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EURObiz

Journal of the European Union Chamber of Commerce in China

2020 Vision of Human Resources

TO WIN IN CHINA

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Retained Executive Search: A closer look

Securing new talent is an investment: it is only expensive when you don't get it right!

Attracting and nurturing talent and planning for succession are some of the most important and challenging tasks facing Boards and Leadership Teams today. We and no doubt you, have seen first hand the adverse impact a poor selection decision can have on an organization's bottom-line, culture, reputation not to mention the damage done to individual careers in the process.

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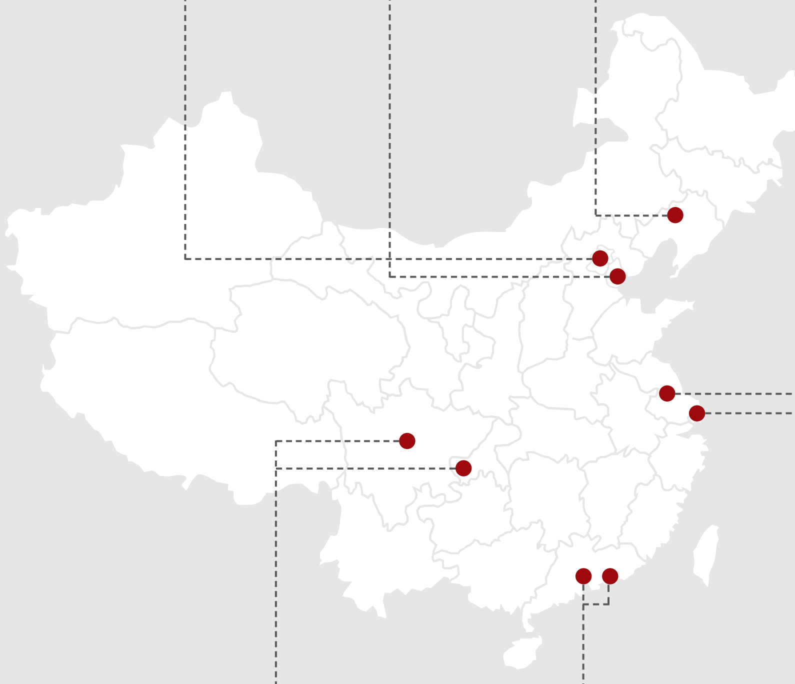

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Succeeding as a Leader in China

During my 30 years of executive experience in China, I have witnessed many different leadership styles. One thing I have learned is that if executives want to succeed in China, they must learn to think differently and devote particular attention to their people. This demands two crucial skills from leaders: an ability to read the external environment and its effects on their staff, and an understanding of what makes employees tick. However, the ongoing generational shift adds an additional challenge, as the expectations of younger people diverge quite markedly from those of their predecessors.

In China, executives must have a keen grasp of political and social trends in order to position their business strategies and communications in the most effective way. They also need to develop a nonmarket business strategy in parallel to their regular market strategy. The nonmarket strategy should include plans for building a network composed of intersections between the government, their business partners, suppliers, customers, and other industry and public stakeholders. Successful executives will develop an intuition for this if they prove receptive to learning from Chinese patterns and thus begin to think and behave differently.

Giving personal attention to staff and colleagues is also key for managers operating in China. In this country, leadership is a contact sport that demands a personal approach. As such, prioritising face-to-face engagement with employees and external stakeholders is key, and good leaders may have to play catch-up on emails and reports during the evening because they have spent so much of their day being present for their team.

Selecting the wrong business leaders for the market can prove crippling to European companies here. One European retailer, for example, chose a manager to head up its China operations who had an excellent track record in their home market, but lacked any experience outside of Europe, and was a poor listener. Within months, relationships with the retailer's Chinese joint-venture partner were shaky, several well-qualified European employees had resigned and staffing was behind schedule. After two years, the executive was replaced but the damage was done and operations closed 18 months after the manager's departure.

As already mentioned, the equation is increasingly complicated by the shifting expectations of new generations entering the workforce. The talent challenge for European companies in China has intensified since the generation born in the 1980s and 1990s began to take on managerial responsibilities. At the same time, it has also become increasingly difficult to attract suitable talent. Additionally, as a result of China's one-child policy and uneven patterns of higher education, many businesses are facing a shortage of capable young leaders. Moreover, the new generation demands both purpose and work–life balance, and no longer automatically accepts hierarchy in the workplace. The best way to retain leaders from this generation is to provide them with role models who inspire commitment, which makes it even more important to select leaders who can read and respond sincerely to their stakeholders.

Jörg Wuttke

President

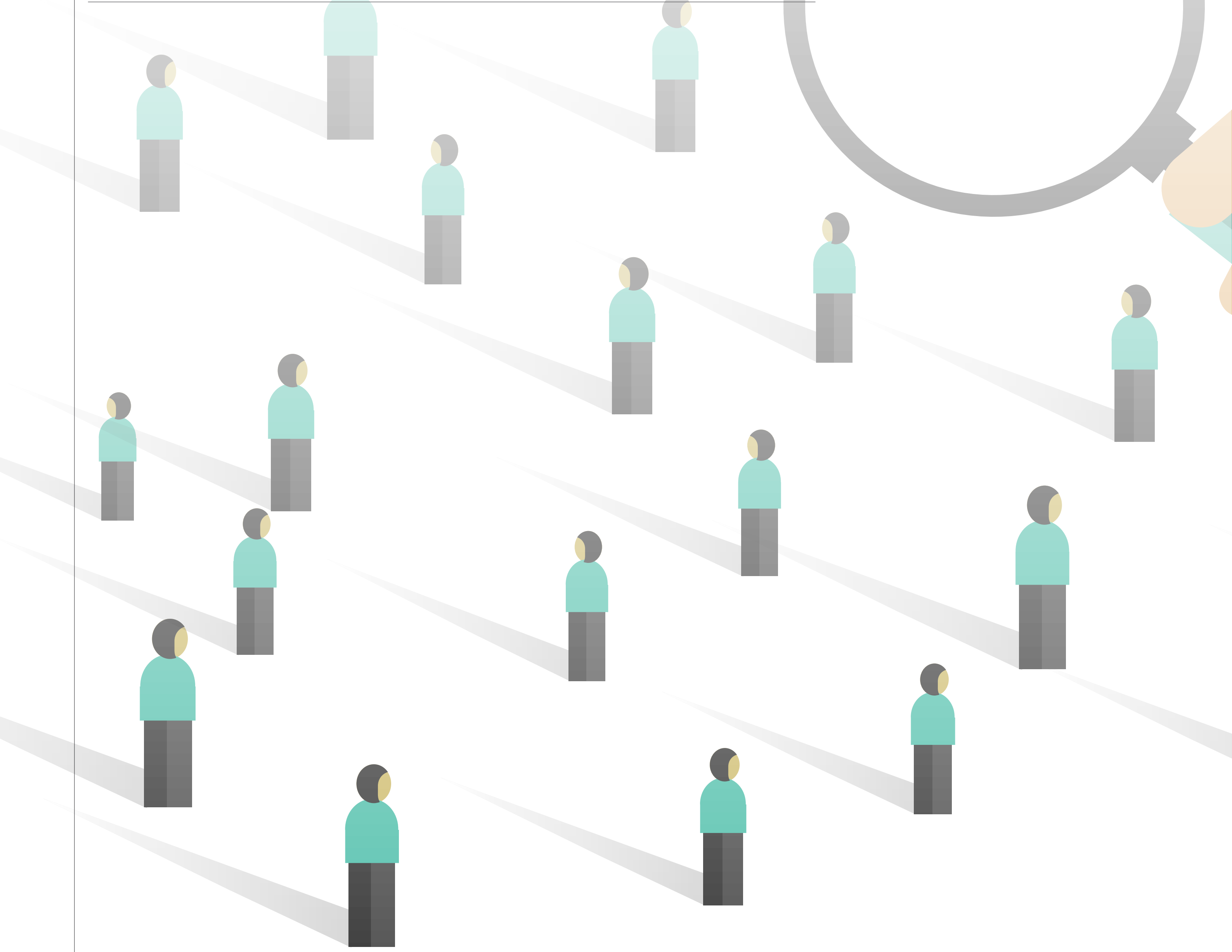
European Union Chamber of Commerce in China

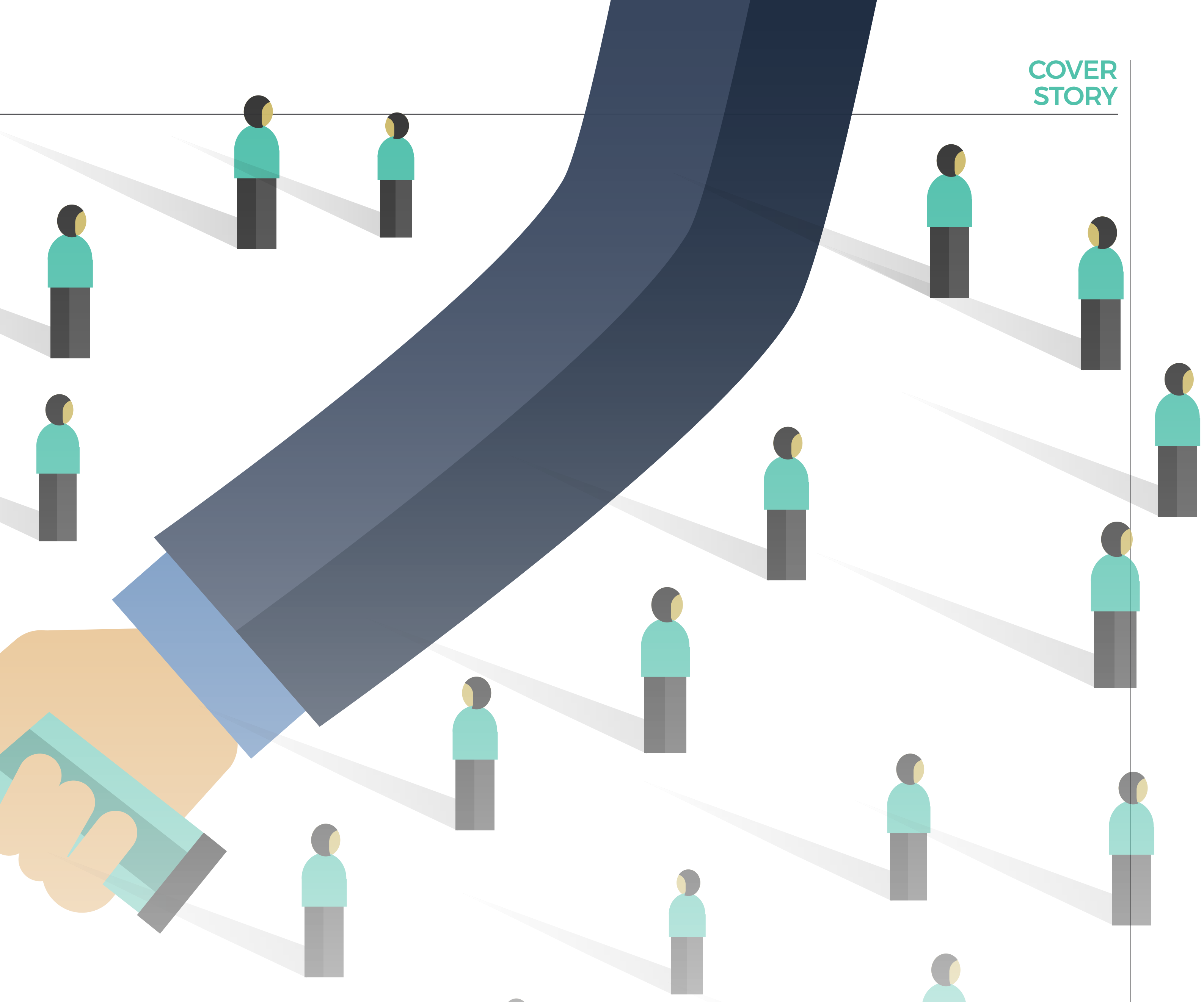
Future of Work

Insights from the recruitment industry coalface

by David Chan

As we enter the new decade of the 2020s, the job market is expected to change dramatically as technology and automation advances and the labour pool shrinks. This will inevitably affect how organisations structure their businesses and their ability to attract the employees they need the most. **David Chan**, CEO of **Bó Lè Associates for Greater China**, provides some insights into the current situation for the recruitment industry to help give us a better idea on where things might go from here.





The European Chamber's *European Business in China Business Confidence Survey 2019* (*BCS*) showed that members are having increasing difficulties in retaining staff. For attracting international staff, perceptions around air quality and the lack of career opportunities, as well as visa restrictions, were the biggest problems reported. However, the main issue for expats in the Chinese job market may in fact be due to a shift in the dominance of Chinese companies versus multinationals (MNCs).

The growth of local tech giants like Alibaba, Tencent and JD.com over the past decade means the demand for talent has changed. Whereas previously, expats were brought in to help local companies set up processes and policies, the Chinese firm of today is becoming more and more sophisticated in terms of business structure. A different type of skillset is now required of international hires.

The *BCS* also reported that when it comes to attracting Chinese staff, salary expectations and the quality of career opportunities were the top three issues for Chamber members. This is not surprising, given the increasing dominance of Chinese enterprises and the strength of the start-up market in China. First of all, MNCs are governed by a far more rigorous compliance framework, so their ability to make decisions is generally slower than Chinese enterprises, and they do not have the same exciting pace of development as the likes of those local tech giants. Secondly, Chinese employees are less likely to encounter a 'glass ceiling' in a local firm than in an international company, where the management and processes involved in promotion or career development are more difficult to navigate.

Organisations need to rethink the way they attract talent, and it's not just all about money; it's about career opportunities and the responsibilities the individual can take on. A recent survey by Bó Lè looked at the most important things for senior executives, and compensation was ranked No. 3. Topping the list was whether their industry is strong or sustainable, while company culture came second. Organisations need to look at those things other than pay to attract and compete for talent in this market.

For foreign job seekers, while 'culture clash' is perhaps too strong a phrase, there is a need for culture adjustment. This has become even greater due to the emergence of domestic companies. With local enterprises in which a lot of the management are local entrepreneurs—there tends to be quite a strong local culture. In many local companies, much of the day-to-day decision-making often rests with the chairperson or CEO. So decisions can be made faster. This is quite different from how MNCs usually operate, with many layers of hierarchy for decision-making and communication. The foreign expat needs to have the ability to understand how to communicate with the local management effectively.

David Chan, CEO of Bó Lè Associates.

Another issue for foreign expats may not be themselves, it may their family members' ability to adjust. In the past, there was quite a strong expat community across many cities in China, and the family of an expat worker could stay in that bubble for several years quite comfortably. Now there's a lot more integration in all aspects, including social networking with the local country and education, which means family members also have to be able to adapt to the local environment.

The role of an external recruiter

While companies are increasingly developing internal human resources (HR) teams for cost reasons, they tend to utilise external recruitment services when a role is more difficult to fill – that is usually senior executives, or very technical or specialised roles. Internal HR teams tend to source mid- to lower-level candidates themselves – middle management, corporate functional roles like HR, finance, information technology. For these roles, generally the internal HR will have a good pool of candidates they have already been talking to. The value an external recruiter can provide for a company trying to fill a senior role is a much more diverse candidate base – over 20 years, a recruitment agency can accumulate up to a million candidates in their database. It would take a lot of time for an internal HR team to build up a pool of candidates of this magnitude.

Secondly, internal HR teams tend to source candidates within the same industry or within like-for-like type organisations. As companies start to require skillsets from different industries to maintain competitiveness, they need to have access to a wider talent pool. Internal HR teams may not have that type of access, whereas recruitment agencies will have teams focusing on a different industries and different job functions. Most organisations will have multi-discipline roles, and it's very difficult for one or two internal people to have the coverage or the skillset to cover all the roles they are trying to fill.

The recruitment business can be a very transactional business–the client needs to source a candidate, the recruiter finds the candidate, the transaction is completed–but at the executive level, it is essential to look at the trends in the market. And that involves working with organisations like the European Chamber to understand where companies are focusing their investment or growth in those markets. Otherwise, the recruitment industry tends to be self-fulfilling, thinking it has the right people to serve clients when the client and the market is moving on rapidly.

VUCA

In China, eight million graduate students join the job market every year. They need to bear in mind the term 'VUCA', which represents the market today, meaning: we're in a volatile market, we're in an uncertain market, we're in a very complex market and a quite ambiguous market. Therefore, adaptability and the agility to learn is very important. The big growth areas in the Chinese market in recent years has been in technology, healthcare and education, so students outside of these disciplines may need to be a little more agile in being able to learn related skills in order to be attractive to prospective employers.

There has been a big shift from the traditional skillset, or the low-cost Made in China world factory, to a very more innovative, high-tech environment. This means the demand for technology-driven skillsets will be at play. Generally, I would say the demand will outstrip the supply of this kind of talent, so the ability for organisations to be able to attract and win the war for that type of talent is going to be critical.

When we talk about HR recruitment or organisation design, we still think in a very traditional way. But the post-90s generation or millennials are really reshaping how organisations are getting run, especially in China, where the venture-capital-driven, start-up market is one of the biggest in the world. Many young people are now running start-ups in the way *they* want to run a company and, for the type of people they want to attract, aspects like organisation culture and workplace environment are all much more important. The technology/healthcare/biotech start-ups are able to start from zero and meet the expectations of potential employees. However, for a lot of traditional organisations and much more mature industries, to completely restructure their HR and organisation structure will be much more difficult. These trends will continue to shape China's job market.

Bó Lè Associates

Bó Lè Associates is a premier executive search business unit within Recruit Group. Established since 1996, Bó Lè offers executive search and consulting expertise aligning with our clients' growing demand for talented human resources. Through talent search, identification, selection and referrals, Bó Lè helps to recruit top executives for your enterprise and offers complete solutions for defining and recruiting emerging new roles in the marketplace to all industries, including industrials, financial services, consumer, TMT (technology, media, and telecom), healthcare, professional services and real estate.

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Non-Competition Agreements

Easing employers' concerns over the departure of senior staff

by Li Xinyi

Senior staff, depending on the management function they hold, usually have access to the core trade secrets and business information of their employers. As a result, the unexpected departure of a senior staff member not only has a negative effect on the company's management, but also gives rise to the risk of the disclosure of trade secrets and the subsequent loss of competitive advantage. Against this background, in recent years, companies have been paying more and more attention to controlling these potential risks. **Li Xinyi** of **Luther Law Offices** describes how non-competition agreements are one of the measures companies turn to for protection when senior staff leave.

Drawing up non-competition agreements

Companies should reach this agreement with senior staff at the time of their entry to the team or promotion to management positions. The conclusion of a non-competition agreement is subject to mutual agreement between the company and their senior staff. In practice, before the issuance of a job offer, companies usually hold stronger bargaining powers when negotiating work arrangements, remuneration and other issues with candidates. At that moment, candidates usually tend to accept the post-employment non-competition arrangement proposed by the company with the job offer. However, if companies fail to reach an agreement with senior staff at an earlier stage but raise the same proposal when they signal they might leave in the near future, the company may face a difficult negotiation. In a worst-case scenario, the senior staff member may reject the proposal, regardless of any benefit offered by the company.

If companies later find it unnecessary for a senior staff member to observe the signed post-employment, non-competition agreement, they can release him/her from such obligations, but it is worth noting that the senior staff member concerned should be informed in writing before his/her departure. Companies should expressly state their decision in the termination agreement or notice. In the event that the notification is issued after the departure of the senior staff member, according to relevant regulations, he/she is entitled to claim a lump-sum compensation of up to three months of the amount of compensation agreed in the non-competition agreement (see the next page for more details on compensation).

Scope of non-competition obligations

Under a post-employment non-competition agreement, the following issues shall be prescribed in detail:

1. **Scope of competitive business**;
2. **Restrictive territory:** the senior staff member concerned is prohibited from engaging in competitive business in a certain country, region or even globally; and
3. **Restrictive period:** the term during which the senior staff member shall obey the non-competition obligation.

China's Labour Contract Law only provides a statutory limitation on the period—i.e. a maximum of two years—while the scope of competitive business and restrictive territory shall be determined upon mutual agreement between the company and the senior officer. Companies are recommended to define the scope and territory on the basis of their current business *and* business they plan to conduct in the near future. The prescribed scope of competitive business and restrictive territory should not be excessively large. If companies improperly restrict the senior staff member's freedom to choose new occupations after his/her departure with an extraordinarily large scope of competitive business or restrictive territory, a court or arbitration commission may adjust the given scope if the senior staff member raises a claim.

Compensation

As per the Labour Contract Law, companies shall compensate senior staff members who obey post-employment, non-competition obligations on a monthly basis during the restrictive period. To ensure full compliance with the non-competition obligation by the senior staff member, companies should request the submission of proofing materials, e.g. social insurance contribution records, as a condition for the payment of the monthly compensation.

With respect to the amount of compensation, relevant regulations state that—if the company has concluded a non-competition agreement with the employee but fails to reach an agreement on the non-competition

> **"...companies are advised to conclude the non-competition agreement with their senior staff as early as possible, and to determine those material terms and conditions of an agreement..."**

compensation—the employee who has duly observed their obligation is entitled to a monthly compensation amounting to 30 per cent of his/her average salary in the 12 months previous to the termination of the labour contract. In practice, many companies see this rule as a statutory standard for the determination of the compensation amount. Actually, upon mutual agreement between the company and the senior staff member, the amount of compensation may be lower than the 30 per cent standard, but the minimum amount should not be lower than the standard minimum wage in the location where the labour contract was performed.

Violation of non-competition obligations

China's Labour Contract Law entitles companies to claim for liquidated damages against the senior staff member who has violated his/her obligations as agreed under a non-competition agreement. In practice, specifications regarding the calculation and amount of the liquidated damages under a post-employment non-competition agreement usually play a significant role in whether the company is able to recover part of its losses suffered due to a senior officer's violation. Some companies state the calculation of the liquidated damages shall be based on: "the benefits gained by the senior officer from his/her breach of the non-competition obligation" or "the losses caused to the company by the senior officer's breach of the non-competition obligation". With these provisions, when claiming for damages, the company bears the burden of proof with respect to the specific amount of benefits gained by the senior officer or the losses suffered by the company. If the company fails to collect sufficient evidence, the court may not support the claimed damages in full.

In order to avoid such risk, we suggest companies abandon the calculation method on the basis of the benefits gained or the losses suffered, and instead specify an exact amount—e.g., Chinese yuan (CNY) 300,000—for the liquidated damages. In this case, if a senior staff member claims that the actual damages are lower, the burden of proof falls on him/her. Alternatively, companies may also propose that the damages shall be six times the senior staff member's average salary in the 12 months previous to the termination of the labour contract.

Conclusion

To sum up, a well-formulated non-competition agreement can greatly reduce the potential risks to the company brought about by the departure of senior staff. As a result, companies are advised to conclude the non-competition agreement with their senior staff as early as possible, and to determine those material terms and conditions of an agreement—in particular, the scope of non-competition obligations, and the compensation and liability for any breaches—by taking into full consideration the concrete job functions of the senior staff concerned and the company's future business plan.

Luther

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Compliance Officer

An increasingly important role in contemporary organisations by Clarissa Shen

Enforcing compliance has become an important tool for governments around the world as they work to ensure health and safety for workers and consumers, fight corruption and protect the local environment – both natural and business. **Clarissa Shen** of **Sanofi** looks at how opportunities for compliance officers have developed in China in recent years, and the growing influence the role can have on a company's priorities.

Once during a panel discussion of an Asia-Pacific life science compliance congress, I asked for compliance officers to raise their hands if s/he had been working full time in the compliance function for more than 10 years. It turned out to be only myself on stage and the odd individual in the audience with hands up. This is not surprising. Many pharma multinationals (MNCs) operating in China didn't have an independent compliance function or department prior to 2008. At that time, compliance-related tasks were, more often than not, conducted under internal control functions in the corporate finance department.

The demand for compliance officers working as full-time employees in the healthcare industry has been soaring since 2009 – in China since the summer of 2013

> **...the ability to translate present and future compliance risks into actionable solutions and strategies for the business, will win the compliance officer a decisive role to play in a contemporary organisation.**

in particular, due to an industry commercial bribery scandal. Nowadays, many pharma MNCs have a country compliance officer role as part of their affiliates' top leadership to ensure the senior management are capable of exercising oversight in the areas where business misconduct may occur during day-to-day transactions.

The 1979 People's Republic of China Criminal Law (PCL) and the 1993 Anti-unfair Competition Law (AUCL) are the two primary sources of anti-corruption legislation. President Xi Jinping launched a public campaign against corruption in 2012, vowing to "uphold the fighting of tigers (powerful leaders) and flies (lower-ranked bureaucrats) at the same time".[1] For a long time, the healthcare and life science sectors have been a focus for the Chinese Government in its efforts to combat ongoing corrupt activities. The establishment of the National Health Commission (NHC) in March 2018 consolidates the previous functions of the National Health and Family Planning Commission (NHFPC, formerly known as the Ministry of Health).[2] The NHFPC's 2013 notice on the *Nine Prohibitions*,[3] the 2014 circular concerning the *Blacklist Rules*[4] and the 2015 circular on the *Donation Rules*[5] regulate every aspect of healthcare providers and facilities. Needless to say, China's increased domestic enforcement efforts, coupled with Department of Justice (DOJ) and Securities and Exchange Commission enforcement actions, create a challenging environment for all MNCs, in particular those listed on American stock exchanges, to strictly comply with relevant laws and regulations.

The DOJ's *Evaluation of Corporate Compliance Programmes* in 2019 outlined three "fundamental questions" a prosecutor should ask:

1. "Is the corporation's compliance programme well designed?"
2. "Is the corporation's compliance programme being implemented effectively?" and
3. "Does the corporation's compliance programme work when in place?"

All these signal that a continuous review and upgrade of a corporate's compliance programme is a must to ensure it doesn't grow stale. Consequently, the role of a compliance officer is bound to expand. It is irreplaceable by any other control/audit function within a contemporary organisation, as compliance programmes designed by compliance officers ought to be risk-based, tailored and subject to business dynamics.

To meet with the evolving expectations of an organisation, especially when business is entering into a VUCA era,[6] a good compliance officer should not only be a specialist capable of technical compliance controls and risk assessment, but also a generalist with business acumen in a number of key functions—finance, sales and marketing, HR—in addition to an open-minded strategic thinking mindset.

In the pharmaceutical industry, for instance, a good compliance officer responsible for a China affiliate should be cognitive of the industry outlook, i.e. 9.8 per cent growth in 2018; the implementation of volume-based procurement (VBP); and the status quo of the Generics Quality Consistency Evaluation (GQCE). With a deep understanding of complex business environments, the compliance officer is able to develop a company-specific compliance strategy in a volatile and fast-changing environment. Such business acumen may enable the compliance officer to influence the re-design and/or re-engineering of business processes, engaging various stakeholders to be accountable and ultimately implement compliance recommendations. Besides, one of the key roles and responsibilities of a compliance officer is to deliver compliance training and communications within the organisation. Hence, good understanding of adult pedagogy by compliance officers may ensure they effectively impact a very broad audience.

All-in-all, the ability to translate present and future compliance risks into actionable solutions and strategies for the business will win the compliance officer a decisive role to play in a contemporary organisation.

SANOFI

Clarissa Shen is China Head of Global Ethics and Business Integrity for Sanofi. She has been co-chairing the R&D-based Pharmaceutical Association Committee (RDPAC) Compliance Working Group since November 2017.

Sanofi, a global healthcare leader, discovers, develops and distributes therapeutic solutions focused on patients' needs. Sanofi has a strong commitment to China. In 1982, Sanofi became one of the first foreign pharmaceutical companies to open offices in the country. Today, Sanofi has over 9,000 employees in China and is one of the fastest-growing healthcare companies in the country.

1. Ropes & Gray, Global Anti–corruption Update 2019
2. Ministry of Health
3. The *Nine Prohibitions for Strengthening Ethical Conduct in the Healthcare Industry*
4. *Rules on the Establishment of Commercial Bribery Records for the Purchase and Distribution of Medicine*
5. *Promulgating the Measures for Administering the Receipt of Non–profit Donations*
6. V for Volatility, U for Uncertainty, C for Complex, and A for Ambiguity

HIRE PEOPLE NOT CERTIFICATES! DEVELOP PEOPLE NOT PAPERS!

Assessment Centres and Development Centres for fair and accurate recruitment, talent development and succession plans

by Magdalena Krzyzanowska-Celmer

In the area of AI and digitalisation, there is a clear target to simplify and automate everything we do. This also refers to a majority of human resources (HR) processes, including selection and talent development. Whereas digital instruments might help in selecting CVs and other documents and diagnosing employee competence gaps, both the final recruitment decision and development plans should, wherever possible, be based on personal interaction with the individual and assessment of their competences observed in action. How to make sure then that your talent selection and development are robust, fair and accurate? **Magdalena Krzyzanowska-Celmer** of **DucoPoint** says Assessment Centres (AC) and Development Centres (DC) may be the solutions.

What is an AC? What is a DC?

An AC is a standardised evaluation of technical skills and behaviours across a group of candidates, and can be used for multiple purposes. It can help in reaching decisions about which external applicants to bring into the organisation, or promotion decisions about people already employed.[1] ACs are popular, not only for pure recruitment, but also in cases of organisational restructuring when decisions have to be made on who will fit the new structure and stay on board, and who will leave the company.

A DC is like an AC but focused upon talent development. It's not only their purpose but also the way DCs are constructed that distinguish them from ACs. AC/DCs apply the same fundamental principles but differ in the way they are utilised (see diagram on the right).

In both cases, assessors use a set of individual and group exercises and tests that measure assessees (who undergo assessments) against prior, predefined standards. Smaller organisations (501–5,000 employees) tend to use assessments for selection purposes, whereas larger ones (10,000–20,000) tend to use them for development purposes.[2]

Assessment methods have a long history in China

Using assessment as a selection method is strongly rooted in Chinese history. A current selection process in the public sector, based on assessment, reflects the practices applied in ancient China when government officials were selected as a result of thorough assessments. As Carl Liang says:

"The exams were based on Confucian books, sources of ruling ideology, and had many sections including interviews, writing from memory, answering questions, composition writing and ode writing. Other subjects, such as history, law, calligraphy, and math, were used as a gauge to test professional knowledge."[3]

Differences between AC and DC

	Assessment Centres	Development Centres
Purpose	• Selection (external & internal) • External candidates, internal candidates (to be promoted) • Evaluation of specific job competences	• Development & succession planning • Company employees • Overall potential assessment (not referred to the specific job)
Process	• Shorter, thus cheaper	• Longer, thus more expensive (often a few days, complete feedback provided)
Assessors	• External consultants	• Managers trained in AC/DC • External consultants
Assessor's role	• Observation • Forecasting	• Moderator facilitating to understand the assessees' behaviours
Feedback	• Limited or none • Generic reports (provided to the recruiters)	• Crucial part of the process • Can be provided after each task • Complete feedback based on the report (can last up to two hours)
Decisions	• Employ/not employ • Promote/not promote	• Define specific trainings and/or development initiatives • Develop a concise succession plan

In their modern form, assessments were used to select German officers during World War I. The method was later applied by the United States' Office of Strategic Services to help objectively select both military and civilian recruits for espionage activities during World War II.

The industrial form of assessments came into existence in the early 1950s with the pioneering research work of Robert K. Greenleaf and Douglas W. Bray of the American Telephone & Telegraph Company (AT&T). Bray, as HR director at AT&T, launched a study that lasted over 20 years, following the careers of several young managers as they progressed. All new entry managers at AT&T were assessed against precisely defined criteria. "The dimensions assessed included managerial functions like organising, planning, decision-making, general ability such as intellectual ability, personal impression, sensitivity, and values and attitudes, both work-related and social."[4]

Application of AC/DC

There are many examples of successful applications of AC/DC. However, the intense effort,

1. Thornton, G.C., and Krause, D.E., Selection versus development assessment centers: an international survey of design, execution, and evaluation, *The International Journal of Human Resource Management*, vol. 20, no. 2, February 2009, pp. 478–498.
2. Ibid.

3. Carl Liang, *Assessment Center Methods. Government Selection in China: Past, Present and Future*, The 34th International Congress, 24th September 2008, Washington, DC.

4. *History of Assessment Centers*, The International Congress on Assessment Center Methods, viewed 4th November 2019, <https://www.assessmentcenters.org/history>

the considerable amount of time necessary for both preparation and actual execution, the number of people involved and, finally, the significant financial cost make companies very careful to identify when AC/DC is the best way to evaluate candidates or plan long-term career paths."

Organisations mostly use assessment centres for selection or promotion purposes. Managerial positions are the usual targets for assessment centres, partly because the value of selecting successful job incumbents and avoiding the cost of failures is sufficiently high to justify the outlay.

AC/DC can also be used to diagnose the training needs of the individuals that are either considered talented or core to the operations of the organisation. Diagnostic AC/DCs are commonly used to assess: information technology (IT) workers, whose jobs are rapidly changing; and sales people who, to be successful, need to acquire new skills to respond effectively to changing consumer needs and market requirements. This is specifically important in growing economies such as China.

Developmental ACs, on the other hand, aim not to assess overall potential or to diagnose, but stand for an actual training experience. In these cases, they can be incorporated into programmes—such as for comprehensive leadership development—and often not called AC.

Assessment Centre – how does it works?

There is nothing like a typical or universal scenario for AC/DC. However, there are certain basic prerequisites that both follow.

AC/DC may range from a half-day session to five-day workouts. However, one-day sessions are the most popular. The example on the right illustrates how the AC may be constructed and conducted.

"

On Monday morning at 8:45 am., 12 AC assessees come to the venue outside of the manufacturing plant they work at. The participants (four production supervisors, two quality leaders, two maintenance leaders, two lean leaders, and two engineering leaders) are potential candidates for a newly created opening – Production Manager.

Six assessors had arrived earlier to set up the room and get ready for the assessment. They include: the current production manager (who is going on retirement and will be replaced by the best AC performer), four N+1 or line managers (peers), and an external consultant (administrator). The in-house assessors are trained to conduct the assessments.

The AC session starts at 9:00 am. sharp. The administrator debriefs the assessees on the schedule, makes introductions, defines the roles, explains the activities and answers any questions raised. Over the course of the day, the assessees participate in a series of individual and group exercises.

The assessors rotate from exercise to exercises, observe the assessees and make detailed notes. Each assessor rates each dimension for each assessee. The administrator collects and combines standardised reports from assessors for the integration session at the end of the day. The assessors stay until they reach a consensus on the rating of each competence for each assessee.

"

Exemplar exercises applied in AC/DC

AC/DC involve multiple evaluation techniques, including various types of job-related simulations, interviews, psychological tests. The exercises, either individual or group, elicit a sample of overt behaviour resembling that the assessee would demonstrate in a work setting. It has been proved that the more exercises conducted and the wider their variety, the more accurate the assessments. A survey of 200 assessment centres showed that approximately five exercises was the typical situation, but some used 10 or 11 exercises.[5]

Why AC/DC?

A standard CV and a simple job interview may give a good first impression and convey some information on a candidate's technical skills. However, ACs operate on the principle of a 'cross reference' system – there are multiple assessors evaluating multiple competencies in multiple exercises.[6] This ensures the accuracy and validity of the process and its results. AC/DC can measure complex attributes through the various simulated situations, and predict various criteria such as performance, potential, and career advancement. The process is also perceived as fair and 'face valid' by the assessees and hardly ever shows any adverse impact. Recent technological innovations help to make AC/DCs compliant with the modern work environment. This is reflected in computer-based simulations, software programmes for scoring writing, voice tone, and other relevant attributes. EB

DucoPoint

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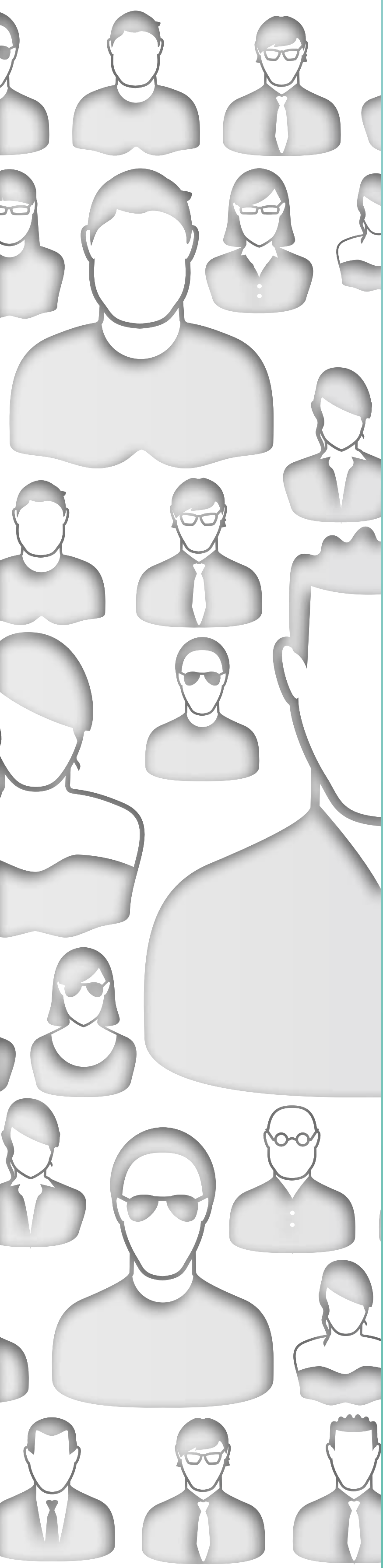
5. Spychalski, A.C., Quinones, M.A., Gaugler, B.B., & Pohley, K. (1997). *A survey of assessment center practices in organizations in the United States*, *Personnel Psychology*, vol. 50, pp. 71–90.
6. *Assessment Centres*, Hays, viewed 4th November 2019, <https://www.hays.com.hk/employer–services/HAYS_373284>

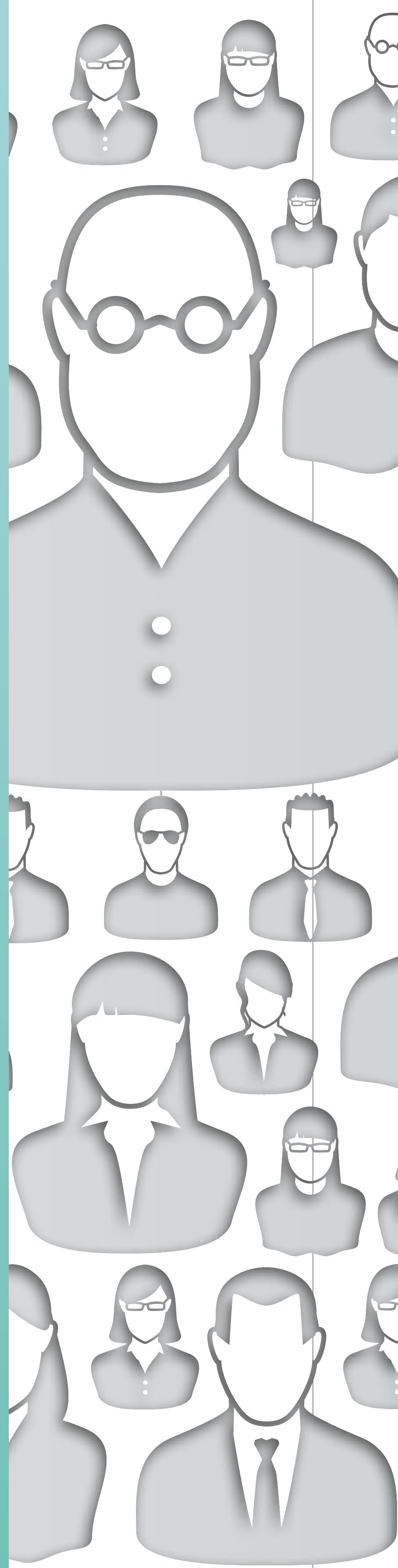


Tomorrow's Talent

Emerging industrial digital roles in the technological era

by Mira Lioleva

While companies are investing millions in developing the necessary software and hardware infrastructure, the key question remains: is technology on its own sufficient to boost the next level of innovation and digitalisation on a mass scale within organisations? **Mira Lioleva**, Director of Development Solutions at **Direct HR Group**, explains why more is required of enterprises to enable the desired transformation.



The rise of the internet was an enabling tool that had to be adopted by large masses of the population to bring forth the unbeatable value it has today – that of real-time information streaming, sharing and usage. The presence of technology is the enabler, but the actual transformation success depends on people's ability to integrate and implement it, as well as the new business concepts it produces on a mass scale within an organisation. At the moment, all efforts are top-down. However, to enable mass transformation, these top management efforts need to spread vertically—to the very bottom of the organisation—as well as horizontally – to every single function and operation.

The study *Digital Innovation Leadership on Industrial Enterprise* released earlier this year shows that the priority of organisations for the next two to three years will be the development of employees' digital skills.[1] This will not be possible without thorough review and functional re-design of jobs as well as the emergence of some completely new positions within the industrial manufacturing sector. However, as one swallow does not make a spring, so a handful of digital talents would be too insufficient to scale up innovation if faced with mindset opposition by the majority of their colleagues. This mass digital upskilling, however, can be developed through consistent and continuous daily learning opportunities and real-time exchanges between functions in similar industries. It can be facilitated by easy-to-access digital platforms, blended learning formats enabling accountability and innovation adoption incentives.

Many organisations continue to allocate budgets every year for learning and development activities that typically benefit a handful of individuals at certain levels, without having a specific strategic development focus aligned with business objectives. Most of the time, there's no actual evaluation of the results. If there is any positive change, it remains with a handful of employees, who will eventually leave and set the organisation knowledge transfer capabilities back to square one.

> **"A study ... showed that the priority of organisations for the next two to three years will be the development of employees' digital skills."**

So, how do we shift the digital learning paradigm to serve organisational needs, then?

A quick browse through the various recruitment channels finds a number of newly emerging job roles, and new digital functions being attached to more traditional roles, that were completely unknown 10 years ago. These are transforming the way business is managed, and revamping the overall business model for traditional industries such as general goods, heavy industry, mobility, life science and others.

Let's review a few digital roles that are emerging or being transformed in the industrial context.

Technology Marketing Officer (or simply Technology Brand Officer) instead of Chief Marketing Officer

Today when we talk about a marketing role in a manufacturing company, we inevitably think of industrial brand positioning, not only to the channel network but also eventually to the end-customer. In short we call this B2B2C marketing; activities that require development of a digital marketing strategy directed by a Technology Marketing Officer leading a tech-savvy digital marketing team comprising of a digital content developer, data analytics manager, B2B2C social media specialist, user interface (UI) expert and a brand manager.

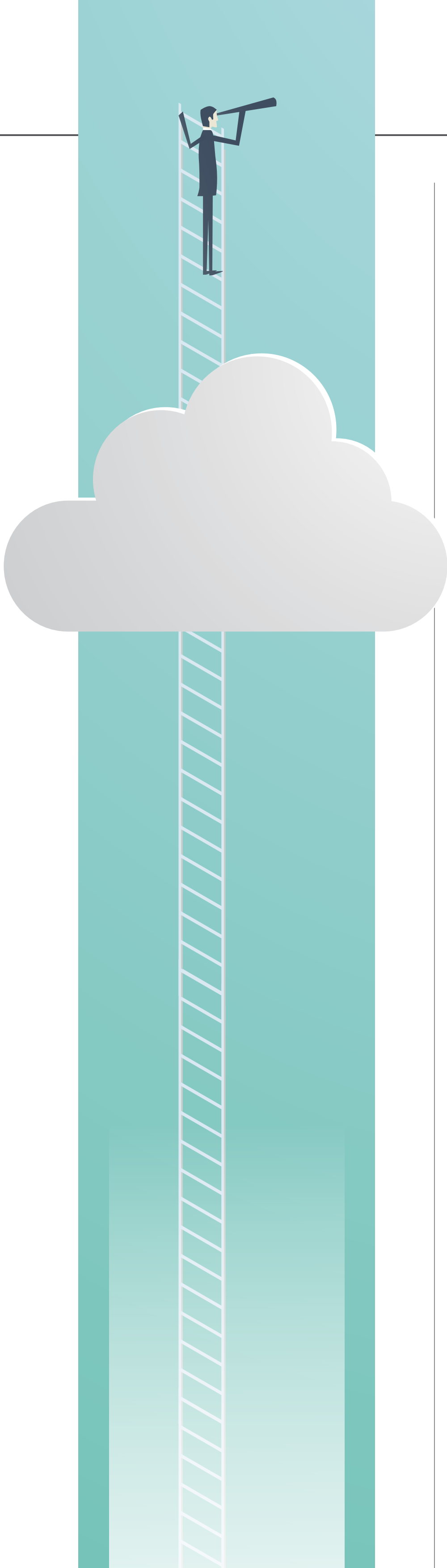
The data analytics manager assesses data from a variety of digital platforms, open data sources or even purchased data, and passes the results to the digital marketing strategist to design ways to reach the end-customer and streamline channel network management. Industrial brands more than ever before care about who their end-customer is and better positioning themselves as easy-to-access brands using B2B2C digital platforms to facilitate two-way feedback. The traditional role of the brand distributor is quickly transforming into a highly qualified brand-knowledge specialist who can provide excellent onsite support to end-customers in their territory, earning margins from the quality of after-sales services offered rather than from buying vs. selling prices.

Supply Chain Ecosystem Technology Officer replacing Chief Supply Chain Officer

Supply chain management has always played a key role for manufacturers in overall productivity, cash levels, delivery performance, profitability and returns on investment.[2] With the advancement of technology, the specific roles within this function have already witnessed major transformation. Let's take as an example a traditional mid-size company with a typical linear flow of operations starting with order management, procurement (sourcing, purchasing), production planning, warehouse and logistics management to end-customer delivery. As the order cycles frequency changes and the demand for shorter lead times and faster delivery time grows, supply chain management becomes a non-stop activity that requires highly tech-savvy and business-

1. *Digital Innovation Leadership of Industrial Enterprises: Original Voices from Digital Innovation Leaders*, Ward Howell International, 2019, <https://www.whidigital.com/digital–innovation–report>

2. *Industry 4.0. How Digitalization Makes the Supply Chain More Efficient, Agile and Customer–focused*, PwC Strategy, 2016



competent talent capable of managing big data, cloud computing, augmented reality and predictive analytics. Therefore, with our mid-size enterprise example, the supply chain will move towards predictive and even prescriptive analytics on future market behaviours.

Revenue Strategy Planning Officer instead of Sales Vice President

In the past, the sales vice president (VP) of a manufacturer was a key role, managing the full sales process from qualifying sales leads to closing business deals. His/her activities mainly spread across sales development, managing channel networks and ensuring the right KPIs were in place to engage the sales force. With increasing demand for shorter and shorter lead times, customisation and irregular order cycles, manufacturers can no longer rely on sales forecasts based on historical data. They have to integrate a much more forward-thinking approach using real-time analytics on market demand, performance feedback, efficient channel network management and timely data collection of on-the-field product amortisation to foresee after-sales maintenance and spare parts demand. Thus, the traditional Sales VP role has started to require market performance analytics and revenue strategy planning skills, predictively shifting sales efforts from slowing down to higher performing accounts as well as developing completely new revenue streams based on analytical efforts.

Digital Talent and Organisational Development Officer instead of Chief Human Resources Officer

Today human resources activities in a foreign-invested mid-size manufacturing enterprise in China are limited mainly to simple generalist operations such as payroll management, re-active recruitment of vacancies and relatively low-skilled labour and admin related jobs. With the advancement of technology however, the usual repetitive operations can be inexpensively outsourced or internally replaced by appropriate software. What would be the future focus and added-value of the human resources officer role then, if most traditional operations become AI-processed tasks?

Simply put, the HR effort is shifting towards talent and organisational development to meet the overall business strategy with focus on its people. In the past 15 years, multinational companies have embraced the term 'HR business partner', first developed by Dave Ulrich and Wayne Brockbank. This upgraded the HR function from merely HR policy and admin operations to strategy-making in support of line leaders and business decision-makers. The role, however, was rarely, if at all, adopted by small or mid-size industrial enterprises. Enabled by technology however, China-based enterprises are becoming more advanced in people management. Thus it is most likely that forward-oriented manufacturers will leapfrog from the well-known HR admin function straight to Talent and Organisational Development officers who use visualised data analytics, employ state-of-the-art people behaviour and talent analytics and develop organisational psychology approaches to engage the workforce. This employee will be well positioned to sit at the business table and advise on people strategy across all functions and levels in the organisation.

Direct HR Group

Direct HR Group and its Development Solutions BU is a talent and organisational development advisory firm with focus on foreign-invested enterprises in China across a number of industries including machinery and parts, construction, mobility, chemicals, medical equipment and life science. Its main areas of expertise encompass leadership and sales excellence, learning organisation excellence, as well as innovation and digital transformation of people in business. With representation in Beijing, Shanghai, Ningbo and Shenzhen, it ensures proximity to its clients and enables regional market adequacy related to people and organisational challenges.

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The Red Tape

Updates on foreigners' work permit, visa and residence permit policies by Nina Jiang

The Work Permit issued by the Foreign Expert Bureau and the Residence Permit for work issued by the Exit and Entry Administration of the Public Security Bureau (PSB Visa Office) are required for foreigners to work legally under a labour contract in China. **Nina Jiang**, **Senior Human Resources Manager** with the European Chamber, fills us in on the recent reforms in the visa and work permit system, and how they affect foreign employees.

The amended foreigners' work permit (FWP) system was implemented nationwide on 1st April 2017. From then on, the Foreign Expert Permit and the Alien Employment Permit were combined into one Work Permit. This permit involves a points system that classifies foreigners into A, B and C categories, illustrating the talent attraction strategy in China. However, from our observations, the advantages between the A and B/C categories for talent who have been working in China is not immediately obvious.

Meanwhile, in the European Chamber's *Business Confidence Survey 2019*, the feedback on "what are the challenges faced by your company when applying for work permits for foreigners?" reflects the concerns among member companies.

How complicated is the certification procedure?

The process is simplified for Category A talent, with paperless verification available when applying for the FWP notification letter. However, the majority of applicants fall under Category B or C, which means the two main documents—education degree verification and non-criminal record—must be notarised.

1. **Education degree:** If the education degree is obtained in China, it can be used directly; however, if obtained overseas, it needs to be notarised by an authority, which can often take up to one month to process. In a recent case involving a Spanish citizen that obtained their Master's in the UK, there were three channels available:

   - notarised by a Notary Office and the Foreign and Commonwealth Affairs Office in the UK then legalised by the Chinese embassy/consulate in the UK;
   - notarised by the Spanish Ministry of Education then legalised by the Chinese embassy/consulate in Spain;
   - notarised by the Ministry of Education in China.

2. **Non-criminal record:** It's convenient if am embassy/consulate in China can issue the non-criminal record directly, but if the foreigner has to obtain the report from their home country, it needs to be issued either by the public security authority or the justice department, then notarised by the Chinese embassy/consulate. In some countries, the report needs to go through the authorities at the municipal, provincial and then national level to the Ministry of Foreign Affairs.

How long is the application period?

To demonstrate the whole procedure and timeline to apply for the work permit (over 90 days) and residence permit, we will take as example a Category B foreigner taking up a job in Beijing. Even though the current process duration has been shortened by 17 working days compared with the April 2017 process, it still takes at least two and a half months to complete the whole procedure, assuming that every step goes smoothly.

Application period

Application Step	Duration in April 2017	Duration in November 2019
1 Prepare all the documents	4 weeks at least	4 weeks at least
2 Submit the online application through the FWP system and wait for approval	5 working days	3 working days
3 Submit the materials and wait for the notification letter of work permit	10 working days	8 working days
4 Apply for the 30-day work visa through the Chinese embassy/consulate in your home country; Or, apply for the 90-day residence permit in Beijing	3–5 working days depending on the Chinese embassy/consulate; Or, 10 working days	3–5 working days depending on the Chinese embassy/consulate; Or, 7 working days
5 Come to China and do a health check	3 working days at least	3 working days at least
6 Apply for the work permit card through the FWP system	15 working days at least	8 working days at least
7 Apply for the residence permit in Beijing	10 working days	7 working days

What changes have been made in practice?

With the Chinese Government reorganisation and the new approach to optimising the business environment at both the national and local levels, we have observed the following gradual improvements:

1. The length of work permit and residence permit can be two–five years

Under the new system, the length of a work permit and residence permit can be two to five years, instead of having to be renewed annually as previously, depending on the company contract and government approval.

2. Two-year work experience requirement is waived for Master's degree holder

If the foreigner is an "excellent foreign graduate" from a Chinese university or a world-renowned university with a Master's degree or higher, the employer can help him/her to apply for a work permit within a year of their graduation and the two-year work experience requirement can be waived. In some regions, only a Bachelor degree is required for high-tech companies.

3. Renewal of work permit for those over 60 years old under Category B

In Beijing, the work permit renewal application has been simplified for foreigners aged over 60. Preliminary approval from the Foreign Expert Bureau is necessary. If the foreigner can provide consecutive residence permits in Beijing for five years or more, only an application letter and health commitment are required along with the normal application documents to proceed with the renewal.

4. 12 measures of immigration and exit-entry service administration policies

On 1st August 2019, the National Immigration Administration of the Ministry of Public Security issued 12 measures on immigration policies. One highlight is that foreign students of overseas universities can apply through Chinese embassies/consulates for the year-long S2 visa to take up an internship if they have a confirmation letter from their university and an invitation letter issued by a well-known company or public institution in China. On arrival, the foreign student can then apply for an 'internship' note at the PSB Visa Office.

What can we expect in the near future?

Article 3 of the *Opinions of the State Council on Further Capitalising on Foreign Investment (Guofa No. 23 [2019])* released on 30th October, states that:

"**Increasing the ease for foreigners to work in China.** Based on the needs of local economic development, limitations such as age, academic qualifications and work experience may be suitably relaxed for regions urgently needing innovative and entrepreneurial talents and skilled professionals. Foreign exchange students with innovative and entrepreneurial plans may apply for a two-year residence permit in the private-business category with their graduation certificates from Chinese tertiary institutes. Foreigners who have applied for the residence permit for work for two consecutive times may be granted a residence permit for work that is valid for five years when applying for the third time. The application process for a Chinese work permit for foreigners shall be optimised and the interdepartmental information-sharing mechanisms perfected. The possibility of combining work permits and residence permits for work for foreigners shall also be explored. (The Ministry of Foreign Affairs, Ministry of Science and Technology, Ministry of Human Resources and Social Security, National Immigration Administration and provincial people's governments shall perform their respective duties)."

The European Chamber will keep on delivering feedback from our member companies to the Chinese authorities; meanwhile, we will also continue to monitor the government's policies and update members on any developments.

THREE STEPS TO WORKPLACE WELLNESS

Investing in the office environment for the benefit of employees

A healthy, happy workforce is an integral part of any productive, successful business. Today, forward-thinking companies are increasingly investing in their workplace environment to boost the health and wellness of their people. **Bureau Veritas** outlines three steps businesses can take to improve conditions in the office for their employees.

In recent years, companies have been recognising the value of a more holistic view of employee well-being, and moving beyond defining wellness solely in terms of the presence or absence of illness and safety hazards.

Three factors lead workplace wellness trends

Employee productivity is at the heart of any thriving business. But for employees to be productive, they need a workplace environment conducive to their health and well-being.

Recent studies have shown that office design has a strong material impact on employee health, well-being and productivity. Several specific factors associated with a workplace's physical environment have been proven to have a direct impact on employees' well-being. Three in particular—indoor air quality, noise and acoustics, and natural lighting—are consistently cited as essential to contributing to a positive workplace environment.

Better air, better care

Most people spend a significant amount of time—90 per cent or more—indoors.[1] As a result, the quality of indoor air has a significant influence on their health and well-being. However, indoor settings often contain concentrations of pollutants that are two to five times higher than outdoor levels. Sources of indoor pollution can include cleaning and personal care products, central heating and cooling systems, and building materials and furnishings. Indoor pollution can trigger nausea, asthma, headaches, fatigue, respiratory irritation and allergies.[2]

90
PER CENT
Most people spend a significant amount of time indoors

The right ventilation and building care can significantly improve indoor air quality.

1. *Indoor Air Quality: What are the Trends in Indoor Air Quality and Their Effects on Human Health?*, United States Environmental Protection Agency, viewed 31st October 2019, <https://www.epa.gov/report–environment/indoor–air–quality#main–content>
2. Ibid.

8-11
PER CENT
Productivity improvements are not uncommon as a result of better air quality

Productivity improvements of eight–11 per cent are not uncommon as a result of better air quality.[3] Building Information Modeling (BIM) technology can assist in achieving optimal indoor air quality in the design, construction and management of buildings. For existing buildings, ventilation and air quality inspections can help businesses assess their current conditions and see where improvements can be made.

Noise at work: more than a nuisance?

Most workplace environments are noisy. Phones ringing, people chatting, fingers tapping on the keyboard and machines constantly printing can all grate on nerves. But noise is more than an annoyance: it can have adverse health effects, too. These effects can include cardiovascular issues and sleep disturbance, which contribute to increased fatigue, mood changes and other problems. Repeated exposure to high noise levels can also result in stress-related anxiety, nervousness, and reduced productivity.[4]

To help organisations best manage noise and acoustic hazards, the International Standards Organization released ISO 45001 and OHSAS 18001, internationally recognised standards for occupational health and safety management systems that include noise-reduction measures. Compliance with these standards will ensure a business is providing an optimal working environment.

Time to see the light

For many employees, daylight is the most-wanted natural feature in the workplace. And it's not hard to see why: daylight helps regulate circadian rhythms – the daily cycles of waking and sleeping hours. When these rhythms are upset, people can experience stress, sleep deprivation, depression, bipolar disorder and seasonal affective disorder. In fact, one neuroscience study found that people seated by a window sleep 46 minutes longer on average compared to those who don't.[5] And workplaces with adequate natural lighting noted up to 40 per cent higher productivity and sales.[6]

3. *Health, Wellbeing and Productivity in Offices: The Next Chapter for Green Building*, World Green Building Council, p. 10, 2014, viewed 31st October 2019, <https://www.ukgbc.org/sites/default/files/Health%2520Wellbeing%2520and%2520Productivity%2520in%2520Offices%2520–%2520The%2520next%2520chapter%2520for%2520green%2520building%2520Full%2520Report_0.pdf>
4. *Noise Isn't Just Annoying – It's Bad for Your Health*, WELL, 28th September 2017, viewed 31st October 2019, <https://resources.wellcertified.com/articles/noise–isnt–just–annoying–its–bad–for–your–health/>
5. *Indoor Air Quality: What are the Trends in Indoor Air Quality and Their Effects on Human Health?*, United States Environmental Protection Agency, viewed 31st October 2019, <https://www.epa.gov/report–environment/indoor–air–quality#main–content>
6. Buchanan, Ash, and Sayago, Juliana, *Why Natural Light Matters in the Workplace, Eco–Business*, 18th April 2016, viewed 31st October 2019, <https://www.eco–business.com/opinion/why–natural–light–matters–in–the–workplace/>
7. Ibid.

What's more, people generally prefer to be surrounded by nature, which provides variation and sensory change. This phenomenon is called biophilia – the affinity of human beings for, and need to connect with, the natural world. A recent study found that those who worked in spaces with green or other natural features reported a 15 per cent higher level of well-being.[7]

Sustainable building can help drive better outcomes for employee wellness, because the building principles involved often take into account elements of biophilic design. Leadership in Energy and Environmental Design (LEED)—the world's leading green building rating systems—provide third-party verification of a building's environmentally friendly features. LEED assessors can evaluate the environmental credentials of workplaces and provide support in optimising building operation.

Bureau Veritas is a Business-to-Business-to-Society company, committed to contributing their experience and expertise in health and safety to the pursuit of a better world. Through testing, inspection and certification services, Bureau Veritas partners with clients to meet their workplace health and safety needs and to improve the productivity and performance of their organisations. More broadly, Bureau Veritas participates through the partnership with clients in the shaping of a more socially responsible culture.

LOST IN TRANSLATION

Culture clashes between global headquarters and China branches by Gabor Holch

The 2019 documentary *American Factory*—which looks at a Chinese industrial leader setting up operations in a closed General Motors factory in Middle America—shows how, despite the best intentions on both sides, culture clashes may dramatically hinder the operation of a multinational company. European Chamber members have also frequently reported misunderstandings between them and their bases in Europe. **Gabor Holch** of **Campanile Management Consulting** guides us through some situations that may cause friction between a company's overseas headquarters and its branches in China.

Multinational companies succeed in China if they can 'translate' global strategy into local performance – something easier said than done. 'Organisations' are called that because they resemble living organisms in complexity and unpredictability, even under normal circumstances. And when they go global, new risks appear and the most trusted people can become sources of friction. Have you seen an international project team under pressure? Have you heard a Chinese general manager report to a European board? Then you know what I mean.

When reporting lines cross continents, everybody is out of their comfort zone. That makes people nervous, and stress undermines productivity. As an instinctive response, people avoid cultural strangeness. Western executives confine themselves to urban expat bubbles. Chinese ones rely on a vast home market to get promotions with minimum international exposure: for some, their first foreign trip is to an Asia-Pacific management position. Local or expat, executives march towards the same awkward dilemma when they start directly reporting to headquarters: either sounding 'too foreign' to Chinese clients, suppliers and colleagues, or sounding 'too Chinese' to bosses at home. Sometimes both. Why does culture challenge smart people who are paid to overcome challenges?

Tragic and comic mishaps both come from the same mistaken understanding of cultural adaptation. For decades, military, government and business leaders were taught to figure out the rules of a specific culture and then follow them. 'When in Rome...' But as globalisation spread, reality revealed the absurdity of 'learning a culture' before doing business there. A culture is not a set of rules to learn: recent research by Mai Nguyen and others suggests that we partially carry it in our DNA.[1] But even if you could 'learn a culture' like you learn the rules of badminton, it would be useless. A strange environment does not trigger the desire to learn, but rather ancient instincts of self-preservation. Psychologically speaking, intercultural challenge is not like learning badminton: it is like being caught in a Champions League rugby game without the necessary skills.

Allow me to outline three case studies, each describing a typical HQ–China hurdle. The practical lessons we can draw from them can help multinationals with ambitions in a China that is becoming an increasingly cautious partner and adamant competitor to foreign firms. But Chinese managers need to learn too. While first- and second-generation Asian leaders redefine global business (Microsoft's Satya Nadella, Google's Sundar Pichai, Adobe's Shantanu Narayen), politics (Ban Ki-Moon, United Nations) and academia (Francis Fukuyama, Rand Corporation), China has yet to produce comparable household names. In *CEO World's* 2019 list of 121 most influential CEOs, all the Chinese executives named represented local, and mostly state-owned, firms.[2]

2019 Most influential chief executives in China[2]

Wang Yilin	**Chair** China National Petroleum
Dai Houliang	**Chair of the Board** Sinopec Group
Li Yue	**CEO** China Mobile
Zheng Zhijie	**President** China Mobile
Ren Zhengfei	**CEO** Huawei
Wang Xiangming	**General Manager** China Resources
Ning Gaoning	**Chair** Sinochem Group

1. Nguyen–Phuong–Mai, M., *Cross–Cultural Management (Routledge International Business Studies)*, Routledge, 2019.

2. *Best CEOs in the World 2019: Most Influential Chief Executives*, *CEOWorld*, 25th July 2019, viewed 6th November 2019, <https://ceoworld.biz/2019/07/25/best–ceos–in–the–world–2019/>

A relatively straightforward first case is a European technology firm whose Chinese research and development (R&D) unit demanded last-minute changes that often stretched quality standards. They also suggested beating deadlines by weekend overtime: a cultural and legal impossibility at HQ. The weakness of a traditional cross-cultural approach is instantly apparent: which side should 'learn the rules' of the other and comply? Predictably, the Chinese saw a complacent Old Continent lacking commercial acumen, while Europeans condescended to China as a poor country that struggles towards their own heights of wellbeing. In such cases, what hinders cooperation is not understanding, but emotions over the other side's seemingly unpredictable, incomprehensible and often intimidating behaviour. Pointing at a poster of core values is pointless: words like 'commitment' and 'passion' mean different things in each culture.

To resolve such situations, multinational executives must approach culture pro-actively. Instead of trying to adapt to any existing culture, they must define expectations for the team, unit or firm, and take all consequences. Is weekend work a sign of commitment or poverty? Is night-time texting diligent or foolish? Is refusal complacent or rightful? These are the wrong questions. Decision-makers must clarify the desirable practices within the organisation, then apply sticks-and-carrots fairly and consistently for everyone. Options are many. They can define the culture in a top-down or bottom-up manner. They can give different locations uniform or custom-made rules. But requirements must be communicated and implemented, like the ones we follow in traffic or at weddings. Consistency will result in a shared cultural comfort zone where people with diverse backgrounds can keep stress down, motivation up and be their best selves.

A more complex case involves a German China CEO who offered his prospective client a discount so steep that the HQ's enterprise resource planning system rejected it: the board reckoned "he became too Chinese". That implies various problems within the organisation, including a lack of agreed guidelines, and competition between home and overseas entities. But ultimately, the case is personal: the CEO described how he admired China's pragmatic and flexible business environment. Decision-makers could have predicted this by comparing his personality profile with a cultural reference system like *The Culture Map*,[3] which reveals matches and mismatches between individual temperament, home cultures and expat destinations. Ignorance about a manager's personality brings cultural risk. But if jobs are assigned through alignment among personal profiles, corporate and native cultures, acting naturally suddenly becomes a strength. The German CEO excelled at local negotiations, but needed his management team's thorough and compliant members to prepare alternative offers and 'sell' local decisions to German headquarters.

Our third case reveals a frequent irony of intercultural management: that sometimes cultural knowledge becomes the problem. One global firm decided to remove its traditional 'glass ceiling' and promote Chinese executives to global roles. The results were confusing. Headquarters expected docile and obedient, Confucian-style candidates, and the newcomers' tough personal, strategic and financial approaches utterly shocked them. The newly promoted Chinese managers wondered why the century-old firm resisted progress and Asia's growing influence. Naturally, both sides were mistaken. Confucian harmony is as relevant in China's modern metropolises as Plato is in EU trade law—even decade-old Chinese business culture manuals are outdated today. Chinese managers can become equally misguided after prolonged work alongside voluntary expats with enthusiasm towards the country, its people and peculiarities. To work together, business leaders must forget how people 'should be' based on their passport, and focus on actual characteristics. Depending on their personality and history, one Chinese manager can behave quintessentially Confucian while another acts like a Wall Street shark, both claiming to represent Chinese culture. Smart leaders delegate, motivate and promote according to each profile and the job at hand.

> **A leader's job is not to understand and follow any culture, but to create one that supports results across continents.**

The Chinese do not always act like Chinese and Europeans often fail to play their dutiful cultural roles. Mapping individual strengths and weaknesses, defining clear-cut corporate cultures and matching personal temperaments with specific tasks serves dual purposes. First, it keeps managers from using cultural challenges as an excuse for poor performance. Second, it keeps the focus on each person's contribution to company goals. Some expat managers thrive in China for their cultural adaptability, some for their indispensable technical skills. Some Chinese leaders can be expected to fit in at headquarters, some arrive there to sound a wake-up call. Cultural aptitude is a tool, not a goal. A leader's job is not to understand and follow any culture, but to create one that supports results across continents. Eb

Campanile

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3. *Culture Map Decoding How People Think, Lead, and Get Things Done Across Cultures* by Erin Meyer, 2016, Public Affairs, New York.

Chinese Social Insurance Policies

What changed in 2019?

by Jeanette Yu

The Chinese social insurance system was initiated in 1997, gradually developed over the years, and finally established by the PRC Social Insurance Law in 2011.[1] Under this law, employees should be provided with social insurance including: pension, basic medical, unemployment, work-related injury and maternity insurance. Both the employer and the employee are obliged to pay social insurance premiums every month. The premiums will be calculated based on the employee's average monthly salary in the previous year, and shall be higher than the minimum amount but capped by the maximum amount announced by the local government annually. The social insurance premiums payable by the employee shall be withheld by the employer from the employee's monthly salaries and paid to the authorities on their behalf.

Over the years, the implementation of the social insurance scheme encountered many problems. First of all, many enterprises complained that the social insurance premiums payable by the employer were very high. Secondly, some enterprises did not provide the social insurance, or paid premiums much lower than the statutory standards. In 2018, the Chinese Government announced its intention to reform the social insurance policies. This article by **Jeanette Yu** of **CMS Legal** discusses the changes implemented in 2019.

Change of institute for collection of social insurance premiums

China's social insurance scheme has strong geographical features. According to the *Interim Rules* released by the State Council in 1999,[2] premiums shall be collected by institutes determined by provincial-level governments, which could be either tax authorities or handling agencies (social insurance agencies) established by the social security administrative authorities at the local level.[3] For example, in Shanghai and Beijing, the collecting institutes were social insurance agencies; in Guangdong province, the collecting institutes were the tax authorities.

An advantage the tax authorities have over social insurance agencies is that they hold information on employees' remuneration and can easily check whether enterprises are providing an adequate amount of social insurance. This allows the authorities to collect the premiums more efficiently and accurately.

On 21st March 2018, the central government decided that tax authorities shall be the sole institutes for collection of social insurance premiums.[4] The Central Committee of the Communist Party and the State Council made a follow-up announcement that, starting from 1st January 2019, the premiums shall be uniformly collected by tax authorities.[5] Local governments successively issued relevant policies about the implementation and transformation of these changes.

At the time of writing, the change of collecting institutes is still undergoing implementation in many places. However, trends are showing that enterprises will have less and less opportunities in the future to reduce labour costs by not providing social insurance for employees or paying premiums lower than the statutory standard.

Making up the outstanding social insurance premiums by enterprises

According to the law, if an enterprise fails to fully pay social insurance premiums for its employees, the authority may require it to make up the outstanding payments within

1. The PRC Social Insurance Law, 1st July 2011.
2. *Interim Rules on Collection and Payment of Social Insurance Premiums of the State Council*, issued on 14th January 1999, updated on 24th March 2019.
3. Ibid, Article 6.
4. *The Plan for Deeping Reform of Party and the State Institutions of the Central Committee of the PRC Communist Party*, 21st March 2018.
5. The *Reform Scheme on National and Local Tax Collection and Management System of the Administrative Offices of the Central Committee of the PRC Communist Party and the State Council*, 20th July 2018.

Starting in July 2019, Zhejiang Province deepens supports on medical treatment, exploring the mutual medical system which was seamlessly embedded with the current social insurance settlement system, in order to further reduce the cost of healthcare and realise real–time settlement. A group of workers in a workshop in Changxing County, Zhejiang Province are learning social insurance policies.
Photo: Xu Yu, Xinhua

a certain time and pay late payments fees at the rate of 0.05 per cent per day of delay. If the enterprise fails to meet the deadline, an additional penalty of between one to three times the outstanding payments may be imposed.[6] The statute of limitation for pursuing a claim is two years from the date the enterprise makes rectification.[7]

In practice, in the past, social security administrative authorities seldom voluntarily pursued enterprises for outstanding payments, unless an individual employee raised a complaint. However, after the decision on the change of the collecting institutes was announced, in some areas, enterprises were ordered to immediately make up unpaid social insurance premiums, which sometimes amounted to more than one million Chinese yuan (CNY). But this practice was immediately stopped by the central government,[8] and local governments were required to properly deal with historical arrears and strictly forbidden from ordering enterprises to make up a shortfall within a short time.

This move by the central government efficiently eliminated panic among enterprises. In the near future, it is unlikely that local governments will voluntarily require enterprises to make up past underpaid social insurance premiums, though individual employees still have the legal rights to raise their complaints. This provides enterprises with a good chance to make rectifications now, in order to avoid being pursued for administrative liabilities for misconduct of up to two years ago.

6. Article 86, PRC Social Insurance Law, 1st July 2011.
7. Article 20, *Labour Security Supervision Regulations of the State Council*, 1st November 2004.

Reducing the social insurance premiums

In the meantime, the Chinese Government has been working on reducing employers' social insurance premiums.[9] Starting from 1st May 2019, the contribution rate to the pension fund payable by the employer was reduced to 16 per cent nationwide; the unemployment and work-related injury insurance contribution rates will be reduced periodically until 30th April 2020. If the accumulated balance of the work-related insurance fund is sufficient for the payment of benefits for a period of 18 months or more, the contribution rate can be further reduced by between 20 to 50 per cent. Furthermore, the minimum and maximum amounts for calculating the social insurance premiums shall be weighted by the average salary of employees from both privately- and non-privately-owned business units at the provincial level rather than on non-privately-owned business units only.

This has been the most significant reduction in social insurance premiums since 2016, when the Chinese Government decided to reduce the labour costs of enterprises.

8. The *Emergency Notice on Implementing the Spirit of State Council Executive Meeting and Stabilising the Social Insurance Collection Work of Administrative Office of Ministry of Human Resources and Social Security*, 21st September 2018.
9. The *Comprehensive Scheme on Reducing Social Insurance Contribution Rates of Administrative Office of the State Council*, 1st April 2019.

> "...the social insurance scheme will be implemented more strictly in China."

Ironically, due to different levels of economic development across the country, in some areas the adjustments to the weighting method actually increases costs for enterprises. For example, in Shanghai, under the new standard, such minimum and maximum amounts are increased by CNY 228 and CNY 1,137 respectively, amounting to CNY 4,927 and CNY 24,633.

Conclusion

With the aforementioned changes, the social insurance scheme will be implemented more strictly in China. But the Chinese Government does not have a big margin in which to further reduce the social insurance premiums. Furthermore, the statutory minimum wage and the average monthly salary of employees are still increasing every year. Therefore, European companies doing business in China should not rely on government adjustment of social insurance policies to reduce their labour costs, but instead find other solutions.

CMS

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27TH SEPT.
BRUSSELS

President Wuttke meets with head of Chinese Mission to the European Union

President Wuttke visited Ambassador of Mission of the People's Republic of China to the European Union, His Excellency Zhang Ming, at his residence in Brussels.
Photo: European Chamber

On 27th September, European Chamber President Jörg Wuttke visited Ambassador of Mission of the People's Republic of China to the European Union, His Excellency Zhang Ming, at his residence in Brussels. The two sides had an intensive discussion on the Chamber's recent publications, the *European Business in China Position Paper 2019/2020* and *The Digital Hand: How China's Corporate Social Credit System Conditions Market Actors*. Ambassador Zhang showed his curiosity and candor on the findings of the reports and said he believed that the Chamber's publications were an important contribution in difficult times.

25TH SEPT.
BEIJING

European Chamber meets with NDRC to discuss the Corporate Social Credit System

Secretary General Adam Dunnett led a European Chamber delegation to the National Development and Reform Commission to meet with officials led by Zhang Chun, deputy director general.
Photo: European Chamber

On 25th September 2019, Secretary General (SG) Adam Dunnett led a European Chamber delegation to the National Development and Reform Commission (NDRC) to meet with officials led by Zhang Chun, deputy director general (DDG), on the Chamber's recent thematic report on China's corporate social credit system (SCS). DDG Zhang emphasised that the intention of the corporate SCS is to punish misbehaving and distrusted companies, thus regulating the market in a more efficient way. He said the corporate SCS was not aiming to burden compliant companies. The three-hour-long discussion covered nearly every aspect of the system in detail. SG Dunnett and DDG Zhang also officially established a communication mechanism between the European Chamber and the NDRC to cover this developing matter.

19TH OCT.
QINGDAO

European Chamber vice president delivers speech at Qingdao Multinational Summit

European Chamber Vice President Jens Eskelund attended the Qingdao Multinational Summit.
Photo: Forbes

On 19th October 2019, European Chamber Vice President (VP) Jens Eskelund attended the Qingdao Multinational Summit, an event jointly organised by the Ministry of Commerce and the Shandong Provincial People's Government, and gave a keynote speech themed 'Enhancing China's Investment Climate'. VP Eskelund reviewed the Chinese Government's achievements in reform and opening up before touching upon areas needing further improvement, including: market access, unequal and discretionary treatment of companies, regulatory complexity, state-owned enterprises and competitive neutrality. He also provided constructive comments and suggestions on how to further improve China's investment climate.

26TH OCT.
GUANGZHOU

South China Chapter representatives meet with Guangzhou executive vice mayor

South China Chapter Vice Chair Klaus Zenkel presents and outlines the findings of several recent reports by the European Chamber to the Executive Vice Mayor of Guangzhou, Mr. Chen Zhiying.
Photo: European Chamber

South China Chapter Vice Chair (VC) Klaus Zenkel led a delegation of the European Chamber to a meeting with the Executive Vice Mayor of Guangzhou, Mr Chen Zhiying, on 26th October 2019. VC Zenkel began by presenting and outlining the findings of several recent reports by the European Chamber; the *South China Position Paper*, the Corporate Social Credit System report, the *Business Confidence Survey 2019*, and the *Position Paper 2019/2020*. Vice Mayor Chen expressed his belief in the necessity for closer ties between the South China Chapter and the Guangzhou Municipal Government. He also referred to the importance of the European Chamber's publications—including the most recent *South China Position Paper*—and their reflection of the business environment of South China.

10TH SEPT.
CHONGQING

Southwest China Chapter attends meeting with Chongqing Economy and Informatisation Commission

On 10th September 2019, a European Chamber delegation led by Southwest Chapter General Manager Sally Huang met with Chi Fu, director of the Foreign Economy and Foreign Affairs Office of the Chongqing Economy and Informatisation Commission. The two sides discussed how their collaboration could improve communication and thought exchange between foreign business and local government, and how they could assist foreign enterprises in understanding new policies. Additionally, the findings and key recommendations of the *Southwest China Position Paper 2018/2019* were presented. Director Chi Fu praised the contribution of the Southwest Chapter to Chongqing. She added that more cooperation between the Commission and the European Chamber would benefit foreign enterprises and improve the municipality's overall business environment.

How to Prepare for Leaving China

Social security, savings and tax tips by Moey Li

You've given your employer notice that you want to resign from your job; your working visa will expire this year; you miss your family and want to move back to your hometown. It's time to leave China. But, waaaaaait! How about your bank account? Can you send your money back home? What else should you do before leaving China? **Moey Li** of the **EU SME Centre** introduces some issues that you shouldn't overlook before you leave China.

Social security: get your pension back

According to Chinese domestic law, if a foreign employee has signed a contract with an employer based in China, the employee's social insurance during his/her stay in the country should be covered by the employer. This includes insurance for medical, maternity, unemployment, work injury and endowment.

Chinese law requires all employers to pay 20 per cent of all employees' salaries into a national endowment insurance pool and eight per cent of each individual's salary into his/her personal pension account. If the insurance payments have continued for 15 years, the employees will receive a monthly pension after they retire. If it's less than 15 years, when the foreign employee decides to leave China, he/she could choose to withdraw all the money in his/her pension account.

The detailed steps are as follows:

- **Step 1:** Terminate your labour relationship with your employees and get your *Release Letter*. Your employer should submit the *Application Form for Cancellation (Transmigration) of Foreigner Employment Permit* to the local Human Resources and Social Security Bureau (HRSSB) to get a certification of termination of your employment relationship.

- **Step 2:** Visit your local HRSSB to get an *Application Letter of Withdrawal of the Personal Pension for Foreign Insured Persons*. Bring your *Certification of Employment Termination*, your passport, valid resident permit and your social security card. You can either visit the HRSSB by yourself or delegate your employer as a representative and let them do the rest. Different cities may apply different rules but the legal basis will be the same.
- **Step 3:** Once the application has been approved by the local HRSSB (normally within the same day), you can sign a *Confirmation of Withdrawal of the Personal Pension* at the HRSSB office and the money will be returned to your bank account (time may depend on location).

Please note that if you leave China without having withdrawn your personal pension, the account will be retained. If you return to China for another job, your account will be reactivated.

Savings: how to bring your money home

If you have savings, of course you will want to bring it all back home. Different banks in China have different policies, so we have chosen the Bank of China (BOC)—one of the most popular banks—as an example for this article.

You also need to bear in mind: **China is a foreign exchange controlling country; you can't just transfer as much money as you like.** So, what should you do? You may consider the following ways to get your money back home:

a) Bank transfer:

If your savings are already in your homeland currency—for example, euros—then you can transfer it directly. There is a limit of United States dollars (USD) 5,000 per transfer (this policy is always changing, so consult with your bank first). If your savings are in *renminbi* (RMB):

1. Exchange your RMB to the required currency. In the BOC, converting foreign currency requires the following documents: your passport; tax certificate; a contract concerning your previous work in China, certification of employment from your local HRSSB; and a bank statement of your salary. These documents prove the legality of your income and that you have paid your taxes. They will also determine how much money you can exchange.

2. Transfer your money to the bank in your home country. The foreign currency will be placed in your BOC bank account, which you can then transfer to your national bank without limitation.

If you take this approach, the transfer fees will range between Chinese yuan (CNY) 200–410. In general, it is advisable to make a one-time transfer of all your savings to save on time and fees.

b) Cash or ATM (not recommended)

Withdrawing the money as cash is not a wise option.

First, you must make an appointment with your bank to ensure they have enough cash. Second, the exchange rate for cash is lower than for currency, which may reduce the final amount you get. Third, and most importantly, you are only allowed to bring a maximum of USD 5,000 in cash through customs. You could be accused of money laundering if you physically carry more than this. Last but not least, you will have to use an ATM in your country that accepts Union Pay cards to withdraw cash, and the fees might be *very* high.

c) Get your money back by cheque or money order

Personal cheques are not often used in China, so a money order might be a better option for transferring your savings. This approach has lower transfer fees, however, the process usually takes more than a month to complete.

Tax

Generally, foreign workers have the same obligations as Chinese citizens. The most important aspect for foreigners is calculating which part of your income is taxable under the Chinese system. This involves your 'tax residency status'.

As the tax issue is quite complicated when it comes to leaving China, we'd better start from the day you opened your bank account in China. To open an account, you must provide a *Declaration of Personal Tax Residency Status.*

- **First: check your tax ID before coming to China.** In that declaration, you should provide your tax identification number (TIN). If your country does not issue TINs, you can provide alternative tax identification (ATI), for example a social security number (SSN) or individual taxpayer identification number (ITIN). If you don't know what your TIN or ATI is, consult with your employers or check your former tax bills.

- **Second: know your tax residency status.** You will also need to confirm your tax residency status. If you stay in China for 183 days or more, you qualify as a tax resident, which means the tax you need to pay to the Chinese Government is based on your full income. If you stay for less time, or you are a tax resident of another country where you have already paid your bill, in China you will only pay levies on the income you earn within the territory of China.

- **Third: watch out for suspicious transactions.** Under common reporting standards, information on your finances in China may be shared with your home country. Therefore, report any suspicious transactions in your bank account in case you fall under suspicion of being involved in money laundering or other illegal activities. The domestic law of your homeland may also apply, so, it is advisable to consult with the tax authorities there if anything unusual takes place.

- **Finally: use your credit and avoid double tax.** If you already have paid your tax in China, you may gain credits that could be deducted from your tax bill back home. To avoid any potential double taxation, check with the tax authorities or consult with tax lawyers in your homeland. Also, the Chinese Government has signed tax treaties with over 100 countries, with clear regulations concerning double-tax issues.

Tax might be a complex issue, but most foreign employees will be able to handle it well. So, good luck!

EUSME

EU SME Centre

Moey Li is serving a short-term tenure as an expert at the **EU SME Centre**. She is also a representative of Dewit Law Office (DLO), Beijing. Ms Li joined the DLO in 2011, and specialises in the fields of oversea investment and M&A; corporate management and legal compliance; international trade dispute resolution; IPR protection and labour dispute, among others.

Established in 1945, **Dewit Law Office** has its headquarters in Brussels, Belgium. Over the past 70 years, Dewit Law Office has always maintained the principle of providing the highest level of professional legal services to clients, and has dealt with numerous different types of cases in Europe. Dewit Law Office established its Beijing office in 2009 to not only provide legal services to European clients related to their business in Chinese, but to also assist Chinese companies develop their business in Belgium and Europe.

Building International Mindedness

by Joseph Stewart

In a world that is changing fast, communication and sharing of information between cultures is growing. The world that students will enter on graduation will require them to understand and develop a strong awareness of different cultures to ensure that they are able to both contribute to global societies and also be successful individuals. **Joseph Stewart** of **Dulwich College Beijing** describes how helping students develop international mindedness can give them a head start for the future.

The concept of international mindedness can be traced back a long way, but should still be an essential part of any modern-day student's education. It will not only help develop consideration and understanding between individuals from different cultural backgrounds, but also skills students will require in further education and in workplaces that will increasingly rely on an ability to communicate, cooperate and work with others from various backgrounds.

The International Baccalaureate (IB) defines international mindedness as aiming to "develop internationally minded people who, recognising their common humanity and shared guardianship of the planet, help to create a better and more peaceful world."[1] International mindedness can relate to environmental, economic, social or cultural issues that are experienced by individuals from different parts of the world.

Historical context

One of the first international schools was established during the 1851 Universal Exposition in London. This involved educators from India, Hungary, the Netherlands, the USA and the UK working together to create a network of schools that had a combination of different curricular from different countries.[2]

In 1864, the British author Charles Dickens published an article titled 'International Education' that stated: "a citizen of the world at large…[has] tolerance that comes of near acquaintance with different ways of thought."[3]

Mechanised modes of transport were invented at the end of the 19^{th} century, but were initially only accessible to the rich. It was not until the mid-20^{th} century when air travel became more affordable and telephones became a means of long-distance communication that knowledge of different parts of the world became easier for the masses. In the 1950s, television was also more widely available. All these opened a window to the world for many.

After World War I, a number of international schools were established to educate children whose parents worked at embassies and international companies. The United Nations Educational, Scientific and Cultural Organization (UNESCO) was established in Paris after World War II and prioritised international schools. But it was not until the 1960s that the IB diploma was developed, with the first programme taking place in 1971. Communication tools were further developed throughout the 20^{th} century, with fax machines, free email, and the growth of the internet. These led to all the open resources such as Wikipedia, Google and Bing, which offered "unprecedented ways to provide and access information and opinion, for social interaction."[4]

Cultural education perspectives

When working to develop international mindedness in students, it is important to consider the different perspectives of the education system and the host country. In China, Confucian education believed in "learning through positive relationships with people from our nation and beyond".[5]

Western civilisations were influenced by Ancient Greek philosophy, whereas Eastern civilisations were formed by Chinese philosophy. The big difference between the two civilisations was that the Greeks encouraged 'personal agency' whilst Asian cultures encourage 'collective agency' – collaborating with others and listening to group advice.[6]

In Western education, independent thinking and teamwork has always been encouraged.[7] Teachers guide students towards forming their own ideas and developing their voice and opinion.

> "…develop internationally minded people who, recognising their common humanity and shared guardianship of the planet, help to create a better and more peaceful world."

In the Chinese education system, despite the larger class sizes and number of schools, students are required to follow a fixed set of rules and school policies. As many of today's children were born under the 'one child policy', they have added pressure from grandparents and parents to succeed.

Meanwhile, the world is becoming smaller and more integrated as advancements are made in transport and communication tools. Subsequently the difference between Eastern and Western education philosophies can be reduced.[8]

Internationally minded school ethos

For international schools, an overall ethos

1. *Ten Perspectives on International Mindedness*, IBO Online, 2014, <http://blogs.ibo.org/blog/2014/12/01/ten–perspectives–on–international–mindedness/>
2. Hill, I., 2012, *Evolution of education for international mindedness, Journal of Research in International Education*, vol. 11, No. 3, pp: 245–261.
3. Ibid
4. Ibid.
5. Ibid.
6. *Differences in Education between China and Western Counties*, China Educational Tours, 2014, viewed 18th November 2019, <https://www.chinaeducationaltours.com/guide/article–differences–in–education–between–china–and–western–countries.htm>
7. Ibid.
8. Hill, I., 2012, *Evolution of education for international mindedness, Journal of Research in International Education*, vol. 11, No. 3, pp: 245–261.

is needed to create values and international mindedness in all members of its community. It should create trust and make each member of the school community feel valued. Schools should also demonstrate an inclusive ethos amongst staff regardless of the status of their position.

Often the school culture can be viewed as being beyond the control of professionals, but teachers can develop it to achieve a specific outcome.[9] Part of this involves providing students with a voice to indicate equality.[10]

A school ethos is also important in developing students to be responsible members of society. The way a school ethos makes students understand how their actions affect the wider community can lead to their recognition of their role as a world citizen.

International mindedness in an ideal classroom

With teacher planning and creativity, international mindedness can be successfully integrated into all subject areas. Let's take a look at how this works in an art class.

Art is a subject that works well in building international mindedness, as "creativity transcends borders, and the arts are a great way to connect to other cultures."[11] An example of this could be to encourage students from different backgrounds to create autobiographical art that shows the different cultures influencing their identities.

Teachers could also introduce students to artists from different cultures, or discuss why techniques and themes were used at various times and how they developed through history. Looking at political contemporary art, by figures such as the Chinese artist Ai Weiwei, that addresses issues of race could lead to in-depth evaluations of cultural perspectives. Students can also use visual art to express their feelings on current political and social issues.

Another way of putting international mindedness into practice is finding ways to allow students to make art in collaboration with the wider community. Many students say they value putting their ideas on global issues into action. It allows them to witness situations firsthand rather than just discussing theories in class.[12] An example of doing this in an art class could be working with a local children's hospital to design wall displays and visuals for patients.

It should be acknowledged that implementing such learning opportunities within the classroom is not without challenges, one being the need for staff development. In a 2018 study, Savva and Stanfield found that working in an international environment did not automatically give teachers an international mindset. For this to happen, they indicate that the "requirement for an intentional and ongoing professional development plan is essential to developing cultural competence in teachers."[13]

A further challenge may be conflict between the values of the school and the host culture. One way around this could be for teachers to not impose or give their views directly to students, but to instead encourage students to consider all their cultural influences and conduct their own enquiries into issues.

Conclusion

To conclude, international mindedness must be defined in a way that is relevant to the context and demographics of the individual school. It is also important that teachers and support staff within the school experience continual development in their own international mindedness, as it will not just happen from working in a multicultural environment. International mindedness is important for developing both responsibility in students, so they can contribute to global development in the future, and their ability to work in multicultural work environments. Finally, international mindedness must be supported by an inclusive school ethos to encourage its integration into all curriculum areas.

Dulwich College Beijing

Joseph Stewart is assistant head of the Senior School at **Dulwich College Beijing**. This role involves leading teachers in guiding students through the changes they experience in middle school. Joseph also teaches art and views it as a highly valuable subject in developing international mindedness in students. He comes from an international family that includes Portuguese, American, Malaysian, Scottish and Chinese relatives. This experience since childhood of being surrounded by different cultural perspectives began a lifelong interest in international mindedness.

9. Jerald, C.D., *School Culture: The Hidden Curriculum*, The Center for Comprehensive School Reform and Improvement, 2006, available at <https:files.eric.ed.gov/fulltext/ED495013.PDF>, viewed 5th November 2019.
10. Barrat Hacking, E., Blackmore, C., Bullock, K., Bunnell, T., Donnelly, M. and Martin, S., 2018, *International mindedness in practice: the evidence from International Baccalaureate schools, Journal of Research in International Education*, vol. 17, no. 1, pp. 3–16.
11. Stewart, V., *A classroom as wide as the world*, in Hayes Jacobs, H. (ed.), 2010, *Curriculum 21: Essential Education for a Changing World*, ProQuest Ebook Central.
12. Barrat Hacking, E., Blackmore, C., Bullock, K., Bunnell, T., Donnelly, M. and Martin, S., 2018, *International mindedness in practice: the evidence from International Baccalaureate schools, Journal of Research in International Education*, vol. 17, no. 1, pp. 3–16.
13. Savva, M. and Stanfield, D., 2018, *International–mindedness: deviations, incongruities and other challenges facing the concept, Journal of Research in International Education*, vol. 17 no. 2, pp.179–193.

Sending Money Home

Profit repatriation strategies for China

by Valur Blomsterberg

Profit repatriations (dividends)

Dividends to shareholders is the most common way FIEs in China repatriate profits, despite it being a fairly costly method. The expense is because, first, companies must pay corporate income tax (CIT) on profits. Of the gross income from dividends paid to overseas entities, a withholding tax of 10 per cent should be paid – unless a preferential rate is granted under a double tax agreement. Additionally, FIEs wishing to repatriate profits must place at least 10 per cent in a reserve account, up to a specified limit, which can later be reinvested in the business.

Profit repatriation is also a lengthy process. It can only begin after annual tax reports have been filed and CIT paid – usually by the end of June of the following fiscal year. It can then take up to two months to apply for a preferential tax rate, if applicable, and register it with the State Administration of Foreign Exchange (SAFE). And before a company can even become eligible to pay dividends, it must first fully top-up its registered capital and settle any accumulated losses carried forward from previous years.

Service fees

Another method FIEs have of repatriating profits is through service agreements. Certain functions—such as accounting, HR, information technology, and marketing—may be carried out at the firm's group company-level or by a related party in exchange for a service fee charged by the group company to repatriate funds overseas. In general, VAT and other surtaxes on the service fees must be withheld by the FIE, in addition to a 25 per cent CIT on a deemed profit rate of between 15–50 per cent of the fee, before any remittance can be made. While CIT exceptions and other preferential treatment for intercompany service agreements exist in China, these are only available on a case-by-case basis and subject to pre-approval by the relevant tax authorities.

It's important to note that service agreements signed with foreign entities must be registered with the tax authorities within 30 days. The authorities reserve the right to question the validity of these service agreements, and will scrutinise three areas in particular:

- Were the services actually delivered?
- Were the services rendered inside or outside China?
- Were service fees calculated in accordance with the 'arm's length principle'?[1]

Given their potential for misuse, service agreements between related parties have become a focus for the tax authorities. Thus, it's important to ensure such agreements are in compliance with the People's Republic of China (PRC) law.

Royalties

Fees paid to an overseas entity in relation to the use of intellectual property are similar to

1. The 'arm's length principle' states that the amount charged for goods or services exchanged between related parties must be calculated as if the parties were not related.

China has long maintained strict foreign exchange controls over funds entering and leaving the country, meaning foreign investors face a series of compliance challenges. With the current pace of regulatory changes, and with Chinese banks adopting different anti-money laundering procedures, such investors are naturally concerned about their ability to move funds and most importantly, repatriate profits. In this article, **Valur Blomsterberg** discusses the four primary ways for foreign-invested enterprises (FIEs) to achieve these goals, as well as applications of transfer pricing in China.

service fees in that they are both tax efficient and relatively convenient for the business. Like with service agreements, a VAT of 6 per cent and a 25 per cent CIT on deemed profits—usually around 40 per cent—must be paid before remittances can be made. Royalty agreements must also be registered with the Trademark Office and the details provided, including the rationale for calculating royalty fees.

Foreign loan interest payments

The final method of repatriating profits overseas is through foreign loan interest payments. According to PRC law, an FIE's total investments can exceed its registered working capital by between 30–70 per cent. The difference can be registered as a foreign loan on which the FIE pays interest to its parent company at a rate not exceeding the Bank of China's official rate. FIEs are required to withhold a 6 per cent VAT and other surtaxes, as well as a 10 per cent CIT on all interest payments made on foreign loans.

How transfer pricing works

Transfer pricing is an accounting practice related to intercompany payments made in exchange for good or services. Transfer pricing allows companies to redistribute earnings amongst groups or related parties. However, due to the potential for misuse, the tax authorities will often examine such transactions, focusing in particular on:

- How each party benefited from the transaction;
- The necessity of the services in question;
- The rationale for determining price; and
- In the case of royalties, how much value the company derived from use of the intangible assets.

Additional considerations

When choosing methods of profit repatriation, a company should consider their particular business situation, keeping in mind that the Chinese tax authorities reserve the right to question the validity of many of methods. It's also important that the business conducts thorough cashflow forecasts before repatriating profits to avoid needing to later increase its working capital.

It's also worth mentioning that qualified non-resident foreign entities can defer withholding tax for profits derived from resident companies if they reinvest those profits in projects outlined in the *Catalogue of Encouraged Industries for Foreign Investment*. Thus, to take advantage of the full range of profit repatriation methods available and achieve an optimal tax liability, foreign investors are encouraged to plan ahead.

Valur Blomsterberg

Valur Blomsterberg is a Business Development Manager at an accounting agency focused on foreign investment in China. Valur has previously worked for publicly listed multinationals and local firms in China. He is a regular content contributor to the media for topics related to SME financial management, tax and investment in China.

Trade Barriers

The factors complicating business for foreign firms

by Orlaith Delaney

The World Bank released its annual *Doing Business* report in October, ranking economies worldwide on the ease of operating there. The top three were New Zealand, Singapore and Hong Kong. China jumped 15 places to No. 31, which also earned it a spot among the 10 economies that made the most reforms over the previous 12 months. The World Bank credited China for undertaking "substantial efforts to improve the domestic business climate for small and medium-size enterprises". But would companies on the ground in China agree with this judgement? **Orlaith Delaney**, **Content Manager** with the European Chamber, considers this question.

Ahead of the 1st October celebrations of of the People's Republic of China's 70th anniversary, many enterprises in Beijing found themselves subject to month-long shutdowns. For those that are just starting to get their operations running smoothly again, the 'ease of doing business' in China must still seem like a pipe dream.

These mandatory shutdowns are nothing new for Beijing-based companies: whenever there's a major event like a key anniversary or a Belt and Road Forum, the production lines and even popular nightlife areas around the capital go quiet. While it's common for cities worldwide to experience disruptions to business during celebrations of national days or holidays—such as the Christmas season in Europe—few will oblige local enterprises to close their doors for weeks at a time. Cities across China have experienced the same blanket bans as local governments strived to meet their anti-pollution targets. Another issue for firms in China, as the European Chamber has discovered from its members, is that compliant companies are targeted as often during anti-pollution drives as those that make no efforts to curb their emissions.[1]

These are just some of the obstacles to business you won't find listed on any of the Chinese Government's negative lists regulating foreign investment and access to the country's free trade zones. These lists were reduced in June 2019 in a move the *Global Times* said showed China's "firm determination to further open up its vast market at its own pace, and offer dividends from its economic growth to the world".[2] The article also cited experts promising that foreign enterprises would have equal access to sectors outside those negative lists, while "noting that they are also required to comply with relevant local laws and rules".[3]

It is these local laws and rules that often pose the most difficult barriers for foreign business in China. One example of such regulatory barriers can be seen in the following example from the blog of an 'old China hand', Gilbert Van Kerckhove:[4]

"

Recently Chinese customs came out with a new regulation to be enforced: no any food and beverage products could be imported if they contained acesulfame potassium. It is a calorie-free sugar substitute known as E950 in the European Union.

It has been used in foods and beverages around the world for fifteen years and in numerous foods in the USA since 1988. More than ninety studies have demonstrated the safety of acesulfame potassium, also known as 'acesulfame K'.

It is used in such products as candies, baked goods, frozen desserts, beverages, dessert mixes, tabletop sweeteners, some beers and many other food products and condiments. Unlike other sweeteners, it is stable when heated. This explains why it is found in many baked goods.

As a result, suddenly many famous fruit juices were stopped by Chinese Customs. Containers of Belgian beer were bulldozed as it was said to contain the substance; actually, the substance is a direct result from the fruit added in the beer and was not added separately.

The move was seen by many as a way to block imports of foreign products that were a threat to domestic competitors, fruit juices among others.

"

The European Chamber launched its *European Business in China Position Paper 2019/2020* in September. Of the 34 working groups and sub-working groups that contributed papers, all but two explicitly cited indirect barriers—such as those listed on the right—as a concern for their industry. As a result, one of the recommendations of the *Executive Position Paper* to the Chinese Government was:

"Reinvigorate China's opening up process to embrace a holistic understanding of market access that goes beyond direct barriers like the negative lists and also considers secondary barriers like licensing."[5]

Some of these secondary barriers cited include: hospitals required to source Chinese brand medical products;[6] foreign-invested enterprises blocked from full participation in technical committees on standards;[7] requirements for the testing of all cosmetic imports on animals;[8] requirements for security reviews for cross-border transfers of data

1. *Nanjing Position Paper 2019/2020*, European Union Chamber of Commerce in China, 2019, p. 14.
2. Chu, Daye and Huang, Ge, *China Further Cuts Negative Investment List, Global Times*, 30th June 2019, viewed 8th August 2019, <http://www.globaltimes.cn/content/1156303.shtml>
3. Ibid.
4. Gilbert van Kerckhove, *China Foreign Investment Law, blog.strategy4china.com*, 24th May 2019, viewed 1st November 2019, <https://blog.strategy4china.com/2019/05/china–foreign–investment–law/>
5. *European Business in China Position Paper 2019/2020*, European Union Chamber of Commerce in China, 2019, p. 30, <https://www.europeanchamber.com.cn/en/publications–position–paper>
6. Ibid, p. 23.
7. Ibid, p.132.
8. Ibid, p. 195.

Top 15 Regulatory Challenges Faced by European Businesses

- Ambiguous rules and regulations
- Administrative issues
- Discretionary enforcement
- Market access barriers
- Licensing and registration issues
- Unpredictable legislative environment
- IPR protection
- Customs procedures
- Corruption
- Discrimination in public procurement
- Cybersecurity
- Restrictions on access to financing
- Technology transfer requirements
- Ownership restrictions
- Uncertainty over the application of anti-trust rules

gathered in China;[9] and the non-recognition of international professional qualifications.[10]

These are issues regularly brought up by members of the European Chamber. For instance, in our *Business Confidence Survey 2019* report, over two-thirds of respondents said indirect barriers such as these were the main reasons for their restricted access to the Chinese market.

There is no doubt the Chinese Government has achieved reform in many sectors, but work on indirect barriers to trade must accompany these efforts. Otherwise, the Chinese capital may see an exodus of companies ahead of the 2022 Winter Games, as they avoid mandatory shutdowns further compounding the impact the economic slowdown and trade war are already having on their bottom lines.

9. Ibid, p. 317.
10. Ibid, p. 290.

Media Watch

President Jörg Wuttke interviewed by CNBC on SOE reform and China's opening up

President of the European Chamber Jörg Wuttke was interviewed by *CNBC* before the launch of the *European Business in China Position Paper 2019/2020* on 24th September. President Wuttke said the reason the Chamber focussed on state-owned enterprises (SOEs) for this year's *Executive Position Paper* is that these entities are burning through money in China. He said there is a correlation between the density of SOEs and economic performance; in SOE-dominated north China, recession is hitting the region, whereas in the private company-dominated south, the Chinese economy performs really well.

President Wuttke and Southwest China Chapter Chair Paul Sives launch Position Paper 2019/2020 in Chengdu

On 16th October, President Jörg Wuttke, along with chair of the Southwest China Chapter, Paul Sives, launched the *Position Paper 2019/2020* in Chengdu, Sichuan Province. Mr Sives said that compared with megacities such as Shanghai and Guangzhou, the Southwest region has certain advantages, such as comparatively low costs for foreign companies. Therefore, member companies of the European Chamber are becoming more confident in the development prospects of the region.

Jörg Wuttke, president of the European Chamber, was interviewed before the launch of the *European Business in China Position Paper 2019/2020*
Media: CNBC
Date: 24th September 2019

中国欧盟商会：越来越多欧盟企业热切想来中国投资发展

Paul Sives said that compared with megacities, the Southwest region has certain advantages
Media: Chinanews
Date: 16th October 2019

President Jörg Wuttke and Vice President George Lau, were interviewed on China's Corporate Social Credit System
Media: NewsGD.com
Date: 29th October 2019

Vice President Carlo D'Andrea interviewd on expectations for second Shanghai CIIE
Media: CGTN
Date: 3rd November 2019

Vice President Charlotte Roule's interview on Marcon's visit to China
Media: Bloomberg
Date: 4th September 2019

President Wuttke, Vice President George Lau talk to NewsGD.com about China's Corporate Social Credit System

President Jörg Wuttke and Vice President (VP) and South China Chapter Chair, George Lau, were interviewed on China's Corporate Social Credit System by *NewsGD.com* on 22nd October. President Wuttke suggested that European companies should not only think about how to be part of the system, but also consider how they can benefit from it. VP Lau pointed out that South China has a very friendly business environment due to the professional and transparent work of the local government. This combined with the European Chamber's organisation of regular working group meetings and dialogues with the local government, at both the municipal and provincial levels, helps to improve bilateral collaboration.

Vice President Carlo D'Andrea interviewed by CGTN on expectations for second Shanghai CIIE

European Chamber Vice President (VP) and Chair of Shanghai Chapter Carlo D'Andrea joined *CGTN*'s *Global Watch* on 3rd November to discuss the China International Import Expo (CIIE) held in Shanghai in early November. VP D'Andrea called for more reform and market access, and expressed hope that the EU and China will sign the Agreement on Geographic Indication on Products, as well as the EU China Comprehensive Agreement on Investment (CAI) by the end of 2020.

Vice President Charlotte Roule's interview with Bloomberg on Marcon's visit to China

European Chamber Vice President (VP) Charlotte Roule was interviewed by *Bloomberg* on 4th November on the significance of Macron's visit to China. VP Roule emphasised that Macron's visit will not only focus on the bilateral relationship between China and France but also on the development of the multilateral relationship between France, the EU and China. In addition, VP Roule expressed European business' expectations on the EU and China signing the Comprehensive Agreement on Investment (CAI), which she said can truly produce reciprocity between the two sides.

Vice President Jens Eskelund delivers keynote speech at Qingdao Multinational Summit

European Chamber Vice President (VP) Jens Eskelund delivered a keynote speech at the Qingdao Multinational Summit on 10th November. VP Eskelund said that state company monopolies have dampened market forces and hurt small suppliers, and could go as far as to harm China's chances of escaping the middle-income trap. His comments were reported by both international and local media.

Nanjing Chapter Chair Bernhard Weber takes part in documentary on Jiangsu development

On 26th September, Bernhard Weber, chair of the European Chamber Nanjing Chapter, shared his thoughts on the development of Jiangsu Province from the perspective of a foreign-invested manufacturer, as part of the China National Day documentary series, *Let the World See and Understand Jiangsu*. Mr Weber discussed the progress he believes the local government has made in recent years in optimising the local business environment.

BEIJING, 24TH SEPTEMBER 2019

European Business in China Position Paper 2019/2020 launch

- Each recommendation represents a piece of the overall reforms that are urgently needed to improve China's business environment.
- The report focuses in particular on the need for SOE reform, which is crucial to the country's future development.
- One of the biggest challenges facing European companies is China's 'economic caste system', which favours state-owned over private and local over foreign.
- This biased economic structure pits finance-starved private companies against the unnaturally enhanced, inefficient SOEs that are at the core of China's structural problems.
- The continuation of this system is doing little to inspire the European business communities' long-term confidence in China's economy.

BEIJING, 25TH OCTOBER 2019

US–China Trade War and Implications for Europe

- It is impossible to predict the outcomes of the trade war.
- Tension between US and China had been building for a long time: i) a rising China and a declining US; ii) US public opinion of China has become more and more negative.
- Washington has divergent views of what it wants from China:
  - Trump is infatuated with trade deficit, despite prevailing counter-view it is a domestic issue;
  - US business wants to change unfair investment policies in China but security establishment wants battle for supremacy and decoupling.
- China's trade surplus increased because of urbanisation.
- Migrant workers in cities save more than average urban citizens.
- Forced technology transfer only concerned with about five per cent of foreign-invested companies.

SHANGHAI, 17TH SEPTEMBER 2019

Third Edition of the Sustainable Business Awards Ceremony & Conference

- The winners of the 2019 Sustainable Business Awards are:
  - *Corporate Social Shared Values Category:* EF Education First
  - *Outstanding Environmental Performance Category:* Saint-Gobain
  - *Social Innovation Leadership Category:* Covestro Polymers China
- Social purpose is broader than traditional CSR; it encompasses how the core business delivers positive economic, social, and environmental impact in the world.

SOUTH CHINA, 21ST OCTOBER 2019

China Corporate Social Credit System Report launch

- The Corporate Social Credit System (SCS) uses modern technologies to monitor, control and steer market participants through a diverse range of rating requirements.
- Businesses are bound to obey strict compliance with market regulations, choose the right partners and suppliers, and improve their data integrity.
- The Corporate SCS is a life-or-death test for businesses in China, they must prepare for the consequences.

SOUTH CHINA, 22ND OCTOBER 2019

Meeting with Consuls General of European countries

- The European Chamber's report on the Corporate Social Credit System was presented, as well as the latest annual *Position Paper*, which calls for state-owned enterprises (SOEs) reform in China.
- The local business environment, and challenges and opportunities for European business in South China were discussed against the backdrop of the Greater Bay Area initiative.

NANJING, 22ND SEPTEMBER 2019

European Chamber Nanjing Autumn Badminton Tournament

- A total of 12 teams and around 150 attendees joined the event at the Nanjing International School.
- The winners of the Champions Group are Epiroc, Smartermice and BASF-YPC.
- The winners of the Cup Group are BSH, Bosch Huayu and Saint Gobain.

SOUTHWEST CHINA, 16TH OCTOBER 2019

European Business in China Position Paper 2019/2020 launch (Chengdu)

- China's economy is growing very fast in many fields, such as the chemical industry.
- The feedback from the Chinese market also brings learning opportunities for European enterprises, which encourages them to continuously improve the quality of their products.
- Compared with big cities like Shanghai and Guangzhou, the Southwest region has a big advantage of lower costs for foreign enterprises.
- More and more high-tech enterprises are investing in Chengdu.

Advisory Council News

Merck completes acquisition of Versum Materials

Merck, a leading science and technology company, announced on 7th October 2019 its acquisition of Versum Materials, Inc. ('Versum') for approximately euro (EUR) 5.8 billion. The business combination is expected to make Merck a leading electronic materials player focused on the semiconductor and display industries.

As a result of the acquisition, the number of Merck employees will increase by approximately 2,300 to a total of around 56,000 in 66 countries. As of 2022—the third full year after the transaction closing—Merck expects annual synergies of EUR 75 million.

"By acquiring Versum, we will be optimally positioned to capitalise on long-term growth trends in the electronic materials industry. At the same time, we are broadening Performance Materials [division], balancing our portfolio with three strong business sectors and sharpening our strategic focus on innovation-driven technologies," explained Stefan Oschmann, chair of the Executive Board and CEO of Merck.

By year-end, Merck expects the legacy Versum business to contribute around EUR 270 million to Group net sales. Shares in Versum will no longer be traded on the New York Stock Exchange, with Merck now being the sole owner of the company. Versum shareholders are being paid United States (USD) 53 per share in cash.

Siemens I-Green Education Programme celebrates 10th anniversary

This year marks the 10th anniversary of Siemens I-Green Education Programme. As an environmental education program for Chinese primary and middle schools, Siemens I-Green Education Programme is designed

The first class of Siemens I–Green Education Programme in Beijing Tong Xin Primary School in 2009.
Photo: Siemens

to raise environmental awareness among migrant children, and help them better integrate into urban life by science and technology education through the efforts of Siemens employee volunteers. As Siemens' first environmental education programme for migrant children in China, it has now been rolled out in 11 migrant children's schools in 10 cities, including Beijing, Shanghai, and Chengdu. Over the past ten years, more than 2,800 Siemens volunteers have contributed to the programme, benefitting over 24,000 students. The programme has also become one of the core projects of the China Education Support Project, which aims to facilitate university students in supporting education in rural primary and middle schools. Siemens has won widespread recognition and numerous awards for its I-Green Education Programme. Siemens also received the 'Sustainable Development and Environmental Protection' award from the European Chamber, its fourth corporate social responsibility award from the Chamber.

Progetto CMR install the 'Sky Ring' in Chongqing's Xiantao Big Data Valley

Chongqing now has a 'Sky Ring' offering views of the magnificent mountain city from the top of some of its tallest towers.

The Sky Ring is part of the Big Data Three-Towers Core Products Office Building, which—as the name suggests—is comprised of three buildings. The ring connects the upper parts of the towers, integrating them into one seamless building. The ring, which will host public activities, is designed to represent a fast and continuous stream of data.

Progetto CMR developed the masterplan for the overall Xiantao Big Data Valley and the architecture design for Phase Two of the project.
Photo: Progetto CMR

Progetto CMR developed the masterplan for the overall Xiantao Big Data Valley and the architecture design for Phase Two of the project, in cooperation with CMCU. The project consists of over 300,000 square metres that will feature offices, apartments, a hospital, a school and leisure areas such as gardens and a lake.

Xiantao Big Data Valley, also known as the first big data ecological valley in China, is located in Chongqing, the economic engine of Southwest China. The valley aims to become a top-notch industrial cluster for Chinese and China-based big data companies, catering to the needs of the next generation of high-tech enterprises.

ENGIE China attends 2019 Taiyuan Energy Low Carbon Development Forum

Held in Taiyuan, Shanxi province, from 22nd October to 24th October, the 2019 Taiyuan Energy Low Carbon Development Forum brought together government officials from various countries as well as international organisations, business leaders, and expert practitioners from the energy sector. With its commitment to providing sustainable and efficient energy solutions to the Chinese market, ENGIE was invited to attend the three-day forum as an honourable guest.

Approved by the State Council of the People's Republic of China in 2016 and jointly hosted by the Ministry of Science and Technology, the Ministry of Commerce, the National Energy Administration, and the provincial government of Shanxi, the Taiyuan Forum has a significant impact on the global energy field. This year's edition, themed 'Energy Revolution, International Cooperation', focused on strategies to create "a pioneer for national energy revolution".

ENGIE was invited to attend the 2019 Taiyuan Energy Low Carbon Development Forum as an honourable guest.
Photo: ENGIE

At the forum, ENGIE China introduced its professional services and extraordinary achievements in the energy field. ENGIE China went on to reiterate its efforts to contribute to the energy revolution in China, as well as its continued commitment to fighting air pollution, and helping cities overcome their sustainability challenges.

Novozymes appoints new CEO

Novozymes' Board of Directors has appointed Ester Baiget as president and CEO, effective from 1st February 2020. Ms Baiget succeeds Peder Holk Nielsen who, as previously announced, will be leaving Novozymes in early 2020.

Ms Baiget currently serves as business president for Dow's Industrial Solutions business unit and is a member of the executive leadership team. She joined Dow in 1995 as an engineer in Tarragona, Spain. Since then, she has held manufacturing, technical, commercial and strategic roles in a company that has undergone tremendous change over time. In her years as business president for Industrial Solutions, the business has expanded the market, improved its market-leading position, and delivered double-digit growth and strong earnings. Ms Baiget is credited with implementing a clear growth, innovation and operational strategy to produce strong financial results.

"Ester is an experienced international leader with a very strong track-record within transformational change and driving profitable growth. Her experience is broad and global, and she is known for combining strong commercial credentials, technical expertise and an engaging, motivational leadership style," said Jørgen Buhl Rasmussen, chair of the Board of Directors.

Ms Baiget has a passion for sciences and inspires colleagues and future generations through her role as a science, technology, engineering and mathematics (STEM) ambassador and as an active proponent of the Women's Innovation Network (WIN). Ms Baiget is a Spanish national, currently living in Switzerland; she plans to relocate to Denmark together with her family after joining Novozymes. She holds a chemical engineering degree and an MBA from the University of Tarragona (Spain).

Total announces third 2019 interim dividend, sees increase compared to 2018

On 29th October, the Total Board of Directors decided the distribution of the third 2019 interim dividend at an amount of EUR 0.68/share – an increase of six per cent compared to the 2018 interim and final dividends.

This decision reflects the immediate implementation of the policy announced on 24th September 2019, to accelerate dividend growth in the coming years, with a guidance of increasing the dividend by five to six per cent per year. It demonstrates the board's confidence in the group's ability to deliver profitable and sustainable growth in the years to come.

Tell Us Your Big News

European Chamber members are welcome to add news items on their own activities to our website, and share it with all the other 1,600 members.

EURObiz

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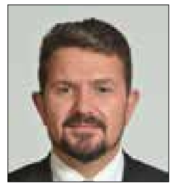
George Lau
TÜV Rheinland (Guangdong) Co, Ltd

Charlotte Roule
ENGIE China

TREASURER



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Siemens

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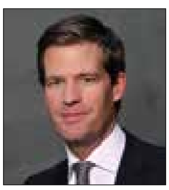

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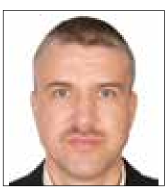

Harald Kumpfert
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General Manager

SW CHINA


Sally Huang
General Manager

TIANJIN

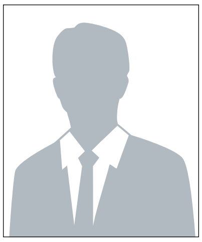

Catherine Guo
General Manager

SECRETARY GENERAL


Adam Dunnett

Listed in alphabetical order.

European Chamber Working Group Chairs



Agriculture, Food & Beverage National Chair

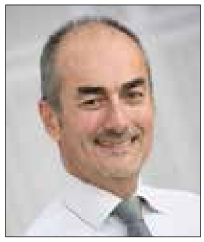
Election result pending

Auto Components National Chair

Felix Koo (Acting)

Automotive National Chair

Tony Wu



Aviation & Aerospace National Chair

Albert Varenne

Banking & Securities National Chair

Peter Ling-Vannerus

Compliance & Business Ethics National Chair

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Anastasia Kornilova

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Janice Ma

Energy National Chair

Guido Giacconi

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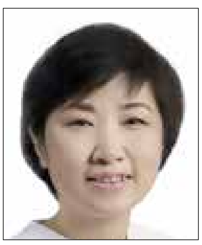
Jet Chang

Finance & Taxation National Chair

Anna Ding



Healthcare Equipment National Chair

Annie Qiman Yin

Human Resources National Chair

Jeanette Yu

Information & Communication Technology National Chair

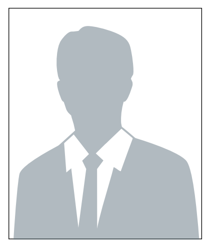
Caroline Chen

Insurance National Chair

Amy Zhu

Investment National Chair

Jens Ewert

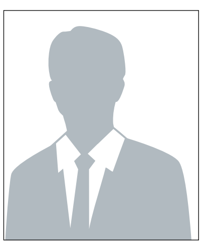


Intellectual Property Rights National Chair

Election result pending

Legal & Competition National Chair

Michael Tan



Logistics National Chair

Cindy Rong (Acting)

Petrochemicals, Chemicals & Refining National Chair

Xavier Durand-Delacre

Pharmaceuticals National Chair

Ye Li

Research & Development National Chair

Zhonghua Xu

Standards & Conformity National Chair

June Zhang

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of the European Chamber

The members of the European Chamber's Advisory Council are particularly active in representing and advising the Chamber, and make an enhanced contribution to the Chamber's funding.

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BMW	BNP PARIBAS 法国巴黎银行	bp
BUREAU VERITAS 1828	covestro	Deutsche Bank 德意志银行
ENGIE	FINCANTIERI	KPMG
MAERSK	MERCK	MICHELIN 米其林
novozymes	NOKIA	PHILIPS
PROGETTO CMR MASSIMO ROJ ARCHITECTS	Roland Berger	SAP
Schneider Electric	SENNHEISER	SIEMENS
法兴银行 SOCIETE GENERALE	storaenso	thyssenkrupp
TOTAL 道达尔 COMMITTED TO BETTER ENERGY	VEOLIA	VOLKSWAGEN GROUP CHINA