

# US/China Expatriate Assignment Guide

Kevin Carroll  
November 29, 2004

## Table of Contents

Introduction.....	2
Background.....	2
P&G International Placement .....	2
China.....	4
History.....	4
Geography & Demographics .....	4
Culture & Etiquette.....	5
Government & Business .....	9
United States .....	14
History.....	14
Geography & Demographics .....	14
Culture & Etiquette.....	15
Government & Business .....	16
Expatriate Adaptation .....	18
Travel Considerations .....	18
Relocation Considerations .....	20
Appendix I: Resources.....	22
Flags.....	22
Maps.....	22
Country Facts .....	23
Appendix II: Pictures .....	24
Appendix III: Report Guidelines .....	25

Disclaimer: Please note that this guide is not an approved resource from P&G Human Resources or any other P&G organization. It was simply written by a P&G employee for a course in the University of Cincinnati's Master of Business program. The course involved a two-week trip to China, which included university lectures, company visits, and cultural tours. Furthermore, this guide is meant only to be an introduction to the topics described herein. For further reading, please review the resources referenced at the end of this guide.

## INTRODUCTION

In addition to this document, you can find a succinct description of these and related topics in Passport China: Your Pocket Guide to Chinese Business, Customs & Etiquette by Jenni Li. You may also want to read Doing Business in China by Tim Ambler and Morgen Witzel to explore these topics in greater detail. For more in depth information about move-related topics, visit the China area of [Monstermoving.com](http://Monstermoving.com)'s International Relocation Center.

### *Background*

According to P&G Global Relocation Policy Intent, we “relocate employees to build the business and to build organization capability” and “relocation is one way we invest in and leverage our diverse global workforce.”<sup>1</sup> The purpose of this guide is to outline how P&G employees might prepare for such an opportunity, specifically for US expatriates in China and for Chinese expatriates in the US, and to provide the employee with key background information that may be critical to their adaptation and success in the local environment. Topics range from cuisine to religion on the personal side and from compensation to benefits on the professional side.

### *P&G International Placement*

Before we get too far, let's put into context the nature of an expatriate placement versus other types of international placement. P&G has three primary types of international assignments – *Extended Business Travel, Expatriate Relocation, and Localization*. All of these are distinct from typical international business travel. While the length of stay and the associated benefits may vary with each type of placement, most topics in this guide apply to all three situations.

Extended Business Travel (EBT) typically applies to international trips that last from three to twelve months.<sup>2</sup> It is designed to meet short-term business needs, while allowing the employee to maintain contact with his or her home country. Expenses related to moving the family and the purchase of household goods are not covered due to the short-term design of this type of placement.

Expatriate Relocation (ER) applies to international assignments that typically last from one to five years.<sup>3</sup> While this type of placement was once more common at all levels, it is now generally reserved for individuals being prepared for middle to upper management positions, especially positions with global reach. In most cases, the compensation packages are significant. Special cases include the Like Location Package (LLP) and Temporary Return to Former Home

---

<sup>1</sup> *Global Relocation Policy Intent*, February 2003, [P&G Expatriate Services](#)

<sup>2</sup> *EBT Policy Summary*, July 20003, [P&G Expatriate Services](#)

<sup>3</sup> *Expatriate Policy Summary*, July 2004, [P&G Expatriate Services](#)

Country (TRFHC).<sup>4</sup> In these situations, employees typically experience less disruption and adjustment and relocation support is designed to meet these unique circumstances.

Localization (Local-to-Local and Expatriate-To-Local) is aimed at employees who transfer from local status in one country to local status in another country or from expatriate status to local status in their current country or a country other than their home country. This type of placement is typically long term and there are no guarantees of a subsequent assignment in the employee's home country. The placement is a permanent shift in the home base of the employee. This means "starting afresh in the new location with enrollment into new government and/or state and company plans."<sup>5</sup>

---

<sup>4</sup> *LLP/TRFHC Policy Summary*, July 2004, [P&G Expatriate Services](#)

<sup>5</sup> *L2L/E2L Policy Summary*, August 2003, [P&G Expatriate Services](#)

# CHINA

Despite many similarities, the differences between the US and China seem far greater. In fact, few countries may be as different as these two. From geography & demographics to government & business to culture & etiquette, this guide can only hope to scratch the surface.

## *History*

The US, barely more than 200 years old, was founded by foreigners. The invaders almost completely wiped out the indigenous peoples in the process. In stark contrast, China is still overwhelmingly populated with its indigenous peoples and is “one of the world’s oldest continuous civilizations,”<sup>6</sup> its first state of note established in the 21st century BC, during the Xian dynasty.<sup>7</sup> It should be no wonder that history, culture, and tradition are of much greater value to the Chinese than to Americans. Most notable to China’s current business environment are two historical events – the establishment of the People’s Republic of China in 1949 and the economic reform of 1978. The establishment of the PRC was led by Mao Zedong of the China Communist Party. The economic reform that followed his death was led by his successor, Deng Xiaoping, who shifted the economy from a “sluggish, inefficient, Soviet-style centrally planned economy to a more market-oriented system.”<sup>8</sup>

## *Geography & Demographics*

Although China is just smaller (0.36%) than the US in total sq km, it is just larger (1.76%) than the US in total land area. Both countries also have similar climatic diversity. Extending from about 22 degrees north longitude to about 53 degrees North longitude, China’s climates vary regionally and range from tropical to arctic to arid. This is similar to that of the continental US, which extends from about 25 degrees North longitude to about 48 degrees North longitude. However, this may be the extent of the similarities between US and Chinese geography and demographics.

In fact, despite similar longitudinal coverage, China has only one time zone as opposed to the much more complicated system in the US (multiple time zones *and* daylight savings time). Rather than adjust the official time according to daylight, the Chinese simply adjust their work day where necessary – in farming, for instance. Where farmers in the east may start their day at 7am and work until 7pm, farmers in the west may start their day at 4am and work until 4pm.

China’s land boundaries are also distinctly different, out-distancing those of the US by 84% and helping to explain China’s 15 border-countries, while the US has only 2. This also

---

<sup>6</sup> *China At a Glance*, Monstermoving.com’s [International Relocation Center](#)

<sup>7</sup> Tim Ambler and Morgen Witzel, *Doing Business in China*, 2<sup>nd</sup> ed. (London: Routledge/Curzon, 2004) 36.

<sup>8</sup> United States, Central Intelligence Agency, *World Factbook* ([Online](#): 2004) China.

helps explain the long history of fighting off invaders from other countries. There was much more border to defend.

Conversely, China has 34% less coastline than the US. This results in fewer port opportunities. Since it is more cost-effective to move large shipments of cargo by water, trade and economic development tend to concentrate in those areas, namely in the east.

In terms of demographics, China is much larger and much less diverse. China's population of 1.3 billion is more than four times that of the US. The majority ethnic group in China (Han Chinese) accounts for 92% of the population, while the majority ethnic group in the US (White) accounts for only 77% of the population. Even that 77% is made up of many mixed "white" ethnicities, resulting in incredible diversity in comparison to China.

On the other hand, while Mandarin Chinese is the official language of business in China, there are many other Chinese dialects. While one may be completely incomprehensible to the other, sometimes inhibiting communication, most Chinese speak multiple dialects, especially Mandarin Chinese. In the US, there is obviously only one primary language, written and spoken, though regional accents can give difficulty to those speaking English as a second language. Luckily, all Chinese share one written language – a rare, but important similarity to the US. Unfortunately, only about 91% of the Chinese population is literate, compared to 97% in the US. That means that about 92 million Chinese over the age of 15 cannot either not read or write or both. That is a population ten times the size of the illiterate population in the US and roughly one-third the size of the entire US population.

P&G China Public Holidays: one day for New Year's Day, five days for Chinese New Year, three days for Labor Day, and one day for mid-Autumn day, three days for National Day, and one day for Christmas day. This adds up to 14 working days of holidays. In the US, we observe 12 days of holidays, but we are compensated with two personal holidays.

## ***Culture & Etiquette***

### **Names & Greeting**

Names are treated a little more formally in China and are written with the family name first, in all capital letters, followed by the given name. Out of respect, you should address Chinese by their family name and their appropriate title until instructed otherwise. While this tradition has been mostly given up in the US, such is not yet the case in China. Passport China expands upon addressing the Chinese, saying that "a popular way to address each other... is to add an age-related term of honor before the family name. These include *lao* (honorable old one) [and] *xiao* (honorable young one)".<sup>9</sup> Similarly, Professor WANG of the Capital University of Trade and Economics in Beijing instructed us that even the common greeting, *ni hao*, may be formalized to express respect – *nin hao*.<sup>10</sup>

---

<sup>9</sup> Jenny Li, *Passport China*, 2<sup>nd</sup> ed. (Novato, CA: World Trade Press, 2003) 65.

<sup>10</sup> WANG Xuewei, Assoc. Professor of English, Capital University of Trade and Economics, Beijing, 7 Sep. 2004.

## Meals

Chinese dinners, especially in restaurants, are often held around large circular tables. This format serves two purposes. First, where long rectangular tables create many small pockets of conversation, a large circular table creates one large cohesive unit of socialization. It puts everyone in each other's direct line of sight. Secondly, it creates a large space in the middle for the family style plates of food. Rather than pass the plates around, the plates are all placed on a large turntable that often ends up in a state of perpetual motion. Missed the dish you wanted? Don't worry – it will be back around soon.

Traditionally, the meal officially begins when the guest of highest honor or the eldest member of the group takes the first bite. As a guest in a new country, the Chinese will be most understanding if you do not know what to do. Just ask. It is better to ask and appear considerate rather than to falter and bring embarrassment upon yourself and possibly the others at your table.

At our first meal in China, our tea was served in cups with lids. We weren't exactly sure of the purpose of the lids, so one of the students in our group inquired. We were told to tilt the lid slightly to one side and to sip through the opening. This would prevent ingestion of the tea leaves. To understand this, you must first understand that the tea is not packaged in the little bags to which Americans are accustomed. Rather, the tea is fresh. Though the leaves usually sit on the bottom of the glass, tiny air bubbles may keep some of the leaves afloat. The lid skims them off the top as you drink.

For anyone with any exposure to Asian cuisine, the use of chopsticks will not be a surprise to you. However, you may have never tried them yourself. If not, do. You will not "lose face" for trying. Though you may be embarrassed by fumbling around with them, you will earn much more respect than those who effortlessly lift their food to their mouths with silverware. Besides, you will find that slowing down will result in a quicker recognition of when you're full, avoiding that "oh, I ate too much" feeling.

Toasting in China is another meal-time custom that may take some getting used to for Americans. An experienced host can typically hold his liquor much better than we and he may flaunt this by toasting each guest individually. Toasting may continue throughout the entire meal. Therefore, try to avoid encouraging the "gan bei" (sounds like "gone bye" and loosely means the same or "bottoms up") too early in the meal. Otherwise, you may end up quite "toasted". If you are not a big drinker or not a drinker at all, it is not impolite to refuse the alcohol. Do participate in the toast, however, even if you must raise a glass of water. A few of us slid under the radar by filling our shot glasses with water after the first round.

The food itself varies from region to region, but one theme you will notice is a lack of carbohydrates and sweets. Our diet consisted primarily of meats and greens and the occasional silk worm larvae and duck tongue. Such a high-fiber, low-carb diet did, however, do a number on the digestive systems of some of us in the group after a few days. Dessert was typically served only at the nicer restaurants and consisted primarily of watermelon, a very healthy dessert. Surprisingly, we didn't have much rice during our stay and I don't recall seeing fortune cookies anywhere.

In the Sichuan province, well known for its cuisine, you will find some much spicier food. The treasure of the region is the Sichuan Hot-Pot. Available in a spicy and mild, this boiling pot of fondue is used by each diner to cook delicious slices of shaved lamb, beef, and

fish. However, there is one food/garnish that you may want to avoid – the Sichuan Peppercorn. Although it's not excessively spicy, you will quickly find your salivary glands in overdrive and your tongue going numb. I learned this lesson the hard way, mistaking them for capers.

Speaking of digestive problems, beware of the water and do not eat anything that is uncooked or cannot be peeled. The water supply in China is generally not safe to travelers. Keep a more than adequate supply of bottled water on hand and carry a bottle or two with you everywhere. Don't even brush your teeth with tap water. When ordering water in a restaurant, ask for the bottle and check the seal yourself. Don't put ice in anything, as it is usually made from tap water as well. Generally the tea is okay since it is made with boiling water. In fact, when ordering water at some establishments, you may actually receive a glass of boiling water rather than a bottle of cold water.

As careful as you might be, there is still a good chance that the bacteria may get the best of you, especially if you are a nail-biter. You may not be able to avoid stomach pains or a bad case of the runs, especially during your first few weeks in China. Make sure to have plenty of Cipro or other prescription strength medication on hand just in case. If you are forced to use the Cipro, take it until it's gone, as it instructs. Otherwise, your symptoms may return in a day or two. Also make sure to double your efforts to stay hydrated and eat plenty of yogurt – the type with active cultures. The medicine will kill off the good bacteria in your stomach along with the bad. If you're not careful, you may end up with the opposite digestive problems like I did.

### **Philosophy and Religion**

Religion is a difficult subject to discuss with regards to China. Not because of the oppression that culminated in the Cultural Revolution Period, but because China is officially atheist and has no clue religion in the sense of believing in supernatural powers. In fact, Tim Ambler noted in Doing Business in China that “the line between philosophy and school of thought and religion is not as clear [in China] as in the West.”<sup>11</sup> Indeed, even the 1-2% Muslims and 3-4% Christians<sup>12</sup> in China are heavily influenced by the more predominant schools of thought – Daoism (or Taoism), Confucianism, and Buddhism. Although not strictly religions (if at all), all three had a profound impact on modern Chinese thinking.

Daoism (*c.* 500 BC), attributed to Laozi, suggests a way of thinking that will bring harmony and wisdom through respecting the “all-pervading, self-existent, eternal cosmic unity from which all created things emanate and to which they all return.”<sup>13</sup> It builds on the mystical side of humanity, stressing healthy living, generosity of spirit, and comradeship. Confucianism did not become “official orthodoxy” for about another 300 years, though it has its roots in the same time period (*c.* 500 BC). Based on the philosophy of Confucius, it emphasizes order in society and happiness and prosperity for the people. Buddhism arrived from India around 70 AD, but did not gain popularity until about the 4<sup>th</sup> century AD. Meditation and withdrawal from earthly life were the focus.

Chinese Buddhism quickly evolved away from its Indian roots and together with Daoism became intertwined with Confucianism to form Neo-Confucianism. This evolution did not

---

<sup>11</sup> Tim Ambler and Morgen Witzel, Doing Business in China, 2<sup>nd</sup> ed. (London: Routledge/Curzon, 2004) 58.

<sup>12</sup> United States, Central Intelligence Agency, World Factbook ([Online](#): 2004) China.

<sup>13</sup> Ambler and Witzel 59.

happen by accident. In fact, scholars deliberately set out to resolve contradictions between Daoism, Confucianism, and Buddhism to form one cohesive philosophy. Persisting even to this day, Neo-Confucianism “reinforced views on education, self-development, and interpersonal relations along largely Confucian lines.”<sup>14</sup> While values in the business environment are evolving to reflect more Western thinking, traditional values are still predominant.

### **Relationships (guanxi)**

Known infamously as “guanxi”, relationships must be developed over time and evolve through various stages, eventually resulting in ties almost as close as family. Whether they are with the government or simply with the “right” business contacts, relationships are crucial to doing business. While this is also true in the US, it is of paramount importance in China.

Even relationships with customers and consumers are much more important in China than in the US. Customers and consumers in the US are more receptive to new products and are more forgiving of product failures. In such an environment, it is probably best not to associate new product and service offerings with established brands. A failure could risk the reputation of the entire brand. On the other hand, tying established brands together can strengthen the product or service. For example, in China, P&G displays the corporate logo at the end of all television ads and often runs ads for many brands back to back.

The prevalence of relationships between business and politics has been questioned the world over, especially in the West. Critics claim that the reason for the success of many businesses that are owned by, run by, or otherwise affiliated with the government can sometimes be largely the result of the relationship and nothing more. In fact, some of these businesses are not successful at all. They stay afloat only because of their relationships with the government.

Such situations only slow economic growth and Chinese leadership are aware of this. The problem is how to cut those ties with minimal impact on employment. Therefore, privatization of formerly state-owned and state-run businesses is slow.

At the same time, forces are at work that are contradicting progress and complicating the situation. A new hybrid of businessmen/politicians is evolving in which the merchants are becoming their own political resources by running for government offices. Some claim that the election of wealthy entrepreneurs is beneficial to village governance. However, Anthony Kuhn of the Wall Street Journal warns that this “could doom the rise of a politically independent middle class and twist China's economic reforms into a kind of crony capitalism.”<sup>15</sup>

### **Face (mianzi)**

Equally as dominant a force in business is the concept of “face” or “mianzi”, which relates to how one is perceived or regarded. It can be divided into three main areas – losing face, saving face, giving face. Most Americans may be familiar with this concept, but it is typically not treated with nearly as much value and care as in China. The more one rises in status, the more important “face” becomes. Even lighthearted teasing and banter between friends, which are common in the West, are considered to result in a loss of face and are not easily forgotten or

---

<sup>14</sup> Tim Ambler and Morgen Witzel, *Doing Business in China*, 2<sup>nd</sup> ed. (London: Routledge/Curzon, 2004) 66.

<sup>15</sup> Anthony Kuhn, “China's New Rich Get Political,” *Wall Street Journal* 12 August 2004: A14.



forgiven in Chinese culture. Such a mistake at the corporate level could ruin a business. Therefore, every statement and action must be carefully calculated. The expression “think before you speak” should be especially taken to heart when dealing with the Chinese.

Saving face is simply the counter-reaction to any event that could result in the loss of face. Giving face, also known as “renching”, basically involves compliments, rewards, and/or praise. While in the US giving face may in some cases be interpreted as “brown-nosing” or “kissing up”, such will rarely be the case in China.

Even the simple act of appearing with someone of senior rank or status to you can result in gaining face since, in business dealings equals generally deal with equals and subordinates generally deal with subordinates. Conversely, you may lose face if you too often associate with less significant players. For this reason, public interaction between high-ranking businessmen and lower-ranking businessmen will most likely not occur as often in China as in the US.

## ***Government & Business***

The ties between government and business have been highly criticized, especially after China reopened its doors to international trade. As many global companies attempted to establish a presence in China, they ran into many barriers. These concerns elevated with China’s entry into the World Trade Organization. While corruption and foul play may run rampant, they are a fact of life. Therefore, it is useful to understand how much of this came to be and how to avoid such trouble.

### **Government**

While some may view China as a Communist country (in fact, the type of government is Communist), Communism as a philosophy “never really put down roots in China” according to Tim Ambler.<sup>16</sup> Rather, Mao Zedong and Deng Xiaoping both ruled/rule in much the same way that the emperors did. Ambler goes on to say that although Confucianism was banned by Mao, he nevertheless owes his doctrines on education and early concepts of government “more to Confucius than to Marx.”

In any case, the basic structure of Chinese government is not all that different from the US (the method by which the positions are filled is obviously much different). It is headed by a President, who “promulgates statutes, appoints or removes the Premier and other members of the State Council, confers state medals and titles of honor, issues orders of special pardons, proclaims martial law, proclaims a state of war, issues mobilization orders, receives foreign diplomatic representatives on behalf of the People's Republic of China, appoints or recalls plenipotentiary representatives abroad, and ratifies or abrogates treaties and important agreements concluded with foreign states.”<sup>17</sup> The Vice-President assists with these duties. The State Council, the highest state administrative organ oversees the work of the various ministries

---

<sup>16</sup> Tim Ambler and Morgen Witzel, *Doing Business in China*, 2<sup>nd</sup> ed. (London: Routledge/Curzon, 2004) 67.

<sup>17</sup> Chinese Government Related Information, “[China Today](#)”

such as education, defense, science, and health. These ministries are very much like the US Departments of the same names.

The primary difference between the way of the emperors and the new Republic was the rejection of inherited power and the idea of redistributing wealth from the rich to the poor. While Mao did much to discourage the idea of inherited power, it was Deng who really cultivated the redistribution of wealth when, in 1978, he led China in the transition from a planned economy to a market economy. This resulted in enormous economic growth, ultimately raising half a billion Chinese out of poverty<sup>18</sup> and further strengthening the credibility of the Communist Party. In Doing Business in China<sup>19</sup>, Tim Ambler explains this support as follows...

To defend against chaos, China has erected formidable government and administrative structures. The Qin emperor, bringing order and unity to China after the chaos of the Warring States period, set the pattern followed by every ruler of China since, including the Communists: a strong, authoritarian administration and bureaucracy, pyramidal in structure, with the emperor himself at its head. In Neo-Confucian thinking, the state had a structure similar to that of the family: the emperor/father owed a duty of care to his subjects, who in turn owe him unquestioning obedience. Only through this mutual bond could order be maintained.

With some modifications, this theory has stood the test of time. Incoming dynasties, or in this century, the Communist Party, usually assumed power with a great deal of moral credit, as they were perceived to be able to clean up corruption, unite the country, oust foreign invaders, and so on. Over time of course, people start to become more cynical about their rulers and the bonds grow weaker. But criticism of rulers in China almost never means that people want to change the system by which they are governed; what they usually want is the same system but a change of ruler.

## Politics

The most recent change in leadership has yet to alleviate the cynicism mentioned by Ambler. In fact, most of today's cynicism with regards to the leadership in China actually arose *after* the transfer of power from Jiang Zemin to Hu Jintao in 2002. This is because although Mr. Hu is now technically the Communist Party chief and president, Mr. Jiang has retained his position as head of the military. This gives him final say on many touchy foreign policy issues, as well as with some domestic disputes. Joseph Kahn, of the New York Times, reports that this has "contributed to increased political repression at home and heightened chances of military conflict with Taiwan, while raising the specter of a power struggle down the road."<sup>20</sup>

The situation between China and Taiwan is one that should be watched closely, especially by those living in or traveling in the area. As long as Mr. Jiang retains military power, there is a strong danger of military conflict with Taiwan, especially in the event the island pursues independence. Kahn reports that "Chinese hard-liners, both military and civilian, argue that the recent re-election of Chen Shui-bian as president of Taiwan has confirmed fears that

---

<sup>18</sup> Tim Ambler and Morgen Witzel, Doing Business in China, 2<sup>nd</sup> ed. (London: Routledge/Curzon, 2004) 44.

<sup>19</sup> Ambler and Witzel 41.

<sup>20</sup> Joseph Kahn, "Former Leader Is Still a Power in China's Life," New York Times 16 July 2004.

Taiwan will sooner or later seek formal independence, which Beijing has promised to oppose militarily.”

The potential conflict with Taiwan is not the only sensitive matter with which Mr. Jiang has been associated. He was also responsible for detaining Jiang Yanyong, the Chinese doctor who “earned wide renown for exposing the cover-up of the SARS epidemic last year.” Even worse, the doctor, while in military custody, was subjected to “extended “study sessions” to change his political thinking.” This just reiterates that free speech and challenging authority still will not be tolerated in China, especially while Jiang Zemin still holds power. Maybe the fourth plenum of the 16<sup>th</sup> Central Committee of the Communist Party of China, to be held 19 September 2004, will result in further progress.

### **Economic Growth**

To his credit, Jiang Zemin did see China through a time of rapid economic growth after he took over leadership of the Communist party in 1989. He continued to build upon the progress that began with Deng Xiaoping, who began the move from a planned economy to a market-based economy in 1978. Since then, China’s gross domestic product has risen fourfold to about \$1.4 trillion. Some estimate that this grossly understates the purchasing power parity, which may be closer to \$6.5 trillion when correcting for an undervalued Yuan held artificially low by being pegged to the US dollar. In any case, China went from being virtually a nobody in international trade to one of the top heavyweights in the world. Although their foundation may be shakier than most, Ted Fishman said it best when he said that “barring Mao’s resurrection or nuclear cataclysm, nothing is likely to keep China down for long” and that “if any country is going to supplant the U.S. in the world marketplace, China is it.”<sup>21</sup>

Indeed, one of the first things you may notice when you leave the airport and head into the city is the amount of construction under way in China. The numerous cranes and scaffolding scouring the skyline (Picture 2) provide an immediate clue to the level of economic growth China is experiencing. In fact, their rate of real GDP growth of 9.1% is nearly three times that of the US (3.1%).<sup>22</sup> New businesses spring up every day in the big cities, creating jobs that attract more and more people from the countryside. Such is the growth and overcrowding that the government has been offering incentives to companies who start their businesses in less crowded, developing cities.

Still, large cities such as Beijing, Guangzhou, Shanghai, and Chengdu face problems with the physical infrastructure of the city. There are just too many people to support. Subways systems are under construction in some cities, though they will not likely ease traffic conditions. Rather, they may do little more than sustain the current growth. Residential structures sprout up everywhere to accommodate the growing work force, as well as migrants from the countryside aspiring to a higher standard of living. Restaurants and other “small” businesses open every day and thrive on the growth.

However, such rapid growth is also accompanied by fierce competition, instability, and risk. Some businesses go bankrupt before they even finish building their offices – just look

---

<sup>21</sup> Ted Fishman, “The Chinese Century,” *New York Times* 4 July 2004.

<sup>22</sup> United States, Central Intelligence Agency, *World Factbook* ([Online](#): 2004) USA and China.

around at the not so uncommon residential skeletons and otherwise unfinished buildings. Such is typically not the case with government projects, making such jobs highly prized.

The styles of new construction vary widely. Some of the construction is very modern and rivals some of the most beautiful and creative designs in the world. Some buildings are plain and simple, like the Hotel Landmark Canton, where we stayed in Guangzhou. Every once in a while a design beautifully melds traditional architectural styles with the new (Picture 1).

Not all of the construction is new development, however. Some is restoration of structures dating back centuries. Even the ancient Forbidden City is under heavy construction. As you enter from the South, you will notice that the entire western half of the city is being restored (Picture 3). Although the Chinese have been slow to adopt preservation efforts, the ever-booming tourism industry is giving such efforts a boost.

Special note must also be made to the contribution that Wal-Mart makes to the Chinese economy. Ted Fishman of the New York Times reported earlier this year that “12 percent of China’s exports to the U.S. end up on Wal-Mart’s shelves” and “Wal-Mart’s trade with China accounts for 1 percent of that country’s gross domestic product.”<sup>23</sup>

### Challenges

Despite the growth, or as in some cases as a result of the economic growth, China is faced with many serious economic challenges. One such challenge arises as the result of China’s admittance into the World Trade Organization (WTO) in December of 2001. While this has helped boost China’s international trade, it has also resulted in renewed and growing criticism of problems such as corruption and piracy.

An article in the Economist claims that “most foreign companies must deal with constant bribe-taking and the theft of property.”<sup>24</sup> This makes it difficult to compete in the Chinese market. In addition, government policies continue to provide unfair advantages to local businesses. Elizabeth Becker quoted a report by the Bush administration as saying that China still has “formidable trade barriers, unfair subsidies for its domestic producers, and uneven enforcement of regulations.”<sup>25</sup>

Another deterrent to foreign companies doing business in and with China is piracy of copyrighted material. The report claims “rampant piracy of film, music, publishing and software products, infringement of pharmaceutical, chemical, information technology and other patents, and counterfeiting of consumer goods, electrical equipment, automotive parts and industrial products.”

Other barriers to foreign investment in China, as reported by Keith Bradsher of the New York Times, include “domestic manufacturers that consistently undercut them by building factories at practically no cost, borrowing the money cheaply from state-owned Chinese banks and using various strategies to avoid repayment” and department stores that “give floor space to local products and resist selling foreign brands.”<sup>26</sup>

---

<sup>23</sup> Ted Fishman, “The Chinese Century,” New York Times 4 July 2004.

<sup>24</sup> “A Disorderly Heaven,” Economist 18 March 2004.

<sup>25</sup> Elizabeth Becker, “Report Faults China’s Policy,” New York Times 20 December 2003.

<sup>26</sup> Keith Bradsher, “Made in India vs. Made in China,” New York Times 12 June 2004.

Becker reported that China has one year to make a series of concessions under terms of its membership in the W.T.O. That was in December of 2003, so progress reports will no doubt surface soon. There is no doubt that the central government has been trying to lower such trade barriers and increase competition. Unfortunately, they have not had enough influence at the local levels, where officials are reluctant to cooperate due to fears unemployment and instability in their own backyards.

## UNITED STATES

In general, the Chinese tend to be better educated in Western geography, culture, and politics than Americans are in such Eastern topics. As such, not as much attention is given to this section. However, notable differences from China are described, where not already discussed.

### *History*

As mentioned earlier, the US is barely more than 200 years old and its history pales in comparison to that of China. Major milestones include the declaration of independence from the British in 1776, the War of 1812, the Civil War of the 1860's, and participation in the first and second world wars. More recently involved in conflicts and wars in the Middle East, the US tendency to play the role of world police draws criticism the world over. There may be no other country as admired and despised at the same time.

### *Geography & Demographics*

As mentioned earlier, the US has significantly more coastline than China. More importantly in economic terms is that two significant stretches of this coastline each border an ocean. This creates direct travel paths to both the Old West (Europe, Middle East, and Africa) and the East (Asia, Australia, etc). At the same time, it protects the country to some extent from foreign attacks.

In terms of demographics, the US is very diverse. Although 74% of the country is classified as “non-Hispanic white”, about 30% have German heritage, about 20% Irish, and nearly 20% Scots-English.<sup>27</sup> African-Americans make up about 14% of the population, Hispanics 11%, and Asians only about 4%.

Although there is no official language, English is by far the most spoken, with Spanish a far distant second. Only about 14 percent of the population speaks a language other than English in the home. About half of that is Spanish. Other major languages spoken by more than one million people include French, German, Italian, and Chinese. Slight regional “accents” to English do exist and can cause difficulty for those not accustomed to the language. Generally, the mid-western accent, or lack thereof, is considered standard. It is used in most national media.

P&G America Public Holidays: two days for New Year's, two days for Thanksgiving, two days for Christmas, and one day each for Martin Luther King Jr.'s Birthday, President's Day, Good Friday (Easter), Memorial Day, Independence Day, and Labor Day. This adds up to 12 working days of holidays, but US employees are also compensated with two personal holidays, which can be used at any time of the year.

---

<sup>27</sup> USA – *Understanding the People*, Monstermoving.com's [International Relocation Center](#)

## ***Culture & Etiquette***

### **Names & Greeting**

Names are not only structured differently in the US, they are also generally treated less formally. The given name comes before the family name – just one more piece of evidence pointing toward our individualistic culture. Although some highly educated individuals may tout their titles, especially doctors, most of America is on a first name basis. The uses of titles such as Mr., Mrs., and Miss are not only considered formal, but even disrespectful in some cases.

American greetings may be one of the best examples of slang usage in the English language. Depending on the age, ethnicity, and closeness of the person you are greeting (among numerous other considerations) and the medium through which you are communicating, one might say “hi”, “hello”, “hey”, “how’s it going?”, and “what’s up?”. Due to the prominence of Spanish-speaking Americans, even English speaking Americans may use the greetings “hola” or “que pasa?” In the case of the questions, they are generally not intended to elicit anything more than a reciprocated response.

### **Meals**

The US is truly a melting pot of world cuisine and has created many dishes in its own right, such as the hamburger. Popular ethnic choices include Italian, Chinese, Indian, Mexican, and Greek. Though often blamed for the obesity epidemic in America, fast food is an industry all its own in America and includes such international giants as McDonalds and Kentucky Fried Chicken. Other popular types of restaurants include brewpubs, delicatessens, bakeries, steak houses, coffee houses, and cafes. The Zagat guide rates top restaurants on multiple dimensions, including food quality and customer service, and gives ratings up to 5 stars.

Chinese used to a traditional diet will want to cook a lot at home and/or find a Chinese restaurant to frequent. Give yourself time to adjust to American cuisine, which tend to not only have oversized portion, but also to be much more fatty and salty. Indiscretion may lead to immediate digestive problems just as Americans experience in China. One major difference is water quality. Even the worst tap water in the US is drinkable.

### **Philosophy and Religion**

The United States was founded by pioneers, many of whom were escaping religious persecution. For this reason, America has always kept church and politics as far apart as possible. However, Christianity is far and away the single largest religion in the US at more than 75% of the population (about 50% Protestant and close to 25% Roman Catholic). Thus, you will find it deeply ingrained in the American culture, similar to the way Confucianism is ingrained in the Chinese culture.

Despite the prevalence of Christianity, most Americans are very accepting of other religions. In fact, many enjoy engaging in conversation about each others beliefs as they find that it often expands their understanding of their own beliefs. However, some topics closely related to religious beliefs, such as party politics, abortion, the death penalty, and gay rights may be best to

avoid. These topics tend to arouse sensitive feelings and are amongst the most divisive topics in the country (in addition to how tax money should be spent). For that reason, many people keep their beliefs on these topics private.

One major point of difference in the US that draws upon its British beginnings is the notion that every person is created equal. This means that foreigners, including women, will be treated as equals, especially in the business environment. This extends greatly to hierarchy as well. Although those with authority may make the final decisions, honest and constructive input may be given at all levels.

### **Relationships**

While relationships are important in the US, don't expect them to get you nearly as far as in China. When it comes to business, Americans tend to value hard work, determination, and merit above relationships.

## ***Government & Business***

### **Government**

The system of government (Federal Republic) in the US is one of the most advanced in the world, in part due to its relatively recent creation. Most positions are elected in democratic fashion (by popular vote) and a system of checks and balances is realized through the separation of judicial, legislative, and executive branches, as provided for by the US Constitution. Currently, the US is headed by President George W. Bush, who is both head of state and head of government.

### **Politics**

The two primary parties are the Democratic and Republican parties. The country is almost evenly split between them, as evidenced by the last few elections, which were very close. Democrats tend to favor "liberal" policies valuing nature and shared wealth, while republicans tend to favor "conservative" policies valuing profit and wealth creation.

### **Economic Growth**

With the exception of national catastrophic events such as the Great Depression and the September 11<sup>th</sup> attack, the US has had a relatively stable economy. Growth in recent years has averaged about 3%, following the economic boom of the 90's when growth was close to 10%. In general, the past decade has seen steady growth, low inflation, and low unemployment rates.



## **Challenges**

International credibility and national defense are two primary challenges, though growing frustration between ever-divided political parties may soon culminate in trouble as well. Unwanted solicitations, business or otherwise, are also becoming a major problem. Legislation has been introduced at all levels in an attempt to curb this problem. Email, postal mail, and telephone are favorite media for direct marketers.

## EXPATRIATE ADAPTATION

Many different factors need to be taken into consideration when making the decision whether to accept an expatriate assignment. These considerations also extend to the preparation, traveling, and settling in once an assignment has been accepted.

### *Travel Considerations*

You may encounter four different flight connection situations – domestic connections with the same or partner airlines, international connections with the same or partner airlines, international connections with different airlines, and domestic connections with different airlines. It will be important to understand the ramifications of each and to plan accordingly. Otherwise, you may find yourself spending more time in the airports than in the air – a quite undesirable scenario when you consider that the total flight time alone will be around 18 to 22 hours.

**Table 1 - Suggested Flight Connection Time Allowance**

<i>Airline</i>	<i>Domestic</i>	<i>International</i>
<i>Same or Partner</i>	1-3 hrs	2-4 hrs
<i>Different</i>	3-6 hrs	6-10 hrs

#### **Domestic Connection on Same or Partner Airline**

The most simple and least risky is the domestic connection with the same airline or a partner airline. In this case, you can check your luggage all the way through to your final destination and you won't have to pass through security a second time. Most likely, 45-60 minutes should suffice, depending on the size of the airport, the travel season, the weather, the reliability of the airline, and your tolerance for risk. If inclement weather is expected, leave a couple extra hours per connection to allow for flight delays. During peak travel seasons and for large, high-traffic airports, allow an extra 30-60 minutes to navigate the crowds in the airport and to get from your arrival gate to your departure gate. In most cases, you should need no more than three to four hours between flights. Other factors to consider include the timing and availability of alternate flights in case you miss your connection. When the airline is at fault for a missed connection, they will generally make the necessary arrangements to get you on the first available connection. However, if a missed connection is your own fault and seats are not available on a subsequent flight, you will likely have to wait on standby.

#### **International Connection on Same or Partner Airline**

An international connection with the same airline or a partner airline is probably the next least risky/time-consuming option since you will already have your boarding pass. The major difference with this option is that you may have to pass through an additional security check. If not, it is no different from a domestic connection. If you have to pass through an additional security check, as is often the case in Seoul/Incheon on your way to China, you will want to

allow an extra 60 minutes or so for the connection. In some cases, due to ticketing agreements (or lack thereof), you may have to claim your baggage, get your boarding pass, and re-check your baggage at the connecting airport. Check with the ticketing agent before you purchase your tickets. If this is the case, read on for further considerations.

### **International Connection on Different Airline**

Making an international connection that requires transferring to another airline can be your worst nightmare in terms of difficulty, time, and risk. You will almost certainly have to claim your baggage, then check-in with the next airline (get your ticket/boarding pass and re-check your baggage), and finally pass through security at the connecting airport. You will need to allow about 45-90 minutes for de-boarding and claiming your baggage, depending on the size of your plane.

You will also need to be at the check-in counter for the connecting airline as much as two hours in advance of boarding in order to retain your seat. Most Asian airlines will not wait nearly so long as their American counterparts to give away your seat, so be sure to leave plenty of time between flights. On a tight connection, I arrived at the ticketing window to check in about 30 minutes before departure and the airline had already given my seat to a passenger waiting on standby. In fact, the same thing happened to a gentleman that arrived 20 minutes before I did. The upside is that if you are waiting on standby, as I was on the subsequent flight, you may be more likely to get a seat and you will probably know much sooner.

Depending on the congestion, it may also take you two hours to get through that check-in line and another hour or two to get through security after you have checked in. Therefore, for such connections, you may need to leave anywhere from six to ten hours between flights.

### **Domestic Connection on Different Airline**

Rarely will you encounter a situation where you are making a domestic connection that requires transferring to another airline. However, if you do, similar conditions to the international connection apply. The difference will be that you will probably need slightly less time for each step. You will probably need about 30-60 minutes for de-boarding and claiming your baggage (again depending on the size of your plane), you still need to be at the check-in counter about an hour in advance of boarding (in order to retain your seat as well as to make it through security), and you will still need to leave an hour or more to make it through the check-in line. Therefore, for such connections, you should still leave about three to six hours.

### **Time Zone Considerations**

Even the most weathered traveler will take some time to adjust from the jet lag from traveling to or from China. Typically, you will spend about 18 to 20 hours in the air. Combine that with a 12 or 13 hour time change (GMT plus 8 hours) and your internal clock will be utterly confused. Therefore, I suggest you don't make any big plans in the evening for the first few nights in your new time zone. If you fight the urge to nap in the middle of the day, you will adjust much quicker.

You will also need to keep time zone difference in mind when communicating with coworkers, friends, and family back home. The best overlap is probably the 8:00-10:00 hours, especially for work. You may want to converse with family and friends during the 6:00-8:00 hours before/after work.

## ***Relocation Considerations***

Expatriate relocation is, for the most part, made as painless as possible by P&G through special programs for compensation, benefits, and relocation expenses.

### **Compensation**

Generally speaking, the company also protects employees on expatriate assignments from just about every type of cost of living premium. From homes to cars to groceries, if the host country is more expensive than the home country, P&G will subsidize the difference. In this way, the employee is protected from a sub-par standard of living in the new location.

For employees traveling to host countries that are deemed extreme hardship locations, premiums will be paid to your salary and additional vacation days may be given. These benefits are designed to enable you to travel away from the host location for rest and relaxation. In China, these premiums range from 15% to 25%, depending on host city.<sup>28</sup> Hardship travel trip entitlement and vacation days range from 3 trips of 3 days plus 3 additional vacation days to 5 trips of 3 days plus 5 additional vacation days. Airfare, hotel, food, and local transportation for these trips are all reimbursed.

### **Benefits**

Health care is obviously difficult for the home country to provide while you are at the host location. Therefore, you will be switched over to the International Health Care Benefits Plan for coverage, which is “in line with coverage provided by leading multi-national employers for their expatriate employees.”<sup>29</sup>

Vacation while on international assignment is based on the greater of your home country policy, the international minimum of 20 days, or the legal minimum for the host country. In the year you transfer over and the year you return, your vacation will be prorated. Salary payment in lieu of vacation is based on home country policy.

Home leave allowance is designed to allow you and your family to make one annual trip home or to bring family or friends to visit you in your host country. Though it can be applied to family and friends, this allowance is based on the number of travelers in your immediate family. This allowance will be pro-rated in years that you do not spend the whole year in your host country (arrival and departure years).

---

<sup>28</sup> *China Receiving Addendum*, September 2003, [P&G Expatriate Services](#)

<sup>29</sup> *Expatriate Policy Summary*, July 2004, [P&G Expatriate Services](#)

## **Relocation Expenses**

In order to help with the decision-making process, P&G allows candidates for expatriate assignments a pre-decision trip. This first-class trip can be up to five days, not including travel, and is paid for by the company. Covered costs include visas, airfare, hotels, food, etc. The pre-decision trip gives the candidate and his/her spouse/partner (if applicable) time to meet with the potential host organization and other expatriates and families to discuss the assignment, as well as to check out housing (and schools if children will be relocating) and major shopping areas (so you can get a feel for what consumer products are available).

For employees currently leasing an apartment or home, P&G will typically cover the cost of breaking that lease when it comes time. For those who own homes, P&G will assist in renting or selling the home, depending on your preference. They will also provide financial assistance or a guarantee of sorts in case you have trouble renting/selling your home. Similarly, overhead costs associated with renting a home in the host country are also covered by the company.

In the same way, all non-standard costs associated with the move will also be covered. These costs include, but are not limited to fees for passports, visas, passport and visa photos, work permits, residence permits, as well as physical examinations and inoculations. Costs for storing and/or moving household items are also covered. Dual-voltage capable appliances such as TVs, VCRs, and DVD players can all be shipped at company expense. In addition, such miscellaneous expenses as appliance connection, utility hook-up, veterinary care, drapery alterations, and auto registration are also covered.

Language lessons, as well as mileage, parking, and baby-sitting will also be covered by P&G, up to 120 lessons per individual for the employee and spouse/partner. If language lessons are deemed necessary by a child's school, those will also be covered. Generally, such lessons will begin in the home country before departure and continue in host country upon arrival.

Although the company will not pay to move large items such as boats, campers, trailers, and horses, it will pay to ship reasonably sized items, including wine collections (up to 200 bottles) and smaller pets such as cats, dogs, snakes, etc. For stays greater than 15 months, single employees are allotted 180 cubic feet, couples get 220 cubic feet, and there is an additional allotment of 40 cubic feet per child for families.

## **Repatriation**

When the expatriate employee returns to the home country, relocation expenses will be paid just as described above. Benefits and compensation will return to normal. While the employee will no doubt remain forever changed by the experience, P&G will make every effort to help the employee settle in again.

## APPENDIX I: RESOURCES

### Flags



US: 13 equal horizontal stripes of red (top and bottom) alternating with white; there is a blue rectangle in the upper hoist-side corner bearing 50 small, white, five-pointed stars arranged in nine offset horizontal rows of six stars (top and bottom) alternating with rows of five stars; the 50 stars represent the 50 states, the 13 stripes represent the 13 original colonies.



China: red with a large yellow five-pointed star and four smaller yellow five-pointed stars (arranged in a vertical arc toward the middle of the flag) in the upper hoist-side corner.

### Maps



**Country Facts**

Geography	US <sup>30</sup>	China <sup>31</sup>
Total Area	9,631,418 sq km	9,596,960 sq km
Land Area	9,161,923 sq km	9,326,410 sq km
Land Boundaries	12,034 km	22,117 km
Coastline	19,924 km	14,500 km
Elevation Extremes	-86 m to 6,194 m	-154 m to 8,850 m
Permanent Crops	0.22%	1.25%
Irrigated Land	214,000 sq km	525,800 sq km
<b>People</b>		
Population	293,027,571	1,298,847,624
Median Age	36	32
Life Expectancy	77.5	72
Ethnic Majority	Han Chinese (92%)	White (77%)
Literacy (M/F)	97% (97% / 97%)	91% (95% / 86%)
<b>Government</b>		
Independence	1776 AD	221 BC
Type	Federal Republic	Communist State
<b>Economy</b>		
GDP	\$10.99 trillion	\$6.449 trillion (4x since 1978)
GDP per capita	\$37,800	\$5,000
Real growth rate	3.1%	9.1%
Agr / IaC / Svc	1.4 / 26.2 / 72.5	14.8 / 52.9 / 32.3
Investment	15.2% of GDP	43.4% of GDP
Public Debt	62.4% of GDP	30.1% of GDP
Internet Users	159 million (54%)	79.5 million (6%)
<b>Transportation</b>		
Railways	228,464 km	70,058 km
Highways	6,406,296 km	1,402,698 km
Waterways	41,009 km	121,557 km
Merchant marine	466 ships	1,850 ships
Airports	14,807	507

<sup>30</sup> United States, Central Intelligence Agency, World Factbook ([Online](#): 2004) USA.

<sup>31</sup> United States, Central Intelligence Agency, World Factbook ([Online](#): 2004) China.

## APPENDIX II: PICTURES



**Picture 2 – Cranes in Chengdu**



**Picture 3 – Forbidden City Renovation**



**Picture 1 - New/Modern  
Blend Construction**



## **APPENDIX III: REPORT GUIDELINES**

Option 3: Design a training program for developing personnel in your organization for placement in China and for preparing Chinese to work in your organization in the US. You need to identify key areas where employment practices and culture in the US differ from those in China. You should also be aware of typical patterns of expatriate adaptation and re-entry. The plan should cover (but is not limited to) such issues as evaluation and selection of potential candidates, compensation, employee relocation expenses, portability of benefits, and language and cultural preparation. Your plan should also deal with repatriation of expatriate managers after their overseas assignments have ended. (Counts towards a Management concentration.)

My expectation is that the term project will be a professionally developed document that you could present to the people who would be making financing and operational decisions related to the proposal. I don't like to put specific page requirements on these projects, but in the past these have typically been about 25 pages, single-space text plus references, exhibits and tables. Quality is more important than quantity! **Please make certain to include all references (including web references) and to cite sources within the text itself.**