



Post-COVID China will force MNCs to answer tough questions if they want to grow



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As China's COVID-19 recovery progresses, and seems to be outpacing the rest of the world, foreign companies will need to revisit their China strategy and ask tough questions about how their operations in China impact their global reputation.

COVID-19 has made doing business in China more complicated for three main reasons. First, China is emerging from the crisis significantly changed – especially in terms of economics and its position on the world stage. Second, a company's China operations and the role of country in its global strategy are more visible than ever to the boardroom and the public. Third, China has higher expectations of multinational companies (MNCs) operating on the ground.

These three factors have set in motion opportunities for growth but also new hurdles. No matter where an MNC is headquartered, how they manage new growth opportunities and how they anticipate their potential 'China conflict', will determine their ability to succeed post-COVID-19.

Here are some questions that we would advise executives to ask:

DOES OUR STRATEGY RESONATE IN A POST-COVID-19 CHINA?

While the Chinese Government hopes that gross domestic product (GDP) will grow by 6% this year, the country's economics are inarguably changed. In the first quarter, China's economy shrank by a record 6.8% and while some sectors like automotive and consumer goods showed improvement in March, the recovery is likely to be a long road ahead.

For businesses to engage with customers, suppliers, regulators and other stakeholders, they will need to adjust their strategy. Starting now, firms should look to redefine their reputational drivers, talking points and messages and ask where can I add value and push ahead my position in China? For instance, is our strong e-commerce capability or on-line learning product more of an industry leader now than compared to previously, and what am I doing that will benefit my stakeholders? The onus will be on companies to help in the recovery.

DO I KNOW HOW MY BUSINESS IS ADVANCED OR THREATENED BY CHINA'S NEW GOALS?

COVID-19 has tested the Chinese government at all levels. Within the country, its response to the crisis was most often celebrated but also criticized.

The plan for recovery has initially focused on the local level. However, a national strategy will become clearer with the annual government meeting – the Two Sessions – which is expected to be held by June. While the Two Sessions sets China's agenda every year, the 2020 meeting will have greater significance for the future direction of the country and foreign business interests.

Protecting your business' reputation in China will require understanding the touchpoints of the Two Sessions and immediate action to shrewdly identify which elements they can leverage and which present new challenges, and then build a plan for engagement.

HAVE I COMMITTED THE RIGHT RESOURCES TO ENGAGE AT THE RIGHT LEVEL?

Even in a market as centralized as China, the recovery is being explored at a local level with national guidance. For instance, China's financial stimulus is being conducted via local government bonds, which are being promoted by the Central Government rather than through national-level treasury bonds.

Connections with local-level officials may have been neglected before the crisis, but they have been key in the COVID-19 response and will continue to be so during the recovery. Moving forward, staying connected locally (while maintaining national engagement) and sourcing information from the ground-up will be the best practice for your government and corporate affairs team.

HOW CAN I VIEW CHINA AS MORE INTEGRATED TO MY GLOBAL BUSINESS?

As we have seen with COVID-19, it is essential to have local expertise about what's happening in China and why it can be critical for informing the global crisis response and protecting the firm down the line. Companies will need to interrogate the ways in which their internal lines of communication succeeded and where they fell short.

This is also a time to share and collaborate more with non-China based colleagues about your China operations so that they can better handle reputational issues in future.

DO MY FIRM'S VALUES AND OUTREACH DEMONSTRATE THAT I CARE ABOUT MY CHINESE CONSUMERS, STAFF, PARTNERS, ETC?

Chinese society is emerging from COVID-19 lockdown with resilience and with extreme caution, especially as many believe that there is an increase in anti-Chinese sentiment overseas. MNCs will be watched and judged for how they treat their employees, suppliers, investors and customers, as well as for each communication handled.

To win hearts-and-minds, and market share, during the recovery, MNCs need to ensure their outreach is relevant, targeted and empathetic. The firm's internal culture should also be inclusive and foster a sense of safety and community at a time when local Chinese staff may be feeling worried.

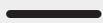
Firms can mitigate risk by consistently sourcing and integrating feedback to assess their recovery strategy, if they are meeting expectations and where they can do more.

IS MY OUTREACH RELEVANT AND DIGITAL-ENOUGH?

Given the extended work-from-home and three months of quarantine, many of China's already digitally savvy public, especially in the main cities, have become almost digitally native. Connections built up during COVID-19 on digital platforms must not only be sustained but must be improved going forward.

One key area for corporate communications growth within China are platforms such as LinkedIn. CEOs from around the world, including many in China, have used LinkedIn to share their perspectives on COVID-19. This engagement has resonated strongly. With the transition to recovery, companies should keep up and progress their outreach on digital channels to foster trust and demonstrate authenticity.

In conclusion, while COVID-19 continues to present an unprecedented challenge, MNCs in China also have a critical opportunity to address, adjust and amplify the role that China can play in their business and global reputation. If they use this time wisely, MNCs can grow and recover alongside China and not just in China.



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