



Going Local

Developing Chinese leaders in European companies: a key for talent engagement and sustainable business development in China

Strong economic growth for the last 35 years coupled with a low level of unemployment (around four per cent in 2015 according to China's national statistics¹)—especially for managers and executives—is increasing the pressure on European companies operating in China. They need not only attract but also increasingly to engage with and retain talented locals. **Eric Tarchone**, Founder and Managing Director of **Dragonfly Group**, explains the benefits of implementing a talent localisation strategy and some of the generational, gender and cultural challenges that are commonly encountered along the way.

¹Ministry of Human Resources and Social Security

Joint research on leadership carried out by Dragonfly Group and Ipsos shows that foreign companies operating in China need to adopt a leadership culture at all levels of their organisation. Doing so will facilitate individual and group contributions towards the success of the organisation as a whole in an ever more competitive market. It will also help to strengthen talent engagement, a key tool for retaining people.

What are the main drivers of people engagement, and thus retention, within European companies operating

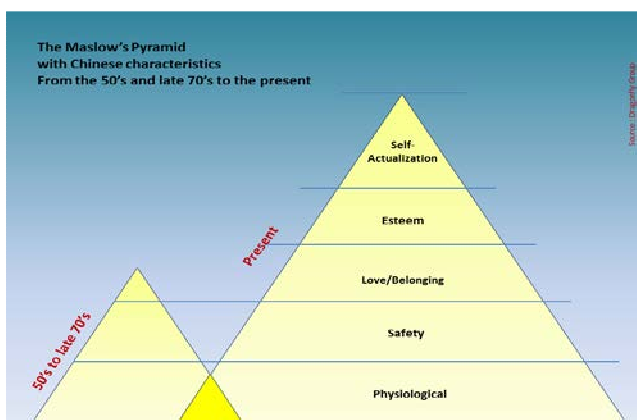
in China? Cross-generational and dedicated retention/engagement strategies that integrate the following components will help corporations to reduce employee turnover:

- Instilling employees with a sense of pride (clarity on what is expected from the employees) and security (lower excessive pressure with stress-reducing initiatives).
- A clear employer promise (a fair compensation

and benefits strategy and an adequate leadership structure, mixing locals and foreigners).

- Creating an empowering organisational culture where a caring and collaborative work environment will make people feel at ease to contribute their best to the company.

Examining the phrases ‘generation mix’, ‘gender differences’ and ‘global exposure’ in a Chinese context will help you to define successful leadership traits within your China operations. Understanding them will help you to adjust your leadership style to drive local teams.



The generation mix

In China, the workplace is populated by three generations: post-1949, post-80’s (*balinghou*), and post-90’s (*jiulinghou*), each with its own distinctive background, outlook, and approach to work and life (see chart).

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 having been surrounded by and receiving all the attention of their parents and two sets of 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 jobs and are trendsetters, while *jiulinghou* are more individualistic, entrepreneurial and trend followers.

Gender differences

In post-1949 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 in China. 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, multitasking abilities and stability (especially for women aged over 35 with a child); they also tend to appreciate a job with responsibilities and an enjoyable working environment.

Leaders in foreign companies in China should be preparing for a gender balance in the meeting room. Improved communication and coordination with female heads, and an understanding of and adjustment to the female leadership style will bring stability, and 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 of Mainland Chinese—though declining due to increasing overseas studies and sojourns that fuel complex thinking and creativity, according to academic research (Insead, SMU)—means that their growth within European companies is hindered. This perennial glass ceiling feeds a trend for individuals joining some of the 40 million Chinese companies, most of them private firms—90 of which have already made the Fortune 500—who are battling European companies for the same scarce resource: talent.

Hierarchy

Yet a decidedly hierarchical local leadership style and an entrenched relationship-orientated corporate culture may still serve to limit the flow of talented global individuals joining the ranks of local companies and subsequently 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 increasing numbers of their key talent 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 to retaining talent. Developing

local role models equipped with a global mindset that will lead the change within the 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 Europe as an example. She still has a rather positive image in China and numerous local Chinese are learning European languages and/or are interested in European culture. Have decision-makers within European organisations ever considered the attractiveness of their own respective culture in the choices made by potential candidates, and subsequently deployed initiatives to benefit from it? Language and culture can play a role in attracting people to companies. Several Chinese people have confided in us that they are pleased to work, or work again, within European companies as they enjoy the 'European way' of working – a high productivity level coupled with time to relax and refresh before starting off again. Nevertheless, in numerous cases they are leaving due to leadership and managerial issues, a lack of opportunities and so on, and are joining other foreign or local corporations. It seems that this 'soft power à la European' is not yet being fully utilised as additional leverage to attract and retain local

talent.

Integrating women and different generations under the same corporate roof, nurturing talent and providing them with global business exposure through developmental plans (training, coaching, job rotations), implementing innovative business practices (soft power, flexitime) and a leadership culture at all levels are some of the key success factors for European companies operating in China.

*Founder and Managing Director of **Dragonfly Group**, an HR consultancy delivering innovative talent acquisition and development in Greater China, **Eric Tarchoue** has lived in China since 1993. He previously held several management positions in China for European industrial companies.*

His areas of expertise include human resources (executive search and recruitment, assessment, coaching, leadership and talent development) and intercultural management for companies operating in China.

A sinologist by training (INALCO), Eric has degrees in human resources management (CNAM), in international business management (ESG business school) and is currently enrolled in an Executive Master in Innovation Leadership with the Polytechnic University of Hong Kong (PolyU).



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