

BY BOB FONOW

The Glass Ceiling Strikes Early for Some



Bob Fonow

A successful career doesn't necessarily ensure lifelong success in China

I recently had lunch with a professional Chinese couple in Shanghai and we talked about their career paths and some new challenges. Both of them attended elite Chinese universities and earned MBAs and master's degrees in the United States. For many years, each surfed the top of the salary and benefits wave while they were employed at prosperous global companies that enthusiastically invested in China's potential. But these days, they're facing a new challenge: both are about to turn 40.

The woman worked in a large multinational for several years, both in the U.S. and in China, then started her own business, helping investors from abroad find opportunities in the Shanghai construction industry. Her husband returned to China and joined a famous European IT company as a corporate attorney, advanced up the corporate pay scale every three or four years, moved into sales and marketing and finally reached a well-paid plateau as a mid-level general manager in a large American company.

The problem for him is that there are no higher steps for him to climb on the corporate ladder. All the senior-level jobs at headquarters are held by Americans. Due to regulatory constraints, the China operations are not likely to expand much beyond current size, so his chances for executive visibility are limited. At 40, my friend feels that his corporate career is coming to a close. Until recently, he expected to reach the highest corporate ranks of a major international

corporation, but now recognizes that this goal appears unattainable.

He understands his predicament but is not prepared for it emotionally or in terms of career progression. And like many people, he is not temperamentally suited to the unpredictability of an entrepreneurial lifestyle, should he contemplate starting his own company or becoming a consultant. He is resentful, feels cheated, and believes that he is failing himself and his family. Regrettably, like many of his age group, he's not completely up-to-date with the rapid pace of technical developments in his field.

He's Generation X, with Generation Y managers biting at his ankles and the iGeneration – those growing up completely immersed from birth in a digital environment – already making a big impact on international business.

Sound familiar? The situation resonates with similar human resource processes that began in the United States in the mid 1980s, accelerating in the 1990s, as mid-management positions were widely eliminated in many corporations and younger computer literate specialists replaced them.

New jobs

My friend's circumstances, and others in his situation, signal the early stages of the career transformation of many first-generation, internationally educated managers who are starting to be replaced by the second, post-reform

Climbing the ladder of success is getting harder in China for some



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the U.S. and Europe, most managers accept this as culturally inevitable and prepare for it throughout their careers. Only very few go on to lead global enterprises.

At some point most of us reach a plateau, and decide that our current job or profession won't fulfill our deepest desires. In the West, built on a foundation of dynamic individualism, some will move to other corporations and resume their upward trajectory, others will return to university to gain new skills. The more adventurous may follow an entirely new path – one reads of middle-aged managers choosing to spend the rest of their careers as social workers, teachers or musicians – perhaps following a desire from an earlier stage of life.

Still others, like myself, may figure out what they do best and sell it on the market via a consulting career. I started my practice as a turnaround manager when it became clear to me in my early 40s – and also to my bosses at Sprint Corporation – that my personality, which is suited to the unpredictability of managing distressed companies, is quite unsuited to the tempo and culture of the highly structured environment of the executive suite.

Because of what we experience in the West as the “creative destruction” of Anglo-American capitalism, we are emotionally conditioned from early in our careers for numerous and often dramatic career changes.

The situation is different for many Chinese managers who have never experienced an economic downturn and have lived in a protected cocoon of prosperity since the early 1990s, experiencing only unlimited growth and opportunities.

The idea of a “portfolio career” of several skill sets, developed by the British management theorist Charles Handy, may seem culturally anathema to many educated Chinese, especially those from one-child families, many of whom have been protected from adversity. The

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generation possessing new sets of management and technical skills, especially facilitated by new developments in science, technology and social networking. It's led to a global innovation environment that quickly creates many new jobs in China that didn't exist five or 10 years ago.

What does this mean for the older managers, the younger managers and the human resources departments?

As in all market-oriented countries, older managers face several challenges. The first is that management hierarchies are pyramids. The room at the top gets smaller with each promotion. In



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immediate reaction will be to run for cover. This is best described recently in the numerous reports that indicate a growing number of Chinese graduates from elite universities expressing a preference for joining Chinese state-owned enterprises instead of multinational corporations.

Cultural challenges

When I asked a leading recruiting consultant in Beijing about the possibility of a career change to state-controlled corporations for mid-career professionals who have only worked for foreign corporations, her response was predictable. She felt that in most instances the change would be impossible. Most managers would find the lack of individual responsibility stifling, while state-owned enterprises would find foreign trained managers culturally unsuitable for the closed decision loops and top-down controls that are the operating style of many Chinese companies.

Still other talent professionals believe that a glass ceiling for Chinese managers is a misleading interpretation. One leading talent spotter for Spencer Stuart believes that many Chinese managers, like those elsewhere, simply reach the limit of their talents in their 40s, a modern Chinese version of the Peter Principle.

Perhaps another explanation provides insight. The global economy is in the early stages of huge structural changes, much of it caused by the emergence of China. Leading China observer James McGregor in his recent book *No Wisdom, No Followers* sees an international economy just beginning to understand the impact of China's growing economic power. He argues that the unique form of Chinese capitalism is undermining the foundation of the financial and business system that has emerged since Bretton Woods, and indeed, made possible the rapid development of China.

One negative impact is that the same multinationals that assisted in the transformation of the Chinese economy are now distressed by the competitive pressure of Chinese state-owned enterprises, leading to the decline of many of the

corporations that have up to now employed thousands of United States- and European-trained Chinese employees.

The result will be fewer opportunities for Chinese workers' employment in foreign companies, especially in those corporations trying to maintain an identity and corporate culture separate from overwhelming Chinese influence. This is clearly seen in the telecommunications and high-technology sectors in China.

Many foreign companies in China already feel the impact of global Chinese competition and are compelled to reach down into a younger age group for new and less expensive talent, reducing further the opportunities for mid-career professionals in many international companies.

As this happens, the enlightened companies will develop human resources policies that attempt to meliorate the worst consequences of what might be described as the first generation of China's professional unemployed. As many people in the U.S. have experienced, typified recently in the movie *Up in the Air*, layoffs of highly trained and experienced mid-career staff can be brutal.

Unless done with a particular compassion in China, replacing the first generation of foreign-educated professionals with younger staff will be perceived as highly damaging to a company's reputation. Smart companies will offer packages that help their highly educated and loyal staff find new employment and career paths quickly and successfully.

The lesson for younger foreign-educated employees beginning their careers now is the same in China as it is everywhere else. In the compressed time lines of global business running on social networking time, your only protection is lifelong education and the constant improvement of skills. There is no such thing as job security. Even in China, and possibly soon, especially in China. 

Bob Fonow is the consulting president of Comrise China and managing director of Revenue Growth International (RGI) Ltd.



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Contact Information

Site: www.marshall.usc.edu/gemba
E-mail: uscgemba@sjtu.edu.cn

WeChat: USC-SJTU-GEMBA
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