



## WHY ONE-SIZE-FITS-ALL DOESN'T WORK IN CHINA – PART 2

### UNDERSTANDING HR DYNAMICS AMONG CULTURAL AND GENERATIONAL GAPS

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Over a relatively short period of time, no other country has ever achieved as much economic growth as has China. But progressing at lightning speed has implications in dividing people that once lived on a land that was relatively free of skyscrapers.

Economic growth has created various divisions throughout China and as more and more multinational corporations try to expand into a newly sought-after mid-tier segment (thanks to the new middle class buying power), they are faced with a complex environment for finding and retaining talent.

Not only is the equilibrium of demand and supply for experienced executives not yet reached, the type of candidates companies need to succeed are limited. Companies need employees who can understand China's market and who know its business environment. At the same time, they also need individuals who are culturally savvy and diplomatic enough to bridge gaps between the local subsidiaries and headquarters as well as between China and the rest of the world.

In order to best understand the situation, which is being popularized with the term "war for talent," one must understand the background of how certain gaps in China have developed.

### **The roots of frustration: cultural and generational**

Recent surveys show that communications tend to breakdown when a global company's headquarters and its regional office have different ideas about what to expect from a manager. Often the two are unaware that their expectations have been subtly shaped by cultural differences.

China has a traditional respect for hierarchy, and it is often taken for granted that decisions flow downward from the top. A junior executive may decide not to act on his own, because he is afraid that whatever he does might interfere with his boss' master plan, the details of which he may not have been told about. In the West, individual initiative is expected. Lower ranking executives are encouraged to take charge, act independently, and be creative. When the expectations are not verbally communicated, this can lead managers at the company's headquarters to conclude that certain regional executives are not proactive and have to be told what to do. On the other hand, Chinese executives in the regional office may conclude that their superiors are not clear on what they want and avoid responsibility. The result is frustration at both ends of the command chain.

The answer, of course, is that companies need to rise above these issues by paying more attention to culturally different perspectives. Above all, HR and supervisors need to make a special effort to educate new hires as to exactly what the corporation expects and also to examine the underlying logic that shapes the company's approach to management. This takes time, and it is one reason that companies try to hire staff who already have considerable experience.

The situation is further complicated today by the fact that China is going through rapid social changes. Private enterprise was only legally allowed in China in late 1979, and it has taken years to fully adapt to an open market economy. As a result, older managers who grew up in the 1960s and experienced the fallout from a planned economy tend to see things with a viewpoint that can be quite different from today's youth who grew up in the 1980s and 90s. Young people have experienced much more economic wealth than those born before the 1980s, and thus their attitudes towards life, work and balancing the two are quite different between these age groups.

This generation gap, which some headquarters may not even be aware of, can lead to younger staff becoming frustrated with what they see as an inflexible, old fashioned approach. At the same time, senior managers may be frustrated with a perceived general lack of discipline from their underlings. "Eating bitterness" (吃苦) is a quintessential Chinese expression to describe a person's willingness and ability to endure hardship. People growing up in the 60s and 70s were indoctrinated with eating bitterness to the point that their entire generation believes that if they do not eat bitterness, they will never be successful. For the younger generation, especially the ones living in 1<sup>st</sup> and 2<sup>nd</sup>-tier cities, they did not have much experience with "bitterness" and they are more in tune with "to be rich is glorious!"

These generational and cultural differences with different expectations mandate that companies must have a deep understanding of employees and people dynamics. And one must proceed with caution when making a generalization about the characteristics of Chinese employees and customers as much depends on each person's age and background.

Solutions will only come from awareness and a greater understanding of different points of view. Recent surveys show that senior executives value recognition and respect nearly twice as much as they do salary. On the other hand, junior executives tend to base their employment decisions on total rewards, future career opportunities and establishing a balance that allows for quality of life.

To truly understand and appreciate the magnitude and speed of change, and how they affect HR philosophies and practices, we all need to learn to be adaptive when it comes to China. What worked yesterday may not work today and what works today may not work tomorrow. This is the China that I know.

*Winter Nie is a Professor of Operations and Service Management at IMD. She teaches in IMD's [Orchestrating Winning Performance program](#).*

*Part 1 of this article addresses the multi-tier layers in China and the dynamics they present to HR professionals.*

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