

Developing local leaders within foreign companies

Dragonfly Group and Ipsos

partnered to investigate managers' evaluations of corporate leaders in both China and Hong Kong, identifying specific localised situations leaders had to address. Eric Tarchoune, Founder and Managing Director of Dragonfly Group, explains what their findings reveal about the changing landscape of leadership in a Chinese context.



Strong economic growth, coupled with a low level of unemployment (3.2 percent on average in Hong Kong and slightly higher in China, 5.1 percent according to local statistics), especially for managers and executives, is putting pressure on foreign companies not only to attract but increasingly to retain talent.

A joint research study on leadership by Dragonfly Group and Ipsos showed that foreign companies operating in China and Hong Kong need to adopt a leadership culture at all levels of their organisation to facilitate both individual and group contributions to the company's success as a whole, and to strengthen talent retention. The following useful key words will help you adjust your leadership style to drive local teams in Hong Kong and China.

The generation mix

While in Hong Kong the generation differences in a company are not so sharp due to a less frenetic economic development pace in the last 35 years, the work environment in China is dealing with three generations: post-1949, post-1980s (Balinghou) and post-1990s (Jiulinghou), each with its own distinctive background, outlook, and approach to work and life (see figure below).

China's Balinghou and Jiulinghou consist of approximately 200 million young people born between 1980 and 1995. They are described as individualistic, confident and rebellious, innovative and open-minded. They possess a high sense of empowerment, being single children surrounded by all the attention of their parents and grandparents. They hope that they will achieve the "Chinese dream" – that they will have great jobs and increased wealth.

There are, however, a few differences between Balinghou and Jiulinghou. In a nutshell, Balinghou tend to be idealistic, worried about their job and trendsetters, while Jiulinghou are more individualistic, entrepreneurial and trend followers.

Although one size does not fit all, and employees from different generations require different treatment, cross-generational and dedicated retention strategies that integrate components such as employees' sense of pride and security, the employer promise, and a caring, flexible and collaborative work environment that will create a sense of community where people feel connected, will help corporations to reduce staff turnover.

Gender differences

In post-1949's China, women were supposed to "hold up half of the sky". From the experience and perspective of several foreign business leaders we have met and interviewed over the years, Chinese women do play an increasingly crucial role in the growth and stability of many foreign companies both in China and Hong Kong. From more "traditional" back-office positions (finance, HR, legal, PR), they are found more frequently in sales and marketing, purchasing and supply chain, operations and general management.

This change is explained in a few ways: women show strong commitment, a sense of loyalty linked to a longer term focus, a high level of autonomy, and multitasking abilities and stability (especially for women aged over 35 with a child); they also tend to appreciate a job with responsibilities as well as an enjoyable working environment.

Leaders in foreign companies in China should be getting ready for a gender balance in the meeting room. Improved communication and coordination with female heads, and

understanding and adaptation to the female leadership style, will bring stability, increase corporate agility and the bottom line of many companies.

But while foreign companies in China are already experiencing new workplace trends, they are also facing some specific issues.

Global exposure

A lack of global exposure for many Mainland Chinese – though this is declining due to increasing overseas study and sojourns that fuel complex thinking and creativity, according to several academic researches (Insead, SMU) – hinders their growth within foreign companies. This persisting glass ceiling feeds a trend for talented individuals to join some of the 40 million Chinese companies, most of them private firms – 90 of which have already made the Fortune 500 – battling for the same scarce resource: talent.

Hierarchy

Yet a highly hierarchical local leadership style and a strong relation-oriented corporate culture may still limit the flow of talented global individuals joining the ranks of local companies and staying on. As the impact of these companies is increasingly being felt globally, their modus operandi and leadership style are set to become more sophisticated over time, and talent retention will consequently gradually improve.

Are foreign companies doomed to see their key employees exiting soon? Perhaps not yet, but some danger looms... We have seen that a dedicated generational and gender approach could be one of the answers. Developing local role models equipped with a global mindset who will lead the change within an organisation and fill higher positions (C-suite) is also paramount.

Soft power

Another retention strategy frequently overlooked is "soft power", the cultural influence of a country on other people. Let's take France as an example. The country still has a positive image among Chinese people, with numerous local people learning the French language and showing interest in its culture. Have decision-makers within French organisations ever considered the attractiveness of French culture and its "Art de Vivre" in their candidates' choice and deployed initiatives to benefit from that? Language and culture can play a role in attracting people to companies. Several French-speaking or Francophile Chinese people have confided in us that they are pleased to work in French companies as they enjoy the "French way of working" – a high productivity level coupled with time to relax and refresh before starting off again.

Nevertheless in numerous cases, they leave due to leadership and managerial issues, a lack of opportunities, etc, and join other foreign or local corporations. This "soft power à la française" does not seem to be used as additional leverage to attract and retain local talent yet.

Integrating women and different generations under the same corporate roof; nurturing talent and giving staff a global business exposure through developmental plans (training, coaching, job rotation, etc); implementing innovative business practices (soft power, flex time, etc), and developing a leadership culture on all levels are some of the key success factors for foreign companies operating in Hong Kong and Mainland China. **E**

