Our trip to China was extremely informative and interesting. I gained a more in-depth knowledge about the world of retail and I learned a lot about China. China is an interesting country; it faces tough challenges and at the same time it is the land of opportunities. China is the world’s manufacturer and even in this time of economic downturn, it is still a fast growing economy.

Many of the speakers and people who we visited indicated that they see lack of having good managers and they face high labor turnovers especially for their skilled worker. Transition to other places is due to better opportunities available to high skilled employees. Also, I think many Westerners have a hard time adjusting to the local culture and they are taking organizational culture and social advantages into consideration and leave their organization for another one or to go back to their own countries.

My observation was that not only they lack good managers that understand the international world of business, but also many Chinese businesses have the lack of understanding the science of data mining, data processing and operation management. Thus, Chinese businesses face much inefficiency. In different locations, I would see many different employees being idle for a long time and/or spending much time doing something that takes much less time. Comparing to the United States’ businesses, for the exact same job, Chinese businesses take many more employees than those in the US.
One thing that was extremely visible to us was the low quality of life in China. Compare to the industrialized countries and even the developing countries, life for the vast majority of the Chinese is simple and many manufacturing plants workers live and work under poor conditions. At the same time, many people are satisfied with what they have right now and they enjoy having a job that allows them to save money. Also, Chinese income is growing and they have more discretionary income to spend on luxury products and improving the quality of their lives. It was interesting to see a verity of high-end luxury brand stores like LV, Prada, Coach and etc. in major cities in China.

What was very interesting to me was the low profits in manufacturing and high profits on distribution and retail. Knowing the fact that China manufactures many products, I would imagine that the manufacturers make a decent level of profit. However, I asked many manufacturers and speakers we visited in China about how much the manufacturer makes and they would say about 2 to 3% and 5% at most. However, the party at the end of the channel of the distribution, the retailers, adds a 5 to 18 times markup on any purchased product.

My understanding is that China is the land of opportunities. Many industrialized nations are maturing in growth, while still there is much room for growths in developing countries. There is a high need for skilled managers in China and they will be a high demand for operating management. Anyone with the knowledge of industrialized management could be a potentially successful manager in China. Knowing Chinese is an added advantage; however, with improving and integration of the Chinese businesses with international businesses, knowing Chinese is becoming less important compare to ability of managing international organizations.