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The Value of Sinological Studies in Companies' Placement
DFS Reality at Fondaco dei Tedeschi

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前言

从欧洲的角度来研究，中国许久被认为一个深奥、 奇怪、 陌生的地方。我们可以说，从前大概所有欧洲国家认为亚洲国家，尤其是中国，比西方落后，这两个远世界的文化、 历史、 传统很不一致的，而且区别很大。 现在我们可以说几个世纪以来西方可能是把中国当成虚幻、 假象的世界啦。

多亏了马可·波罗的作品，《马可·波罗游记》，在十八世纪末，西方对亚洲越来越感兴趣，欧洲人开始认识到中国文化及其文明水平，从那时候他们就发现了这个离他们这么远的世界一点也不落后。很可惜，西方的优越感战胜了现实，通常，关于远东的报道充斥着大量的幻想，对现实的片面歪曲，误导性的解释有时故意遗漏，旧闻不符合事实。这些行为因的主要目标是西方人一直要强调西方社会的准确性，并显示出自己的信念和价值观的普遍效力。西方总是争夺空中霸权，所以人们开始觉得中国没有很大的力量。

后来，在十六世纪的耶稣会士和启蒙时代的哲学家们，为西方社会带来了他们的贡献，让人们意识到中国是什么样的，以及西方可以如何处理它。

中国人民共和国的领域巨大，国界国家一共有十四个，其中有俄罗斯，蒙古，哈萨克，朝鲜，越南，印度，缅甸，老挝，塔吉克斯坦，等国家。中国一直认为自己位于当时已知世界的中心，在朝代的时代里经济繁荣，自给自足，珍贵自然资料很不少，舰队很强，总的来说我们可以说朝代年间，中国人的生活完全自由，他们不需要别的国家的支持或帮助。中国文化也很发达，书法很古老，从原始时代到今天中国不断用汉字写下来，不管是繁体字或简体字，中国汉字的老使用意味着在当前的社会古代文化和传统还很强，周代的习俗很流行。

中国政治制度一直相同的，也就是说帝国，常常也叫天朝——从战国末期(475-221 BC)，直到清代在1911年的垮台，超过十个世纪，帝国是中国唯一接受的政治结构。

在十九世纪，英国和爱尔兰的殖民影响导致了鸦片战争，那时候中国遭受了不少压迫和失败。那两个鸦片战争之后，中国人感到十分尴尬和惆怅，他们要签字的协议让中国人自然而然地感受到西方民族主义和排外的怨恨。 在二十世纪九十年代初，来自最发达的欧洲国家的律师、学者、企业家和技师人员在中国定居下来，目的是把西方前卫的知识，包括数学、科学、物理学、文学、经济等学问，传播出来，中国只好理解所有那些新的知识。当时在海港地区，比如说天津市，意大利人，法国人和英国人建造了自己的街区，在那儿外国人

的生活方式跟他们国家的习惯相比没有很大的区别，他们说外语，吃外采，好像是欧洲的一些殖民领域，说实在的，就是这样。

从二十世纪八十年代到九十年代末中西文化、技术、经济和信息的交流很丰富，因为西方人对这个新的世界很好奇，所以他们对中国风俗习俗也表示尊重。因此一些著名的大学，例如威尼斯大学和那波里斯大学的中文系发展得很快，中文专业的学生开始去中国上学，他们亲身经历海外探险，这样会更好地、更努力地学会汉语。有的学生一到中国马上就爱上了这个特别有趣的国家。

最近几年来，情况完全不一样了，中国准备好大放异彩了，国际经济和政治制度强调中国不处于劣势了，反而变成了世界第二经济，所以西方不再选择殖民行为或优越感。现在西方人不再看不起世界最大、最丰富多彩的市场。

最近十年来，随之全球化和中国经济的无限制发展，留学生的趋势发生了深刻的转变，比如说在二十世纪九十年代意大利学生去中国上学是一个意外的事情，那时候很少有家人可以让儿子们去亚洲了解这么远和不同的文化。那些家人很幸运，当然学生们也很努力，幸运垂青于勇着。

现在情况变得很多，今天意大利大学三年级的教学大纲提供一个学生必须体验的海外经验，这个经验包括去中国上学的学期，这样学生们可以提高汉语水平，深深了解中国文化、习俗或者中国人的生活方式。去中国留学还可以帮助学生找到更好的工作。

难怪中国和意大利市场的区别极大，前者陷入了深重的经济危机，2008年是一个意大利不会忘记的时期，这年意大利面临了很艰难的情况，经济危机加剧，登记失业率激增了，反而中国市场越来越繁荣，技术越来越发达。

眼前意大利学生去中国上学主要的目的是他们一天要在意大利工作，但是如果他们要这样做，有必要去外国学会外语。因此，汉学家的角色正在改变呢，而在九十年代学生只需要学大概一千五百汉字就可以了，现在标准更高，要求更难，也就是说要学汉语还要加上经济知识。问题是今天竞争很高，一般来说学经济的学生的工作机会比学外语言的学生的好多了，在公司范围里有经济背景的学生很容易会得到人事管理的位置，而学外语言的年轻人一直都被聘用为翻译或口译。到目前为止，全球的劳动力市场发展得很快，发生了很大的变化，因此一些有名的大学的制度也发生了变化。自从中国加入世界贸易组织的 2001年12月11日，事情发生了意想不到的变化，从那天全球的态度对中国不一样了，于是中国的态度对别的国家自然也改变了——政府开始打开大门，但最重要的就是中国开始感觉它不必担心别的国家的霸权，中国的力量并不比别的国家弱。中国发现了自己的力量和国际重要性是正当的一

个权利。中国开辟了新的国际学生的道路，政府倾向于创造跨文化交流，因此越来越多西方学生去中国上学，同时西方大学开始引进新符合经济发展趋势的课程，这时候汉语和经济技能开始结合起来，理论与实践互相结合。

眼前这种过程越来越清晰具体，这是因为中国实力越来越强，经济五年计划总是由中国实现的。从欧洲角度来看，中国已经形成了自己的一个新的形象——一个异国情调的地方成为了一个学生可以去学会新的知识的一个国家，这样年轻人知道有机会改变他们的未来，发展自己的职业。不仅现在而且未来的预期发展也有很大的前景，主要得益于两个方面——一是中国经济的速度增长，二是中国目前和未来在全球舞台的巨额投资，后者通过两个基本项目来实施，也就是说《一带一路》和《中国制造2025》。

这些变化和由中国推动的项目造成了全球波动的连锁反应，招聘新毕业生的趋势是一个有效的例子，由于中国目前占据的卓越地位，劳动力市场的自然后果是巨大的。由于这些原因，一家与中国贸易的意大利公司的成功关键是雇用有跨学科教育的学生，高中文的能力的工人，加上经济基础，可为贸易公司带来很大的价值。

公司在招聘中的态度应该是勇敢的，前瞻性的，多才多艺的，汉学家们，由于他们对中国的习惯和传统的热情知识，可以成为成功的关键，他们有能力克服中意企业之间的文化鸿沟。因此，我们可以断言，汉学家的角色正在发生变化，他们在全球形势下变得越来越重要，汉学学者不再是一个纯粹的学术学人，他们不再为自己的个人利益而学习。目前，汉学家体现了一个特权人物，他们可以作为一个企业内部的战略纽带，甚至比这更重要的是，他们可以成为公司本身的焦点。凡对中国有一定认识的人都知道，中国是矛盾之国，³ 其现实是非常复杂和异质的，中国人民有自己的解决争端的方式，他们自己的沟通方式，当然，也有做生意的自己方式。中国人与其他人完全不同，有时，我们可以说，与意大利人有一些共同点，但总的来说，中国仍然有一个非常不同的文化来处理。与中国做生意的公司可能会通过自己的能力和工具来简化这些方面，可最宝贵的工具基本上是人力资源，因此是从“人力资源”这一词，我的论文开始具体形成。

人力资源是任何一种组织的主要支柱，每个公司想要获得竞争优势，并获得成功的竞争对手应该利用自己的资源，出发点应该是真正的人。没有人力资源的正确提升，就没有任何为公司创造价值的有用尝试。准确地说，对中国有完整了解的人力资源，即汉学家，是宝贵的资源，但又有多少程度呢？这一重要人力资源在各公司内部的工作在多大程度上受到赞赏？他们的角色是否足够增强？

在这本论文中，我主要的目的是进行一个有关汉学家能力在公司里面的的研究，我要研究到目前为止这种人员安置怎么样。下面的解释包括本论文主要内容。

论文分三个部分——第一部分，对人力资源系统的重要性、汉学家的语言能力，以及意大利劳动力市场的变化对新资源的雇佣变化进行了探讨。第二部分介绍了国际化的概念和企业用于国际化的方法，还有一个有关威尼斯大学提供教育服务的研究。第三部分关于 DFS 的案例工作室，一个关于 LVMH 集团及其全球业务的一段，以及对 DFS 有限公司的一些人员的访谈。

我论文主要的目的是了解一个公司如何认为学中文和中国文化的人力资源的重要性，有这个特殊背景的学生具体有什么额外的价值？如果有的话，到底到什么程度？

以意大利 DFS 有限公司为例，我想了解一下在过去十年中，新毕业生的招聘趋势有何变化；论文基本上是关于人力资源。在这方面，我无法避免提及这所大学为我提供了教育和对这个主题的兴趣。我希望读者会喜欢我的作品，我的硕士学位论文的灵感来源于我的第一天的学术经验，现在我很高兴把我一直以来的想法和信仰都写下来。对我来说，这是研究新出生的汉学家的一项重要内容。

INTRODUCTION

China has been considered for ages as a recondite and arcane place from the European perspective, even when Europe didn't exist, for most people who lived in the "West",¹ China was considered an exotic place, so far away from their culture, that was even inconceivable to meet such different people. We can assert, China has been an imaginary and unreal world for several centuries.

Thanks to the work of Marco Polo, "Il Milione", in the late XVIII century, the West started to be acknowledged about Chinese culture and its level of civilization. Later, Jesuits in the XVI century and philosophers during the age of the Enlightenment, brought their contribution to the Western society, making people aware of what China is and how they could deal with it.

Unfortunately, like many other cases in the Western history, a sense of superiority prevailed over reality: often, some reports about the Far East were permeated with a great quantity of fantasy, partial distortions of reality, misleading interpretations and, sometimes, omissions did on purpose. The main objectives of these behaviours were to stress the accuracy of Western society and showing the universal effectiveness of its beliefs and values. Nestled in the middle of 14 countries, among which, Russia, Mongolia, North Korea, Vietnam and part of the Indian territory, China has always considered itself as the country placed at the centre of the then known world, *zhongguo* 中国; it was fully economic self-sufficient, perfectly aware of its precious abundance of resources, organised with the maritime fleet on the eastern coasts, and it apparently discovered the gunpowder quite before the West. Chinese calligraphy through thousand-years old ideographs it's the symbol of a culture which is deeply linked to tradition and the ancient world of Zhou society, as the speeches of China's father collected in *Lunyu* 论语 reiterate.²

The form of government was the same from the end of the Warring States, in 221 BC, until the downfall of Qing Dynasty in 1911, as a result, the empire was the unique political structure accepted in China for more than twenty centuries.

During the XIX century the country suffered the colonial influence of United Kingdom and Ireland that led to the Opium Wars and ended in a complete flop for the Asian Empire. Chinese were embarrassed and humiliated after signing the agree-

ments imposed by the Western winning counterpart, as a result, Chinese people started to naturally feel a nationalist and xenophobic resentment toward the West.

In the early 1900s, lawyers, scholars, entrepreneurs, and technicians from the most developed European countries settled down, or, more precisely, invaded China to spread the avant-garde Western knowledge: mathematics, science, physics, literature, economic theory; China was forced to learn new contents and fundamentals of the Western progress. Asian dragon had plenty of new concepts to learn at that time, Italian, English, and French settled in grant areas along the costs, in harbour cities like Tianjin, where they built their own neighbourhoods.

Some decades later, starting from the late 1980s and during all the 1990s, this was also a period of great cultural exchange between China and the West, not only China had to learn, the main European countries were curious about language, habits, and customs of the black-head population. As an example, Italian students from the major universities specialised in Asian studies, important names are Ca' Foscari in Venice or L'Orientale in Naples, sent their students in China to personally experience an overseas adventure, thanks to which they could intimately learn who are almond-shaped eyes people and how they behave. Some of them literally fell in love with this exotic culture.

Nowadays the scenario has strongly changed, it's time for China to shine. The West will no longer choose a colonial behaviour or a sense of superiority toward the world's most powerful economy. The dragon has woken up!

In the last ten years, hand in hand with the phenomenon of globalization and the unrestrained development of China's economy, the trends of flow of international students have been deeply transformed. Whereas in the 1990s Italian students went to China in pioneering missions, today universities' programs include a compulsory overseas experience to improve their level of Chinese language (the semester abroad can be substituted only by an internship period in a company who deals with China somehow) and, in the end, giving students more opportunities to find a job in Italy thanks to the skills learnt abroad. We can say, at present, the trend is completely overturned respect to the 1990s, Italian students now want to work in Italy for Italian companies, to do so they need to learn Chinese, but why? The matter of the question turns around a special working figure which has taken shape in the recent ten years: we're talking

about sinologists. The role of sinologists is completely changing, while during the 1990s it was useful to know 1500 Chinese characters, now the requests are higher: Chinese combined to Economy. There are different positions that a student can occupy inside a business organization, in general, students who have an economic background find it easier to be hired in companies for managerial roles, but as far as students with linguistic education are concerned, they are usually hired as translators or interpreters. (I'm not saying being an interpreter or a translator is an easy objective).

This was true until ten years ago since China entered the WTO the 11 December 2001, things have changed unexpectedly, and they're continuing to change. China opened the way to new international students, the Chinese government was inclined to create intercultural exchanges, consequently, the flow of Western students directed to China increased rapidly. In parallel, famous Western universities started to introduce new programs in line with global economic trends.

This was the time when Chinese competences were combined with economic skills. Today this process is even more clear and concrete, economic five-year plans are always achieved by China, its power is objectively affirmed by everyone who is well-informed. From the European perspective, the country has developed a new image of itself: it went from the exotic place where people were fancy going in the '90s, to the place where students can learn to such an extent that they can become a self-made man, possibly gaining important opportunities to succeed in their career. Not only the present, but the future prospectuses are promising too, mainly thanks to two main aspects: the hysterical rhythm of Chinese economic structure, which is developing progressively, and, in parallel, Chinese present and future investments in the global arena; this last step will be implemented through two fundamental famous projects: *yidaiyilu*, “一带一路” “One Belt One Road Initiative” and *zhongguo zhizao 2025*, “中国制造2025”, “Made in China 2025”.

These changes and projects driven by China have caused a consequent chain of global swings, trends in hiring new graduates are an effective example. Due to the preeminent position that China is occupying now, natural consequences in the labour market are evident and enormous. For all these reasons, a key of success for an Italian company which trades with China today can be hiring students who have an interdisciplinary education, workers with high Chinese language competences combined with

economic fundamentals, can generate a great value for trading companies. The companies' attitude in hiring should be brave, forward-looking, and versatile, because sinologists, thanks to their passionate knowledge of Chinese habits and traditions, can really become keys of success capable of overcoming the cultural gap and cultural myopia between Chinese and Italian firms. Therefore, we can assert the role of sinologists is changing today, it's becoming increasingly crucial in the global scenario. The sinologist is no longer a pure academic scholar, who remains hours and hours inside universities' libraries, translating ancient unknown philosophical texts and studying for his own personal interest. At present, the sinologist embodies a privileged figure, he can function as a strategic link inside a business organization, and even more than this, he can become a focal point of the organization itself.

Everyone who has a certain knowledge about China would know it, China is the country of contradictions,³ its reality is very complicated and heterogeneous, Chinese people have their own way of solving disputes, their own way of communicating and, of course, of doing business. They're completely different to everyone else, sometimes, we can say, there are some similarities with Italian people, but in general, it remains a very different culture to deal with.

Firms that do business with China may try to simplify these aspects through their own tools, but the most precious tools are essentially human resources, and it's from the words "Human Resources" that my work starts concretely to take shape.

The human resources are the main pillars of any kind of organization, each firm that wants to achieve competitive advantage and to gain success over competitors should leverage its own resources, starting exactly from human beings. Without their correct promotion and enhancement, any attempt to create value for the organization will be completely useless. Specifically, human resources that have a complete knowledge about China, in a word, sinologists, are precious resources, but exactly to what extent? To what extent is appreciated the work of this special resource inside business organizations? Is it enough enhanced?

In this thesis I'm going to carry out a research on the value of sinological competences in the field of companies' placement, the following explanation is about all the specific contents included in my work. The work is divided into three parts: a first part regards the importance of Human Resources system and the literature about it, the

expendability of linguistic competences, and the changes in the Italian labour market consequently to changes in hiring new resources. The second part is introduced by a preface about the concept of internationalization and the methods firms use to internationalize, then a research on Ca' Foscari University educational offerings is presented; in particular, I want to analyse how the university manages Chinese programs, in parallel with the evolution of Italian and international labour market. The third and last part regards a case study of DFS Italia s.r.l, a paragraph on LVMH Group and its global business, and the conclusions obtained through the interview to some managers of DFS Italia s.r.l, which is where I currently work.

The main objective of my work is to discover how a company considers significant the Chinese cultural education aspect, aims to communicate with China inside an organization: is there any added value coming from students with this specific background? If yes, exactly to what extent?

Taking DFS Italia s.r.l. as a sample, creating the experimental part of the thesis, I want to discover how trends in hiring new graduates have changed along the last ten years. My work is essentially about human resources, and the focus of the research is China and the sample company that, not by case, trades mainly with Chinese people. In this regard, I couldn't avoid mentioning the university which has provided me my academic education, and which has caused in my mind interest about this topic.

I hope the readers will enjoy and find useful my work, the inspiration of my master's degree thesis began from the very first days of my academic experience at Ca' Foscari, now it's a great pleasure to write down everything I've always thought and believed in. For me, this is the crowning element of the study of a newly born sinologist.

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2. It's Confucius. To learn more: Maurizio, Scarpari, *Il confucianesimo. I fondamenti e i testi*, Torino, Einaudi, 2010.
3. Mao Zedong, 毛泽东, *Maodun Lun*, 矛盾论, (Sulle Contraddizioni), Renmin chubanshe, 1975.

CHAPTER I – HRM in a Multicultural Environment

1.1 What is HRM

Before going deeper into the matter of Human Resources, it might be necessary to introduce concepts such as organization, organizational structure, and sets of processes and procedures inside the firm. The organization is a set of mechanisms and systems that need to support people to express a behaviour expected inside the company, these set of behaviours are composed by those procedures and rules that everyone must follow to act in line of company's beliefs. Rules can be simply defined as the set of norms that any employee needs to follow to play the game inside an organization. It's impossible to create a functional organization if we don't have clear the expected behaviours of people who will reach the goals and give the firm competitive advantage. Organizational structure relates to the division of labour and patterns of coordination, communication, workflow, and the formal power that direct an organization's set of activities.

The organizational design of any company is based on a predetermined and precise structure and a set of processes, the root of the question is essentially a matter of relationships, there are two types of relationships inside an organization: rules and behaviours. In many companies, founders are used to considering only rules, forgetting the intermediate, but determining, stage and function of relationships; the level and the quality of communication among all employees is a fundamental requirement to obtain results and, in the end, to reach the company's goals. HRM consists in how to manage employees in a workplace, it's the crucial condition to create a successful company, and I would say, to create a company in general. There's always a deep relationship between HRM and firms' performance, all the links between a company strategic management and HRM should be as close as possible. If HRM system is functionally structured, the result is a strong organizational climate, in which individuals share a common interpretation of what behaviours are expected and rewarded. In a word, the organizational structure establishes the communication patterns and aligns employees' behaviours with the corporate vision, the way of communicating can be informal, via sharing of information and a synchronized working activity, or formal, through a specific hierarchy.

The second way of communicating is not as fast or accurate as direct communication, but it's required when the company grows, it's based on the idea of a direct supervision at each organizational level.

The strength of HRM can help explain how individual employees affect organizational effectiveness. The perspective on HRM systems should be as strategic as possible, in one strategic-based approach, there's a "fit" between various HRM practices and organization's competitive strategy. Correct guiding logic is the following: HRM practices must develop employees' skills, knowledge, and motivation such that employees behave in ways that are instrumental in strategy implementation.

HRM practices are socially complex and influenced by the specific context in which a firm is located, a firm's HR are believed to have implications for firm performance and provide a unique source of competitive advantage: they create value, they're rare, inimitable, and not substitutable. Employees create value for a company when they provide a unique service or experience to its customers, and when their efforts are in line with companies' objectives. The value of a human resource can be also calculated by the effort of reducing some company's costs, in a word, a human resource creates value when is perfectly efficient and effective. One human resource is rare when it represents a source of competitive advantage through its skills, knowledge, and abilities, which means leveraging human capital. The intellectual or human capital is increasingly used today to define the strategic value of resources' abilities and set of knowledge. Big companies always invest a big deal in human resources hiring and training, once a resource is hired is important to continually provide him/her a professional system of skills and an updated scheme of the company education, depending on the sphere where a firm operates. The level of rarity of a human being's performance inside a firm is determined by the impossibility to recognize the same rarity in other employees. A resource's performance and competence are inimitable when they cannot be easily acquired by competitors, that's why firms need to protect precious human resources. Companies usually try to implement smart strategies to make impossible for other competitors to imitate the work of its best resources, as an example, Pixar and IDEO's strategy is creating a specific unique culture inside a teamwork, in so doing competitors don't know how internal work is organized. It's very important to keep secret all the sensitive data of firms' strategies.

It's no substitutable when the fit between the resource and its task is perfectly achieved, thus, no other resource can better fulfil that task, in this way an employee is irreplaceable. In addition to value, rarity, inimitability, and irrereplaceability, there is also another aspect of HRM, which is the organization of human resources. Companies have a lot of employees, no matter how many exactly they are, the totality of employees must be well-organized in order to be the source of competitive advantage. Depending on their personal and learned set of skills, knowledge, and competences, resources must be placed in the best position inside organizations. To achieve and to sustain competitive advantage, the most relevant part of an organization's HR objective is managing human capital, which essentially means having "the right kind and right number of people at right time at the right place". Generally, HR planning process consists of three main stages: planning, programming, and evaluating. The first stage regards specifically organization's business plans, of course, in order to provide the right number and types of people requested, HR managers need to operate in line with strategic plans, which may regard both firm's present and future business situation. Secondly, there is programming, which means recruitment, training, and performance appraisal, in this second stage firm's plans are concretely implemented. Third, managers evaluate employees' activities and determine whether their results contribute to reaching the business objectives.

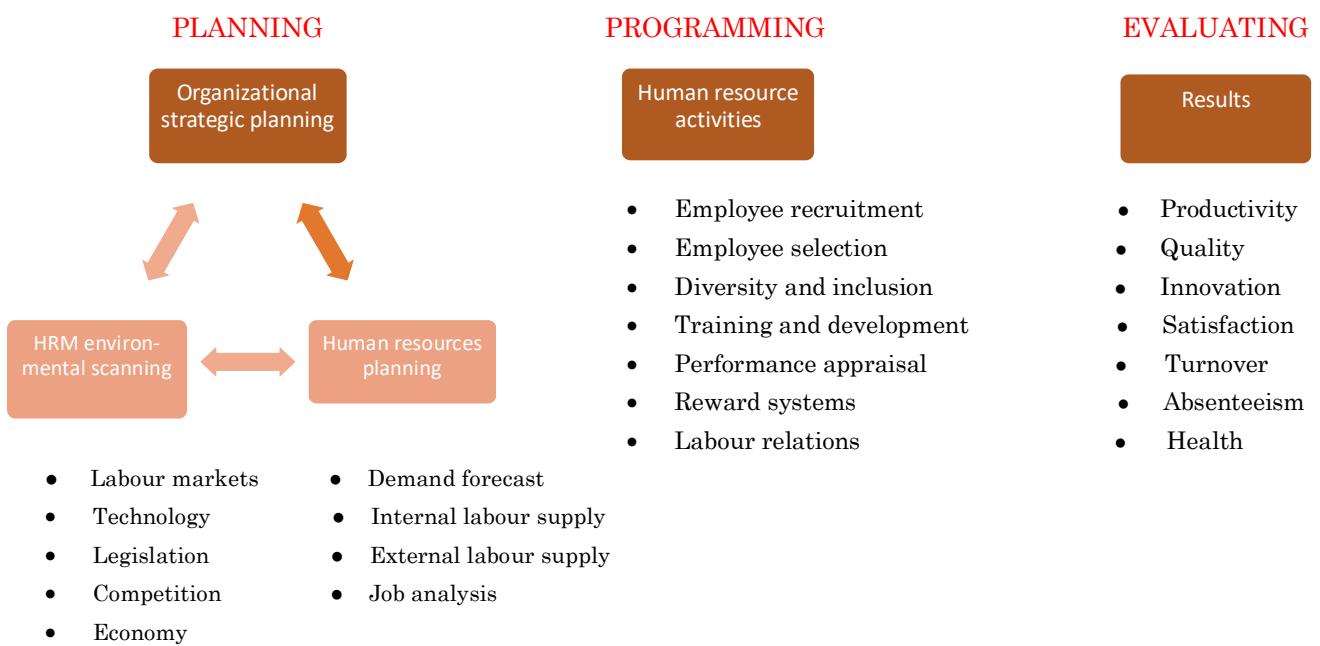


Figure 1:1 Building a Dynamic Organization

Organizational plans provide demand forecasts, which means how many and what type of people are needed inside the firm, this is the most difficult stage of human resources procedures, demand can be determined for different types of workers and different types of work. As an example, companies in the field of finished products, consider as parameters to calculate demand forecasts current sales, future sales growth, sales force, support staff, hours needed to sell and distribute products, time spent to serve customers and so forth.

The stage immediately after demand forecast is labour supply forecasts, human resources managers must know how many and what types of resources the organization will actually have. The supply analysis is arduous too, it consists in estimating the number and quality of organization's current and external available employees, to perform the internal supply managers usually refers to workers' experiences in terms of turnover, retirements, terminations, promotions and so forth; whereas externally, the organization has to observe and perceive workforce trends, in order to make appropriate projections. Typically, supply forecasting procedures are assisted by computerized human resources information systems and services.

When managers have established the supply of and the demand for different types of employees, it's time to develop approaches for combining supply with demand, then, the two variables must reconcile. In this action, managers can realize they need more employees than they currently have, or they have more workers than the organization actually needs, the first situation is solved by new external hiring, the second with laying off actions or by transferring of employees to other areas.

The above-mentioned activities of supply and demand are considered at the macro level of organizations, but HR planning works also at the micro level, that is the job analysis: "*a tool for determining what is done on a given job and what should be done on that job*".¹ Job analysis consists in two steps: job description and job specification. First, job description tells HR managers about the job itself, which means describing duties, responsibilities, and tasks needed to perform a specific job. Second, job specification describes particular abilities, skills, and knowledge required to perform the job; i.e. the need for a specific degree in particular levels of the top management of the firm.

1. Definition by: Andrea, Pontiggia, *International Organizational design and Human Resources Management to China*, New York, McGraw-Hill, 2016, p.312.

In a word, job analysis provides the information required by each activity performed by every human resource in the organization and helps create the value added by employees to the organization.

Once planning activities are all completed, HR managers focus on organization's staffing, which consists of three stages: recruitment, selection, and outplacement. Recruitment activity can be both internal or external to the organization. Internal recruiting approach presents advantages and disadvantages: is positive because HR managers already know all employees, and them, in turn, already have a knowledge about the organizational environment and its activities. Furthermore, the idea to get promotions inside the firm encourages employees to work harder, succeed, and remaining with the company longer. By contrast, if managers seek new resources externally, this may result demotivating and demoralising to internal employees, very often resentment and bad humour could start to characterize the working environment. The drawbacks of internal staffing concern limited pool of available applicants, and the organization's limit to latent possibilities of growing by outside, changing its nature, or its business goals. External recruiting is positive first because is something new, it gives innovation, inspiration, newness, and enthusiasm to the organization. Thanks to the modern tools of the Internet, today is very easy and inexpensive for firms to get new employees from outside, managers can sound out many networking sites such as LinkedIn, Sales Gravy or using college campus recruiting, company websites, or Internet job boards.

Once recruiting is complete, selection, built on the previous stage, involves decisions about whom to hire, many instruments are used by managers to carry out this activity, mostly they use: applications and resumes, interviews, reference checks, background checks, personality and performance tests, and cognitive ability tests. HR managers play a difficult game when they need to lay off employees because, naturally, the demand for workers rises and falls, or because employees' performance does not reach the level required to continue an employment. This part involves legal issues and equal employment opportunity in terms of gender, age, and nationality, managers must always consider the legal environment of the organization before deciding on employees' termination. In this regard, outplacement procedures help people who have been dismissed to regain a similar employment in other companies.

We can now move to the more dynamic part of developing the workforce, that is employees training and development. In order to improve personal and organizational effectiveness, HR managers are required to continually upgrade employees' skills and performances. This involves appraising workers and giving them effective feedback so that they're enough motivated and feel on their own inside the organization, it's important that they feel really confident with firms' procedures and, what's more, feeling satisfied thanks to a sense of usefulness and identity. The result of a right appraisal system is the ease of the company in handling new challenges and gaining more possibilities to achieve competitive advantage. As like as the recruitment phase, also the employees' performance appraisal activity can be both internal or external: internally companies have talented employees responsible for education and training of the workers, whereas externally companies can also seek for specialized training companies, which will result more expensive but also safer.

In HR system, is fundamental to distinguish between the concept of training and development, the former "*refers to teaching lower-level employees how to perform their present jobs*", while the latter "*involves teaching managers and professional employees' broader skills needed for their present and future jobs*".²

Training process involves four phases: the first phase consists in defining jobs, people, and the departments for which training is necessary, this part is created by managers through a job analysis and performance measurements. During the second phase, according to needs assessment, training objectives, and contents, managers create the concrete design of training programs. The next phase, number three, involves the methods (business simulations, lectures, conferences, apprenticeship) to be used for training sessions and whether it will be provided on or off employees' working hours. Companies often adopt easy and inexpensive to deliver training methods, such as computer-based training through quizzes, games, or online videos. The last fourth phase involves the evaluation of training programs' effectiveness, this can be done via surveys, which can evaluate employees' reactions; tests, to evaluate the degree of learning; observation of the increase or decrease in sales, to evaluate the improved behaviour on the job.

2. Definition by: Andrea, Pontiggia, *International Organizational design and Human Resources Management to China*, New York, McGraw-Hill, 2016, p.312.

Once this process is complete, the next step regards which type of training managers want to provide to employees, distinguishing among orientation, team, and diversity training. The different type of training program adopted depends on employees' knowledge and set of skills the organization wants to enhance.

Orientation training is the preliminary stage of training, it consists in providing employees some general information about the organization, the work units, and their new jobs, it's the stage in which new workers familiarize with a new workplace.

Team training was born thanks to the idea that people prefer working together, in this stage managers teach employees how to interact and to achieve effective objectives by putting together skills and competences coming from all members of the team. This part is usually performed through team works and problem-solving games.

Diversity training is deeply linked to team training, it focuses on creating awareness of the degree of diversity among employees and encouraging them to work with people who are different from them. One useful tool in this regard is job rotation, which allows different levels of the organization to work together and cooperate, creating a dynamic and friendly environment. The next phase is one of the most difficult tasks and behaviours of managers, that is performance appraisal (PA): "*the assessment of an employee's job performance*".³ PA has two main purposes: administrative purpose, and development purpose. From the administrative perspective, performance appraisal provides managers with all the relevant information to make important decisions such as salary, promotions, and dismissal. On the other hand, it can help employees to better understand the treatment received inside the organization, they have a documentation that explains reasons of managers' decisions, thus in this way every passage is clear and justified. From the development perspective, the appraisal can be used to identify and plan additional employees' training, learning, experience, or improvement. If well managed, it can help organization's effectiveness by increasing employees' morale, in so doing people can better perform with the objective to achieve a higher pay or chances for promotions. Performance appraisal can also help employees fostering communication among their work units and the higher levels of the organization.

3. Definition by: Andrea, Pontiggia., *International Organizational design and Human Resources Management to China*, New York, McGraw-Hill, 2016, p.324.

By contrast, if PA is handled poorly, it will cause resentment to such an extent that can even expose the organization to legal process.

Typically, performance appraisal is carried out by managers and supervisors, since they occupy the best position to observe employees' performance; however, companies sometimes prefer to turn to peers and team members to provide personal information and feedback. Their perspective is totally different from someone that controls and supervises employees' behaviours, it can be more objective and helps to identify interpersonal skills and leadership potential. By the way, in my opinion, among peers and team members can also emerge some feelings of resentment, competition, or envy, that's why it's always better to carry out the PA process in parallel with managers. In addition, there are also PA systems carried out by data gathered by internal or external customers, or self-appraisal systems, which means working on personality individually and self-evaluating to establish new personal goals. However, some companies prefer a multifaceted approach for assessing employees, such as the 360-degree appraisal, which means performances are judged and commented simultaneously by superiors, peer, and subordinates since all of them are the source of relevant information and feedbacks.

Once it's clear for managers why do they need to appraise employees, and who is going to carry out the process, next question is: what we appraise?

There are three categories of performance managers need to appraise: traits, behaviours, and results. Traits appraisal involves subjective judgments directed to employees, it refers to assessment of employees' characteristics strictly related to their performance, typically managers use a numerical rating scale to measure the particular traits employees possess. This category of appraisal does not always function as a correct performance measurement because sometimes the personality of some employees is not so open and displayed, maybe someone is just shy and introverted, but it doesn't mean he/she really has a bad attitude on work. For this reason, the work of human resources is hard, delicate, and thorny: these types of managers work directly with people's personality and attitude, which can vary over an annual working period, and also within a month, their objective is to understand and interpret correctly each personality and transmit the same consideration and sensitivity to all the managers inside the organization.

Regarding behavioural appraisal, the subjectivity of judgments here refers to the observation of employees' performance, focused on specific and single behaviours. To measure employees' different behaviours, managers most often use the so-called BARS, behaviourally anchored rating scale.

Finally, the results appraisal is the most objective and standardized method of assessment, it consists in appraising employees based on basic data, such as units produced, sales volumes, profits, or CRM results (customer relationship management), depending on employees' tasks and roles.

One results appraisal method is MBO, management by objectives, it consists in agreeing in advance the goals and objectives an employee will achieve at the end of a certain working period. Usually is planned both by managers and employees, that's why MBO is objective and often preferred by employees since it avoids bias, discrepancies, and resentments typical of traits and behaviours appraisal systems. Two drawbacks of this technique are the possibility to focus too much on short-term objectives, forgetting long-term achievements, and setting too strict or rigid goals, that, if not achieved, will cause frustration and dissatisfaction for both the employee and the manager. Generally, performance appraisal systems work best when they're constructive and aimed at improving employees' performances, strengthening relationships among employees and managers, and achieving the company's goals rather than simply criticize someone's work.

The next set of activities of HRM regards reward system, which is basically composed by two rewarding methods: monetary reward, and benefits. In the recent years, companies tend to prefer benefits as working rewards, i.e. medical insurance, and pension plans, especially in countries where the fees for these categories of services are extremely high (USA, China).

In order to decide how to design an effective pay plan, managers consider three variables: pay level, pay structure, and individual pay. To establish pay level, the company considers positioning itself in a low-, average-, or high-paying company category. Pay structure refers to the price differentiation of jobs within the same organization, typically companies gather different job families with jobs that are similar in worth. Then, within the same family, jobs of similar worth are characterized by different pay rates, that is the individual pay decision.

Differences in pay rates depend on the seniority of individuals performing the same job, or because some individuals are better performers than others, so they deserve a higher salary. The decision to keep secret the pay level is up to employees, keeping it secret result positive because it avoids conflicts and protects individuals' privacy, at the same time, if it's kept too secret employees can suspect the decisions about their pay level are unfair or unclear, and will probably leave to seek another job.

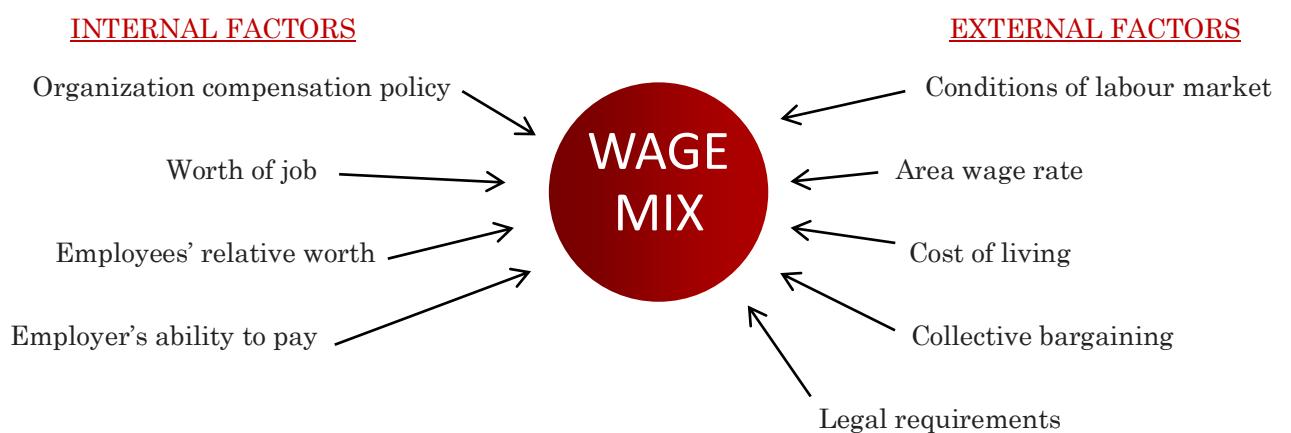


Figure 1:2 Factors Affecting Wage Mix

Regarding benefits, companies must consider two different types: benefits required by law, and the employers' optional benefits. Inside these categories, managers distinguish among three essential benefits: workers' compensation, which is the support for injury or illness related to the workplace, social security, which refers to disabled employees and retirees' financial support, and finally unemployment insurance, which is a form of financial support provided to employees who are laid off for reasons they cannot control. Among benefits required by law there are medical and hospital insurances, and pension plans, as mentioned few lines above. Usually, from an employee's perspective, a company which provides important benefits is much more attractive than a company that offers high-level pay but few or none benefits. Personally taking care of employees it's a company's influential and relevant characteristic and strategy, the costs of benefits is very high for companies, especially if they provide services rather than simple material products, but the loyalty of employees is much more precious.

As mentioned above, HRM procedures are long and accurate, when working directly with people, managers must always keep in mind approaches should be customized and taking into consideration each personality individually. But there are organizations made by a large number of employees, as a result, it will be hardly impossible to work differently with all the individuals. This is the difficulty to work with human beings: trying to find the right standard approach that will be useful for a variety of people without affecting any personality, and consequently, the company itself.

The image below represents the whole process of HRM:

- Selection and hiring
- Core HR
- Tasks and processes
- Training and development
- Performance appraisal
- Compensation and benefits
- Leave and attendance
- Employee self-service



Figure 1:3 HRM Process

In conclusion of this part, we can assert, the strength of HRM systems foster organizational performance and enhance the level of competitive advantage of the firm. After all, any organization is essentially composed by people, financial and other physical resources are not useful without the right human beings who can exploit them, it's not important to be talented, but how one's talent is properly used. As Thomas J. Watson quote remembers, *“You can get capital and erect buildings, but it takes people to build a business”*.

1.2 Expendability of Linguistic Competences in HRM

Now that we have briefly introduced the concept of HRM, we can go deeper into the matter of the question: the relevance of human resources inside an interlinguistic context and its implications. Stating that the focus of topic is China, we'll concentrate on MNCs and their HRM systems in terms of linguistic competences.

MNCs are complex realities in which particular attention is addressed to expendabilities of the human resources' dynamic capabilities, this type of company is characterized by a colourful variety of nations, languages, customs, in a word: different cultures. When a company goes global it can't forget to build the "character of internationality",⁴ which implies a direct contact and a total immersion in the context the company wants to analyse. The absence of internationality will considerably affect the right selection of entry modes and the quality of decision-making process, together with the estimation of new markets' potentials.

With the objective of enhancing efficiency, increasing the level of commitment, and reducing the operational uncertainty, the company must improve the degree of awareness of the country-specific market knowledge, the operational procedures, and the institutional context.

Moreover, local learning contributes to reducing financial risks, especially in volatile contexts, subjected to strong and sudden transformations, as often happens in China. How is it possible for one company to correctly carry out this process? It has to leverage on the right human resources, this means focusing on those resources that better know how to manage the relationships in the local context. When dealing with China, the knowledge of cultural context is a fundamental requirement, learning the language sometimes is not enough if we want to establish a long-lasting, intimate relationship with Chinese people. In trading, the situation is even more complicated, Chinese people have always been very able in doing business, their bargaining nature is permeated in all the aspects of Chinese lifestyle, from purchasing a *jin* 斤 of raw rice (the Chinese unit of measurement for 500 gr) to negotiations of critical overseas investments.

4. Andrea, Pontiggia – Tiziano, Vescovi, “*Panni stesi a Pechino*”, esploratori e pionieri nei nuovi mercati internazionali, Milano, Egea, 2015, pp.113.

As we have hinted in the Introduction, China is a world of its own; it's very difficult for the Western perspective to fully understand this reality and starting to behave like them.

As we can infer, for a company is even more complicated to establish a sincere relationship with this far world, but luckily, there are some resources that can fill the gap between two such different cultures: I'm talking about sinologists. The figure of the sinologist is the key of success of the MNCs that trade with the Asian dragon, they have a 360-degrees knowledge about China, and, what's more, they have a deep level of comprehension of the tacit behaviours of Chinese.

For tacit behaviours I mean the theory known as proxemics, the study of communication without direct and verbal attitudes, but through physics movements and symbolic gestures that characterize people while talking, it's the ability to listen to the unspoken words. To encourage the right promotion and expendability of sinologists' competences, companies must implement a strict method of acquisition, sharing, and diffusion of the necessary set of skills useful to compete in the international arena, as a result, the company can develop much more innovative business opportunities, valid for the new market.

When people talk with Chinese, the way of moving and gestures are very important, if we want to interact with the counterpart, a simple movement can be decisive in the final result of a negotiation. For example, the way in which Chinese give and take the *mingpian* 名片 (business card) with two close hands in both giving and receiving the card, it's an important ancient tradition, and the opposite way, only by one hand, will be considered even impolite in some cases. There are plenty of examples we can describe about the Chinese tradition, anyway, it's better hereafter to concentrate on the way in which companies stress the importance of linguistic and cultural knowledge of sinologists.

A cross-cultural and cross-linguistic approach is the centre of the question, this innovative technique is achievable through three main variables: the stock of available competences, the level of learning, and the ability of strategically linking competences. The stock of available competences can be decisive to give the company the right portion of competitive advantage, in fact, the possibility to access in depth to some peculiar competences and regulatory differences, can lead to firm's success.

Nevertheless, this is not always enough, sinologists should be able to incentivize and promote a learning process through a transfer of knowledge from the home country to the host country. It's fundamental that this special human resource efficiently interprets and transmits Chinese market routines, in order to analyse information in terms of efficient economic results, this process is exactly the level of learning. As far as the connection of competences is concerned, the company must be able to use its resources to connect different experiences and skills and to combine different subjects of knowledge: interdisciplinarity and ambidexterity.⁵

The efficiency of the firm is not only expressed in terms of promptness and rapidity of organizational reactions, but also in terms of appreciating the stock of available competences and being able of exploiting them; the company must identify the capabilities of aggregating, coordinating, combining, and spreading knowledge. The resource-based view doesn't merely regard the assets of the company, but also human resources.

The 17 December 2017 I went to Ca' Foscari University to attend the conference "Orient Express", among the participants there were famous professors, such as Ch. Prof. Cavalieri, Ch. Prof. Vescovi, and Alberto Rossi, which was my main objective, since I went there to ask him some useful questions for my thesis, about the expendability of linguistic competences in human resources management.

Alberto is 33 years old, despite his young age, he's a very workaholic man, and it has already achieved important goals in his brilliant career. In 2009 he graduated in International Relations (Political Science) at Cattolica University of Milan, at present, he's the "Fondazione Italia Cina" Marketing Manager and Analyst, moreover, he's the founder of "Il Caffè Geopolitico", a cultural association regarding geopolitics and current news.

Even if his field of knowledge is mainly the Middle East and Palestinian territories, specifically matters concerning Jerusalem, he's interested and well-informed about China, as everyone in his position would do in order to better understand the general trends and evolution of the global economic environment. He can also speak some Chinese and he's now a refined expert of the Chinese economic pace and its model of evolution and improvement.

5. To learn more on concept of "ambidexterity": Andrea, Pontiggia – Tiziano, Vescovi, "*Panni stesi a Pechino*", esploratori e pionieri nei nuovi mercati internazionali, Milano, Egea, 2015, pp.129.

During the coffee break of the conference I took a bit of his time to ask him the following question:

–In a case of a company's placement of a human resource, no matter which company we take into consideration, how is valuable the importance of sinologists' knowledge, respect to the one of an economic graduate?

Alberto's answer was well-structured and made me realize some important points I will underline below in the third person:

–He says sinologists have to leverage the asset of linguistic competences, that's their strength, but in so doing, they don't have to forget this set of competences must always be significative, and must never end in itself, they have an added value, but their knowledge must be continually improved and updated. To do so, he affirmed, it's important to go to China as many times as it's possible, they're a privileged niche and they should leverage their competences and never stop learning; the higher the linguistic competences, the higher the possibility to work in important companies. Even if, respect to an economics graduate, they have less economic competences, sinologists can make the difference inside the right business organization, they're able to work like bridges, thus they can be a liaison between very distant cultures. Taking into consideration the timing, sinologists usefulness is perfectly on time, only five years ago things were very different respect to today, registered students in universities teaching Chinese were a few number, consequently, competences were much more disposable. In only five years the level of competition has evidently risen, the number of enrolled students has increased to such an extent that Ca' Foscari, three years ago, introduced the limited enrolment entrance exams. Alberto carries on, insisting that a focal point is the newness of competences: a student that went to China 4 years ago for a period of one or two years has less value than a student that has recently come back from China, and has studied there for only a few months. An HR recruiter, in the action of hiring employees regarding Chinese skills, pays a

significant attention to the update of competences, China is a country in a stage of continuous changes and transformations, everyone who's interested in this frenetic reality must upgrade its knowledge, because knowledge is volatile in this kind of world. Another source of competition, in addition to economic graduates, are Chinese students coming in Italy. They can speak very good Italian after only six months, usually they must follow a one-year program of Italian language, but they're very smart in learning. An HR manager can also prefer to hire a Chinese employee in Italy, after all, they can communicate with their colleagues, and they're native Chinese speakers, the problem here regards the image and the level of loyalty a firm wants to give its customers. Regarding the concept "country of origin effect" (Ch. II, Par. 1.2) China has a negative reputation, especially from Italian perspective, we're the country of craftsmanship, precious raw material, and hand-made refined products, every time we think about China we only link it to fake products, brand imitations, and financial subterfuge or deception. During the interview, Alberto introduced the idea of "context", in China the awareness of the general context and the managerial situation is fundamental, for a graduate student it's essential to know in detail how China behaves in business. The excellence is not only academic, if we only concentrate on academic skills, HR recruiters could prefer a manager with a little knowledge of Chinese, but a great experience on the evolution of Chinese market. In conclusion, sinologists must expand their knowledge and create some special points in their curriculum vitae that can never be substituted from other resources' skills. Sinologists are unique in the way they interpret and understand China.

This interview was useful and effective for my thesis, it helped me realised what I suppose was true is definitely true. I totally agree on what Alberto said, sinologists must focus on linguistic competences as much as they can, and if these competences are combined with economic skills the result will be more than simply "interesting" for enterprises trading with China. Sinologists' role is changing, and I'm living these changes day by day through my working experience, and I hope, through my future experiences as a sinologist inside companies. The next paragraph explains my point of view and my hope in this regard.

1.2.1 Personal Anecdote of Expendability of Linguistic Competences

Until this point of my work, I have provided to the readers some theoretical explanations concerning China and its way of internationalization, human resource processes and its implications, and the importance of sinologists in this “china-globalised” world. In this section of my thesis I’m going to introduce a significative personal experience I have observed and lived, during my working hours as a Sales Associate at DFS, in Venice. The experience will be useful to better understand the strategic role of sinologists inside a multinational organization, in particular, I want to stress the value of knowledge I gathered during my academic years at Ca’ Foscari, and the essential usefulness of all my studies in negotiations with Chinese. The topic will be deeply examined in Chapter III, in parallel with the presentation of DFS company, and the interviews to the managers.

It was the end of October 2017, my working experience in DFS was only of four months, but I moved very confidentially among the 9.000 m² and four floors of the luxurious store. The department where I work is the woman’s shoes, we can really call this place the woman’s paradise, here women coming from all the world want to buy something that, most of the times, they don’t need at all, women have more shoes in their shoe racks than hairpins in their clutch purses, (we all know, hairpins get mysteriously lost in our make-up bags and all around the house).

The palace Fondaco dei Tedeschi where DFS placed its shopping Galleria is a touristic destination for cruise and guided tours, families and friends flow to visit the architecture of the palace and its restoration and to buy some expensive souvenirs to show their relatives once they have come back home.

When I began to work there, I had no idea women can consider 400€ up to 1.200€-priced shoes as a souvenir, but this is the truth, they’re on holiday, sometimes during their honeymoon, in the most romantic city nature has ever created, so, why not buying a pair of luxurious shoes as a souvenir to remember the joyful time spent in Italy? The price range in my department is more or less the above mentioned, but we have also brands with price range within 250€, up to the most expensive pair of shoes in the whole store: 1.795€ for a Jimmy Choo black nappa leather boot, a masterpiece of shoes craftsmanship!

As the months went by, I got accustomed to seeing women buying expensive shoes as I buy chocolate candies during Christmastime, after all, it's the luxury world, and thanks, God, there are some Chinese, German, and American wealthy families that have possibilities to keep the economy moving ahead in high-end fashion industry. As I said, the store is big, really big, we are more than 500 employees at Fondaco, but not all of us are Chinese speakers, for this reason, sometimes it happens that someone like me, a Chinese speaker SA, is called from other departments to support other sales associate concluding their sales. I have been called different times, the crowd of Chinese people in departments where I was needed was so numerous that it seemed to be at the supermarket, with the only difference that we were selling Gucci bags for the value of 2.000-6.000€ rather than fruits and vegetables.

One day, one of my colleague from watches department called me for help, I was excited, I immediately said "yes" without asking the permission to my Team Leader, (we get individual commissions on sales, and luxurious watches are much more expensive than shoes...I'm a business addicted) so I went there expecting to meet the usual crowd of Chinese fashion victims. But I was wrong, when I entered the elegant room of Piaget watches, everything was wrapped in a silent and peaceful atmosphere, there were only four people: a young Chinese couple composed by a tycoon wearing total black-style clothes like an American rapper, accompanied by his lovely partner in perfect Western clothing, she was as white as the snow and so beautiful, the watches department TL (Team Leader) and the LPO (Loss Prevention Operator) the guard who is always needed when we are dealing with high-value items, (more than 30.000€). To be sincere, at the beginning, the atmosphere was not only calm and silent but a bit nervous, I felt some anxiety in the air.

Usually, we manage the sales from the beginning to the final transaction, but when a Chinese man wants to buy a Piaget watch covered in diamonds, value 33.000€, the buyer generally requires someone more important than a simple sales associate for the negotiation. This is a common behaviour of Chinese rich men, they always want to treat with the superiors, they feel much more confident to talk to people they believe enjoys their equal social respect and position. So, when I entered the room the manager (a team leader is essentially the store manager), was talking with the tycoon in a language we can define "chinglish", his Chinese was enough good to communicate, but not enough to express everything he wants to the counterpart, so he used English

when the tycoon didn't understand or pretended to; what was the problem? He wanted a discount. At the beginning the manager didn't allow me to take part in the negotiation, I was only listening and repeating in my mind the right grammar structures of sentences the manager was trying to explain. After a little while, the manager realized my participation was necessary, and I believe, even fundamental if he really wants to sell that watch. The Chinese young man wanted a higher discount for his purchase, but after more than half an hour, I managed to convince him to buy the watch at the discount fixed by the manager and allowed by the GM of Fondaco.

What was really interesting to me, is the evident changing of buyer's behaviour toward an incremental improvement: at the very beginning he was a bit rude to the manager and also to me because he wanted to obtain a higher discount, but at the end, we were laughing together. Why?

He showed me his wedding ring covered in diamonds, and he told me he wants to buy that watch to combine the two pieces of jewellery: "*Ni kan, zheyang pei haokan ma? Haishi tai kuazhang le?*" “你看，这样配好看吗？还是太夸张了？” “Do you like if I combine the two pieces like this? Or is it too exaggerated?” He wanted my personal opinion, he asked me about my tastes in terms of watches, because he realised I was totally by his side, I was not a sale associate that purely wanted to do her own business and gaining the highest commission I could achieve, taking his money and saying: “Goodbye sir, thanks for coming”. I became his friend, not only because I can speak Chinese, but because I behaved like Chinese people when negotiating, to me it's like entering a new world, my Chinese world, where everything is different from my culture, but where I feel so comfortable, I feel on my own, I perfectly understand what their almond shaped-eyes mean when they stare at me, it's like I have been Chinese in another life. I know to deal with them, sometimes they stress me, but in the end, I know how to friendly convince them; he understood all this, we were friends.

The manager was satisfied with the sale, but to me it seemed he was feeling a bit set aside, he didn't laugh with the Chinese, he hadn't seen the pictures of the collection of watches he had at home directly from his iPhone, he didn't talk with his wife like we're intimate friends, talking about girls' fashion tastes. At the end of the transaction, even if a manager is much closer to his social position than me, he preferred someone to talk with, someone that can interpret its words rather than simply listens.

I did the negotiation, I did it all by my own, I asked the technical features of the watch to the manager and to my colleagues, because I have no idea of how a watch works, and if the hands were made in platinum or gold, *danshi wo chenggong le!* 但是我成功了! I succeeded! I did it, me, myself, not the manager, nor the other colleagues, just me, a sinologist.

Some people, especially the experts in economy, believe a sinologist can only function as a mediator in a business negotiation, I do not agree. I believe a sinologist with right economical rudiments makes the difference in a negotiation including Chinese people, I think the result depends 60% on personal attitude a person establishes with the Chinese counterpart, and 40% on the economic situation and offering of the contract. Economists can possess all the technical skills to conclude a negotiation and to bargain with China, but establishing a long-term relationship is something reserved to sinologists, and this can surely help every business organization in achieving competitive advantage and the set of fixed objectives better and quicker than others.

The working figure that I have clear in my mind maybe doesn't exist yet, for this reason when people ask me:

- “What do you want to do in your life?”
- “Some kind of manager”, I answer.
- “But you've studied foreign Language!”, they repeatedly comment.
- “No”, I say, “I've studied Chinese”.

And what's more, I've studied Language and Management to China, and I want to work in a company as a decisive figure, with a significant role in the negotiation with China, I'm not a translator, I'm not a pure mediator, I'm a sinologist.

Maybe after some years the working figure that I'm only imaging now, and upon which I'm dreaming every day, will be normally accepted inside firms trading with China, until that moment, I like to spend my time convincing people that the right sinologist with its economic and cultural background can do the manager as well as standard managers. Of course, I'm talking about new graduates with zero level experience, because if a manager has a perfect knowledge of Chinese market and no idea of how to speak *Putonghua* 普通话 (Chinese official language) it doesn't matter, of course, he/she is much more competent than me or any other sinologist.

Today, in my work, sometimes I face some irregularities even to be a simple sales associate, what I mean is that employees from other departments, and also inside mine, continually call me to translate and to understand what their Chinese customers are screaming about, but during that time, I'm losing my sales, because I was not hired as a translator, and I need to sell as many shoes as I can, not to translate as many speeches as I can. As explained in Chapter III, DFS personnel is organised in teams, and I love to work in a team, so of course, I always cooperate with my colleagues and try to help them every time they need my linguistic support.

My reflection here focuses on the dynamic of being a Chinese speaker inside an organization. For this reason, my humble idea and project, which I modestly offer to readers, is to create one day, for all the firms that consider it necessary, a working figure of sinologists with economic competences.

The competition with economy graduates will be naturally enormous because more and more firms are trading with China today. We must focus on the specialization of language, which in my opinion should reach at least an HSK 5° (*Hanyu Shuiping Kaoshi* 汉语水平考试, the Chinese Language Certification) and on learning economic rudiments: human resources, marketing, finance and banking, accounting, corporate law and management, international business law; exactly the subjects I've studied in my academic years at Ca' Foscari University. I don't know if one day someone in a company will give me the opportunity to learn how to become a manager without a specific graduation in economics, but me, I feel ready for that, I'll strive for that position, and for all the sinologists interested in this dream.

Before going deeper into the matter of "Impact of the Dimension of Culture on HRM", in the next paragraph, I want to make clear the previous anecdote is not a scientific part of the thesis. It's just a description of an anecdote that may help readers understand the central objective of my work. I do not demand to be an inventor of a new working figure, I just want to clarify my ideas about the contemporary work environment and possible future changings in the global arena consequently to the evolution of Chinese market.

Sometimes I also feel sad thinking about the possibility that China will stop growing one day, and looking at previous economies path in the world, is not just a possibility, but at present, since I work thanks to China, I'm an optimist.

1.2.2 Impact of the Dimension of Culture on HRM

“Culture is acquired knowledge that people use to interpret experience and generate social behaviour. This knowledge forms values, creates attitudes, and influences behaviour.”⁷

Among its most peculiar characteristics, culture is learned, shared, transgenerational, symbolic, patterned, and adaptive, it can be also defined as “*the set of values, ideas and, attitudes that are learned and shared among the members of a group.*”⁷ Organizational culture is the company’s DNA, so it’s natural to understand that if a company environment changes because of external trends, culture must be aligned with social trends and changes. Culture seems invisible within organizations but is actually the most powerful aspect of the workplace.

Culture is composed of shared values and assumptions; the former is defined as the set of values common to all the people working within the organization. Values define what is right or wrong, good, or bad, they guide workers preferences in different situations. Shared values, above all the general beliefs, are values placed at the top of the hierarchy of values. There is a deeper distinction that helps us understand one’s company cultural values: espoused and enacted values.

Espoused values do not define the organizational culture, they are socially beneficial and spread by corporate leaders to present the positive public image of an organization. They are those values leaders want employees and external influencer to believe guide the company’s performance and decisions. Typically, it happens that leaders act in line with espoused values, whereas low-level employees do not. Instead, shared enacted values form the real organizational culture, the majority of leaders and employees truly believe in enacted values and rely on them when guiding their actions and decisions within the organization. Employees’ behaviours are consistently in line with these “values in use”.

The other essence of organizational culture consists of shared assumptions, defined as non-conscious perceptions of behaviours which are considered to be right and correct inside the organization. Is not easy for managers to establish correct shared assumptions and to understand whether employees are performing in line with them, some behaviours may be tricky, and not all employees interpret rules in the same way, human beings are all different.

To judge and train employees, standard methods such as surveying would rather be useful, the best way is to observe them closely by analysing their behaviours and decisions during daily operations. (Details on training in Par. 1.1)

Organizational culture is not easy to be established, sure enough, within a single company exist many cultural values, diverse subcultures, different clusters of experiences and background; as a matter of fact, while designing the right culture, managers must consider the right combination of values and priorities. When examining organizational culture, we refer to dominant values and assumptions shared by both employees and senior management, that consists in the dominant culture. Moreover, culture is specifically described and divided into various subcultures, depending on the geographic areas, labour divisions, or occupational groups. By providing parallel yet not inferior values and assumptions, some subcultures can even enhance and enrich the dominant culture, sometimes there are cases of companies that are only defined by subcultures, without presenting any decipherable dominant culture.

The shared observable values and basic assumptions cannot be simply described and measured by surveys, they are the basement of organizational culture, that is the cognitive side of culture.

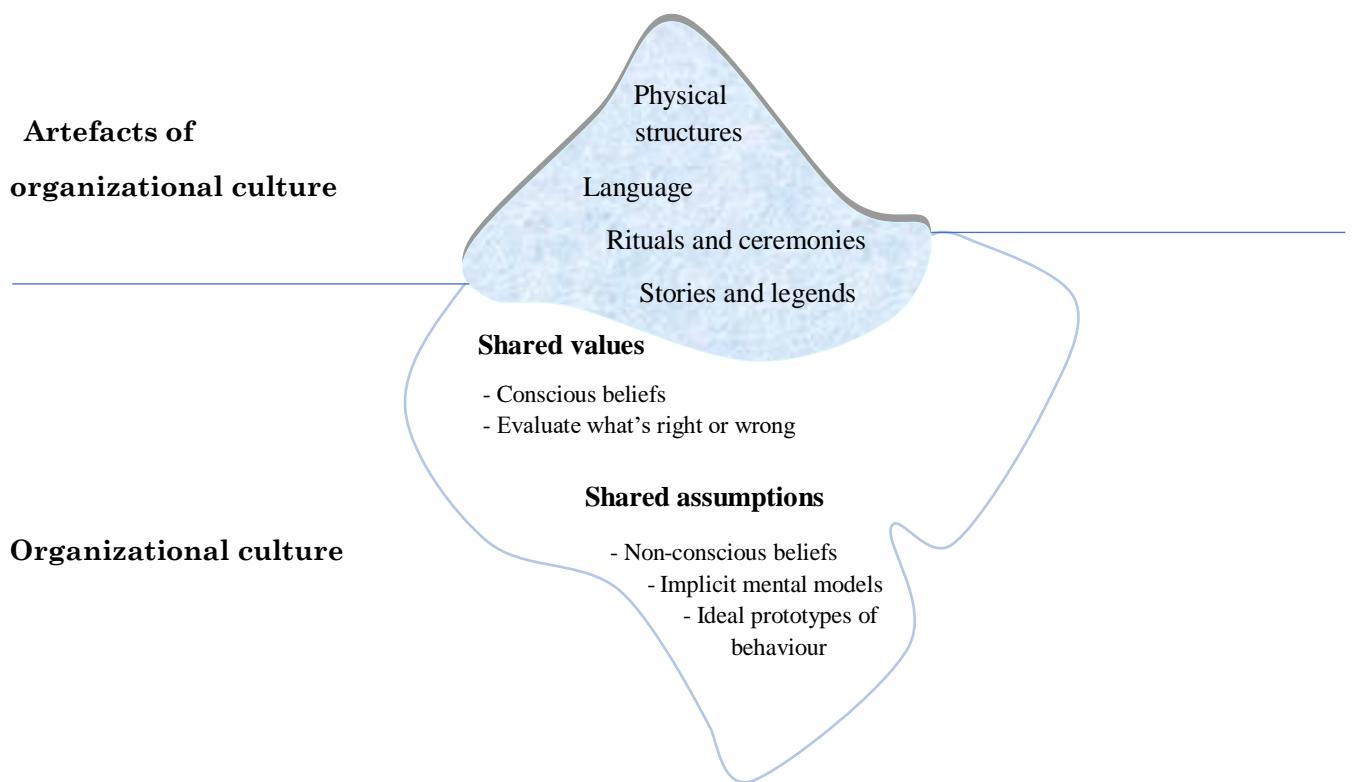


Figure 1:4 Organizational Culture Assumptions, Values and Artifacts

As shown in figure 1:5 above, values and assumptions are the hidden part of culture, instead what emerges in the surface are artefacts: “*the observable symbols and signs of an organization’s culture*”,⁷ the essence of organizational culture.

Examples of organizational artefacts are the ways employees greet visitors, company’s physical layout, employees’ reward systems, observing employees’ behaviours, listening everyday conversations among staff and with customers, and staff interviews; they consist in the real manifestations of culture.

Therefore, in order to completely understand one’s company culture, it’s not enough to study its core values and beliefs, it’s essential to go deeper, and observing how the company works concretely, which means looking at artefacts below the surface of the water.

Among artefacts we can distinguish four main categories, the ones represented in the iceberg, Fig. 1:5: organizational stories and legends, language, rituals and ceremonies, and physical structures and symbols. Stories and legends help the company gaining success and being recognizable simply by an image or few words that remind organization’s story, that is the social position of companies. Externally, stories and legends are aimed at attracting customers, for this reason, companies invest a large amount of resources to spread a positive information about stories and legends. Internally, this aspect helps employees reminding what are the organization’s objectives and advising people what to do or not to do.

Organizational language consists in the way employees communicate among each other and with customers, it’s the set of verbal symbols of culture. Each organization has its own language, customized on the basis of company’s needs and its business, it can result incomprehensible for other companies’ workers. Examples are ways in which some objects, actions, or people are called among peers, nicknames and pet names are generally used in this regard.

Rituals consist of repetitive and predictable routines of daily organization’s life. Usually are informal and programmed, they involve actions such as visits of senior executives to subordinates, how much time employees dedicate for eating breaks, how people move within the workplace. Ceremonies are much more formal than rituals, they’re well-organized, planned, and aimed at celebrating something specific, like the launch of a new product or rewarding or punishing employees’ behaviours.

Finally, the organization's physical structures and symbols include geographical location, size, age, and shape of the building where the company issues its business. As mentioned in Appendix A of Ch. III, regarding palace Fondaco dei Tedeschi, the physical place where the company works influences not only customers' interest (or non-interest) toward the company, but also employees' feeling of identity, belonging, and affinity with that place. The totality of all physical artefacts and symbols, including furniture and spaces reserved to conferences, such as the headquarter, reflects one's organization culture and its way of doing business. As mentioned in Ch. III when describing the definition of "luxury" for DFS company, the choice of interior and external design requires time and devotion, it's not only a matter of image but of quality and uniqueness of the service companies want to offer its customers, (B2C companies stress the importance of these aspects, while B2B industries are more focused on other factors, such as delivery strategies).

In conclusion of this first part about organizational culture, I can affirm, after human resources, organizational culture is the most successful tool a company should leverage, it's not a surprise the most successful companies worldwide have very strong cultures. "*Culture is your company's number one asset.*"⁶

Now that the concept of organizational culture is explained, I want to give a brief explanation of what are its implications in the economy, taking as an example Hofstede Model. Geert Hofstede is a Dutch researcher that in 1980 identified four main dimensions of culture, this model is often used to explain why and how people coming from different nations behave as they do. To develop its theory, Hofstede gathered data from two surveys with over 116,000 respondents from more than 70 different countries worldwide, all individuals in the questionnaires worked in IBM companies. The original four dimensions resulting from its study are power distance, uncertainty avoidance, individualism, and masculinity; the fifth dimension, time orientation, was introduced later (1998).

- Power distance: "*is the extent to which less powerful members of institutions and organizations accept that power is distributed equally*".⁷ The situation of high power distance occurs in those countries in which people blindly obey

6. Ginny Rometty's quote, current CEO of IBM.

their authorities. Inside companies' reality, in high power distance situations, low-level employees are used to following orders as a matter of procedures. By contrast, low power distance organizations are less stratified and hierarchical, there is no need to excessive supervision, and as a result, the organizational structure is more decentralized and flat.

- Uncertainty avoidance: “*is the extent to which people feel threatened by ambiguous situations and have created beliefs and institutions that try to avoid these.*”⁷ Countries with a high level of fear for uncertainty are Germany, Japan, and Spain, they usually need specialized security systems. At the opposite, Denmark and Great Britain are countries with low uncertainty avoidance, in which people are more willing to accept risks associated with unknown future. From firms’ perspective, the former has more written rules, low labour turnover, less ambitious employees, whereas the latter presents less structured organizations, more risks taken by managers, high labour turnover, and personnel encouraging systems.
- Individualism: “*is the tendency of people to look after themselves and their immediate family only.*”⁷ In order to be understood, this dimension is opposed to the concept of collectivism, “*the tendency of people to belong to groups or collectives, and to look after each other in exchange for loyalty.*”⁷ Hofstede observed that wealthy countries, like U.S., Canada, Australia, and Sweden, are usually more individualist, poorer countries like Indonesia, Pakistan, and South American countries, tend to be more collectivist. In the workplace, these different types of behaviours set the relationship management of the firm; collaboration among employees and their direct supervisors can be introverted and selfish (individualism) or intimate and altruist (collectivism).
- Masculinity: “*a situation in which the dominant values in society are success, money, and things*”⁷ As we can infer, we can't avoid introducing the concept

of femininity, which for Hofstede describes “*a situation in which the dominant values in society are caring for others and the quality of life.*”⁷ Germanic countries usually have a high percentage of masculinity values, here great importance is placed on earnings, challenge, advancement, and personal recognition. In companies like this, high job stress and a high degree of control usually characterize the workplace. Countries with a high level of femininity index, such as Norway, pay attention to employment security, cooperation among all employees, and creating a friendly atmosphere. The working environment is characterized by low stress, and usually, managers tend to allow employees much more freedom.

- **Time orientation:** it refers to the concept of “*dealing with society’s search for virtue*”,⁷ it was originally known as Confucian Work Dynamism. We can identify long-term oriented and short-term oriented societies, the former is more focused on future, this society is much more able to adapt to changes, even when they’re not aligned with their tradition, the latter are cultures focused on past and present times, they have a deep respect for tradition and aren’t inclined to change it. High long-term orientation index countries are China, Japan, and Brazil, while countries with short-term orientation are Spain, the USA, and the UK.

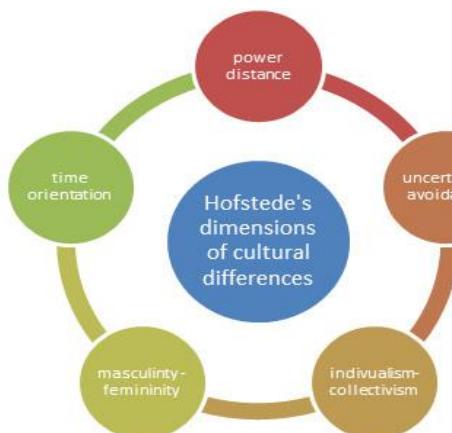


Figure 1:5 Hofstede Model

7. All definitions by: Andrea Pontiggia, *International Organizational design and Human Resources Management to China*, New York, McGraw-Hill, 2016, pp. 151-194.

1.3 Evolution of the Italian Labour Market Consequently to HRM Changes

Almost ten years ago, Italian enterprises believed China and its market were a sort of “candy land”, where was easy to enter and to establish productional subsidiaries, the main reasons of this belief were because of lack of economic policies, environmental security, and strong governmental power. Today, people are aware of the truth of this potential country, Italian have realized Chinese market is difficult, heterogeneous, and hard to please, this kind of market rewards and gives honour only to those companies that are inclined to direct a great amount of specific intrinsic characteristics in terms of innovation, organization, dimension, and flexibility. Moreover, the best recognition is restricted to those companies that, above all, dedicate its best human resources to the Chinese market, not only financial ones.

In fact, in 2005, the Chinese market began to give huge expectations in terms of business opening, Italian firms hoped China was going to become the new “golden land”, offering infinite working opportunities and business wealthy possibilities for a large number of companies. By contrast, the triumphalist and utopic approach was soon unmasked, and a deeper and prudent analysis showed the real characteristics of the Chinese market. In ten years things have changed dramatically, the Chinese Foreign Investment Law draft,⁸ issued on January 19, 2015, defines a milestone in the liberalization of this Asian market, in this context, Italian firms began to see the presence of the “visible hand” of Chinese government as the main influencer of economic affairs. This doesn't mean the authorities will not guide the future of Chinese economy, but what was invisible ten years ago from the eyes of the Italian market, it's becoming now increasingly clear and defined.

On the other hand, the Chinese market is getting increasingly complex and competitive, in the most developed areas of the country, along with the costs, production costs have increased, in fact, Italian entrepreneurs begin to search for less developed areas, in which costs are cheaper and residents purchasing power is increasing. In the meanwhile, the local competition of Chinese firms is arising, they're much more efficient than ten years ago, and they're always encouraged from the Communist Party, besides, we're facing a socialist economy.

8. Foreign Investment Law of China, draft issued on January 19, 2015.

2014-2015 Chinese European Union Chamber of Commerce Position Paper defines the years after the joining of China to WTO as “Silver Age”,⁹ which means for China Golden Age hasn’t come yet. The Chinese miracle will continue to grow, and its economy will become the world’s most strategic market ever existed, prospects are enormous: it will offer even better business opportunities to companies that operate there. Obviously, if we focus on Italy, our ancient country will face quite few problems, due to intrinsic characteristics of the Italian entrepreneurial system, such as small sizes (SMMEs) focus on craftsmanship, niche products, excessive bureaucratization, and slow reaction to changes (opposed to the strong Chinese resilience) thus Italian companies will find particularly hard and laborious entry in this market.

China is now living the era of Xi Jinping’s *zhongguo meng* 中国梦, Chinese Dream, however, economic growth is not enough to justify the political legitimacy of Communist Party.

There are still important problems that an Italian company wants to avoid when entering this market, we’re talking about important political issues, such as corruption, territorial inequality, declining relationships with public opinion, and environmental sensitive topics such as pollution and natural landscapes destruction.

Ten years ago, Italian companies tried to enter the Chinese market with precious profit expectations, at the end, they must pull back their affairs with a great feeling of disappointment; they found out approaching difficulties were bigger than offering opportunities, Italian firms felt completely disoriented. One of the probable reasons of this discontent is due to misinterpretation of the era of economic opening and reforms of Deng Xiaoping began in 1978: those hints at Chinese market modernization have been partially overestimated by Italian companies. In fact, Chinese market opening was compliant with strict dirigisme of the State, instead of being exclusively conformed to “market law”.

Furthermore, we can’t avoid mentioning the problem concerning law: Italy is the country of lawyers, we can count almost 200,000 lawyers in our ancient country, the same number corresponds more or less to the total amount of Chinese lawyers, in a country with a population that overcomes a billion and a half of people, versus the 60,6 million of Italian population.

9. European Union Chamber of Commerce in China, Position Paper 2014-2015.

In our country people are accustomed to solving private and social disputes with the help of lawyers and Supreme Court, the tradition of Roman law left a deep sign in our culture. In this regard, China made some important efforts thanks to the *fazhi* 法制, the principle called “rule of law”, which consists in a modernization process of the legal system through the establishment of innovative laws, increasing number of educated judges, and rising of large sophisticated law firms.

In addition, we don't have to forget in China disputes are usually solved by informal processes such as mediation and conciliation, every respectable citizen will avoid going to the Court because, in accordance with Confucian tradition, people must solve privately their problems and trying to maintain a situation of peace and social harmony. Despite all, from the Italian perspective, some problems concerning law remain the same encountered ten years ago: there is no autonomy of legal institutions, the judiciary power remains dependent to other governmental institutions, local administrations work in a vague and ambiguous system of norms and non-explicit rules.

Today, an Italian company in China must learn how to avoid daily business operation practice traps, how to manage human resources and creating a sense of loyalty with them, how to defend from competitors, and how to protect a company's own intellectual property rights (Ipr) from fraud. Regarding the last point, we can assert, Italian companies again face much more difficulties respect to other European countries, this led to important changes in the national labour market.

“Made in Italy” label is a worldwide known warranty of quality, excellence, distinctiveness, story, craftsmanship, and tradition, by contrast, “Made in China” label in Italy, and in all the West, is considered as synonym of fake, counterfeit, low quality, and short-term life cycle products. These two opposite views create in Europe a sense of annoyance and contempt toward everything coming from China, especially in Italy where famous brands of the four major categories of Made in Italy (food, fashion, furniture, and mechanics), have often been copied by Chinese with similar names. In fact, the business relationships between Italy and China are considered satisfying only for investments and are very limited regarding retail trade and export activities. Sophisticated Italian products are unlikely to be sold in China since it's very difficult to produce at fixed Italian costs and to sell at Chinese costs.

The Italian luxury trade world has succeeded in the Chinese market, luxurious products are purchased by young generations of entrepreneurs and their families, but they still represent a limited elite. In addition, the majority of the Chinese population isn't even able to distinguish an Italian brand from a French or an English one, they're not interested in using our refined products.

During the last ten years, Italian market collected the right amount of information and gained enough business experience to such an extent to better understand the reality of Chinese market, one common mistake made by firms was the inappropriateness to identify all the Chinese population as consumers. We are all aware of the immense population of China, but we don't have to forget that not all the citizens are likely to buy foreign products. Moreover, we must keep in mind, despite the great level of industrialization China has achieved and is continually trying to increase, there are still large countryside areas placed at the northern, northern west, and intern part of the country, which are underdeveloped and backward, locals aren't only uninterested in buying Italian products, but they even have any idea of what Made in Italy means. Examples of such regions are the Autonomy Region of *Neimenggu* 内蒙古, Inner Mongolia, *Xizang* 西藏, and *Xinjiang* 新疆. Despite all, Made in Italy label in the most developed parts of China is considered as synonyms of quality and prestige, the first reason why is not easy to sell our elegant product in this market is the existence of market restrictions and visible legal barriers.

As we can infer, Italian labour market is evidently changing because of increasing competition with China, precisely, there are three main aspects that describe the reasons of competition and consequential transformations: Chinese productive specialization, semifinished products, and social dumping.

Let's briefly analyse each aspect:

- Chinese productive specialization: China has always been considered a productive country, the workforce is skilled, quick, and cheap, that's why firms from many developed countries have decided to set there their production subsidiaries. Chinese production model today is much more specialised respect ten years ago, this phenomenon has created important repercussions on Italian labour market and on the global market.

Thanks to this process of development, today not all Chinese products are characterised by scarce added value and low cost per unit, China achieved an innovative level of modern technology, often gained through the joint ventures, and now it's ready to function as a supplier for the main industrialised countries all over the world. The highest level of competition regards some of the most representative Italian sectors such as pottery, lighting, apparel, furniture, footwear, and leather industry. It's obvious market spaces and possibilities are decreasing day by day for our ancient country, also because Italian market's intrinsic features are too retarded respect to other Northern European countries.

- Semifinished products: we can consider this kind of products as one of the main pillars of the Italian economy, unfortunately, this industry is strongly threatened by "already finished Chinese products". This is significative because it means that not only Italian goods are in competition with Chinese ones, but even semi-finished products are an object of complaint for the Italian market. As a result, Chinese goods influence the whole Italian productive process, and competition has evidently increased.
- Social dumping: this term is defined "*as a situation where foreign service providers can undercut local service providers because their labour standards are lower*",¹⁰ social dumping has also been presented as "*the practice, undertaken by self-interested market participants, of undermining or evading existing social regulations with the aim of gaining competitive advantage*".¹⁰ Chinese lifestyle and working conditions allow some advantages respect to other international competitors, among these aspects we can find: widespread violation of intellectual and industrial propriety, strict regulated conditions of the labour market, few attentions to environmental standards, the absence of yuan currency ¥, in the world's most famous foreign exchange markets.

10. Definitions by: <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/social-dumping-0>.

As we can observe, Chinese modernization process presents both pros and cons, one of the advantages for Italian labour market is the increasing number of private firms, not all companies in China are state-owned enterprises (SOEs). In the last years, next to strong and powerful public enterprises, private firms have begun to come to the light, this newly born private business community is young, dynamic, and often composed by medium firms, it's far from governmental pressure, and handles market with economic principles instead of political norms. The main objective is purely doing business and gaining profit, they're new players of the foreign investments directed to Europe. For Italian small and medium enterprises (SMMEs) this represents a great negotiation margin respect to typical internationalization limits required by globalization, now that we can see some light at the end of the tunnel, the focal point for our labour market is to leverage our best human resources in order to gain the competitive advantage we deserve, in other words: sinologists, as discussed in Par. 1.2 of this chapter. From a global point of view, the rising competition between Italy and China, caught attention of the most developed countries, when China became member of the WTO in 2001, instead of reacting positively, hoping for the Asian market opening, Italian companies were afraid of being invaded by a massive number of Chinese goods inside domestic market.

It seems strange to be affirmed, but the truth is that for Italian labour market, China represents competition, opportunities, and threats at the same time, it's a dialectic reality. Regarding unfair competition and threats, Italy must move on, if we really want to be significative competitors in the global arena, these problems must be solved, but how?

Italian government must be clear and strict with Chinese market policies, no exceptions are allowed, there's a need of a rigorous control of international regulations sanctioned by WTO: abolish counterfeiting, imposing compulsory labels for imported goods, full transparency in public procurements, establish reductions of export subventions. However, the general beliefs show a preference to solve problems regarding counterfeiting through economic policies rather than seek help from the law, instead of barring the road to Chinese market, Italy must find the right way to indulge China's economy, and, in parallel, to direct China to the correct economic choice toward our market.

The common idea is that Chinese investments in our market will bring to the menace of relocation, but the results from other European countries experience are positive, many companies gained the possibility to enlarge their market, and, what's more, they were able to partially dodge financial crisis that seriously affected our country in 2008. Of course, no one could know exactly what will happen in the future from a financial point of view, is possible to predict a potential business pace, but financial risk remains a latent risk.

In addition, Italian labour market can grow also in countries of Southeast Asia, in fact, Italy must be able to treat with China because of its proximity to ASEAN countries, which, in the last ten years, have shown an increasing interest in our famous brands; then the functional role of China as a hub is a big opportunity for our country for many aspects.

In 2010, the European Union Chamber of Commerce in China (UECCC), together with the Italian Chamber of Commerce in China (CCIC), and other International Chambers, implemented a project addressed to small and medium enterprises in Asian market, the project is called European Union China Small and Medium Enterprises Centre (EUSME). The main objective was to provide a free of charge service to small and medium firms that want to enter Chinese market, services offered include: first level logistic support, useful information to understand the economic context and trade pace, legal, financial, and technical further information; it provides everything is needed to support firms in the insidious Chinese market, which results tangled like a snake from the European perspective.

The project driven by international chambers is an attractive and suitable initiative, and Italy could certainly take advantage of this opportunity. The project offers a large variety of services, from firms that are completely unfamiliar with China and need a basic survival kit, to firms seeking for right set of information and resources to better penetrating the market, to those firms that want to maintain strong their presence in Chinese market and that want to further strengthen their power. Whatever will be the level of internationalization a company is facing, when dealing with China any form of support is always warmly welcomed and recommended. Respect to its most developed European partners like United Kingdom, France, Germany, Sweden, and Norway, Italy has always been considered marginally by the Asian dragon.

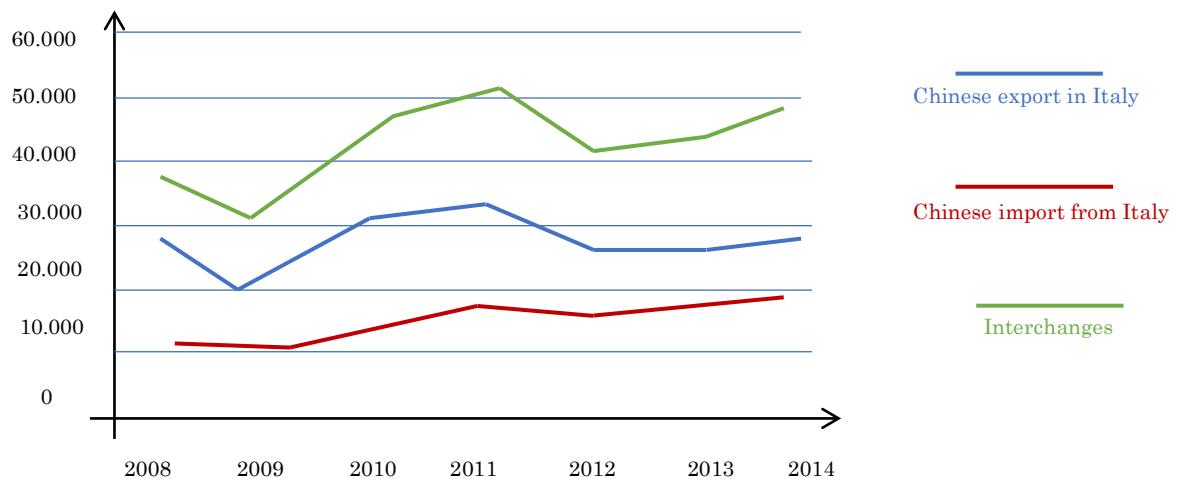
Only a decade ago, Italian market was almost absent from foreign investments destinations of China, but in these ten years, Italy began to energetically attract the Chinese market and its huge capital flows. At the beginning, the dragon was purely interested in our raw materials, then, a more accurate observation makes China realize our market is really worth it, and it began to show curious interests also in our technology, know-how, and brands; in only ten years Italy has become one of the most attractive destinations for Chinese go global policy. Consequently, our labour market has completely changed.

We can identify particularly one year to better understand changes in the Italian labour market and the rising in Chinese investments: 2014. Starting from this year, numbers began to change dramatically, 2014 is defined as the golden year for Chinese investments in Italy, regarding both investment portfolio and direct investments. Some practical numbers can help us understand the transformation in our small country reality: direct investments in 2014 were four times superior to the highest rate in 2011, we're talking about an amount of 887 million dollars (763 million euros), and 3.7 billion dollars (3.1 billion euros) of investment portfolios.¹¹ In 2014, regarding portfolio investments, People's Bank of China invested 2,1% in Eni, 2.07% in Enel, it acquired 2% of shares of Fiat-Chrysler, 2.08% of shares of Telecom Italia, and during the visiting of premier Li Keqiang in Italy, not by chance, China acquired 2% of shares of Paduan bank Mediobanca.

All above-mentioned firms are worldwide financial giants, China's investments are strategically prepared and aimed at producing great amounts of profit, in fact, industries like telecommunication, automotive, energy and utilities, bank and insurance will always give profit to investors. (If we do not consider dangerous and relevant cases of corruption and others illegal abuse of public money, like has recently happened in Italy, due to repetitive illegal and fraudulent actions of banks' top management). Of course, the profit will be significative if investments are well-organised and handled, in this concern, China won't lose its chance to organise perfectly every business move through its Asian wisdom and its abilities in leveraging situations and arriving exactly on the proper financial time.

11. For the currency conversion, it has been used the following exchange rate: EUR/USD = 1,16 (updated to November 6, 2017).

The figure shows an increase of Chinese cash floats in Italy within seven years:



Source: UNCTAD 2014

Figure 1:6 Chinese Cash Float in Italy

The two Chinese initiatives mentioned in Introduction, *yidaiyilu* 一带一路, “One Belt One Road” and *zhongguo zhizao* 2025 中国制造2025, “Made in China 2025”, are determining in the future changes of labour market, Italy seems to be one of the central countries of new the Eurasian route. In fact, the new silk road establishes an Italian city as starting (or arrival) destination where maritime route meets land route, no wonder, is Venice, the city of Marco Polo.

The city where an exotic adventure began almost eight centuries ago, is now used as a hub point to connect these two parts of the world: Europe, and Asia, at the same time so different, and so attracted one to each other. They share the same sense of curiosity for diversity and for unknown, and now that we live in the IOT era (Internet of Things), now that everything is known and “live” their link is still so close.

In conclusion, we must realise, the intention of China in Italy is to create a win-win opportunity thanks to its investments, not all the Chinese capital flows directed to our market are aimed at stealing power and opportunities to our economy. Changes have been sudden and rapid in these last ten years, but our country possesses all the tools to manage Chinese presence, it only has to focus on the right resources to be leveraged in order to establish a friendly relationship with China, once again, the sinologists are a key to achieve this task in the domestic Italian market.

CHAPTER II - China Goes Global: implications on HRM

2.0 Introduction: Process of Internationalization

If we think about globalization today, our mind produces words such as cooperation, short distance, WTO, interdependences, uniformity, development, extension, process, monopolization, standardization, internationalization...etc.

By definition, globalization “*is the process by which people, products, information, and money can move freely across different borders*”.¹

In this globalized world, firms need to expand their business to increase sales, they feel the national market has a limited amount of resources, reasons for this situation can be different: the market is too stable, saturated, or because of an excess of capacity and, consequently, consumers cannot fully absorb products supply. Many firms want to go global to acquire a new set of resources, in a new market the cost of raw materials is often cheaper respect to national cost, in parallel, companies have the possibility to get additional knowledge and to acquire strategic competences.

Internationalization process can be also a way of minimizing financial risks, one company that spreads its sales and profits in different markets has fewer probabilities of collapse or bankruptcy, it's very unusual that different countries' markets collapse at one time. Going global can also be a winning move to let other customers get awareness of our brand, this means to exploit our proprietary assets, such as technology, know-how, or a strong brand. While internationalizing, firms always pay attention to timing, when is the right moment to go global respect to our competitors?

Companies are generally divided into first movers and second movers, the former can easily get the competitive advantage, they're the first to accumulate experience of a new market and can also teach local consumers about products' brand or about the privilege of services the firm offers. The latter has advantages too, later movers can get information from competitors' previous experience, they avoid operating uncertainly, and, if the business is the same, or similar to one of the pioneering competitors, they don't need to teach consumers how to use their products. We can say, in this case, companies can get a potential gain from waiting since the loyalty of customers is easily achieved.

1. Definition: Philippe, Lasserre, *Global Strategic Management*, London, Palgrave Macmillan, 2012, pp.4.

However, the choice obviously depends on the set of available resources aimed at entering a foreign market, and the size of investment: usually big companies are first movers and small and medium enterprises are second movers.

The most important objective for a company that wants to enter a new market is to move from a situation of an outsider to the one of an insider, the first stage as outsider is temporary, and firms should be able to reduce it by implementing strong relationships with suppliers, distributors, and consumers. There are different ways to enter a foreign market: export activities, partnerships or collaborative alliances, and foreign direct investment (FDI). The born global companies prefer to enter a new market through FDI, usually, they have very peculiar characteristics, preferring to operate in global niches in different countries at the same time, they have a proactive approach to business, and tend to be small or medium-size enterprises.

Despite this, in order to decide which country better satisfies its expectations, a firm must carry out a critical analysis of pros and cons for the evaluation of the best country, taking into consideration four important variables:

- Market resources
- Ease of doing business
- Country risks
- Competition and other industries factors.

The first factor refers to the cost and quality of the range of available resources in a new market, including also human resources, and all the implications coming from the difficulty, or ease, of seeking new resources abroad. Especially regarding human resources, the new foreign market can be an important treasure trove, with the possibility of gaining precious market knowledge. The second aspect regards the regulations of the new country, it includes taxation and incentive systems, legislative background, and the set of business norms that control the firms. Country's risks variable distinguishes four main types of risk: political, economic, competitive, and operational. The last variable consists in evaluating the potential profitability of firms, with regard to business competitors and their level of market commitment and market knowledge.

When the choice of country is complete, next step to internationalize is the decision of firm's appropriate entry mode, distinguishing three main implications:

- Degree of control over foreign operations
- Resource commitment
- Dissemination risks.

Degree of control regards the level of power and authority over organization's operational and strategic decisions, in this case, FDI, is the most secure entry mode, in fact, it allows the company to have full control over foreign subsidiary, whereas lower degree of control characterizes entry modes like export activities and strategic alliances. The second implication, resource commitment, refers to the number of financial resources a company invests to internationalize, is always very complicated to move resources among different countries, despite all, the most difficult kind of resource to move are the human resources. Firms usually exploit human resources strategically: one's organization employees are the measure of strategic flexibility, and precious source of competitive advantage, as mentioned in Chapter I, Paragraph 1.1. As far as dissemination risks are concerned, the best entry mode is FDI again, when a company goes global it doesn't want to disseminate or share its value (brand, technology, know-how), therefore, FDI allows the company to keep everything internal, avoiding dissemination. The worst entry mode speaking of risks are alliances since they're too heterogeneous.

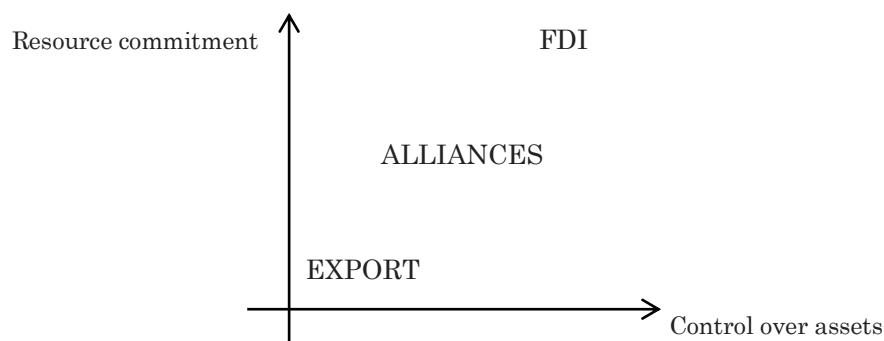


Figure 2:0 Internationalization Alternatives Chart

The further step is partner analysis, companies must be able to find the strategic fit that defines the degree of compatibility among partners that want to share the same business and profit. There are three focal points in this analysis: criticality, relative competitive position, and differences in expectations. Level of criticality can be explained as the extent to which one company is dependent on its partners, it shows the degree of relationship commitment of one firm. Competitive position explains firm's position respect to its rivals, firms are divided into leaders, laggards, or challengers. When defining a business partner, the general procedure is to prefer companies placed in different positions, in so doing, firms can achieve a higher level of synergy. The last part of partner analysis refers to the possible presence of hidden objectives from our partners, at the very end, we must keep in mind firms do business, and business is profit.

2.1 Chinese firms Internationalize

In the process of internationalization, Uppsala Model has always been considered a functional approach by firms that go global, it consists in four consequential steps:

1. Sporadic export activities
2. Export via independent representative
3. Establishment of a foreign subsidiary
4. Foreign production or manufacturing abroad.

This economic theory was developed by Swedish researchers studying at Uppsala University, named Johanson, Wiedersheim-Paul, and Vahlne, during the 1970s and 1980s. Their researches found out that firms usually start their internationalization gradually and incrementally: expansion process first begins in a close-by market where firms obtain knowledge and direct control of resources; consequently, when companies have progressively become more experienced and acquired better resources, they expand to more far-off markets. The concept of a more distant market refers to geographical distance, as well as distances in culture, language, politics, and the diffi-

culty to acquire knowledge and information from host markets, generally, physic distance increases as the degree of foreignness rises. Before the establishment of a foreign subsidiary or foreign production abroad, most often companies enter a new market through individual export activities. To sum up, the U Model has two main characteristics: a learning-oriented process, and an incremental approach to internationalization.

Market (country) \ Mode of operation	No exporting	Exporting via agent	Foreign sales subsidiary	Foreign production and sales subsidiary
Market A		increasing	market commitment	→
Market B	increasing			
Market C	geographic			
Market D	diversification			
			Increasing	Internationalization
Market N				

Figure: 2:1 Internationalization of the Firm – Uppsala Model

Besides, they observed that exists a consistent distinction between general knowledge and specific knowledge of the market while a firm is internationalizing: the former kind of knowledge relates to operations in a foreign place and can be easily transferred from one market to another, the latter refers to the special knowledge that company acquires in a specific single market; obviously, it will be very difficult to transfer this knowledge to another market with different economic and cultural situations. As the years go by, and economic changes become increasingly sudden, the model suffered some critics, the more obvious is that it doesn't consider two important ways of internationalization, franchising, and licensing, which are considered relatively less risky entry market operations. Despite everything, at present, there's one nation that has overcome all the stages of the Uppsala model, and it's the symbol of the new way of internationalization in the global era: China.

March 14, 2013, during the reunion of XVIII National Congress of Communist Party of China (NCCPC), after the leadership of Hu Jintao, Xi Jinping was nominated President of People's Republic of China. From that moment, the world's economic layout began to change dramatically: it has been completely redesigned.

The most innovative aspect of new Chinese economy model was, and still remains today, the great amount of foreign investments.

In 2013 the total amount of Chinese foreign investments was equal to 101 billion U\$D, the huge investments regarded not only acquisitions of energy sources in Africa and Latin America, but also acquisitions of important companies and well-known brands. The new leadership's economic objective was to abandon the idea of China as the "world's factory", and to create a new image of the country, associated with a foreground international position.

In the last ten years, due to the frenetic advancement in infrastructure, telecommunication, production, and transportation, the phenomenon of globalisation led to enormous changes in business environment, in parallel, Chinese firms have reacted to this transformation, accelerating the process of internationalization, and responding to these changes faster than before. In China, firms don't go global step by step, they don't follow the Uppsala Model, usually, big firms and even the MMNEs, internationalize very quickly, and without any room for hesitation. The Chinese government has developed a completely new economic approach, which in part has already been achieved, and in part is in a stage of transition.

One of the strangest factors about Chinese economy is its total control by the government, from a Western perspective, such a heavy engagement of institutional authorities upon economic sphere results very unusual, and sometimes I would say even unacceptable, but in China every economic operation is planned and issued by the State, the involvement in business affairs is completely natural and justified. The Chinese government will continue to play a prominent role in economic and social affairs, institutional power heavily influences the business environment and importantly determines the transition path the country will take.

In particular, we can say there are three main institutional spheres influencing Chinese firms' operations:

1. Government
2. Structure of the firms/industries
3. Intermediate institutions relevant for business.

The following table (Table 1), summarizes the main goals of China's institutional reforms in the main three spheres:

TABLE 1
INSTITUTIONAL REFORM IN CHINA

Goals of Institutional Reform	Means of Implementation	Limiting Factors
Government:		
Market economy with socialist characteristics	Open door policy, creation of a national market and reform of SOEs	Resistance to change by some political factions and SOEs
Withdrawal of government from direct business governance	Decentralization of competitive domestic markets and import of foreign technology & know-how	Fear of control loss and central-local tensions
Strong & globally competitive Chinese firms		Difficulty for Chinese firms to develop global brands and sustain R&D costs
Structure of firms/industries:		
An open, competitive structure driven by private and joint stock firms	SOE rationalization and experiments with different forms of business	Unemployment and social unrest
Achievement of economies of scale and scope	Merge and acquisition in the context of a national market	Local protectionism
Favoured development of pillar industries	Retention of government policy involvement in pillar firms	Ability of government to "pick winners" and to grow pillars SOEs into serious competitors to MNCs
Intermediary institutions:		
Professional and efficient business support services	Large effort into managerial, professional, and technical training Enlistment of support from foreign professional bodies	Resource deficiency Lack of legal & professional tradition Government restrictions on selected areas of foreign involvement in services

Table 2:1 Institutional Reforms in China

The government has constantly been the primary driving force of Chinese economy since Maoism era, started officially in 1942, and ended with Mao Zedong's death in 1976. Later, during the transformation of China, led by Deng Xiaoping in 1980s, the governmental driving of economy was enhanced by the introduction of quinquennial plans, which today are always achieved by China, year after year. Completely opposite to the European view, in China economy has followed the principle of "pragmatism", this conceptual approach gave total power and control to political authorities, avoiding contrasts between the sphere of business and one of politics: the result is an apparent balanced situation of the two fields.

There are mainly three economic reforms issued by the government in China: marketization, decentralization and privatization, the final objective is simply one: country's transition to a market economy and, more precisely, the development of a market system with socialistic characteristics.

For a long time, Chinese firms and government were melted together into a unique system of relationship and networking of activities, this multi-level networked system preserved some market imperfections and presented a fragmented economy, with a small number of dominant firms and, consequently, little room for competition. For these reasons, there was a shift into the structure of many enterprises, today there's a wide range of firms with contrasting ownership and governance structures, urban and rural collective enterprises account for approximately 38% of industrial output, firms with foreign investment represents the 15%, and private firms 17% (National Bureau of Statistics, 1999). Except for some State-owned enterprises, SOEs, all these firms secure resources and dispose of outputs through markets, now the government distinguishes strong and weak SOEs, thus enterprises have become much more differentiated and complex.

The third sphere relates to those organizations that support firms in their business operations, with regard to distribution, accounting, management, financial, legal, and technological systems.

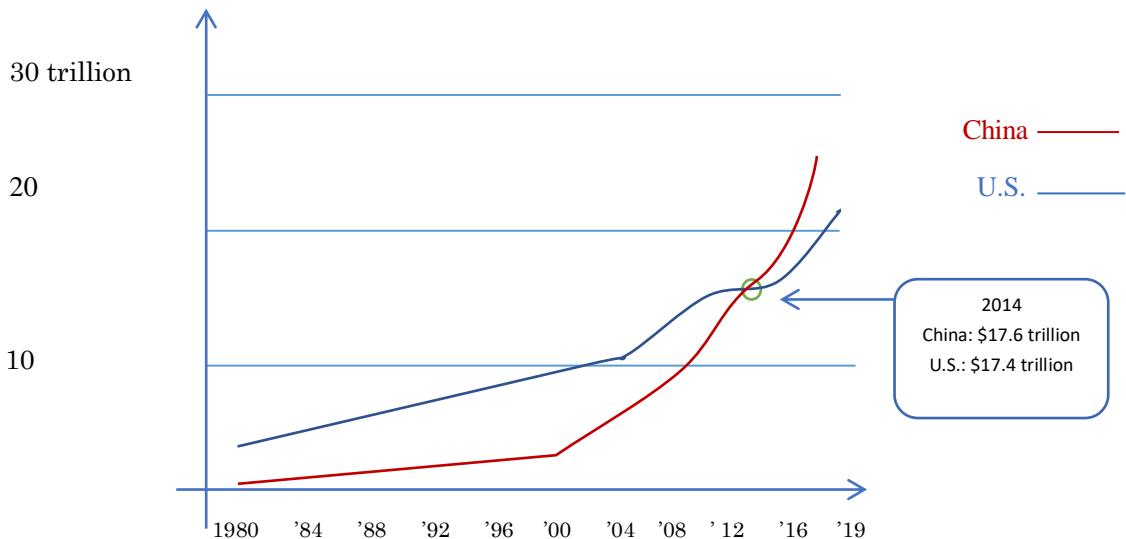
Let's briefly analyse each category:

- Distribution: before the 1990s, the development of markets distribution was very slow and retarded, the most important changes occurred with the appearance of foreign ventures and private enterprises. The privatization of SOEs is likely to promote further changes in the distribution system, mainly because a great number of wholesalers are co-owned by the government.
- Accounting: in the recent 10 years China has increased the number of listed firms and foreign companies, this led to the consequential need of increasing numbers of professional accountants, specialized audit firms, and modern business practices. The process of enhancement in the field of accounting underlines the efforts China makes to align with Western-European standards.

- Management education: changes come mainly from an increase in demand for human resources in the business environment, the progress in business education was fast and proactive. In the 1980s, country's MBA programs development was under responsibility of China's State Education Committee, as a result, foreign schools from the USA, Canada, Hong Kong, Singapore, and Europe now offer MBA training in China, often as partners to local universities. Important corporations, including People's Bank of China, offer corporate MBA programs for their employees, nevertheless, the demand for MBA graduates in China is constantly exceeding the supply.
- Financial system: is clearly represented by two of the world's most important stock markets: Shanghai and Shenzhen, established in the 1990s, they led to a renewal of national banking system and a series of financial reforms, derived also from the joining of WTO in 2001.
- Law: the legal reform system started in 1979 and has never ceased, the most important regulations included status and operations of foreign firms, commercial laws, and laws to protect intellectual property.
- Technology: China has provided a great distribution of modern technology networks inside firms; the setting up of technological centres are constantly increasing in number, in parallel with increasing investments directed to technological R&D.

We can now affirm, China is no longer an emerging economy, it has totally emerged from the situation of cultural and economic inferiority it has suffered until the 1990s. By entering WTO in 2001, China has become one of the major players in international trade, its role is now valid and justified by huge economic results achieved in the recent years. The change in the trend of internationalization process for Born Global firms is often due to the fact the world has become much more homogeneous and, consequently, physical distances have decreased, China has benefited from this situation and is now the world's second economy. Present is prosperous for China, and near future is considered even more flourishing: considering the U.S. market as the world's leader until a few years ago, let's see how things have changed and are still going to change in the next years.

The chart below shows that the rate of Chinese GDP will dramatically overcome the USA:



Source: International Monetary Fund 2014

Figure 2:2 China vs. U.S. GDP

Chinese firms are flexible and versatile while internationalizing, they show interesting capabilities of adaptation and flexibility, this aspect is because of the extent of China's engagement with international economy, and because of country's size: China is a complex and heterogeneous reality, in fact, the country geographically distinguishes five autonomous regions, four municipalities, and two special administrative regions, totalling some hundreds of spoken dialects. The figure of China has become so relevant in the global arena, that is now justified the use of the expressions "Beijing Consensus" (also called Chinese Economic Model), as a substitution to the universal Washington Consensus, in other words, the enormous transformations China has implemented, and it's continually improving, justified the necessity to thoroughly understand how China manages its international business strategies. When we talk about China, we must keep in mind the concept "liability of foreignness", a sort of non-material cost, which by definition "*is the inherent disadvantage a foreign firm experiences in host countries because of its non-native status*".²

2. Definition by: Philippe, Lasserre, *Global Strategic Management*, London, Palgrave Macmillan, 2012.

Liability of foreignness can be considered as a sort of switching cost, when a company internationalizes in China there are not only abstract costs to face, also many material costs will probably arise, mainly because of the high degree of unfamiliarity with the host environment. The rising of material costs derives specifically from four sources:

- Spatial distance: costs of transportation and travel over long distances, and across time zones
- Costs deriving from lack of roots in a local environment
- Costs deriving from economic nationalism and lack of legitimacy of foreign firms
- Host country environmental costs: high-technology sales restrictions.

The concept of liability of foreignness is linked to so-called “country of origin effect”,³ another kind of non-material cost, which refers to the general idea other people have about one country of origin and the quality of products that country produces. Countries are divided into high-quality and low-quality production standards, usually China has a negative country of origin effect, which represents the abstract cost China must pay due to lack of environmental protection policies, high level of air pollution, massive quantity of coal in industry, and cases of defective, or even dangerous products, especially in toy industries. Country of origin effect positive examples are Italy (Made in Italy label), France, and Germany.

When China goes global the incremental approach of Uppsala is completely absent, we've observed country's strategy is mainly FDI, characterized by a speed of processes; both in cases of direct investments and acquisitions. The main problems regard the handling of key management and the ability, or better the will, to maintain the original corporate identity in case of acquisitions. If these two aspects are forgotten by the bidder, the consequences in the creation of reciprocal trust can be really serious, to such an extent that can even undermine the final negotiation.

3. To learn more: Andrea, Pontiggia – Tiziano, Vescovi, *Panni stesi a Pechino. Esploratori e pionieri nei nuovi mercati internazionali*, Milano, Egea, 2015, pp.73.

2.2 Companies' HR Culture Toward a Global Mindset

As described in Chapter I, Paragraph 1.2.2, every organization has its own culture, which is composed by values, the abstract ideas about what is wrong and what is right inside the firm, and by norms, the social rules and guidelines describing appropriate behaviours in particular situations. When a firm wants to become international expanding its business in the Chinese market, its organizational mindset must consequently become global, the firm can set the new company culture, based on preliminary analysis of the foreign country's national culture. Generally speaking, business habits and attitudes in China are strongly influenced by some fixed values, such as power distance, long-term view-based strategy, high masculinity, and collectivist orientation. These features highlight a business context characterized by hierarchical relationships, seek for success in terms of personal recognition, which is very important for Chinese society, and a general preference for pragmatic approaches to different matters.

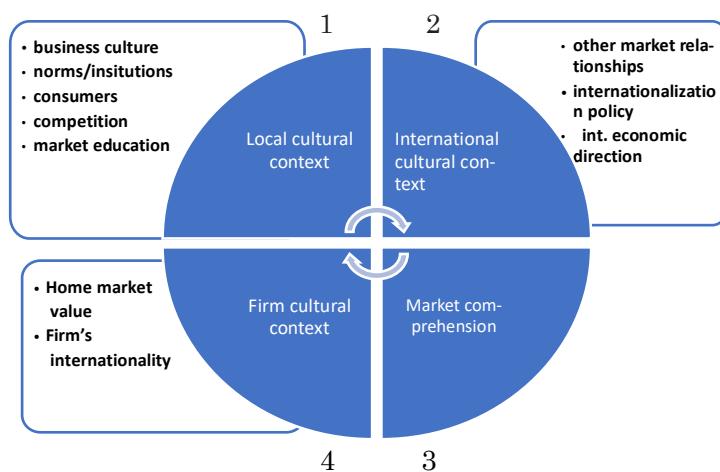


Figure 2:3 Market Cultural Context

In the new market, national operators have a goodwill that new entrants can't immediately achieve, this is due to economic reasons and nationalism favouritism. Regarding economic aspect, in China, like in many other countries, the development of national firms has a bigger impact on country's wealth and stability, for this reason,

the government always encourages national companies' improvement and development. Referring to nationalism feeling, Chinese culture strongly influences the economy, due to country's history and dimension. Companies must be prepared for a difficult and long period of settlement in this new market, they must be patient.

More often, firms want to go global in China only by adapting the same business model they use in the local market, without taking into consideration the high possibility of financial and conceptual risks. Company's mindset must change, in China it's impossible to replicate the home market original business model, we must invent something new, specifically created for the new market, to do so, all the layers composing the company's culture, must be aligned with the new cultural mindset.

Replicating the same business model in different markets, characterized by strongly different cultures, is a trap, firms often believe all the international markets are different in the same way from home market, but this is wrong.

It doesn't exist a dual cultural behaviour "home market versus foreign market", all foreign markets have their own distinctive features. The right behaviour consists in internalizing the cultural environment, by recognizing its importance in business practices; companies must be sensitive to behavioural factors and relationship attitudes. In order to create a new international mindset, companies must direct all skills, resources, and orientations to an international direction, it's not only a matter of foreign profit, turnover, and production costs. If a company doesn't act in this way, it may be possible to have a strong internationalization result, in terms of foreign sales or production abroad, and paradoxically, a weak level of internationality, i.e. a low quality of cross-cultural culture.

Considering only our own market of origin as educated, and as unique source for corporate culture represents a limit to international business development. Instead of being considered only as far and foreign, Chinese market should be considered as a second home market. If a company wants to obtain important results, in consistency with the business potential of China, it should address to it its strategical resources and a lot of attention, as it does in the domestic market. The cultural mindset must change in one precise direction: polycentric corporate approach.

Until now I have explained what's HRM, what's organizational culture and its implications, process of internationalization, and in this paragraph, the relevance of

global aspect of organizational culture; now let's try to give a draft of going global model for companies interested in non-acquainted markets.

I believe It's impossible to draft a universal internationalization model, there are no written rules and defined processes that must be followed strictly, the distinctive traits and exceptions are infinite; however, the general management trend is to acquire a good level of internationality and cultural sensitivity, in so doing, one firm can naturally handle all the business operations in a foreign market.

Taking “cultural context” as the main variable, we can now draw a simple internationalization model, useful for irregular markets characterized by surprises and sudden news, like China.

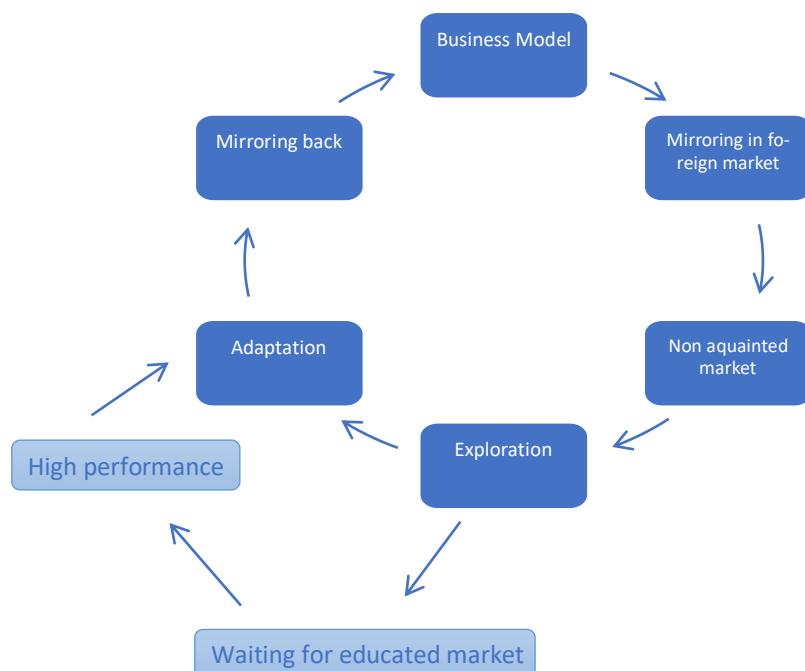


Figure 2:4 Internationalization Model

The model proposed above suggests the strategy of “mirroring back”:⁴ the process by which companies transfer local knowledge, gained in the new foreign market, to global the market, this means learning from internationalization. When going global company’s mindset must be oriented to be more efficient, proactive, global, and innovative, it’s important to get new ideas from local markets, and then transfer and exploit them into different markets.

4. Andrea, Pontiggia – Tiziano, Vescovi, *Panni stesi a Pechino. Esploratori e pionieri nei nuovi mercati internazionali*, Milano, Egea, 2015, pp. 119.

In “mirroring back” process there are two different flows of knowledge moving toward and back the company’s operational markets, we can talk about a forward learning, and a backward learning.

Adapting to a new market is not enough to achieve competitive advantage, companies must be able to bring some new ideas into the firm’s cultural luggage, in so doing, it’s also possible to improve the corporate beliefs and promises. Firms must behave globally, they need to adopt a polycentric approach in managing foreign subsidiaries, obviously this means to overcome language and cultural barriers, which is not easy when talking with China, that’s why the figure of sinologists is so relevant in companies’ placement, as we have mentioned in Paragraph 1.2.1: they can help companies to better overcome the cultural myopia.

In the end, we can assert, the major challenge of doing business internationally is to respond and adapt effectively to different cultures. Even more difficult than simply responding and adapting is the action of understanding and interpreting, this requires a deep comprehension of diversities, perceptions, stereotypes, and values of the new market. Creating an international mindset is the central ingredient to build the knowledge needed to go global.

When evaluating and establishing this global approach, all organizational levels must be in alignment, especially human resources management layer. Besides, it’s at HRM level that one of the central decisions of the organization is taken, that is: who to hire to better run the business. As explained in Chapter I, Paragraph 1.1, these choices concern a variety of aspects, which become even more troublesome and critical when the company works internationally and the need of managing expatriate managers is a priority for achieving the company’s competitive advantage. (Details on expatriate managers handling is explained in next Paragraph 2.2.1).

In the global arena, China results now as the most interesting emerging, or emerged, market, but it’s very important to know how to deal with this Asian dragon, we must know how to behave, to be patient, to learn the “*costante pratica del giusto mezzo*”,⁵ (the Confucian “Doctrine of the Mean”), “we should listen before speaking, understanding before building, reflecting before acting”.⁶

5. Tiziana, Lippiello, *La costante pratica del giusto mezzo*, Zhongyong, Venezia, Marsilio, 2010.

6. Barbatelli, Cristiana, - Cavalieri, Renzo, (a cura di), *La Cina non è ancora per tutti. Dialoghi sul mercato cinese*, Milano, Olivares, 2015.

2.2.1 How HR Handle Expatriate Managers

Companies working globally are characterized by some specific aspects, typically, they emphasize strategies such as flexibility of procedures and activities, and they apply mass customization of services and products, in order to meet the needs of clients coming from completely different countries and affected by different cultures. Global companies have multiple subsidiaries all over the world, they work with different ethnic groups and habits at the same time, therefore their structure results less hierarchical and decentralized than domestic or international companies. This is one of the reasons why a transnational HRM system (we can here use global and transnational interchangeably) is required for this flexible and versatile type of organization, in the actions of recruiting, developing, training and leveraging managers, HR managers need to evaluate transnational competences before all others.

Before taking into consideration the specific handling of expatriate managers, a distinction between three different types of countries is needed: parent country, host country, and third country. Parent country is where the company locates its headquarters, host country is the place where the organization wants to locate a facility, third country is a place different by the parent or host country, and where the company may or may not build one of its facilities. Depending on the native origin of employees, we can distinguish three levels of expatriate personnel: parent-country nationals (PCNs), people who were born and live in the parent country, host-country nationals (HCNs), employees who were born and raised in the host country, and third-country nationals (TCNs), employees working in the host country, but that were born and raised in a country which is not the parent or the host country.

All the stages of selection, training, compensating, and reintegrating expatriate managers, more often called global or international managers, are delicate and troublesome; when managing human resources globally, there are important challenges the organization must face, the first stage regards who to hire to run the global business. During selection stage, the organization must focus on the right individuals that possess all the technical skills and competences required in the host country, and that are able to make it through the cultural shock, which is inevitable when shifting employees around the world.

In order to adapt to the new lifestyle as soon as possible and as smoothly as he/she can, a successful international manager must be aware of local norms and habits. Moreover, the right individual may have a family, so all the members of his/her family must be able to adapt to the new environment too; in this way, the expatriate manager will feel on his/her own while issuing the new job. In this regard, the adapting process involves three variables: self-adaptation, new relationship adaptation, and host perception adaptations. The first adaptation of the self-dimension regards manager's skills to maintain a stable psychological well-being, and a positive self-image while facing a new culture. The second relationship dimension concerns the skills required to create new relationships in the host country, then perception dimension refers to the skills managers require to correctly perceive a totally new local environment.

One fundamental skill expatriate managers should possess is called cultural intelligence, defined as "*an individual's ability to adapt across cultures through sensing the different cues regarding appropriate behaviour across cultural settings or in multi-cultural settings*".⁷

In my opinion, the cultural intelligence, CQ, is the most important skill an expatriate manager should learn, and better than learning, he/she must possess this skill from the very beginning. If an employee is not sensitive to other cultures and habits, it's really difficult to develop later this skill, it must be natural and innate, in so doing the manager will be a successful resource for the company. As said in Chapter I, knowing the language of a new country is not enough to work and live there, despite all, human resources are humans, so they need to communicate, to share ideas, and to understand each other if they want to cooperate and live one next to the other. Sometimes in this competitive and frenetic world, we concentrate on employees' technical skills and competences, and we demand to judge people depending on their curriculum vitae and the past experiences. But people are not numbers, we are all characterized by a precise and distinctive psychology, and a set of values which, even if can be moulded by training, are innate in each individual's mind. Thus, I think not everyone can become a global manager.

7. Definition by: Andrea, Pontiggia, *International Organizational design and Human Resources Management to China*, New York, McGraw-Hill, 2016, pp. 60.

After he/she has been selected, any manager needs a precise program of training and development, in order to learn and be completely ready for the forthcoming assignment. The second stage of training expatriate managers is most of the time related to the central matter of the question: the cultural aspect.

Over again, a cross-cultural approach is needed, first of all, it consists in making people aware of their own culture of origin, and how this is perceived in the host environment, in order to leverage positive aspects and diminishing negative ones. After having gained awareness of his/her own cultural background, the manager must understand the new cultural aspects, which means adapting to the new environment and behaving respectfully to the new country's formal and informal norms. This stage refers to the ability of managers to identify the right behaviours to adopt in both business and social situations. Ultimately, to complete the transition to the new work, managers must learn how to communicate in the host environment, that is, learning the language of the new country.

Next stage regards setting expatriate managers' compensation package, which always results in a troublesome task of managing employees internationally.

One of the most difficult aspects is assigning the right amount of salary to expatriate managers, in respect with salaries of employees in similar positions in the home country. In doing so, companies must consider the purchasing power of global managers, which consists of expenses associated with the host country, such as housing, goods, income taxes, shipment, and services. The calculation of the final salary is made through a balance sheet by accountant managers and is composed by four elements: base salary, tax equalization allowances, benefits for additional problems, and allowances aimed at considering the work more attractive from the manager's perspective.

The last phase in managing expatriate employees is the "re-acculturation" of managers, also called repatriation process. When a manager comes back home, he/she can suffer a reverse cultural shock, which means an employee has perfectly got accustomed to the host country cultural environment, and consequently, he/she feels a discontent and a sense of not belonging to the culture of origin. The employee feels like a foreigner, he/she has changed during the overseas experienced, and while he/she was away, also the home company and all the other employees may naturally have changed.

In implementing the re-acculturation process, two characteristics are basically helpful: communication and validation. The former “refers to the extent to which the expatriate receives information and recognizes changes while abroad”⁸ the latter “refers to the amount of recognition received by the expatriate upon return home”.⁸

If communication is created and maintained through frequent contacts between manager and company's peers and bosses, manager's repatriation will be easier and much more effective, in parallel, if the recognition of the overseas experience is constantly issued by home country bosses, the manager will still feel part of the domestic “loop”, and perhaps, he/she won't feel like a stranger once back home. The whole process of training and development of international managers must be organized and issued prior to and during the overseas assignment, in this way employees can feel the support of their company and being willing to success in their career.

2.3 Implications of HRM Changes on Ca' Foscari University Offering

The rising of China as the world's first economy has dramatically shaken the global labour market, and in particular, consequences can be clearly seen in Italian labour market. I've always believed everything that happens in this world now, and that has happened in the past, is due to the economy, everything turns around economy power. Sometimes I would like to make an exception, and affirming that natural disasters are not influenced and caused by economy, but in the end, this is not the truth. Let's simply think about natural disasters such as global warming and the increasing limited natural resources, caused by humans' unrestrained lust of power. People want always more, poor deserve to become richer, and rich want to become even richer, there is no balance at all, and this is due to a millennial fight led by people's lust of money, power, and material benefits, in a word: economy. My words may sound strange in this regard, despite, we're talking about HRM and universities, but these two spheres are naturally linked to the transformations in the economy. We live in an economic world.

8. Definition by: Andrea, Pontiggia, *International Organizational design and Human Resources Management to China*, New York, McGraw-Hill, 2016, pp. 68.

My reflection started from the economic aspect, to understand how an academic institution like Ca' Foscari, can shape its educational offerings, based on economic changes. As anticipated in the Introduction of this work, in the last ten years the offerings and requests of universities with an important department of Asian Studies have been deeply transformed.

When I began to attend Ca' Foscari University in September 2012, I was not aware of what was happening around me, it was during classes of Ch. Prof Renzo Cavalieri, the Supervisor of this thesis, that I began to realize what I'm really interested in, and what I want to do in my future. During classes of Comparative Legal Institutions and International Business Law, I became aware of the social situation which I was part: the entire world was changing because of the rising of a new Asian market, but I was too young and inexperienced to comprehend exactly the global eco of these changes. During his classes, Ch. Prof. Cavalieri explained that sinologists can function as the key to potential success inside companies trading with China. He remarked sinologists' function and importance is completely changing due to economic environmental trends, and he encouraged us to leverage first of all our linguistic and cultural competences, in order to succeed in our future career. This sounded like a dream to me, I've always wanted to become a manager studying Chinese and the culture of China, adding economic fundamentals. Hence, this is possible. But how?

When I enrolled in my master's degree, I immediately began to clearly define the process which I was part, the idea of my thesis was definitive, I wanted to analyse the new trends of companies' placement due to the economic changes; and this topic appeared immediately linked to university programs, that are, the prior source of any students' education. In this regard, Ca' Foscari offering consists in a program specifically designed for people like me, students with the dream to work in a company, not as translators or interpreters, (I'm not saying being translators is easy) but playing an important role in the decision-making process regarding the "sino trade". Hereafter, I'm going to list Ca' Foscari offerings in the regard of my thesis, that is, those Chinese courses that involve an economic education.

The master's degree I've attended is called "Language and Management to China" (LAMAC) and consists in an interdepartmental degree in collaboration with the departments of Management and Economy (both issued by Ca' Foscari University of

Venice). The significative subjects of this program are: Contemporary Chinese Society, International Business Law, International Management for East Asia, Principles of International Accounting, International Finance and Banking in Asia, International Marketing to China, International Organizational Design and HRM to China, and of course, Chinese Language exams. This course is going to be enhanced by a possible introduction of a double/joint degree, which will be useful also from a practical point of view: as in the case of double degree regarding Teaching Chinese to foreigners, these joint degrees include a practical internship which helps students focusing on their future career. What's more, LAMAC classes are held in English language, with the only exception of Chinese classes, explained in Italian and Chinese. This feature helps students overcoming the initial difficulty of noting down and studying in English, and very often this difficulty becomes an advantage when students realise they apprehend quicker than they would have ever believed.

The bachelor's degree course is called "Language, Culture, and Society of Asia and Mediterranean Africa", the main subjects are Administrative Business, Comparative Legal Institutions, Chinese Language and Commercial Negotiation, Chinese Literature, Chinese Religion and Philosophy History, Chinese Art History, and English Language. This course, together with the master's degree, is issued by the Department of Asian and North African Studies (DSAAM), divided into three main branches: Chinese, Japanese, and Arabic Studies.

The creation of the original nucleus of Ca' Foscari University dates back to 1868, from that moment on, Asian studies have always been a great pride for the athenaeum, today the university offers a great variety of teaching languages: Armenian, Turkish, Georgian, Vietnamese, Hindi, Thai, Tibetan, Sanskrit, Korean, Jewish...etc.

One of the most important peculiarities of the courses is the possibility to attend some semesters abroad: since the complexity of the Asian cultures, the main objective of this overseas experience is to guarantee a comprehensive formation of the country selected, integrating the language with its relative historical, literal, philosophical, religious, artistic, social, economic, and legal contexts. The cultural heritage and distinctiveness of Ca' Foscari educational offering make the Department of Asian and North African Studies the excellence at a national level, this can be verified by the crowd of willing students that each year flow to Venice to apply for Asian studies courses.

CHAPTER III – DFS Case Study

3.1 LVMH Group – Heritage

LVMH stands for Louis Vuitton-Moet Hennessy, as soon as we read these two names, in our mind appears the idea of France, luxury, wine, and quality. Today we are accustomed to thinking about this group as a market giant, a colossus of fashion and wine brands, in a word, a market leader; but let's turn back the clock to some centuries ago to understand how this company makes its business.

The story of the group is very ancient, it began as far back as 1593, when Sauvage family transformed the well-known Sauternes wine brand, (the most famous wine in southern France, Bordeaux region), called Château d'Yquem, into a wine estate. The reputation of this worldwide known brand and the excellent vineyard increased thanks to the care and attention of generations and generations of Sauvage family. The first champagne House was founded just in France, in 1729, by Nicolas Irène Ruinart, a middle-class fabric merchant born in Remis. At the end of the XVIII century, the French official jeweller of Napoleon, Marie-Etienne Nitot, founded Chauvet House of jewellery, the business combination of refined wines and precious jewels seemed particular appreciated by Parisian and international customers.

As the centuries went by, making wine procedures and techniques become more and more refined, to the extent that in 1816 it was created a perfect table to facilitate the process of fermentation. This is the year when the champagne world was revolutionized, thanks to a specific method for wine disgorgement after fermentation, then from this year on, the success in the commercialization of wine and champagne was unlimited. The next step in the pace to success regards Loewe brand, when the house was established in Madrid the bond with luxury fashion was established, since that moment, ready-to-wear and the finest leather goods began to be sold all over the world. The group began to lay the foundations in the 1850s when the concept of the department store was thoroughly developed, but everything concretely took shape in 1854 when Louis Vuitton founded his house in Paris, and Hennessy expanded its sales to China, shipping its cognac overseas to Beijing and Shanghai. In 1987 the merger between Moet Hennessy and Louis Vuitton was achieved: the world leader in luxury products LVMH is created.

Nowadays, the Group works in six big business fields: wines and spirits, fashion and leather goods, fragrances and cosmetics, watches and jewellery, a section called “Selective Distribution”, and the final category of art, lifestyle and culture, for a total of seventy Maison all over the world. LVMH Group structure is characterized by a great sense of responsiveness and autonomy, these features allow the company to work closely to its customers and guaranteeing an effective and appropriate decisional process. The Group has a decentralized structure, it encourages and motivates its employees to develop and issue an authentic entrepreneurial spirit.

LVMH's essential priority is the internal growth and improvement of employees' creative skills, it invests an important amount of resources in R&D and in the enhancement of its Maison. The focus and key to success are sustaining employees' professional growth, by motivating and encouraging them to succeed and always set higher standards, so to be able to exceed their objectives. Inside the Group, the strategy of vertical integration is used to make possible the raising of excellence and talents at each level of the organization, in so doing the company facilitates all the organizational activities of the value chain management, from supply structures to selective production and distribution activities. Being a group means being a combination of different brands, products, level of customers, subsidiaries, and headquarters, this becomes an inestimable advantage when the company is able to manage successfully all the business of the Maison placed all over the world. The sharing of resources coming from all the business spheres, provides intelligent and perceptive synergies to the group, at the same time, the respect for different nature, specificity, and autonomy of Maison, is a clear point to remind. The shared set of resources must take advantage of all the combined power and strengths of the Group itself. In order to maintain such a high level of distinctive quality, excellence, and brands eco, LVMH Maison pursues a long-term view strategy, in which the main objective is to create and transmit savoir-fare and craftsmanship professions. In this particular regard, the Group mainly focuses on the creative skills of future generations. As mentioned before, being a group provides consistent advantages but, in parallel, creates also big challenges; thanks to the balance among different business fields and geographical expansion, LVMH possesses the necessary resources to maintain a regular growth. The Group's balance allows supporting the impact of the recent increasingly unpredictable and uncertain economic events.

3.2 DFS Group

DFS it's the acronyms for Duty-Free Shop, this complex and well-organized universe is a centre for talent development, it represents the world's leading luxury retailer catering to the travelling public; among its offices, DFS Galleries, airport shops, and other stores, it counts more than 9,000 employees. The firm promise is simple and clear, it explains who they are:

“The World Traveller’s Preferred Destination for Luxury Shopping.”

DFS set of beliefs defines how the firm wants to produce value:

We are curious	We passionately seek knowledge to help us achieve a better understanding of customers, inspire our innovation, and drive personal leadership for everyone at DFS.
We embrace change	We see change as the commitment to make a difference, take risks, and grow as individuals and as business.
We value each other	We believe individuals make the difference. We treat each other with respect, honouring and rewarding individual performances and contributions to the team. We embrace diversity and appreciate differences in people and cultures.
We work collaboratively	We leverage our teams through an inclusive working style, inspiring all of us to achieve excellence.
We demonstrate humanity	We make DFS Group a great place to work through our humanity, inspiring us to share our caring nature with each other and the world.
We act with integrity	We are authentic in our integrity, creating, building, and sustaining trusting relationships with our customers, our partners, and our people.

Table 3:1 DFS Beliefs

The company has been at the forefront of travel retail for more than fifty years, it has consistently adapted its business model to meet the changing needs of world travellers. But who really is DFS Group? Chuck Feeney and Robert Warren Miller had a clear entrepreneurial spirit, they were among the first to help giving people the opportunity to shop for duty-free goods. During the 1960s, they realised there was some-

thing very appealing about travel, new locations, and access to brands and products that people can't simply buy at home, for these reasons, they partnered together to launch a new company called Duty-Free Shoppers: the precursors to DFS. The 7 November 1960 Freeney and Miller launched the first store in Hong Kong, only two years later, the big operations began with the inauguration of the first airport duty-free business in Kai Tak International Airport, the same year DFS launched the first American store at Honolulu Airport.

At the time, the retail model was based on purchasing of commodity products at duty-free prices, their selling focus at the beginning was to maximise customers duty-free allowance for liquor, tobacco, and perfumes. Then, the business expanded with the opening of Japanese travel industry, the stabilization on U.S. territory with the store placed in San Francisco Airport, and in Changqi Airport, (Singapore). In the 1980s Robert Miller, an American-born British billionaire, (net personal worth 2,7 billion USD), decided to give Andy Warhol the task to create the company's logo, from that moment, began some collaborations with great artists for the creation of stores interior design, and important furniture.

The group tour-based customer flow determined the retail strategy, as happens now with the T Fondaco dei Tedeschi Galleria ("T" stands for Traveller's Galleria), that we will analyse later in this chapter:

- Marketing strategy: sales force relationship based with tour travel agencies
- Product strategy: core commodity and allowance
- Selling strategy: perfect ticket and key items.

The road to success began in 1995 with the opening of the first Galleria store in Guam Island: the Tumon Bay Galleria. From that moment, DFS started its shift to luxury world; the path was strengthened in 1997, with the acquisition of DFS majority share by LVMH Group (Louis Vuitton Moet-Hennessy). The acquisition gave the company the possibility to gain stronger resources for internal growth, the co-founder Miller and LVMH Group were solid shareholder backing for the company; together they provide a unique blend of experience, entrepreneurship, and access to luxury brands. In 1998 the company further cemented its focus on luxury, realizing that exclusive

limited distribution brands were the best opportunity to differentiate the stores and to grow internationally; in fact, luxury sales grew from 50% in 1998 to 85% by 2008. The shift toward luxury focus continued with openings in Waikiki, Siem Reap, Venice, and City of Dreams (Macau). In 2013 the company reached 420 stores worldwide, one year later DFS launched the loyal T program, offering its customers the possibility to enjoy high-level customized services and shopping benefits all over the world, just joying DFS loyal T shopping card program. The last opening is the Venetian Galleria in 2016, which represents the first European selling point.

As we have mentioned above, the company has a commodity product strategy, basic goods or items are produced to satisfy basic customers' wants or needs, i.e. liquors, fragrances, or tobacco souvenirs. Today there are three categories of goods in all DFS stores: fashion and accessories, beauty and fragrances, and food and gifts. DFS was able to develop a new retail channel: off-airport duty-free centres of Galleries. These places become a one-stop retail facility, in this way, the additional retail space created the opportunity to develop a differentiated retail model: The Luxury Travel Retail.

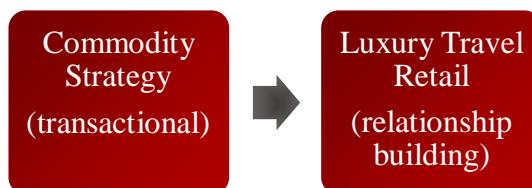


Figure 3:1 DFS Strategy

DFS objective is to function as catering to the needs of an international travelling customer who desires luxury products and services, to do so, the company University teaches its employees to leverage core strengths such as brand relationships and access, travel partner relationships, a well-developed understanding of travelling customers, and excellence in brand presentation.

The organization's leadership style is an inverted pyramid: there is a large number of employees that manage the customer relationships, a fewer number of supervisory management, even fewer middle management employees, and a very small quantity of top management supervisors.

Customers are at the top of the pyramid, all resources must focus on them, customer-sales associate interaction is extremely important, in fact, all the layers of management inside the pyramid are the support roles to facilitate customers' reaction. It's important to realize that everyone inside the organization is aligned to support employees' and customers' needs. It's by living its own beliefs that DFS is able to align the focus of putting customers first, with the objective to deliver on the basic promise, which is to be the world's traveller's preferred destination for luxury shopping.

The inverted Pyramid:

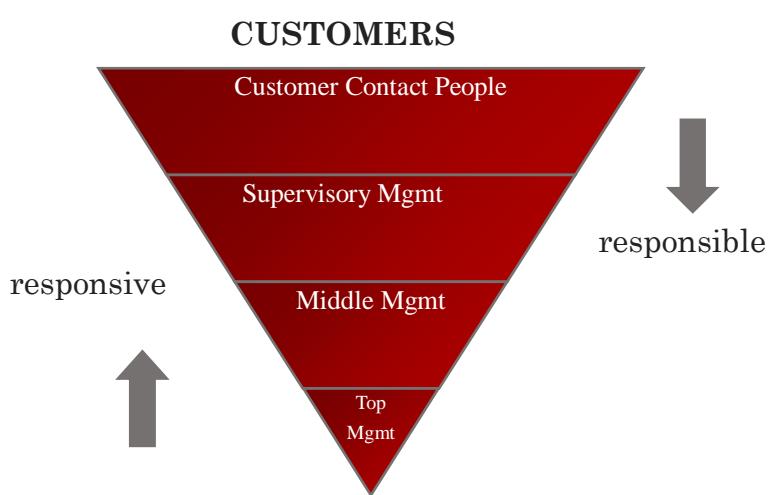


Figure 3:2 Organization's Leadership

For the last fifty years, the vision of DFS has evolved dynamically, executing on its vision, core values, beliefs and promises, the company has been able to maintain its position as world's leading luxury retailer to the traveling public. Stating that DFS main business has become luxury world, it's important to define what luxury is, thus, DFS has developed its luxury philosophy, that can be divided into five focal points:

- Bringing together the world's most prestigious brand names
- Building comprehensive luxury shopping environments with cultural and heritage attractions
- Entertaining and continually engaging customers with high-profile events and promotions
- Guaranteeing quality and authenticity of products with a worldwide warranty program

- Consistently enhancing its delivery of ULCE, (Ultimate Luxury Customer Experience).

When we talk about the luxury world, everything must be luxurious, not only products and services offered, but also selling venues. DFS, in fact, offers the ultimate retail shopping experience, in its Galleries they bring exciting and luxurious shopping environments to downtown areas, whereas in airports locations they bring convenience and luxury to international travellers. The firm provides the highest quality in terms of luxurious finishings, elegantly displayed products, comfortable guest seating, on-site currency exchange, special events, art collaborations, an exclusive 100% worldwide guarantee.

Across its venues, DFS carries more than 120 popular designer brands, which naturally vary by locations according to customers preferences. In T Fondaco dei Tedeschi Galleria the choice was focused on Made in Italy labelled-brand products. The choice of selling brands it's a fundamental step while setting up a luxury store, according to the company, to be considered luxurious a brand must be compliant with some principles:

- Integrity – luxury brands have a strong history and a famous story to tell its customers
- Exclusivity – the more unique and rare the product is, the more it amazes customers
- Individuality – they don't copy
- Craftsmanship – genuine luxury brands stand on excellent craftsmanship, luxury brands are owned by people, not by machines
- Vivid experiences – luxury is about presenting a concrete and abstract dream to customers.

Among the most well-known brands sold we can find important names, such as: Burberry, Bally, Bulgari, Blancpain, Cartier, Chanel, Dior, Ermegildo Zegna, Fendi, Gucci, Hogan, Hermes, Louis Vuitton, Montblanc, Omega, Piaget, Prada, Salvatore Ferragamo, Sergio Rossi, Tod's, Zenith...and other famous brands.

Thanks to its customers' feedback, DFS has identified three core service values that describe exactly the kind of experience people want and expect from the purchasing experience in its stores:

- Make it personal – through every single touch point in-store and out of store, the company always makes efforts understanding individual customer needs and specifically personalizing its business approach on them
- Curated offerings – providing traveling customer with unique services and tailored selection of exciting and compelling products from the world's top brands, main objective is to be able to fulfil all their luxury shopping needs
- Exclusive experience – creating a seamless, enchanting, and engaging magical experience, to such an extent that each customer feels truly special and completely satisfied.

DFS customers are very discerning, they deeply know trends and brands, and always demand for more, customers are mainly international travellers, including people travelling for business affairs, people on holiday, and conducted groups, then there are local residents of Galleria locations. Sometimes, like in the case of palace Fondaco dei Tedeschi in Venice (Appendix A), locals believe Galleries are too touristic to go shopping, because the only perceive them as shopping malls, and sometimes they prefer to buy in small boutiques. By the way, the final result is a melting pot of cultures and nationalities, in parallel with the corporate policy of internationality, that encourages culture-mixed working teams. Listed below there is the observation of the percentages of the main customers respect to their nationalities:

Nationality	2015	2013	2011	2008
PRC Chinese	57%	56%	41%	15%
Japanese	8%	13%	23%	40%
Indian	4%	2%	3%	1%
Korean	3%	3%	3%	5%
Middle Eastern	2%	1%	1%	0%
Other Nationalities	27%	25%	26%	39%
TOTAL DFS	100%	100%	100%	100%

Table 3:2 Customer Demographics

Customers have the choice to decide where to make their luxury purchases, thus different locations have a different level of customers engagement, through the mystery shopping surveys and the analysis on customer engagement it results that DFS customers are mainly divided into four categories:

- Fully engaged: strongly attached and loyal customers, they're the company's most valuable clientele, they believe a world without DFS is unimaginable
- Engaged: high attachment but not necessarily loyal customers, they appreciate DFS, but they consider buying also somewhere
- Not engaged: emotionally and attitudinally neutral customers, they usually believe it doesn't matter where to buy, the only thing they value is the best price
- Actively disengaged: not DFS customers, they show active emotional detachment and antagonism toward the company, usually, this kind of people spread a negative word of mouth among friends.

Through the analysis, we can observe the emotional connections are a big part of building customers' engagement, customers can develop loyalty and emotional connections to products, brands, and even to stores, the total of all these connections for DFS is a 70% of emotionally human decision-making, that is, 70% of its customers worldwide are engaged to DFS.

I'm really satisfied being part of DFS reality, from the very beginning I realized the company is dynamic, versatile, efficient, well-organised, and gives its employees the opportunity to move from one country to another, we can say, to move worldwide. This working experience is very useful for me, not only because I can improve my Chinese (English, Spanish, and some French) every day, not only because I can gather data for this academic work, but also because I learn while I'm working. I learn from my colleagues, from my managers, from the different nationalities and cultures of our customers, that is the characteristic I prefer. Every day I have the possibility to learn and directly use some Russian, Philippine, or African words, this means a lot for me, not only from the linguistic point of view but for my personal enrichment.

DFS is like a cultural melting-pot, and I'm proud of being part of it.

3.3 Managers' Interview

One of the limits of this thesis was the difficulty in acquiring useful data from the company, Human Resources Department of DFS was pleasantly surprised to hear that I was interested in analysing in depth the company's business and its hiring procedures. Despite all, the detailed data I needed for this interview are considered too delicate and sensitive to be released, that's why I had to give up with HR department and find another solution.

I managed to direct my questions to some managers, acquiring significant information for eighteen out of twenty total questions. Anyway, since I believe all of my questions already have a sort of answer, given by the dialogue with managers, the general trend of economy nowadays, and my modest working experience, I want to list all the twenty questions below, in order to make the readers reflect upon the central topic of my thesis. The questions are divided into two main categories: a first group refers to Chapter I and concerning general questions about T Fondaco dei Tedeschi Galeria, and the huge flow of Chinese customers (from question number one to five). The second group refers to Chapter II, specifically concerning the value of sinological studies in companies' placement, and some questions about the educational profile requested (from number six until the end). In the very end, my central question, which corresponds to the focal objective of my thesis, is to discover if it's possible for a sinologist to play a managerial role inside companies' environment.

1. Did you know from the moment of the opening of the store that the main customers would have been Chinese?
2. After how long did you realize the main customers were Chinese? Did the numbers and results (profit) exceed your expectations?
3. When and how did the collaborations with the most famous Chinese tourism agencies begin?
4. Now that is clear the main customers are Chinese, which is the image you want to create in their mind about T Fondaco dei Tedeschi? At present, do you think their idea corresponds to reality?

5. Have you ever thought about an innovative payment system, like Zhifu Bao or Alipay? If these systems will be implemented, do you think they will help to foster the relationship with Chinese customers?
6. Since Chinese are the main consumers, the company began to hire Chinese and Chinese speaker employees, which category is preferable for the company?
7. Who between the two categories mentioned above present the best performance in sales?
8. When did the collaborations (i.e. Career Day) with Ca' Foscari University of Venice begin?
9. Do you notice a better educational profile in students or new graduates coming from Ca' Foscari University of Venice, respect to students coming from different universities? (Focus on linguistic and cultural background)
10. How do you value the knowledge of a Sales Assistant or a member of the Customer Service, not only in terms of linguistic competences but also of cultural background, habits, values, and traditions of China? Is this last topic necessary or just optional?
11. Can students known as sinologists reduce the cultural gap and cultural myopia between Chinese clients and the Italian personnel? If yes, to what extent?
12. How is important to you that an employee can create a friendly and intimate relationship with Chinese? During the selling process, do you consider meaningful that an SA can behave like a Chinese? (Aware of the culture).
13. When did you realise the necessity to implement a Chinese classes program for employees? Do you think this strategy can help the company quantitatively or also qualitatively?
14. ULCE = ultimate luxury customer experience: do you think that creating a good relationship with a Chinese client, talking about their culture, art, geography, religion, lifestyle habits, and so on...has some added value? Is that a form of added service the company can offer to its clients?

15. Is the company ready and willing to invest in the managerial training of sinologists, allowing them to play a managerial role inside the company, or do you prefer to teach Chinese to managers?
16. Are there some differences in hiring employees depending on the different retail departments?
17. Nowadays at T Fondaco, the Boutique of Gucci always achieves, and often overcomes the monthly target, do you think this trend will last for many years? Considering the forecasts, do you believe is reasonable to hire Chinese students in this specific part of the store?
18. In the future, do you prefer to maintain a higher number of Chinese or Italian employees? Why?
19. Except for the retail area, do you believe an employee with a linguistic and partly economic background can play a managerial role? (TL, PSM, GM, team leader, product sales manager, general manager). If yes or not, why?
20. Are you interested in creating a specific department working as a hub between Ca' Foscari University and the company here in Venice? The department activities can involve stages, recruiting, and training, gathering together in a unique working framework all the collaborations between the company and the university, instead of working case by case.

The next paragraph reports all the relevant information acquired through the interview, I decided to separate the results below in order to make reading more homogeneous and fluid. The interview was pleasant, natural, and very significative for me, I realized many ideas I have in my mind are shared by managers. There are only two questions without a spoken answer, that are questions number nine: "Do you notice a better educational profile in students or new graduates coming from Ca' Foscari University of Venice, respect to students coming from different universities?" Then question number sixteen: "Are there some differences in hiring employees depending on the different retail departments?" I guess managers didn't reply because they are not aware of the answers but maybe because of those questions concern specifically human resources management procedures.

3.4 Results analysis

As far as the first group of question is concerned, managers emphasized the fact that DFS main customers, in general, are travellers, thus business focus is on travellers' retail. When DFS opened its first store in Hong Kong in 1960 (Par. 3.2), its main customers were Japanese, at that time they were living the economic boom and loved to travel around the world, their purchasing power was more than simply interesting, and DFS naturally adapted its business to their purchasing tastes and trends. But every "boom" soon or later is followed by a collapse, and when Japanese economy suffered the crisis, it was the time for China to shine. In fact, today the company places its Galleria in key locations for Chinese people, but where do Chinese prefer to go on holiday? Usually they dislike hot sun and sea, while they prefer Asian frameworks (Siem Reap Galleria), and important cities like Venice, which is the most visited city in Italy in terms of Chinese tourism.

To answer questions number one and two, managers said the opening of T Fondaco dei Tedeschi Galleria in Venice was strategical and based on detailed market researches both on Asian and European markets. Regarding question number three, managers said the offices called CMO, which handle the relationships with Chinese travel agencies like *Tuniu* 途牛, or *Ctrip Xiecheng* 携程, are placed in China mainland and are organized through groups of people called Tour Leaders who cooperate with other groups called Tour Guide. This is a complex process of relationships and collaborations of which managers are not directly responsible, that's why I didn't examine in depth this topic. One data important to mention is an increasing improvement of relationships with the above-mentioned travel agencies, which allow large numbers of conducted groups of Chinese customers to buy everything they want at Fondaco. Just to make the readers have an idea: in high season there are days with eighty or ninety groups composed by about forty people each.

Regarding question number four, managers affirm at Fondaco we want to offer as many brands as customers need, we want to be the first choice not only in terms of quantity but also quality. The objective is to make people purchasing at Fondaco because we have brands and products other competitors do not have, and also because our location has no parallel in Venice (Appendix A). The Tour Guide members explain

to Chinese groups they're entering an XIII century-old palace; thus, the solemnity of the structure is one of the key points of our T Galleria. Regarding the fifth question managers ensure DFS is moving ahead concerning payment methods, and in fact, today is possible to pay via Apple Pay system.

Question number six, the topic: who is better to hire between the Chinese and Chinese speaker, is a bit thorny from my point of view, since I can't do anything to become a native Chinese, even if I really want to talk like them. Managers said the trend now is to have a correct and balanced mix, but it's natural to mention that a Chinese employee who can talk a good Italian is preferable since he/she is much skilled. However, also in the future, the idea is to always have a balanced mix of the two groups, also because in some departments, like women's shoes where I work, there is 50% of Chinese customers and 50% of other nationalities, thus is not compulsory to have Chinese people working there. The departments where Chinese are most needed at present are Watches and Jewellery, and Gucci. Question seven is about the comparisons of performance between the two groups: there is not a precise answer, sometimes Chinese are really good in selling since they become immediately intimate friends with fellow countryman, but not all of them are good in doing customer service activities or similar, so DFS equally needs both kinds of employees.

The topic of collaborations between universities and DFS, question eight, is extremely important in the regard of this thesis. The activities like Career Day with Ca' Foscari started at the beginning of 2016 since the great opening of Fondaco was October of the same year. This was a limit compared to other universities such as Bocconi, where the collaborations began a few years ago, giving students the possibility to do interns and semesters abroad in already existing DFS locations, like the first store placed in Hong Kong. Managers are not aware of the future projects, that's why this is a question I really would like to direct to HR department. One thing I know is that Ca' Foscari is continually cooperating with the company for the fulfilment of art exhibitions, conferences, public lectures, and other cultural events that involve some of my professors. I'm sure Ca' Foscari is already linked to many other companies all over the world, and maybe one day the collaborations with DFS will be further improved, it's not to be forget this is a public university and cooperation with business world may be obstructed by limited amount of resources respect to a private university.

Questions number ten, eleven and twelve regard the aspect of culture: the most important skill an SA should possess to perform correctly. It's fundamental to observe, understand and interpret customers, to do so, sellers need some specific tools than can be partially natural and innate, but when dealing with Chinese those tools should be learned. A sinologist who has been in China several times knows exactly how to approach and influence Chinese customers, we know some gestures are considered impolite, some numbers bring bad luck, discounts are always appreciated or even requested. Managers said an important thing: not understanding each other is frustrating and can cause resentment in the working environment for bad performance results. Chinese culture is ancient and complex, but also extremely fascinating: once a sinologist enters that world is almost impossible not to fall in love with it. For Chinese people comprehensive educational background has always been considered fundamental since the origin of *gaokao* 高考, formerly known as *keju* 科举: the terrible exam that decided whether academicians could be part of high society, becoming officials and playing administrative roles inside the governmental offices in imperial China, today the term *gaokao* 高考 is still used for the crucial college entrance examination.

Question thirteen regards linguistic choices, managers explained at the beginning the company hired employees who can talk a great variety of languages among which Arabic, Russian, Japanese...etc. After a while, when the results coming from the market researches become true, DFS decided to act both internally and externally: it implemented free voluntary Chinese classes led by professors of Ca' Foscari University, and in parallel gave priority to Chinese speakers in case of recruitment. The next answer is about the added value and service the company wants to offer to its precious customers, as requested in the luxury world. In this regard is important to distinguish two different kinds of Chinese customers: those who buy for themselves, and those who buy for someone else. For the first category, the ULCE is extremely important, we are dealing with a different culture, but luxury is almost the same all over the world: the client is always right, no matter what he/she wants, employees should always try to satisfy his/her needs as better as possible. This type of customer is known as FIT: frequent individual traveller, particular attention is directed to FIT especially in the flagship store of Hong Kong. As far as the second category is concerned, people called "buyers" usually don't pay much attention to the service offered, they're always in a

hurry and don't have any idea of who is the sales associate they're talking to, also because they spend 90% of the time texting on WhatsApp.

The next part, question fifteen, is the one I prefer, is the central topic of my thesis and I feel satisfied to listen to managers' words: in Hong Kong it happened a sales associate became general manager. This sounded like a dream to me, thus...this is possible. If a graduate possesses the economic background is easier and faster to grow inside the organization, but it's not excluded that a sinologist can become a manager, is naturally possible. As Ch. Prof. Cavalieri, and Alberto Rossi (Par. 1.2) claim, managers affirm knowing the language and being strongly aware of Chinese culture is extremely important and is what we must leverage to reach our goals. This topic is deeply linked to question nineteen and eighteen, managers affirm there are two important spheres a manager has to handle: the analytical part, regarding data, business, and statistics, and the one regarding people management. Having a managerial role means being at the top of a team, teams are composed of people, and we know managing people is the most difficult and delicate task of an employee. It involves training on psychology aimed at distinguishing different behaviours, attitudes, and personalities, it's essential to understand how to behave with different people. Soft skills cannot be learned in few months or years of work, it's fundamental to study them and for this reason, graduates who already possess this background can achieve faster a managerial position. But I'm optimistic and I know if a sinologist works hard as he/she does studying Chinese it's possible to become a manager one day.

To number seventeen managers reply very easily: fashion trends are as fast as light, everything changes rapidly, so day by day the company will decide what to do. Question number twenty does not have a precise answer regarding the possibility to create a single department working as a hub between the company and Ca' Foscari, there are already important collaborations, but managers don't know if it's necessary to create an independent office to handle these activities. If one day this office is created I will certainly propose myself to work there, until that moment, I like to dream upon future projects between DFS Italy s.r.l. and my University.

I want to sincerely thank all the managers in DFS who have spent their time to listen to my questions and who have collaborated for the creation of this experimental part on DFS case study.

Appendix A – Why the palace Fondaco dei Tedeschi?

Nestled among Rialto bridge and the pond of Canal Grande, placed in San Marco district, just in front of the famous Rialto fish market, stands the palace Fontego dei Tedeschi, in Italian, Fondaco. The ancient palace dates back to XIII century, when Venice, together with Genoa, Pisa, and Amalfi, was one of the four Maritime Republics: Serenissima. During Middle Age, Venice was the most powerful republic in Italian peninsula, it expanded much further than the other Republics, and thanks to its endless expansion the city created a great colonial empire composed by Veneto, Friuli, Venezia-Giulia, Lombardy, and overseas properties such as Istria, Dalmatia, and all the Cyprus islands.

Venice has always been considered as a cosmopolitan city, crowded of merchants coming from different seas, for this reason, the city needed some places where sailors, merchants, travellers, pilgrims, and prostitutes can reside for some days. Serenissima was especially interested in merchants' facilities: helping them to stay the night in Venice meant helping the Republic to conclude important negotiations and gaining more power. At the end of the day, Venice has always been a harbour city, and like all the seaside towns, it was mainly focused on goods, gold, and other tools considered important or precious at the time.

Among the most welcomed merchants, the Germans were long-lasting business friends with of Serenissima, people coming from Nuremberg, Judenburg, and Augusta came to Venice to land and store their goods. During the Middle Age, travels via transport services such as animals, caravans or ships, can last different days or even months, for this reason, when Nordic merchants arrived in the Republic for trading affairs, they needed a place to stay: the palace Fondaco dei Tedeschi.

In Italian “Tedeschi” means German people, this solemn palace was built in the XIII century (1228), and housed magnificent frescos of Giorgione, his young apprentice Tiziano, Tintoretto, and Veronese; now these frescos are no longer part of the palace for security reasons, and they have been transferred to the Doge's Palace, Accademia Galleries, and palace Ca' Doro. At the time, the ground floor was dedicated to small shops and warehouses where German can store their goods; taverns and accommodations were placed upstairs. Fondaco was a victim of two fires, the last happened in

1505 but the palace was completely rebuilt after only three years. Thanks to a solid restoration with reinforced concrete, from the XX century to 2008, the palace was property of Italian Post offices during the Fascist period of Mussolini leadership in the 1930s; today we can still read the big writing on one side of the palace, “Poste Telecomunicazioni” (post and telecommunications).

Fontego is one of the highest Venetian building, after the purchasing in 2009 of the palace by Edizione s.r.l., owned by Benetton family, the current shape has been created by the celebrated Dutch architect, Rem Koolhaas, who works for the Dutch OMA studio, Office for Metropolitan Architecture.

Today, thanks to an amazing public terrace placed on the rooftop we can admire a wonderful 360° view of Venetian red roofs, Canal Grande flow with gondolas, the lagoon, and Dolomites mountains in the background, you can breathe a rare unique atmosphere once there. Inside the store, the changes may be evident respect to the original shape, the Dutch architect's project tries to maintain somehow the authentic structure of the palace, embellishing it through flame-coloured escalators, golden elevators, and the central ceiling realized in glass weft and white-finishing steel, leaned over the courtyard.

This part was not present in the authentic framework, which originally only presented a big opened courtyard at the centre of the palace, today there is a big bright room at the fourth floor, this constitutes the event pavilion which hosts important Italian and international art exhibitions. The palace presents an ancient coffered ceiling decorated with wooden embroidery, loggias, and round arches, and velvet brocade carpets in perfect Venetian style, the objective is to create a small city inside Venice city.

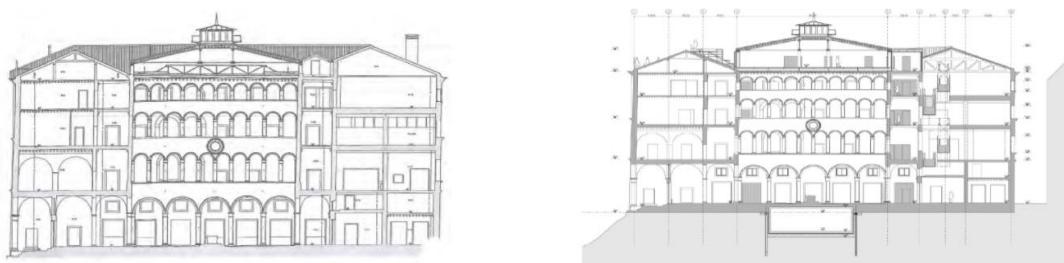


Figure A:1 Fondaco dei Tedeschi Sections

When the history of the palace is explained, is not a secret to understand why DFS decided to place its shopping venue in this precise palace and in this precise area of the city. Rialto it's still one of the most colourful and vivid Venetian areas, it's not only a destination for touristic shopping and a big variety of restaurants, but it's also the heart of the Venetian trade where local people normally go for their grocery shopping, or for business affairs. In Rialto there are banks at each corner, governmental and private offices, precious jewellery stores, famous bacaros, (which are typical Venetian taverns where people can drink local wine and eat some small portions of fish and vegetables at moderate prices). Thus, Rialto is not only for tourists, but of course, because of its folklore, liveliness, and the authenticity of some hidden places around the narrow and dark Venetian streets, it attracts a large number of travellers every single day of the year.

Rialto district is named after Rialto bridge, that in turn is named after Rialto market, originally called “Rivo Alto” (high channel bank); the bridge together with Accademia, Scalzi, and Costituzione bridges, is one of the four bridges that cross the Canal Grande. Its story helps explain why the heart of Venetian trade was and is still today, located in this particular part of the city.

During the XII-XIII century the bridge was first built in wood, it was simply made by different ships, working as rafts on the channel, and people needed to spend a small coin to cross it. After a while it was built again in wood, but with a more solid structure that allowed high vessels to cross the channel below the bridge. We have to wait until XVI century, when Venetian started to realize the wastefulness of the maintenance costs of a wood structure, for a stone construction, where merchants can finally place their stores, without the risk to rebuild them every time the bridge collapsed or was damaged.

Today there are more than twenty stores above Rialto bridge, climbing the stairs we are wrapped in an extraordinary atmosphere, the gondoliers at one side of the channel bank singing “O sole mio”, the silent brightness and opulence of jewellery stores, the majesty of Fondaco dei Tedeschi palace as the eco of the ancient trading splendour of Serenissima.

CONCLUSIONS

Human Resources Management is a fundamental part of every company, especially for companies interested in new emerging or recently emerged markets like China. The correct management of this department it's a guarantee for the esteem and promotion of the right talented resources, which, in the case of my thesis, are considered to be those resources who have a strong sino-educational background, adding also important economic fundamentals. In the recent ten years Chinese business environmental improvements were visible and concrete, the country massive cash floats through international investments are increasing in numbers and sizes, and the legal regulations regarding this sphere of business have been enhanced too. The global eco of the so-called "Chinese economic boom" has led to a chain reaction in the economies of all the developed countries (involving also countries of Africa and other parts of the developing world, where China decided to direct its investments). Thus, is not a surprise the consequential "boom" of sinology students and economic specialists that become increasingly interested in the Far East since 2001, in parallel with the joying of WTO by China. Nowadays it would be almost impossible to run a relevant business without considering Chinese competitors, products coming from the Far East are no longer useless plastic souvenirs, today a huge amount of financial resources that can save markets that have recently collapsed are all Made in China. The purchasing power of the Asian dragon is undiscussed, remains true the bad image created in the mind of different populations of the world, like partially the Italian one, which associates Chinese and all the money coming from China to an image of profiteers, robbery, and distortion.

The truth is that China, and more generally the Far East, follow the concept of "arriving exactly at the right time, in the right place, with the right tools to leverage the situation", in Chinese this can be explained by an idiomatic expression: *yingsheng ersheng*, 应运而生, which literally means to rise to the occasion. They prefer to wait until the circumstances are perfectly mature and profitable, lucrative, fruitful. They prefer to live without hygienic conditions for years, waiting for the right time to shine, which is a contradiction in terms since the rich society has always existed and took advantage of the profitable situations. But China is the country of contradictions, this is not a hypothesis, the dialectic is permeated in all the layers of lifestyle, business en-

vironment, everywhere. The Confucian beliefs and educational discipline are still vivid and practiced in the modern Chinese society.

The cliché of calling Chinese people financial profiteers in the Western world is spread all over the population and, more in general, among the layers of the society, but the cliché has been overcome in certain spheres of the society where the potential of Chinese friends is recognized and warmly welcomed, I'm talking about institutions such as universities. As a matter of fact, it's a pride and a great merit to provide an interesting and comprehensive educational offering like Ca' Foscari University of Venice does since the end of the XIX century, thanks to its department of Asian Studies. A university must keep up with the present by always aligning its offering to the business current events.

Even if I was not allowed to take data directly from the HR department of the company in the case study, I feel satisfied for the results of this thesis: my research through the academic data collected in the texts in Bibliography, the materials gathered thanks to my experience in China and working in DFS, and the data gained thanks to the interview to DFS managers, were all useful to affirm my hypothesis is real, actual, and in process of future improvements.

In conclusion of this work, I can affirm the role of sinologists is increasingly important due to changing in economy. In order to answer the questions in the Introduction, I can conclude saying the figure of sinologists is important to such an extent that DFS Galleria placed in Venice is going to hire mainly (or even only) people who have studied or can speak Chinese for the position of sales associate and also customer service employees. This is an important detail that helps understand the eco of recent economic events in the regard of recruiting procedures. The importance of knowing exactly how to communicate with a Chinese counterpart is recognized by the managers of DFS, as I was able to understand through the interview, and also by the Human Resources department, who is directly responsible for the hiring activities.

The historical moment the society is living today is mostly coloured in red, China is ready to shine, and it does this with no fear, but Chinese people are not enemies, the world just needs the right people, who are able to communicate with them and interpret their behaviours, guess who?

Sinologists.

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This thesis is the final result of five years of intense study, driven by overwhelming passion for a world which is so distant from mine, that made me literally fall in love. My work might be peculiar, and in certain cases maybe not perfectly scientific, but it contains all the details and concepts I want to collect in this final thesis. It's a written symbol of how I interpret China, how I've lived China and Chinese people during my experience abroad, and during the hours spent in university; after all, it's the work of a newborn sinologist. All of these efforts were not completely natural, and my passion toward the linguistic education was not totally innate, that's why in this regard, it's important for me to thank some special people who made everything possible.

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