



## China-A Cultural Phenomenon

Since Henry Ford first introduced the assembly line back in 1906, the typical manufacturing facility located in the United States has consisted of large automated machinery and robotics. This description is in stark contrast to the outsourcing facilities located in China, where many of the tasks are still performed by manual labor.

Many Americans refer to China's factories as sweatshops, indicative of child labor and unpleasant working conditions. Unfortunately, most opinions are founded based on the stories told in the media, where the biases of the presenter are often embedded. I prefer to form my own opinions and therefore was looking forward to the opportunity to tour a manufacturing facility located in Mainland China. I wanted to experience this cultural phenomenon firsthand. In my 15 years of working as a business consultant, I have toured many facilities in the United States. However, what I was about to experience in Mainland China was unlike anything I had ever seen before.

As we approached the manufacturing facility, a plethora of activity could be seen in the streets outside the main entrance to the plant. Rickety tin buildings lined the streets with open-air merchants conducting trade; pedestrians were traveling by foot in all directions. A strange dichotomy of socioeconomic conditions could be seen, from the activity in the street to the size and grandeur of the manufacturing facility.

An armed guard stood in a military salute to greet us as we entered through the thick cast iron gate. Once inside we received a warm welcome by the executive team, which consisted of both senior executives and line managers. Our tour was given by two employees of the company. A Malaysian woman, who functioned as a buyer for the company and the President, an American who has been credited with the rapid growth of the company. The difference in their ranking was not evident in their interaction, which appeared to be founded on mutual respect.

The first anomalous cultural aspect occurred within the first few minutes of the tour. I learned that company policy required all employees to reside in company owned properties. The single employees lived in a housing structure located just a few steps away from the plant; married employees were relocated to another company-owned housing unit off-site. In addition to housing, food and healthcare was all provided as part of the company "package". This concept of mutual dependency fundamentally changes the role and perception of the company-employee relationship. Except for the military, I have never witnessed such an all-encompassing arrangement. I was intrigued by the effect this had on the organizational culture of the company. Did it create an unhealthy dependency or a life free from the typical sustenance worries that plague American families?

Inside the facility, I was amazed by the uniformity. All the employees wore the same uniform, from head to toe. The garments consisted of a cap, top, pants and sandals with the color signifying the department they worked in and the managers of that department. With every employee wearing the same style uniform, separated only by a subtle change in color, it was hard to identify any expression of individuality. Once again, I questioned the effect it had on the workers. Did it deprive them of individualism or did it relieve them from the competitiveness that occupies the minds of Americans on a daily basis?

Some areas of the plant were automated. We learned that the decision was based on economics. If the orders were large enough to warrant the cost of the equipment, they would pay for it with cash. If they choose to sell it later, they would often get full purchase value. China's growing economy creates a continuous demand for used equipment. If the job required a low number to produce than the task would remain manual. It is in this situation that American cannot compete with China's low cost labor force.

As we walked through the facility, I was amazed by the silence. It was not the merely a lack of noise caused by production machinery but an absence of human voices. This was especially intriguing given the amount of people working in the plant. Moreover, I was amazed by the intense concentration of each worker, even though most of the tasks were extremely prosaic. I thought about how this scene differed from my experiences at American factories. In addition to the noise from machines, a “gossipy” type of conversation would be prevalent and few workers would find satisfaction in performing such mundane repetitive task.

Around the grounds could be seen armed guards. We were told their presence was to protect the employees and to ensure that the rules were followed. Failure to adhere to company rules, which includes no smoking, drinking or fighting, would result in a loss of their job. Given the employees reliance on the company, it would mean a loss of both income and living conditions. We were told that the policies are in place in order to achieve high-levels of productivity.

We asked about lack of freedom of the employees, as least as seen through the eyes of an American. One of the executives succinctly responded by saying, the employees have the freedom to choose if they want to work at the factory but once they make that choice, they must live by the company rules. What I found most intriguing about my visit was the cultural aspect of the facility. During the American industrial revolution, many companies were able to maintain a similar stronghold over immigrant workers. Going forward it will be interesting to see how long China can maintain such control over its workforce. China’s fast growing economy is already creating an abundance of opportunities for its workers who have in return started to demand higher wages. Moreover, skilled managers are being recruited by other companies trying to establish outsourcing facilities. The executives said this has affected their company. For the first time they are experiencing an attrition rate of approximately 7-8%. The company is trying to overcome this obstacle by moving the entire family and creating a sense of community. Additionally, they believe that communication is crucial to keeping good employees.

Within the boundaries of our preconceived notion of how things should be—personal beliefs can be a limitation. Many Americans have responded to China’s low cost labor force with adversary. From my observations, I would not say that I saw human suffering. In fact, I have seen more acrimoniousness from employees inside American companies than I observed inside the factory.

China’s low cost production capabilities are a common topic of discussion amongst business owners, regardless of company specialty, size or geography. The competitive advantage that I witnessed was not purely economical but also representative of a desire to perform and excel. Whether viewed as a business opportunity, an inevitable solution to competitive price pressures or a rapacious competitor, unequivocally China’s presence cannot be ignored.

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