

## **Working as an expat in a Chinese chemical company**

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Working in China as a Western expat requires some adaptation to local conditions even when the employer is a multinational company. Obviously the challenge is much bigger for an expat working for a Chinese company and especially for a state-owned enterprise (SOE). This paper is based on some of the experiences that Western chemists have made in such a situation – quite likely many of these experiences are shared by expats employed by Chinese companies in other industries.

On the other hand, it should be noted that the impressions of the individual chemists interviewed for this paper showed a large variation from person to person. Important factors influencing the China experience include the knowledge of the local language, the location (while some expat communities, e.g., in Beijing and Shanghai allow leading a fairly Western lifestyle, this is impossible in some smaller, more provincial cities particularly in Western China) and the type of position held (technical consulting positions may be less critical than line management positions). Preparing this paper, the authors were thus occasionally reminded of the Chinese proverb concerning the “blind man touching an elephant”.

**What is the motivation for both sides to work together?** On the Chinese side, there is a strong desire to gain technical and management expertise – these concepts are promoted by the central government. In addition, companies expect to win prestige by hiring Western employees. In small Chinese companies, it is not unheard of to hire some Western faces for a visit by investors just in order to simulate a higher level of competence and expertise. On the side of the Western chemists, the main motivation is the work and life experience in China. The package is generally described as adequate but not overly generous. Work contracts often are the result of personal contacts, in other cases headhunters are involved.

**Daily life in China** obviously is different from that in a Western country; however, this is a more general topic which is not the focus of this short article.

**Dealing with Chinese employees** is not always straightforward. Despite many Chinese having some knowledge of English, in reality these are often quite limited, particularly among technically oriented male Chinese. Often the Chinese themselves are not very aware of these limitations as their limited knowledge may already be the best existing within the company. As a consequence, even simple communication is not always straightforward and can be a big obstacle in developing mutual trust. An additional factor is the different understanding of each other's roles. Chinese employees tend to accept the statements and actions of their superiors without question – thus there is a lack of critical feedback. For example, if an expat manager puts an excessive workload on one of his employees, the employee is more likely to work until after midnight than to address the problem. On the other hand, a typical Chinese employee shows only limited initiative.

It is unlikely the employee will communicate the fact that he has spare working capacity or is aware of possible improvements.

The professional knowledge of Chinese employees frequently is not on the same level as that of his Western counterparts in a comparable position. In China, the key selection step in the educational system is before entering the university and thus before the specialization on a specific subject such as chemistry. The university studies following high school are more a relaxation period after the extreme efforts of securing a place at a good university. In addition, learning by rote rather than the creative handling of complex issues remains central even at the university level.

For Western employees the limited separation between work and private life is another issue. Even on weekends or late in the evening employees are expected to take work-related calls. And for Chinese employees it is not unusual to invite their superior to a game of pool on a Sunday morning.

**The hierarchy** for Western expats in Chinese companies tends to be separate from and parallel to the Chinese hierarchy. As a result, the expats have limited influence even on their direct employees as the Chinese are more likely to listen to their highest Chinese boss. On the other hand, Western expats often have access to Chinese top management outside the formal hierarchical structures and this can lead to mistrust among the Chinese they work with.

Generally, Western expats still have consulting roles in Chinese chemical companies and are thus, generally, are not part of the dominating line organization (matrix organizations seem to be rare in Chinese chemical companies). Support from the levels above and below is often half-hearted. This limits the expat's influence and can lead to frustration – “the real work is done by the locals anyway”.

**The work style** in Western companies involves substantial delegation of power and responsibility to lower- and mid-level managers. They have targets to be met but are relatively free in how to achieve these. The experience of Western expats in Chinese chemical companies is very different. In each commercial unit there usually is only one decision maker. In addition, in this top down structure, micro management is prevalent. In the words of one Western chemical manager: On his own, he “could not even order a pencil”. Closely related is that the system does not encourage lower-level employees to assume responsibility but rather punishes them should they do so.

Planning periods in Chinese companies are very short, and are changed very frequently. This is valid both for small issues such as the timing of the next meeting as well as for more important issues such as the complete business strategy of the company (if one exists – many Chinese chemical companies so far have not seen much need for a strategy as an opportunistic pursuit of short-term opportunities was quite successful in a seemingly ever-growing market). Furthermore, at state-owned chemical companies the targets pursued in reality are not the same as the officially stated ones, and are often not based on simple commercial issues. Instead of optimizing profitability, the focus is on

securing jobs and increasing the production capacity (and thus the importance of the own company). This is reflected in the people at the top of SOE – most of them are politicians rather than business managers. In such an environment, the room for improvement targeted by Western chemical managers is restricted, even though some of the Chinese chemical companies are in very difficult economic conditions and thus in dire need of improvement.

Not surprisingly, the **conclusion** of Western expats' experiences working in Chinese chemical companies covers a broad range. While in one case the employment ended after only 2 weeks as the Chinese chemical company lacked adequate structures and thus led to extreme frustration on the side of the expat, others state that they would have liked to work longer than the three years stipulated in their contracts. The general impression is one of limited influence of Western expats, primarily due to communication issues, intransparent or nonexistent structures and unspoken barriers towards stringent management measures. It is indeed possible to provide some technical knowledge. But the transfer of Western structures centering on efficiency, clear responsibilities and delegation is extremely difficult. The key reasons seem to be the unclear role of expats in the hierarchy and the plethora of unspoken motivations and targets dominating Chinese companies.

One reason for the predominantly negative experiences is that in many cases, the rationale for hiring expats is not clear – even though they can make substantial contributions. Are they to provide technical knowledge? Or rather structures, methods and ways of thinking? Is their role to mollify the investors, or simply to enhance the image of their employers?

In a slightly modified form, this question is not only relevant for Chinese companies but also for Western chemical companies sending chemists and chemical managers to China. Both need to be very clear about the rationale for employing expats. Interestingly, some of our interview partners pointed out that in those Western companies which have already localized many positions in China, the structures and working styles more and more resemble those in Chinese companies. Western companies which value delegation and rewards for taking responsibility in the lower ranks thus have to examine very carefully whether such a system can be executed relying solely on local Chinese staff. One approach which can improve the chance of achieving the goal for international companies is to have a Chinese delegate in the home country for at least six months before installing the native Chinese employee in his position in China.