

# *Preface to the CERC Conference*

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The Lien Chinese Enterprise Research Centre is pleased to report on the second International Conference on Chinese Enterprise Research held on the 13<sup>th</sup> and 14<sup>th</sup> of December 2007.

The 2006 Conference set the contextual scene of China in the post-WTO world. Half a decade after China's entry into the World Trade Organization (WTO), the Chinese economy continues to experience double-digit growth. It has surpassed the United States as the world's second largest exporter. By upgrading its industrial structure, China has been strengthening its position as the world's key manufacturer.

Concurrently, the nation is participating more in globalization processes through its endeavors in service industries, energy development, the mining of raw materials, environmental industries, and many other market sectors.

The bold mission of the Lien Chinese Enterprise Research Centre is to come to terms with one of the most astounding phenomena of our times, the awakening of the spirit of enterprise in Greater China. It often happens that those who leave their nation develop economically first. One thinks of Chinese and Indian entrepreneurs in Silicon Valley and of the earlier growth of Hong Kong and Singapore, but when economic development becomes the prime policy of a whole nation, we witness extraordinary feats, and thanks to our sponsors of the Lien Foundation, we can record this.

It is with pride that I introduce the papers in this volume. Dr. Zhao Shuming, Dean of the School of Business at Nanjing asks how China can expand beyond and within her borders without greater competency in global dynamics. To be effective China needs world-class leadership.

Prof. Xu Xiaoming and Zhang Yongmei from the School of Management, Fudan University look at the break-neck speed of Chinese growth and the relevance of the Penrose effect. Can perilous growth be curbed? Dean Li Tiande and Zhang Ruiqin of Sichuan University look at labor relations, where conflicts have intensified of late. A system in which either labor or capital benefits at the other's expense will fall short of the ideal of harmony.

Prof. Sikander Khan of Fudan University looks at China's urgent need to secure oil, gas and other energy resources, now becoming scarce and expensive as partly due to China's rapid growth. Energy generation will need to be doubled in the coming years. Is this possible or must energy-using businesses locate themselves elsewhere?

Prof. Lu Dongbin of Renmin University takes up the issue of merger and acquisition. The key in nearly all cases is the successful integration of the merged entity which is often difficult where a foreign unit is acquired, although there are some stellar examples of success from which we can learn—a culture that encourages mutuality and communication is essential.

Dr. Guo Lin, Deputy Director of the MBA Center at Xiamen University looks at family business. This is the commonest form taken by business enterprises and the seed bed from which much of the economy grows. The culture of a family and the culture needed for business success may not be identical.

Prof. Xu Jinfa and two PhD candidates from Zhejiang University take up the topical issue of “soft” power, meaning power exercised *through* other people’s voluntary participation. The “power” of economic development is preponderantly soft, depending as it does on customers’ willingness to buy.

Prof. Wu Qingsheng and Bao Rui from Antai College, Shanghai Jiao Tong University take up the issue of “exclusive competition” between two units, both under the ownership of a single corporation, leading to overall decline in the corporation’s success. Prof. Zhou Xing and Bruce Fan of Xiamen University show that China was stronger than other nations in the region in loud exports.

The second segment of the conference led by Prof. Mao Yunshi and two PhD candidates offer fascinating insights into the Chinese stock market and its effect on corporate restructuring. How can these operations be strengthened?

Prof. Wang Zhiqiang and Hong Yixun of Xiamen University take up the issue of capital structure theory and discuss how well this applies to Chinese corporations. When you take into consideration longer time horizons, these often reverse themselves.

Prof. Wang Dongsheng of Nankai University looks at the often difficult challenges faced by Chinese commercial bankers competing with foreign banks. Better HR policies and management development may be required.

The above segment transitions to the third thematic segment of the conference addressing the shift from made-in-China (mostly manufacturing) to designed-in-China, the venue of initial conception.

Fu Zhengping, Associate Dean of the School of Business at Sun Yat-Sen University, and Li Binbin, a post-graduate researcher, look critically at China’s venture capital industry, still in its infancy.

Ju Song-Dong and Xu Jie, who are respectively Director and Vice Dean of the Logistics Network Institute at Beijing Jiaotong University, attempt to describe the needed organization of a logistics network.

I fear this does not do justice to all the papers and there are several more in this volume. But I have said enough. I hope to encourage you to read on.

Finally as an advisor to the Centre, I would only add that we live in interesting times. I only wish I could live long enough to witness the evolving of this puzzle. If China continues its rapid growth for one more year, it will become the fastest-growing economy over an extended period in the history of the world. Perhaps we have seen nothing yet.