

MEDIA RELEASE



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Shanghaied: why Foster's could not survive China

Australian businesses don't understand enough about dealing with China, they have not done their homework well and it is costing us billions, a Deakin University researcher has found.

The argument about whether or not we should be doing business with China is done and dusted, according to Dr Mona Chung. It is recognising that we don't do it very well that needs Australia's attention.

In her new book to be launched on Thursday, 6 November, *Shanghaied: why Foster's could not survive China*, Dr Chung's main message is that we can't treat China in the same way we would any other foreign market.

"It is so different and we have to deal with it in an entirely different way,' she said. "There are fundamental cultural differences and they determine that there is a different legal system and different political system. There are different ways of doing things and that is the fundamental message I am trying to get across."

Dr Chung is a research fellow in Deakin University's Faculty of Business and Law. She teaches international business and marketing and completed her PhD by focusing on a case study carried out on beer giant Foster's. Her research showed that cultural variants have a fundamental influence on business outcomes.

One of the aspects that disturbs Dr Chung is that Australian business seems determined to keep making the same mistakes and is reluctant to seek help. As a former Beijing resident who has lived in Australia for 20 years, she wonders if it is part of Australian culture. "As migrants we are used to trying new things," she said. "But if Australians continue this way it is like throwing money into the water. Why do we do it?"

"Businesses should start with the fundamentals and realise they need to prepare before going to China," Dr Chung said.

"We were not doing it in the 80's and 90's and the latest research shows we are still not doing it. Businesses do not do nearly enough homework."

It can be difficult for companies to predict what to expect when dealing with China, so the most effective way is to use proper advice and employ the appropriate consultants.

Because of the vast differences, expert assistance is critical as it will save money for businesses, especially on opportunity costs, Dr Chung said.

"Businesses need to develop the right strategies for planning, negotiation, management and marketing, giving consideration to cultural differences, not the other way around. In

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other words, strategies and plans must be made for China instead of taking Australian plans and strategies and then adjusting them.”

Dr Chung has a deep understanding of strategic planning, negotiation, management and marketing practices relating to conducting business in China. In her book she makes three major contributions which are published for the first time: the Chung Model, Glass Wall Effect and the Cultural Capability Theory.

These contributions contain real implications for managing cross-cultural teams, selecting the right personnel, assessing strategic investment decisions, and negotiation and communication processes with the Chinese.

Not simply the author of the book Dr Chung brings a unique bi-cultural perspective to her answers to many key business questions.

Dr Chung said her book will be a useful tool for senior management people in the business community. It is published by Heidelberg Press and will be available in book shops or to order directly on-line via www.heidelbergpress.com.au