



FROM CHINA TO SWITZERLAND ONE WAY!

A cooperation of

FARNER and **zh
aw**

A study carried out by Manuel Oswald, Anastasia Papagni, Mariel Zimmermann, Lea Masserini and Lenzy Rimensberger

Abstract

Purpose – The aim of this paper is to provide Farner Consulting Ltd an insight into the current communication behaviour of Chinese firms in Switzerland and to outline recommendations for potential improvements.

Design/ methodology/ approach – Secondary literature was used as framework. Quantitative and qualitative research was conducted with Chinese companies located in Switzerland and representatives of the Swiss media. Moreover the web appearance of all Chinese companies identified in Switzerland was examined and assessed. Furthermore the character of the media coverage relevant to the topic was analysed and evaluated. Results were used to give recommendations.

Findings – Chinese companies in general follow a reactive communication strategy. The importance of PR activities is perceived to be increasing. The disposable PR budget is in comparison to Western companies of small size. Responsibility for communication affairs mainly lies with the top management. Trust issues are seen as one of the main obstacles avoiding engagement of external PR agencies. The vast majority of Chinese companies lack of accessibility, which contributes negatively to the perception of the Swiss media.

Research limitations/ implications – Authors were dependent on the availability of potential interview partners. A number of four Chinese companies operating in Switzerland have been interviewed.

Practical implications – Chinese companies have to adapt their communication behaviour according to the expectations of the Swiss stakeholders and need to define a spokesperson, which is accessible for any external inquiries. In order to establish a successful cooperation and flow of information, the Swiss media and PR consultancies have to adjust their approach towards Chinese companies. This approach should initially focus on building up a trustful relationship.

Originality/ value – This paper covers a topic, which is gaining importance as the number of Chinese companies situated in Switzerland increases. The study genuinely outlines the perception of the Swiss media towards Chinese corporations in Switzerland. Useful recommendations for Chinese companies operating in Switzerland, the Swiss media and Farner Consulting Ltd were formed.

Keywords – Corporate Communication, Chinese companies, Swiss Media, Switzerland, PR

Paper type – Empirical Study

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1. Introduction

1.1 Problem

The Chinese economy is booming. And so is their willingness to expand worldwide. The government's "going global strategy" which primarily aims to support expanding companies financially, has led to a massive increase in foreign direct investment since 2003. Their percentage of worldwide outward FDI flow has augmented from 0.5% in 2003 to 3.8% in 2011 (UNCTAD as cited in ZHAW, unpublished). On one hand this considerable increase in FDI within such a short period is immense and realistically reflects China's position as one of the world's economic motor. On the other hand one have to point out that the inward FDI of China is still higher than its outward FDI and that Switzerland holds a greater percentage of the worldwide FDI flow (4.1% in 2011) than China (UNCTAD as cited in ZHAW, unpublished).

Considering the high attractiveness as a business location, it comes with no surprise that there are numerous Chinese offshoots present in Switzerland. In our study, we have identified 59 Chinese companies having entered the Swiss market as represented either by a branch, through merger and acquisition or as a majority shareholder (status as of May 2013). These companies are distributed within 16 cantons, whereas the majority is located in the canton of Geneva.

However, Chinese companies are facing problems in integrating themselves into a country, of which its values, norms and assumptions are heavily diverging from its own. The Swiss public have completely different expectations on how foreign companies should integrate and act out their social corporate responsibility. To date, the media echo of China's expansion strategy is ubiquitous and has raised public awareness and concern.

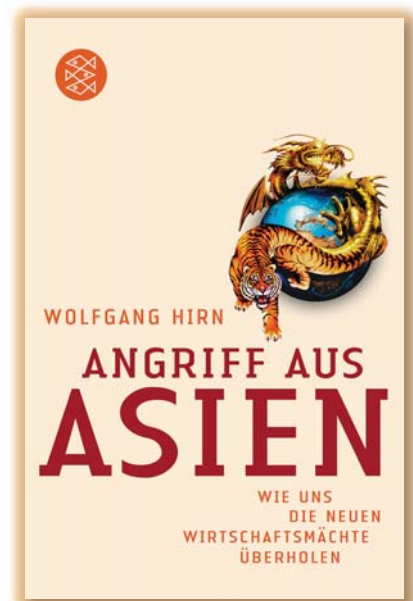


Figure 1: Attack from Asia (Hirn, 2007)

Wenn Chinesen in Zug eine Pressekonferenz abhalten



Jinko-Solar-CEO Xiande Li im Gespräch mit dem Schweizer Fernsehen.

11.12.2012 07:06

Die in Zug domilizierte chinesische Solarfirma Jinko Solar ging am Freitag erstmals an die Öffentlichkeit. Doch der Anlass endete in einem Debakel. Ein Lehrstück über schweizerisch-chinesische Missverständnisse.

Figure 2: Press release the Chinese way (Meisser, 2012)

Looking at press articles published since March 2012 and which are relevant to the topic, we have assessed approximately 60% to be of negative character and only 9% positive. This implies that the Swiss public is predominantly informed negatively about Chinese companies, which sheds bad light on them and can potentially damage their reputation as a decent organisation. Despite China's inferior outward

Chinas Investoren stürzen sich auf die Schweiz

von Sven Zaugg - Der immense Investitionshunger chinesischer Unternehmen hat die Schweiz erreicht: Sie kaufen Firmen und Marken und siedeln sich an. Aber nicht alle wollen sich unternehmerisch engagieren.

Figure 3: China's investors rush into Switzerland (Zaugg, 2013)

Such pervasive press coverage can distort the public perception unfavourably. Therefore it is vital to highlight the importance of maintaining coherent public relations through an active communication department. However, several Swiss media representatives claim that Chinese companies in Switzerland seriously lack of active communication efforts, which avoids long-term public recognition.

Not only do expansion plans contribute to their controversial image, but also topics that China has become infamous for such as neglect of human rights, governmental censorship and environmental issues, which are extensively covered by the media.

FDI rate compared to Switzerland (as outlined above), recurring terms used by the Swiss press in order to describe China's economic development are "spending spree", "attack" or even "campaign", which comes close to a military association.

1.2 Objectives

The overarching objective set for this case study are to provide an insight of the current communication behaviours of Chinese firms in Switzerland and to outline potential recommendations for improvement. This is needed as the current approach of the Chinese companies has proven to be counterproductive to the development of a good corporate image in the Swiss market. The empirical evidence for this case study is formed from a statistical analysis based on qualitative and quantitative research relevant to the topic.

Below listed are the various levels of investigation that were chosen to form up the core objective of the research into the communication behaviour of Chinese companies in Switzerland.

1. The aim will be to analyse the communication strategies, activities and tools Chinese firms use to penetrate the Swiss market. These being: media relations, public affairs, corporate publishing and various other tools. Further, the efficiency and quality of these mentioned tools will be investigated and evaluated.
2. Analyse the current perception of Swiss stakeholders towards Chinese corporations. The main stakeholder investigated will be the Swiss media as they are an important force in projecting the image of Chinese companies to the public. As the general perception of the public tends to be rather negative, an investigation into what contributes to this will be of focus.
3. Analyse the obstacles for Chinese corporations to integrate themselves into Switzerland and the attitude of Chinese corporations towards external PR consultancy. Any cultural differences that contribute to the difficulties of Chinese firms integrating and trust issues are additionally evaluated.
4. As a last step, potential recommendations will be derived and formed. These should aid Chinese firms how they could improve their communication efforts and establish a better company perception in Switzerland. Furthermore, recommendations are given for Farner Consulting as well as the Swiss media.

1.3 Methodology / Structure

In order to gain a general overview and knowledge about the topic, a desk research was conducted based on secondary literature relevant to the subject. This data was used as a framework and as the base of further primary research. The area of focus was on the corporate communication of Chinese organizations as well as on the Chinese business culture.

In a second step, empirical data was collected through a questionnaire, which was sent to Swiss journalists in order to quantify the perception of the Swiss media towards Chinese corporations operating in Switzerland. The evaluated data was based on 15 respondents. Furthermore, three journalists were interviewed in person to add qualitative data to the investigation.

At the same time, the Swiss media coverage addressing the issue since March 2012 was analysed and classified into positive, neutral and negative press coverage. The total amount of analysed articles is 34. This aimed to mirror the perception of the Swiss public.

Being familiar with the matter, four face-to-face interviews with representatives of Chinese corporations operating in Switzerland were conducted to comprehend their point of view.

To observe the Chinese companies' web presence, a thorough investigation of their web appearance was conducted on 59 companies identified in Switzerland. The ones having a web presence were analysed in order to reflect the extent to which the webpage is used for communication purposes.

Resulting out of all the above-mentioned research and investigation, recommendations were derived to enhance the performance of all involved parties.

2. Cultural Understanding

To understand the way of communication of a culture it is crucial to comprehend the cultural background the society of this country has. With the globalization the importance of multicultural understanding increases, especially when it comes to intercultural business encounters (Huaning, 2005) He states that most foreign business failures were caused by the inability of understanding and adapting to the foreign culture rather than by technical or professional incompetence. Huaning (2005) further describes important business behaviour components of the Chinese culture and highlights the immense potential of the Chinese market due to its rapid economic development and its integration into the global market. These components make the Chinese business culture difficult to understand and to communicate. This shall be reflected in this part of the report.

2.1 Chinese Culture vs. Swiss Culture

Culture is a very complex term and has therefore been defined in several ways. Hinner (2005) has chosen to apply Geert Hofstede's definition of culture, describing the term as the "software of the mind" which influences people's behaviour in their daily interactions. The Dutch cultural anthropologist Hofstede further defines culture as "the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture is a system of collectively held values" (Hinner, 2005, p. 88).

Hofstede has defined five dimensions of national culture after having conducted a survey observing cultural behaviour of 53 different countries. The dimensions include the following:

Power Distance (PDI): defines the extent to which less powerful members of society accept the power to be distributed unequally. High power distance for instance predominantly stands for a centrally organised society with strong hierarchy. China has a score of 80, which is significantly high in comparison to the world average. This indicates a high level of inequality of power within the Chinese society.

Collectivism vs. individualism (IDV): describes whether a society tends to achieve as individuals or as a group and through interpersonal relationships. A high score stands for the importance of individuality whereas the strikingly low score of 20 reflects the collectivist Chinese society. Translated in business behaviour, one can say that Chinese business people prefer to reach group consensus during decision-making.

Femininity vs. Masculinity (MAS): indicates to what extent masculine values such as assertiveness, performance, success and competition dominate female values including quality of life, maintaining warm personal relationships or caring and solidarity. A low score means that a society has less discrimination between genders and that they are treated more equally. China's has a higher score than the world average.

Uncertainty Avoidance (UAI): indicates to what degree a society is able to cope with uncertainty and ambiguity. China has a rather low score of 40 compared to the world's average of 64.

Long vs. short-term Orientation (LTO): includes people's persistence and perseverance, status and sense of shame. In a long-term such as China scoring a strikingly high score of 118 compared to the world's score of only 45. This means that business in China may take longer to develop.

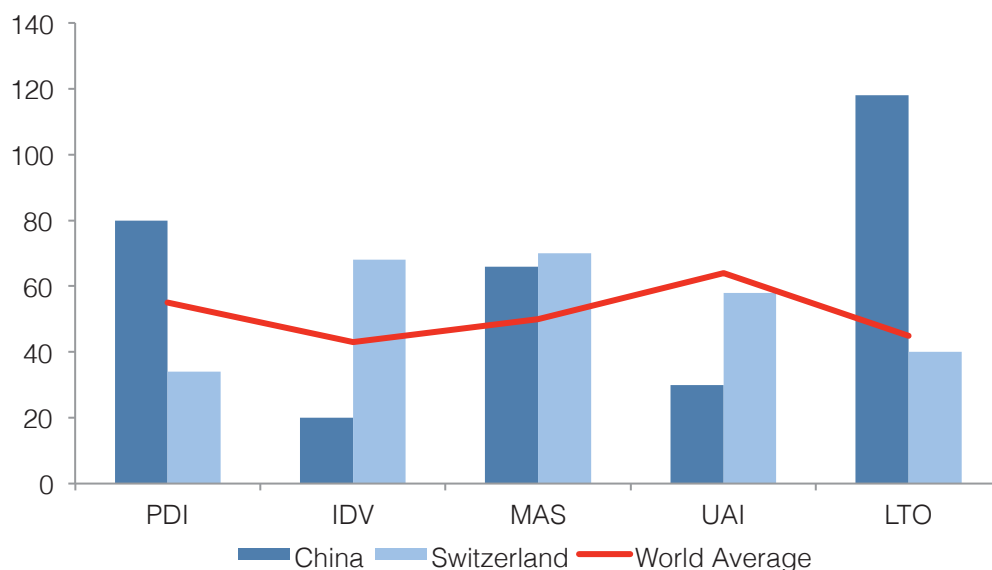


Figure 4: Cultural comparison China and Switzerland (Hofstede, 2013)

From the dimensions explained above a significant difference has been elaborated between the Chinese culture compared to the world's average culture (figure 4). To illustrate the significant difference in culture between China and the rest of the world, all the differences of the 5 dimensions have been accumulated and the result was found to be 171. This numerical data already show that China differs significantly from the rest of the world. In a further step the total difference between Switzerland and China is examined which accounts to 204. Therefrom it can be concluded that there is a remarkable difference between the Chinese and the Swiss culture, especially when it comes to the PDI, IDV and the LTO dimensions. The chart below illustrates the main differences between Western and Chinese communication behaviour, elaborated by Hinner (2005).

Westerners	Chinese
Direct	Indirect
Confrontation	Integration
Based on facts	Based on trust
Reassurance through contract	Reassurance through connections
Fixed, comprehensive set of rules	Flexible, complicated set of rules
Negotiations to be closed	Negotiations everlasting

Figure 5: Comparison of the Western and the Chinese communication style (Hinner, 2005)

In order to better understand how the Chinese culture differs from the world's average cultural behaviour or more specifically the Western culture, the next section is dedicated to the peculiarity of the Chinese culture.

2.2 Traditional Chinese Culture

Confucianism

Huaning (2005) states that besides Taoism and Buddhism, traditional Chinese culture was highly influenced by Confucianism. This means that the first step towards understanding the Chinese culture involves comprehending Confucianism. These ideas were created by Confucius (551 BC-479 BC) and Mencius (298 BC-238 BC). This concept included the model of a hierarchical society attributing different roles for different people in society. Benevolence, etiquette and mean are important components of this philosophy. Confucianism believes that to keep a society in harmony, hierarchy is needed. Thus, the goal of the philosophy is “to guide people to truth, goodness and generosity, nurture family relationships and maintain rigid social orders.” (p. 90) Confucianism was continuously reformed over the centuries, which enriched the Chinese philosophy.

To conclude, Huaning (2005) summarises the key ideas of the traditional Chinese culture as follows:

1. People should be vigorous, loyal and promising
2. Harmony is the optimum, social harmony can be achieved by people maintaining good relationships with others by respecting their place in society
3. Respect age and hierarchy, lower classes should obey and respect those above them
4. The individual is a part of his or her family and group (group-orientated)
5. People are defined by their relationships with others
6. Etiquette should be followed when people interacted with each other (Li)
7. Long-term oriented

Two Special Characteristics of Chinese Behaviours

According to Huaning (2005) Chinese culture differs from Western culture to a great extent. He highlights two special characteristics of Chinese behaviours called *GUAN XI* and *MIAN ZI*, which are going to be covered in this paragraph.

Guan Xi

This concept has derived from the traditional importance of family, which is the core idea of Confucianism. The Chinese society regards the individual as being a part of a group, either of the collective family or the society. There is a huge loyalty between members of a family built on unlimited trust. Non-members of a family will be regarded with great distrust. Trust is not only brought to blood relatives, but can be extended to friends or classmates. The Chinese word 'Guan Xi' therefore refers to the concept of building relationships or networks in order to secure favours in personal as well as business relations. Huaning (2005) considers Guan Xi to be the most important element in Chinese business culture nowadays, as most foreign investors are familiar with the term. Guan Xi relations share mutual trust and help each other in business and are committed to each other. Guan Xi is of crucial importance to Chinese people and is likely to be more important than organizational affiliations or legal standards.

Mian Zi

Huaning (2005) mentions a further important element of the Chinese culture, called 'Mian Zi'. This concept represents "the respect, pride, and dignity of an individual as a consequence of his/her social achievement and the practice of it" (Huaning, 2005) and can be translated into the English word 'face'. One's face in Chinese society can be increased by their personal efforts such as hard work or exemplary behaviour. Complimenting another person in public can as well contribute to an increase of one's face. However, face can be lost if someone is criticised by another person in front of other persons. As Mian Zi is of huge importance to the Chinese society there is nothing more embarrassing than losing one's face.

To conclude, Huaning (2005) summarises that Chinese society is highly influenced by traditional Chinese culture, which also influences Chinese behaviour in business. The main elements are group-orientation, relationship style and self-respect. Business communication with Chinese people should include Guan Xi and Mian Zi aspects in order to build good relationships, which will result in effective communication, increasing chances for successful business.

3. Corporate Communication

3.1 General Definition

Dolphin (1999) explains that every corporation has to deal with a certain environment; they have a place in the environment as well as an impact on the environment. This impact is created by communicating integrated and coherent messages to audiences, which are of interest to the company. This way, precious relationships can be established, with external as well as internal audiences. Corporations can adapt their communication to the needs, ideals, and aspirations of their audiences and thus facilitate the understanding and appreciation of the company. The main function of corporate communication expert is according to Cornelissen (2010) to build objectives, to maintain and protect the company's reputation. Through establishing a thought-out corporate communication, which can lead to an increase of the company's performance, the corporation can even gain a competitive advantage. Further, Dolphin (1999) defines corporate communication as an approach rather than a technique. This approach should ensure consistency of the corporate message, which will increase the organization's transparency towards the audience.

Illia and Balmer (2007) as well stress the importance of positive relationships when it comes to corporate communication. They argue that corporate communication is a management function, which helps to maintain favourable inter-organisational relationships with groups the company is depending on.

Although there is no universal definition of corporate communication, Illia and Balmer (2012) refer to the definition used by van Riel and Fombrun (2007, p. 25):

"The set of activities involved in managing and orchestrating all internal and external communication aimed at creating favourable starting points with stakeholders on which the company depends. Corporate communication consists of the dissemination of information by a variety of specialists and generalists in an organisation, with the common goal of enhancing the organisation's ability to retain its licence to operate."

In consideration of the definition and its characteristics, Cornelissen (2010, p.5) states that it is "likely to be complex in nature". Out of this complexity a range of

challenges arise. He firstly explains the challenges of multinational corporations in finding an appropriate way to communicate with internal and external stakeholders in a representative manner of the company as a whole. Further, he sees the demand of “an integrated approach to managing communication” (Defining Corporate Communication, 2010, p.5) where a cross-departmental approach is needed, as challenge for companies. Moreover, the complexity leads to a lack of understanding of “the role and the contribution of corporate communication” (Cornelissen, 2010, p.1) within a company. The difficulty of a successful corporate communication further requires an understanding of cultural differences.

3.2 Corporate Communication in China

Wang and Chaudhri (2009) emphasise the growing importance for Chinese corporations to extend their efforts towards public relations and corporate social responsibility. This shift has arisen from the Chinese integration into the global market; increasing the expectations of stakeholders in China and internationally. Additionally, the remarkable improvement of the Chinese media situation over the last 20 years has had a vital impact on the corporate communication development of Chinese companies (The Growth of media in China, 2008). Since 2003 the “Chinese Communist Party phased out compulsory subscription and subsidization of the most newspapers and magazines” (Carmosky, 2005, p.34) with the result, that the media industry needed to increase their revenues by selling advertising space and attracting new clients. Newspaper and magazine became independent and had therefore more liberty in the content they release. However, there are still strict censorships in the areas of public policy, international relations and local issues.

To evaluate the different views on corporate communication of a company, we refer on the results of Wang et al. (2006) and Feng et al. (2010) who questioned 23 Chinese companies from various industry sectors on the importance, the function and the involvement of third parties.

Measurement of Importance

To receive a first impression of corporate communication in China it is crucial to understand the importance of this field. There are several factors, which indicate an increase of importance of corporate communication in China. According to Feng's et al. (2010) findings there is a trend of increasing spending on corporate communication strategies, which support the assumption of a growing role of corporate communication.

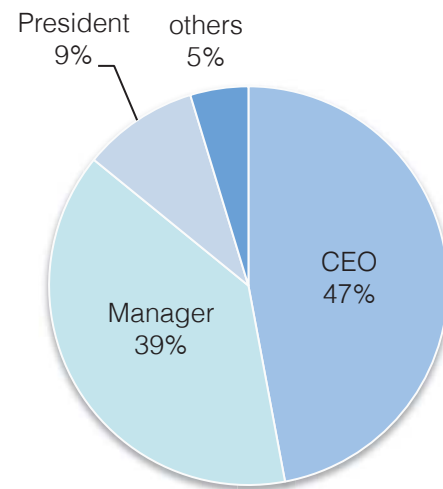


Figure 5: Title of the top executive responsible for corporate communication (Feng et al., 2010)

Firstly, a rise of the budget is expected. Furthermore, an increase of staff in the communication department is foreseen. Another important aspect is the fact that in around 47% of the companies surveyed (A China Study 2010), the CEO of a company is responsible for the corporate communication. 39% named the manager as the responsible and 9% the president (figure 5). The involvement of the top management is clearly visible. As seen in chapter 2.1, hierarchy is an important element of the Chinese culture. The head of a company is the one who communicates with the outside.

The Function

According to Wang et al. (2006) the key functions of corporate communication are brand strategies, media relations and Internet communications. Public relations were mentioned less often by the respondents. This leads to the conclusion that the corporate communication function of Chinese companies focuses more on consumers than on internal stakeholders and investors.

The Challenges in the Corporate Communication Department

Even though the general importance of corporate communication is rising, there are challenges in conducting corporate communication. The biggest issue is the lack of awareness in the higher management level (Feng et al., 2010). One of the respondents in "A China study 2010" (p. 20) states: "[...] the biggest problem is that

management does not recognize the value of corporate communication.” It can be assumed that the revealed underestimation of corporate communication has an influence on budget planning, which is assessed as being too small. A further challenge mentioned in the China Study 2010, is the lack of adaptations of corporate communication activities. Often it is revert on traditional channels, which are regarded as uncreative and unoriginal. This can be attributable to the shortage of professional staff in the corporate communication department. Moreover, a lack of social responsibility, intercultural conflicts, no awareness of charity, dishonesty and no public relations building are challenges which the respondents are facing in the daily work (Feng et al., 2010).

Attitude toward external agencies

Feng et al. (2010) found out, that Chinese companies mostly consult external agencies for advertising, training and development, brand strategy and media relations (figure 6). From figure 6 it may be inferred that “sensitive and confidential” (Feng et al. 2010, p.9) functions, such as “employee communication, internet communication, corporate philanthropy and crisis communication” (Feng et al. 2010, p.10), will be managed by internal staff.

As seen above, there is an increase in the importance of corporate communication and a rise in the corporate communication budget is observable. It can therefore be expected, that the use of third-party vendors will rise.



Figure 6: Use of third-party vendors for corporate communication activities (Feng et al., 2010)

4. The Swiss Media's Perspective

4.1 Evaluation of the Survey and Interviews

Part of the quantitative data collected, was derived from surveys sent out to Swiss journalists from whom 15 responded to the questions, which is a limited number. However, as respondents answered in a similar manner, we were able to identify a trend. Therefore the gathered data were used to show the general perceived image of the Chinese companies located in Switzerland out of the view of the local media. Additionally to the quantitative survey, qualitative data collected from the interviews of three representatives of Swiss News agencies (NZZ am Sonntag, SRF and the Finanz und Wirtschaft) were used to underline the quantitative results.

Image of Chinese companies in Switzerland

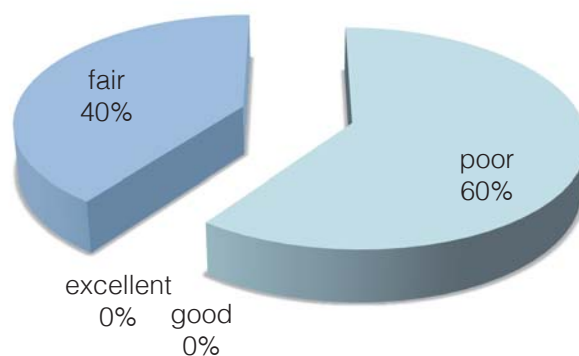


Figure 7: Image of Chinese companies in Switzerland? (Question 1)

As seen above, the image of the Chinese companies in Switzerland is being perceived by 60% of the questioned as poor. The remaining 40% rated it as fair. These figures correlate with the general perception that exists and further indicate that most Chinese companies face image issues in Switzerland. This was further emphasised by all of the three interviewed representatives.

Communication efforts of Chinese companies

When asked about the communication efforts of the Chinese, a further clear trend is visible. Again the majority of 73.3% states that the efforts are poor and 26.67% being fair. This attitude has also been observed by the three questioned newspapers. From side of the Swiss journalist it is believed that there is no effort made to react actively towards the Media. Neglecting the importance of cooperation is visible by nearly all Chinese firms. Although it also has been observed that some Chinese firms make a positive effort towards communication.

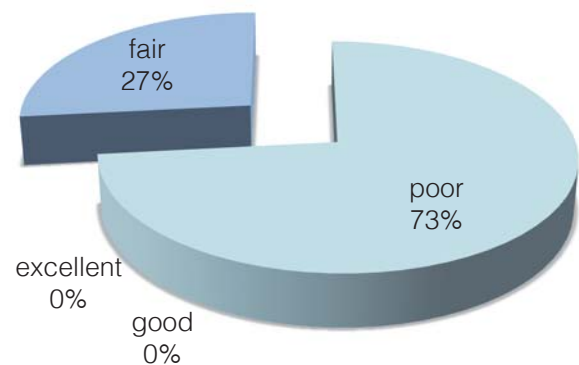


Figure 8: Communication Efforts of Chinese Companies (Question 2)

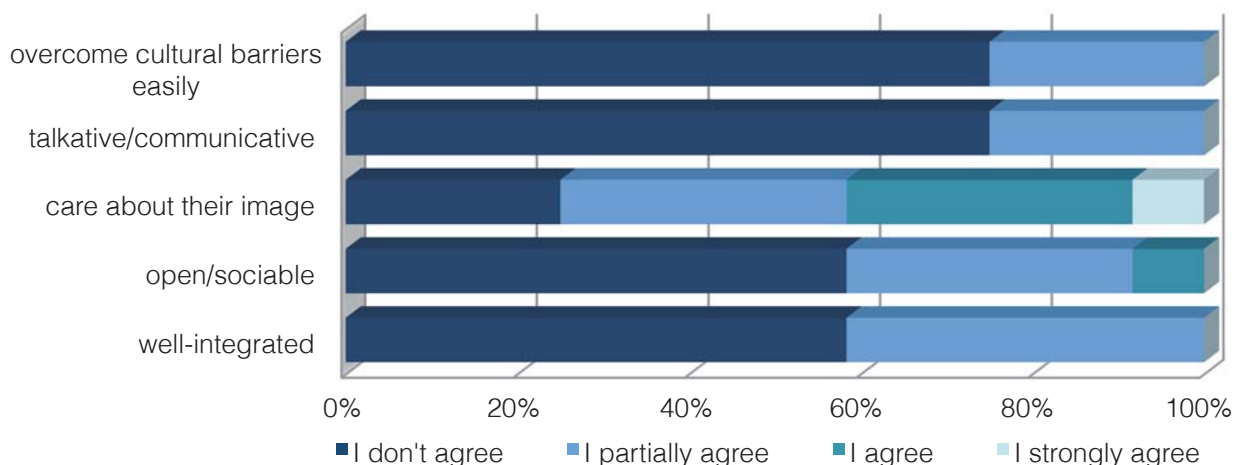
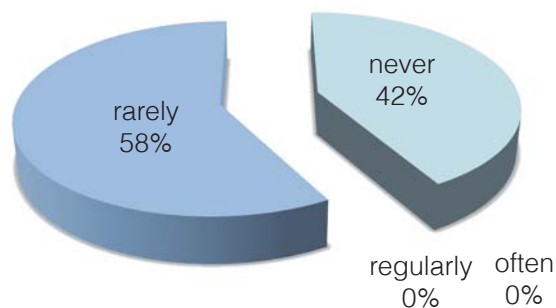


Figure 9: Chinese companies resp. their representatives are... (Question 3)

As shown in the graph above clear trends are visible. It's perceived that Chinese companies are not well integrated into the Swiss society, around 60% of the questioned stating so. Furthermore their efforts to communicate and overcome cultural barriers are perceived as not visible. Where respondents did agree was on the question of whether Chinese companies would care about their image. Here we can see the majority of the answers range between agreeing and partially agreeing. On the question of their openness and being sociable it's again visible that it is perceived that the Chinese lack these attributes.

Experiences with Chinese companies



According to those polled 42% have no experience with Chinese companies. The rest stated to have rarely contact with Chinese people working in Switzerland.

Figure 10: Experiences with Chinese companies (Question 4)

Contradicting to the negative image of Chinese companies in Switzerland, those questioned journalists who seldom get in contact with Chinese companies, mainly describe the impression to be neutral. 11% of the respondents stated that their impressions were negative and an equal number stated them being positive.

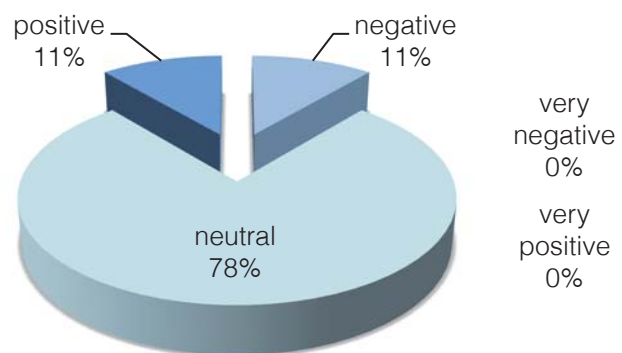


Figure 11: Impression when dealing with Chinese Companies in Switzerland? (Question 5)

Provide enough material and information

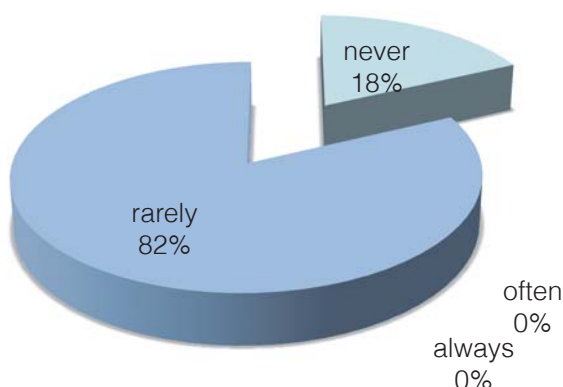


Figure 12: Provision of material and information (Question 7)

It's shown above that the general perception is that, Chinese companies provide not enough material. 82% of the questioned state that rarely enough material or information are given or provided to the journalists or the public. Nevertheless, NZZ stated that in one of their encounters with a Chinese company they were willingly provided with enough material.

Expectations towards Chinese companies

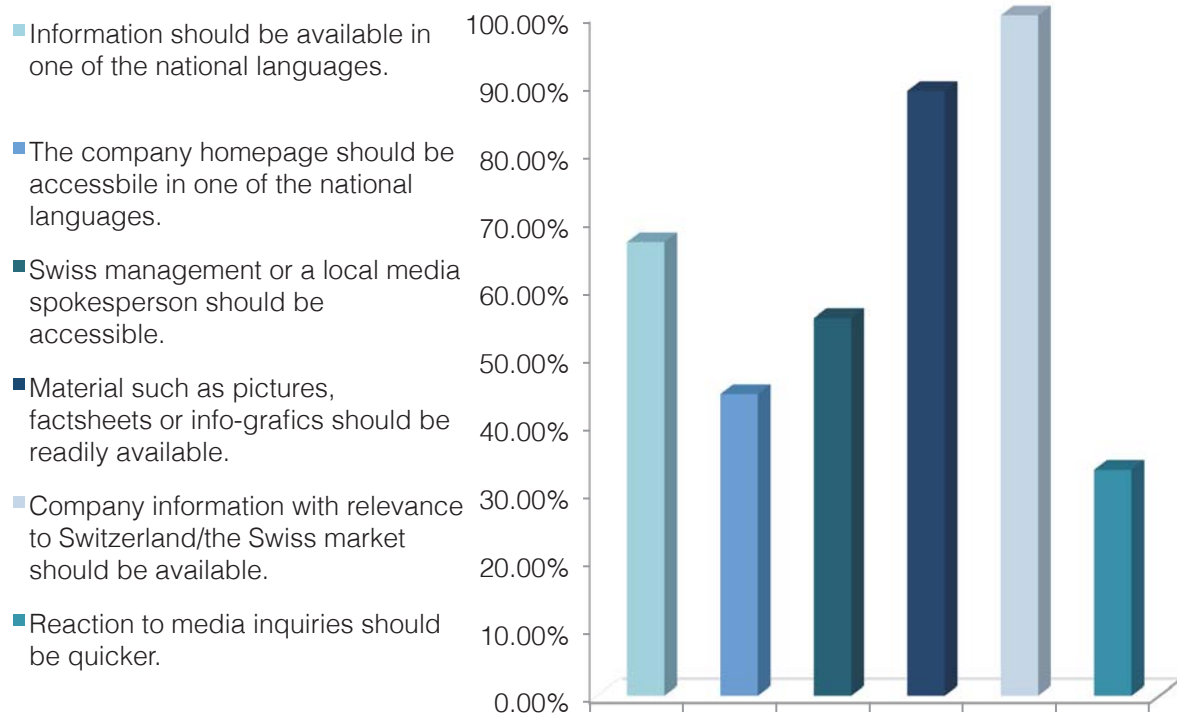


Figure 13: Expectations of Swiss journalist towards Chinese companies in Switzerland when it comes to communication (Question 8)

In the expectations towards Chinese communication strategies the need of transparency is high. 100% of the respondents demand company information with relevance to Switzerland or the Swiss market to be available. This correlates with the previous question of not enough information being available. Further, the general amount of information in various forms and medias should be accessible at all times and the homepages should be in one of the national languages. Overall the figures indicate a need for better information exchange. All representatives of the media especially stressed the importance of offering clearly defined spokesperson. This would be essential to bridging the trust issues and offer better cooperation among both sides.

Forms of preferred information

Above we can see the preferred forms of information to be provided by the Chinese companies. Factsheets and press releases are the most preferred by the Swiss journalists (figure 14). SRF stated that background talks and interviews were crucial to initiate a “getting to know each other better” and through that cultural differences and trust issues can be overcome.

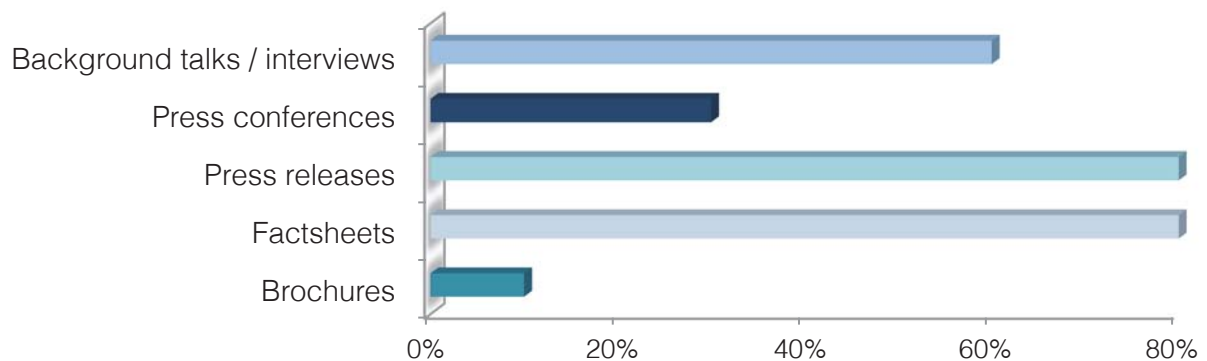


Figure 14: Form of information (Question 9)

Access to Chinese spokesperson

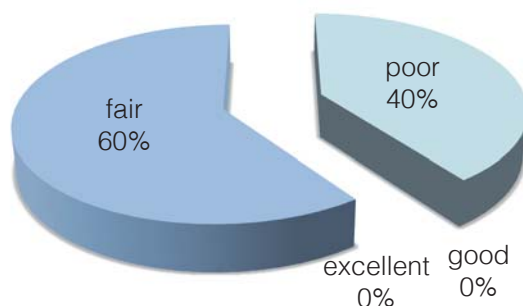


Figure 15: Accessibility to spokespeople (Question 10)

The access to Chinese spokesperson is perceived as rather on the negative side. 40% rating the issue as poor and 60% as fair. It is perceived by none being good or excellent. Again it is visible that the accessibility of a spokesperson needs to be improved. As mentioned above, a clear defined Spokesperson is desired by all three of the questioned News representatives.

Impact of the controversial Image

When asked to what extend the controversial image of the Chinese companies impact on the view of the Swiss media we can see the results above. The majority believe that it would have an impact, with 45% stating to a large extent and another 45% stating to a moderate extent. It is stated by the SRF that the negative image certainly affects the views. The negative image that Chinese companies create abroad would also contribute to the prejudices of the local Swiss media.

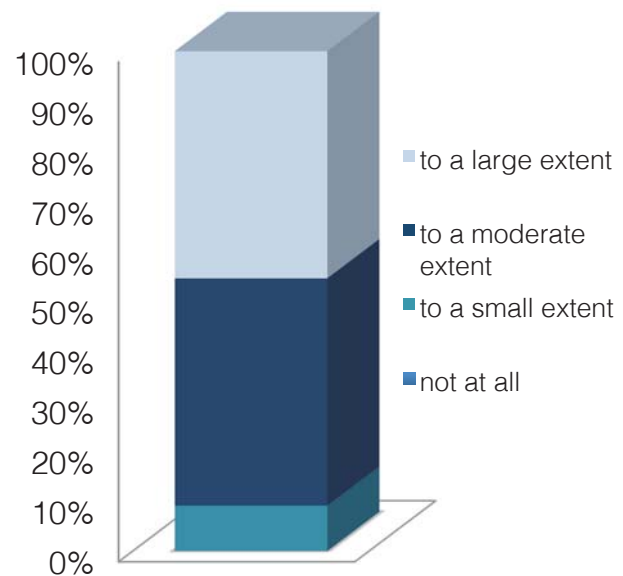


Figure 16: Image of China according perception and view of the Swiss media (Question 11)

4.2 Characterizing the Media Coverage



Figure 17: Police at Huawei (Mue, 2013)

In this part we would like to have a look at the news coverage about Chinese companies in general, published by the Swiss media. Therefore we have analysed articles from major newspapers as well as local papers released from March 2012 until now. In total, we identified and evaluated 34 press articles whereof the most were published by the “Neue Zürcher Zeitung” and “NZZ am Sonntag”.

Whereas 32% of the articles can be characterised as neutral, 59% are negative and only 9% (3 articles) contained positive reporting. Unsurprisingly, the majority of the assessed articles concern the categories Merger & Acquisition, Investment and Legal issues. Overall, the company Huawei was given the most attention, appearing in 9 articles out of the 34 analysed. However, this is no surprise considering the latest legal allegations they were confronted with and the resulting 9 arrests due to contempt of visa regulations (April 2013).

The high rate (59%) of negative articles emphasizes again the importance of communication skills. If such negative headlines occur, the concerned company should be able to corporate with any kind of requests by the media or should even inform them proactively in order to clarify any issues up front. Considering the high frequency Huawei recently has been appearing in the media, they recognized the significance of media corporation. According to a representative of “NZZ am Sonntag”, who was involved in the recent visa incident, the overall communication efforts by Huawei throughout the case have been satisfying. After a first request by the “NZZ am Sonntag”, they were reacting well and on time.

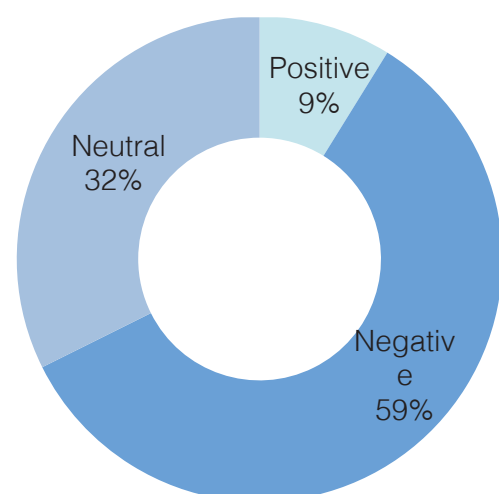


Figure 18: Media Coverage

5. The Chinese Companies' Perspective

5.1 Evaluation of the Interviews

Importance of PR

Importance of PR varies between the enquired Chinese companies. Whereas larger corporations assess the importance of PR to be very high, smaller companies are aware of the importance but due to their size they do not consider PR as sufficiently important since they are hardly in contact with the public, especially the media. Ruida for example, which currently employs six people in Switzerland emphasises on the growing importance of PR involvement as the company extends. Another factor indicating the importance of PR for corporations is the budget available. The surveyed companies tend to have little or no budget specifically for PR. Only one respondent indicated to have a budget for PR purposes only. However, this budget is relatively small in comparison to the company's Western competitors. A further indicator for the importance of PR is the number of employees engaged in PR work. N. Frank, Business Development Manager of Ruida, explains that with further growth of the company they will consider to employ one person for PR related issues. Huawei disposes over a team of two internal Swiss PR experts, whereas Otian International works with two internal PR persons responsible for the European area.

Communication Strategy

Other differences can be detected in the approach Chinese companies follow. So far the focus of Ruida lies on their core business, assuring good quality and price. Therefore Ruida follows a reactive approach towards media, whereas larger corporations such as Huawei, who already disposes over two PR specialists, also act proactively. For instance, they release documentation available to the public. The press releases concerning worldwide business can be found on their website and amount to 264 releases in 2012. In case Huawei is confronted with negative press coverage, they occasionally prefer not to actively react to the media in order to clarify the issue. Thus, the company wants to avoid further potential press coverage. Additionally, Huawei engages into social activities such as sponsoring events in order to increase their positive image towards the public. For example they donated to a park in Berne. The communication approach is made through different communication channels in order to reach the public. The channels used

by Chinese corporations include word of mouth, print, Internet and press conferences. Generally it can be said that Chinese corporations favour the print channel. This can be explained by the high number of companies operating in a B2B business, where printed information seems to be the most convenient channel for efficient communication.

Looking at the influence of the central organizations in China, surprisingly all interviewed companies are free to communicate to the public without any restrictions by the Chinese head office. However, the budget is predefined by the headquarters back in China.

Attitude towards external PR agencies

Whether to hire an external PR agency depends on different factors. Ruida explains that they would take into consideration hiring an external PR consultant once they reach a considerable size. Moreover, the lack of trust towards external PR agencies hinders collaboration with Chinese companies. Nevertheless, Otian expects this attitude to change in the next 15 to 20 years. Huawei, the only one, disposing over a PR budget, is the only company having consulted an external agency. They collaborate with an external PR agency for larger projects and for instance when they are confronted with negative press coverage. A recent example would be the published article about violation of working permits.

The Challenges

According to the interviewees, the Chinese PR approach mainly differs from the Swiss approach as follows: Firstly, the Chinese are not aware of the high importance of the media and PR in Switzerland and are often surprised when entering the Swiss market. Also it assumed that some Chinese entrants see Switzerland as a good possibility in order to improve their brand image. A further discrepancy can be found in the importance of the government when doing business. Whereas in Switzerland it is important to communicate and maintain good relations to all type of stakeholders, in China it is crucial to focus on the extending government as the main stakeholder.

Also the political situation in China can influence the communication of the companies. A lot of effort is put into communication with their clients directly, in order to keep them informed about the political situation in China, convince them that everything is under control and that their business is not affected. This is in line with prejudice the Swiss public has towards China in general which all the Chinese

companies interviewed are aware of. However, they feel that their reputation has improved over the past years and expect that they will become more reputable in the future and get rid of the “copied in China” image. This optimistic attitude can be supported by looking at a forecast of R&D spending; China is expected to overtake the US in 2023 (Thibodeau, 2013) with regard to spending activities in research and development.

Further they see their lack of knowledge of the Swiss market and the inability to speak a local language as challenges when communicating. All companies agreed that cultural difference is the main obstacle that hinders a good integration.

To overcome this obstacle they suggest to either seek help from a Swiss business partner or to enter into a joint venture. The company, which is said to have a good communication, pursues the strategy to engage at least 50% of local workforce. Another company is actively conducting training programs, which aim to enhance the understanding of the Swiss culture.

Evaluation of the Web Appearance

We have heard from one of the interview partners, representing a Chinese company in Switzerland, that usually low significance is given to the company’s Webpage. Hence, we have analysed the web appearance of all 59 Chinese companies identified in Switzerland.

Out of the 59 Chinese companies in Switzerland, 43 have a homepage, whereof only 12 possess a “.ch” domain. The rest have either a “.de” or a “.com” domain.

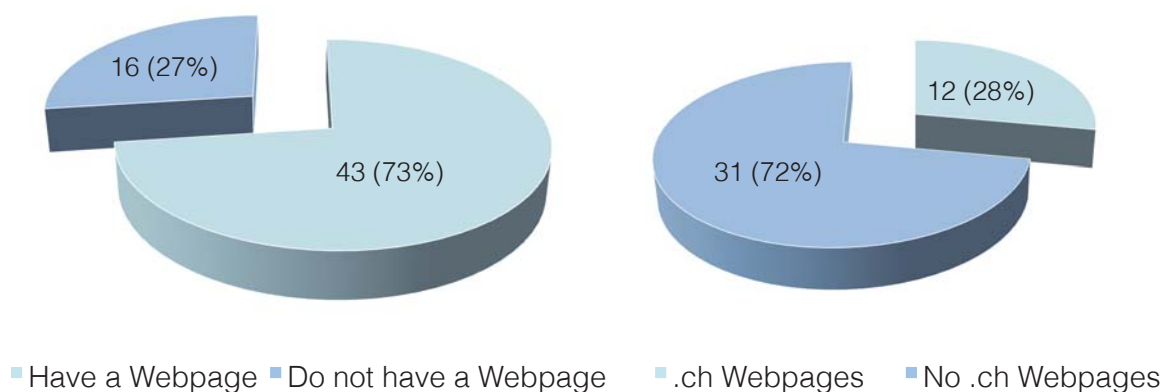


Figure 19: Web Appearance

Figure 20: .ch Domain

16 webpages are available in one language only, which is mostly English. Five webpages were available in German, French, Italian and English though. The majority is varying between one and three languages to choose from.

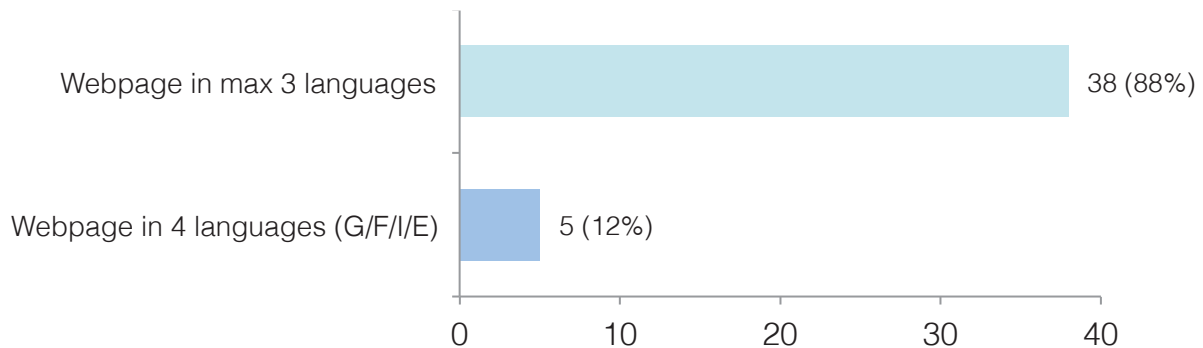


Figure 21: Webpage Languages

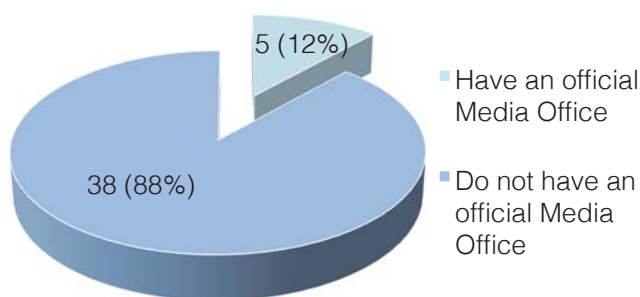


Figure 22: Media Office

One of the major problems when dealing with Chinese companies, addressed by the media representatives, was the poor availability of a spokesperson. This is also reflected in their Internet presence. Out of the 59, only 5 have a media office/press corner where they provide contact details for media requests.

Whereas 3 contacts are located in Switzerland, the 2 other media offices are located in Germany and China. 17 webpages offer the possibility to download files. Amongst others, there are mostly Press Releases, Newsletters,

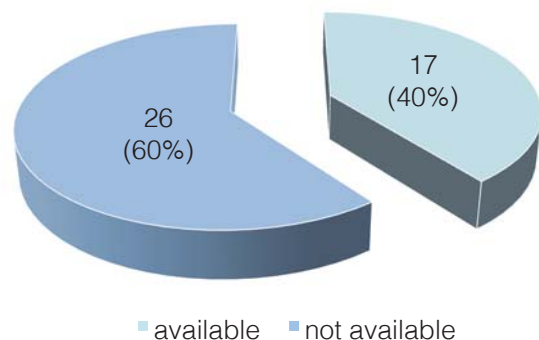


Figure 23: Information to Download

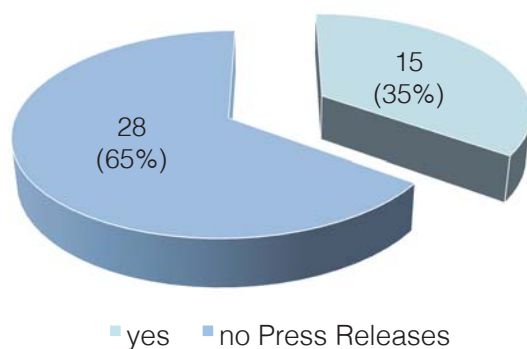


Figure 24: Press Releases in 2012

Annual Reports and CSR-Reports available. On 15 homepages, press releases were published in 2012.

6. Interpretation

Importance of PR activities varies

As discussed in the precedent chapter, different levels of importance have been detected among the Chinese corporations when it comes to PR work. The driving factor for the importance of communication work was found to be the size of the companies. Although the companies are aware of the importance of PR, it is often not worthwhile due to their limited size. However, it can be said that the companies are aware of the importance of PR and that with further growth of the business, they are likely to increase their investments into PR work.

Small Budget for PR

A further factor hindering Chinese companies to increase their efforts towards PR is the financial side. The companies stated that, if at all, they only dispose over a limited budget for communication. The corporations do have a budget for marketing, but not specifically for PR work. And even this budget can be considered as very low in comparison to their competitors.

Responsibility of Communication

First of all, Chinese companies assign the responsibilities of communication differently. Whereas in Switzerland PR teams or a spokesman are taking care of all the communication work, Chinese companies have been proven to involve their top management when it comes to communication work, as mentioned by a CCI study from 2010. However, in comparison to the same study conducted in 2006, a decrease in the participation of top management in corporate communication activities has been observed. The involvement has decreased by 10.8 % (69.6% in 2006 and 58.77% in 2010 (Wang et al. 2006 and Feng et al. 2010)). The reason for the decline can be correlated with an increased awareness of the importance of PR for Chinese companies. The corporations have realised that there is too little knowledge about PR within the top management positions and therefore the work has to be handed over to communication experts.

Nevertheless, the fact that Chinese corporations do want their top management to be involved in important communication work reflects the hierarchically oriented Confucian society, which has been shown in the measure of Power Distance included in Hofstede's 5D-Model.

Reactive Approach

Additionally, the Chinese companies were found to follow a reactive PR approach. The evaluation of the Chinese websites provided evidence for the lack of active communication towards the public. Only a minority of the companies disposed over contact person for media enquiries and by far not all of the firms do have a homepage representing the company online. Even though the questioned Chinese companies largely follow a reactive communication approach the reaction depends on the situation. For instance, mentioned Huawei that in case of “falsely” accusation they do not react at all. Swiss journalists interpret such a reaction as disinterest and arrogance, which reinforces the negative image of the Chinese companies in Switzerland.

Cultural Aspects

As seen in chapter 2.1 China is a very unspontaneous country compared to the rest of the world. Moreover, media still belongs to the area of authority of the state and press freedom is not given. These facts are reflected in the way they hold press conferences. Generally, such an event is well structured avoiding space for spontaneity. Journalists do have to submit the questions in advance when interviewing Chinese companies, further there is a limitation of questions given by the company (Steffen, 2012). Since this is an uncommon behaviour on press conferences in Switzerland, Swiss journalists interpret it as untransparent. Often the lack of transparency causes suspicion among the Swiss journalists, which has an influence on the negative image of Chinese companies in Switzerland (Interview with S. Giger, 2013).

Trust issue

We identified on both sides, Chinese companies and Swiss media that there is a lack of trust. An explanation for Chinese companies having trust issues in Switzerland could be the cultural aspect of long-term orientation. Hinner (2005) states, that “non-members of a family will be regarded with great distrust”, whereby it must be added that members of a company are included in the term of family. To overcome distrust in China takes a long time.

In a business perspective it means that one must first build up a strong relationship towards the Chinese to gain the trust to finally become business partners.

In this coherence the study of CCI (2010) showed that Chinese companies rarely use third-party vendors in PR affairs. Mr Daire (Otian International) recognises that Chinese companies are very sensitive about internal information leading them to handle PR internally.

Communication

Wang et al. (2006) found out that Chinese companies focus more on consumers than on internal stakeholders and investors. This finding contradicted with the evaluation of the 59 webpages of Chinese companies in Switzerland, where the results showed that more than a quarter is not using the Internet as communication channel. It could be explained by the fact that 71% of the scanned companies are working in B2B relations. The communication channel mentioned most in the survey was print. Mr Widmer, Sales Director Enterprise of Huawei, sees print as the most effective channel when it comes to communication with customers. However, there can be expected a change. With the growing importance of the Internet the use of the Internet as a communication tool will increase (Feng et al., 2010).

Challenges

One challenge of the Chinese companies, which try to integrate into the Swiss market, is to find a balance between their communication strategies in order to bridge the two strongly varying cultures without losing the corporate identity. Furthermore, the different political systems pose a difficulty to Chinese companies. In the interview, Giger made mention of the Chinese not realising the influence of the Swiss media as a fourth Estate. Additionally, there is a shortage of professional staff in China who could approach the challenges (Feng, 2010). Besides the lack of experts in public relations, language poses a challenge. On the part of Swiss journalists it is expected that Chinese spokesperson are able to communicate in one of the local languages (Interview with S. Giger, 2013). When it comes to the web appearance Mrs Giger stated in the interview that the Internet presence should be in English.

7. Recommendations

7.1 Swiss Media

Compromise in order to meet the Chinese expectations

This recommendation is designed to address a cultural problematic that impacts the successful collaboration between Chinese companies and the Swiss media. As mentioned by Huaning (2005) the Chinese culture is strongly influenced by MINANZ, this concept implies a significant importance on the following values: respect, pride and dignity. The importance of this values that can be summed up as “face” leads at the same time to the great fear of losing this “face”. In the Chinese culture it is perceived as one of the worst things to befall a person. For Chinese the loss of “face” can happen in all situations of daily life, in the particular case of the interaction with journalists research has proven that, when Chinese face questions that can’t be answered or which they are not prepared for “face” is lost. Considering our research one can assume that the fear of losing “face” causes Chinese to be reluctant in their interact with the media. We recommend that a special focus should be placed on avoiding this when interacting with Chinese representatives of Chinese Companies. For example, all questions should be sent in advance to the Chinese interviewees to prevent loss of “face”. These are small details but they can lead to a successful cooperation between Journalists and Chinese. Our experience has proven that when these values are taken into account when interviewing, more information are given willingly and a ground can be built for further collaboration.

Communicational Methodology

This recommendation aligns close with the first one. Again the focus is on cultural understanding. As mentioned above certain norms and values are of great importance in the Chinese culture and also reflect in the way Chinese conduct their business. Next to the importance of “face” Chinese appreciate value personal relationships. The building up and maintenance of these are of great importance in the Chinese culture and especially for business interactions. Swiss journalists need to consider this if they hope to access more successfully information from the side of Chinese companies. Focus should be on adapting their communication methodology. This means creating a more personal relationship and at the same time maintaining professionalism. When once a ground is created for this, trust

issues can be overcome and the prejudice that Chinese firms have towards the Swiss media could change.

7.2 Chinese Companies

Engage local PR Agencies

It is essential for Chinese companies to understand the importance of PR in Switzerland. The local PR agencies possess the needed experience, skills and tools to adequately mediate between the Chinese Companies, Swiss media and general public. With a solid network among media representatives local PR agencies know how to address PR relevant issues and build a positive image for the company. Also when confronted with a crisis situation the assistance that PR agencies can offer often are the difference between a fiasco and success story. Chinese companies need to overcome the scepticism towards external experts and implement them in their image building process. Again cultural sensitivity and cooperation are essential to overcome the difficulties with the Chinese companies and Swiss media and public.

Clearly defined Spokesperson

An issue that was addressed by various journalists and news agencies was a lack of a spokesperson on the side of the Chinese companies. Often it was observed that a clearly defined spokesperson was missing to respond to requests and questions. It was felt that this was essential in the “getting to know” phase when a new Chinese company enters the Swiss market. Further to create a mutual relationship with both parties it would be of advantage to have a clear defined spokesperson who can answer fast and reliable when requested. Suspicion towards Chinese companies could be eliminated with this measure. Also the spokesperson should be able to speak one of the national languages. Speaking English alone was not considered as sufficient enough by some of the questioned journalists. To perhaps avoid cultural misunderstandings and bridge language barriers a Swiss native could be appointed as spokesperson.

Farner Consulting Ltd

In chapter 5.1 it is said that PR activities become increasingly important among Chinese corporations. This trend was also recognized when interviewing Chinese companies located in Switzerland. However, despite being aware of the importance, only two (out of four) companies interviewed have engaged an external PR partner. The other two companies neither conduct active PR activities nor do they have a budget disposable, which they reasonably justified by their company size. Nevertheless potential is seen for Farner to extend their client base with Chinese companies and the priority is recommended to be set on medium to big size companies.

Furthermore, the clientele should be split up into state-owned and privately owned companies. Since privately owned companies are influenced by a great variety of international stakeholders, which are more likely to be aware of the Western communication manner and the importance of Public Relation. Hence they should be supported in reactive activities such as crisis management after having suffered from negative press coverage. On the other hand, state-owned corporations should be offered complete support as they have a tendency to be highly controlled by their parental company in terms of communication strategy. Additionally, one has to consider that many Chinese companies are interested in increasing their brand equity by having a registered office in Switzerland, which stands for highly educated labour and excellent quality. Hence Farner should establish a convincing brand equity concept, which aims to attract Chinese corporations.

Geneva – An interesting Area

Out of the 59 Chinese corporations identified in Switzerland, 15 are located in the Canton of Geneva. Chinese companies tend to locate in an area where other Chinese institutions are placed. This phenomena is called the “Chinatown-Effect” (ZHAW, unpublished). As a consequence one can expect more companies of China settling in Geneva in the next years. Since Farner is also represented in Geneva (Farner Consulting SA), the framework to build up a close and trust-based customer contact is given. It is said that the Geneva Economic Development Office has made a lot efforts to attract Chinese taxpayers. Amongst others, it has conducted business missions to China, organised a China Europe Business Meeting in Geneva and participated at the Sino-European cooperation forum. All this has led to extensive contact with Chinese companies and enabled the

Economic Development Office to promote the attractiveness of Geneva as a business place (Geneva attracts investors from China, 2007).

How to approach potential Customers

Being aware of the great cultural gap between the Chinese and the Swiss, the acquisition approach needs to be adapted accordingly. Therefore it is advisable to develop a service portfolio, which is tailored to the needs of Chinese clients.

Since external consultancy firms such as Farner can be regarded as “non-family members”, distrust may prevail when approaching a Chinese company for the first time. The prudent communication behaviour of the Chinese companies may hinder the transfer of internal information, which they tend to regard as highly sensitive.

Hence trust building is the key to success during the initial acquisition phase, which can take a lot of time as Chinese people seek long-term relationships and want to be assured that they make the right choice. Usually Chinese are prone to be loyal once a relationship has been established.

It is advantageous to contact a Chinese firm via a middleman, which is already part of a Chinese network and knows a representative of the respective company, preferably on a personal basis. This has to do with the concept of Guan Xi, which points out the importance of networking. A possible mediator could be the Regional Competence Center Asia-Pacific of the ZHAW. The first communication, be it face to face, by e-mail or on the phone, should reinforce the interest and admiration for the corresponding company and should be conducted in an enormously polite manner. Also it is essential to reference the intermediary while approaching. Considering the concept of Confucianism and its hierarchical aspects the initial approach and the trust building process should be done by a person of Farner’s top management, preferably an elderly male person. This has also to do with the fact that the responsibility for corporate communication mostly lays within the top management of Chinese companies. Although this trend is decreasing since the responsibility is becoming more and more part of the middle management, being represented with a senior manager demonstrates respect and attaches importance.

Once having established a contact, Farner can start to build up a trustful relationship. To achieve that, the focus should be anything else but the core business during the first encounters. The first meetings should consist of a lot of informal events such as dinners and social drinking. This might sound inappropriate

in the Western culture, but Chinese business people appreciate this kind of bonding activities. The Chinese counterpart will be interested in the person itself and get familiar with its character before heading over to their communication issues. The transmission to the formal part has to be done sophisticatedly by carefully making aware of the communication issue in a highly indirect manner. Direct criticism about their lack of communication efforts should be avoided in order to prevent loss of face.

8. Conclusion

The negative press on Chinese companies situated in Switzerland caught our eye and created the incentive for our assumptions. Before dealing with the task, and on the basis of the on-going news coverage on the topic, we assumed that the Chinese companies located in Switzerland are perceived negatively by its Swiss stakeholders. We assumed that this negative perception has arisen from being extensively subject of negative press coverage. It was further assumed that poor corporate communication practices were the trigger for the negative press. This poor corporate communication seemed to be mainly due to cultural ignorance, as PR practices applied in Switzerland differ to a large extent from China's and are often unsuitable to the Swiss market. What seemed to be clear is that these Chinese companies are reluctant to local external PR consultancy – a tool that would potentially work against the negative public and so enable them to integrate in Switzerland.

The main findings resulting from this work are looked at in the previous part and shall only be shortly reviewed in this section. Most of the obstacles are encountered within the Chinese companies itself – starting from the company's size influencing the importance attributed to PR activities in general, but also the size of the budget available for PR activities, which is generally smaller than the Westerners', Lastly the companies' PR responsibility, which often lays with the top management instead than assigning the corporate communication duties to a spokesman. For what concerns the general corporate communication of the Chinese companies, a general trend of a rather reactive approach to PR resulted from the interviews conducted with Chinese companies in Switzerland. This may be contributing to the companies' negative image. The trust issues hindering the Chinese companies from consulting an external PR agency and the challenges they face when communicating, both have their background in the Chinese culture. In order to overcome these differences and the challenges the companies are faced with, a set of recommendation is presented.

Although our findings show clear trends, some limitation must not be ignored. The biggest one concerns the limited amount of empirical evidence due to difficulties in arranging interviews with the representatives of Chinese companies. Regarding the interviews with the local media, although the number of interviews is limited, a clear trend could be observed as the data was put together with the results from the online survey.

This project was assigned to us as part of a management module. The aim was on the one hand to improve in project management related tasks, on the other hand to acquire knowledge in the task related field – in our case the PR business. We learn how to use several organizational tools, to be flexible if the project demands to, to divide and synchronize the work within the team and to use several collaboration spaces to maximise the communication. The insights in the PR work made us aware of the importance and influences that PR has. Specifically in the case of the Chinese companies, where PR activities are rather poor, we could see how a lack of PR activities can influence the public perception, not only of the single companies, but also of all foreign direct investments from China. We further realized how important the web presence for communication purposes is as it forms a medium of communication to stakeholders. The importance of networking could not stand out more than in the framework of this project. Although cultural factors made it difficult to arrange interviews with the Chinese companies, we benefited from an already set up network of contacts, which was of great support.

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Please find additional information about the project and material to download on our website <http://cn-ch.webnode.com/user-login/>

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Appendix B: CHINESE COMPANIES IN SWITZERLAND – TABLE

COMPANY INFORMATION

Company	Location	Type	Industry	B2B/ B2C
Addax Petroleum	Genf	Acquisition	Raw Materials	B2B
Alfex SA	Tessin	Investment	Luxury	B2C
Balin Precision Technology GmbH	Basel	Branch	Manufacturing	B2B
Baoshida Swissmetal AG	Solothurn/Bern	Acquisition/Branch	Manufacturing	B2C
Brightoil	Genf	Branch	Raw Materials	B2B
CBC Schweiz AG	Bern	Branch	Marketing	B2B
CCTV	Genf	Branch	Media	B2C
CF Asset Management	Genf	Branch	Finance	n/a
China Business House	Neuenburg	Branch	Trading	B2C
China Equity Exchange	Zürich	Branch	Finance	n/a
E&F Transpeed trading	Genf	Branch	Raw Materials	B2B
Eberli Holding AG	Obwalden	Investment	Manufacturing	B2B
Elecon Asia SA	Tessin	Branch	Manufacturing	n/a
Eterna	Solothurn	Acquisition	Luxury	B2C
Europäischer Hof Hotel Europe	Obwalden	Acquisition	Tourism	both
Fair Wind	Waadt	Branch	Transport	B2B
GMT Management	Genf	Branch	Transport	B2B
Great View Aseptic Packaging	Zürich	Branch	Manufacturing	B2B
Hantec Europe	Genf	Branch	Finance	B2B
HTS Hongta Suisse	Zug	Branch	Service	B2C
Huawei	Bern/Zürich	Branch	Technology	both
Hubei Chuyuan	Basel	Branch	Manufacturing	B2B
Jeanstar SA	Freiburg	Branch	Luxury	B2B
Jiangsu Akome Solar Science	Freiburg	Branch	Energy	B2B
Jing Mei Europa	Schwyz	Branch	Manufacturing	B2B
Jinko Solar	Zug	Branch	Energy	B2B
Journey of Harmony	Freiburg	Acquisition	Service	B2B
Laboratories Hyamed SA	Genf	Investment	Medicine	B2B
LDK Solar	Zürich	Branch	Energy	B2B
Lenovo	Zürich	Branch	Technology	B2C
M. E. Times	Genf	Branch	Luxury	B2B
Malpu Europe	Zug	Branch	Technology	B2B
Montres Chouriet SA	Genf	Acquisition	Luxury	B2C
Neusoft Europe	Appenzell Innerrhoden	Branch	Technology	B2B
Noble Resources	Waadt/Genf	Branch	Raw Materials	B2B
OC Oerlikon Textil	Schwyz	Acquisition	Manufacturing	B2B
Otian International	Genf	Acquisition	Marketing	B2B
Philip Morris China Holding	Waadt	Branch	Manufacturing	B2C
Ruida Electronics	Freiburg	Branch	Technology	B2B
SBD Intenational	Genf	Branch	Service	B2B
Seagull Watches	n/a	n/a	Luxury	B2C
Shanghai Overseas SA	Genf	Branch	Service	B2C
Simpex International AG	Bern	Branch	Trading	B2B
Sinovation AG	Bern	Branch	Manufacturing	B2B
Source Orient Holding SA	Genf	Branch	Trading	B2B
Steiger Participations SA	Wallis	Acquisition	Manufacturing	B2B
Suntech Power	Schaffhausen	Branch	Energy	both
Swiss Chronometric AG	Bern	Branch	Luxury	B2C
Switzerland Nylonkong International	Solothurn	Branch	Finance	B2B
Technotime SA	Neuenburg	Acquisition	Luxury	B2B
Trina Solar	Zürich	Branch	Energy	B2B
U - Star Trading SA	Tessin	Branch	Trading	B2B
Universal Genève	Genf	Acquisition	Luxury	B2B
Vitmen International	Waadt	Branch	Luxury	B2C
Wemeta	Waadt	Branch	Finance	B2B
Xorella AG	Aargau	Branch/Acquisition	Manufacturing	B2B
Yingli Green	Zürich	Branch	Energy	B2C
Yuanda Europe	Basel/Zug	Branch	Manufacturing	B2B
ZTE Switzerland AG	Bern	Branch	Technology	B2B

WEBSITE INFORMATION

Company	.ch Webpa ge	.ch Webpa ge	.com Webpa ge	Langua ges	Media office	Media office location	Information to download	Type of Information to download	Press Releases in 2012	Last Press Release
Addax Petroleum	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
Alfex SA	yes	no	yes	G/F/I/E	no	n/a	yes	Press Releases	5	n/a
Balin Precision Technology GmbH	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Baoshida Swissmetal AG	no	no	yes	G/F/E	yes	Switzerland	yes	Press Releases, Newsletter, Photos	19	11.04.13
Brightoil	no	no	yes	G/F/I/E	no	n/a	no	n/a	n/a	n/a
CBC Schweiz AG	no	no	yes	G/F/I/E	no	n/a	no	n/a	n/a	2010
CCTV	no	no	yes	F/E	no	n/a	no	n/a	n/a	n/a
CF Asset Management	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
China Business House	no	no	yes	G/E	no	n/a	no	n/a	n/a	2007
China Equity Exchange	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
E&F Transpeed trading	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Eberli Holding AG	yes	no	no	G	no	n/a	yes	Press Releases	11	12.02.13
Elecon Asia SA	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Eterna	yes	yes	yes	G/F/E	no	n/a	no	n/a	4	19.04.13
Europäischer Hof Hotel Europe	yes	no	yes	G/F/E	no	n/a	no	n/a	n/a	04.04.13
Fair Wind	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
GMT Management	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
Great View Aseptic Packaging	no	yes	yes	G/E	no	n/a	yes	Pressreleases, Annual reports	8	28.03.13
Hantec Europe	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
HTS Hongta Suisse	no	no	no	E	no	n/a	no	n/a	n/a	n/a
Huawei	no	no	yes	E	yes	China	yes	Press Releases, Annual reports, CSR-R	264	11.04.13
Hubei Chuyuan	no	no	yes	E	no	n/a	no	n/a	0	01.03.12
Jeanstar SA	yes	no	no	F	no	n/a	no	n/a	n/a	n/a
Jiangsu Akome Solar Science	no	no	no	F	no	n/a	no	n/a	n/a	n/a
Jing Mei Europa	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
Jinko Solar	no	yes	yes	G/E	no	n/a	yes	Pressreleases, Annual reports	40	04.03.13
Journey of Harmony	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Laboratories Hyamed SA	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
LDK Solar	no	no	yes	E	no	n/a	yes	Press Releases, Annual reports	37	16.04.13
Lenovo	no	yes	yes	G/E	no	n/a	yes	Pressreleases, Annual reports	80	10.04.13
M. E. Times	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Malpu Europe	no	no	yes	E/D/C	no	n/a	no	na	na	na
Montres Chouriet SA	yes	no	no	F/E	no	n/a	no	n/a	n/a	n/a
Neusoft Europe	no	yes	yes	G/E	no	n/a	yes	Pressreleases, Annual reports	5	02.05.13
Noble Resources	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
OC Oerlikon Textil	no	no	yes	E/D/C	yes	Switzerland	yes	Pressreleases, Annual reports	39	14.03.13
Otian International	no	no	yes	F/E	no	n/a	no	n/a	n/a	n/a
Philip Morris China Holding	no	no	yes	G/F/I/E	yes	Switzerland	yes	Speeches and Presentations, Star Reports, Company Statements, Executive Biographies	33	18.04.13
Ruida Electronics	yes	no	no	E	no	n/a	no	n/a	n/a	n/a
SBD Intenational	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Seagull Watches	no	no	yes	E	no	n/a	no	n/a	n/a	n/a
Shanghai Overseas SA	yes	no	yes	G/F/I/E	no	n/a	no	n/a	n/a	n/a
Simpex International AG	yes	no	no	G/E	no	n/a	no	n/a	n/a	n/a
Sinovation AG	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Source Orient Holding SA	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Steiger Participations SA	yes	no	no	F/I/E	no	n/a	no	n/a	n/a	n/a
Suntech Power	no	yes	yes	G/E	no	n/a	no	Brochures, Case Studies, Certificates, Data Sheets, Installation Guide, Videos, Warranty (most	n/a	n/a
Swiss Chronometric AG	no	no	yes	n/a	no	n/a	no	n/a	n/a	n/a
Switzerland Nylonkong International	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Technotime SA	yes	no	yes	F/E	no	n/a	yes	Product information	n/a	n/a
Trina Solar	no	yes	yes	G/E	no	n/a	yes	Press releases, Annual reports, Corporate governance guidelines,	50	04.03.13
U - Star Trading SA	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Universal Genève	yes	no	no	F/E	no	n/a	yes	Newsletters	n/a	n/a
Vitmen International	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Wemeta	no	no	no	n/a	no	n/a	no	n/a	n/a	n/a
Xorella AG	no	no	yes	E	no	n/a	yes	Media Clipping Reports (2006-2009)	n/a	n/a
Yingli Green	no	yes	yes	G/E	no	n/a	yes	Press Releases, Annual reports, "pressen	3	06.02.13
Yuanda Europe	no	no	yes	G/F/E	no	n/a	no	n/a	n/a	n/a
ZTE Switzerland AG	no	yes	yes	G/E	yes	Germany	yes	Press Releases, Annual reports, CSR-R	44	11.04.13

MEDIA COVERAGE

Article Title	Source	Year	Company concerned	Industry	Charakter	Category
Schokoladenfirmen auf schwieriger Mission	Basler Zeitung	2012		Construction	negative	Legal
Interkulturelles Management verstehen und nutzen	Die Volkswirtschaft	2012		various	neutral	Communication
Ein Chinese ohne Schnickschnack	SonntagsZeitung	2012	Huawei	Technology	neutral	Product Release
Spitzentechnologie aus dem Reich der Mitte	Neue Zürcher Zeitung	2012	Huawei	Technology	neutral	Product Release
Chinas Kaufrausch geht weiter	Neue Luzerner Zeitung	2012		various	negative	Threat
Chinesischer Investor steigt ein	Walliser Bote	2012	Hotel Frutt-Lodge	Tourism	neutral	M&A
Chinesischer Investor kauft Frutt-Hotel	Neue Luzerner Zeitung	2012	Hotel Frutt-Lodge	Tourism	neutral	M&A
In Obwalden macht ein chinesischer Investor «den Sawiris»	SRF	2012	Hotel Frutt-Lodge	Tourism	neutral	M&A
Chinesischer Investor im Berner Jura	Der Bund	2012	Swissmetal	Raw Materials	positive	M&A
Seidenweberei Weisbrod-Zürcher - Abgesang und Ouvertüre	Tages-Anzeiger	2012	Weisbrod-Zürcher	Manufacturing	negative	M&A
Oerlikon ist bereit für grossen Wurf	Finanz und Wirtschaft	2012	Saurer	Manufacturing	neutral	M&A
Verschmähte Braut	Handelszeitung	2012	BSI Bank	Finance	neutral	M&A
Die Retter aus China	Tages Anzeiger	2012	Baoshida Swissmetal AG	Manufacturing	positive	M&A
Huawei erobert den Westen	Finanz und Wirtschaft	2012	Huawei	Technology	neutral	Investment
Wenn Chinesen in Zug eine Pressekonferenz abhalten	Cash	2012	Jinko Solar	Energy	negative	Communication
China bestimmt die Zukunft	SonntagsZeitung	2012		various	neutral	Investment
Frauen buffeln Kauderwelsch	Zürchsee-Zeitung	2013		Service	positive	Communication
Wirbel um Chinesen in Dübendorf	NZZ am Sonntag	2013	Huawei	Technology	negative	Legal
Zürichs chinesische Sonne	Tagblatt der Stadt Zürich	2013		Energy	negative	Investment
Chinesen interessieren sich für BSI	Finanz und Wirtschaft	2013	LDK Solar	Finance	neutral	M&A
Schweiz mischt bei sauberen Technologien vorne mit	www.swissinfo.ch	2013	ICBC	Energy	negative	Investment
Feldzug der Phantome	Handelszeitung	2013	Jinsheng	Manufacturing	negative	M&A
Der grosse Ausverkauf: Wie China Entwicklungsländer plündert	Der Sonntag	2013		various	negative	Investment
Rüstungsindustrie kämpft gegen Sparzwang	Finanz und Wirtschaft	2013		Military	negative	Legal
Finanzkrise trifft Waffenschmied	Basler Zeitung	2013		Military	negative	Legal
Sunrise hält zu umstrittenem Lieferanten	NZZ am Sonntag	2013	Huawei	Technology	negative	Legal
Chinas Investoren stürzen sich auf die Schweiz	20 Minuten	2013	OC Oerlikon, Swissmetal, Eterna	various	negative	Investment, M&A
Chinas Militär führt online Krieg gegen US-Einrichtungen	Nordwestschweiz	2013		various	negative	Legal
Hacker-Angriff aus China	NZZ am Sonntag	2013		various	negative	Legal
USA forcieren Kampf gegen chinesische Cyberattacken	SRF	2013		various	negative	Legal
Neun Festnahmen bei Huawei in Dübendorf	Neue Zürcher Zeitung	2013	Huawei	Technology	negative	Legal
Polizei bei Huawei	Neue Zürcher Zeitung	2013	Huawei	Technology	negative	Legal
Wenn mit unterschiedlichen Ellen gemessen wird	Neue Zürcher Zeitung	2013	Huawei	Technology	negative	Legal
Huawei Schweiz zieht Konsequenzen	Neue Zürcher Zeitung	2013	Huawei	Technology	negative	Legal

Appendix C: INTERVIEWS SWISS MEDIA

SRF - SUSANNE GIGER – WINTERTHUR, 29TH APRIL 2013

1. How would you assess the image of Chinese companies in the Swiss media?

I assess the Swiss media image of Chinese companies in Switzerland as rather neutral. In general Chinese companies do not attract too much media attention in Switzerland and remain in the background. Not so the Chinese companies in Europe, whose image is very negative, the recent incidence in Greece (Port of Piraeus) has strengthen this negative media image.

2. How would you assess the communicative efforts of Chinese companies?

The communicative efforts of Chinese companies are very poor; especially when affronted by the Swiss media, as then, they don't react at all. A company's reaction needs to be quick, cooperative, communicative and authentic. In my opinion Chinese companies do not fulfil these criteria.

3. Please evaluate: Chinese companies...

- are well integrated: Yes
- are open/sociable: No
- *care about the general opinion*: No, which is because of a lack of experience with the media
- are talkative/communicative: No
- *easily overcome cultural barriers*: No, since the cultural differences between China and Switzerland are very much pronounced, this will remain an issue. To overcome the barrier openness, transparency, as well as the willingness to react and to comment is required.

4. Have you had any personal experience with Chinese companies settled down in Switzerland?

Hardly

5. Do you believe that there is a difference between the Chinese and the Swiss approach towards communication?

There surely is a great difference between the Swiss and Chinese approach towards communication. One of the main reasons is the role of the government in China, which restricts the freedom of both the companies and the media. Chinese companies are therefore not used to have a transparent exchange of information with the media. Moreover, honesty as well as openness and adaptation are terms that are missing in the Chinese communication strategy.

6. When dealing with Chinese companies, do you generally feel that you get enough material and/or information from them?

No, Chinese companies do not provide enough material. To get information the OSEC and the Chinese chamber of commerce are usually contacted.

7. In which form would you like companies to provide their information?

It would be great if companies would provide information in various forms as factsheets, background talks and interviews, press releases and conferences. What is not asked any more today are brochures. Of course it always depends on the matter of the information. Much appreciated would be interviews and background talks, where a first phase of “get to know each other” could take part. This is very important for a further cooperation, could overcome cultural barriers and could build trust on both sides what surely could influence the relationship in a strongly positive way.

8. What are your expectations as a journalist towards Chinese companies in Switzerland when it comes to communication?

My highest expectation towards the media responsible employees in a Chinese company is to speak one of the Swiss national languages, depending on where they are set up or who they want to address. This would not only facilitate the communication but also help their image enormously. But this only for the face-to-face contact and not for what concerns the homepage, which can be in English without any problem.

It is further very important that it is clearly indicated who to contact for media related queries, whether the companies has a PR/media office or not. Depending on the company's size, we put emphasis on a quick and professional response when approached. I also expect the Chinese companies to approach the media offensively. I emphasize the willingness for transparency.

9. How do you estimate the access to important/relevant spokespersons in Chinese companies?

I have not had an experience in this matter.

10. Do you think that the general controversial image of China affects the perception and views of the Swiss media?

The controversial image of China certainly affects the media's perception and views. The negative media image of Chinese companies established outside China does as well. This is also why especially companies from China should put a strong focus on communication to overcome the prejudices.

11. How do you think could Chinese companies improve in terms of their communicative efforts?

As already mentioned before, speaking one of the Swiss national languages would show interest and so affect the media's perception positively. Having a Swiss CEO would also help the relation to the hosting country. The companies often do not have any interest at all in reacting after an attack by the media. But what they do not understand is that this reaction harms their image even more. It is important to get back to the media in such situations; otherwise it gives the impression of being disinterested and arrogant.

Effort could also be made in meeting journalist in order to establish a relationship. This could be in form of a lunch invitation. Would all Chinese companies settled down in Switzerland come together and invite the local media to present themselves would surely show interest and help overcoming their negative image.

NZZ AM SONNTAG – MARKUS STÄDELI - ZÜRICH, 7TH MAY 2013

1. How would you assess the image of Chinese companies in the Swiss media?

The Chinese company's image is rather negative. They are believed to aim quick financial success and to treat their employees badly. Furthermore they possess the image of copying other goods and services rather than being innovative.

2. How would you assess the communicative efforts of Chinese companies?

Chinese companies surely do not communicate proactively and their communicative efforts in general are rather poor. However this may not be true for all companies: I have had a very positive experience with one of the bigger Chinese companies in terms of their communicative behaviour. After approaching the company by phone I immediately received an invitation by the general manager in order to discuss the allegations the company was faced with. After another legal incidence two months later the company's communication representative once again did not hesitate to answer my question, nevertheless this time by e-mail. All in all, I assess the communication efforts of this particular company as very good. Nonetheless the fact that only Swiss employees are in charge of the corporate communication in this company might have been the major factor contributing to the positive communication experience.

3. Please evaluate: Chinese companies...

- *are well-integrated*: No
- *are open/sociable*: No
- *care about the general opinion*: No
- *are talkative/communicative*: No
- *easily overcome cultural barriers*: No

4. Have you had any personal experience with Chinese companies settled down in Switzerland?

Yes twice. Whereof one was positive and one negative in terms of both, communication and accessibility.

5. Do you believe that there is a difference between the Chinese and the Swiss approach towards communication?

Yes, I see a big difference arising from the role of communication, which is not as important in China as in Switzerland. That is why they seem to be surprised by our expectations once they start doing business in Switzerland.

6. When dealing with Chinese companies, do you generally feel that you get enough material and/or information from them?

The one company I have reported on did not hesitate in providing the required information and material. Another one I approached was not willing to cooperate and therefore refused to provide any information at all.

7. In which form would you like companies to provide their information?

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8. What are your expectations as a journalist towards Chinese companies in Switzerland when it comes to communication?

I have modest expectations towards Chinese companies. Nevertheless, I put emphasis on providing a clearly defined spokesperson. Concerning the languages, it is important that the communication responsible has profound knowledge of the English language and does not necessarily need to speak German.

9. How do you estimate the access to important/relevant spokespersons in Chinese companies?

In one case it was catastrophically. I approached the company by phone and the receptionist just did not know how to handle my enquiry. She both did not know who to put me through to and was not willing to provide any information herself. Apparently the company had no official spokesperson nor was anyone authorized to release any kind of information about their business in general. On the other hand, I also have had experience with a company, where the spokesperson was clearly defined and absolutely easily accessible.

10. Do you think that the general controversial image of China affects the perception and views of the Swiss media?

The public in general is affected by their controversial image. Not only from the happenings in China but also from Chinese companies involved in issues outside China. For example when a Chinese company acquires a Swiss company, the Swiss public could be concerned about a negative influence on the working conditions.

11. How do you think could Chinese companies improve in terms of their communicative efforts?

They should have a adequate corporate structure where a spokesperson is clearly defined. This spokesperson should then proactively inform the public about their intentions and their core business, so to say offer transparency. I would definitely recommend having local support for communication purposes. Depending on the company size, engaging a professional PR consultancy should be considered. Good English knowledge is essential in order to cooperate with the media. Being familiar with other Swiss languages could be of benefit for their public recognition.

FINANZ UND WIRTSCHAFT – ADRIAN BLUM – ZÜRICH, 29TH APRIL 2013**1. How would you assess the image of Chinese companies in the Swiss media?**

From a scale from 1 to 4, I assess it at 2.

2. How would you assess the communicative efforts of Chinese companies?

Chinese companies in Switzerland barely make any active communicative efforts. Looking back at when the Bank of China entered Switzerland, for instance, there was no information or presentation towards the media at all. Although this should be the usual procedure, especially in the banking sector.

3. Please evaluate: Chinese companies...

are well-integrated: No

are open/sociable: No

care about the general opinion: Yes

are talkative/communicative: No

easily overcome cultural barriers: No

4. Have you had any personal experience with Chinese companies settled down in Switzerland?

We had an experience with Hengdeli (Chinese worldwide leading watch retailer). Although their response and general communication was professional, our efforts to interview the CEO of the company remained without success and at the end we were only able to arrange an interview with the company's spokesperson. It remained unclear when the interim report would be published. I had the impression that the company postponed the publishing date aiming to retain information from the public. Concerning questions and answers, these are only posed and given in written form, never face to face or over the phone. Generally Chinese are very precautious about what is made public through notifications and public announcements.

Another experience took place in Nanjing, China, in 2005. We were faced with top-down-communication and extreme formalities. During the press conference, questions were once again only allowed in written form. Only a limited number of questions were allowed, many of which remained unanswered. The event was then abruptly terminated.

At an IPO of two Chinese companies in Frankfurt I made another, rather negative, experience. Although the present German executive answered questions, the Chinese management was mostly not capable of doing so, partly due to language barriers but partly also purposely. Posing critical questions led in one case to a legal threat.

5. Do you believe that there is a difference between the Chinese and the Swiss approach towards communication?

Yes, what stands out is that there is a missing consistency in the presswork made by the Chinese companies. Further, a strong difference can be seen during press releases, where the Chinese companies are very sensible to critical questions, which generally remain unanswered. Problems can also arise despite consulting an external PR agency, as these agencies can often not fully identify themselves with their Chinese clients.

6. When dealing with Chinese companies, do you generally feel that you get enough material and/or information from them?

Not at all.

7. In which form would you like companies to provide their information?

No recommendations

8. What are your expectations as a journalist towards Chinese companies in Switzerland when it comes to communication?

We have low expectations. They usually have an unattractive business model, which is difficult to assess.

9. How do you estimate the access to important/relevant spokespersons in Chinese companies?

Very poor. Problems in contacting a Chinese company are usually the main obstacle hindering a cooperation between the Chinese companies in Switzerland and the local media. I recently had a negative experience in this matter: as a Chinese investor recently acquired a Swiss company, I tried to get in touch with them and contacted them by e-mail. Nobody ever responded to my query.

10. Do you think that the general controversial image of China affects the perception and views of the Swiss media?

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11. How do you think could Chinese companies improve in terms of their communicative efforts?

The Chinese management of a company established in Switzerland should have good English skills, be more transparent and try to abandon their fear of "losing face" when communicating. It might be of advantage to engage professional support and to aim an active communication strategy.

Appendix D: INTERVIEWS CHINESE COMPANIES IN SWITZERLAND

HUAWEI – DÜBENDORF, 19TH APRIL 2013

1. **How important is PR for your company, on a scale from 1 to 10?**
 >7 – It is especially important for us, that the company image fits in hosting country
2. **Do you follow a proactive or a reactive communicative approach?**
 We at Huawei follow both: our internal PR office uses its various tools in order to project our image in a suitable way and respond to bad publicity; but mostly, we aim to build our reputation with our high quality products and standards.
3. **How strongly does the head office in China influence your communication?**
 As our budget is set by the head office you could consider that this is strongest influence from the head office, this aside we are encouraged to practice regional PR according to what is best for the company's reputation.
4. **Do you believe that there is a difference between Chinese and Swiss approach towards PR?**
 Yes, culture is the biggest difference, and the language and cultural barriers the main issue. Although the PR in Mainland China has a lot of similarities to the one here, there is a difference in the importance of the media and the collaboration with them. Also Swiss as citizens are more conservative and therefore require more thorough PR strategies to be convinced to change their attitude towards Chinese companies. At Huawei we talked this issue with have employed Swiss natives to handle the PR office.
5. **How many employees work in communications and how is your communication team structured?**
 Two Swiss handle the PR office and if necessary they contract external agencies for bigger projects.
6. **Which channels do you use to communicate?**
 Internet, TV, radio but mostly we use print as it targets our main customers the best.
7. **Which tools are do you use to communicate?**
 Regular press releases, occasional conferences, events, newsletters, social projects (i.e. a donation to a park in Bern)
8. **Which tools are predetermined by a centralised communication unit, and which are created / adapted locally in each country?**
 Tools are used according the local standards and needs.

9. Where do you see challenges in your communication in Switzerland? And how do you intend to address them?

We believe that the Swiss Media is prejudice towards Chinese companies. They see it as an easy sensational story to write something negative about Chinese companies as this reflects the westerns world's fears of Chinese entering the European market. Also the conservativeness of the Swiss generally makes it difficult to change this misconception quickly. Our approach is to prove ourselves through products and services of high value and show transparency in order to gain more trust from the local public. Several times we have been facing competitors, who intentionally went to our potential partners with the aim to ruin our name. A further obstacle is of course the cultural and language barrier. In order to overcome these barriers we only employ Swiss for PR.

10. Has your company consulted an external local PR agency in the past?

Yes occasionally externals are consulted for some projects.

11. Does your company have a budget for communication?

No exact figures but much smaller than what is usual for European companies.

12. How do you estimate the reputation of Chinese companies in Switzerland in general and with Swiss media in particular?

Poor in many cases but it has improved. As said before the media seems to have only little interest to report positive stories on Chinese companies and on how they contribute to the Swiss economy. They seem to look out for negative stories as these sell better.

13. Do you see the language / cultural differences as an obstacle to integrate in Switzerland? How do you handle these?

Yes, definitely. As said we have a Swiss team that handles our PR to tackle these difficulties plus we always encourage cultural understanding under our employees.

OTIAN INTERNATIONAL – SKYPE, 10TH MAY 2013

1. **How important is PR for your company on scale from 1 to 10?**
In my eyes PR is very important for our company, on the given scale I would assess it at 9 or 10. I am aware of the negative image of Chinese companies, to counter this we adapted our business strategy.
2. **Do you follow a proactive or a reactive communicative approach?**
We follow a proactive approach.
3. **How strongly is your communication influenced by the central organization in China?**
The communication is not at all influenced by the Chinese headquarter, although they do sometimes try to reinforce their ways.
4. **Do you believe that there is a difference between Chinese and Swiss approach towards PR?**
There are some significant differences. Firstly, Chinese companies are not aware of the importance of PR in Switzerland; they do not understand the differences between Chinese and European companies and their way of doing business and especially the importance of a corporate communication strategy. The main difference is that in China companies “sell a dream”. Often the product promotion and PR do not at all reflect reality. Since every company does it the same way, nobody questions it. This would not work in Switzerland. A further difference is that, in China, companies do not need to show responsibility towards their shareholders, and this has an impact on their communication strategy. Further, they Switzerland mainly with mountains, banks and watches. The communication attitude of Chinese companies in Switzerland reflects their disinterest about Switzerland as a market place. The main reason for Chinese companies coming to Switzerland is to adorn themselves with the Swiss image of high quality products.
5. **How many employees work in communications and how is your communication team structured?**
A small team of 2 that is responsible for the communication in Europe.
6. **Which channels do you use to communicate?**
We mainly communicate at conferences, through reports in scientific journals and on exhibitions in general.
7. **Which tools do you use to communicate?**
We mainly use print media for communication purposes.
8. **Which tools are predetermined by a centralised communication unit, and which are created / adapted locally in each country?**
--

9. Where do you see challenges in your communication in Switzerland? And how do you intend to address them?

A first issue surely is the language. We therefore only hire people with both English and Chinese language skills. A second one is often a lack of knowledge of the Swiss market and of its sales channels. To overcome this issue the Chinese government promotes joint ventures with European companies. Further it tries to retrieve Chinese people working in Europe in order to gain knowledge of the European market. To make it more attractive the government pays the difference in income which can amount over 3000 € per month.

10. Has your company consulted an external local PR agency in the past?

No. I generally think that there is a lack of trust towards external PR agencies. Chinese companies want to keep communication internal. In the Chinese culture it is very difficult to receive information, which is in my opinion one of the obstacles making a collaboration with Chinese companies difficult. Nevertheless, I'm sure this will change in the next 15 to 20 years, as Chinese learn very quickly.

11. Do you have a budget for communication?

The company's budget for communication is between 5 and 10 per cent of the sales. Which corresponds to the average in a Chinese company. In contrast to Switzerland, the budget for communication is often spent for direct communication and for building up relationships in an informal way, while having dinner or a drink after work.

12. How do estimate the reputation of Chinese companies in Switzerland in general and with Swiss media in particular?

Products from Chinese companies are generally perceived as cheap and their quality as poor. One good example can be made on the Apple case – who does not denote its products with “Made in China” to avoid the association with cheap and low quality product. For what concerns us, we develop the medical instruments in Europe and so profit from the high technological standards. Nonetheless, the manufacturing is then transferred to China. From my point of view, the products' quality will increase in the next few years, since they are making huge investments in R&D. This will hopefully help overcoming the “made in China” image and improve the reputation of Chinese companies around the world.

13. Do you see the language / cultural differences as an obstacle to integrate in Switzerland? How do you handle these?

Language and cultural differences surely are obstacles which Chinese companies face when coming to Switzerland. This is why we try to attract language-skilled workers by offering a higher salary. Moreover, our employees take part at internal training programs to ensure understanding of intercultural values and quality management.

RUIDA – SKYPE, 1ST MAY 2013

1. **How important is PR for your company on scale from 1 to 10?**
We don't have to deal with the press directly. It is not necessary for our company considering its actual size as we have only six employees here in Switzerland. I would classify the importance of PR at 4 or 5. We surely are aware of the importance of PR and with the growth of the company, also the importance of PR will rise.
2. **Do you follow a proactive or a reactive communicative approach?**
A reactive approach. We focus on business and make sure that everything goes smoothly. At the end of the day it is about price and quality.
3. **How strongly is your communication influenced by the central organization in China?**
Very little. We are a subsidiary of a Chinese group. But we are independent. However, if we want to release a press release in which we represent our parent enterprise, we would directly consult its president. If we release something about this Swiss subsidiary, we can decide by our own.
4. **Do you believe that there is a difference between Chinese and Swiss approach towards PR?**
There is a big difference: For instance, in the usage of communication tools. Websites for example are of very little importance and are poorly structured in China. I would evaluate the homepage of our Chinese partner company as poor. External communication efforts in China are very low – it is more important to maintain networks, especially the extending government networks. In China they call that "Guanxi".
5. **How many employees work in communications and how is your communication team structured?**
The company in Switzerland consists of a small group of 6 people. We don't have a person responsible for communication only. Communication is becoming more important for us as we are still growing. Eventually we will need someone to take care of a more proactive approach in Switzerland. Therefore we envisage employing one person internally only.
6. **Which channels do you use to communicate?**
We first started with a word of mouth approach and are now trying to use print and online channels. Looking ahead, we will work on press releases to be published on the internet. As we have a lot of well-known clients it is important to create professional press releases reflecting the seriousness of our clients.
7. **Which tools do you use to communicate?**
See answer to question 6.

8. Which tools are predetermined by a centralised communication unit, and which are created/adapted locally in each country?

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9. Where do you see challenges in your communication in Switzerland? And how do you intend to address them?

The main challenge is China's political situation and its influence. There are different perceptions of China by the public. A challenge is to accept China as a very good production partner. China is still developing in a few things that Europe has already gone through. If there is any type of instabilities in China, our task is to assure our clients that we are aware of the situation and that everything is under control. We have a PR role for China, i.e. acting proactively as an "ambassador" towards our clients.

10. Has your company consulted an external local PR agency in the past?

No. We have received a lot of support from the canton of Fribourg and its authorities (e.g. the local chamber of commerce). But as our company is growing, it would be something of need, to have an external PR consultant. Therefore we consider hiring an external PR partner once we have reached a substantial company size.

11. Does your company have a budget for communication?

We do have a marketing budget but not one specifically for PR.

12. How do you estimate the reputation of Chinese companies in Switzerland in general and with Swiss media in particular?

The reputation is getting a lot better. But this strongly depends on the industry. There is suspicion about where the money comes from or about the true intentions of the Chinese companies. For what concerns us, there has been a huge increase in the quality of the Chinese production over the past years. Higher quality of work has also had a positive impact on the quality of manufacturing products. China has evolved and is not anymore the cheap and bad quality sweatshirt production from former days. And China does have the money to invest.

13. Do you see the language/cultural differences as an obstacle to integrate in Switzerland? How do you handle these?

Yes absolutely. I have a business partner who has studied in Switzerland for 4 years. Although he got to know Switzerland during that time, the differences are still an obstacle to integrate. Chinese business partners need someone to help them in order to integrate. I would advise them to find a local partner in order to be properly integrated when entering Swiss market.

GREAT VIEW – SKYPE, 20TH MAY 2013

1. **How important is PR for your company on scale from 1 to 10?**
10
2. **Do you follow a proactive or a reactive communicative approach?**
A proactive approach, we invest intensively into our communication and our PR. With a good team and collaborations with external PR agencies we can aim to build a positive brand perception in the public.
3. **How strongly is your communication influenced by the central organization in China?**
The head office decides on the overall image we want to portrait to the public. As our management values the importance of PR it is given great importance and we are encouraged to use all possible tools.
4. **Do you believe that there is a difference between Chinese and Swiss approach towards PR?**
On some levels yes. I think that the cultural differences can have an impact on the way PR is done. The importance of the media also varies in China as the media doesn't have such an importance.
5. **How many employees work in communications and how is your communication team structured?**
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6. **Which channels do you use to communicate?**
We use mostly online, social and print channels.
7. **Which tools do you use to communicate?**
All of the mentioned above.
8. **Which tools are predetermined by a centralised communication unit, and which are created/adapted locally in each country?**
None, we use the ones that are appropriate to the region we operate in.
9. **Where do you see challenges in your communication in Switzerland? And how do you intend to address them?**
We have a successful communication strategy. We maintain it with transparency and social engagement and aim to portrait our good corporate governance.
10. **Has your company consulted an external local PR agency in the past?**
Yes we collaborate with an external agency that helps us perform our PR activities in Switzerland. We can profit from their expertise and know how on how to do PR in Switzerland.

11. Do you have a budget for communication? How is it structured?

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12. How do estimate the reputation of Chinese companies in Switzerland in general and with Swiss media in particular?

It is not that good but we believe it will change in the future as Chinese companies learn fast and will adapt to the Swiss ways of doing business.

13. Do you see the language/cultural differences as an obstacle to integrate in Switzerland? How do you handle these?

Yes but as we are a very international company with a western corporate structure. We aim to employ local talents to avoid cultural difficulties. We show a great amount of transparency towards our stakeholders and therefore are able to create a good image among them. We communicate well through all channels and actively engage the media in our doings to be able to project our goals and missions correctly.

Appendix E: PROJECT CHARTER

Project Number: 4b Project Name: China-Switzerland one way		
Prepared by	Date	Project Type
Mariel Zimmermann Lea Masserini Anastasia Papagni Lenzy Rimensberger Manuel Oswald	28.02.2013	Business Project
PROJECT DESCRIPTION		
Background Information		
Chinese companies facing problems in integrating themselves and a sound corporate communication and corporate identity when entering the Swiss market.		
Project Objectives		
<p>Overarching Objective:</p> <p>Provide statistical analysis based on desk-, quantitative- and qualitative-research Farner can use as an insight of the current communication behaviours of Chinese firms in Switzerland and to outline potential recommendations for improvement.</p> <p>Main Objectives:</p> <ol style="list-style-type: none"> 5. Status Quo: Analyse the communication strategies, activities and tools Chinese firms use to penetrate the Swiss market (e.g. media relations, public affairs, corporate publishing, ...). 6. Analyse the current perception of Swiss stakeholders towards Chinese corporations. 7. Analyse the obstacles for Chinese corporations to integrate themselves in Switzerland and the attitude of Chinese corporations towards external PR consultancy. 8. Outline potential recommendations as to how the communication efforts can be improved in order to establish a better company perception in Switzerland. 9. To fulfil the task on time in order to meet the deadlines of the presentation and of the final report 		

Project Scope
Scope (tbd) <ul style="list-style-type: none"> – Analyse and survey Chinese corporations in Switzerland through quantitative, qualitative and desk research – Focus on larger multi-national Chinese corporations (target list tbd = focus on technology sector)
Out of Scope <ul style="list-style-type: none"> – Survey private Swiss and Chinese individuals/residents – Analyse and compare the behaviour of Chinese corporations in other countries
Stakeholders (tbd) <ul style="list-style-type: none"> – Chinese corporations in Switzerland – Swiss media – Swiss authorities (on local and cantonal level) – Swiss associations (e.g. economiesuisse, Swiss ICT, Swiss-Chinese chamber of commerce)
Project Budget
CHF 0.-
Customer
Farner Consulting AG – Zurich
<i>PROJECT ROLES AND RESPONSIBILITIES</i>
Project Sponsor
Dr. Anka Kästner, Farner Consulting AG - Zurich
Project Manager
Nicolas Kucera
Other Project Stakeholder
Farner Consulting AG, Prof. Dr. M. Prandini (ZHAW)
Core Team Members
Anastasia Papagni, Mariel Zimmermann, Lea Masserini, Lenzy Rimensberger, Manuel Oswald

<i>PROJECT INFORMATION</i>	
High Level Deliverables	
<ul style="list-style-type: none"> – Set up a Project charter – Develop a valuable insight into the communication behaviours of Chinese corporations in the Swiss market and to outline communications recommendations for Chinese firms. – Document the project results and the project process on a website – restricted access and only to be made public once Farner gives the go ahead. – Final presentation of the business project. – Final report and project summary. 	
Assumptions	
<ul style="list-style-type: none"> – Chinese institutions generally have a controversial image in Switzerland – Chinese communication practices differ extremely to Swiss communication behaviours – PR efforts of Chinese institutions can be unsuitable in Switzerland – Chinese firms can be resistant to foreign PR consultancy 	
Constraints	
<ul style="list-style-type: none"> – Low willingness of Chinese corporation to provide information – Tight time frame – Language/cultural barriers 	
Dependencies with Other Projects	
Timing of publication with the as to date unpublished study regarding “Interkulturelle Hürden” – supervised by Prof. Dr. M. Prandini	
Risks or Opportunities	
<p>Risks:</p> <ul style="list-style-type: none"> – Availability of stakeholders – Meeting of deadlines <p>Opportunities:</p> <ul style="list-style-type: none"> – Gaining valuable insights into communication behaviours and perceptions of Chinese firms in Switzerland. – Connecting to Chinese institutions through Prof. Dr. M. Prandini 	

<i>SUPPORTING INFORMATION</i>	
Business Process Impact	
<ul style="list-style-type: none"> – Acquisition process – lead generation – Improvement of the understanding of Chinese firms' communications processes and strategies 	
Acceptance Criteria	
<ul style="list-style-type: none"> – Deliver on time – Empirical evidence needs to be presented – Meet all goals in compliance with the customer needs, wants and expectations 	
Next steps (asap)	
<ul style="list-style-type: none"> – Signing off of the objectives – Develop a detailed project time plan – Clear definition of the stakeholders – Clear definition of the research approach and suitable methods to achieve the project objectives 	