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**The role of
culture in
transnational
organization
with a
comparison
between
governments
and MNCs**

A specific focus on
the Consulate
General of Italy in
Chongqing

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摘要

在本文中，我概括出一个总体框架平行比较政府组织体系以及国际企业，分析组织结构和人力资源管理中的相似之处。实际上在如今越来越全球化的世界里，越来越多的企业放眼国界之外来拓张贸易，增加利润。同样，政府也在施行更加全面包容的政策，能够最广泛地吸入对话者，另世界棋局更加广阔更加多样化。

每个国家都通过其外交部下设的使领馆来保护其国家、国民在海外的利益，和跨国企业一样，在异国面临着不同于国内的诸多问题和挑战，以及政治、经济、社会、文化等方面的差异。海外的外交所在地可以与一家企业在海外的国际化进程中所设立的子公司相比较。这种组织也应广泛并深入地适用于一国外交体系之内，不止为了与其所在区域更好地协作，而更应该与其核心所在地相配合，也就是我们所说的，下达指令和指导方针的“总部”。相比较而言，外交官可以说是根据特定的技能和能力被派往国外的管理者或领导，但不能忽视他们的适应能力和文化敏感性，为避免对工作岗位产生不良情绪、误会和误解，这是外派人员的基本要素。

第一章的主题将探讨多样化，揭示它如何被错误地理解为一个消极因素，相反应该如何以智慧且健康的手段利用多样化，并使其成为一种附加值。对于所有能够理解并按此事实的人来说，无论是个体还是公司，多样化都可自动转化为一项真正的竞争优势。

后面我将深化该议题，探讨文化融合所带来的价值，简短地引出一部分历史，介绍中意文化关系中的一些先驱，尽管有些可能并不致命，但是他们对两国的文化

交流发展作出了基础贡献，为相互了解构建了桥梁，这也必将转化为相互理解和欣赏。

之后将探讨两国文化最显著的差异，我将详解中国乃至东方在其近期的经济发展中，传统文化所发挥的重要性。

在第二章中我将探讨上述中意文化差异是如何对制定公司计划，准确地说，如何影响其内部的人事及相关因素起着决定性的作用，比如选拔、薪酬、沟通等很多方面，在此更多地集中探讨中国。

在第三章中，我将介绍对外政策及其细微差别，还将探讨文化外交与软实力，即文化是如何影响外交及国家及政府间的关系。我将着重介绍中意从正常化以来直至今日的双边关系，承接第一章中所探讨的内容。

在第四章中我将深入探讨跨国公司和政府组织的平行比较，首先从中国开始。我将分析由习近平主席实施的外交新战略“一带一路”，由此引发了一场官方和结构性的资产重组，并对现行的战略施以影响。就此我想引出中国政府所用的两项举措，一部对内：在一带一路发展的核心地区——中国的西南地区，另一项对欧洲，始终在该战略的背景之下。内政外交的政治理念，在这里与国内市场和国际市场的理念融合在一起，企业的国际化战略与一国的外交选择相重叠。

同样，就意大利来说也要探讨此议题，在简要对中国西南、意大利外交与国际合作部、意大利驻重庆总领事馆进行背景研究之后，我从组织和结构的角度的角度进行分析，并对文化方面在其内部的影响进行实践研究。

1

Diversity and integration

1.1 Do differences bring benefit?

The twenty-first century is likely to be the Asian Century, as the economic power of Asia comes together with the fact that over one-half of the world's population lives there. A large portion of international trade already involve Asian parties and it will increase even more, due to the globalization of business and the increasing production, purchasing power, and population of countries in that part of the world.¹ Asian managerial styles in general, and specifically Japanese and Chinese ones, represent opposite approaches to the Western styles: from the negotiation to the conflicts resolution – a business often causes disputes, above all when different cultures are involved into it.

When working with cultural differences, a natural starting point is to define what exactly culture is. Culture is both pervasive and largely invisible, we can compare it to the water around the fish or the air around people, an innate trait, something that unintentionally affect us and our behaviours. Anyway, selecting a single definition of it is difficult. Scholars have never been able to agree upon a unique and simple definition of culture, starting from 1870s, when the anthropologist Edward Tylor defined culture as “the complex whole which includes knowledge, belief, art, moral, law, custom and other capabilities acquired by a man as a member of a society”². From then on, many were the definitions given to culture - it has been suggested that there are over 400. But when it comes to talk about cross-cultural communication we obviously must rely on the work of Geert Hofstede and its definition of culture, defined as “the collective programming of the mind that distinguishes the members of one group or category of people from

¹ Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem in “Cardozo Journal of Conflict Resolution”, Volume 10.1, Fall 2008, p. 44.*

² Hill C. W. L., *International Business: Competing in the Global Marketplace*, McGraw-Hill & Irwin, 2016, p. 217.

others.”³ He also held the beliefs that specific nations have specific traits that are sticky and difficult to change but that can be often modified.

Defining culture is just the starting point because the real concern of my thesis, besides comparing governmental organizations and MNCs structures, is just how cross-cultural differences impact communication between people within these organizations. Understanding cultural differences is critical to developing an approach to cross-cultural communication. As cross-cultural expert Paul Pedersen says, “behaviours have no meaning until they are placed into a cultural context.”⁴ Unfortunately, all of us tends to interpret the behaviours of people from other cultures as if those people were from our own culture. The result is that cross-cultural differences can cause many responses, from minor annoyances to a high degree of friction and frustration sufficient to put business deals at risk, make disputes more difficult to resolve, or create international incidents. They make us question whether the other person is playing fair and whether, in a business context, we want to create or continue a business relationship with someone like that from another culture.⁵

When people from different cultures meet one another, their language and nonverbal communication may be different, and they can be very different in other fundamental ways that impact their behaviour, view of life, values, the way they see and solve problems, and make decisions. For example, in religion, they may worship other gods, more than one god, or no god at all. They may read books by starting from what westerners would consider the back and ending at the front. They may read printed words on a page from right to left, instead of left to right, or even read words in lines down the page, rather than across the page. Even when parties speak the same language, they might have different words for the same concept (lift/elevator – flat/apartment) or even spell the same word in different ways (color/colour – behavior/behaviour – honor/honour). To sum up, when people from different cultures try to communicate, high is the risk that they may not understand each other – and it is not simply an issue linked with different

³ Hofstede G., Bond M.H., *The Confucius connection: From cultural roots to economic growth* in “Organizational Dynamics”, Volume 16, Issue 4, 1988, p.6.

⁴ Barkai J., *What’s a cross-cultural mediator to do? A low-context solution for a high-context problem* in “Cardozo Journal of Conflict Resolution”, Volume10.1, Fall 2008, p. 46.

⁵ Ibid.

languages. It is no wonder that cross-cultural communication is very interesting and challenging at the same time.⁶

But before going deep by talking about cultural differences between China and Italy and the implications they might have at organizational level, I want to briefly start from what difference means for us and how subtle is this concept, being tricky at the same time. When we think about diversity we immediately think about a totality of individuals, representing more than one national origin, colour, religion, socio-economic stratum or sexual orientation where differences in how they see, think, categorize and understand come out. But there are two kinds of differences, the first type is concerning the identity differences, in other words who people are on the outside, and these are linked with their life background and take into account gender, skin colour or ethnicity. On the other hand, we have the cognitive differences, that reveal who people are inside their heads. Usually they go hand in hand: two people belonging to different identity groups or with different life experiences, also tend to acquire diverse cognitive tools. Unfortunately, rather than take advantage of those differences for the collective benefit, usually people tend to not view it highly and, when confronted with someone who looks, acts or thinks different, they (us) tend to step back. In these circumstances differences become an obstacle to progress and innovation, instead of being a useful and powerful weapon to improve them.⁷

But, of course, leveraging is not easy. In theory, given the right conditions, two heads will be better than one, but in practice team members do not always get along one another, and even when they do, results are not always remarkable. At organizational level, a good starting point for thinking how to leverage diversity is to recognize the nature of the task. There are disjunctive tasks, in which only one person needs to succeed for the group to be successful, and conjunctive tasks, those in which everyone's contribution is fundamental. Solving a math problem is an example of the former: the more diverse heads, the better. In football, the defensive line's tasks of doing the offside is an example of the latter, because even if only one of the defenders fails in doing it right, the op-

⁶ Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem* in "Cardozo Journal of Conflict Resolution", Volume 10.1, Fall 2008, p.47.

⁷ Page S.E., *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools and Societies*, Princeton University Press, 2007, p.xiv.

ponent team's striker would be in play. Diversity works better on disjunctive tasks rather than on conjunctive ones, because multiple approaches can be tried simultaneously, and one good idea means success for everyone. That's why one of the main concern and great challenges in distributed organizations is transforming conjunctive tasks into disjunctive tasks.⁸

But we cannot say whether diversity is good or bad unless we first know what diversity is. Scott Page associates diversity to the cognitive differences, saying it consists of four formal frameworks. The first one affirms that people have diverse *perspectives*, which are nothing more than solutions to a problem. When we say that people have different perspectives, we mean that they see the set of possibilities differently. Perspectives include knowledge, because based on what we know, then we represent things. The second framework, *interpretations*, highlights the different categories people use to classify events, outcomes and situations. In other words, they help to group things together. The third one captures the different tools people use to solve problems, they are called *heuristics*. The fourth framework for capturing cognitive diversity, that is *predictive models*, describes causal relationships between objects or events. If we combine these four elements, perspectives, interpretations, heuristics and predictive models, we create cognitive toolboxes, inner elements that reveal who we are, as we said before: instruments that help a person to evaluate things and take decisions, in different ways from one another.⁹

Many are the areas where diversity can bring benefits, if managed correctly and used in the proper way. Let's think about the information production, and a clear example is Wikipedia, an online platform where each user can contribute with his or her own knowledge to the development of the website. Most of the information is useful and accurate, and mistakes can be identified and corrected by its editors. Another smart application of diversity is for problem solving – in the academy world, at governmental level or in the private sector. Distributed problem solving, in fact, allows a problem to be investigated simultaneously and by many people with diverse tools. An example is Netflix, the movie distribution company, recently made its information about user preferences

⁸ Page S.E., *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools and Societies*, Princeton University Press, 2007, p. xv.

⁹ Ivi, pp. 4-11.

publicly available and offered a million dollars to anyone who could improve on a baseline algorithm for making movie recommendations by 10%. It is nothing more than a form of innovation. This opening up of innovation activities to users is sometimes called distributed co-creation, and more and more companies make an extensive use of it: Lego.com for example encourages users to design and create their own products. A fact is that in problem solving, diverse perspectives increase the number of solution that people can find by creating different connections among the possible solutions. Diverse heuristics also have similar effects: given a solution, they allow problem solvers to explore more potential improvements.¹⁰

Diversity is a powerful weapon: of course, it cannot totally replace ability, but it is more useful than how we think. The author of the book in fact, claims diversity always trumps homogeneity: people with diverse perspectives and heuristics usually outperform people who rely on homogeneous perspectives and heuristics. We currently live in a society (some societies more than others, and we will see further) that prizes individual talent and achievement. It should not be this way, because progress also depends as much on people's collective differences as it does on people's individual talent. And in the business world, things seem to be working a little differently now, since in the past few years the concern of business leaders has moved in the direction of pro-diversity. Two fundamental changes have strongly contributed to this shift: the business world has become more global – and therefore more aware of ethnic diversity – and the practice of work has become more team focused. In other words, the hierarchy has been replaced by the diverse team.¹¹

In sum, rather than being on defensive about diversity, we should go on the offensive. We should look at difference as something that can improve performance, not as something that we have to worry about. We should encourage people to think differently. Of course, differences do not automatically translate into benefits because they also have limits, but let's think about this: as individuals we can accomplish only limited things, while collectively we do not have any constraints. All together people have incredible

¹⁰ Page S.E., *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools and Societies*, Princeton University Press, 2007, pp. xvi,xvii.

¹¹ Ivi, p. xxvi.

capacity to think different, and these differences can provide the seeds of innovation, progress and understanding.¹²

In global organizations – that are supposed to have a greater number of employees coming from different countries – as well as in all the businesses that have cross geographic borders, whose number is even more increasing, misunderstandings can easily arise from poor communication or from not being clear about one wants, needs or expects. This problem is overcome by a process called cultural integration, which takes place when employees who come from different ethnic or racial backgrounds are brought into balanced association. In other words, cultural integration is a form of cultural exchange in which one group assumes the beliefs, practices and rituals of another group without sacrificing the characteristics of its own culture. It is used to ensure that no culture at all is dominant in the workplace and, when successful, there is a noticeable reduction in cultural gaps, and the local culture also becomes diluted, both of which can promote workplace diversity. Not only is cultural integration good for the workplace, it can also be beneficial for the company's brand. In a business environment we define cultural integration as the process where we bring two companies/organisation together so that they can build on each other's strengths and fix each other's flaws. To do that, the involved parties have to respect and acknowledge each other, and it can sometimes be difficult, especially if it is a big company buying a small company. In these situations, corporate arrogance is quite spread and there is no need to say that it is a very unintelligent approach to have. Firstly, it is quite sure that it will turn out to be a very bad investment and secondly you don't seem to value what you have just bought.

¹² Page S.E., *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools and Societies*, Princeton University Press, 2007, p. xxix.

1.2 Cultural integration throughout the history

Since this thesis will focus on the governmental organizations in the global arena, I will consequently give much importance to the role of culture in defining people and their behaviours. Overcoming differences between countries is not as easy as it could seem. Linguistic and cultural barriers first, as well as legal, political, social and economic, could affect people and shape their behaviour. But there are people who, through their experiences and thanks to their curiosity, mindfulness and cosmopolitan attitude are able to go beyond these differences and take advantage of what initially seems to be an obstacle. Transnational firms that operate globally and that cannot do anything but exploiting these kind of differences, are currently and constantly looking for these people, the new generation of global managers.

But before them, many centuries ago, there were other people doing exactly the same: if today it seems to be easy, or at least less difficult, let's try to think how brave and ambitious these people were, and how strong their desire for knowledge was, to the extent they left their home country without knowing if they could have been able to go back again. For this reason, I want to briefly introduce some of these ancient heroes, whose role was decisive in cultural relations between China and Italy, because they were able to start, and later carry on, a reciprocal and deep understanding as well as a concrete cultural integration between these two countries over the centuries. It will be useful in that to have a fully picture and such a pre-knowledge needed to understand the next chapters. Later, I will talk about the main cultural differences between China and Italy, and how Asian values revealed to be decisive for the economic growth of Asian countries in the last few decades.

When it comes to talk about Sino Italian cultural relations, one immediately thinks about the Venetian explorer and trader Marco Polo, who became one of the first Westerners to reach China over 700 years ago. During his journey to China, he wrote what later became a legendary book, still read nowadays: "Il Milione" in fact, has been translated into many languages and opened Western eyes to the cultural wealth of Central Asia and China. The story of Marco Polo is kind of known to anyone, whose journey to China has also arose many doubts because of some irregularities contained in his book

and, above all, because he did not mention at all many aspects of Chinese life that, on the contrary, could be so evident for someone who visit China for the first time. But this is another story and I did not even have the instruments to give an answer to such an emblematic doubt. I will rather focus on other characters, whose names will not ring a bell to many of you, but whose contribution to the development of Sino Italian cultural relation has been as crucial as their most famous colleagues.

1.2.2 The major encounter: Jesuits and Mandarins

When Chinese succeeded in pushing away the Mongolians during the second half of 14th century, they started to have superiority complex and xenophobic feelings as a logic consequence of how bad and unfair they were treated by the Mongolians rulers. During Ming dynasty (1368 – 1644), China became a close nation, unwilling to openness and welcoming foreign visitors. The strengthening of the Great Wall as well as the appreciation and return to traditional Chinese culture were the two main aspects of that period. The many communities of foreigners already existing in China disappeared with the beginning of Ming dynasty and foreigners found it difficult to settle there, being relegated at the periphery of the empire. Only in the last period of the dynasty they were allowed to enter the country, and sometimes they were even able to arrive in Beijing. They were all religious people, above all Jesuits and most of them Italians: expert in Chinese language and culture, they brought western culture, at that time superior to eastern one in technical and scientific field. They were able to surprise Chinese literati with European culture and, for this reason, they were given the possibility to settle in China for long time, in order to study local culture and to let their own culture to be known. The Ming dynasty, that started with an unprecedented exaltation of Chinese culture and xenophobic nationalism, as well as the rejection towards all that came from the outside world, was the period when the second major encounter between Europe and China finally happened. Unlike the first one – between Romans and Chinese – this was characterized by a great amount of cultural exchanges and the protagonist were the most educated representatives of both cultures: Jesuits, the best that Europe could offer at that time, and Chinese literati, strongly liked to traditional Confucian culture.¹³

In 1498 Vasco da Gama reached India and from that time on, none of the other maritime powers were able to oppose Portuguese. In 1511 the fleet guided by Alfonso of Albuquerque had settled in the Strait of Malacca, heading to China. At that time, unfortunately, merchants had the opportunity to explore and see so many things, but they did not have enough education, sensitivity and ability to adjust and tolerate necessary to understand and appreciate different cultures. But on those fleets, besides navigators and

¹³ Bertuccioli G., Masini F., *Italia e Cina, L'asino d'oro*, 2014, pp. 75,76.

sailors, were also someone with enough education and culture sensitivity: Pigafetta aboard Magellano's vessels – thanks to whom we know so many things about the first circumnavigation of the Earth – Andrea Corsali aboard Albuquerque's ships and Giovanni da Empoli aboard Perez de Andrade's ships. The first news about China came right from them.¹⁴

The discovery of America turned everything upside down, it opened new commercial routes and marked the end of Italy's privileged role – that our country had had until that time because of its strategic position in the Mediterranean area. That's why Italian tried to take part at these journeys to East, driven by economic interests rather than by pure curiosity and spirit of adventure. Italians aboard Portuguese merchants' ships were all agents or informants – in the worst cases spies – sent by States like Venice or Florence, who were afraid to lose their profits. Corsali, in fact, often reported to Medici's family and had never been to China while da Empoli (1483 – 1517), as the most educated person onboard, was in charge of lead the negotiations with the Chinese authority in Tuen Mun (Hong Kong) in order to get the permission to reach Canton. A cholera epidemic killed him and all the crew.¹⁵

After few years the situation got worse and because of da Empoli's dead, the departure of Perez de Andrade, the Portuguese conquest of Malacca (at that time a Chinese colony) as well as the rude, violent and greedy Portuguese sailors who came later and that contributed to alienate all Chinese' sympathy, were the reasons for which Chinese decided to dismantle all Portuguese base except for one: a little island called Macao. It was considered to be far enough from the capital to impede the "foreign barbarians"¹⁶ to arrive in mainland China and bother them. Settled in 1557, Macao became one of the main European bases in the Far East aimed at enhancing commercial and missionary missions.¹⁷ During the 16th century thanks to the great efforts of religious people, above all Jesuits, with a strong personality and deep culture sensitivity. Most of them were Italian, as noticed before, and they introduced an image of Europe, and Italy as well, quite

¹⁴ Bertuccioli G., Masini F., *Italia e Cina*, L'asino d'oro, 2014, pp. 80,82.

¹⁵ Ivi, pp. 82-86.

¹⁶ Besides the Portuguese, contrasts with Spanish and Dutch also came out later, generating a spread xenophobic feeling in all Chinese.

¹⁷ Ivi, p. 88.

different and even nobler than that merchants and sailors could transmit. It did not come from weapons and violence, but from these Western Mandarins (as they were used to introduce themselves to Chinese)' culture and behaviour.¹⁸

Macao became full of churches and residences of many religious orders: Jesuits settled permanently in 1565, followed by Franciscan in 1579, Augustinian in 1584 and Dominican in 1587. In 1577 a great Jesuit missionary arrived in Macao, Alessandro Valignano (1539 – 1606), General Visitor of the missions of East India Company, who was the real founder of all evangelization missions to China, aimed at spreading the Christian faith in the whole country. But he realized that the approach of other countries' religious groups was failing because they – usually Spanish and Portuguese – were affected by nationalistic interests, ethnocentric prejudices, narrow mind and, more than everything else, lack of interest in studying Chinese language and culture. He realized that, since China itself was different from many other countries, the evangelization mission as well would have been quite different, and they had to adopt another approach: the key issue was the study of Chinese language and culture. For this reason, he wanted at least two Jesuits to go there and be committed to this essential task, he had no preferences but only one request: they should have been Italian. He thought they would be the fittest, because of their diplomacy, tactfulness, culture sensitivity and lack of prejudice.¹⁹ Michele Ruggeri and Matteo Ricci were chosen to achieve this goal. Michele Ruggeri was born in Puglia in 1543 and arrived in Macao in 1579 where, to fully dedicate to the study of both Chinese spoken and written language as well as to learn the rules of Chinese etiquette to communicate with Mandarins, he was relieved of any missionary's duties. With Matteo Ricci, who arrived three years later, he realized that was necessary to go to mainland China and find some Chinese speaker who can teach them the correct pronunciation, instead of the many dialects spoken in Canton or Macao. A short presentation of Christian religion, later translated in Chinese, was the first text with European content to be ever printed in China. He was also the author of the first bilingual dictionary, from a European language (Portuguese) to Chinese and the first atlas, a series of geographical papers about China. He gave a great contribution to the development of sinology, but unfortunately the charge of adultery brought against

¹⁸ Bertuccioli G., Masini F., *Italia e Cina*, L'asino d'oro, 2014, p. 92.

¹⁹ Ivi, p. 93.

him made it necessary to go back to Macao, where Valignano decided to send him back to Italy. He left China in 1588, ending anonymously his career.²⁰

Matteo Ricci was born in Macerata in 1552, and left for the far East in 1578, arriving in Macao in 1582, when he immediately started to study Chinese language. The next year he started his journey to China, arriving in Beijing after 18 years, in 1601.²¹ During all this time he realized that the traditional approach to get closer to Chinese people was wrong. The Jesuits thought the Buddhist and Taoist monks to be their Chinese counterparts, and used to identify with them, even dressing the same garment. Ricci realized that in Chinese hierarchy Buddhist and Taoist monks were in lower position than Confucian literati. That's why he started to introduce himself as a man of letter, a scholar, someone with their same level of culture, who had to pass equally difficult exams in Europe. His evangelization mission started with the exposure of western culture first of all, and Chinese seemed to be curious and accepted it, but a compromise had to be found: Ricci also accepted the Confucianism, not as a religion but as a moral. For this reason, all other religious orders blamed on him. Then, he tried to convert emperor and literati first, believing that the people would have blindly followed their superiors. It was such a utopic view. Other religious orders, by contrast, firmly believed that the conversion should have started from below. Both were wrong, because at that time the church did not have neither the persuasive spirit to convert high class of Chinese society nor the revolutionary spirit to convince lower class to do the same.²²

Ricci was forward-looking as the politicians and tending to compromise as the diplomats, that's why he decided to teach Chinese everything about European culture. Chinese welcomed with enthusiasm the modern western science – maths, geography, mechanic, astronomy and so forth – and even some philosophical and literature work, but totally rejecting the religion, considered irrational and superstitious.²³

Few information reached Europe about China and people were tremendously curious to learn more about that exotic country. The Jesuit Giovanni Botero was the first to write

²⁰ Paternicò L.M., *La Generazione dei Giganti 2: Gesuiti protagonisti del dialogo tra le culture in Cina* in "Sulla Via del Catai", Numero 11, giugno 2014, pp. 23, 25, 27.

²¹ Bertuccioli G., Masini F., *Italia e Cina, L'asino d'oro*, 2014, p. 94.

²² Ivi, pp. 96, 97.

²³ Ivi, p. 98.

about it: *Relationi universali*, published in 1591 in Rome, gave a fully picture of geography, history, religion, economy and folklore of countries from all over the world, included China. He talked about China with enthusiasm and admiration so that China was not a country to discover, study and learn about anymore, but it became a country to take as a model in industry, politics and justice. It was only the beginning of the China fever that, gradually started after Marco Polo's journey, will reach its highest point in 18th century.²⁴

Besides Valignano, Ruggeri and Ricci, other Italians reached China during 17th century: Niccolò Longobardo, Lazzaro Cattaneo, Sabatino de Ursis, Giacomo Rho, Francesco Brancati, Giulio Aleni, Martino Martini, Ludovico Buglio, Prospero Intorcetta, Filippo Grimaldi and many others. Two of them stood out among the others: Giulio Aleni (1582 – 1649) and Martino Martini (1614 – 1661). The former was called “Western Confucius” and he only wrote using Chinese language to let Chinese people know much more about Europe. In his 23 works, in which he described all the aspects of western world, that are geography, institutions, society, religion, philosophy and art, there is also the first full description of Italy. The latter used to write in Latin in order to let the Europeans be more cultured about China and the whole far East. At that time, in Europe, he was the major expert about China and the most well-known sinologist.²⁵

Life and efforts of Ludovico Buglio (1606 – 1682) are among the most interesting and worthwhile in 17th century's cultural exchange between China and Italy. He had deep knowledge in so many fields and wrote many things about philosophy, theology, natural sciences, geography and astronomy, all of them in Chinese, that he got an accolade directly from the Emperor. He arrived in Macao in 1636 and started to study Chinese language so deep that after three years he was sent to Jiangsu, where he baptized almost 700 Chinese. In 1640 he became the first European missionary called to establish a mission in Sichuan province, where he settled for a few, in Chengdu. He gave his contribution for building two church there, one of which in Chongqing as well as two other churches in Beijing few years later. Since he was in China between the two

²⁴ Bertuccioli G., Masini F., *Italia e Cina*, L'asino d'oro, 2014, p. 112.

²⁵ Ivi, pp. 127-136.

dynasties (Ming and Qing) he witnessed the collapse of Ming and the riots and trouble that happened soon after, and in which he was directly involved.²⁶

He was mainly engaged as mediator between his religious order and some oppositions who viewed the Christians as rebel and dangerous sect mining the stability of the country, and for this reason launched many defamatory campaigns. He translated many religious operas from Latin to Chinese, among which the most important is *Summa Theologiae* by San Thomas. He died in 1682 at the age of 76, after 46 years spent in China. Emperor himself had a lot of esteem and respect for him, that he ordered a solemn funeral to be celebrated to honour him. His grave is still in Beijing.²⁷

²⁶ Paternicò L.M., *La Generazione dei Giganti 2: Gesuiti protagonisti del dialogo tra le culture in Cina in "Sulla Via del Catai"*, Numero 11, giugno 2014, p. 63-69.

²⁷ Ibid.

1.2.3 The major encounter: Popes and Emperors

During the 17th century the cultural exchange between Chinese and European was held by Jesuits and Mandarins. They reached a sort of compromise: the acceptance of Confucian ceremony and rituals by Jesuits, so that they could spread Christian faith without being hindered. On the other hand, Chinese literati did whatever it took – like accepting Christian doctrine – to know some of the modern western science brought by Missionaries.²⁸

Until the end of 17th century, these relations were primarily guided by Jesuits, and most of them Italians, because the Society of Jesus was directly supported from Pope Gregory XIII in Rome. But from the second half of the 17th century until the end of 18th century, Italians started to reduce and the number of French to increase (they belonged to the new born Société des Missions Etrangères), and the Jesuits lost their privileged role in China because Pope Paolo V and Pope Urbano VIII sponsored other orders such as Dominican, Franciscan and Augustinian: not only the monopoly of Italians in China was going to finish, but also that one of Jesuits.²⁹

Plus, at that time strong was the dispute surrounding the role of Confucian ceremony and their role. Jesuits, living in China for many years and experiencing the real life over there, argued that they were nothing else but respect and devotion towards the ancestors, representing the sanctity of family, clan and Nation – as it was indeed. But all the other religious orders did not tolerate them, believing they were such an idolatrous practice. Jesuits' position was going to weaken, resulting in the deletion of the Society of Jesus itself in 1773. For this reason, the exchange between European and Chinese saw the main protagonists to become Popes and Emperors, instead of scholars and literati.³⁰

The new Qing dynasty (1644 – 1912) is considered one of the most glorious period in Chinese history. Two great Emperors guaranteed the necessary peace and stability, ensuring continuity with their two long reigns, Kangxi (1661 – 1722) and Qianlong (1736 – 1796). The whole 17th century was, as notice in the last paragraph, the highest

²⁸ Bertuccioli G., Masini F., *Italia e Cina, L'asino d'oro*, 2014, p. 150.

²⁹ Ivi, p. 151.

³⁰ Ibid.

point for the Chinese fever in Europe, with whom the cultural exchanges went on and even improved, and China was taken as a model in many fields, like theatre, art and literature.³¹

Among the Italians, those who left a hint in Sino Italian cultural were the Jesuits, as usual – but in decreasing number if compared to the previous century – like Prospero Intorcetta (1625 – 1696), who arrived in China in 1659 and, in his staying in Jiangxi Province, translated all the works by Confucius³² or Matteo Ripa (1682 – 1746). As soon as he arrived in Macao, in 1708, he started to study the language and the same year went to Beijing, where he spent few months as a painter, and the rest of his permanence in the capital, until 1722, as engraver, creating many instruments by himself. He left for Italy in 1724, taking with him five Chinese travel mates, that should have formed the first and original nucleus of the so called “Collegio dei Cinesi”. Ripa, in fact, wanted to set up a Chinese college in Naples, a kind of seminary to educate Chinese missionaries, designated to go back to China after finishing the study.³³

This was his main goal and he firmly believed because of many reasons: missionaries in china were numerically were overlooked by the rest of population; sending them from Europe was costly and time-wasting; their life in China was strictly connected to the court and they could not have enough freedom; Chinese language was so difficult that most times they need an interpreter. Since he was not allowed to set up a college for Chinese people in China, because of the Confucianist opposition, he dreamt about make it in Italy. But even there he had to face many obstacles and, only in 1732, 8 years after his return, he got the permission to establish the College. It was not a smooth process, and many were the economic, bureaucratic and social problems he had to deal with, but in that event, he revealed all his personality and commitment to cultural integration.³⁴

Among the Jesuits, many were the artists, like Matteo Ripa himself but also Giovanni Gherardini, Bonaventura Moggi, Giovanni Sallusti and Giuseppe Panzi. They were all dedicated to spread western art, to whom they wanted to remain loyal without accepting

³¹ Bertuccioli G., Masini F., *Italia e Cina*, L'asino d'oro, 2014, p.150.

³² Ivi, p. 174.

³³ Paternicò L.M., *La Generazione dei Giganti 2: Gesuiti protagonisti del dialogo tra le culture in Cina* in “Sulla Via del Catai”, Numero 11, giugno 2014, pp. 135,137.

³⁴ Ivi, pp. 139,141.

any compromise. Their role was important, since they taught mainly the western style, like the rules of perspective, which made them very proud. But they did not show any interest for Chinese art at all. For this reason, Giuseppe Castiglione (1688 – 1766) was asked to go to Macao. He did not leave any hint about his art in Europe, but his reputation in China is quite unachievable. Castiglione was able to adjust to Chinese style, that is watercolour painting and Indian ink on paper and silk. He ended to be a master in this discipline, and many of his works have survived until nowadays.³⁵

Other religious orders arrived in China, settling there permanently, and many of them also gave their own contribution to the development of Sino Italian relations. Among these, were Dominicans like Vittorio Ricci (1621 – 1685) who, as soon as arrived in China in 1655, changed his family name into Riccio, to not have any relations with Matteo Ricci. He did not approve and share his strategy to easily adopt Chinese rituals. Vittorio Ricci was mainly engaged in diplomatic missions on behalf of Chinese, Spanish and Dutch.³⁶

Franciscans played their role too, with missionary like Basilio Brollo (1648 – 1704), who operated in China from 1684, mostly in Nanjing, where he remained for eight years and drew up a Chinese-Italian dictionary, that circulated for many years and many European sinologist looked for it.³⁷

Besides religious people and missionaries, also many literati took part to what had become at that time an already fluent and smooth cultural exchange, enriching the mutual dialogue between these two countries. But instead of moving to China, they were used to tell about these stories from their home countries. For instance, Daniello Bartoli (1608 – 1685), who applied for being sent in China as a missionary. His application was rejected by his superiors and was forced to stay in Rome, where he collected all the stories about Jesuits and their letters from and to China in his *Istoria della Compagnia di Gesù*.³⁸

Lorenzo Magalotti (1637 – 1712) on the contrary, even if relegated in Rome, had a more adventurous life, travelling all around the Europe and learning many foreign

³⁵ Bertuccioli G., Masini F., *Italia e Cina, L'asino d'oro*, 2014, p. 184.

³⁶ Ivi, p. 163.

³⁷ Ivi, p. 175.

³⁸ Ivi, p. 168.

languages. He was scientist, scholar and diplomat, with an open-mindedness that helped him to look beyond the declining Italian cultural field of that time. He was curious, looking for newness, eager to visit places and meet new people, above all those coming from distant lands. Specifically, he wanted to know news about China, its government, language, inhabitants, the way they eat, rest and dress, their religion, everything.³⁹

All these names are just some of the many so called cultural integrators in the history of the relations between Italy and China, and besides our compatriots there were also many other countries' brave and curious people willing to explore and travel so far, pushed by their desire for knowledge. But, of course, I just focused on Italian personalities, at least those who left a hint in this cultural dialogue.

It has not been a smooth and easy process, above all at the beginning, as noticed before. The first Jesuits who landed in China had to change approach, because they realized China was totally different from all other countries they went before in pursuing the evangelization mission. They went from a eurocentric approach, quite common at that time among Europeans – for instance, let's think about the Spanish attempt (ended well) to convert all South America's people – to a more geocentric one. They started to put themselves in Chinese' shoes and did what they never did before: communicate. And, for this reason, they fully dedicated to the study of Chinese culture and language.

These people, the real pioneers in cultural integration between China and Italy, with their cultural sensitivity, ability to adjust, open-mindedness, cosmopolitan attitude and so forth, could be good candidates for working in modern global firms as well. They could be compared to modern expatriates who, because of their skills and abilities, are sent overseas to fulfil organization's main goal – in that case the diffusion of Christian faith and the evangelization of the whole China, a diffuse practice among European countries at that time.

³⁹ Bertuccioli G., Masini F., *Italia e Cina*, L'asino d'oro, 2014, p. 170.

1.3 A powerful weapon

As noticed in the first paragraph, the environment in which business compete is rapidly becoming globalized. More and more companies are entering international markets by exporting their products overseas, building production or manufacturing centres in other countries, and building alliances and joint ventures with foreign companies. Back to 1980s, 61 of the top 100 firms had their headquarters in the US. By 2004 that number had dropped to 35 and of the world's largest 25 organizations in 2014 only 7 were headquartered in the US, with 10 in Europe and 7 in Asia. Of Fortune Magazine's Global 500 (the 500 largest companies by revenues) 128 are headquartered in the US and 95 headquartered in China: most organizations now work globally, and they gain many competitive advantage, from the lower labour cost in some countries to bigger markets – with more customers – in some others, which consequently means more sales and profits.⁴⁰

Several recent social and political changes have accelerated the movement toward international competition. First, the launch in the 1992 of the EEC (European Economic Community), a confederation of most of the European countries that agreed to engage in free trade with one another. Thanks to this, Europe became one of the largest free markets in the world. In addition, in 2002 they also started to share a common currency, the euro. Nowadays, 28 are the States that joined the EU. Second, the North American Free Trade Agreement (NAFTA), an agreement among Canada, United States and Mexico, created a free market even larger than the European one. The third main event is the growth of Asia and some of its countries, mainly China, but also Singapore, Malaysia, Taiwan and Hong Kong, that became significant economic forces. Last but not the least, is the General Agreement on Tariffs and Trade (GATT), an international framework of rules and principles for reducing trade barriers across countries around the world. These changes contributed in creating a sort of global economy, where companies from all over the world try to compete one another. However, this era of

⁴⁰ Noe R.A., Hollenbeck J.R., Gerhart B., Wright M.P., *Human Resource Management: Gaining a Competitive Advantage*; McGraw-Hill Education; 10th edition; 2016, p.629.

increasing international competition accentuates the need to manage human resources effectively to gain competitive advantage in a global marketplace.⁴¹

But organizations that enter global markets should recognize that they are not simply the mirror of their own domestic markets and that countries differ along several aspects, that can affect the way human resources are managed: these are culture, education-human capital, the political-legal system and the economic system. By far the most important factor influencing human resources management is the culture of the country where the organization is located. It is important for two reasons. First, it often determines the other three factors affecting HRM in global markets. For example, culture can affect a country's law, since it embodies what is good and wrong by a culture, or it may affect human capital – if education is greatly valued by a culture, then members of that community will try to increase their human capital. The second reason for which culture is so important is that it often determines the effectiveness of various HRM practices.⁴²

In this chapter I will only consider the cultural aspect⁴³, making reference to a model that characterizes different cultures and illustrates why culture can have a profound influence on HRM, resulting in a powerful weapon – if well managed – for both individual and organizations.

⁴¹ Noe R.A., Hollenbeck J.R., Gerhart B., Wright M.P., *Human Resource Management: Gaining a Competitive Advantage*; McGraw-Hill Education; 10th edition; 2016, p.632.

⁴² Ibid.

⁴³ I will mainly focus on national culture, without analysing the aspect linked with organizational culture.

1.3.2 Dimensions of culture

When analysing cultural differences, as I already highlighted at the beginning, we must include reference to the remarkable empirical studies of Dutch cultural anthropologist Geert Hofstede. Hofstede is well-known for his collection, empirical analysis, and books detailing his work with over 116,000 questionnaires from IBM employees in fifty-three countries from which he formulated four useful dimensions of culture. He later added a fifth dimension related to Chinese culture. Now, I will give an insight of these five cultural dimensions stressing more importance on China and Italy, because they are the leading countries upon which this thesis is based and structured.

Hofstede's five dimensions are Power Distance Index (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance Index (UAI), and Long-Term Orientation (LTO). The Power Distance Index (PDI) refers to the extent to which less powerful members of a culture expect and accept that power is distributed unequally. In other words, it describes how a culture deals with hierarchical power relationships. The status as well as respect for the leader or the elder are important issues in these cultures. In high power distance countries, inequalities are expected and desired while the absence of hierarchy is a frustrating situation. In low power distance countries, much more importance is stressed on equality and opportunity for everyone. These cultures are characterized by mutuality and shared initiatives and here it is quite spread the belief that "all men are created equal" and should be treated that way. In work situations, the boss and employee considered almost equals and subordinates will approach and contradict their boss. There is less dependence on superiors and more interdependence. Parents and children, as well as teachers and students, view themselves more as equals.⁴⁴

While Italy stands in the middle between these two classifications, China is clearly a high-power distance culture, like most Asian countries are. Chinese for example, often start meetings with an exchange of business cards (or 名片 mingpian), partially to allow the other party to read the titles listed on the business cards and to let them know how to treat the person they are meeting based upon their status. The effect of this characteristic

⁴⁴ Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem in "Cardozo Journal of Conflict Resolution"*, Volume 10.1, Fall 2008, p.63.

on the other party will vary depending on whether the focus is on the high status or low status person. To a low power distance person, a high-status person might appear bossy and rigid because they are used to getting their way and not being questioned. A low status person might be seen as cowardly and servile, and not willing to initiate. Parties from low power distance cultures will often attempt to treat everyone equally, from the company president to the lowest ranking person at the meeting. They want to be informal and perhaps want to use first names for addressing the other parties (“you can just call me Andrea”). These different approaches to status and hierarchy can easily lead to conflicts, both in daily life and workplace.⁴⁵

China’s large power distance undoubtedly comes from its long imperial tradition. Emperors were viewed as sons of God until 1911 and, by contrast, the millions of peasants living in the countryside were considered ignorant, passive and resigned to a life of just survival. Confucius himself argued that harmony in the society can be reached only if low-level people owe their superiors respect and obedience in exchange for protection and consideration. The Communist Party, which started to rule the country from the 1949, was very authoritarian: Chairman Mao in fact demanded unquestioned obedience in his effort to build a utopian state.⁴⁶

Chinese feudalism, alike the West one, allowed the privileged few to enjoy the majority of wealth in an impoverished society. The only difference is that feudalism in China – and much broadly in all East – had a much longer history and, consequently, its effects have been longer lasting. The cruel and violent approach taken by tyrants, warlords and government officers instilled fear in the people, who were forced to be silent if they wanted to survive. The consequences of this practice are still evident nowadays, when many Asian are still reluctant to speak in public, especially in presence of the boss or other figures of authority. Even after the World War II these countries did not reach a total freedom of speech, because the dictatorial regime was heavily present in many of them. It was only with the economic development started around the 1980s that a gen-

⁴⁵ Barkai J., *What’s a cross-cultural mediator to do? A low-context solution for a high-context problem in “Cardozo Journal of Conflict Resolution”, Volume 10.1, Fall 2008, p.65.*

⁴⁶ Sriramesh K., Verčič D., *The Global Public Relations Handbook: Theory, Research and Practice*, Taylor & Francis, 2003, p.26.

eral transformation of political ideology, with the spread of more democratic ideas, took place.⁴⁷

Hofstede's second dimension, Individualism (IDV), focuses on how much a culture reinforces individual achievement and interpersonal relationships. It is a measure of the identity of a culture. Its central value is "respect my freedom". Individualism is defined by the extent to which individuals' behaviours are influenced and defined by others. Individuals look after themselves and their immediate family and have much less regard for anyone else. The interests of the individual prevail over those of the group. Collectivists act predominantly as members of their group or organization and emphasize obligations to the group. They value harmony more than everything else and work to maintain face. They place collective interests over the rights of individuals, and their governments may invade private life and regulate opinions. In doing business, individualists will only focus on the transaction's task. For collectivists, building and maintaining a relationship with the groups is the more important goal. Individualistic cultures generally prefer being direct, specific, straightforward while collectivist cultures generally prefer being indirect, ambiguous and cautious. Collectivists represent most of the world's population: Asians typically think and act in this way. There is a tendency for individualists to be more extroverted (and wealthier) and for collectivists to be more introverted. Italy, like all the Western countries, is considered an individualist country while China belongs to the collectivist ones.⁴⁸

The deep-rooted nature of Chinese collectivism is also shown by the fact that the Mandarin language does not have a word for the translation of the English term "personality" while the Chinese word for human being, *ren*, include the person's intimate societal and cultural environment. Another sign of Chinese collectivist spirit is the nomenclature protocol where a person's family name comes before the given name, defining the status of an individual by linking it with the family. Another aspect is the importance stresses on the *guanxi*, one's network of connections and friendships that seem to be necessary.⁴⁹

⁴⁷ Shih S., Chien W., Shi Z., Chu P.Y., *Business growth strategies for Asia Pacific*, University of California, 2005, p.41.

⁴⁸ Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem in "Cardozo Journal of Conflict Resolution"*, Volume 10.1, Fall 2008, p.68,69.

⁴⁹ Sriramesh K., Verčič D., *The Global Public Relations Handbook: Theory, Research and Practice*, Taylor & Francis, 2003, p.27.

Hofstede's third dimension of culture is masculinity: it focuses on the degree to which a culture reinforces traditional male values such as achievement, control, power, money, recognition, challenges, assertiveness, aggressiveness, dominance, competitiveness, ambition, independence, and physical strength. Its central value is "win at any costs." A belief that the strong shall dominate is an important aspect of masculine culture. People from these cultures will resolve conflicts by fighting and by applying the principle of the stronger person wins. In these cultures, males dominate a significant portion of the country's society and power structure. Masculine behaviours include being loud and verbal, with a tendency to criticize and argue with others. Such traits are much more predominant in individualistic cultures. Feminine behaviours include not raising the voice, making small talk, being warm and friendly in conversation. In this case, both Italy and China stay in the middle.⁵⁰

Historically, China has been a male-dominated and patriarchal society. Confucius once said that two kinds of people are immature and hard to deal with, women and children. According to Confucian ethics, men are superior, and women are inferior, and based on the yin-yang philosophy the former is the sun and leads, the latter is the moon and follows, only by this way the harmony is guaranteed. Women had to obey fathers when young, husbands when married and adult sons when widowed. Not long time ago, China was still a peasant society, and women did not have a lot of possibilities to study or grew up in an educated context. Only with Mao the situation started to change, with the communist leader who defined them as "the other half of the sky".⁵¹

Hofstede's fourth dimension is called Uncertainty Avoidance and it focuses on the level of tolerance for uncertainty within a culture, by measuring the extent to which people feel threatened by unknown situations or events. Its central value is the respect of the law. A high uncertainty avoidance culture generates a rule-oriented society that institutes laws, rules, regulations and controls to reduce the amount of uncertainty in the environment. In these cultures, rules are needed to maintain predictability. People must be busy and work hard; time is money; precision and punctuality are important. What is

⁵⁰ Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem* in "Cardozo Journal of Conflict Resolution", Volume 10.1, Fall 2008, p.72,73.

⁵¹ Sriramesh K., Verčič D., *The Global Public Relations Handbook: Theory, Research and Practice*, Taylor & Francis, 2003, p.28.

unconventional is considered dangerous. Business people in these countries prefer long-term employment and management who give precise answers to questions, precise instructions, detailed job descriptions and they do not like to have multiple bosses. Low uncertainty avoidance cultures show more tolerance for a variety of opinions and are less rule-oriented. They readily accept change, run more and greater risks, and take things as they come. Businesses may be more informal. China is quite below the world average, being closer to low uncertainty avoidance countries rather than high score ones.⁵²

The last dimension, later added by Hofstede in collaboration with Michael Bond, and also called Confucian Dimension or Long-Term Orientation (LTO), focuses on the extent to which a culture embraces traditional, forward thinking values and exhibits a pragmatic future-oriented perspective rather than a conventional historic or short-term point of view. It is a measure of virtue for a culture and the central value is the sacrifice for the future. LTO cultures make long-term commitments, have a strong work ethic and long-term rewards are expected because of today's hard work. There is a willingness to make sacrifices to be rewarded in the future. LTO cultures tend to respect thriftiness, perseverance, status, order, sense of shame, and have a high savings rate. Their members tend to make an investment in lifelong personal networks, what the Chinese call *guanxi* (关系) or personal connections. In Short-Term Orientation (STO) cultures, change can happen more rapidly because long-term traditions and commitments do not represent impediments to change. In STO cultures there is a belief that effort should produce quick results. China, together with Japan and other Asian Tigers such as Hong Kong and Taiwan, are rated as long-term oriented countries while most of Western countries are STO countries.⁵³

The following table, that originally showed the Hofstede dimensions scores for seventy-four countries and regions of the world, only provide data about Hofstede's five dimensions of culture related to China and Italy, the two countries I wanted to focus on for my thesis and which are directly involved in this work.

⁵² Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem in "Cardozo Journal of Conflict Resolution"*, Volume10.1, Fall 2008, p.75,76.

⁵³ Ivi, p.77.

Hofstede Dimensions					
	PDI	IDV	MAS	UAI	LTO
World Averages	55	43	50	64	45
China	80	20	66	30	118
Italy	50	76	70	75	-

1.4 Asian values: a competitive advantage?

As noticed in the last paragraph, referring to the work of Hofstede and Bond, Western and Eastern people behave quite differently. But, instead of just noticing the obvious differences, it should be even more interesting to figure out why they do behave in so opposite ways. The values and norms of a culture do not immediately and suddenly emerge, but they gradually evolve over time in response to many factors, including economic and political philosophies, social structure of a society, language, education and religion. The social structure is the basic social organization of a society and it is based on two main aspects, the importance given to the individual and the degree to which a society is stratified into classes or castes. All societies are stratified on a hierarchical basis into social categories, that vary according to the family background, occupation and income. So, fundamental is the definition of social mobility, that refers to the extent to which individuals can move out of the category where they are born. Then, language is another defining characteristics of culture, because its nature also affects the way people perceive the world. The language of a society can direct the attention of its members to certain features of the world rather than others. Another element playing an important role in defining one country's culture is education, because at school basic cultural norms and values, such as respects for others, obedience to authority, honesty and being on time are indirectly taught. Finally, one of the most influencing factors that shape countries culture is religion, defined as a system of shared beliefs and rituals that are related with the realm of sacred. An ethical system refers to a set of principles and values used to shape behaviours and most of the world's ethics are the products of religion. Focusing on Asia, its culture has been deeply influenced by its many ancient religions, that are Hinduism, Buddhism, Confucianism and Taoism.⁵⁴

Hinduism and Buddhism have their origin in India, and strong is the belief in the reincarnation based on the karma of a previous life. So, they believe in the afterlife and spiritual achievement instead of involvement in this world. Confucianism stressed much

⁵⁴ Hill C. W. L., *International Business: Competing in the Global Marketplace*, McGraw-Hill & Irwin, 2016, pp. 97-113.

importance on the elder people, and the respect for them, as well as that for the educated and for those in authority, should have formed the base of the society, whose harmony is given high consideration. Then Taoism, according to which who achieves liberation from the worship of material and superficial things may become a saint.⁵⁵

Cultural Element	Positive Influences	Negative Influences
Confucianism	<ol style="list-style-type: none"> 1. Imposes ethical standards and work discipline 2. Respects the elderly and the educated 3. Cultivates learning habit 	<ol style="list-style-type: none"> 1. Difficult to innovate outside the box 2. Old guard only allows incremental progress 3. Lack of balance between theory and practice
Buddhism	<ol style="list-style-type: none"> 1. Reinforces people-centric management culture 2. Helps people endure uncertainty during times of change 	<ol style="list-style-type: none"> 1. Loosely organized 2. Tend to be too passive in dealing with corruption and misconduct
Hinduism	<ol style="list-style-type: none"> 1. Pacifies the soul and spirit in turbulent times 2. Harmonizes group relationships 	<ol style="list-style-type: none"> 1. May mislead people to accept class society 2. May tolerate unfairness
Taoism	<ol style="list-style-type: none"> 1. Accepts higher moral ground for the common benefit of society 2. Less dependent on materialistic incentives 	<ol style="list-style-type: none"> 1. Acting as a group may be a trade-off for individualism

Major Asian cultural elements and their influence on management practices

⁵⁵ Shih S., Chien W., Shi Z., Chu P.Y., *Business growth strategies for Asia Pacific*, University of California, 2005, p.40.

I will only focus on Confucianism, following what Herman Khan said about all East Asian cultures, defining them as neo-Confucian because they all have common cultural roots going far back into history – it is here important to specify that cultural inheritances are not genetically transferred, but they can be acquired by any human being who is at the right moment in the right place.⁵⁶

Kong Fu Ze, whom the Jesuit missionaries renamed Confucius, was a high civil servant in China around 500 B.C. known for his wisdom, and many disciples who always surrounded him recorded his teachings. These lessons do not have any religious content and only follows the moral and the ethics. Confucianism in fact, is not a religion, but a set of norms and rules for daily life, and four are the key principles. First, the stability of the society is based on equal relationships among people. The famous five relationships (无论) are ruler/subject, father/son, older brother/younger brother, husband/wife and older friend/younger friend. The concept of equality here is quite different from what we are used to. These relationships in fact, are based on mutual obligation, according to which the junior gives the senior obedience and the senior give junior back protection. Second, the family is the prototype of all social organizations. A person is first of all a member of a family, so children have to learn how to overcome their individuality and maintain the harmony in the family, even only on the surface. The concept of private and public in Chinese culture is very important, because linked to what they call face. To maintain an individual's face means maintain one's dignity, self-respect and prestige. Social relations should be conducted in such a way that everybody's face is maintained. Paying respect to someone's else is called giving face. Third, human benevolence, that is having virtuous behaviour towards other people. In other words, not so far from what Christian religion says, treating others in the same way one would like to be treated oneself. The last, having virtue behaviour. It means that people should try to acquire skills and education, working hard, not spending more than necessary, being patience and persevering.⁵⁷

⁵⁶ Hofstede G., Bond M.H., *The Confucius connection: From cultural roots to economic growth* in "Organizational Dynamics", Volume 16, Issue 4, 1988, p.6.

⁵⁷ Hofstede G., Bond M.H., *The Confucius connection: From cultural roots to economic growth* in "Organizational Dynamics", Volume 16, Issue 4, 1988, p.8

The result of the Chinese Value Survey, a specific study carried on by Hofstede together with the Professor Michael Bond from Hong Kong University, was the finding of another dimension called Confucian dynamism, because it reflects these Confucian ideas and teaching. When comparing the two studies – the first, by Hofstede, that gave birth to the four cultural dimensions and the second conducted according to Chinese values – none of the four dimensions was associated with economic growth across all countries but, surprisingly, the new dimension found was strongly associated with economic growth over the period between 1965 and 1985 across the many countries, rich or poor, analysed. What is most notable about eastern culture is that, under the world market conditions of the last decades, this cultural inheritance has represented a competitive advantage for successful business activity. Japan together with the four Asian dragons – South Korea, Taiwan, Hong Kong and Singapore – hold the top position on the Confucian Dynamism scale. These countries stressed, and still do it, much importance to certain values like hierarchy, sense of shame, thrift and perseverance, giving less importance to some others – protection of face, respect for tradition, personal stability and reciprocation of greetings. Basically, these values could be the causes and the economic growth as the effect. And, the logical link between them is East Asian entrepreneurship. The study did not find these values only in the entrepreneur, at least, the people upon which the study was conducted were all students. It means that these values were held within the entire society, among future entrepreneurs, employees and their families, and among members of the society.⁵⁸

How Confucian values can be related with economic growth? First, the family structure, which stresses so much importance on ordering relationship by status, gives birth to a highly hierarchical society and this sense of hierarchy and complementarity of relations undoubtedly make the entrepreneurial role much easier to play. Second, the value of having a sense of shame supports connections through sensitivity to social contacts. The value of thrift leads to savings, which means availability of capital for reinvestment, an obvious asset to economic growth. Finally, perseverance leads to a tenacity in the accomplishment of whatever goals a person chooses for himself or herself, among which are economic goals too. Vice versa, these countries' low endorsement given to others

⁵⁸ Hofstede G, Bond M.H., *The Confucius connection: From cultural roots to economic growth in "Organizational Dynamics"*, Volume 16, Issue 4, 1988, pp.16,17.

values also facilitated their economic growth. For example, protecting face, if largely observed, would prevent people from getting involved in business. Even low importance to the reciprocation of greetings, favors and gifts is not profitable. It has to do with good manners, instead of business and performance. Also, too much respect for tradition could be an obstacle, impeding innovation. Part of these countries' success is largely due to the ease with whom they accepted Western technological innovation. Finally, personal steadiness and stability, if overstressed, could discourage initiative and risk seeking, resulting in an impediment for entrepreneurial spirit.⁵⁹

Culture in the form of dominant values is a necessary condition for economic growth, but culture alone is not enough. That's why two other important conditions should be the existence of a market and the right political context. And both were quite mature in the second post war in all the Asian dragons, except for People's Republic of China, which had to wait until 1980s and the opening and reforms' strategy carried on by Prime Minister Deng Xiaoping. The influence of political context was quite evident in the country that was the place of origin of Confucianism, China. Here in fact, the economic growth was obviously hampered by political factors.⁶⁰

The frequently used term Asian values generally remarked a passion for knowledge, the excellence of teamwork, the unselfish sacrifice of self for the improvement of the family, the willingness to save money to invest in tomorrow. All of them are associated to virtues, rather than flaws, and they can bring many benefits if well managed, being "the solid groundwork for a country's prosperity when diligent people are guided by a group of competent economists and technocrats". In fact, for an economy to be virtuous a high saving rate is required and, in case of Asian countries, one of the main reasons for their sustainable economic growth. In China today, the average saving rate as a percentage of income is around 50% - one of the highest in the world. Plus, also the passion for higher education, if well planned by government, can produce a great quantity of educated and high-quality specialists who, on the workplace, would be an added value for companies as well as a real and concrete competitive advantage. Unsurprisingly, universities in China turn out about 400.000 scientists and engineers each year. Generally speaking,

⁵⁹ Hofstede G., Bond M.H., *The Confucius connection: From cultural roots to economic growth in "Organizational Dynamics"*, Volume 16, Issue 4, 1988, pp. 18,19.

⁶⁰ Ibid.

Asians tend to be more disciplined than Westerners because of the rigid doctrine imposed by society and the schools. They are more likely to perform well-defined routines – that’s why these countries were considered ideal manufacturing destinations but now, with the improvement of the school system and generally to the whole country’s machine and the subsequent increase of the engineers’ quantity and quality level, they became high-tech giants in just a decade. One of the reasons for which Asian seem to be so disciplined, or at least more than Westerners, could be linked to the military service, compulsory until few years ago for some countries like Taiwan and Singapore, and still ongoing for South Korea, for young men aged between 18 and 24. The cadet training may help them to fit into a group and the daily activities in the army could be very similar to those in a small factory.⁶¹

The study of Hofstede and Bond said much about the differences between Western and Eastern countries. Besides three dimensions – power distance, masculinity/femininity, individualism/collectivism – that were common to both West and Est, they found one exclusively Western, the uncertainty avoidance, that deals with a society’s search for Truth, and another exclusively Eastern, the Confucian dynamism or long-term orientation that, on the contrary, deals with a society’s search for Virtue. In fact, it relates to the teaching of Confucius, that were practical ethics without any religious content: he was interested in the Virtue, not in the pursuit of Truth. This is a philosophical dividing line between Western and Eastern thinking. West include countries that are traditionally Judaeian, Christian or Muslim – three religion that are very much concerned with the Truth and most of them are intolerant currents that believe they have the one Truth and all others are wrong. While the East, represented by Confucianism but also by Hinduism, Buddhism, Taoism and Shintoism, does not assume that anyone can have the Truth. For them, human truth is seen as partial so that one does not exclude its opposite. This is why people in the East can easily adhere to more than one religion or philosophical school at the same time. According to this view, it is not strange that a practical and

⁶¹ Shih S., Chien W., Shi Z., Chu P.Y., *Business growth strategies for Asia Pacific*, University of California, 2005, p.43.

non-religious ethical system like Confucianism can become a benchmark of society, even more than in the West where we tend to derive ethics from religion.⁶²

During Industrial Revolution, the Western concern for Truth was a powerful advantage. It led to the discover of the laws of nature, which could be exploited for the sake of human progress. At that time European countries were a hotbed of revolutionary ideas and modern thoughts in any sphere, while Chinese scholars, despite their high level of civilization, never discovered something remarkable – from an abstract point of view, since we owe Chinese some concrete findings – because they were simply not looking for them. Western thinking is analytical and Eastern thinking is synthetic. But, by the middle of 20th century, the Western concern for Truth ceased to be an advantage and turned instead into a handicap, because with the modern era new needs came out, and while science can benefit from analytical mind, government and management need a synthetic way of thinking. So, Eastern people could take advantage of the Western results – derived from analytical mind – and use technologies by putting them into practice according to their superior synthetic abilities. Who is right and what is true is not the main issue, the focus should be how well coordinate the interest of individuals toward a common goal. In fact, this fusion and integration of different cultures, at least of the strongest points of different cultures, lead to a competitive and strategic advantage and in global organizations, that always deal with such an issue, this should be the main objective. In other words, try to reach a cultural synergy, because national culture can be complementary. It is a complex and difficult challenge, but not impossible. The Chinese Value Survey conducted by Hofstede and Bond itself could be a good example of it, because they used a Western research approach with a Chinese questionnaire. Also, as we already mentioned in the chapter, the success of the Asian dragons could be seen in this view since it is based on the exploitation of technology originally developed in the West, according to Eastern principles.⁶³

⁶² Hofstede G., Bond M.H., *The Confucius connection: From cultural roots to economic growth in "Organizational Dynamics"*, Volume 16, Issue 4, 1988, p.19,20.

⁶³ Ibid.

2

A new challenge: managing globally

2.1 China: another world

In the latest years, many Chinese firms had to face some changes, that sometimes turn into challenges, at international level like rapid growth and globalization, which consequently led to the raise of competition. In this context, human resources can be an added value or represent a clear disadvantage, and everything is made more urgent because of managing cultural differences and personnel coming from all over the world. When it comes to talk about China with some of my friends or acquaintances, it happens quite often that they depict this beautiful and exotic country as “another world”, in most cases using a negative and derogatory tone, without a deep understanding and knowledge of what China really is. Honestly, China is really another world compared to West and the many differences existing in the sphere of social life between “us” and “them” undoubtedly affect the sphere of the business, changing the way affairs are conducted, how negotiation is handled and similar. Now, after having realized how far China and Italy are from each other, I can deepen the issue and introduce the differences that might come out in business when dealing with Chinese.

Firstly, we should start from what business is for Chinese people. If Western people think of business deals as simple and negotiated agreements, much of the rest of the world – Asian above all – on the other hand, thinks of business deals in terms of introductions by mutual friends or business associates, the presentation and receiving of gifts, the calling upon of old favours, the forming of trust-based relationships, business relationships formed in entertainment settings, and business agreements based on handshake, instead of a written contract.

Concerning the management style, due to both the impact of Chinese culture and their resource scarcity, many Chinese prefer to manage their firms based on trust, relationships, shared entrepreneurial success and market responsiveness. The typical Chinese management approach has the following characteristics:

- Founder/owner as the glue of integration → the founder/owner builds the company by recruiting a group of core managers that can be trusted based on a common bond: attending the same school/university, having worked for the same company, coming from the same place of origin or family ties. This group is managed based on a high level of trust and shared economic interests, not through formal control or monitoring systems. These managers are often entrusted with a high level of autonomy as long as they are competent and committed. The founder is the reason that these managers work together. They all work closely and directly with him. However, these managers do not owe much loyalty or commitment to each other.
- Organizations are operated with powerful networks, not just formal structures → the group of core managers that the founder recruited in turn recruits people they can trust to work in their teams or units. As a result, networks are created within a larger network. The control and coordination mechanisms are through personal trust and loyalty rather than formal systems, processes and policies. The line functions are very strong while staff functions such as HR are often very weak.
- Career promotion and reward are tied to both relationship and performance → due to underdeveloped management processes and systems, reward and career development opportunities are largely tied to the personal judgment and evaluation of those core managers, not to transparent criteria and processes. As a result, these opportunities reinforce the culture of personal relationship and loyalty within these companies.
- With very limited resources, the founder cannot afford high base salaries for the core managers, however they are treated as partners to create wealth through shared success → as a result, core managers often have an ownership stake and their performance is primarily measured by the sales and profit they generate, not their leadership style and behaviours.
- In terms of culture, firms operate more like adhocracy (things always change fast

and very flexible) and clan (value people loyalty and harmony over systems and processes) → founders are often against over-elaborate systems and processes because these organizational infrastructures are viewed as slowing things down and consuming profit-producing business energy.

- Strategic planning is more opportunity driven than opportunity driving → founder outline a broad vision and key strategic goals to be achieved in the next 5 or 10 years. However, specific strategies and plans are much less clear, all depending on specific business opportunities.

In summary, this management approach is flexible, low cost, fast and result driven because most key players have a strong stake in the firm's success. This approach is prevalent in the start-up phase of many Chinese firms. In the Western business context, many firms formalize their structure, systems and processes as they grow larger. What makes Chinese firms special is that they seem to resist the formalization of the organizational operation and continue to rely on people/relationships as their primary integrating mechanisms even when the organizations grow reasonably large (more than thousands of employees and billions of dollars in revenue). Working in this management context, Human Resources professionals are often asked to take care of routine administrative tasks while CEOs and core managers hold the power to make key decisions related to people and organization.⁶⁴

When a Chinese firm starts to grow very fast in both size and complexity, the main weaknesses of their management approach are the following:

- Talent management and development: the current approach relies heavily on the personal trust and subjective judgment of core managers in identifying and developing talent rather than on transparent human resources criteria and processes. However, the lack of consistency and transparency in HR systems often leads to issues like the quality of talent being identified, perceived fairness of the system, movement of talent across units and retention of key talent.

⁶⁴ Losey M., Meisinger S., Ulrich D., *The future of Human Resources Management*, Society for Human Resources Management press, 2005, pp. 401-403.

- Diversity and assimilation of new members: strong reliance on informal networks makes an organization less open and receptive to new organizational members, especially people from different cultures and at senior levels. Unfortunately, as Chinese firms need to globalize in business operation and collaboration, the ability to integrate talent from different parts of the world is necessary and critical.
- Horizontal boundaries: to encourage the strong entrepreneurial spirit of key managers, Chinese firms often link the career development of these managers to the results of their business units. The strong relationships these managers have with their subordinates together with the organizational environment and boundary problems are often the price to bear in traditional Chinese management approach. As the companies grow larger, more global and more complex, the problems of cross-unit collaboration can become so serious that they may overwhelm the benefits of speed, flexibility and entrepreneurialism.⁶⁵

Decision-making, very linked to the managerial style, also markedly varies across cultures and can have a great impact on business and organizational results. Asians, giving much priority to hierarchical structures than to egalitarian ideas, emphasize authoritarian decision making over the more open discussion that marks Western decision-making process. In the specific case of China, the older generation grew up under a strict communist environment. It was a top-down environment: once decisions were taken, people just had to implement them, even if the situation has rapidly started to change with the new generations, who never experienced something like that.⁶⁶

The same happened in leadership, a field that, in China, recently attracted a lot of attention. In one of the most important researches about it, Ralston and his colleagues found that a new generation of chinese leaders is emerging and it is totally different from past leaders, since they scored higher on individualism than did the current and

⁶⁵ Losey M., Meisinger S., Ulrich D., *The future of Human Resources Management*, Society for Human Resources Management press, 2005, pp. 404-406.

⁶⁶ Scorza J., *Profile: An HR Journey Leads to Insights in Asia* in "HR Magazine", 1/07/2013.

older generation groups but, above all, they scored significantly lower than their predecessors on collectivism and Confucianism. This new generation of managers and leaders comprehend all those who were born and grew up during the period of openness and freedom, called the “Social Reform Era”. At that time, they were exposed to western societal influences, resulting in leadership style like those of western managers. Leadership, as well as many other aspects within an organization, is culturally influenced.⁶⁷

⁶⁷ Luthans F., Doh J.P., *International Management: Culture, Strategy, and Behavior*, Ninth Edition, McGraw-Hill Education, 2015, p.471.

2.1.2 Everything is different

Selection process changes according to how people evaluate others and what they believe to count more. While in Western countries job interview, technical skill and work experience are the most important selection criteria, in Asia one of the top selection criteria is how well the person fits the corporate and company values and how well the person gets along with others. The good point is that this criterion is increasing in importance everywhere. The shift toward the more Eastern notions of “getting along with others” and “fit to company values” is seen as much more important for the future in the West. Selection practices are quite similar in Korea, Japan, China and Taiwan. Specifically, proven work experience is deemphasized as a selection practice in these countries.⁶⁸ It is also interesting how in China, because of the influence of collectivist spirit and the emphasis put on relationships, quite spread is the habit to hire and promote friends and relative, with little regard for ability of performance.⁶⁹

But, instead of looking at the selection process from the recruiter’s point of view, let’s stand for applicants’ side for a while. There are differences even in the way they prefer to be approached by a company for eventually be recruited. In Asia, more specifically in Japan, for example, it’s ingrained that you should be approached by a third party and not post your resume all over the place for people to find. China from this point of view differs a lot from the other Asian countries and it is more like the West. In many ways, it’s similar to the U.S., especially among the youth. They are social and huge users of social media and they’re willing to be approached directly by a corporation or a recruiter.⁷⁰

Regarding the compensation policy, in the Asian countries seniority-based pay, pay based on group-team or organizational goals and pay based on future goals are used to a large extent. The influence of Confucian values is evident, giving importance

⁶⁸ Losey M., Meisinger S., Ulrich D., *The future of Human Resources Management*, Society for Human Resources Management press, 2005, pp. 393,394.

⁶⁹ Sriramesh K., Verčič D., *The Global Public Relations Handbook: Theory, Research and Practice*, Taylor & Francis, 2003, p. 27.

⁷⁰ Scorza J., *Profile: An HR Journey Leads to Insights in Asia* in HR Magazine, 1/07/2013.

respectively to elder people, collective interest and future perspectives. But in People's Republic of China, compensation is set at the level of the state, which also mandates working conditions. In such a context, companies have relatively few degrees of freedom to manipulate compensation, seniority and benefit variables.⁷¹

As a part of the compensation, even tipping people who perform services can vary from country to country. In some Asian countries for example, tipping might be considered an insult. Companies, especially those in the services' industry such as hotels and restaurants, have to adjust wages and employee benefits to compensate for these differences when their businesses cross borders. Also, advance payment in anticipation of services occurs in many business situations, but usually early payment is a part of the cost for a purchase or repair.⁷² In Chinese culture, according to unstated custom, some "back-door" payments are required before taking delivery on a purchase or service and they are simply seen as an ethical part of doing business. While some other countries would call it bribe and might outlaw it, Chinese people consider them respectful gifts.⁷³

Usually multinational companies use the compensation as a method to try to retain employees but in collectivist cultures, where people think as a group, they are motivated by the sense of family rather than driven by money. In fact, where rewards and incentives have been introduced into the transition economies, there have been problems in their implementation. According to their collectivist spirit, Chinese will be inclined to give greater rewards to in-group members, while tending to be softer in assessments of out-group members. A research study on human resources management in China showed that few companies implement individual-based rewards, as these types of rewards could lead to so-called "red eyes disease" among workers, an expression quite common in China associated with jealousy. As noticed in the last chapter, one of the fundamental values in Chinese society is harmony, and jealousy caused by individual-based pay could favour the disruption of harmony and have negative impact on working relationships and performance. Such interpersonal dynamics in the workplace had some

⁷¹ Losey M., Meisinger S., Ulrich D., *The future of Human Resources Management*, Society for Human Resources Management press, 2005, p. 396.

⁷² Ibid.

⁷³ Sriramesh K., Verčič D., *The Global Public Relations Handbook: Theory, Research and Practice*, Taylor & Francis, 2003, p.27.

changes in the last years owing to China’s fast paced economic development and increased openness to Western organizations and management style.⁷⁴

Different cultures also lead to different approaches in the performance appraisal (PA). In western countries for example, allowing subordinates to express themselves is perceived as an important appraisal practice. By contrast, in the Asian countries expression is used to a low extent, particularly in Korea. Generally, context-specific issues must be taken into consideration when executing PAs. For example, the Western companies operate following the assumption of “praise in public, criticize in private”. However, there are some cultural contexts such as Japan, where public praise presumes the employee could not perform the activity in the first instance, and thus praise can be seen as unintentionally demeaning. Only children in fact need public praise. Other cultures revile criticism delivered verbally – it is far more effective with line workers in Mexico to demonstrate the correct way to perform a procedure than to tell workers they did it wrong.⁷⁵

	Asian	Westerners
Way of thinking		
Subject	Holistic	Individualistic
Social status	Hierarchical	Egalitarian
Relationship	Beyond business	Business networking
Logic	Interrelated	Sequential
Approach	Authoritarian	Open to discussion
Means	Enforcement of order	Fact-oriented
Channels	Relationship	Information
Duration	Long-term	Short- or medium-term

⁷⁴ Lane H.W., Maznevski M.L., Mendenhall M.E., McNett J., *The Blackwell Handbook of Global Management: A Guide to Managing Complexity*, John Wiley & Sons, 2009, p.254.

⁷⁵ Losey M., Meisinger S., Ulrich D., *The future of Human Resources Management*, Society for Human Resources Management press, 2005, p. 397.

	Asian	Westerners
Business behaviour		
Etiquette	Formal	Mostly informal
Meeting format	Multiple objectives	Clear objectives
Delegation	Limited	Authorized
Responsible party	Normally unchanged	Frequently changed
Information exchange	Need-to-know basis	Open exchange
Business proposal	Arrived at indirectly	Direct and open
Negotiation style	Passive but persistent	Direct and less patient
Priority setting	Favourable total deal	Principles and objectives
Expected partnership	Long-term	Business-driven

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⁷⁶ Shih S., Chien W., Shi Z., Chu P.Y., *Business growth strategies for Asia Pacific*, University of California, 2005, p.44.

2.2 Communication is vital

The organizational culture is basically the representation of the purpose and values of the organization portrayed through the behavior and words of its leaders and employees. It includes the stated vision and mission, public relations communications, the quality of products and services, internal policies and procedures, and even the working environment. But most important, it is how managers and employees behave day by day that is the most revealing aspect of culture – what is often called “walking the talk”. Espousing a values-based culture is one thing; living it is another.⁷⁷

Organizational culture is based on shared values, that are the conscious perception (both espoused and enacted) about what is good and bad, right and wrong, basically what people have in common. It is also based on shared assumptions, that is the essence of corporate values and non-conscious perceptions of behaviour.⁷⁸

Communication is one of the most striking features of organizational culture. It may be open or closed: the more closed the system is, the more likely it is that communication is top-down, and the system takes a management-by-objectives approach; the more open the system is, the more participative it is and the more likely that it is aligned with total quality management principles. In addition to this feature, each organization has a cultural style. Four basic cultural style were identified by Hall: low assertive/low responsive, low assertive/high responsive, high assertive/high responsive, and high assertive/low responsive. When the culture is low assertive/low responsive the organization's approach is methodical, precise, cautious, factual, and quantitative. When the culture is low assertive/high responsive, harmony is valued, the environment is loyal and trusting, and compromise may happen. When the culture is high assertive/high responsive, it is more individualist, quick moving, unpredictable, challenging, and quick changing. When the culture is high assertive/low responsive, it is task oriented, authoritarian, demanding and pushy, with a controlling attitude. The culture of an

⁷⁷ Chalofsky N. E., *Meaningful workplaces: Reframing How and Where we Work*, John Wiley & Sons, 2010, p.93.

⁷⁸ McShane S.L., Von Glinow M. A., *Organizational Behavior: Emerging Knowledge, Global Reality*, McGraw-Hill Education, 2015, p.398.

organization usually is maintained by the employer, by choosing people who may fit it, as well as by the employees themselves, who are likely to choose to work in an organization in which they feel comfortable. The organization often maintains a corporate culture for many years. One event that can change the corporate culture is the selection of a new management team that impose a new culture and also when mergers and acquisitions happen.⁷⁹

Very close to the communication within an organization is the public relations' aspect. They can be defined as the practice of altering and negotiating relationships between organizations and publics. Moreover, they serve as the eyes, the ears and voice of organizations. When organizations move into the global economy, practitioners will need to adjust to see, listen and speak to international publics. An internationalization of public relations is both an opportunity and a challenge for professionals, and the need for public relations practitioners to operate in an international context is an exciting opportunity. Nowadays in fact, public relations are no longer just a domestic issue: with nearly 40,000 multinational entities and thousands more considering the global marketplace, the implications of the world inevitably confront all organizations – even those that do not want to go global but face the reality of foreign competitors in their own domestic markets.⁸⁰

The convergence of financial markets, technologies and communication is fostering unprecedented interaction between people and societies. Although these interactions between diverse cultural groups can lead to harmony, they can also produce opposite effects such as sturdier stereotypes and increased suspicions, misunderstandings, tribalism and conflicts. All of this shows the need for better communication across cultures and, for public relations people, the need to help their organizations think and act appropriately beyond their own borders. The actual global phase is characterized by geographic expansion – many corporations operate in more than 50 countries – and multiculturalism, but globalism is about philosophy more than size: becoming a global corporation requires speaking with a global voice. It means maintain a strong competitive advantage through innovative thinking from a multicultural employee

⁷⁹ Heath R.L., Vasquez G.M., *The Handbook of Public Relations*, SAGE, 2004, p.642.

⁸⁰ Ivi, p.629.

force.⁸¹

As previously noticed, public relations should exist to preserve a consistent reputation and build relationships. These goals should be similar throughout the world, but they can be fulfilled in different ways from one culture to another. Achieving these goals is much more difficult in the global arena due to cultural and language differences, regulatory environments, political and economic systems, media and other local variables that must be considered. Focusing mainly on cultural differences, we can address them on two levels. The first is organizational: even across national boundaries, certain organizational types and structures share an identifiable culture. The second type of cultural difference is national and individual. People in one nation individually and collectively share a culture different from that of people in another country.⁸²

In global organizations there are no managers who has the monopoly in knowledge, experiences, capabilities or skills, but there are many team leaders with global perspectives, who can build essential team spirit among the members. In other contexts, these figures are called cultural integrator. Kanter defines these people as someone who “has the vision, skills and resources to form networks that extend beyond the home base” and who “can see beyond obvious differences among countries and cultures, resolve conflicts among local ways, and bring the best from one place to another”. In other words, cosmopolitan people who follow the philosophy “think global and local, act global and local”.⁸³

⁸¹ Heath R.L., Vasquez G.M., *The Handbook of Public Relations*, SAGE, 2004, pp.639,640.

⁸² Ivi, p.642.

⁸³ Ivi, p.646.

2.2.2 Public relations in China

Throughout a study of public relations' practitioners in mainland China conducted by Chen, it has been found that practitioners who emphasized management roles practiced two-ways symmetrical public relations. Siriamesh, J. Grunig and Dozier also explored the relationship between organizational culture and public relations and found that organizations can be categorized by dimensions of organizational culture. A participatory culture allows organizational members to have input into organizational decision making. Alternatively, authoritarian cultures rely on tradition and use trial and error in decision making. The scholars concluded that culture is neither a necessary nor a sufficient condition of excellent public relations practice, because even if an authoritarian culture may practice excellent public relations, a participatory culture also provides a virtuous environment for symmetrical relationship building.⁸⁴

By studying the international public relations by contextualizing them and using a comparative research, many scholars described the practice of public relation in different countries around the world. Above all, international interest in China has generated much researches in its public relations. Although the term public relation is relatively new in China, the practice can be said to be born more than 2,000 years, encompassing 13 dynasties. All emperors recognized the importance of establishing and maintaining harmonious relationships between the ruler and the subjects. It was said that good rulers viewed their subjects as water – something that could not only carry the imperial boat, but also turn it over. Confucius, as noticed in the last chapter, also encouraged harmonious communication as a way in which to smooth relationships and reduce conflicts within the social system. Starting from the foundation of the People's Republic of China in 1949 for about three decades – up to the late 1970s – the political system in China was dominated by a small political elite headed by Mao Zedong. These leaders ruled primarily through direct Communist Party control, propaganda manipulation, military power and police brutality with no mass participation. The Chinese people experienced only a one-way communication from their leaders until the

⁸⁴ Heath R.L., Vasquez G.M., *The Handbook of Public Relations*, SAGE, 2004, pp. 629,630.

1980s, when the new leaders adopted an “open door” policy and several economic reforms began. A common understanding that these new leaders should have engaged in a two-way asymmetrical communication also arose among the elite, and a lot of progress have been made in this way, with the Chinese government's use of two-way asymmetrical communication.⁸⁵

But the practice of public relations only came out after the spread of joint venture between Chinese manufacturing companies and Western partners, and it gradually developed reaching an increasing number of service-oriented organizations. But most of them were small size companies, because the state owned major large-scale organizations and it prevented the public relations from growing in the public sector. That's why the rapid growth of public relations occurred primarily among thousands of small businesses that quickly recognized the advantages of public relations for generating free publicity and goodwill among the key stakeholders. An important change happened after June 1989, when the shock to the power elite resulting from the student democracy movement and the government's crackdown led the leadership to call for the reconsideration of all ideas imported from the West.⁸⁶

Among the scholars who analysed the public relation practices in China, Chen and Culbertson found that the Chinese government practices two approaches to public relations: symmetric public relations and “old time propaganda, press agency, and image building plus modern marketing strategy”. They also found that achievement of many professionals, personal and social goals relies on the concept of *gao guanxi* 搞关系. This term means establishing connections, creating obligations and favors among interactants, and enjoying privileges through relationships. Public relations practitioners often perform the *gao guanxi* role.⁸⁷

Chen and Culbertson also focused on the role of women in Chinese public relations and they found that in China they play a central role, often acting as translators and guest relations experts – these female figures outnumber male ones – focused on the subtle interpersonal relationships so important in the Chinese culture.⁸⁸ Unfortunately, guest

⁸⁵ Heath R.L., Vasquez G.M., *The Handbook of Public Relations*, SAGE, 2004, pp. 666,667.

⁸⁶ Ivi, p.669.

⁸⁷ Ivi, p.634.

⁸⁸ Ivi, p.670.

relations in China means making clients happy and entertaining them, and too often women engaged in this practice are not encouraged or expected to advance to higher levels in public relation practices. Physical attractiveness is an important aspect for Chinese women entering the public relation practice and emphasizes the masculinity dimension of Chinese culture, creating what supporters of the field called the “miss PR” problem. This often implies a professional who lacks professional training and ability to think strategically.⁸⁹ These young women, called 公关小姐 *gong guan xiao jie* or public relation girls, were brought by factory managers to business meetings, and they wrongly thought that, even only the mere presence of these young and attractive ladies would have smoothed business dealings. By contrast, in Western countries no such similar role has emerged in surveys of practitioners.⁹⁰

In China, language contributes in creating confusion about PR’s definition. Common usage in fact made publicity and propaganda synonyms. They are both translations of the word 先传 *xianchuan*, which is how PR is commonly described. But the term gives the idea of a top-down and manipulative practice, adding too much cynicism and negative meaning to this word.⁹¹ Misunderstandings also arise about public relation’s role. It is not just about media relation, nor advertising or marketing, but encompasses all the communication actions taken by an organization. Almost every behaviour that a company undertake has a public relation dimension: the decision to set up a factory in China, and in what city, is as much as a PR effort as it is an operational decision; the donation made by a company to earthquake relief, or even the decision to list its share on a stock exchange are all matters of PR. To sum up, public relations in China are defined by Wolf as “all those actions, behaviours and communications conducted by an organization with the intent of informing and influencing the groups that have a role in the organization’s success”. Among the most important groups or public in China, are the academics, activists, celebrities, key opinion leaders, lifestyle media, local authorities and local communities.⁹²

⁸⁹ Sriramesh K., Verčič D., *The Global Public Relations Handbook: Theory, Research and Practice*, Taylor & Francis, 2003, p.32.

⁹⁰ Wolf D., *Public Relations in China: Building and Defending your Brand in PRC*, Springer, 2016, p. 15.

⁹¹ Ibid.

⁹² Ibid.

2.3 The group as a family

In global companies, success depend on accurately reading and responding to environmental complexity and competition, and organizational learning seems to be a prerequisite for surviving in global context. Moreover, the diversity of people and environments in which MNCs operate should increase the number of potential sources of innovation and learning, but at the same time, it could also be an obstacle. In fact, when people coming from different cultures work together, and they are supposed to exchange information and knowledge, problems may arise. One of the key barriers to global organizational learning is definitely the inter-cultural communication.⁹³

The parties involved into an inter-cultural communication are senders and receivers. The sender-related factors consist of marginality, stereotypes, style differences and linguistic ability. The receiver-related factors include receivers' cosmopolitanism and their tendencies towards satisficing cultural knowledge. Both senders and receivers' factors are the degree of intercultural sensitivity of a firm, which shows its level of readiness and potential for organizational learning. Marginality refers to people who have internalized two or more cultural frames of reference. This can lead to internal cultural shock as two cultural voices call for attention. These people are ideally suited for mediating roles between cultures since they understand them both objectively and subjectively. It affects the senders' ability to communicate their messages because they interfere with their ability to be seen and heard. Stereotypes, defined as "an exaggerating set of expectations and beliefs about the attributes of a group or category", affect the senders' ability to communicate, just like marginality. In this case it could interfere with their ability to be heard and accurately judged. Communication style are another important factor that has an effect on communication in global organizational learning. Cultural and ethnic identities influence verbal and non-verbal communication styles. The most common style differences that affect organizational learning are: high versus low-context, direct versus indirect, person-oriented versus status oriented, self-enhancing versus self-effacing, elaborate versus succinct styles. According to Hall, low-

⁹³ Smith M.E., Lyles M.A., *Handbook of Organizational Learning and Knowledge Management*, John Wiley & Sons, 2011, p. 213.

context communicator relies on explicit verbal messages to convey intention while high-context one tends to transmit meaning through the context like social roles or position and non-verbal channels such as pauses, silence, tone of voice.⁹⁴ China is a high-context culture, while Italy is a low-context one. Here are the main differences between them, according to Hall:

Cultural variations between Low-Context and High-Context Cultures (according to Edward T. Hall, 1976)	
LOW-CONTEXT CULTURE	HIGH-CONTEXT CULTURE
Overtly displays meanings through direct communication forms	Implicitly embeds meanings at different levels of the sociological context
Values individualism	Values group sense
Tends to develop transitory personal relationships	Tends to take time to cultivate and establish permanent personal relationships
Emphasizes linear logic	Emphasizes spiral logic
Values direct verbal interaction and is less able to read nonverbal expressions	Values indirect verbal interactions and is more able to read nonverbal expressions
Tends to use logic to present ideas	Tends to use more feeling in expression
Tends to emphasize highly structured messages, give details, and place great stress on words and technical signs	Tends to give simple ambiguous non-contexting messages
Perceives highly verbal persons favourably	Perceives highly verbal persons less favourably

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In the direct style, the speaker's intentions are specified in a frank and straightforward tone of voice; in the indirect style, by contrast, verbal statements hide the speaker's meaning. Western, who prefer the former, often perceive the indirect style of the Chinese as "insincere and untrustworthy". The person-oriented verbal style is individual

⁹⁴ Smith M.E., Lyles M.A., *Handbook of Organizational Learning and Knowledge Management*, John Wiley & Sons, 2011, pp. 217-219.

⁹⁵ Barkai J., *What's a cross-cultural mediator to do? A low-context solution for a high-context problem in "Cardozo Journal of Conflict Resolution"*, Volume 10.1, Fall 2008, p. 59.

centred and stresses importance on informality while the status-oriented is role centred and emphasizes formality and large power distance. Italy can be defined as person-oriented culture while China is a status-oriented one. The self-enhancement style emphasizes the importance of speak proudly about one's achievements and abilities- The self-effacement, on the contrary, gives importance on the humbleness, using modest talk and hesitations. Asian are self-effacing cultures. The last style refers to the quantity of talk people use and with which they feel comfortable. It goes from succinct (low quantity) to moderate (the right amount of words) to elaborate (high quantity). Asian use clearly a succinct way of speaking. The linguistic ability refers to the extent to which people in an organization are able to comprehend or fluency speak the other employee's language. If there is a total lack of it, then it represents a real barrier.⁹⁶

Concerning the receiver-related barriers, cosmopolitanism is the most important factor. It is defined by Merton as "an attitudinal stance or mindset that indicates an orientation toward the outside world". With increasing globalization, the concept of cosmopolitan has received renewed attention, with an added emphasis on a willingness to engage with the external world. Hannerz describes it with these words:

A more genuine cosmopolitanism is first of all an orientation, a willingness to engage with the Other. It entails an intellectual and aesthetic openness toward divergent cultural experiences, a search for contrast rather than uniformity [...] the aspect of a state of readiness, a personal ability to make one's way into other cultures, through listening, looking, intuiting, and reflecting.⁹⁷

Cosmopolitanism can also be related to a key concept in intercultural communication called mindfulness, that is being aware of one's internal assumptions, cognitions and emotions as well as being open to novelty and unfamiliar behaviour.

Knowledge management operates in a kind of vacuum, in which strong are cultural and ethnic diversities. In case of China, it has been argued that the nature of the knowledge available for sharing, along with the knowledge owner's relationship with the potential addressee affects people' openness in sharing knowledge. Indeed, if private knowledge has no potential to damage the sharer's self-interests, there is no significant difference

⁹⁶ Smith M.E., Lyles M.A., *Handbook of Organizational Learning and Knowledge Management*, John Wiley & Sons, 2011, pp. 220,221.

⁹⁷ Ivi, p. 222.

between China and Western countries, both would be willing to share. However, when examining knowledge that could potentially damage the sharer's self-interests while at the same time benefiting the company, Chinese respondents have a significantly high propensity to share, thereby putting the interest of the group ahead of their own, letting the strong collectivist spirit of their own culture coming out. But, Chinese are also significantly less inclined to share information with other employees who are not part of their "in-group". The distinction between in-group and out-group influences relationships to a high extent in the transition economies. Individuals feel a moral obligation and strong trust towards their in-group and a lack of interest as well as weaker or complete lack of trust in those that are considered the out-group. In China, one's membership of in-group affects all daily activities be they economic or social and in-group value is inextricably linked to trust. Thus, due to interdependent relationships existing between people within a group, individuals are also highly motivated to save face for in-group members. It means that in China the in-group is the source of identity, protection and loyalty and in exchange for such loyalty, knowledge can be expected to be shared within the group and denied to those considered to be outsiders.⁹⁸

About sharing knowledge, we have to make a clear distinction between Chinese and Western practices: according to Western culture the ends can often justify the means, but for the Chinese the means are more important than the ends. Indeed, the inclination to not share knowledge with the so-called outsiders, means that the only way in which one is able to access information and knowledge from an outsider is to work towards the ascription of insider status or to work through the intermediaries who already possess insider status.⁹⁹

Intrinsically tied to the existence of in-groups and personal networks in China is the notion of trust. The decision to trust a person and share knowledge with him/her depends upon having knowledge of that individual, but it is also linked to the concept of face and status. According to the Chinese culture, giving and saving face has a significant importance: it is critical to avoid words or actions that will cause embarrassment; face (面子) is something that should not be damaged, but it is equally

⁹⁸ Hutchings K., Mohannak K., *Knowledge Management in Developing Economies: A Cross-cultural and Institutional Approach*, Edward Elgar Publishing, 2007, p. 76.

⁹⁹ Ivi, p.79.

important to give face. Indeed, where face is saved emotional feelings are developed. Such feelings greatly facilitate a climate of trust in which people will have a greater inclination to share knowledge. Whether Western cultures have a concern for privacy and autonomy and express self-face maintenance, Chinese culture is concerned with mutual-face or other-face maintenance. However, this concept is also very much linked to the importance of the group. When saving and giving face to an individual, face is also automatically given to that individual's in-group. Vice versa, when an individual is shamed, so too is the in-group shamed.¹⁰⁰

Politics, as a micro variable operating within the cultural system, is also able to affect people's behaviour, and organizational learning as well, within a firm in many ways. The importance of in-groups in China has also been consolidated by the Communist political machinery and bureaucracy. In fact, various corporate departments within State-owned enterprises (SOEs) have been linked to a large number of government constituencies, which imply that companies heavily rely upon higher authorities for their operations. Plus, as most of the SOEs performed poorly financially, they had to get bank loans through government intervention. This means that organisational subunits in Chinese organizations have depended on relevant government agencies more than on their own organisation. The departmental focus that arose, and still exist in most organisations in China, is in sharp contrast with the modern Western organisational practice. Moreover, for the Chinese knowing a lot about their in-groups but being reluctant to provide information to the outsiders, is a cultural tradition that has been reinforced by concern for security that was perpetuated during the communist regime. In China, larger groups were imposed as merely structural configurations for executing work. It was within the immediate in-groups where people knew each other, could trust each other and consequently shared information and knowledge with each other. This sense of identification and belonging to the in group, combined with the hostility to out-group members, even from the same organisation, created a feeling of security that was, and still is, highly valued in China.¹⁰¹

Historically, Chinese culture value perseverance and hard work but the political influence of Communism in altering these traditional values is clear and evident. It

¹⁰⁰ Op.cit., pp.80,81.

¹⁰¹ Ibid.

created societies in which stand-out performance was in general not valued and there were no incentives for achievement: as a logic consequence there was no incentive for sharing knowledge. When Chinese work in market-oriented new organisations, they find it difficult to appreciate concepts of individual performance and incentives and rewards for individuals simply because in the SOEs there was nothing to be gained by working harder or more efficiently. Moreover, the group focus and the need to not deviate from one's group means that individuals have been conditioned to not take responsibility and actually to evade it. The employees gain no incentives by sharing knowledge between departments and across the organisation. So, an organisational culture spread among those individuals who see themselves as part of a department rather than an organisation. Their department became their work in-group and they developed indifference and even hostility towards the out-group, in other words the other departments, leading to problems such as lack of loyalty across the organisation. In addition to the cultural factors that may inhibit Chinese' propensity to share knowledge is the culture of fear that continues as a legacy of the communist era, in which Chinese were not only given no incentives to share knowledge but were actually encouraged to report to authorities the violations of others, reinforcing the concept of in-groups and out-groups. The culture of fear has existed not only in relation to Chinese government and communist regime of the past, but also within some organisations where employees who made mistakes were punished.¹⁰²

In these cultures, it is also harder for in-group members to give and receive negative feedback from each other. In such a context, hiding mistakes is a well-justified and rational behaviour although it may cause chronic problems and financial losses from an organisational point of view. Moreover, during communist era Chinese were trained to not admit mistakes rather than see them as learning opportunities, as it normally happens in Western countries. Furthermore, they have been employed in very hierarchical and authoritarian organisations in which mistakes were viewed as costly and to be avoided and hence not to be admitted. So, the absence of feedback and opportunities to think over mistakes has contributed to an unwillingness to share learning and knowledge.¹⁰³

¹⁰² Op.cit., pp.82-84.

¹⁰³ Ibid.

Chinese executives are generally reticent to believe that knowledge can be acquired bottom-up in organizations and have difficulties accepting that they can learn from employees from lower levels. Indeed, managers and employees perceive each other belonging to out-groups, like expatriate managers are perceived by local employees as belonging to a quite distinct group as well. Subordinates often intentionally hide their knowledge because they fear that their superiors would not promote them if they publicly demonstrate to be more knowledgeable than their superiors. While the lack of incentives for sharing knowledge tend to work against employees initiating, the cultural traditions also reinforce this lack of incentives for taking initiatives. That is, the strong hierarchical and authoritarian traditions within organisations mean that managers are threatened by participatory styles of management and employees do not want to expose their opinion and more specifically involve themselves in decision-making for fear to see their views rejected.¹⁰⁴

Finally, also the legal system, as an active part of the culture's macro system, affects companies and the organisational learning within them. China's shift from communism to market economics, and its subsequent adoption of Western accounting practices, standards and legal regulations has led the Chinese managers to argue for reliance on the rule of law. Even those people who want to stay within the law may find it difficult to do so, since by observing one law they might break another one. This legal ambiguity means that inter-personal connections and in-groups are still the way through which many Chinese still do business and at the same time, they could be discouraged from sharing knowledge because they might find themselves in trouble with authorities even though they might not break any official law or regulation.¹⁰⁵

The widespread corruption and black economies in China also have implications for knowledge sharing because any knowledge and information can be easily acquired for a price as long as one has the necessary resources and insider contacts. Such a situation can cause difficulties for Western organizations trying to get closer to the Chinese party – whether it is a client, an investor, a supplier or a subsidiary's employee – and also attempting to stay within the limits of Western organisational ethics. In the case of China, it has been questioned whether corruption has become systemic. The use of

¹⁰⁴ Op.cit., p.84.

¹⁰⁵ Ivi, p.85.

bribery is universally condemned, particularly now that there has been the introduction of laws specifically dealing with corruption. Yet while giving cash is usually viewed as buying someone's services and hence is condemned, gift giving is universal and the difference between what is an acceptable gift and what is an improper bribe depends on arbitrary. This aspect also has to be taken into account, because it could have important implications for knowledge sharing as well, since it remains very difficult to develop and maintain good business relationships without engaging in some degree of favours, and knowledge sharing depends upon maintaining relationships through favours. However, despite many anti-bribery laws, paying bribes to a member of one's in-group is still a very effective way of ensuring access to knowledge as well as preventing knowledge from being shared.¹⁰⁶

¹⁰⁶ Op.cit., p.86.

3

The role and the evolution of diplomacy

3.1 Public diplomacy

Even if the roots of the word diplomacy can be traced back to the ancient Greeks – the normal word for a diplomat in Classical Greece was, in fact, the word for an old man – that was later used by French to refer to the work of a negotiator, the origin of diplomatic activity itself go back thousands of years. During the Bronze Age, documents from the Euphrates kingdom in the mid-8th century B.C. and from Akhenaten's Egypt four centuries later reveal a world of wandering envoys, prompted by matters of peace and war. Traditional diplomacy in fact has been most concerned with the transition from a state of peace to a state of war, and vice versa. There were few rules and it was quite primitive if compared with today's standards, of course, but it was the first form of diplomacy. Since then, this practice has evolved greatly and undoubtedly the course and consequences of the major events of modern international diplomacy have shaped and changed the global world in which we live.¹⁰⁷

The principal function of diplomacy is the development of friendly relations between States. Diplomatic relations aimed at developing or strengthening economic relations on a bilateral basis must be ethical, mutually beneficial and clear. The objectives of bilateral diplomacy primarily are: to create or maintain economic relations; to create and maintain relationships in other areas which would be mutually beneficial such as scientific or technological; and thus, to be engaged in cultural and educational exchanges.¹⁰⁸

An indispensable term to know in this field is public diplomacy, acknowledged to be a more citizen-oriented form of diplomacy than the standard model, whose targets are no longer governments and their agencies but diverse national and global audiences and

¹⁰⁷ Siracusa J.M, *Diplomacy: A Very Short Introduction*, OUP Oxford, 2010, p. 1,2.

¹⁰⁸ Chatterjee C., *International Law and Diplomacy*, Routledge, 2013, p. 66.

publics. It is perceived to be a trans-national process that can be engaged upon by civil society and/or private sector stakeholders as well, a form of intercultural dialogue based on mutuality and reciprocal listening.¹⁰⁹ In other words, it is defined as:

a country's engagement and communication with foreign publics. It can take the form of monologue, dialogue or collaboration. It has three main components – news management, strategic communication, and relationships building – and encompasses the broad, interrelated objectives of promoting a country's goals and policies, communicating about its ideas and values, and building common understanding.¹¹⁰

When it comes to talk about public diplomacy, one of the main issues to discuss about is cultural influence on this practice. Culture is fundamental and defines people's behaviour, thoughts and communication style. For this reason, it strongly affects public diplomacy, since public diplomacy is not only about communication. Culture influences the content to be said as well as the conduct of public diplomacy and the aspects that have impact on a country's public diplomacy are patterns and styles of communication; the understanding of relations between individuals and between individuals and society; and cultural identity, including political culture, values and language. Cultural identity is quite different from national identity. The former is:

A social construct that consists of intangible factors such as a nation's ideas, values, opinions, tastes, customs, symbols, language, religion, art, history, myths, ethnicity and everything else that distinguishes a country from another.¹¹¹

While the latter has more to do with a person's sense of belonging to a nation. National identity is in fact defined as:

Something based on a nation's territory, common myths and historical memories, a common mass culture, common rights and duties, and a common economy with territorial mobility for members. A national identity may be forged or influenced by the nation-state, for example by emphasizing a distinction with

¹⁰⁹ Ang I., Isar R.Y., Mar P., *Cultural diplomacy: beyond the national interest?* in "International Journal of Cultural Policy", 23/06/2015, p.368.

¹¹⁰ Wang. J., *Soft Power in China: Public Diplomacy through Communication*, Springer, 2011, p.3.

¹¹¹ D'Hooge I., *China's Public Diplomacy*, Martinus Nijhoff Publishers, 2014, p. 42.

the foreign or creating common enemies.¹¹²

Many countries' public diplomacy actions fail because they do not take into account cultural disconnection. There should be more awareness of cultural differences, since it is important not only for communication between countries with different cultures, but also for communication between countries with similar cultures, because it is above all in case like this that the two sides may be less aware of the differences.¹¹³

There are few countries in the world very sensitive to their image in the eyes of other nations, and China is surely among these. According to its tradition face is important, and it is the same in the affairs of state. China became increasingly important in the world politics and global economy, but it is also quite easy to be misjudged by the international community, that's why Chinese leadership try to improve foreign perception of China and its policies through the active conduct of public diplomacy. Chinese political leaders strongly believe in these perceptions, because they think they can affect the behaviour of foreign government on China. Chinese government's leaders think about public diplomacy as a tool to strengthen its soft power, considered one of the four fundamental components of China's National Power, together with economic, political and military power. Public diplomacy has to make China's growth more acceptable to the world and has to build understanding, respect and support for China's policy. According to the former Chinese Minister of Foreign Affairs Yang Jiechi, public diplomacy is a useful weapon because "improves the nation's diplomatic pattern" and "create a sound foundation for national development and foreign affairs". The Chinese government try to project a trustworthy, cooperative and peace-loving image of its country in contrast with what is often reporting in the Western press.¹¹⁴

In fact, although China's recent impressive economic growth has contributed to enhance its hard power, there is a clear perception among Chinese elites that it currently lacks the kind of soft power to support and sustain its development strategy. That's why China seems to have intensified its efforts in recent years in external communication (对外宣

¹¹² Ibid.

¹¹³ D'Hooge I., *China's Public Diplomacy*, Martinus Nijhoff Publishers, 2014, p. 43.

¹¹⁴ Shen S., Blanchard J.F., *Multidimensional Diplomacy of Contemporary China*, Lexington Books, Plymouth, UK, 2015, pp. 2,3.

传) and public diplomacy (公共外交), hoping to create a more desirable international opinion environment for its policies and actions.¹¹⁵

¹¹⁵ Wang. J., *Soft Power in China: Public Diplomacy through Communication*, Springer, 2011, p.3.

3.1.2 Soft power and cultural diplomacy

The diplomacy field is also dominated by two other meaningful terms, “soft power” and “cultural diplomacy”. These two notions, together with public diplomacy, have entered the lexicon of international relations and have become standard terms in foreign policy thinking. The term soft power was coined by the Harvard political scientist Joseph Nye in 1990. He distinguished between the command (hard) power of a nation – economic carrots and military sticks – and the co-optive or “soft” power of getting others to want what you want. It has to do with the attraction of one’s ideas as well as with the ability to set the political agenda in a way that shapes the preferences that others are led to express.¹¹⁶

The Chinese government, for example, made a huge investment in this regard, with the so-called “charm offensive”, exemplified by the rapid expansion of Confucius Institutes around the world. The Confucius Institute (孔子学院) is a non-profit public educational organization affiliated with the Ministry of Education of the People's Republic of China, whose aim is to promote Chinese language and culture, support local Chinese teaching internationally, and facilitate cultural exchanges. The Confucius Institute program began in 2004 and it is overseen by Hanban (汉办), that is the Office of Chinese Language Council International. The institutes collaborate with local affiliate colleges and universities around the world, and financing is shared between Hanban and the host institutions. The related Confucius Classroom program partners with local secondary schools or school districts to provide teachers and instructional materials. China has compared Confucius Institutes to language and culture promotion organizations such as Portugal's Instituto Camões, Britain's British Council, France's Alliance Française, Italy's Società Dante Alighieri, Spain's Instituto Cervantes and Germany's Goethe-Institut. However, unlike these organizations, many Confucius Institutes operate directly on university campuses, thus giving rise to unique concerns related to academic freedom and political influence.¹¹⁷

¹¹⁶ Ang I., Isar R.Y., Mar P., *Cultural diplomacy: beyond the national interest?* in “International Journal of Cultural Policy”, 23/06/2015, p.367.

¹¹⁷ Ivi, p.373.

The short-term goal for Chinese government is to establish at least 1000 Confucius Institutes around the world by 2020, and it is trying to carefully explain that these cultural centres are not pushing any ideological agenda. As Zhao Guocheng, an Education Ministry official in charge of the institutes pointed out:

Confucius Institute do not teach Confucianism (as a religion). They do not promote any values. They are just an introduction to Chinese culture and they are establish at the invitation of foreign people who want to understand China.¹¹⁸

As previously noticed, Confucius Institutes are ruled by central government and, perhaps, one day when other countries will also take the initiative to establish and expand such institutes to study Chinese, China's soft power will be very strong. In other words, Confucianism influence is clear even in governmental strategies and its new diplomacy: lead by moral authority, rather than by force. "If you take your house in order, other will follow your example" said one Confucian rule indeed.¹¹⁹

Anyway, the soft power strategy is so attractive to governments and the policy makers strongly believe in its effectiveness. But, analysing this belief from a cultural theory perspective, we can state it is based on two main mistakes, about culture and communication. The first is that culture – that is something abstract and conceptual – tend to be seen as a thing, a concrete entity, consisting of content, such as images, ideas and values. The second mistake is based on the assumption that the communication of these images, ideas and values is a linear and one-way process, in which the receiving end (for instance, the target foreign audience) simply absorbs the messages contained in these products.¹²⁰

According to Hall and Smith, the intensifying race for soft power in Asia may lead to a hardening rather than a softening of international hostilities in the region itself. When, in fact, the race for soft power is conceived as a struggle for national cultural influence, is not helpful in improving international cultural relations and, by contrast, it creates

¹¹⁸ Zhu Z., *China's New Diplomacy: Rationale, Strategies and Significance*, Ashgate Publishing, Ltd., 2010, p. 226.

¹¹⁹ Ibid.

¹²⁰ Ang I., Isar R.Y., Mar P., *Cultural diplomacy: beyond the national interest?* in "International Journal of Cultural Policy", 23/06/2015, p.374.

tensions in contemporary cultural diplomacy between the opposing dynamics of competition and mutuality. The widespread adoption of the concept of soft power served in interfering, rather than enhancing, the development of international cultural relation beyond the national interest.¹²¹

Concerning cultural diplomacy, its semantic field has broadened considerably over the years and it now applies to almost any practice related to purposeful cultural cooperation between nations or groups of nations. But during the process, the term has moved away from its original semantic meaning. As soon as the term entered common parlance in most countries in 1990s, its meaning was expanded into “the exchange of ideas, information, art and other aspects of culture among nations and their peoples in order to encourage mutual understanding”. Thus, the term has come to be used as a partial or total replacement for many previously used notions such as foreign cultural relations, international cultural relations, international cultural exchange or international cultural cooperation.¹²²

The American diplomat turned writer Richard Arndt made the necessary distinction between cultural relations that grow naturally and organically, without government intervention and cultural diplomacy, that can only be said to take place when formal diplomats, serving national governments, try to shape this natural flow to finally promote national interests. Basically, the cultural diplomacy is essentially an interest-driven governmental practice while cultural relations tend to be driven by ideals and they are practiced largely by non-state actors. While the distinction between these two terms remain analytically important, the strong tendency to overlap them is a significant indicator of uncertainty, not only about what cultural diplomacy is or should be, but about what it can achieve. The work of cultural diplomacy, since it is operated by the governments, is capable of going beyond any national interest by fostering mutual understanding, which presumably is of common interest. However, there is a tension between national interest and common interest because sometimes they do not

¹²¹ Ang I., Isar R.Y., Mar P., *Cultural diplomacy: beyond the national interest?* in “International Journal of Cultural Policy”, 23/06/2015, p. 374.

¹²² Ivi, p.366.

correspond each other. Therefore, an effective and proper usage of cultural diplomacy should be both in the national interest and go beyond the national interest itself.¹²³

The practice of both cultural and public diplomacy has been taken over by branches of government other than foreign ministries and has been deployed in the service of goals such as nation branding and portfolio promotion. At the same time, cultural diplomacy is now often understood as a specific form or dimension of public diplomacy, resulting in a blurred distinction between the two terms. The current use of cultural diplomacy – and public diplomacy more generally - should be seen in the context of the changing structure of international relations in an increasingly interdependent and interconnected world. Nations are still the primary actors in the international political arena, but their sovereign status has been gradually eroded by the globalising forces, which gave much more load and importance to the transnational flows of people, goods, media, technology and money. The fact that cultural diplomacy is often folded into cultural relations is itself a reflection of the diminishing authority and capacity of national governments to act as the only representatives of the national interest. In fact, in the last few decades the world stage has become more crowded and the characters have multiplied more and more: there is now a vast range of non-governmental actors, operating both locally and globally and interacting with each other horizontally through transnational communication networks, often intersecting with or even contradicting government purposes and objectives. States still occupy important roles in the routines of world business, but their area of influence has become thin because of all the organizations that now cross boundaries and go overseas to conduct their affairs. Consequently, national governments have seen a decline in “their ability to claim the final word at home or speak exclusively for the country abroad”.¹²⁴

This has serious implications for the governmental practice of cultural diplomacy because if governments, seeking help from the cultural diplomacy itself, want to channel the flow of culture to advance national interests, then in this new world order they have to compete with an impressive transnational flow of culture, which are beyond the control of governments and may or may not be in line with their definitions

¹²³ Ang I., Isar R.Y., Mar P., *Cultural diplomacy: beyond the national interest?* in “International Journal of Cultural Policy”, 23/06/2015, p.366.

¹²⁴ Ivi, p.371.

of national interest. In short, government-driven cultural diplomacy is only one component of cultural flow in the framework of intersecting cultural relations, built by a myriad of small and large players between nation-states and across the globe. In short, it is because the global cultural arena is now inhabited by ever denser flows of ideas, images, perceptions and messages, in which a wide range of people are taking part in ever greater numbers, that the stakes in the struggle to shape international cultural relations through cultural diplomacy have become so much higher for nation-states, even as success in this field becomes more difficult to achieve. At this point, the scholar Holden observed that the desire and willing to invest in cultural diplomacy is stronger in newly emerging nations such as BRICS countries – and China is one of them – whose governments are deploying strong cultural diplomacy activities to raise their international profile.¹²⁵

The central dilemma of cultural diplomacy is that, according to its primary aim, it is supposed to serve the strategic interests of national governments and, at the same time, try to go beyond the national interest to support a greater good through mutual understanding and cultural exchanges. Many are the tensions linked with this contradiction that arise and affect the practice of national cultural diplomacy in today's world. First, since cultural diplomacy has to valorise the general interest as well as strategic national interests, nations have to play a double game in the international field in order to achieve credibility and legitimacy. Second, there are also many tensions between traditional cultural diplomacy activities based on social and cultural exchange such as people-to-people engagements, collaborative projects, etc. on the one hand and activities based on sectoral and market competition within globalising cultural fields on the other. Such tensions have been sharpened by policy discourses and strategies affecting cultural diplomacy in the past two decades, most notably soft power and nation branding, that are based on the competition between nations. Cultural diplomacy can successfully move beyond the national interest only if this move itself is understood to be in the national interest.¹²⁶

¹²⁵ Ang I., Isar R.Y., Mar P., *Cultural diplomacy: beyond the national interest?* in "International Journal of Cultural Policy", 23/06/2015, p.372.

¹²⁶ Ibid.

3.2 Sino Italian diplomatic relations

After having analysed the field of diplomacy and all its shades, I would like to focus on how it has evolved in China in the last 60 years, mainly after World War II until nowadays, focusing on Sino-Italian relations.

People Republic of China's foreign policy usually starts from five principles expressed during the first large-scale Asian-African conference, also known as the Bandung Conference, in 1955: mutual respect of sovereignty and territorial integrity; non-aggression; non-intervention in the internal affairs of other countries; equality and mutual benefit; peaceful coexistence. Chinese foreign relations are distinguished by a clear and evident sensitivity for some matters linked to the territorial integrity (China is intolerant to the interferences in internal affairs, particularly to Xinjiang and Tibet's situation) and national sovereignty. Since 1949 in fact, when Popular Republic of China was founded, Beijing government had a precise line: it establishes long-term relations with a country only if this country agrees to One China Policy (by refusing to diplomatically acknowledge Taiwan as a State): it is the only – strong and solid – precondition for China. The “peaceful rise” doctrine of 1990s has slowly turned into the “peaceful development” doctrine, which has reassured international community about the Chinese strategies connected with its impressive economic – and military – growth. Indeed, Chinese government wants to promote an image of itself as a mature, responsible and peaceful world power, and as a necessary partner for all those negotiations concerned global issues, starting from those related with the environment and the establishment of an ecological society. Under Xi Jinping government has also been promoted a stronger and more dynamic foreign policy, which led China to a more assertive and determined position in the international scene. This unprecedented activism, together with the widespread diffusion of Chinese interest almost everywhere in the world, undoubtedly caused frictions with countries nearby, because of the extreme nationalism expressed by Chinese government, maybe due to the old grudge linked with the “century of humiliation”.¹²⁷

¹²⁷ http://www.infomercatiesteri.it/relazioni_internazionali.php?id_paesi=122

Soon after the World War II, the main event that marked those years was the Cold War and, besides the bipolar paradigm represented by the dualism between USA and Soviet Union, there was a complex web of relationships between major and minor powers. Among them, Europe and China were the most important third actors. Having at that time political and economic influence upon the spheres of action of the two superpowers, they played an important role in the evolution and reshaping of the bipolar system. The new world order in fact saw the decline of Europe as a central player – a process already started during the World War II and intensified by the collapse of the colonial empire – and the shift of the centre of gravity of the international system towards Asian countries, in a process, the Asianisation, which is still in progress today. But, more specifically, focusing on the Sino-Italian relations, Fardella divides them into four periods: the first one is between 1950s and 1960s and during which the basis for the evolution of Sino-Italian relations took place; then the normalisation period that goes from 1964 to 1970; then we have 1970s and the years of bilateral relations and finally, the golden age in the 1980s.¹²⁸

Since the founding of the People's Republic of China, the Italian government seemed willing to recognise the new government in Beijing, witnessed by the telegram drafted by the Italian Minister Carlo Sforza in February 1950 for Zhou Enlai, in which he affirmed the intention of Italian government in pursuing this decision.¹²⁹ Italy in fact, looked at China as an opportunity to gain more freedom of action from US government and upgrade its status within NATO. For China, on the contrary, the relationship with Italy was not important per se, but it served China to strengthen its role in Europe, in order to have a stronger position with the hegemonic powers, Soviet Union in primis. Mao in fact, identified the main contradiction of the Cold War not between the superpowers themselves, as the capitalism vs communism dualism would suggest, but between the superpowers and the countries of the intermediate zone. He believed that the control over this area, comprising all non-Western oppressed nations – including China – was necessary for the Americans to encircle the socialist block. For this reason,

¹²⁸ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in “Cold War History”, 05/02/2016, p.184.

¹²⁹ Pini M. F., *Italia e Cina, 60 anni tra passato e futuro*, L'asino d'oro edizioni, 2011, p. 67.

he thought China could have played a leading role in this zone and, above all, in the struggle against the superpowers.¹³⁰

In the years between 1949 and 1956, China did not directly get involved in European affairs and mainly followed the Soviet line: in Eastern Europe Moscow still controlled its satellites countries and limited their China policy at a very high level, at least until the 1980s. While it was easier for China to penetrate Western Europe, where the anti-Soviet feeling spreading among many countries helped Chinese government's strategy of weakening Moscow's threat in Asia by securing alliances and relationships with these European partners: the first success arrived in 1964, with the mutual recognition by China and France and the normalisation of relations with Italy must also be seen within this context.¹³¹

¹³⁰ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in “Cold War History”, 05/02/2016, p.185.

¹³¹ Ibid.

3.2.2 The path towards normalization

In the 1950s, Italian governments repeatedly tried to initiate diplomatic relations with the PRC, but the US veto and the PRC's inflexibility regarding the terms of recognition limited their margins of action. Italy did not have any special interests in Asia like the UK or France and was more dependent on Washington and its containment policies against China than either of those European powers.¹³²

Nevertheless, in 1964, three new factors emerged to facilitate Sino-Italian engagement: the Sino-Soviet split; De Gaulle's courageous initiative towards Beijing; and the beginning of the centre-left season in Italy, with the Italian Socialist party (PSI) playing a key role in the rapprochement with Beijing. These factors were decisive to open a commercial office that functioned as a *de facto* embassy but were not enough to achieve proper normalisation. China's role in Indochina obstructed that possibility and Washington did not let the government in Rome to formally recognise a country that was confronting American soldiers in Vietnam.¹³³

The window of opportunity for normalisation came in 1968 thanks to the degeneration of the Sino-Soviet conflict, which led to a profound revision of Beijing's foreign policy towards Vietnam and the West, the US included. Mao was able to limit the tensions of the Cultural Revolution and progressively engaged with the West to form a united front against Moscow.¹³⁴

China started negotiations with Italy in February 1969, when the Sino-Soviet conflict had not yet reached its highest point and Beijing government was stimulated by the Italian foreign minister Nenni, who push to achieve normalisation. The final round of the negotiations was conducted from the Italian side by the new foreign minister Aldo Moro, one of the leaders of the Christian Democrats. Moro was much more concerned than the

¹³² Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in "Cold War History", 05/02/2016, p.186.

¹³³ Ibid.

¹³⁴ Ibid.

Socialist Nenni about Washington's sensitivity, making him more cautious about the form of the compromise to be reached with Beijing.¹³⁵

The conflict with the Soviets, however, degenerated and, by autumn 1969, the Americans secretly sided with Beijing and avoided a Soviet strike. As a result, the Chinese accepted the Americans' offer for high-level dialogue without preconditions over Taiwan. At the same time, the Chinese dropped some of the most radical requests for normalisation that they had made to Italy and thanks to Beijing's softer approach, on 6 November 1970 Italy recognised the People's Republic of China as the sole government of China by taking note of PRC's 'declaration' of its rights over Taiwan.¹³⁶

But the establishment of bilateral relations between China and Italy had different purposes according to different points of view: from the Beijing's perspective in fact, the normalisation with Italy was functional to move closer to the United States and create a precedent that could be used with other major power like Japan or US themselves. On the contrary, for the Italian side it was a diplomatic success per se: as ambassador Menegatti put it, the normalisation with Beijing was a success of the universalist inspiration of the Italian diplomacy – the universal right towards emancipation of the people in the case of the socialist Nenni, and Christian universalism in the case of Moro – that translated itself into an effort towards inclusion, dialogue and the strong support for the United Nations. Furthermore, the capability to achieve this target before the United States and right after the French proved a certain degree of independence of the Italian diplomacy and sent a positive message to the Chinese. At the same time, thanks to the wise direction of Minister Moro the Italians managed to respect the sensitivity of Washington in the final stage of the negotiations.¹³⁷

At that time the main concern for the US was not the recognition of China per se but the repercussions on Taiwan's seat at the UN. There were in fact two different competing motions at the UN on the issue of the Chinese seat: one was a US procedural motion that asked two thirds of the Assembly votes to approve it. The other was an Albanian motion that wanted to give to China the seat occupied by Taiwan. So far, the support to

¹³⁵ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in "Cold War History", 05/02/2016, p.187.

¹³⁶ Ibid.

¹³⁷ Ivi, p.188.

the American motion had impeded the success of the Albanian motion, preserving the American prestige within the United Nations and its defence of Taiwan's image. Italy had always voted in favour of the American motion and against the Albanian one. A few days before the recognition of the PRC, Italy decided to keep supporting the American motion and simply abstaining on the Albanian one showing, by so doing, a certain degree of respect for Washington's concern.¹³⁸

This position emerged again in October 1971, at the time of the PRC's admission to the UN: the government in Rome that had to support the Albanian motion as a consequence of the recognition of the PRC, eventually opted for abstention in order to respect Washington's willing. This time, however, the Italian acrobatic diplomacy seemed a bit inconsistent if confronted with the firm opposition of other European countries, such as France and the UK, to the American motion. Similar inconsistencies continued to characterise Italian diplomacies towards Beijing in the first years of the official relations.¹³⁹

¹³⁸ Pini M. F., *Italia e Cina, 60 anni tra passato e futuro*, L'asino d'oro edizioni, 2011, p. 146.

¹³⁹ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in "Cold War History", 05/02/2016, p.188.

3.3.3 The rise of a multipolar world

The Italian recognition of the PRC anticipated, as much as France's did, the American easing of tensions with China. Despite this, it did not possess the same independency of the French one and, in the most important stages of the negotiations, it was strongly influenced by American strategy itself. As a consequence, the 'window of opportunity' for the Italians, obstructed by the weakness of Italian governments and the consequent lack of long-term strategy, did not produce the expected results and started to decrease in 1972.¹⁴⁰

Rome's first official delegation to the PRC in May 1971 symbolised the contradiction in Italian diplomacy between reality and aspirations. Right after the normalisation, the Italian Socialist Party (PSI), the main supporter of the recognition of the PRC in Italy, pushed to show to the public that the relationship with Beijing could also become a great opportunity for the Italian economy. One week after the Italian ambassador Trabalza took service in Beijing, the minister of commerce Mario Zagari, a PSI member, flew to Beijing with the largest delegation ever received in China from a Western country: he met with Zhou Enlai and set the basis for a commercial agreement.¹⁴¹ The visit aimed at boosting the bilateral trade after a long stalemate, mostly due to Chinese internal political turbulence, in the period 1969-1970. The effect, however, was minimal and the total volume of the import-export did not change. As the diplomat Mario Pini acutely observed, the trip represented one of typical Italian attempt to fill the absence of substance with a beautiful gesture.¹⁴²

Despite the signing of a commercial agreement with Beijing on 29 October 1971 – the first of this kind in the European Community zone – aimed at encouraged the Italian exports to China, the relationship between these two countries was still insignificant, first of all because of the Chinese economic structure, a closed and agricultural economy that limited import-export mainly to some raw materials and agricultural products, and then

¹⁴⁰ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in "Cold War History", 05/02/2016, p.189.

¹⁴¹ Ibid.

¹⁴² Pini M. F., *Italia e Cina, 60 anni tra passato e futuro*, L'asino d'oro edizioni, 2011, p. 144.

because of the growing competition from other countries: in 1972, Nixon had officially inaugurated the *détente* with Beijing in February and by the end of the year, the UK, Japan and West Germany had normalised relations with Beijing and sent their foreign ministers or premiers to visit the PRC. This eventually caused a reduction of the Italian presence in Chinese market.¹⁴³

At the beginning of the 1970s, a new world was emerging, and China seemed to be more and more at its centre. As noted by the Office of the Secretary General in a preparatory note for the minister of foreign affairs Giuseppe Medici before his visit to China in January 1973, 27 years since the end of the Second World War the emergence of China as a great power in the ideological and political sphere, the industrial explosion of Japan and the progress towards political and economic unification of Europe were marking the end of the bipolar era. The most relevant consequences of this phenomenon were the new rise of Asia – whose effects would have been more evident in 1980s – and the progressive demise of the Cold War in Europe.¹⁴⁴

The anti-Soviet feeling of the new Chinese strategy in the 1970s, however, eventually conflicted with Italian support of *détente* in Europe. As the Italian foreign minister Giuseppe Medici experienced during his visits to Beijing in January 1973, a growing attrition was emerging between Italian approach to encourage dialogue with all actors – in line with the emerging climate of *détente* in Europe – and Beijing’s fierce ‘frontal’ stance towards the Soviet threat.¹⁴⁵

This conflict deepened during the negotiations for the Conference on Security and Cooperation in Europe between 1973 and 1975 and the signing of the Helsinki Final Act. Beijing feared that the success of the CSCE allowed the Soviet Union to direct its main attention towards Asia – China in primis – and manifested its criticism towards the European logic of *détente*. When the new foreign minister Arnaldo Forlani visited Beijing in 1977, the political divergences on the *détente* process and the CSCE were still in

¹⁴³ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in “Cold War History”, 05/02/2016, p.189.

¹⁴⁴ Ibid.

¹⁴⁵ Ibid.

place but a new positive conjuncture both in China and in Italy seemed opening more space for Italian diplomatic action.¹⁴⁶

In China, Deng Xiaoping began his race for the control of the Party and the launch of Reform and Opening. With his economic reform, he enhanced Mao's opening to the West into a symbiotic relationship that succeeded in connecting China's internal development to the cooperation with the international market. That seemed to increase the space of action for Sino-Italian relations: Italy, one of the most industrialised and developed countries in the West, could compensate its diplomatic flaws with robust support for the Chinese economic transformation. Also, the Italian political situation seemed favourable for the upgrading of the economic cooperation with China, thanks to the third Andreotti government, elected in 1976 with the external support of the Italian Communist Party and called government of national solidarity. The 11th CCP Central Committee in December 1978 sanctioned the definitive return of a pragmatic and realist Chinese foreign policy and inaugurated a new Chinese global dynamism at level "never seen before", as the Italian diplomats noted.¹⁴⁷

In Italy, the experimental government of national solidarity, with the external support of the PCI, ended in June 1979 and the Christian Democrats' Francesco Cossiga formed a new executive rehabilitating the cooperation with the Socialists. It was even better for Beijing as the Socialists had proven to be favourable to Beijing's interests until then. Cossiga's government in fact favoured a tougher line towards the Soviet Union, that seemed to be well received in Beijing: Cossiga's decision, in fact, arrived in a critical moment for China as the Soviets' invasion of Afghanistan could represent a new threat to Beijing's border security and confirmed Chinese fear of Soviet expansionism.¹⁴⁸

¹⁴⁶ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in "Cold War History", 05/02/2016, p.191.

¹⁴⁷ Ibid.

¹⁴⁸ Ibid.

3.2.4 The golden age

The 1980s were the ‘golden age’ for Sino-Italian relations, boosted by a rapid growth in economic cooperation and the Socialists’ presence in the Italian executive. The level of Italian investments in China grew exponentially stimulated by the so-called ‘*cooperazione allo sviluppo*’ a system of foreign aid for developing countries inaugurated by Rome and Beijing with a triennial agreement (1982-1984). According to this agreement, Italy invested 48 million US \$ for the construction of strategic infrastructures – developed in partnership with Italian companies - and donated 25 million US \$ of Italian goods that revealed to be crucial for the development of the country.¹⁴⁹ The growing flow of money directed into these projects by the Italian government – 576 million US \$ between 1987 and 1989 – was an extremely successful instrument for penetrating the Chinese market and by the end of the decade Italy, that was already the single largest donor to China, also became Beijing’s second largest European trading partner after Germany.¹⁵⁰

High level official visits increased in those years as a sign of a growing trust in the bilateral relationship. In 1984, Premier Zhao Ziyang, after the end of the session of the National People’s Congress that re-launched Deng’s reforms, toured Europe in search for ‘money, solidarity and weapons’, as the famous Italian reporter Tiziano Terzani wrote at the time. Zhao stopped in Italy, reached an agreement with FIAT to produce trucks and industrial vehicles and, in line with one of the core decisions taken by China’s Parliament on the eve of the official visit, asked Italian support for the modernisation of the PLA. Zhao’s request was satisfied, one year later, by the massive delegation to Beijing of Italian defence minister Giovanni Spadolini that aimed to further boost Italian military exports to China – 100 billion lire in 1984, 20% of the total value of Italian exports to China. The military cooperation and the support given by the ‘*coopera-*

¹⁴⁹ Pini M. F., *Italia e Cina, 60 anni tra passato e futuro*, L’asino d’oro edizioni, 2011, p. 190.

¹⁵⁰ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in “Cold War History”, 05/02/2016, p.193.

zione allo sviluppo' pushed Italian exports whose value jumped by 75% in 1985 on a year-by-year basis.¹⁵¹

For the first time since normalisation, Beijing started appreciating Italy's foreign policy symbolised by the courageous and incisive activism of Bettino Craxi, the leader of the Socialist Party and Italy's Premier from 1983 to 1987. Craxi's independent attitude towards Washington – as proved by the Sigonella's crisis – Italian's activism in the Middle East peace process and Craxi's belief in a strong and unified Europe, were all elements that encountered Chinese appreciation. The strengthening of the bilateral relationship set the basis for Craxi's visit to Beijing in 1986 – the first for an Italian prime minister since mutual recognition – and the signing of the first consular convention ever ratified with a European country.¹⁵²

If the 1980s is the 'Golden Age' of Sino-Italian relations, the end of the 1980s seemed opening a new strategic opportunity thanks to the ability of the Premier Giulio Andreotti and the foreign minister Gianni De Michelis (PSI) to manage the crisis that aroused after the Tiananmen events of June 1989. Right after the Madrid EU council-imposed sanctions on Beijing on 27 June, Andreotti and De Michelis, sincerely persuaded that isolation could alter the benefits of Chinese reforms, showed solidarity towards the Chinese government by calling for the elimination of sanctions. Japan and ASEAN's resumption of contacts with Beijing helped the Italian initiative and, a few weeks after the assumption of the rotating chair of the European Community in July 1990, the EC Council lifted some restrictions on economic and official contacts with Beijing. On May 1991, foreign minister De Michelis visited China, the second foreign minister among Western countries to pay an official visit to Beijing after the Spanish one since June 1989. De Michelis did not talk about politics but focused his visit on trade and investments and offered 600 billion lire as aid for the construction of Pudong in Shanghai, a 10 billion worth development program that promised to give Italy a strategic position in the Chinese market. At the eve of 1992, Italy seemed to be one of the main partners for

¹⁵¹ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in "Cold War History", 05/02/2016, p.193.

¹⁵² Ibid.

China as the visit of Premier Li Peng in January – the first to a Western country since the Tiananmen crisis in 1989 – clearly witnessed it.¹⁵³

Unfortunately, a few weeks later the corruption scandal “Mani Pulite” wiped out the Italian political establishment hitting above all the two parties that had historically favoured dialogue with Beijing, the Christian Democrats and the Socialists. As De Michelis said, Italy’s role in China was one of the main victims of this scandal. The destruction of the Italian political system from within froze Italian diplomacy: the Ministry of Foreign Affairs stopped the programs of the ‘*cooperazione*’, Pudong included, and for three years the Italian Ministry of Foreign Affairs did not pay a visit to Beijing: the bilateral relations between Rome and Beijing never recovered since then.¹⁵⁴

Italy and China had different dimensions and roles during the Cold War period and the years soon after, and consequently attributed different importance to their bilateral relations: if both countries looked at their bilateral relation as an instrument to flex the constraints of the bipolar system, China, as a major power under constant threat of war with the superpowers, looked at Italy as a mere instrument in its anti-hegemonic struggle while Italy, as a weak middle power constantly limited, both externally and internally, by US looked at China as an opportunity to gain more freedom of action and to upgrade its status.¹⁵⁵

Italy had two opportunities to upgrade its relationship with Beijing and transform itself into a special partner for Beijing in Europe: in 1969-70 and again in 1989-1992. At the end of 1968, Italy, first among the European countries, perceived the transformation that was going to revolutionise Beijing’s policies and bet on the normalisation with China. The Italian activism was guided by the Socialist presence in the government and particularly by Foreign Minister Nenni’s aspiration and desire to capitalise internally on this foreign policy success. The constant instability of Italian politics at the time however – with the change of three governments at the most important time for the negotiations – disrupted the window of opportunity that Italy had opened in the first place. When France recognised Beijing in 1964, it was the only country, among the main powers,

¹⁵³ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in “Cold War History”, 05/02/2016, p.194.

¹⁵⁴ Ivi, p.195.

¹⁵⁵ Ibid.

who could talk to Washington, Moscow and Beijing at the same time. In 1969, Italy tried to follow the French strategy but without the expected results: in less than two years the détente process with Beijing already involved most of the other NATO allies, US included, depriving the Italian initiative of its appeal.¹⁵⁶

The second opportunity arose after the Tiananmen crisis in June 1989 events and the European attempt to isolate the Chinese government. At that time, the Italian Socialists played once again an active role in helping China and foreign minister De Michelis used the Italian presidency at the EC to abolish the ban on trade and ministerial meetings with Beijing. The Italian solidarity in such a delicate moment was very well received by the leadership in Beijing and during the visit of De Michelis in China in 1991, he also offered the Italian participation in the development of Pudong, that would be a unique opportunity for Italian companies to extend their long-term presence in the Chinese market. Unfortunately, few months later the corruption scandal “Mani Pulite” destroyed the two main parties who had promoted the relationship with Beijing, that are Socialists and Christian Democrats: the following political stalemate completely wiped out all the Italian stakes built in the previous years in China.¹⁵⁷

From 1970 to 1992, the structural weakness of Italian domestic politics, and the consequent lack of a long-term strategy, did not let Italian diplomacy to capitalise on the opportunities that arose to upgrade its political cooperation with Beijing and contributed to create an image of unreliability among the Chinese political elite. The only exception was the Craxi’s government during the 1980s– the longest Italian government of the Cold War – who managed to grasp the opportunities offered by the opening of the Chinese market. However, the normalisation between Rome and Beijing that started in 1970, stimulated other European countries to follow the same path, first in the West and then in the East, and activated the intra-European competition to attract Beijing’s favour that enormously increased Beijing’s influence in the region to this day. Furthermore, the cooperation with the European developed economies favoured the success of Beijing’s modernisation.¹⁵⁸

¹⁵⁶ Fardella E., *A significant periphery of the Cold War: Italy-China bilateral relations, 1949–1989* in “Cold War History”, 05/02/2016, p.196.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

Nowadays, with the new role of China in the global economy and the fearless policy consequently adopted by its government, many countries are gaining benefits from establishing relationships with this Asian giant, as we will see further on. Italy is one of them, actively involved in the OBOR strategy. But it is also a country where China allocated many investments. Concerning the diplomatic field, both the countries are getting ready for celebrating, in 2020, the anniversary of 50 years of bilateral relations, the so called “Road to 50”.

4

Governments and MNCs: different names, same architecture

4.1 Pursuing the Chinese dream

When people think about diplomatic system, they take it for granted that it should be a department set up by a sovereign state and made up of professional diplomats such as the foreign ministry, embassies in other countries and ambassadors. This is obviously a misperception. In fact, as an important component of a nation's governing regime, diplomacy is also under the influence of the development of the society, the political system as well as historical and cultural traditions of the country, leading to differences in diplomatic objectives, the organization systems and the operating systems. Thus, difference in diplomatic systems is a factor that strongly affects the diplomatic relationships among countries. According to the professor Li Hu, diplomatic system should be perceived through two dimensions, one of decision making and the other of diplomatic management.¹⁵⁹ In other words, it is structured exactly as any firm does. But let's focus on the Chinese diplomatic system first. Starting from 2012, that is soon after the 18th National Congress of the Communist Party of China (CPC), China's diplomatic system went through many changes in its basic framework. Generally, from an institutional perspective, it went from serving the country's development to serve the Chinese dream.¹⁶⁰

Some scholars stated that Chinese diplomacy has replaced its *taoguang yanghui* strategy, to keep a low profile, with a *fenfa youwei* strategy, that means striving for the achievement. This implies that China has entered the third stage of diplomacy after the first stage of "revolution diplomacy" during Mao Zedong's era and the second stage of

¹⁵⁹ Zhao K., Gao X., *Pursuing the Chinese Dream: Institutional Changes of Chinese Diplomacy under President Xi Jinping* in "China Quarterly of International Strategic Studies", Volume 1, Issue 1, 2015, p. 38.

¹⁶⁰ Ivi, p. 35.

“development diplomacy” during Deng Xiaoping’s time.¹⁶¹ In China, diplomatic system can be defined as “the rules regulating China’s relationships with different countries and how China handles international affairs. In particular, it is the total of a series of rules as well as organizational and operational systems set out by the diplomatic organs led by the CPC”.¹⁶² By this definition, China’s diplomatic system can be perceived through four dimensions:

1. Diplomacy ruled by the Party (党管外交 *dangguan waijiao*). The Party is not only the leader of the socialist cause in China, but it also rules national diplomacy. The executive department of diplomacy has in fact limited authority, with the overriding authority over the Ministry of Foreign Affairs held by the CPC Central Committee, in particular the General Secretary of the Party.¹⁶³ From the founding of the PRC, diplomacy in China had been led directly by Chairman Mao Zedong and Premier Zhou Enlai. As the same Zhou Enlai said once:

Our comrades in foreign affairs have limited authority, including me. There are occasions when I have to ask for instructions from Chairman Mao and the Party’s Central Committee before reaching decisions.¹⁶⁴

After the 1980s, with the reform and opening led by Deng Xiaoping, an interparty democracy was also adopted, and more actors were involved in diplomatic affairs, like the premier, other members of the Politburo, the heads of related departments in charge of foreign affairs. Nonetheless, the top leader remained in possession of the highest command and direct power.¹⁶⁵

2. Decentralized management by specialized units (归口管理 *guikou guanli*). All the foreign affairs-related institutions, people’s organizations and social organi-

¹⁶¹ Op.cit., p. 37.

¹⁶² Ivi, p. 39.

¹⁶³ Ibid.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

zations are divided into individual units for specific purposes, with the members of the politburo and related department chiefs making up the Small Leading Group (SLG) in charge of foreign affairs. This managerial system, established in 1953 as to oppose decentralism and localism, divided the work of the government into commercial, politics and law, finance and trade, culture and education, and so forth, in order to strengthen the leadership of the government, taking as a model the Soviet Union's organization model. But the foreign affairs department, compared with others, was quite closed and less under their influence.¹⁶⁶

3. Power division based on different responsibilities (分工负责 *fengong fuze*). Through the principle of 中央决定, 各方去办 *zhongyang jueding, gefang quban* (the central government take decisions, and everyone implement them), besides the main channel of diplomacy from the government, there were other departments with their own areas of responsibilities. Thanks to this, the implementation of foreign policies in China have been strongly improved and professionalized.
4. Foreign affair is no small matter (外交无小事 *waijiao wu xiaoshi*). It means that, since diplomatic authority is not a small thing, it has to be managed accurately. That's why it is highly centralized. All diplomats are told from the first day of their work that they must carry on the nation's will and never abuse their power. In short, their power come from the nation, and they consequently have great responsibilities but little power at the same time. Li Zhaoxing, former Foreign Minister of China, explained the concept in this way:

That foreign affairs is no small matter does not only mean that diplomacy usually concerns the fundamental interest of the people, but it also implies that we [diplomats] have very limited authority yet great responsibility. To be a diplomat means you have to be extremely serious and conscientious. Furthermore, diplomacy always have priorities, so when it comes to maximizing

¹⁶⁶ Op.cit., p. 40.

the preservation of our country's respect and rights, we should learn to focus on top priorities while leaving secondary concerns for later.¹⁶⁷

Given all this, we can say that China's diplomatic system has been developed on four dimensions that are the politburo system; the SLG system; power division based on responsibility system; and the system of departments with specific functions. The logic of this evolution is quite hierarchical and constructed on the basis of the responsibilities of the SLG, of departments with divided powers and of their chiefs, extended in other areas of the CPC, then the nation and finally the whole society, to form a complete system override by the same principles. Each and every level within this structure has clearly delineated superiors, so that the authority runs top-down. Since the 1980s, even if the CPC has gradually changed its leadership style over diplomacy by emphasizing a law-based governance, setting up the basis for a modern diplomatic system, it is still defined as a "state authoritarianism reliant on the Party", with the last one having a high centralized power.¹⁶⁸

During the 18th National Congress of the Chinese Communist Party, Xi Jinping stressed importance on the idea of Chinese Dream and One Belt One Road initiative, launching many reforms of the diplomatic system and its mechanism. New improvements were witnessed in many fields: the leadership of the central government has been enhanced, the mechanism and systems handling foreign affairs have been reformed; and the coordination among local governments and departments regarding foreign affairs has been strengthened. More specifically, the three major changes were top-level design, strategic coordination and multi-dimensional diplomacy.¹⁶⁹

Since the adoption of the reform and opening-up policy, China's foreign policy strategy have been to keep a low profile when facing major diplomatic issues and put aside an eventual dispute. At the same time, a top-down structure was replaced by a more feasible one, with many actors involved diplomatic system. First of all, besides the Ministry of Foreign Affairs, the National Development and Reform Commission, and other economic departments such as the Ministry of Finance, the Ministry of Commerce and the

¹⁶⁷ Op.cit., p. 41.

¹⁶⁸ Ivi, p. 42.

¹⁶⁹ Ivi, p. 43.

People's Bank of China, are all playing an increasing role in economic diplomacy. Secondly, the Ministry of Culture, the Ministry of Education and the Information Office of the State Council are also playing their part in cultural diplomacy, especially through the Confucius Institutes established abroad. Thirdly, the Headquarters of the PLA General Staff as well as other military departments are gradually gaining their own diplomatic power over arms control. Many actors, but also the rising importance of the politburo and its standing committee in designing China's overall foreign strategy. The goals were to strengthen the role of the Party to lead diplomatic affairs, to reform and perfect the systems and mechanism of foreign affairs as well as to enhance the principles of coordination of the foreign work relating to various fields, departments and locals.¹⁷⁰ Yang Jiechi, State Councilor and Chief of the General Office of the Foreign Affairs SLG, in his article published in the Party Journal, *Qiushi*:

The strategic plan of mid- and long-term work of foreign affairs is made from the perspective of top-level designing.¹⁷¹

Yang underlines that when dealing with foreign affairs, all officials should:

be integrated and coordinated to follow the top-level design under the unified command of the CPC.¹⁷²

While the central and local governments, non-governmental organizations and all foreign affairs departments are performing their respective functions, they are also required to cooperate with each other in order to fulfil the harmonious coordination of foreign affairs.

It should be made sure that the leadership, decision making, management and the handling by the Central Committee of foreign affairs are implemented smoothly and successfully, so that the strategic intention of the Central Committee can be realized.¹⁷³

¹⁷⁰ Op.cit., p. 44.

¹⁷¹ Jiechi Y., *Innovations in China's Diplomatic Theory and Practice under New Conditions* in "Xinhua news", August 16, 2013.

¹⁷² Ibid.

¹⁷³ Ibid.

When diplomatic power becomes decentralized, as in this case, strategic coordination is necessary. The main consequence in fact, was a strong competition among different bureaucratic departments as well as a blurred boundary between power and interest. Many departments began to restrict their activities and ignoring those duties that do not explicitly fall under their authority. This obviously made it hard to conduct foreign affairs in a united and coordinated way. For instance, the Ministry of Foreign Affairs has few information of foreign military sales or sensitive military items. Also, the central government is often not fully aware of international activities organized by local governments. Both the appointment of personnel and the cooperation among different organizations are becoming increasingly challenging because of the diversification of diplomatic power, the shifting of accountability and the unclear responsibilities of the employee. Consequently, confusion arose in many issues.¹⁷⁴ In order to avoid this kind of confusion, to well coordinate various departmental efforts, in different fields and at different levels as well as to ensure the centralized leadership over diplomacy, the second major changes has been the implementing of planning and coordination of foreign affairs. Central Committee should have been in charge of coordinating both domestic and international affairs.¹⁷⁵

Since 2013, the Central Committee has promoted the construction of coordinating mechanisms among departments relating to foreign affairs as well as the coordination and cooperation among different departments. Several leading groups, such as the Central Small Leading Group for Comprehensively Deepening Reforms, the National Security Commission, and the Central Leading Group for Internet Security and Information were formed to enhance planning and coordination in specific fields. Likewise, in order to intensify coordination in maritime affairs, the National Ocean Council was set up, while the State Oceanic Administration was reorganized to institute the China Marine Surveillance department so as to integrate maritime enforcement powers and elevate the efficiency of related departments. All these newly formed

¹⁷⁴ Zhao K., Gao X., *Pursuing the Chinese Dream: Institutional Changes of Chinese Diplomacy under President Xi Jinping* in “China Quarterly of International Strategic Studies”, Volume 1, Issue 1, 2015, p. 46.

¹⁷⁵ Ibid.

departments, in essence, are coordinating departments under the leadership of either the CPC Central Committee or the State Council.¹⁷⁶

After the 18th CCP National Congress in 2012, it was clear that the construction of economy, politics, culture, society and ecological civilization were all part of the same and overall framework, that is foreign affairs. Diplomacy in fact, was no longer a strictly political issue, and it went beyond the traditional idea that domestic issues and the outside world were separate. Therefore, the level and depth of diplomacy covered every dimension at home and abroad. In the political arena, Xi Jinping and Li Keqiang paid many visits to Africa, Europe, Latin America as well as the Oceanic and South Pacific Islands countries, showing up in reports, interviews and activities.¹⁷⁷

From an economic point of view, Xi Jinping decided that China should have adopted a more proactive and open strategy. As the report of the Congress pointed out, this new attitude was necessary:

to coordinate the openness and cooperation on bilateral, multilateral and regional levels by accelerating the steps to implement the strategy of free trade zone and promoting the connections and communications with neighbour countries.¹⁷⁸

In the social context, China started to promote public diplomacy and cultural exchanges, preserve its rights and interests abroad, and developing friendly relationships among political parties and organizations around the world through many exchange programs. Xi Jinping stressed importance on building a “community of a shared destiny”¹⁷⁹ to enhance public diplomacy, people-to-people exchange and cultural diplomacy. Also, the culture was decided to become an important pillar of China’s new diplomacy in order to elevate its soft power – as already noticed in the last chapter. Under the guidance of the Central Committee in fact, the Ministry of Culture has led a coordinating mechanism of cultural diplomacy, with 16 ministries taking part, establishing a high-level consultation

¹⁷⁶ Zhao K., Gao X., *Pursuing the Chinese Dream: Institutional Changes of Chinese Diplomacy under President Xi Jinping* in “China Quarterly of International Strategic Studies”, Volume 1, Issue 1, 2015, p. 47.

¹⁷⁷ Ivi, p. 48.

¹⁷⁸ Ibid.

¹⁷⁹ Op.cit., p. 50.

mechanism for cultural exchanges between China and the U.S., between China and Europe, and a series of other bilateral and multilateral dialogue mechanisms. Finally, in the ecological arena, China stressed the concept to build a beautiful country, by constructing an ecological civilization.¹⁸⁰

China's diplomatic system has upgraded going from one based on traditional concepts and view to a multi-dimensional one. Diplomacy was no longer confined to foreign affairs, but it became a multiplayer, transformed from a merely governmental function under the control of the Ministry of Foreign Affairs to one that includes the work of the Party, the government, the National People's Congress, the Chinese People's Political Consultative Conference, the PLA and so forth, extending to fields as economy, society, culture, and ecological civilization.¹⁸¹

To Xi Jinping, reforming the diplomatic system was not only indispensable for the development of socialism with Chinese characteristics, but also one of the keys to promote the national governance system and the modernization of governance capacity, in order to realize the Chinese dream. As himself pointed out:

At present, our nation faces double pressure. Internationally, there are sovereignty issues, security issues and development interests to protect. Domestically, there is political security and social stability to preserve. All kinds of potential risks, predictable or not, are increasing.¹⁸²

Therefore, Xi Jinping called for government leadership at all levels to “coordinate two designs, both of the domestic level and of the international level. Likewise, development and security should also be coordinated at the same time”.¹⁸³ Xi made it clear that the diplomacy should not only help the country's modernization, as in the last three decades, but also serve the long-term stability of the nation – it is quite evident, in the President's speech, the need for planning and long-term orientation, typical features of Confucianism and deeply-rooted in all Asian people.

¹⁸⁰ Zhao K., Gao X., *Pursuing the Chinese Dream: Institutional Changes of Chinese Diplomacy under President Xi Jinping* in “China Quarterly of International Strategic Studies”, Volume 1, Issue 1, 2015, p.50.

¹⁸¹ Ivi, p. 51.

¹⁸² Ivi, p. 52.

¹⁸³ Ibid.

4.2 South west China and OBOR: two different approaches

The purpose of this paragraph is to offer two different examples of coordination, both used by Chinese government. One internally, in south west China for the development of those central and western regions, and the other one internationally, in Europe, for the implementation of OBOR (One Belt One Road) strategy. What Chinese government experienced is the same as MNCs who want to expand their business abroad and cannot avoid facing challenges and obstacles – whether they are economic, political, social and cultural. The introduction of south west China will also reveal to be very useful because it may help contextualizing the Consulate General of Italy in Chongqing, that will be the protagonist of the next section. Later in the chapter in fact, I will focus on the specific case of this diplomatic representation, where I had the opportunity to spend a 3 months' length internship, experiencing the daily work and observing from inside dynamics and situations that usually happen in international organizations.

China definitely changed its position concerning the relations with other countries in the global arena. It recently started to have extensive interactions with multiple countries globally, necessary for a “great power”, as China often refers to itself. One of the reasons for which China is more and more committed to this sort of multi-dimensional diplomacy could also have a cultural explanation. The ideologies of Harmonious Society (和谐社会) and Harmonious World (和谐世界), strictly connected with the Confucian value of social stability, could have indirectly affected the foreign policy, since historic role of ideology in Chinese foreign policy and the subsequent importance given to doctrines from the first leadership generation to the present, like Mao Ze Dong, Deng Xiaoping, Hu Jintao and Xi Jinping. It is unclear, though, what the essential elements of a particular doctrine are, since Chinese doctrines may involve many ambiguous and contradictory elements.¹⁸⁴

Beijing government is making extensive use of traditional state-to-state diplomacy as well as non-traditional forms, such as International Governmental Organizations (IGOs),

¹⁸⁴ Shen S., Blanchard J.F., *Multidimensional Diplomacy of Contemporary China*, Lexington Books, Plymouth, UK, 2015, p.284

regional multilateral arrangements and informal multilateral structures. We recently witnessed the explosion of China's interactions with new countries like Pakistan, aimed at enforcing antiterrorism cooperation, trade agreements and infrastructure projects, and students' exchanges; or with sub-Saharan Africa and the countries situated in that region as well as with South Pacific states like Fiji, Papua Nuova Guinea and Samoa. Each of them has its own motivation, and sometimes political and economic reasons seem to be more valid and reasonable, resulting difficult to believe at culture as the main motivation for China to increase relations with other countries – let's also think about the surprisingly newborn relationships with Central Europe countries, decisive for the OBOR strategy, or with Arctic countries.¹⁸⁵ Or even to the other bilateral relations mindfully carried on, with a lot of attention given to Australia, as witnessed by the negotiation of the China-Australia Free Trade Agreement (ChAFTA), aimed at stimulating Chinese investments in several strategic sectors of Australian economy, like agriculture, livestock, food and infrastructures; or to South Korea, with whom the Free Trade Agreement (FTA) became effective on December 2015.¹⁸⁶

While the 18th Congress of the CCP in 2012 has been decisive because it gave the push for a radical change, as noticed in the last paragraph, the 19th Congress was even more important because it defined the future strategy and guidelines to keep on improving what has been recently started. The President Xi Jinping announced the arrival of China as next world superpower and the beginning of “a new era for the socialism with Chinese characteristics”, calling back what Deng Xiaoping said in 1980s, but in a more modern, ambitious and bold view.¹⁸⁷

According to the President, the first step is to keep on promoting the OBOR strategy and eventually extend it to the Arctic Sea. Internally, he aims at building a moderately prosperous country within 2035, and a great socialist country within the half of the century (2049 is a real and concrete target because on that date the anniversary of the foundation of PRC will occur), the so called Chinese dream.¹⁸⁸

¹⁸⁵ Op.cit., p.286.

¹⁸⁶ Goldstein A., *Capitalismo Rosso: Gli investimenti cinesi in Italia*, Egea Spa, 2016, pp. 15,16.

¹⁸⁷ <http://www.apcoworldwide.com/blog/detail/apcoforum/2017/10/16/chinas-19th-party-congress>

¹⁸⁸ <http://supchina.com/2017/11/02/what-happened-19th-party-congress/>

4.2.2 Chongqing's role in OBOR strategy

In Chinese's new multi-dimensional diplomacy, the economic field was one of the most relevant and OBOR strategy was an integral part of it. This initiative aims at linking China with most of Eurasia' countries, creating a new silk road between China and Europe.

The original Silk Road was established over 2100 years ago during the Han Dynasty (206 BC–AD 24) to promote trade between China and Europe, providing a stimulus for cultural growth and economic prosperity along its entire route. Already during Greek and Roman period a vibrant series of exchange relationships existed between the Mediterranean regions and China, including the Indian subcontinent. Silk Road was not a closely interlinked system of transport, but it comprised sea, river and land routes that led from China via the Tarim Basin to India and further on via the Red Sea, the Persian Gulf, the Euphrates and the Nile, respectively, and various caravan routes to the Mediterranean Sea.¹⁸⁹

The new silk road between Europe and Asia is expected to follow this “multi-modal” transport by integrating the technology and Chinese' high level infrastructure. It is supposed to be implemented on two different sides. One by land through central and western Asia, the other one by land until Oman Gulf and Bengali Gulf, and from there to south west China's Provinces by land – via Pakistan and Myanmar. By this way, Beijing government hopes to free itself from American control over Malacca Strait, where most of Chinese trade pass through.¹⁹⁰

In building and developing the networks from inland China to Europe, the south west part of the country had – and still have – a great importance because of its strategic position. And, in this area, the city of Chongqing has a leading role.

¹⁸⁹ Hildebrandt B., *Silk: Trade & Exchange along the Silk Roads between Rome and China in Antiquity*, Oxbow Books, 2017, p.4.

¹⁹⁰ Goldstein A., *Capitalismo Rosso: Gli investimenti cinesi in Italia*, Egea Spa, 2016, p. 13.



¹⁹¹ The new Silk Road. Red is the land-based route, which is referred as Silk Road economic belt. Blue indicates the marine-based route that is referred as Maritime Silk Road of the 21st Century.

In 1997, Chongqing was separated from Sichuan province and became one of the four municipalities run directly under central government alongside Beijing, Tianjin and Shanghai. From an administrative point of view these Municipalities have access to the decision-making centre in Beijing, since they are considered at par with the whole vast provinces. The highest government official is the Mayor, who is also a delegate in the National People's Congress and Deputy Secretary of the CPC Municipal Committee. But, Municipalities are above all part of central government's economic strategy, forming economic centres which guide investments into the much wider region they are located in. Chongqing, more than the others, is in charge of doing this for all central and western China and the success gained in its first two decades as Municipality is emblematic, because it is only the beginning of even greater things to come¹⁹² Chongqing in fact, is at the centre of the Go West development strategy, which aims to spread economic growth westwards from the eastern coast to the less developed west. In fact, while most of the Chinese economic miracle of the latest decades heavily relied on the east and the coast, the 70% of land in China has remained almost undeveloped.

¹⁹¹ https://en.wikipedia.org/wiki/Silk_Road

¹⁹² Middleton A., Macauley R., Peng D., Yang. A., *Chongqing: Business Guide 2015*, Chongqing Investment Promotion Association, Chongqing Investment of Enterprises with Foreign Investment, 2015, p.4.

When this whole area will totally open up to development, it is expected to lead China's next economic explosion and to bridge the gap between eastern and western China. Now, after fifteen years since the implementation of this strategy, the Municipality reached a more economically mature situation, offering highly worth infrastructure like highways, high-speed railways, airports and power grids; favourable economic and taxation policies; improving education levels and, last but not the least, the retention of skilled workers and professionals.¹⁹³

Basically, Chongqing is not just geographically at the heart of this imminent economic revolution but is also the central government's designated centre for the whole region's development. It is also an important testing ground for new policy because its leaders placed in the central government can test innovations before definitely applying in the whole western and central regions. Vice versa, also the local leaders themselves are empowered to make key decisions, rather than always refer to a higher authority as in the case of lower ranked cities. The central government put into practice this exceptional simplification, let the decision-making process be less centralized. It shortens time to take decisions, resulting in a much smoother path for foreign investors, who otherwise would have been discouraged in investing there. For instance, local government has control over areas such as the sale, price, and use of land in its jurisdiction, speeding up the process of land-sales and rental agreements for investors, and it also has a certain degree of autonomy over the tax system.¹⁹⁴

When Chongqing became a Municipality in 1997, it was nothing more than a Yangtze river port, but with the central government's decision to develop that area came big investments in the region's logistic sector. Plus, the cheaper operating cost than in the north east or on the coast, also allowed Chongqing to become an ideal manufacturing base for companies looking to supply both within China and globally. The investments were addressed to the development of road, rail, air and waterways and a comprehensive logistics hub was created. This network, able to link the companies domestically and globally, is increasingly expanding. Many international names in global logistics now operate from Chongqing, including APL, Maersk, UPS, American President Lines, German Railway, DB Shenker, Hong Kong Kerry Logistics, CEVA,

¹⁹³ Op.cit., p.4.

¹⁹⁴ Ivi, p.7.

TNT, DHL and Nippon Express.

The Yangtze river, besides being Chongqing's major natural strength, is also a natural shipping route linking Chongqing with Shanghai, since it carries about 90% of its exported goods. Chongqing is the largest inland shipping centre in central and south western China. Its growth has continued even though the economic crisis, growing over 50% in the past eight years. Besides the Yangtze, the region also has 3,000 km of navigable rivers. There are 15 ports with a throughput of 500.000 tons, plus further 85 smaller ports. The city is also the largest inland air cargo hub, and its Jiangbei International Airport is in the top 10 nationwide with an annual capacity of 2 million tons. Over 40 airlines offer international and regional transportation services to destinations including US and EU. Its three terminals, with a total area of 830.000 m², can handle an annual capacity of 75 million passengers. The city also has other two smaller regional airports, Wanzhou Wuqiao and Qianjiang Zhoubei.¹⁹⁵

Chongqing is also at the heart of a rapidly developing Chinese railway network, giving excellent and cost-effective services for destinations both throughout China and internationally. The network with Burma, giving direct access to the ports on the Indian Ocean, drastically cuts travel time to India and Europe. But the most important railway is perhaps the Yu-Xin-Ou International Railway Freight Corridor, which takes 16 days to travel 11,000 km to Duisburg in Germany, via Kazakhstan, Russia, Belarus and Poland. Chongqing government has also showed to correctly plan every strategy by accurately coordinating all the activities: it established offices in Dusseldorf, Antwerp and Rotterdam to promote the railway. Finally, Chongqing stands at the heart of Chinese's strategy to expand domestic road network, which is already linking internationally with countries like Burma, Laos, Vietnam and Pakistan via Sichuan and Xinjiang.¹⁹⁶

As we can see from the highly developed network of infrastructures and transportation, whether they are railways, airways, waterways or highways, there is a strong coordination between Beijing government and Chongqing municipality, also facilitated by the fact that local leaders are member of the central government too, and sometimes

¹⁹⁵ Op.cit., p.10.

¹⁹⁶ Ivi, p.11.

innovative decision are experimented and tested by Chongqing Municipality first, before being implemented at all in the other regions.¹⁹⁷

Another element that witnesses the strong coordination between Beijing and Chongqing is the ease with whom goods – both imported and exported – are inspected. The Chongqing Customs in fact, in cooperation with other key bureaus provide a service that runs 24 hours a day and all week long. Once goods have passed through Lianglu Cuntan Bonded Zone and Xi Yong Integrated Bonded Zone, they do not need further declaration and control in other coastal ports.¹⁹⁸

Wang Yue, secretary of CCP in Shapingba District (Chongqing), affirms that 19th Congress held in October 2017 will write a new chapter in China's history, since the country will be the leader of global economy:

As a representative of CCP in Chongqing Municipality, I am sure it will happen thanks to the Go West strategy too. In this project our city has a leading role, being in a strategic position for the development of whole south west China. It is also a link between OBOR and the economic zone near Yangtze river. This surely facilitated the integration with national strategy and made possible to build a free trade zone in the city, increasing the links with Singapore and ASEAN countries.¹⁹⁹

He claims that, to let “Go West” strategy become more efficient, all the country should be well coordinated, and he suggests building, at national level, a multi-modal transportation network, enforcing the infrastructures. The main goal is in fact implementing the logistic channel 3+N (where 3 is referred to the three networks in which Chongqing has a strategic role, Sino European railway; Sino Singaporean Railway; and Yangtze fluvial way towards east while N refers to the number of airport connections from Chongqing Jiangbei Airport).²⁰⁰ As affirmed by Li Bin, vice director of logistic of Chongqing Municipality, the authorities are considering the possibility to create a trading post in Milan, after the Chengdu-Milan railway officially inaugurated on November 2017.²⁰¹

¹⁹⁷ Op.cit., p.12.

¹⁹⁸ Ibid.

¹⁹⁹ <http://news.sina.com.cn/c/2017-10-24/doc-ifymzksi1305587.shtml>

²⁰⁰ <http://www.chinanews.com/cj/2017/10-26/8361257.shtml>

²⁰¹ http://www.cq.xinhuanet.com/2017-10/20/c_1121828849.htm

It is expected to implement the airport connections too. There will be more than 200 destinations and more than 350 flights, of which 100 on international routes (today they are 67). Direct connections with Chicago and Toronto are expected, after the newly born Chongqing-New York and Chongqing-Melbourne.²⁰² Consequently, the airport's enlargement is expected, after the most recent inauguration of the 3rd terminal in October 2017. Within 2020 in fact, they plan to add an extra surface of 12,5 km².²⁰³

In the "Go West" strategy, the Logistic Park in Chongqing will have a leading role because it is related not only to OBOR strategy and China Europe connections, but also to the *China- Singapore Demonstration Initiative on Strategic Connectivity* that is a multi-modal (both railway and maritime) connection towards south, linking Chongqing with ASEAN countries.²⁰⁴

This is an excellent example of cooperation, where each party did its part at the best, as well as of well-organized and planned strategic coordination by the authority.

²⁰² http://www.cq.xinhuanet.com/2017-10/25/c_1121851508.htm

²⁰³ http://www.cq.xinhuanet.com/2017-10/20/c_1121829707.htm

²⁰⁴ http://cq.cqnews.net/html/2017-10/26/content_43170164.htm

4.2.3 China and EU: when integration is necessary

Sometimes it may happen that, in a business partnership, the parties involved may figure out some problems and the implementation may be not so smooth as they previously think. When it comes to promoting its investment in Europe in fact, China recently faced hard times. The European Union is one of its most important economic and trading partners and the destination of its New Silk Road initiative. However, some EU member states have become increasingly critical towards China's push for more investment in Europe. Beijing has invested significant effort in building a new entry point into Europe through the central and eastern European (CEE) countries, in particular, through the 16+1 framework. The 16+1 framework is an economic cooperation model launched in 2012 (soon after the 18th Congress) between China and sixteen Central and Eastern Europe's countries – 11 from European Union and 5 Balkan countries. It has been promoted by Chinese government as an integral part of OBOR strategy.²⁰⁵

The aforementioned countries are strategically located between Western Europe and Piraeus Port, in Greece – from 2008 the Chinese Ocean Shipping Company (COSCO) has acquired two of the three marine terminals of Piraeus Port.²⁰⁶ They have a strategic importance for Beijing government as a mean to reach the profitable western European market.

China had to face some problems and challenges in its exposure to European context. Governments, like MNCs, have less problems in implementing strategies internally. They start to have headaches when they go global, that is in foreign policies. In China-Europe relations, three main points emerged, driven by both economic and political factors.

Firstly, the level of cooperation between China and CEE participants differs from country to country and only a few, such as Poland, the Czech Republic, and Hungary have obtained benefits from Chinese investment. Other member countries, which hoped to receive investment, particularly for infrastructure projects, have been left disappointed.

²⁰⁵ Kratz A., Stanzel A., *China's investment in influence: The Future of 16+1 Cooperation* in European Council on Foreign Relations, 14/12/2016, p.1

²⁰⁶ Goldstein A., *Capitalismo Rosso: Gli investimenti cinesi in Italia*, Egea Spa, 2016, p. 63.

This has resulted in competition among the 16 for influence with China. But also, some countries have become more cautious in cooperating with the Asian giant. The enthusiasm among the countries also varied according to differences in their economies, populations and market potential. Large economies such as Serbia have been more able to take on China's large-scale investment projects, while small- and medium-sized economies such as Croatia and Slovenia had welcomed the establishment of the initiative but found it difficult to implement specific projects. The difference in the degree of participation and enthusiasm has also resulted in differing perception of the OBOR initiative among these countries. Secondly, the willingness of the CEE countries to cooperate also depends on their different political identity. Whether they are an EU member state and member of the eurozone, profoundly effect these countries' strategies to collaborate with China. For instance, Serbia, which is not an EU member, is more willing to cooperate with China than the EU member states are. The agreement also alarmed the EU institutions and EU's member states, because they are all afraid that the 16+1 framework could be used by Beijing to 'divide and rule' the EU, and that the cooperation of some CEE countries with China could even weaken their relations with the EU institutions. Thirdly, the 'divide and rule' perception also exists within the 16+1 itself, where China is strengthening bilateral relations with only some of the 16 countries and giving more attention on them than others. For instance, in 2012, the Czech Republic received the first Chinese president to visit the country, being also Xi Jinping's first presidential visit to any of the CEE countries, and Romania and Serbia also received high-level business delegations from China.²⁰⁷

Due to the different conditions across the CEE, it is difficult for China to carry out the same type of activity in each country. China should respect the differences and consider relevant policies formulated by the CEE countries in order to better inform the intended cooperation. In particular, with regard to its OBOR initiative, China should pay attention to the economic and trade differences in the CEE countries as well as their strengths and weaknesses in order to avoid investment risks.²⁰⁸

²⁰⁷ Kratz A., Stanzel A., *China's investment in influence: The Future of 16+1 Cooperation* in European Council on Foreign Relations, 14/12/2016, p.3.

²⁰⁸ Ivi, p.5.

Basically, Chinese government had to face two different approaches according to the context, and this case remind the experience of many firms, above all the SMEs when, in doing business, they deal with commercial partners coming from different countries. In its “domestic market” in fact, Beijing government was lucky enough to easily and smoothly implement all the necessary strategies without facing any problems. In Europe the situation was quite different because of the many countries involved in the 16+1 framework, each of them with its own cultural, political and economic situation. As we saw in the analysis of Angela Stanzel, all these elements contributed to create a diverse environment, where China found it difficult to operate in the same way it did in the home country. Besides this, it also had to face the image that European countries have of the Asian giant, very often seen as a dangerous enemy rather than an important ally in the global marketplace – a sort of country of origin effect, a concept not limited to the global firms but also affecting countries government’s words and actions. That’s why China should engage in a cultural campaign of public relations, or as we called in the last paragraph public diplomacy action, in order to reduce European people’s prejudices and enhance its own soft power. Anyhow, never has the words of the vice premier Wang Qishan in 2009 been as useful as today:

it is necessary to deeply and carefully analyse all the problems and obstacles that could eventually arise from cultural differences when invest abroad: the strength of Chinese firms’ managerial skills and their adaptability to the global context, cultural differences with the other countries and even their labour relations (China has no free and fierce trade unions).²⁰⁹

²⁰⁹ Goldstein A., *Capitalismo Rosso: Gli investimenti cinesi in Italia*, Egea Spa, 2016, p. 12

4.3 The Ministry of Foreign Affairs and International Cooperation

Recently, an always increasing number of firms go beyond national boundaries and, in a highly globalized world like it has become nowadays, look for opportunities to increase their profits. Likewise, the governments are adapting to an all-encompassing politics that involve more and more players, making the environment wide, broad and highly diverse. Therefore, each country, throughout its Ministry of Foreign Affairs, protects and guarantees its interest as well as those of its citizens abroad, thanks to the work of Embassies and Consulates that, just like multinational companies, have to face many problems and challenges arisen from the exposure in different context, like political, economic, social and, last but not the least, cultural differences.

Diplomatic representations abroad can be compared to the subsidiaries settled by a firm in a foreign country in its process of internationalization. These organizations have to be seen within the dense and widespread diplomatic network of a country, since they have to coordinate as well as possible not only with other diplomatic organizations in the same country, but above all with the headquarter, from where guidelines and instructions come from. Accordingly, diplomats are managers and leaders designated for overseas missions, thanks to their specific competences and knowledge, without forgetting their ability to adjust and cultural sensitivity, basic and fundamental requirements for an expat in order to avoid miscommunication, misunderstanding and cultural myopia on the workplace.

In international organizations operating in the global context, managers deal with such a wide scope of cultural differences and backgrounds, and obviously there can be quite a few misunderstandings and conflicts. It requires a lot of understanding, sensitivity, and respect for other cultures and personal backgrounds. In other words, it takes a good diplomat. Diplomatic Management is a specific coordination activity and requires managerial expertise adapted to the particularities of diplomatic activities. The techniques and instruments in diplomatic management are those used in any managerial process of a company, since there are no evident differences between an international company and a governmental organization, like an embassy or a consulate. However, because of the specificity of diplomatic activities, these diplomatic institutions have

customized their techniques and instruments such as simulation, scenarios, decision matrix, diagnosis or interrogation. Like any other economic activity that requires an adequate and satisfactory management, diplomatic activities too are coordinated by many managers (or a single one), who can be the Minister of Foreign Affairs, ambassadors, general directors etc. Since these kinds of organizations operate in a field which differ from that of a company because of their specific area of interest, that is diplomatic activity, they require specific management techniques and instruments. But basic concepts are more or less the same and do not fundamentally differ from the traditional ones. However, they are applied in the foreign policies' management of a country and need to be conceived within the framework of human resources sustainable development to ensure a long-term effect and duration of diplomatic activity.²¹⁰

Let's focus now on how this diplomatic management is structured in Italy. The Ministry of Foreign Affairs and International Cooperation is very often referred to with the acronym MAECI or called "La Farnesina", from the name of its location, that is the Farnesina Palace in Rome. It is the Ministry of Italian Government in charge of the foreign policy and it represents Italy in the international context, by safeguarding its interests linked with political, economic, social and cultural relations that it has with other States and international organizations.²¹¹

The top political entity is the Minister of Foreign Affairs, whose position is currently carried on by Angelino Alfano, and the top administrative entity is the General Secretary. The whole administration of the foreign affairs and international cooperation is set up by central offices and territorial offices. Concerning the central offices, there are eight general management offices in charge of:

1. political affairs and security;
2. promotion of the country;
3. globalization and global issues;
4. European Union;
5. cooperation for development;

²¹⁰ Gradinar A., *Specific Instruments and Techniques in Diplomatic Management* in "Management of Sustainable Development", Volume 3, Issue 1, 2011, p. 81.

²¹¹ Ordinamento dell'Amministrazione degli Affari Esteri, D.P.R. 5 gennaio 1967, n. 18, art.1, p.1

6. Italians abroad and migratory issues;
7. resources and innovation;
8. administration, information technology and communication.

Besides these, there are also the cabinet of the minister; the specific secretariat; the press office and institutional communication; the service for legal affairs, diplomatic controversy and treaties; the diplomatic etiquette of the Republic and the general inspectorate.²¹² All the body is coordinated by the general secretariat, whose top is the General Secretary, supported by three units: Coordination Unit, Crisis Unit and Analysis, Planning and Historical-diplomatic Documentation Unit.²¹³

The Ministry's structure is of course present all over the world, in the countries that are officially recognized by the Italian government., with regional offices. They are organized in:

- embassies (123), the diplomatic representations of Italian government abroad;
- consulates (482), the consular offices in charge of all the activities of Italian people abroad linked with civil issues, such as visa, last will and testament, inheritance, driving license, welfare, healthcare, repatriation of the corpse, management of the A.I.R.E. (Anagrafe degli Italiani Residenti all'Estero). Consulates are subdivided in first class General Consulate (9), General Consulate (60), Honorary General Consulate (6), First Class Consulate (2), Consulate (20), Honorary Consulate (113), vice Consulate (1), Honorary Vice Consulate (165), consular agencies (9), honorary consular agencies (96) and one office for the economic, commercial and cultural promotion in Taipei, Taiwan – the equivalent of an embassy or consulate but, for political reasons, has been settled with this name.
- Permanent Representations (90). Located in the cities where the international organizations have their main offices or headquarters, like EU in Brussels,

²¹² Ordinamento dell'Amministrazione degli Affari Esteri, D.P.R. 5 gennaio 1967, n. 18, art.3, pp. 3-5.

²¹³ Ivi, art.5, p.8.

European Council in Strasbourg, NATO in Brussels, OCSE in Paris, UN in New York, Vienna and Ginevra, FAO and IFAD in Rome and UNESCO in Paris.

- Italian Cultural Institutes. Educational and scholastic institutes depend from them. They are located in 61 countries all over the world. Within the diplomatic web the scientific and technology experts operate too. They are in total 25 all over the world between embassies (Germany, Great Britain, Spain, Swedish, Serbia, Russia, USA, Canada, Brazil, Argentina, Egypt, Israel, India, China, South Korea, Japan, Australia, Vietnam-Singapore) and Permanent Representations in international organizations (UN in Ginevra, OCSE in Paris and EU in Brussels).²¹⁴

Italy, as many developed and western countries, gives much importance not only to the relations with other industrialized countries but also to developing countries. Asia is the part of the world that in the latest years have captured a lot of attention because of its rapid growth, still being the continent where the richest and poorest economies live together. China in fact, represents a paradox: it is the country where people buy more Rolls Royce than in the rest of the world, being at the same time the country where 82 million people live below the level of the poverty and 10% of the whole population is malnourished ²¹⁵ Among Asian countries, China definitely represents a strong contradiction and even if still considered by many a developing country, it aims at becoming the world's main economy within the next few years – using the words of its President Xi Jinping “the new and only world power”. Not by chance, in 2015 Chinese GDP outdid that of USA.²¹⁶

In China, Italy is present with many diplomatic institutions. First, the Embassy of Italy in Beijing, in charge of all Chinese Provinces that do not fall under the influence of the 4 General Consulates. Then, other 4 General Consulates: one in Shanghai, in charge of Shanghai Municipality plus the Provinces of Zhejiang, Jiangsu e Anhui; one in Canton in charge of Guangdong, Guangxi, Fujian, Hainan, Hunan e Jiangxi Provinces; one in

²¹⁴ Ordinamento dell'Amministrazione degli Affari Esteri, D.P.R. 5 gennaio 1967, n. 18, art. 30, pp. 23,23.

²¹⁵ Goldstein A., *Capitalismo Rosso: gli Investimenti Cinesi in Italia*, Egea Spa, 2016, p.2.

²¹⁶ Ivi, p. 1.

Hong Kong and the most recently open in Chongqing, in charge of Chongqing Municipality plus Sichuan, Yunnan and Guizhou Provinces. Furthermore, concerning the cultural and economic promotion, there are also Cultural Italian Institutes in Beijing, Shanghai and Hong Kong and ICE (Istituto nazionale per il Commercio Estero) in the same cities and in Canton as well.²¹⁷

²¹⁷ http://www.conschongqing.esteri.it/consolato_chongqing/it/il_consolato/la-rete-consolare.html

4.4 The Consulate General of Italy in Chongqing

Because of the strategic importance of the south west China, whose relevance has been discussed before, Italian government decided to sign two bilateral agreements: one with Chongqing Municipality and one with Sichuan Province.

In the Municipality, Italian government settled the Consulate General of Italy 4 years ago, between the end of 2013 and the beginning of 2014. It is the last diplomatic body launched in China and, because of the new multi-dimensional diplomacy carried on by Chinese government it has much more value than all the others in China. It was not a casual, or isolated, bet. It has to be seen within the broader view of a governmental strategy. It was followed by an implementation of the connections: after one year and half, on 2015 April 27th, a direct flight from Chongqing to Rome was inaugurated. Rome has become the main European transfer for Chongqing people, since the only other air connection is to Helsinki, via Finnair.²¹⁸

In the Consulate, besides the Consul General and Vice Consul, there is the secretariat and 7 offices: science, technology and innovation office; economic and commercial office; consular office; visa office; administrative office; language and education office; press office.

The science, technology and innovation office aim at enforcing the collaboration between China and Italy in S&T sector. From 1978, when Italy was one of the first countries to sign a bilateral agreement for the cooperation with China in S&T to the *Executive Program for Scientific and Technological Cooperation 2016-2018* signed two years ago, there have been many agreements between the two countries and both seem to improve as much as possible this successful cooperation.²¹⁹

²¹⁸ https://www.esteri.it/mae/it/sala_stampa/archivionotizie/approfondimenti/2015/02/dei-cina-annunciato-volo-diretto.html

²¹⁹ http://www.conschongqing.esteri.it/consolato_chongqing/it/italia-e-cina/collaborazione-scientifica.html

The economic and commercial office follows economic, financial and commercial interests of Italian people in the Provinces of south west China (Chongqing, Sichuan, Yunnan and Guizhou), helping those Italian companies that already operate in China as well as those that want to establish there, providing information to Chinese companies that want to start business relationships in Italy and organizing events aimed at promoting and spreading the concept of *made in Italy*. This office, as well as all the others, operates closely with the Embassy of Italy in Beijing.²²⁰

The consular office looks after the interests and welfare of Italian citizens in China, being at the same time responsible for the relationships with Chinese citizens; while the Visa office is in charge of issuing visa to Chinese citizens who go to Italy for travel, leisure, study or work. The administrative office manages the bureaucracy and education office the cooperation between universities and students. The press office, where I spent the internship, handles the communication and the news release.

Before analysing the organizational structure of the Consulate General, we first need to make a distinction between parent country, host country and third country, as it is when talking about MNCs. Parent country is the country where the company's corporate headquarter is located. In this case Italy, since the MAECI, and more generally the Italian government, is located in Rome. A host country is the country where the parent country organization seeks to locate, or already located, a facility. The General Consulate of Italy in Chongqing, together with all the other diplomatic representations in China, represents the facility and China is the host country. A third country is a country other than the host country or parent country, and a company may or not may have a facility there. Each country where Italian government has a diplomatic office can be therefore considered a third country (even 4th, 5th, 6th and so on). There are also different categories between employees. Expatriate is the term generally used for employees sent by a company in one country to manage operations in a different country. With the increasing globalization of business, we have to distinguish among different types of expatriates. Parent-country nationals (PCNs) are employees who were born and live in the parent country. Italian executives, who are the official representatives of Italian government abroad, and Italian contract staff are employees of this type. Host-country nationals (HCNs) are those employees who were born and raised

²²⁰ http://www.conschongqing.esteri.it/consolato_chongqing/it/italia-e-cina/cooperazione-economica.html

in the host, as opposed to the parent, country. Chinese contract staff all are host country nationals. Third country nationals (TCNs) are employees born in a country other than the parent country and host country but who work in the host country. None of this kind of employee worked in the Consulate, that only hired Chinese or Italian nationalities' workers.

Besides this, is also important to understand the different levels of participation in international markets. According to Nancy Adler's categorization of these levels, a company can be domestic, international, multinational and global. Most companies begin by operating in their home country's market, where they face an environment with very similar cultural, human capital, political-legal and economic situations. But, as more competitors enter this market, and the possibility of losing market share is concrete, they decide to seek other markets for their products, and they usually enter international markets, by simply exporting products or, more ambitiously, building one or few subsidiaries in one country. While the multinational company build facilities in many different countries, trying to capitalize on lower production and distribution costs in different locations. Ultimately, researchers propose a fourth level of integration, associated with global organizations. They, differently from the multinational companies, increasingly emphasize flexibility and mass customization of products to meet the needs of particular clients. In fact, while multinational companies locate facilities in a country in order to exploit that country's market or lower production costs, consequently dealing with cultural differences across the countries, global firms, on the other hand, choose to locate a facility base don the ability to effectively, efficiently and flexibly produce a product or service and attempt to create synergy through the cultural differences. These companies strongly take into account the cultures, human capital, political-legal systems and economic systems to determine whether facilities can be located to provide a competitive advantage. Global companies have multiple headquarters spread across the world, resulting in less hierarchically structured organizations with decentralized decision-making process. The MAECI is definitely a global organization, which stresses importance in cultural differences, and accepting them by building integration. To this purpose, highly useful are the people chosen to be sent in diplomatic representations overseas. Of great importance is the HRM system, because it has to recruit, develop, retain and use managers and executive who are

competent transnationally. Basically, all the executives working at Italian Consulate in Chongqing have long previous experiences outside European Union's borders.

A transnational HRM system is characterized by three attributes. Transnational scope, since all the decision have to be taken using a global rather than a national or regional perspective; transnational representation, that reflects the multinational composition of a company's managers; transnational process, which refers to the extent to which the company's planning and decision-making processes include representatives and ideas from a variety of culture. These three characteristics are necessary for global company to achieve cultural synergy and the Italian Ministry of Foreign Affairs is clearly using all of them in its HRM approach to the whole diplomatic relations' web disseminated all over the globe.

Let's try to define the organizational structure of the Consulate. The structure of a firm, as well as the control systems, the processes and the organizational culture, are all part of the organizational architecture.²²¹ The structure is based on four elements. First, the span of control, that refers to the number of people directly reporting to the next level of hierarchy, in the Consulate is wide. It means that each manager manages many people, resulting in a more quickly solution and allows to focus power around both diplomats and employee.

The second element to take into account is the location of decision making responsibilities within that structure, in other words vertical differentiation. In the Consulate, each office has its own freedom, according to previously established rules and, during weekly staff meeting, took stock of the work and progress with the Consul General. This system clearly stresses high decentralization: the Consul General focused only with critical issues, leaving the routine activities apart. According to a motivational research, people are more committed when they have freedom and control. In the Consulate I had this feeling. I myself was even very motivated, even if I was just an intern, because I was given important tasks such as the management of website and the newsletter, news release, press review, as well as an active role in the organization of events, following the guidelines coming from MAECI. Decentralization also results in better decisions, because individuals, in this type of structure, have better information

²²¹ Hill C. W. L., *International Business: Competing in the Global Marketplace*, McGraw-Hill & Irwin, 2016, p.394.

than managers.²²²

Third, according to the formalization, that is the degree to which organizations standardize behaviour through rules and procedures, I can say the working environment in the Consulate was quite formal, but without overdoing. And, above all, it did not prevent people to perform well or communicate effectively.

The last element is the departmentalization, that specifies how employees and their activities are grouped together (influencing organizational behaviour). Unfortunately, it is more likely to be linked with the headquarter (MAECI) rather than with the single subunit (the Consulate X in the country X). However, I think the strategy used by government can be the divisional structure, based on geographic area. As for MNCs, that deal with countries having different markets and product preferences, likewise the foreign affairs' department of each country has to choose the best strategy to let the product – that is the country image and interest – be attractive.

²²² Op.cit., p.396.

4.5 Go global: the strategy is the same

From the 1980s on, when Deng began the historic reforms that made China the economic miracle of the century, many companies moved to China looked for opportunities but facing, at the same time, a lot of problems. For the first 35 years following Deng's reforming and opening, the environment faced by the companies was an intensively challenging market where success was quite unplanned and unstable. But from 2013 the situation has changed: because of both the global financial crisis and the arrival of China's fifth generation of national leaders, it has never been so difficult to establish, build or defend a brand or corporate reputation in China. There are several reasons for that. Firstly, the consumers have changed. They are tougher. In the space of only one generation they went from being uneducated and credulous to sophisticated and cynical. Second, the advertising has become expensive and few companies can still afford to rely on paid media as a primary source of the marketing plan in China. Third, competition is intensifying. Even before the financial crisis, China was one of the world's most dynamic markets for many industries, but now companies face in every sector a harsh and fierce competition like nowhere else in the world. Fourth, the government's opposition. Once in fact, Beijing government welcomed foreign companies as sources of capital investment, technical know-how, best business practices and high technology that would serve for China's economic development. Today, China has no shortage of capital, a massive source of technical know-how and a generation of business leaders trained in global best practices. The global financial crisis led the Chinese to see other countries as deceptive and non-virtuous. The decline of the outside world, combined with China's growth, let the political leaders to become doubtful about continuing to allow foreign enterprises to prosper in China and have success at the expenses of the local competitors. Fifth, the nationalism is deepening, with the government that want to spread it among population and in business circles as a means of giving support to the government and the Party. Sixth, the mass market is breaking down, with the birth of many niche markets. Last, China literally moves the stock exchange. How a company and its brand, product and services are perceived in China is no longer important only in China. China is now a real market for a large

number of companies, and for an increasing number of them, it is perhaps the single most important market on earth. All news about China and companies in China are, in fact, market-moving news.²²³

Given all of this, there is also another element to be taken in consideration when it comes to talk about global business. As noticed in the first two chapters in fact, cultural references and their interpretation strongly differ from country to country – and above all if we are talking about West and East – and have enormous influence in the marketplace, affecting the way companies operate. For example, the communication code an Italian company use in its domestic market should change when the same company will face costumers in China. The communication strategy used by many Italian companies who want to expand their business in China, is to exploit the country of origin effect, in other words take advantage of the image brought from the country where the production is located. It adds much more value to the brand when the country has a strong and well-known reputation in that specific industrial sector, because of its famous know-hows, experience and valuable capabilities.²²⁴

The concept of made in Italy for example is very strong in many sectors abroad, let's think about food industry, apparel, automotive and design, but when Italian companies go beyond the EU's borders things can be different. In so far countries, both physically and culturally like China, the country's image is not so strong as they expect, and it takes time to build it, recognize it and evaluate it. In a country where there is no a clear idea of a foreign country, try to exploit the country of origin effect can be dangerous and it may have the opposite effect. In China, in fact, people cannot distinguish European from American and, more specifically, cannot tell if someone is German, French, Spanish or Italian, because the idea of Italy is melted in that bigger and more perceivable of Europe. France is associated with wine and fashion much more than Italy, US is seen as the country of coffee and pizza – because of the many Starbucks, Pizza Hut and many other fast food chains – while Sweden, thanks to Ikea, has become the country of design and furniture. Italy is perceived, unexpected, as the country of

²²³ Wolf D., *Public Relations in China: Building and Defending your Brand in PRC*, Springer, 2016, p. 15.

²²⁴ Pontiggia A., Vescovi T., *Panni stesi a Pechino: Esploratori e pionieri nei nuovi mercati internazionali*, Egea Spa, 2015, p.57.

chocolate thanks to the extraordinary success of Ferrero in the Chinese market. Basically, the concept of Italian life style is weak and uncertain in China.²²⁵

MAECI, in its strategy to promote its brand image, that is spread Italy all over the world, decided to settle the Consulate in Chongqing (strategy that has to be contextualized within the aforementioned OBOR initiative and the leading role of the Municipality). The Consulate was opened four years ago in this vague context, with an additional inconvenience: Chongqing, and more generally the south west China, was – and for many aspects still is – an underdeveloped area of the country if compared with the costal or southern Provinces or the Beijing area. Chongqing is one of the four Municipalities, but there is an evident gap with the other three, Beijing, Shanghai and Tianjin – even if this gap is increasingly reducing, as explained in the last chapter. Most people are still not so used to modernity as they probably are in the aforementioned cities, and even the lack of foreigners is a clear signal of this. Yet, the city is developing so fast and it is experiencing a so rapid growth that within few years it will more likely erase the differences with other main Chinese cities. But now, most of locals do not even know where Italy is, and the situation was even worst when the Consulate was opened.

In the international arena, for many enterprises this kind of uneducated market is a high-risk situation, because the lack of necessary information can affect timing, goals and the ways companies enter the market. For them in fact, the best solution is adopting a second mover strategy, in other words waiting for the bigger multinational companies to firstly penetrate the market and give the consumers the basic knowledge useful for correctly perceiving the value of the products. In B2C markets first movers are the big multinationals who have enough investment's resources to create these new markets and educate them. The General Consulate of Italy, being a diplomatic representation of Italian government abroad, can be classified among the latter: MAECI at that time decided to invest resources to open a new subsidiary in Chongqing.

But before going global, companies need to know what they are going through. The knowledge of foreign markets can be classified in: institutional, business and internationalization. The first one is referred to the knowledge of the culture of that country and its institutions, social rules and legislation. The second one concerns

²²⁵ Op.cit., p.58.

consumers, competitors and conditions related to the market itself. The Consulate General in this case do not have competitors: since its primary objective is the safeguard of Italian economic and political interests in Chongqing and the nearby Provinces of Sichuan, Yunnan and Guizhou together with providing support and assistance to the Italian community living in these areas, the Consulate – likewise all the diplomatic representations abroad – works closely with other Italian institutions and organizations in that zone and, more generally, in the whole country, through a deep coordination. Other countries’ consulates or embassies can be seen as competitors, but since the main goal of these organizations is not to make profits, and every country simply wants to promote its image abroad, the concept of competitors is quite unreal. The third type of knowledge is referred more to the know-how of the organizations and to the capacity of adapting its resources and abilities to start international operations. A multinational who want to have access to foreign market, and possibly in a successful way, should develop all these three competencies.²²⁶

In time of globalization, everyone wants to expand its own business and try to take advantage of this new world order and global economy. The Chinese government itself pursued the “go global” strategy, but together with the “bring in”, that is the attraction of foreign capitals. The government’s role itself changed, going from ruler to supporter, helping the investors and improving the investment environment.²²⁷ The Consulate General of Italy himself took advantage of this general condition of Chinese market, and specifically of the south west area, where Chongqing was such a diamond in the rough. The expectations on that area, as well as the challenges to face, were high.

²²⁶ Op.cit., p.63.

²²⁷ Goldstein A., *Capitalismo Rosso: Gli investimenti cinesi in Italia*, Egea Spa, 2016, p. 12.

4.6 Case study

Cultural differences inside the Consulate: obstacle or edge?

The interesting point when dealing with diplomatic representations abroad is that they, as MNCs are used to, should adapt to the country in which they are located. So, they must carefully look at which country they are at. We already exhaustively talked about cultural differences between Italy and China, but it is curious to know, when the former locates a diplomatic representation in the latter, how it is going to adjust. What will be the compromise?

In the process of internationalization of a firm, there can be many challenges and obstacles due to different environments, from the political legal system to the societal structure, going through cultural differences as well. China, as noticed in the last few chapters, provides a quite different situation not only from Italy but also from the whole European continent, and the Consulate General of Italy had to face them all from the very beginning.

For example, when we think about China, immediately it comes up on our mind the many news we read or heard about censorship. China's constitution affords its citizens freedom of speech and press, but the opacity of Chinese media regulations allows authorities to ban news stories by claiming that they expose state secrets and endanger the country, threatening its stability. The definition of state secrets in China remains vague, facilitating censorship of any information that authorities consider harmful to their political or economic interests. The government issued in May 2010 its first white paper on the internet that focused on the concept of internet sovereignty, requiring all internet users in China, including foreign organizations and individuals, to adhere to Chinese laws and regulations.²²⁸ Therefore, an even tighter control is adopted upon foreign media. China requires foreign correspondents to obtain permission before reporting in the country and has used this as an administrative obstruction to prevent journalists from reporting on potentially sensitive topics like corruption or economic and financial developments.

²²⁸ <https://www.cfr.org/backgrounders/media-censorship-china>

Under Xi, the ability of foreign journalists and international news outlets to travel and access to sources have drastically decrease.²²⁹ Throughout my direct experience in the press office of the Consulate, I had the chance to experience this aspect from inside. Many times, for example, we had to wait for news to be approved by CRI (China Radio International) and sometimes the press release was not so smoothly as it should be or, at least, less than in Rome. But, more than anything else, cultural differences inside the Consulate – that is between Chinese and Italian employees – have consequences on the daily activities by affecting employees’ behaviour. After having analysed the organizational structure of the Consulate together with the external environment where it operates, I can conclude this study with an overview of what happens inside this organization.

With its 30 employees is one of the biggest Consulate of the whole Italian diplomatic grid, even bigger than some Embassies in other countries. It represents an exception for other two reasons. Not only its contract staff local employees (Chinese = 20) are more than contract staff expatriate employees (Italians = 4) but, more generally, all Chinese employees (23 people) numerically overcome Italian expatriates (11). In such a context, it is even more interesting how the communication between locals and expatriates is and how culture does affect it.

I submitted a questionnaire consisting of 40 questions to both Chinese and Italian employees, dividing them into three categories: Chinese nationalities’ contract staff employed (20); Italian nationalities’ diplomats (2) and officials (4) plus a S&T responsible, for a total amount of 7 people; and Italian nationalities’ contract staff employed (4). But in the end, I decided to mainly use Chinese employees’ answers. First, they are numerically more than the others and is easier to capture details and make a statistic analysis, while the same operation would be difficult, or at least less accurate and truthful, with just a handful results. Second, even if the point is to look at the human resources generally, being in an Italian Consulate made me focus mainly on Chinese people and how they do behave in such a context.

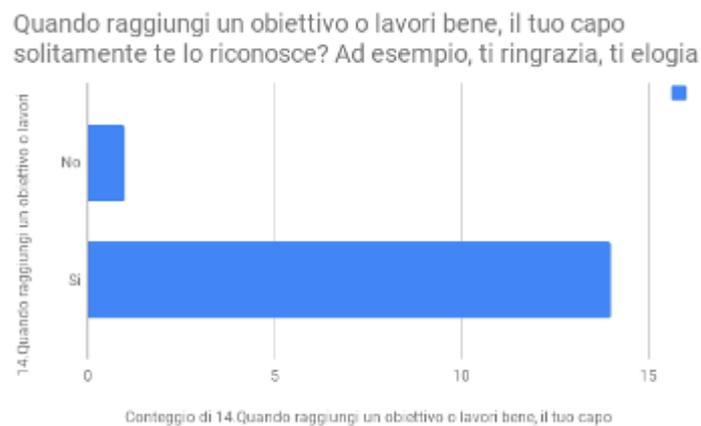
The purpose of the questionnaire was to see how things go in a governmental diplomatic organization, trying to understand which culture is prevailing (in case there is one) and which is the degree of cultural integration in an organization where both

²²⁹ <https://www.cfr.org/backgrounder/media-censorship-china>

nationalities deeply know, understand and respect each other. The questions were made following Hofstede's five cultural dimensions explained in the 1st chapter as well as according to the main differences at organizational level introduced in the 2nd chapter.

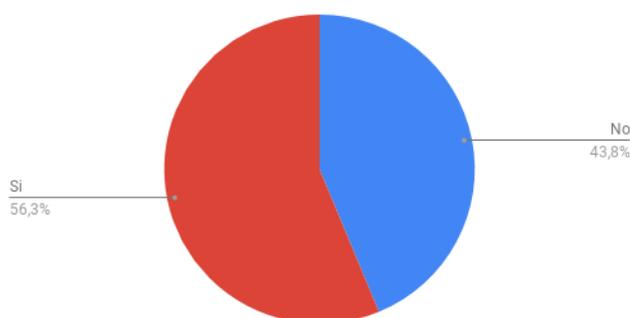
According to Hofstede's first dimension, high-power distance countries like China usually accept hierarchy in societal structure, and inequality among people is considered normal. Therefore, in organizations from these cultures, there is less recognition and evaluation from superiors when work has been well done, and formal communication along the hierarchy as well as inequality between people at different levels are quite diffuse.

But, based on the answers I collected, it seems that the employees feel they get right assessments and judgments from their superiors when they do accomplish some goal. Not by chance, all of them are Italian. Low-power distance dimension of Italian culture here affects the way officials behave and, consequently, how Chinese employee perceive them.



It is interesting how Chinese judge the hierarchy in the Consulate: there is no unanimity in the answers. Some of them perceive a sense of inequality, some others not.

Pensi che ci sia disparità di trattamento tra le persone che lavorano al suo interno?

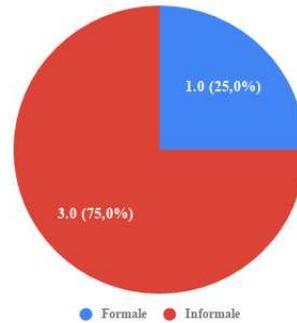


The consensus given to another question could erase any doubt about the hierarchy, since all of them retain to be working in a formal environment.



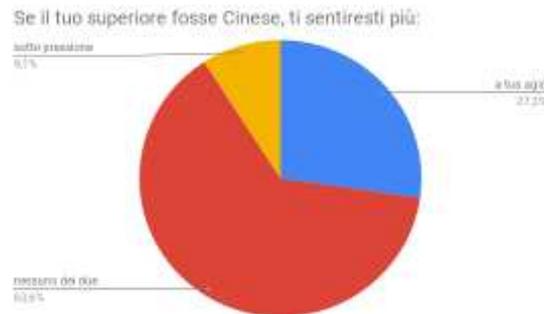
But this is a trap, and I think it could have two basic motivations. First, in the Consulate, as every governmental organization, there are roles and rules to be comply with and etiquette has greater importance than any other field. So, formality is stressed almost everywhere in the world. Second, it could depend from the different perception people have about formality. Chinese could see it as formal, but Italian employees think Consulate is quite informal environment.

Come pensi sia l'ambiente al Consolato?



I spent 3 months there, maybe not such a long time but enough to understand how things go. I think there is a high degree of parity among its workforce, whether they are diplomats, officials, contract staff employed (either Chinese or Italian), driver, guard or *ayi*.²³⁰

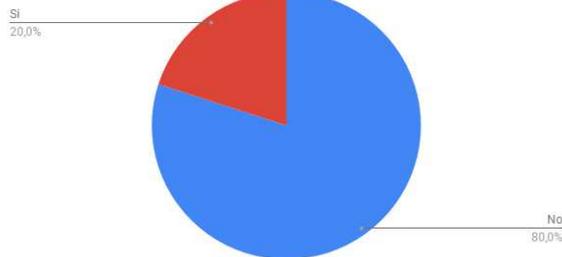
Usually, the institutional gap between executives and employees should be further exacerbated when the people involved in communication are foreign executives and Chinese employees, because in this case an even larger gap exists based upon an historical lack of networks and trust. But, in the Consulate, Chinese employees seem to not perceive an Italian superior as a danger or obstacle and they think nothing would change with a Chinese boss.



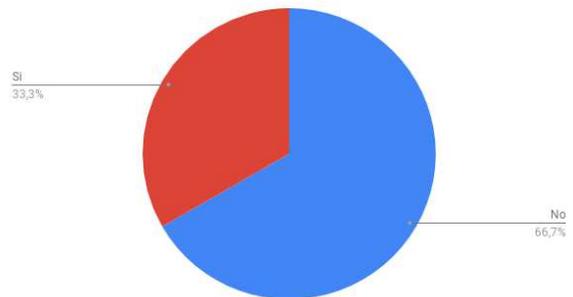
The sense of fear that has always characterized Chinese people seems here to be absent, and the traditional aspect of Chinese culture, according to which the boss is the highest authority, and no one can contradict, is less evident.

²³⁰ The translation of *ayi* is aunt. This term can be used to refer to a family member, but it can also refer to people outside of the family. While it is considered polite to formally address female acquaintances as "Miss" or "Mrs" in America, Chinese culture errs on the more familiar side. When addressing friends of parents, parents of friends, or elder females' acquaintances in general, it is common to call them 阿姨 (*ā yí*). In that way, this term is intended as "auntie" in English. In this case, *ayi* was Consulate's maid.

Secondo te, far notare ad un superiore che ha sbagliato è una mancanza di rispetto?



Può metterlo in imbarazzo/difficoltà?



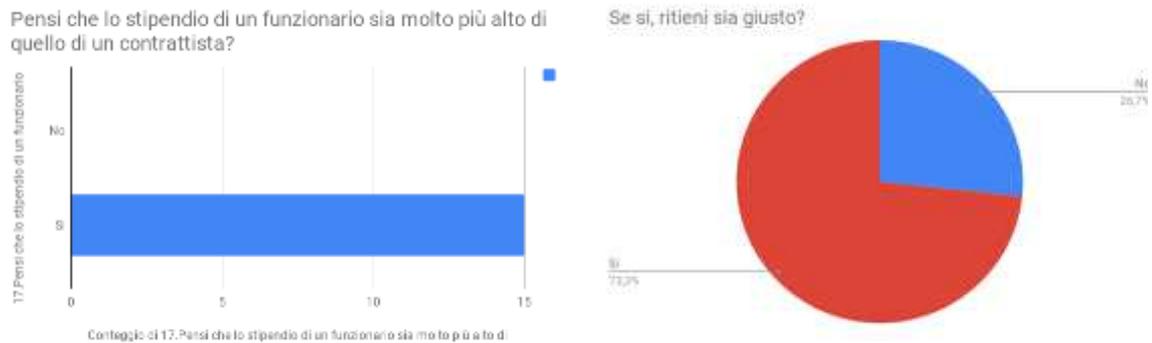
There are many elements that can be influenced by cultural differences inside an organization, like selection, compensation or retention policy. But, in the case of Consulate, they barely affect people's daily behaviour and working performance. Concerning the selection process, the Consulate is not affected at all by national differences, neither Chinese (nor Italian. No negotiation, lump-sum, balance sheet or cafeteria approach is used. Consulate in fact, as a representation of the Italian government abroad, follows Italian rules. It is officially part of the Public Administration and people can be selected only by successfully passing an exam, to whom they have access only if in possess of determined, and rigid, requirements. Once the candidate's application has been approved by a Commission, he or she has to pass the exam, consisting in written and oral tests.

When dealing with expatriates, a firm usually provides them training, a process of altering employee behaviour and attitude in order to increase the profitability of goal attainment. This training can be provided before starting the overseas mission, in the firm's home country, or directly on-site. Besides the organizational reasons, it has also personal reasons: it improves the ability to interact with local and it helps minimize the lack of language skills. In fact, training concerns above all cultural sphere, language lessons and a practical aspect, to help the employee with daily issues. Italian nationalities' contract staff employed, speaking Chinese and getting used to Chinese life having already spent time there, do not need it.²³¹ The HRM's process in the Consulate is even easier, at this point, than other firms. While diplomats and officials, except for rare occasions, lack these skills and they are provided with language and cultural

²³¹ One of the requirements I was talking about few lines above is to have worked in China for at least two years in row.

training.

Cultural differences in the Consulate do not even affect compensation policy. The fact that salary is not based on long term goals does not mean the Consulate chose a western approach rather than an oriental one (long-term), but it is simply related to the Public Administration, according to which contracts are permanent and salaries are fixed. Yet, there is a little concern for hierarchy (nothing strange) like any organization, where the boss usually has higher salary than employees. Diplomats and officials in fact, get a higher salary than contract staff employed, whether they are Chinese or Italian nationality. But, the cultural difference here come out. A subtle acceptance of hierarchy in fact, can be read throughout the approval of many Chinese employees to the diplomats and officials' higher salary.



By contrast, Italian contract staff employees do not think is fair. It is a clearly different perception of roles and hierarchy in the Consulate.



Furthermore, at organizational level not even the retention policy is affected by cultural diversity within the Consulate, because this aspect is not under the influence, and consequently the direct intervention, of the Consulate itself. The Consulate, as noticed before, provides its employees with the same contract based on a fixed salary, that only

change according to their status.

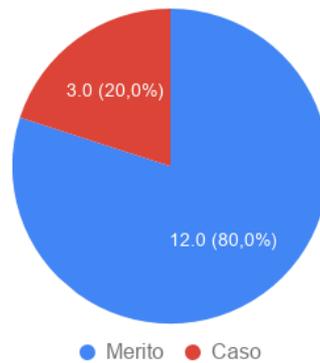
According to Long term-oriented dimension, Chinese culture should be future oriented and not interested in what happened in the past. Therefore, in an organization should be emphasized career advancement opportunities and the establishment of long lasting relationships with colleagues at work. But how is the situation at the Consulate?

Basically, people who work there already know that possibilities of career advancement are limited and there are few chances to grow inside the organization, because the roles are fixed. But, at the same time, they also have a consistent salary as well as a fixed contract. This is seen as a good point, so that the lack of career advancement in the Consulate is balanced by a stability, decisive and necessary for long term cultures. Clearly, all of them stress importance on relationships on the workplace:

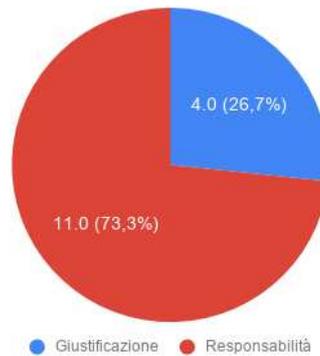


Furthermore, in long term-oriented cultures, people attribute their success to effort and failure to lack of effort, without blaming the case, bad luck or something else. In the Consulate Chinese employees maintain this aspect of their culture, probably one of the strongest at all.

Finalmente porti a compimento degli obiettivi che il Consolo ti aveva chiesto. È la prima volta che succede da quando lavori al Consolato. Ne attribuisce il successo al caso o te ne prendi il merito?

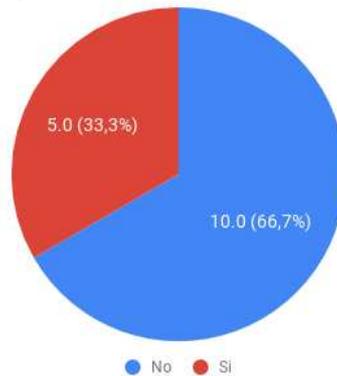


Per la prima volta non riesci a portare a termine quello che ti aveva chiesto il Consolo, che ovviamente è risentito nei tuoi confronti. Cerchi di giustificarti in qualche modo oppure ti assumi la responsabilità dicendo che è colpa tua?



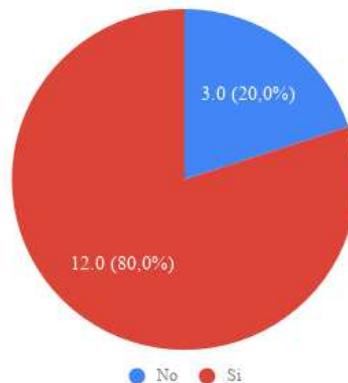
China is also defined as a restraint culture. People coming from this culture usually believe they do not have freedom to satisfy their natural desires or needs and to not control their destiny. Basically, it is said they are less happy. Therefore, in organizations operating in such a culture, people are supposed to have less freedom at work. In the Consulate this aspect of Chinese culture prevails.

Pensi di avere abbastanza libertà nel tuo lavoro? (Ad esempio, prendere decisioni da solo/a etc.)



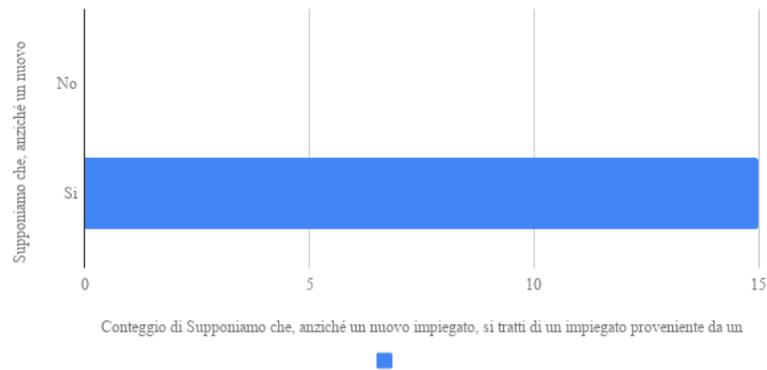
People from these cultures should also be less inclined to share knowledge at work but, according to what I collected from the Chinese employees' answers, it seems the opposite. But if there is a percentage (very small) of employees who would have doubts in sharing knowledge with new-comers, according to in-group vs out-group philosophy, comply with the Chinese value of family:

Sai svolgere al meglio il tuo lavoro e ottenere ottimi risultati, e tutte le conoscenze che possiedi le hai acquisite attraverso anni di lavoro. Supponiamo che il Consolato assuma un nuovo impiegato nel tuo ufficio, stesso ruolo e stesse mansioni. Sei disposto/a a condividere da subito tutto quello che sai ?



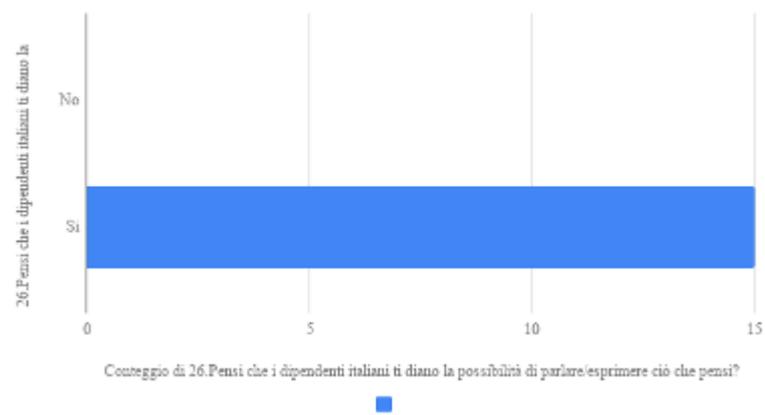
no one would be reluctant in sharing information with co-workers, revealing a high sense of membership, quite consistent with Chinese culture.

Supponiamo che, anziché di un nuovo assunto, si tratti di un impiegato proveniente da un ufficio del Consolato, dove lavora da anni e che tu conosci molto bene. Condivideresti subito le informazioni con lui?

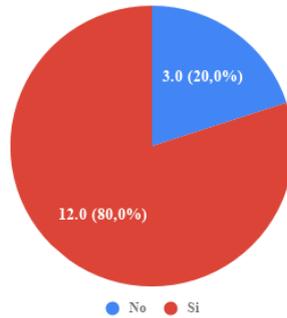


As noticed in the 2nd chapter, marginality plays an important role in cultural interactions, above all in the organizational learning, by affecting knowledge sharing. Marginality is referred to people who have internalized two or more cultures and that can lead to internal shock because both (or all of them) call for attention. Expatriates, who can feel they live on the periphery rather than at the centre of a group or community, often experience this condition. They may have less opportunity to speak or be heard because they are not members of the dominant coalition. But it is curious how, in the Consulate, marginality deals with locals (Chinese), rather than expatriates (Italians). Chinese employees feel they are given enough attention and importance:

Pensi che i dipendenti italiani ti diano la possibilità di parlare/esprimere ciò che pensi?

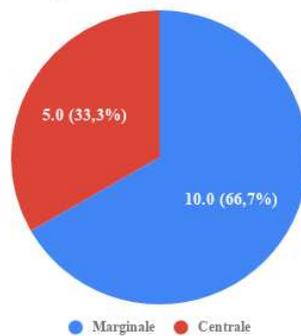


Quando parli, pensi di ricevere la giusta attenzione da parte degli impiegati italiani?



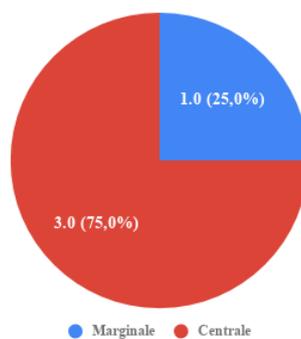
Nonetheless, when they are asked about the perception they have towards their own position within the Consulate, most of them feel at the periphery rather than at the centre.

Scegli una parola che credi rappresenti al meglio il tuo ruolo e la tua posizione nel Consolato:



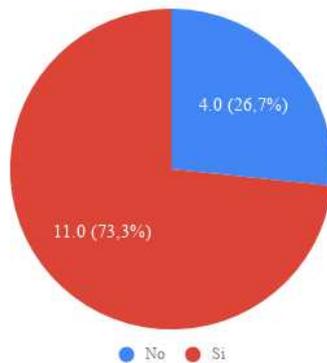
Even if they are numerically more than Italians, they perceive to be more marginal. Maybe because it is all about working in an Italian organization, where is used italian language, all documents are written in Italian and everything at workplace refers to Italy. It is confirmed when the same question is asked to Italians and, by contrast, they feel to be at the centre of the Consulate.

Scegli una parola che credi rappresenti al meglio il tuo ruolo e la tua posizione nel Consolato:



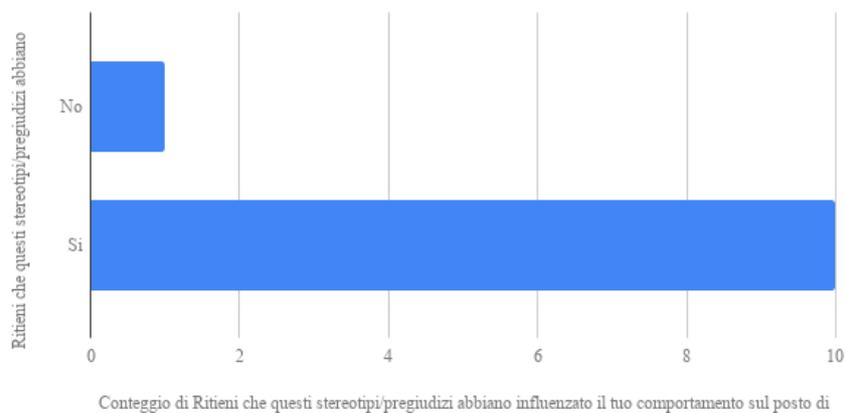
Stereotypes, as well as marginality, can also affect employees' ability to communicate a message. Senders' stereotype about receiver determines how much and what type of information they will share with them. Chinese employees not only admitted they had stereotypes towards Italians

Prima di lavorare al Consolato, avevi stereotipi sull'Italia e i suoi abitanti?



but also, that these stereotypes affected their behaviour in the workplace.

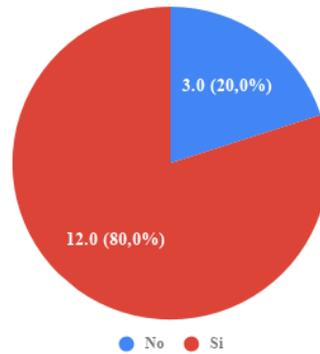
Ritieni che questi stereotipi/pregiudizi abbiano influenzato il tuo comportamento sul posto di lavoro?



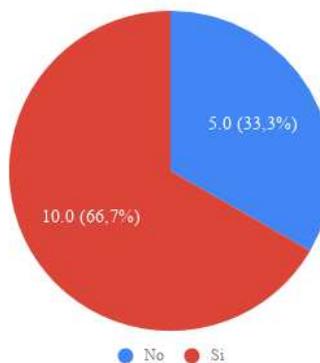
But it is also evident how, after spent time with Italians, they reduced their prejudices and became more tolerant: in the Consulate cultural integration worked.

Chinese employees in the Consulate also showed a general predisposition towards the assimilation of new members and a certain degree of openness – even if someone wouldn't be so open if the newcomer was Italian.

Il Consolato ha assunto un nuovo impiegato cinese. Sei subito aperto/a nei suoi confronti?



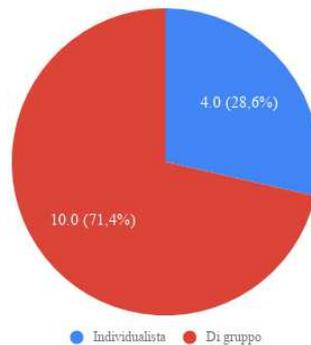
Se il nuovo assunto fosse italiano, saresti subito aperto/a nei suoi confronti?



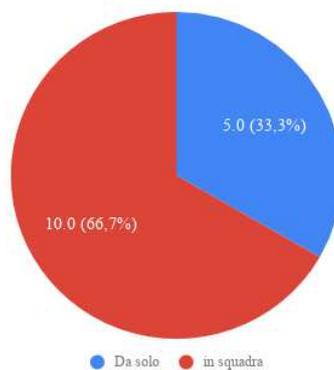
I put my experience to the survey's service once again. What I did experience it is such an open environment and everyone, both Chinese and Italians, made me feel at home. Many were the activities organized during days-off outside the workplace, that contributed in enhancing the group identity and strengthening the sense of family, an aspect quite common in Chinese collectivist culture. I do not know if all the other diplomatic organizations abroad are the same or if the MAECI' employee in Italy behave similarly, but I have some doubts about it.

Such a result is strictly connected with the aspect of collectivism. China in fact, defined as a collectivist culture, evaluate membership instead of giving importance to the individual. Therefore, within an organisation are emphasized team work and loyalty towards the firm. Most of employee in the Consulate are Chinese, and their behaviour clearly affect the overall behaviour, resulting in a collectivist structure.

Come definiresti il tuo lavoro quotidiano al Consolato?

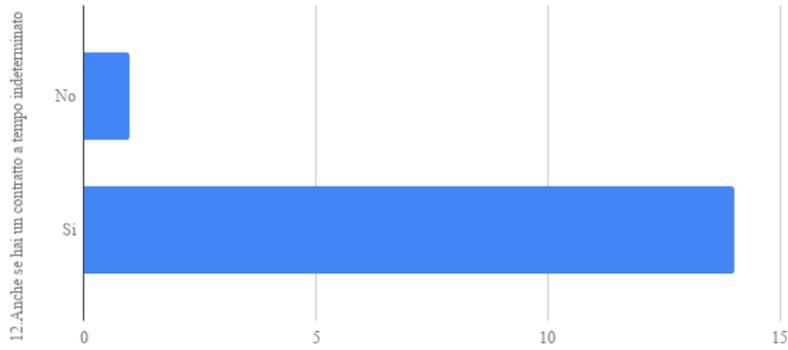


Come preferisci lavorare?



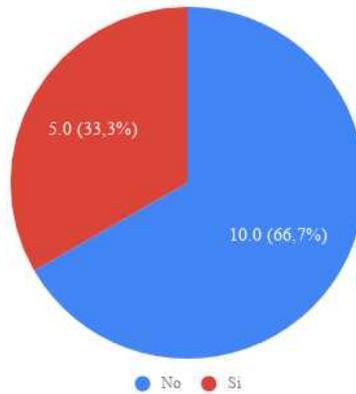
As noticed in the 2nd chapter, in countries with high uncertainty avoidance Hofstede found that people seek security through technology, law and religion because of the unpredictability of the future. While in low uncertainty avoidance cultures people are more willing to take risks. This also means that in an organization manager are more likely to take risks, employees are more ambitious and there are few written rules. China and Italy do not clearly belong to any of them and, based on their score (Italy 70 and China 40), were put in the world's average. Since the highest was 118 and the lowest 8, these two countries presented very subtle differences. But, from the answers provided by the questionnaire, I think the Consulate environment is much closer to the Italian dimension than Chinese one.

Anche se hai un contratto a tempo indeterminato al Consolato, ti stimola l'idea di trovare un lavoro che rappresenti per te una nuova sfida professionale?



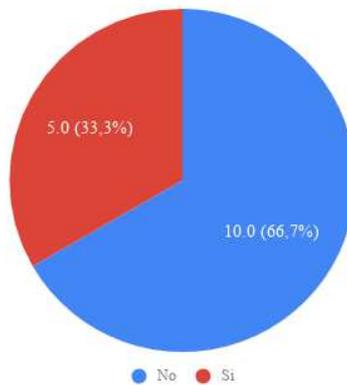
Conteggio di 12. Anche se hai un contratto a tempo indeterminato al Consolato, ti stimola l'idea di trovare

Ti definiresti una persona ambiziosa?



As we can see, employees seem to be less ambitious – even if they said they would be willing to find a more challenging job, and this is a curious inconsistency – and they think their superiors do not take risks.

Pensi che il tuo capo si assuma spesso dei rischi sul posto di lavoro?



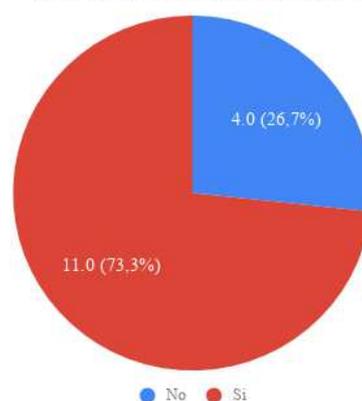
But this aspect needs to be contextualized and, analysing the nature of the job itself, then it appears to be no relevant. In diplomacy in fact, being hasty and rushed can lead

to many problems and this field is known for highly evaluate discretion and tactfulness. The Consulate is a diplomatic representation and, being a subsidiary, it has to rely on what the headquarter in Rome says and follows its guideline, without behaving independently or taking decision in autonomy.

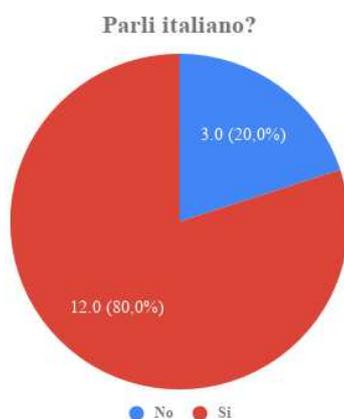
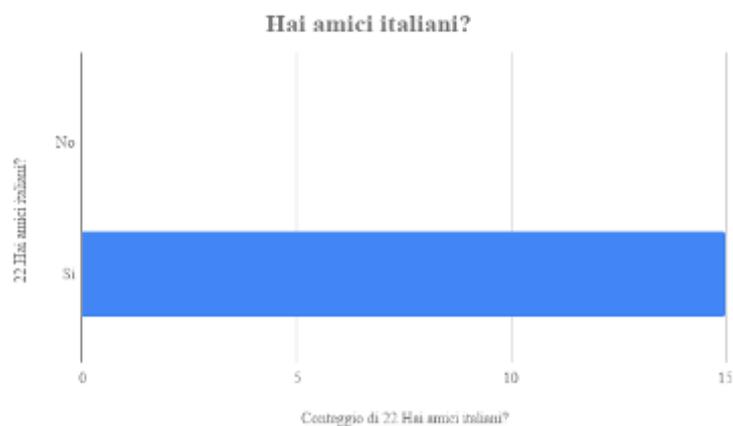
In femininity cultures people give more importance to relationships and environment. Therefore, in an organization are emphasized care for relationships at workplace and attention for job security rather than salary. In masculinity cultures people behave in the opposite way. If China and Italy showed few differences by scoring similar scores in uncertainty avoidance dimension, the differences were totally absent in the last dimension. China (66) and Italy (70) didn't show any evident differences. For this reason, I chose to not submit question concerning this dimension.

People work in such international governmental organizations should be able to speak at least two languages. One is the parent country's language, that is the language spoken in the country where the Embassy or Consulate come from and whose interests they represent. The other one is the host country's language, that is the language spoken in the country where the diplomatic body is located. In this case, almost all Chinese working in the Consulate can speak italian, with a very small percentage of low skilled employee who cannot.

Hai mai lavorato/vissuto in Italia?

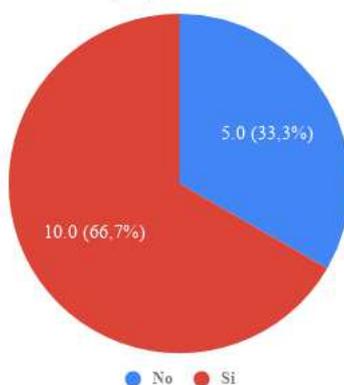


Chinese employee who speak italian have lived in Italy for at least few months, and they all have Italian friends, even those one who cannot speak italian. It strongly helped them all in overcoming a potential cultural gap.



Nonetheless, communication in the Consulate is affected, as we can see from the answer below.

Sul posto di lavoro, hai mai avuto problemi nella comunicazione con gli impiegati italiani?

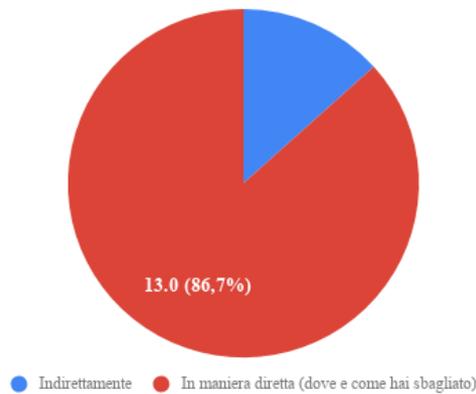


The result here is not undisputed, but it would be if we take into account that Chinese who cannot speak a word of Italian were also interviewed. I am not saying that inside the Consulate is a no trouble communication, but still more fluid and smoothly than how it was if some of the two sides didn't know anything about the other. Little

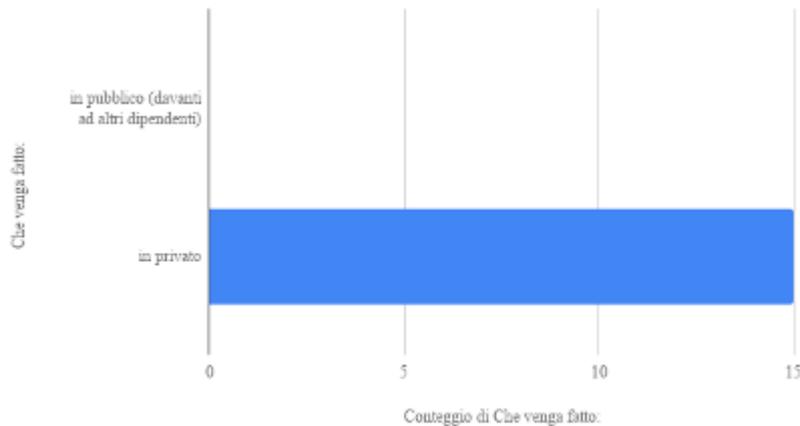
problems are easily overcome and Chinese who cannot speak Italian do not interfere with the daily activities.

The cultural integration is more evident in the way vision and mission are explained within superior (Italians) – subordinate (Chinese) communication, in both directions. Most employees prefer the boss to explain concepts directly – a western characteristic – and privately – following the Chinese refrain of saving face.

Quando il tuo capo o i tuoi colleghi ti fanno notare che hai commesso un errore, preferisci che ti venga detto:



Che venga fatto:



The same thing happens when the communication is in the other direction (subordinates towards superiors).

This survey provided me many elements that helped me in outlining, together with my personal experience (quite subjective though), the traits of employees' behaviour inside the Consulate.

Conclusion

As previously notice, both in the introduction of my thesis and in last chapter, I made a comparison between Governmental organizations and MNCs, because as firms go global looking for economy of scale and increasing profits, likewise, governments have adapted to an all-encompassing politics that involve more and more players, making the environment wide, broad and highly diverse. Each country, throughout its Ministry of Foreign Affairs, protects and guarantees its interest as well as those of its citizens abroad, thanks to the work of Embassies and Consulates that, like MNCs, have to face many problems and challenges arisen from dealing with different contexts, like political, economic, social and, last but not the least, cultural differences.

Therefore, diplomatic representations can be compared to the subsidiaries settled by a firm in a foreign country in its process of internationalization. These organizations have to be seen within the dense and widespread diplomatic network of a country: they have to coordinate as well as possible not only with other diplomatic organizations in the same country, but above all with the headquarter, from where guidelines and instructions come from. Accordingly, diplomats are managers and leaders designated for overseas missions, thanks to their specific competences and knowledge, without forgetting their ability to adjust and cultural sensitivity, basic and fundamental requirements for an expat in order to avoid miscommunication, misunderstanding and cultural myopia on the workplace. Thanks to my internship experience in the Consulate General of Italy in Chongqing, I had the opportunity to see from the inside all these dynamics. I saw what a real cultural integration is, experiencing its benefits and overcome the fake beliefs that cultural differences are binding.

As a matter of fact, due to many random conversations occurred with Italian friends and acquaintances, I noticed a strong disinformation and wrong knowledge, or in some cases lack of knowledge at all, about what China is and how Chinese live and behave. I tolerate this attitude among old people, but I cannot accept a young student labelling Chinese people as “dog eaters”. All pre-knowledge some Italians have, it is all filtrated by media. Vice versa, it is almost the same in Asia when it comes to talk about Italy. Sometimes it is even worst, since they do not even know where this boot-shaped

country is, thinking about Europe as a melt of countries. When they are questioned about Western, everything they know is just about United States, messing up all together. However, I understand that without a real, direct, and in certain cases long-lasting experience (vacations in 5 stars hotels or luxury resorts of course are not admitted), in China – as well in any other foreign country – it is quite difficult to catch the cultural differences, get used, assimilate and finally appreciate them.

For this reason, when I firstly met my Chinese colleagues at the Consulate, I did not expect a high level of open-mindedness and so deep knowledge of Italy from them. It impressed me so much that I decided to take this issue as the main topic of my thesis, with a specific focus on the Consulate.

What I did figure out is that, even if we very often think about culture as a constraint element, in situation with high level of cultural integration – due to deep and reciprocal knowledge and, consequently, mutual understanding – people tend to be more open-minded, tolerant and easy-going, to have less prejudice towards their interlocutor. In the end both cultures tend to integrate each other, absorbing and assimilate positive traits of the other. This happens because all the employees are well educated and know enough about other culture's country. They also directly experienced life abroad or in that specific country, which made them more flexible, free-thinking and tolerant.

But, there is also another motivation at work, and this is just my opinion. I think nowadays it is increasingly hard to define specific culture's boundaries, above all if they are very close and with a common history and roots – like Asian countries. Of course, macro differences between cultures remain and, in the specific case of China and Italy, they are quite strong but, if compared with few centuries ago, they are less defined and more “blended”. This tough and powerful globalization allows people to easily travel and work abroad, move from one country to another like never in the past, in many case to settle there, find local spouse and start a new life. There is also a growing number of children born by mixed-race relationships, and the new generations are more willing to face and accept diversity.

All this must be strongly supported and encouraged by family first, and institutions then, of course: I know advanced age people more open-minded than some of my peers, who maybe never met a foreigner in their life and would be scared and annoyed if this should happen.

In the case of China, young people tend to imitate their western peers in dressing, food, lifestyle, even language. They always look at their counterparts from West with admiration, genuineness, enthusiasm and respect: we all should learn a lot from them.

More generally, in the Consulate I experienced a high level of cultural integration from both sides (Italians and Chinese), but to be honest, I saw a stronger willingness and readiness to adapt in young employees as opposed to elder ones. Not by chance, they were all people born between the 1980s and 1990s and, in case of China, it corresponded with the period of opening and reforms that exposed them to western influence. If people like these are the result of the first stage of globalization, I cannot wait to see how millennials might be and behave within the next few years.

I would like to use this opportunity to make an appeal: to bet on young people, those who easily give it a try, those who are bold and brave enough to make a run but, at the same time, have clear-headedness and awareness that allow them to take informed and responsible decisions. We are the right compromise between tradition – from which we do not feel enslaved, being grateful enough to appreciate it and critical enough to distance ourselves from it – and modernity.

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