of you are quite familiar with Carrefour. This brand is also very famous in China, at least in large cities everybody knows it. Carrefour came to China in 1995 and is expanding quickly up to this very day. It is the most popular shopping centre and the best recognised French brand in China. It has more than 60 stores in our country and 65% of families in Shanghai choose Carrefour for shopping in holiday seasons. Why? In Chinese, Carrefour is translated to *Jia Le Fu*, where *jia* means home, family, *le* means happiness, pleasure, and *fu* means fortune and good luck.

As you know, one of the national features of China is that the family is at the centre of society: if a brand is committed to bringing happiness and fortune to my family, I will patronise it.

Auchan is also a French shopping centre group similar to Carrefour. But in China its position is very different. Auchan entered the China market in 1999 and set up 13 stores, however it is much less recognized by Chinese customers than Carrefour. In China, Auchan is transliterated to *Au Chan*. *Au* means Europe, all Europeans, *Chan* means fashion, style. In China customers think that if you want to buy «fashionable things from Europe» you go to Auchan, but you do not go there if you want to buy food or other nice and convenient items for the home.

Another example is Peugeot vs Citroen. Both brands belong to the PSA group, have a strong French descent and enjoy strategic alliances. Peugeot was the first joint venture in Chinese auto industry and benefited from a valuable position of low competition for a time. No other foreign auto enterprise had set up factories in China when Peugeot did so. However market acceptance remained low and, eventually, Peugeot had to withdraw from the South China market.

Citroen entered the Chinese market later than Peugeot, when Volkswagen, for example, had already two bases in China. Since the market was occupied by other members the prospects for Citroen were not very good in the beginning, but it turned out to be a big success with some of its models at the top of auto sales for more than fifteen years. Why do similar brands have different acceptance in Chinese market?

The Chinese name for Peugeot is *Peo Ge*. *Peo* means beauty and *Ge* means standard. However the pronunciation of these two words together resembles, in the

Shanghainese dialect, a bad word, in fact «a very open woman» and neither girls nor boys are willing to drive it.

Citroen in Chinese is translated as «snow iron dragon». Snow symbolises purity. «Pure iron dragon» means a one hundred per cent iron car, which implies safety and excellence. Everybody knows, if you drive a very safe car, it is very, very lucky. So, everybody wants to buy it and drive it.

In fact Peugeot learned its lesson. It came back to China again, and repositioned its brand through a new advertising strategy as «Lion, Little Lion, Honest Lion» and started to get the preference of youngsters. A lion is associated with strength and character.

So, I hope my presentation can be of interest to you, in case you want to come to China. If you do, call the translator, pay attention to your brand name in China.

Virgínia Trigo: This is a good suggestion indeed. Fernanda Ilhéu what do you think would the reaction of Portuguese companies be to this piece of advice? Are they interested in branding, is this an issue for them, do they pay attention to this?

Fernanda Ilhéu: Well, for them to pay attention to branding it would mean to have already a market penetration strategy. Those companies who plan how to enter will have a brand strategy but most companies just try to find an agent and say «Go and try to sell»... I think we have some work to do here in informing companies, raising public discussion in schools, in associations... In the Luso-Chinese Chamber of Commerce these last two years, we have been focusing in increasing the awareness on the Chinese market. Our next step is to begin talking about issues like this one: how to enter the market, how to make marketing in China, how to work on the brand, how to work on the distribution channels. So, we are going to start new issues, and of course we need very much the contribution of this kind of studies, because we need to have cases to illustrate. We cannot go to seminars and only say something vague without examples.

Gérard Cliquet: I think there are several issues about branding. We can try to invent a new name, like it happened with Peugeot, but it is not advisable to miss the right name. You can also bet in the right strategy. It seems to be the case with Carrefour. When they began in China, they bought fields in order to show Chinese people the way to grow vegetables and they opened the stores about three years later. Auchan started to open stores quicker basing their strategy on nice shopping centres offering commodities of good quality and stylish design. We have to be aware of the

fact that Auchan is a supermarket chain, a retailer, a discount retailer. So, there is a contradiction between being a discount retailer and offering very good quality products... It is not the same kind of job.

For instance, Carrefour is successful in China but failed in Japan because of their wrong strategy there. They opened four hypermarkets and were not able to really define a consistent strategy, because they offered low priced products to Japanese people when Japanese consumers expected French products, French brands, to be high quality level products. We have to be very careful with that. Wrong names, wrong strategy and there is a third problem. There can be brand name counterfeiting. This happens in Japan for instance: Western brands are translated to Japanese without, of course, telling that to the company, and try to sell products on behalf of this company, but with no liaison with it. In China this may be happening too.

Catherine de La Robertie: In Japan it is easier to do this, since there are different writing systems. You can have an official name in one system and you can make a counterfeit brand in another system of writing. It is quite confusing for the Japanese consumer who has high difficulties in distinguishing between both!

I would like to point out that in logographic writing systems such as Chinese script, word writing suggestiveness is particularly relevant, and consequently there is a very strong and effective impact of the sociolinguistic background on brand naming. Furthermore, most Chinese consumers rely on ideographic features to make sense of brand names. Visual brand identifiers are integrated in memory more easily with Chinese brand names, compared to English ones which are only auditory ones. Structuring communication for Chinese consumers by selecting visual stimuli, such as calligraphy, as well as logo design, does improve quality perception and will be effective tools in the marketing manager's brand arsenal.

I would like to add that α -numeric brand names influence Chinese consumers' perception too, especially in the case of technical products (these are considered to be more fitting for technical products). There are favourable numbers, such as 3-6-8-9 and unlucky such as 4. To enhance perception of a brand mark, auspicious numbers can be inserted to proper brand name still written in alphabetic system.

Fernando Costa Freire: I just want to make a comment about branding and about names, which just came to me now, while you were discussing this. The problems are exactly the same the other way around. Because there are a lot of Chinese products nowadays that would have a much higher value if they were properly branded in the West. No one is willing to pay more than eight hundred euros or a thousand euros

for a motorcycle that is called some unpronounceable name. The consumer should be able to pronounce and easily identify the products he is willing to buy.

Virginia Trigo: The most important issue in international marketing is culture adjustment, culture adaptation. And it works from China to Portugal, to France, or from Portugal to France, to America, any place. Sometimes we forget this. We just think we have a very good offer «Ok, I'm going to tell them that we have this and they must buy», and it does not work.

On Distribution Systems in China

Virginia Trigo: I will ask now a question to Gérard Cliquet, concerning something we have discussed today: fifty per cent of the production that is now made in China is done by foreign multinationals. Maybe in the end we should not be so concerned about the China threat... Another aspect is the distribution, most of it is in the hands of foreign multinationals, right? How can a country like China develop without having a strong domestic distribution chain?

Gérard Cliquet: Yes, I think there is a problem, which can be found in every emerging country, like China, Brazil, Russia or India. The problem is about retailing, and the retail sector. Most economic studies forget about retailing. They speak about research, technology, industry, and never – services, sometimes – but never about retailing. We said already today that the biggest companies are by far retailing companies. These companies have a lot of power on the market, so how can an emerging country become really a powerful country without controlling the retail system? This is quite an issue. I have been contacted by an Indian colleague working in the United States to work on the Indian situation, because there is nothing in retail in India for the moment compared to what exists in Brazil or in China or even in Russia. People there are wondering how to begin to build a real retail sector. Many people will think retailing is easy: you just open a shop and then things can go on. No. Sorry. Today retailing is really an industry. You need very large amounts of investment to build a retail network; you need high technology; you need a high level of managerial techniques and methods to run this kind of companies and it is very difficult to be successful in this industry compared to others.

Very few countries have succeeded in developing a strong powerful retailing industry: United States, France, UK, Germany... The others are only small examples. There are one or two international companies, like IKEA in Sweden, but little else. One question could be how to develop a Chinese retailing sector. What would the format be? In France, for instance, super, hypermarkets are declining, they are over the hill. And maybe hard discounters will be in the same situation

soon as it is already the case in Germany. What can happen later? What new format, new concept can emerge in the country? For emerging countries, you can imagine, this is... to me, a key question. All your companies, Portuguese, Spanish or elsewhere are very interested to know in which distribution system they will be able to sell their products.

If there is no strong and modern retail sector, how can the economy be controlled?

In China, as far as we know, there are some Chinese retailing companies, but they are meaningless when compared to the power of Wal-Mart, Carrefour and others. Because these are very, very big monsters. You have to know that. Once again, Wal-Mart has one million six hundred thousand employees, we have never seen something like that before. Carrefour, the second retailer in the world has four hundred thousand people, it is more than General Motors or any other company we know. This is what I wanted to say. Thank you.

Catherine de La Robertie: If once more we consider the case of Carrefour group, which is indeed very successful in China, we can observe that People's Republic of China is the country where Carrefour group, which opened there its first supermarket in 1995, has got its fastest growth. Moreover, Carrefour group is now at the first rank of international distribution groups in China, with a turnover of ~2.5 billions euros in 2006 (20% growth, 85 hypermarkets, 40 000 employees, 188 millions customers). The most important difficulty encountered in China, when establishing a new plant, is to compromise with Chinese local authorities and to be on good terms with local partners, such as governmental wholesalers, semi-public land owner companies. So, Carrefour group is constantly adapting its strategy to Chinese authorities' policy. At the moment, Chinese authorities are attempting to find a new equilibrium of economic development in favour of western and centre China, regions left behind by economic growth. There, customers' average purchase is no more than 7 euros (half of Beijing's). By accepting to invest in those areas, Carrefour group ensures Chinese authorities' support, which consequently allows the group to obtain permits to open new hypermarkets in such rich cities as Beijing or Shanghai.

Fernanda Ilhéu: I think one of the reasons for the situation in China on retailing and distribution channels is because the Chinese model of development was till now more focused on exports. The consumer was not important here. But now things are changing. I understood the Prime-Minister of China saying the other day, in Helsinki, that the new strategy of the Chinese government is to support growth with the growth of consumption. If this happens, they will need distribution channels and something is going to happen in China in that sector in the future, I am sure.

Mário Murteira: I agree that this is a very important question in terms of management of retailing problems... Nevertheless, I think there are bigger problems than that, which perhaps the economy is not well prepared to deal with... I mean, for me, it is much more important to try to understand what is going on with the employment structure all over the world. I am not talking about trans-nationals, not directly. I am talking about the structure of employment and the capacity for certain countries like my own country, like Portugal, to face a serious underemployment, an unemployment problem as we have and are going to have in the future. I think it is not easy to have a general answer for this. It is a matter of, I think, both economic and social policy. Yes, I understand that we have trans-nationals or multinationals that are much bigger than states. But I am a citizen of a state... of this country... and this matters, for the time being.

Virgínia Trigo: We have to close this debate now. These and other issues and concerns will continue to be discussed in Asíania. That is why we have set it up. Thank you for coming.

The brain-drain from private to public sector in Macau: how to make sense of it

SOK FAN CHIU E SIEW-HUAT KONG

ABSTRACT: *Becoming a civil servant is in general not a popular career option in most Chinese societies which appear to be specially gifted for the commercial world. But this was not the case in a predominantly Chinese Macau community in recent years. Until very recently, employees of all ranks in the private sector in this city seem to find it extremely challenging to resist the temptations of joining civil service. Motivated by a search for a framework which can shed some light on this anomaly, we turned to literature on job preference and search, job switch, organization reputation, as well as the social-psychological legacies of this community. Our tentative framework proposes that this brain-drain from the private sector to the public sector is taking place as a function of Macau Chinese's cultural dynamics and job values and their fit with actual government job characteristics. To be precise, many Macau Chinese see this career option as enrollment in a privileged social club, and the embracing of an elitist life-style. The very act of becoming a civil servant itself is being seen as a fast-track climb up social ladder. Attempts to enter the public sector are also prompted by their needs for stability, financial betterment for themselves and their families, strong parental and peer influence, and their faith in the government as a good employer. Since 2002, however, it appears that the gaming industry is able to provide an equal, if not more, competitive appeal to job seekers in Macau, thereby stopping the brain-drain from the private to public sector for the first time in the recent history of Macau.*

Key words: Job Switch, Job Choice, Macau, Public and Private Sector

TÍTULO: Como compreender a fuga de cérebros do sector privado para o sector público em Macau?

RESUMO: *Ser funcionário público não é, geralmente, uma opção de carreira na maioria das sociedades chinesas, que parecem estar especialmente dotadas para o mundo empresarial. Contudo, este não tem sido o caso na predominante comunidade chinesa de Macau nos últimos anos. Até há pouco tempo, empregados de todos os escalões do sector privado em Macau não conseguiam resistir à tentação de se tornarem funcionários públicos. Motivados pela procura de um enquadramento que possa esclarecer esta anomalia, recorremos à literatura sobre a escolha e a procura de emprego, a mudança de emprego, a reputação da organização, assim como os legados sócio-psicológicos desta comunidade. A nossa proposta de enquadramento sugere que esta fuga de cérebros do sector privado para o público ocorre como uma função da dinâmica cultural e dos valores do emprego dos chineses de Macau, e a forma como se encaixam nas características actuais dos empregos no sector público. Para falar com precisão, muitos chineses macaenses consideram esta*

SOK FAN CHIU

shkong@umac.mo

Faculty of Business Administration, University of Macau.

SIEW-HUAT KONG

shkong@umac.mo

Faculty of Business Administration, University of Macau.