

Shui fabrics: a critical analysis



Rocky River Industries and Shanghai Fabric Ltd have created a joint venture over the last five years in which Rocky River developed Shui Fabrics, a Chinese company that will produce, dye and coat fabric for sale to both Chinese and international sportswear manufacturers Daft, 2012, p. 119. Shui Fabrics employed approximately 3, 000 employees in a country where the actual unemployment rate was close to 20 percent (Daft, 2012, p. 19). An analysis of the problems associated with this venture is necessary so that other companies can learn from the mistakes and successes of competitors. Looking at how organizations run business can serve as a guide for others to make sure, they alter their organizational strategies so that they can avoid the same pitfalls as Shui Fabrics encountered in this case. On the contrary, examining the business practices of organizations can encourage companies to mirror successful practices to ensure a successful venture (Daft, 2012).

Problem

The problem that I see with the joint venture involving Shui Fabrics is that the Chinese company is bringing in “ five percent annual return on investment (ROI)” (Daft, 2012, p. 119) and the U. S. partner is expecting at least a 20 percent return on investment after 3 years of doing business together. The Chinese feel that that five percent is a good return because they are contributing to the bottom line of the organization without being scrutinized by the Chinese locals who monitor all profits by U. S. companies doing business in China. Greater efficiency and better technology was needed out of the plant in China, but even at a pay-rate less than the average American would make, the organization could still not allow more employees working in a Chinese plant than would be allowed in an American

plant. Therefore, the workforce had to be reduced according to president of the company. Doing so would allow the Chinese business to produce a higher ROI (Daft, 2012).

The problem that I have identified is a difference in company objectives/goals and undefined performance expectations. There should have been a set target of twenty percent ROI by year three for example in order for both parties to measure the performance of the organization. If the U. S. partner is expecting twenty percent ROI by the third year of the project, then that expectation should have been clearly communicated to the Chinese. The general manager of Shui Fabrics, Chiu Wai, is assuming that three percent ROI is a great contribution because his business is employing 3, 000 Chinese workers (lower the unemployment rate) and avoiding the scrutiny of the local authorities that oversee profits. Chui Wai thought that as long as he was making some return on investment that the U. S. managers would be content (Daft, 2012).

Analysis

I believe that the Ray Betzell, general manager of the joint venture is at fault for not communicating the U. S. expectation to Wai. Being that he is managing the endeavor while he is residing in China, he had the opportunity to convey the American expectations to Wai. “ American managers working in China have discovered that social context is considerably more important in that culture, and they need to learn to suppress their impatience and devote the time necessary to establish personal and social relationships” (Daft, 2012, p. 108). Had Betzell established the relationships he should

been able to relay the performance expectations to Wai without any problems. With a new business venture such as this, there should have been objectives and goals established prior to the project starting. These goals and objectives should have been established with targets for the Chinese to achieve. This being done, the Wai would be aware that the American managers are expecting closer to twenty percent ROI. If the expectations were established, they could have been discussed and both parties could see the point of view of the other. The Americans would be aware that a twenty percent profit would cause trouble with the local authorities in China and the Chinese managers would understand that they have to produce an ROI greater than three percent to make the venture worth the investment.

Betzell and the other American managers should have been aware of the performance orientation of the Chinese. The United States has a very high level of performance orientation meaning that they put a lot of emphasis on performance and rewarding employees for improving performance (Daft, 2012). This is why the president of the company was expecting a twenty percent ROI by the third year of investing. Had management been aware of the differences between the performance orientation of the United States and China the main problem in this case could have been avoided.

In addition, the organizational leaders should have been aware of the differences between the human orientation standards of the Chinese and the Americans. The Chinese are more inclined to give value to helping others and being generous than the Americans. Hence, the satisfaction Wai had for employing 3, 000 Chinese workers and helping to reduce the unemployment rate. In America, the value is placed on self-enhancement (Daft, 2012), get

more accomplished with less. The U. S. would find it more rewarding to have less Chinese employees but have them working at a higher performance level than to have twice as many employees doing the same amount of work. The company president, Paul Danvers, wanting to cut labor costs and reduce the amount of money spent, displays the differences in humane orientations. He had no regard for fact, by Shui Fabrics, employing 3, 000 employees was helping to reduce the unemployment rate in China and give money to Chinese families.

Integration

Over the course of the years, I hope that I have the opportunities to improve my global management skills. I only scored 58 points out of a possible 100 in the assessment of my global managing capabilities. From the results, I am aware that I am not ready to manage in a global environment. In today's society, it is necessary to develop skills to manage effective in a globalized company. I have never had the opportunity to be part of a globalized company in my past work experiences but hope that I develop the skill set that allows me to be qualified to eventually manage in this type of environment.

The evaluation showed me that my strengths, as related to globalized management are that I listen well and am able to empathize with others. I think that I am easy to talk to and I make people feel at ease because I show them that their stories, problems, concerns, etc. are important. I also am able to easily able to adapt to others and their work habits on a group assignment. Especially during my Master's Program, we are required to work

with classmates from around the globe. Listening to opinions and ideas from my classmates and trying to incorporate everyone's suggestions has been something I have excelled at, according to the praise I have received from my peers. I try to make sure that everyone has a voice in the project and that the projects reflect the interests and ideas of each person. Each individual is unique and should be treated with equality in regards to incorporating ideas into the project. I also made this a priority when I was managing a large team of workers. Although they were not from different countries, they were still from different backgrounds with differing opinions on how to go about projects. I have always been an advocate for listening, letting everyone share ideas and make a group decision. Horizontal communication allows managers to empathize with their team and make them feel that positive about their opinions, ideas and concerns.

My weaknesses far outweigh my strengths in globalized management. I have not had much exposure to the lifestyles, customs, norms, and societies of other countries. I have had the opportunity to travel to Mexico twice and Canada once. However, these were all vacation trips and I did not have a change to work with any one in a business context. I have only worked with teams based here in the United States. I am not sure of how other cultures handle business transactions nor am I aware of their work ethic.

I have worked with various diverse teams over course of my management years and have experienced how different cultures influence management styles. I had a boss from India that had a very high sense of gender differentiation. It was very hard to be the only woman on his management team because I had to overcome constantly his gender differentiation

perspective to prove that my performance was equal to my male counterparts. Moreover, this same boss also had a low level of future orientation, where he valued instant gratification over planning for the future (Daft, 2012). Personally, I have a higher level of future orientation so when I managed a project, I planned for how the completion would affect us long term. Having a boss that did not see the benefits of this high level of future orientation made a difficult working environment at times.

Conclusion

I have discovered that I need to develop my cultural intelligence. If I wish to ever be able to manage in a globalized organization I must make sure that I am able “ to use reasoning and observation skills to interpret unfamiliar gestures and situations and devise appropriate behavioral responses” (Daft, 2012, p. 109). My biggest struggle would be the development of the cognitive component of cultural intelligence, which includes the observational and learning skills to enhance my understanding (Daft, 2012). I believe that emotional and physical factors of cultural intelligence will not be as big of a challenge to me. I have the confidence I need to be able to adapt in a foreign country and I physically I will be able to acclimate myself. I plan to concentrate on developing my skill set and competencies of cognitive cultural intelligence going forward.