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Haute école de gestion
Genève

The East investing the West

Chinese investing overseas, with a specific focus on M&As; Trends, Effects and likely issues or opportunities for the Swiss market

**Bachelor Project submitted for the obtention of the Bachelor of Science HES in
Business Administration with a major in International Management**

by

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Declaration

This Bachelor Project is submitted as part of the final examination requirements of the Geneva School of Business Administration, for obtaining the Bachelor of Science HES-SO in Business Administration, with major in International Management.

The student accepts the terms of the confidentiality agreement if one has been signed. The use of any conclusions or recommendations made in the Bachelor Project, with no prejudice to their value, engages neither the responsibility of the author, nor the adviser to the Bachelor Project, nor the jury members nor the HEG.

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Executive Summary

Nowadays, we live in an international world where everything is interconnected. Companies seek new opportunities in expanding their businesses abroad by either investing, acquiring or merging with important companies. In 2015, the total value of M&As has overpassed \$5000 billion where half of this amount was invested by the United States and more than 20% by Asian companies. They have started to plant their facilities in developed economies even though cross-national businesses may face challenges in cultural difference.

Over the past decades, Chinese leading firms have made headlines with their growth all over the world. The Middle Empire is doing its shopping mainly in the US and Europe where Switzerland is an attractive market. Some of those recent acquisitions represent a huge amount such as the acquisition of Syngenta for more than 40 billion dollars, by ChemChina, which has already Mercuria (a 12% stake) and Nestal,

This paper focuses on the understanding of the different issues that can face a company entering in a foreign market. Different aspect of Chinese M&A will be analysed concerning trends, effects and likely issues or opportunities for the Swiss market. Firstly, there is an overview of the Chinese and the Swiss market. It is then followed by the relationship between both countries. As it will be explained, this relationship is one of the most important factors in Chinese business. It can influence and drive the business in a good or bad way depending on the relationship. In fact, it can represent a danger during important deals, which bring us to cultural matters. The latter focus on the cultural differences between China and Switzerland and how it can be measured with the Hofstede dimension.

At the end, over more than 570'000 Swiss enterprises there are 90% of companies held by foreign stakeholders whereof 60 are Chinese. It is understandable because the "Swiss Made" and know-how is greatly prized. Chinese come to Switzerland in order to learn and be inspired about what advanced economies do best and catch up with developed countries. However, the transferability of knowledge could represent a danger, but it also gives Switzerland the possibility to have access to new market opportunities in the Asian markets.

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1. Object

Over the past decades, developing Asia has grown and it is growing more and more especially in the South and East Asia. This continent is living a rapid increase in terms of development and is becoming the biggest investor region around the world. This is due to the fact that countries are investing overseas in order to grow. Multinationals in developing Asia have invested around \$468 billion abroad and the Foreign Direct Investment (FDI) outflows has almost doubled over the past three years (United Nations Conference on Trade and Development - UNCTAD, 2015). There are many factors that can strongly influence patterns of FDI internationalization such as financial motivation, historical motives, some government policies and so on.

“Developing economies used to seek tangible resources, which are rice, corn, energy, commodities and so on, in other continents such as Africa, Asia or Latin America. However, trends are changing and the demand has changed. This is why developing economies are now looking for intangible assets such as brands, technologies or know-how.”¹

Among all countries, China has showed an increase of interest for foreign investment and has lived an incredible growth in FDI. The country’s global OFDI stock now exceeds \$1 trillion, which represents three times the amount in comparison to 5 years ago (Hanemann, Huotari, 2016). Thus, the country had been ranked in the top 3 of countries investing abroad. This incredible growth has been generated mostly by investments such as takeover of existing enterprises or merger and acquisition (M&A) but also by a few new establishments (United Nations Conference on Trade and Development - UNCTAD, 2015).

M&A has become a huge part of the corporate finance world. It is now common for investment bankers to deal with M&A transactions, which is the process of bringing two firms together to create a bigger one. Acquiring a company in order to grow is a way to save time for companies but also to acquire new technologies and knowledge. It also avoids finding new networks, distribution channels, and so on. It is not surprisingly that we often see on the newspaper subjects about takeovers because they happen almost every day around the world. Those deals can be worth millions or even billions of US dollars, which sometimes represent a huge

¹ From the interview of the 04.04.16 with M. LAPERROUZA Marc, teacher EPFL

amount for GDPs. Emerging giants understood well this concept and come to the west in order to gain additional new skills.

By the end of 2014, the amount for the gross value of cross border M&A deals has reached \$1 trillion where the net value reached almost \$400 billion (United Nations Conference on Trade and Development – UNCTAD, 2015, p.8). Large deals have been made in Europe and United States. There are more and more developing economies, which consolidate their role as investors in cross-border M&A, that go shopping in developed economies. Asian businesses have made a 10 years of massive growth in international expansion where they invested for around \$3 trillion in regional and global expansion where M&As represent almost the half of their total investment (United Nations Conference on Trade and Development - UNCTAD, 2015). Asian companies overtake foreign companies in order to pursue growth (JP Morgan, 2016).

Among Chinese companies, there are different types of enterprise that are characterized as private businesses or state enterprises that don't have same financial goals. Chinese have taken the advantage of the EU crisis to invest in Europe. Indeed, it was an opportunity to acquire different companies at a low cost because of their financial difficulties. For instance, a great number of Chinese multinationals deals have been signed in the US and in Europe. Hong Kong and Singapore also invest in Western economies. China has invested in 2015 EUR20 billion, which represents an important source of capital for Europe (Hanemann, Huotari, 2016, p.2).

ChemChina, which is own by the state, is a great contributor to European acquisitions with the acquisition of Pirelli and spent € 7 billion in 2015 to acquire this Italian company. The firm owned by the state has acquired many other firms around the world such as Adisseo in 2006, Elkem (Norway) and ADAMA (Israel) in 2011 or KraussMaffrei (German) and many others. Concerning Switzerland, ChemChina has acquired Nestal, Mercuria (a 12% stake) but also more recently Syngenta, which was the 9th most important multinational in Switzerland and also the world leader in crop protection product, for the huge amount of CHF 43'300 million.

Recently China has invested and acquired many firms around the world and now the country is starting to be interested in Switzerland. There are factors that have enhanced Chinese acquisition in Switzerland such as comprehensive free trade agreement that has been signed in 2014 between both countries; it allows to cut import tariffs but also concerned customs

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procedures and issues about intellectual property. The Chinese government is pushing its enterprises to internationalize abroad and Switzerland is not excluded from their expansion. The increasing appetite of Chinese entities has just begun such as the acquisition of Hotels (Place of Lucerne), air transport (Swissport), marketing (Infront), commodity trading (Mercuria, Adday), watch industry (Eterna, Corum) and others.

Today, Switzerland counts around 60 to 70 Chinese entities and over the past 4 years, Chinese contribution represented 2% of Swiss foreign investment. (MAURISSE, 2016)

On the overall, Chinese M&A in Switzerland are not so numerous compared to the total of Swiss companies, but it may represent a threat for the “Swiss made” especially if technologies and know-how can be transferred or copied.

M&A can be an opportunity for a business but it can also be a threat. There are different factors that can cause failure in M&A such as bad integration of processes of post-merger acquisition. As we will see later in this paper, culture also plays an important role.

2. Argumentary

2.1 Globalization of FDI and the rise of M&As

Yesterday, I started my day by eating a fresh and delicious mango coming from Peru. Then I chose my clothes, which come from Bangladesh, then I cooked a chicken coming from France, with oil coming from Italy and finally I took my car, which is from Japan. We may not pay attention but in our everyday lives we find products or services that come from elsewhere around the earth. Today we live in an international world where everything is linked together and it is becoming much more globalized than it used to be at any point in the past.

We are closer and closer to each other because of the globalization and we share more things in common with other countries concerning the culture. In fact, it is now easy to travel and learn new cultures. We have also the opportunity to have many products from other countries just by going to the supermarket next to your door. People understood this need to serve customer in enlarging market opportunities. Globalization is also very linked to internationalization.

“Internationalization refers to the increasing importance of international trade, international relations, treaties, alliances, etc. Inter-national, of course, means between or among nations.”

(Herman, 1999)

There is an obvious motivation for businesses to internationalize and people are investing or delocalizing their enterprise to different parts of the world.

Those who invest internationally are seeking for diversification but they also aim to grow their companies and take advantage of new markets that offer opportunities such as emerging markets.

It is a good way to grow a company by expanding their businesses into other countries and there are many reasons that push people to go abroad such as the goal to get more customers, raise sales, improve profits, make improvement in terms of technology, economies of scale, awareness about education, discourage the competitiveness and many other reasons. In fact, entities are going abroad in to find better or new locations in order to achieve lower cost on the production factor. They also look for economies of scale by expanding production and sales volume. Even though some business acquires new entities in other countries, most of internationalizing firms do not seek to buy other firms.

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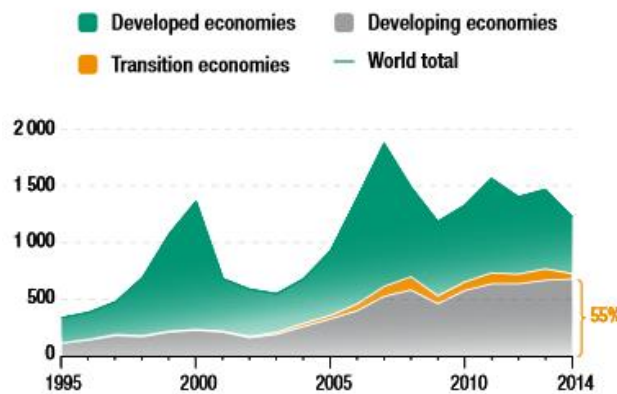
A strategy of overseas growth relies on different factors. Firstly, a business has to pay attention on which business sector or market to go for. For instance, a business can expand either vertically or horizontally depending on his target. The scale of entry is also important in order to either establish a foothold to learn or to acquire first-mover advantage. Then, a firm has to be careful on the timing when to expand. In fact, there are many cultures that are very different from each other and some cultural or official events can impact the business. This is why entities have to determine and to define what are the potential gain from waiting or what can be the cost of delay. Finally, a company has to choose how to expand. As we can see on Appendix 1, there are different entry modes; foreign market entry modes vary depending on the extent of investment risk and the degree of ownership and control.

The first mode, which is to export goods or services, is the most basic mode of trading internationally. There are two types of exports; direct, which is directly done by the buyer-seller, and indirect, which need an intermediate to finish the deal. The advantage of this kind of entry mode is that you have low initial investment to put on the table and you can get clients quickly. On the other, there are some challenges such as potential cost of trade barriers, tariffs, quotas or transportation cost. The second mode is licensing agreement, which gives the permission and rights to another party. Another mode to enter in the international market is to franchise. A typical example of franchising is McDonald, which gives the right to other McDonalds entities to use the same business model and brand for a certain period of time. We also know strategic alliance, which is a contract between 2 entities that make the choice to share resources to pursue a same goal. It can be done through M&As. Joint venture are also another mode to internationalize, it allows two companies to join their business together for a specific period of time in order to be quicker and more efficient. Finally, an entity can decide to get a wholly owned subsidiary, which is a company whose common stock is 100% owned by another company, called the parent company. Resumed we can say, the major part of investment takes the form of M&As because it is quicker to execute and foreign companies get valuable strategic assets (QuickMBA, *Foreign Market Entry Modes*).

To have an overview of globalization of FDI, we have to look at global investment. Global FDI in 2014 was about \$1.23 trillion and it is expected to increase (United Nations Conference on Trade and Development - UNCTAD, 2015).

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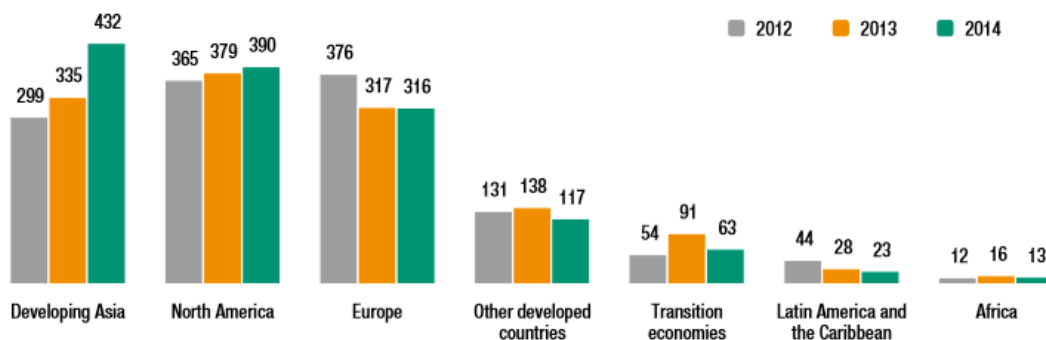
Figure 1. FDI inflows, global and by group of economies, 1995-2014 (billions of dollars)



Source: UNCTAD, World Investment Report (2015, p.2)

Looking at Figure 1, we can see that developing economies represent 55% of the global total FDI inflows. We can also see that companies around the world have invested a lot in developed economies in two different periods, which was around the 2000s and 2008s. This is due to the fact that developing economies took advantage of the weak economic situation. For instance, there is a sharp decrease in FDI inflows from developed economies between 2005 and 2008 where Europe has suffered from a financial crisis but also known as the global financial crisis. In 2014, the major 3 countries investing abroad were the United States with \$231 billion, which has tripled since 2013, Hong-Kong with \$103 billion and China with \$129 billion (United Nations Conference on Trade and Development - UNCTAD, 2015).

Figure 2. FDI outflows, by group of economies and region, 2012-2014 (billions of dollars)



Source: UNCTAD, World Investment Report (2015, p.7)

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We can see on the Figure 2 that developing Asia is the region that invest the most compared to the others. In 2014 the number of investments undertaken by this region has risen by 70% and has even overpassed North America, which rank Asia in the first position in terms of investments abroad. The mode of entry of FDI was done mostly by Greenfield investment and M&As (United Nations Conference on Trade and Development - UNCTAD, 2015).

2.2 International expansion of M&As

Typical developing countries have large agricultural sectors where the difference between the rural and urban population is clearly defined, those countries have also poor infrastructure, unfavorable outcome in health, education and nutrition.

Around the world, we count more than 150 emerging economies, which represent 85% of the total population of the world.

However, there are emerging markets, which are bigger than other ones. For instance, according to the World Bank, they classify a country as an emerging market if the average per capita income is less than \$9000 and the country has to be in an economic transformation and growing rapidly. There are some large economies such as Brazil, Russia, India and China, or also called BRICs. The income per capita in 2014-15 represented 11'384.4 for Brazil, 12'735.9 for Russia, 1'581.5 for India and 7'590.0 for China (The World Bank, 2016). Despite the fact that those countries are developing countries and not developed yet, they start to undertake an international expansion through M&As in order to pursue growth. They do so in investing in different sectors or new sectors in order to diversify their activities.

2.2.1 World

In 2014, the value of cross-border M&A deals reached \$900 billion where 77% was for the manufacturing sector (United Nations Conference on Trade and Development - UNCTAD, 2015, p.10). The biggest acquisition in the history has been made by the marriage of AB Inbev, which is a Belgium-Brasilian company, and the Britannic company SABMiller for the incredible amount of \$120 billion. Even though, there has been a decrease in the M&A activity when the 2008 recession appeared, today, the volume and the value of M&A activity is increasing and becoming as it was before the crisis. In 2014, there were 223 M&A whereof 173 in developed economies worth \$598 billion. 32% of them were done by developing countries (UNCTAD,

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2015, p.10). The famous bank Goldman Sachs is the leader in terms of consulting for M&A around the world (Davies, Carriat, 2016). Reuters has reported that the bank generated \$1'728 billion in 2015 for those operations. According to Bilan, there were 69 M&As deals in 2015 that totaled over \$10 billion.

In 2015, driven by huge M&A deals, the total value of M&A has overpassed \$5000 billion. (Lejoux, 2015)

Tableau 1. Top 10 announced M&A transactions 2015

Deal (\$Bn)	Value	Acquiror	Target	Target Nationality	Target Industry
160.0		Pfizer	Allergan	United States	Healthcare
117.4		Anheuser	SABMiller	United Kingdom	Food & Beverage
81.5		Royal Dutch Shell	BG	United Kingdom	Oil & Gas
79.6		Charter Communications	Time Warner Cable	United States	Telecom
68.6		Dow Chemical	El du Pont de Nemours	United States	Chemicals
66.0		Dell	EMC	United States	Technology
62.6		HJ Heinz	Kraft Foods	United States	Food & Beverage
55.2		Anthem	Cigna	United States	Healthcare
55.0		Energy Transfer Equity	Williams Companies	United States	Oil & Gas
53.1		Cheung Kong (holdings)	Hutchison Whampoa (50%)	Hong Kong	Holding Companies

Source: Dealogic, 2015

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In the same year, there has been a marriage between Pfizer and Allergan in order to create the number one world leader in the sector. Those two giants operate in the pharmaceutical industry. The deal was about \$191 billion, which is the biggest merger in this sector and this operation will take place after summer 2016 (Lejoux, 2015). As we can see on the above table, United States is the country that invests the most in different areas.

2.2.2 USA as number 1 in acquisitions abroad

USA has recorded an incredible amount of \$2'300 billion concerning M&A, which represents almost half of the total M&A around the world (Lejoux, 2015).

“United States companies represent an attractive target, absorbing more than one third of the largest M&A acquisition globally. European multinationals target the United States market, in particular pharmaceutical firms but also other industries. “

(UNCTAD, 2015)

For instance there is the famous company Bayer, which is a German firm that acquired Intermune for \$8,3 billion or also the example of Fiat, which acquired Chrysler for \$3.65 billion. According to Reuters, 88% of American acquisitions are made by China, Ireland and Canada.

2.2.3 Europe

Europe is just behind USA concerning M&A deals in 2015. The amount of transactions deals has reached 92 billion of Euros (Davies, Carriat, 2016). Among those remarkable amounts, we find in the agrochemical industry the takeover of Syngenta, a Swiss group, acquired by China National Chemical Corp., a Chinese group. FactSet made a list of the top 10 largest deals announced in 2016 where Syngenta was obviously ranked in the first position. It was followed by Tyco International which signed an agreement to buy Johnson Controls, Inc. for €27.1 billion in cash and stock; then the Deutsche Borse AG's decide to acquire for €40.1 billion the London Stock Exchange Plc and there were also Meda AB that has been acquired by Mylan NV for €8.8 billion.

2.2.4 The rise of the rest of Asia

Asia is living an international expansion that is propelling some of its developing countries into the world market competition where china is the leader as we can see on the Appendix 2.

The Asian FDI represented around 30% of the global FDI in 2014. This continent is progressing and is also taking a principle place in the global economy. Asia is a huge continent counting

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4'400 billion of inhabitants, which represents 60% of the world's population and where China and India represent 31,69% of the total population. Among those thirty per cent, China has 18,72% of the total world population, which means that the economy of this country has to satisfy their citizen in terms of consumption World (Population Review, 2016). This is why governments from developing countries in Asia push their enterprises to internationalize. Furthermore, there is also a factor of urbanization. There is more and more urban population, which means that the needs of consumers are changing and becoming more demanding in different products or services.

“About 40% of Asia’s population lives in cities compared to 70% in Europe, North America and Latin America, but the coming decades are expected to bring rapid increase in urbanization.”

(United Nations, 2014)

According to the OECD, the size of the “global middle class” will increase from 1.8 billion in 2009 to 3.2 billion by 2020 and 4.9 billion by 2030. The OECD said that the major part of this growth will arrive from Asia and by 2030 Asia will represents 66% of the global middle-class population and 59% of middle-class consumption, compared to 28% and 23%, respectively in 2009.

The Asian GDP is expected to double by 2020 (United Nations, 2014) and we can notice this fact on the Appendix 3. Moreover, Asia is one of the regions around the world that has lived economic booms such as the Japanese economic miracle (1950-90), the South Korean miracle of the Han River (1961-96) and also the recent increasing growth of China (1978-to now). All those factors push businesses to go abroad and seek for new opportunities in order to reach new markets. In the past, international investments from Asia were mostly done in Asia itself.

As we have seen before, the total of M&A represents \$5000 billion and there are \$1'000 billion that belongs to Asia Pacific which represent 22% of the world market (Roy Choudhury, 2015). JP Morgan reported that in 2015 there has been an increase of 60% in the M&A volumes in the Asia Pacific (JP Morgan, 2016). This is due to the fact that M&A represent an opportunity and a quick way for Asian companies to seek growth.

According to CNBC, Asian companies mostly targeted the United State as a destination for M&A transactions. Technology is the sector where Asian people have invested the most and it has doubled compared to last year as we can see on Appendix 4.

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2.2.4.1 Accenture Report²

For instance, as we can see on the Appendix 5, Asian companies have invested \$2,9 trillion over the last 10 years around the world and this trend is increasing more and more. They also reported that “In 2003, international M&A deals made up 12% of all outbound Asian investment increased up to 43% in 2011”.

It is said that Asian companies find sometimes difficulties to accomplish their goal. But despite different challenges, there are 90% Asian companies that still pursue growth through international expansion and are engaged to it. The report also said that 28% make profit from their international markets.

The survey of Accenture showed that the primary goal of Asian companies was to deliver products and services that are innovative and raise the competence of their people and also build intellectual property. To do so, it is said that the 4 strategies to internationalize are the following ones:

- Establishing a clear purpose for international expansion: There are many factors that push companies to go abroad. For instance, the Government from China put a “going out” policy, which encourages entities to expand over international markets. There is the fact that companies want to diversify their products or services and meet the needs of home customers. In addition, tax exemptions can play a role in the motive to expand.
- Differentiating to ensure success in crowded markets: Nowadays, having competitive advantage over other competitors is important. This is why access to innovation, new technology and skilled people is important. The report says that social media is a good way to learn and understand local markets.
- Building globally scalable operating structures: It is important to build regional and global operating models in order to be efficient in every level.

² The following chapter, except if cited differently, is from a report (Accenture, 2013) that did a survey over 250 companies concerning international expansion strategies of Asian businesses.

- Putting in place the talent, leadership and culture for growth: As it said in the report, it is difficult to find talented people which is why Asian companies has to retain them and try to adapt to local or global markets. The culture is also important to put in place because the way of doing business is different depending on the culture.

To sum up the Accenture report, Asian companies are going abroad in order to expand for different reasons. They pursue growth and economies of scale. They want to diversify their business and acquire technologies or innovations, have access to new distribution channels, have access to resources that they may not have or not sufficiently at home. They also want to hire skilled people.

2.2.4.2 Asian investment

Countries from Asia are investing around the world and this continent is taking a big step in our global economy. It is clear that Asian companies are merging or acquiring more and more firms around the world. Last year, Asian companies have overtaken European companies through M&A for an amount of \$770.9 billion according to CNBC. *“The deal value in China Between January and September was nearly 50% higher compared to the same period last year”* (Roy Choudhury, 2015).

2.2.5 The start of Asian acquisitions in Switzerland

Switzerland is an attractive market because of many reasons such as its political stability, social peace, its quality of infrastructure, technologies and many other things. Asian countries have well understood this concept. For a long period, Asian companies were trying to copy brands such as the brand BallStar which recall the brand Allstar (shoes), Abcids which is similar to Adidas, Pama instead of Puma, PolyStation instead of Playstation, S&M instead of M&M's, Sunbucks coffee instead of Starbucks coffee, KLG instead of KFC, Nibe instead of Nike and the list goes on. Some countries are also making counterfeit such as China, which used to be the factory of the world. However, the quality of those products was not good. Over the past decades, Asian companies have started to look up Western brands. Westerners have different competitive advantage such as technologies, know-how and brands where Switzerland is bright in this field.

Even if the American and Europe investors were involved in the major deals with Swiss buyers or sellers, the rise of Asian-Pacific entities has been important. For instance, Citizen Watch

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Co, a Japanese group, has acquired for CHF64 million La Joux-Perret SA located in La Chaux de Fonds in 2013. Indeed, the watch industry in Switzerland is one of the most demanded sectors by Asian investors. Indian companies are also attracted for the watch industry. Indeed, 5 years ago, Titan Industries, an Indian company, acquired the Swiss group Basle's Favre-Leuba for € 2 million. In Mumbai, direct investment by Indian groups in Switzerland has increased considerably since 2007 (Türler, 2013). Further examples such as the acquisition of Eterna and Corum by a Chinese group called "Haidian" in 2011 and 2013 make believe that Asian companies are more and more interested in acquiring know-how and brands instead of natural resources as it used to be in the past.

"Asian acquisitions into Switzerland remain notable following years of speculation that Chinese interest in Swiss technologies and knowhow is due to grow."

(KPMG, 2016)

According to KPMG, the amount of Asian deal invested in Switzerland was about \$5'144 million. On the other hand, cross-border deal flows from Switzerland to Asia represented \$822 million (KPMG, 2016).

2.3 Chinese investment

2.3.1 China in the global economy

China is an emerging market, which is growing more and more. In the recent years, some of China's leading firms have made the headlines with their expansion around the world (E.Kessler, M. Prandini, J.Wu, 2014, p.1). In fact, they are opening new facilities, acquiring businesses and merging with big companies. Chinese companies either buy or buy shares often in majority. Since 10 years, Chinese have extent the scope of their goal by expanding through the world.

As it is showed in Appendix 6, the country is the leader of the Asian top investors (FDI) in terms of amount invested. It is not surprising for a country such as China to be the leader in terms of outward FDI as they are becoming a huge economy and because of their interest in acquiring new firms in order to fulfill their worldwide vision. In fact, by expanding their own companies or acquiring new ones under the name of Chinese firms, give the people from China the opportunity to grow and become more powerful. The Chinese FDI from 2005 to 2016 represent

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\$1354,85 billion around the world, \$202,96 billion in Europe and \$14,43 billion in Switzerland (AEI, 2016).³

2.4 The rise of Chinese acquisition in Switzerland

Chinese companies are expanding their businesses across the world. In Switzerland, many sectors and important companies have been touched by these phenomena such as the watchmaking industry; Corum, Eterna or raw materials; Addax, SwissMetal and many others. Recently, the last huge acquisition that a Chinese firm has never done before in Switzerland was the one of Syngenta bought by ChemChina for 43 billion of dollar. Some of those acquisitions may have an impact in different fields such as management, strategy, human resources and so on.

It is hard to believe that until 2003, outward FDI in China was practically non-existent (E.Kessler, M. Prandini, J.Wu, 2014, p.1). However, in 2009 Chinese companies invested in almost 40 companies in Switzerland and in 2013 this number increased at 60. Nowadays, there are around 70 Chinese entities in Switzerland (Vakaridis, 2015). There are many sectors where they invest such as watches, telecommunication, automobile, luxury, services and hotels. But despite the fact that the development of the market system, China remains a “political economy” where the government is involved in different businesses through ownership and regulations. As we can see on Appendix 7, many Chinese companies have invested in Switzerland over the past 10 years.

³ Consulted on 11.04.16

3. Research question

In this paper, there will be one core question with different sub-question.

Chinese were the pioneer of different inventions 200 years ago. For instance, they were innovative in the gunpowder and compass domains. Years have passed and they slowly decreased their capacity of innovation until the 1950s where they started to catch up again developed economies. They started to implant facilities in foreign countries and to invest.

The phenomenon of Chinese acquisitions in Switzerland is new and starts to take a big step. As a matter of fact, the research paper will focus on the following question;

“What are the recent trends and patterns of Chinese direct investment and acquisition in Switzerland? “

Starting with this main question, we can go deeper and define what the consequences of Chinese M&A in Switzerland are with those sub-questions;

- Is it an opportunity or a threat for Swiss companies?
- What are the cultural problems and issues when two corporations merge?

China is investing around the world because they have the great financial resources. As a matter of fact, the middle Empire is becoming more and more powerful in terms of innovation. Acquiring new businesses allows Chinese companies to gain intangible resources such as know-how, brands and technology.

The aim is to determine if it is an opportunity or a threat for Swiss firms to be acquired by Chinese investors. In fact, there are different factors that can threaten the companies such as bad management and cultural misunderstandings. On the other hand, it can represent an opportunity for companies, such as widen its customer base, favorable financing, relocation possibilities and so on.

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4. Methodology

4.1 Conceptual Research

In order to realize this research paper, I took my information from, The World Investment Report 2015, the Nations Conference on Trade and Development, Organization for Economic Co-operation and Development, Lexisnexis Mergers & Acquisitions” (Law Guide 2016), the 2016 report of KPMG about Clarity on Mergers & Acquisitions, Switzerland holds back amid global M&A boom. The research paper of Kessler, E., Prandini, M., and Wu, J. about Chinese companies in Switzerland is also sourced in this paper. The books “Understanding Cross-Cultural Management” and “Asian Business Management” were used for the section explaining Hofstede and differences in cultures. The book “Stratégies d’entreprise en Chine” and “Rethinking Guanxi and Trust in Chinese Business Networks were used for the section about China. The book “S’implanter en Suisse” was used for the section about Switzerland.

In addition to those references, I took information in my previous lessons given at the HEG. I also make good use of different articles appeared in Le Bilan, Les Echos, La Tribune de Genève and L’Hebdo.

4.2 Empirical research

On the other hand, I also had to gather intangible information. In fact, in order to understand the definition of M&A, the international expansion of Chinese and the attractiveness of Switzerland I had different interviews;

- **M. Laperrouza Marc**; he is a teacher at the “Ecole Polytechnique Fédérale de Lausanne” (EPFL) and his fields of expertise are China, emerging markets, regulation, telecommunication, railway and innovation. The interview was useful concerning the context of this research paper.
- **Ms. Esposito Antoinette**; she is a teacher in accounting and teaches at the “Haute Ecole de Gestion” (HEG) of Geneva. I had some lessons of M&A with her and she helped me to improve my understanding on the subject during our interviews. All

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the section about “What are M&As?” is based on the interview with her, except if cited differently.

- **M. Sterchi Kurt;** I also had the chance to interview M. Sterchi who was one of my teachers in accounting at the HEG in the past; he worked and had to deal with M&A. It helps to fulfill the section about “What are M&As?”.
- **Ms Alessi from Emile Chouriet;** She is the CFO of the company. Her precious information helped me to write the cultural part of this paper and also to conclude.
- **Employees of Swissport;** I interviewed some employees of Swissport in order to have an idea of the management and the structure. **Deborah Di Pasquale** was the employee who gave me the most important and interesting information.
- **Employee of Corum:** I had a short phone interview with an employee who wanted to be anonymous. It was about the internal management.
- **Philippe Laurent:** He is a Professor of International Strategy and International Business Management and he works at the University of Business and International Studies (UBIS) in Morges. He is also an intercultural expert to the Council of Europe and the Swiss Confederation (OFPER) with focus on Asian cultures and China/South-East Asia in particular. He explained me and gave me a lot of information about cultures.
- **Conference “Perspectives économique du marché chinois, quo vadis?”:** Almost everything that concerned the point about the history of the relationship between Switzerland and China, has been taken from a conference held at La Praille the 12th of April 2016 presented by Jean-Jacques DE Dardel and organized by the Swiss Chamber of commerce.

Some interviews can be found on Appendix 17 of this paper in the original language, which is French.

5. Findings

5.1 FDI Definitions⁴

A foreign direct investment (FDI) is a controlling ownership in a business enterprise in one country by an entity based in another country.

We call Foreign Direct Investment (FDI) when a company decides to buy or to merge in another country than the headquarter, but also include opening a new affiliate or subsidiary. Investing in another country gives you the power to have a partially or total control over a company and it allows you to shape the company as you wish in putting your own management, strategy, marketing and so on, and all liabilities and assets of the acquired company belongs to you.

There are two types of FDI, the FDI net inflows and the FDI net outflow. According to the World bank, the definition of FDI outflow and inflow is the following: “*FDI net inflows are the value of inward direct investment made by non-resident investors in the reporting economy. FDI net outflows are the value of outward direct investment made by the residents of the reporting economy to external economies.*” The term of inward direct investment can also be called as Direct Investment. FDI can be made through Greenfield investment or mergers and acquisitions.

5.2 What are M&As?⁵

5.2.1 Definitions and understanding

In order to clarify the subject of this paper, we need a definition of M&As.

$A + B \text{ makes } C$. This is the typical equation that summarizes a merger or an acquisition. Merger and acquisition are more commonly known as M&A, which is the shortcut. The business organization or operating units are transferred or combined with another one. In other words, a company can either merge with another one or buy it in partial or full ownership and

⁴ The following section, is from the World Bank, 2016, explaining the meaning of Foreign investment

⁵ Points from 5.2 to 5.2.6, except if cited differently, is based on the interview with Ms. Esposito, Mr. Sterchi and the website of Investopedia

control. When you own stocks of a firm, it means that you are considered to own a piece of the cake of the company. The two words Merge and Acquisition are often put together which force people to believe that they are synonymous. However, their meanings are slightly different.

5.2.2 Mergers

A merger occurs when two entities, which have usually the same size, make an agreement in order to be a single new firm instead of remaining two separate companies, it allows to combine the 2 companies under one single ownership. There are different types of mergers, which are known by many names. The most common are the following ones;

- Horizontal merger: Two competing companies, which offers products or services that are similar or compatible, merge horizontally in order to combine the 2 companies under one single ownership. By combining both companies, which sell same products, the opportunity of having a bigger share of the market is given. If the acquired entity produces things that are complementary to the buying company, they will be able to offer a wider range of product to their clients. In other words, horizontal merger allows the resulting company to propose more products and increase revenue by combining operations of both merged companies in order to be more efficient. They will also, by means, share technology and proprietary rights and open new markets or achieve economies of scale in production. However, it can reduce the competition in an industry and thus it may disadvantage customers. Of course, there are experts that make sure that the merger won't create a monopoly.
- Vertical merger: Two companies that make goods or services for the same finished product may lead to a vertical merger. The goal of this kind of merger is not to increase profit, but to make improvements in the efficiency or decrease costs. Usually, the two companies are in different parts of the value chain and the merger is meant to work more efficiently. For instance, a manufacturer can choose to merge with someone who supplies raw material or important components in order to ensure that supplies will be ready when needed. By merging in a vertical manner, allows companies to control in a greater way the production process that will reduce cost and lead to better efficiency. Nevertheless, it can also lead to anti-trust matters

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because it will restrain opportunities for other suppliers. Again, there are also experts on the field that regulate those kinds of problems.

- Market-extension merger: When there are two entities that offer similar services or products but in different markets they can make a deal called market-extension merger. The goal of doing so will offer both companies the opportunity to reach bigger markets or larger geographical markets and therefore gain a greater customer base. For example, two financial institutions, which offer the same services, can make a market extension merger in order to expand to wider markets.
- Product-extension merger: This type of merger occurs when businesses make products that are related to each other and target the same market. For instance, a company that makes wheel flanges and another one makes wheels, a merger may result in better profit for the new corporation. Both entities combined together allow them to reach a greater set of customers and thus make better profits.
- Conglomeration: A conglomerate merger puts different businesses together, which have activities that are not related to each other. Companies will share their assets and also decrease the business risk, which is a benefit, but it can also be risky if the new entity becomes too big and doesn't mix well the different businesses.

5.2.3 Acquisitions

On the other hand, the definition of an acquisition in corporate terms can be related to a purchase of a firm or the division of a firm. There is an acquisition when an owner takes control over another entity and becomes the new owner. Different kinds of acquisitions exist; (1) some can be paid in cash, (2) some can be paid with a combination of cash and the acquiring company's stock, (3) it also happens to pay with debts and is called: a leveraged buyout.

"An acquisition generally maintains the same leadership while mergers typically come with significant restructuring." (Investopedia, 2016)

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We have seen that there are only small differences between mergers and acquisitions. Furthermore, whether an entity calls a deal a merger or an acquisition is widely a way of how the management chooses to present the transaction to the public and its employees. This is why I will stick both words (M&A) when talking about merger or acquisitions.

5.2.4 Hostile or Friendly

M&A can be either friendly or hostile. The latter happens when the buyer wants to buy an entity at any cost by pushing shareholders to sell even if the Board of Directors rejects the offer. The buyer can also buy a controlling amount of stock in the desired entity in order to control the company without fully acquiring it. On the other hand, a friendly takeover occurs in a transparent and cooperative way. Unlike hostile takeover, the Board of Directors agrees the acquisition before it occurs.

5.2.5 Goal

The main purpose of doing M&A is to make a strategically repositioning through a change in the business plan. The goal of consolidating 2 companies together is to create value for shareholders and stakeholders.

In fact, maximize shareholder value is one of the main duty of the management. In most of the cases, companies that are in similar business do acquisitions over other ones. That is due to the fact that buyers desire to use the purchased firm to make improvements in their own operations. Sometimes a company may buy a direct competitor simply to control more of the marketplace. This may reduce its costs if the company can eliminate some of the duplicated overhead. However, there are also some companies that purchase other firms in an unrelated field just because they want to diversify their business. It can also happen that people take control over a firm in order to re-sell it just after the acquisition in order to make a profit. In fact, we can compare this to real estate situations. For example, if someone wants to buy an old house, she or he can improve it by painting walls, putting new lights and so on, and then sell it again for a better price which will create a profit. It is quite similar in a corporate situation because the buyer believes that he or she can make improvements for the company and then increase the share price.

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5.2.6 Synergies

When the buyer merges its company with another or make an acquisition over another company, he will create synergies. In other words, it is a way to make cost savings for the new business. The latter will take advantage from different benefits, which are the following ones;

- Market opportunities: When a business expands through M&A, there are opportunities that are here to be taken. There are new markets that companies can reach and therefore increase their revenues. Having market visibility is important for a company in order to be the leader or stay competitive.
- Diminishing the workforce: It is obvious that a merger or an acquisition, will lead to dismiss workers. In order to save cost, companies resign employees who are doing the same jobs.
- Acquisition of new technologies: If companies do M&As, it is mainly due to the fact that the competition is growing more and more regarding technologies such as new machines, know-how, brand, and so on. If a company wants to be leader of a product, technology plays an important role. This is why acquiring a unique technology can become a competitive advantage over other businesses.
- Economies of scale: Every businesses size matters in the economy. It is the cost advantages that companies get due to the size, scale of operation or output. Economies of scale allow the buyer to build up synergies on cost and increase purchasing power. Thus, it also allows putting pressure on suppliers as they can place bigger orders and gain on ability to negotiate prices.

M&A are obviously benefit and offer opportunities for companies that wish to expand. Nevertheless, not all parties of stakeholders are winners when a merger or acquisition takes place. Shareholders will always be the winner of those transactions because the value creation is for shareholders. Among the other stakeholders concerned about an M&A there are the state, employees, suppliers, customers and the local community as we can see on the Appendix 8.

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5.3 China

5.3.1 Overview – country description ⁶

The People's Republic of China is a huge country located in the South east of Asia, that represents an area of 9.6 million square km, which ranks the country as the third biggest country of the world after Russia and Canada. It is surrounded by different landscapes such as mountains, rivers, lakes and it shares its borders with 14 countries, which are Korea, Vietnam, Laos, Burma (Myanmar), Russia, Mongolia, Kazakhstan, Kyrgyzstan, Tajikistan, India, Bhutan, Nepal, Pakistan and Afghanistan. The country of china is said to be one of the four oldest civilizations of the world. It's a deep history with a civilization that is older than 5000 years old. It has left behind cultural relics like the Great Wall which a well-known symbol of China. The country has now the biggest population of the world with more than 1.37 billion inhabitants (World Meters, 2016) and counts more than 55 ethnic groups such as Miao, Li and Mongolian but the most common people are the HanChinese who represents around 93.3% of the total population.

The Communist Party created in 1949 the Republic of China, which has 23 provinces, five regions that are autonomous, four municipalities and also two Special Administrative Regions. Only one party runs the politic, the communists. The structure of the government of China is very much alike Western political structures as they have a president and a prime minister.

People speak different local dialects but the most common, and mainly their mother tongue is the Mandarin Chinese, which is a mixed between Beijing dialect and other dialects spoken in the north of China. This language is becoming more and more spoken. What is more important to know is that there are six official languages utilized by the United Nation and Mandarin is one of them. Many Chinese speak also English because children learn this language at school at the age of 10 and it is part of their major lessons. It was estimated that there are over two hundred million people speaking English. As there are many international businesses implementing their firm in China, it is important to have a common language in order to be able to communicate with foreigners. However, an article from Bloomberg confirms that "*Chinese authorities are waging a war on American culture and the use of English*" and many people

⁶ Points from 5.3.1 to 5.3.4, except if cited differently, is from the Website of Travel China Guide

speak English (Roberts, 2014). But the government doesn't want to lose the language, with around 4'000 characters, their tradition and culture. It is part of the "Chinese domination over the world", they are proud to be Chinese and this is why they don't want to lose out of their sight that the original language has to remain more important than English (Roberts, 2014). However, as it is said in the article "*in 1978 China was eager for technology and investment from the West*" (Roberts, 2014) which force Chinese people to learn and speak English in order to do business with other parts of the world. It is not a choice to learn English, not only in China but also in almost all countries around the world, as it is the business language. In addition, more and more Chinese students are traveling to the US or to England in order to improve their English. For instance, I went to England to learn English and I met so many Chinese people. More than 50% of students of my school came from China. There are also other factors that push people to speak English. In fact, except from the fact that doing business with foreigners requires English, there is also the fact that China is becoming more and more touristic and not only business man have to know English, but also hotels, restaurants, airlines post offices and so on.

China has the characteristic to be a "catching up" country. In fact, according to the book "*Stratégie d'Entreprise en Chine*" by Dominique Jolly, it is said that there are 3 stages where China went through; (1) catching up by importing technologies, (2) learning by copying and (3) the indigenous creation. The first stage consists of importing as much as technologies they can by principally making joint ventures, merging or acquiring foreign companies. Then, they try to imitate and assimilate technologies from foreign countries. Finally, the last stage is about creating their own technologies and center of R&D. As a matter of fact, the Chinese government hopes that its national companies could be autonomous so that exportation will not concern only cheap products with low R&D.

This lead to the fact that the middle empire wants to stop being a "copying country" and want to impose itself with more sophisticated industries. (Jolly, 2013)

5.3.2 Advantages – Why is it an attractive country?

China has different aspects in its economy that makes the country competitive compared to some other economies.

- Strengthening the education: In the beginning of the 20th century, many universities have been introduced. The education in China is very important and the Government spends 4% of total China's GDP. In 2015 the population literacy rate was about 96,4%, which represents almost all the population with 94,5% of women and 98,2% of men (The World Bank, 2016). In general, Children begin to go to school at 6 or 7 years of age. The school is mandatory for primary education and lasts six years. After that, there is the middle school for children aged between 12 to 15 years. They can complete their secondary school, which lasts 3 additional years. At the age of 18, when they finish the primary and secondary school they can enrol in high school where they can do bachelor, master and doctoral degree. In the overall it is quite similar to our education. China is also a country where international student come to study. Students from China also like studying abroad in order to learn more about other cultures and enhance their skills with other learning vision. According to the OECD, students who came from India, South Korea and China represent 52% of international students around the world.
- Capacity of production: China has a strong capacity of production with more than 30 billion of factories across the country. The cost of production is also one of the lowest around the world. Moreover, as it has been said before, education is becoming more and more important which means that there are more skilled people and it will enhance the competitiveness of the country.
- Creation of new technologies: China is known to be the pioneer with regards to the invention of gunpowder, paper, compass and so on. The country has also great constructions such as the Great Wall of China or the Grand Canal of China.
- Development on FDI: China is the third largest country over the world and the government push its citizen to invest abroad and put in place an investment policy.

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China became the largest FDI recipient in the world in 2014 (United Nations Conference on Trade and Development - UNCTAD, 2015).

5.3.3 Import & export

In 2014, China exported \$2.37T and imported \$1.53T, resulting in a positive trade balance of \$834B (Atlas Media, 2016). It makes China become the largest export economy in the world.

According to atlas.media website the goods that are the most exported from China are computers (\$208B) followed by Broadcasting Equipment (\$157B), Telephones (\$107B), Integrated Circuits (\$61.5B) and Office Machine Parts (\$46B). On the other hand, the major imports are Crude Petroleum (\$205B), Integrated Circuits (\$135B), Iron Ore (\$73,4B), Gold (\$63,9B) and Cars (\$55,2B). The United States is the country where China exports the most with \$432B followed by Hong Kong with \$258B, Japan with \$166B, Germany with \$101B and South Korea with \$88.9B. Besides, the imports from China to South Korea are about \$142B followed by the United States with \$134B and Japan for \$131B.

5.3.4 Sector (primary, second, third)

According to the Central Intelligence Agency (CIA) website, the GDP composition of China is divided as followed; the agriculture accounts for 8.9%, the industry sector accounts for 42,7% and the services sector accounts for 48,4% (CIA, 2016).

5.4 China across Europe

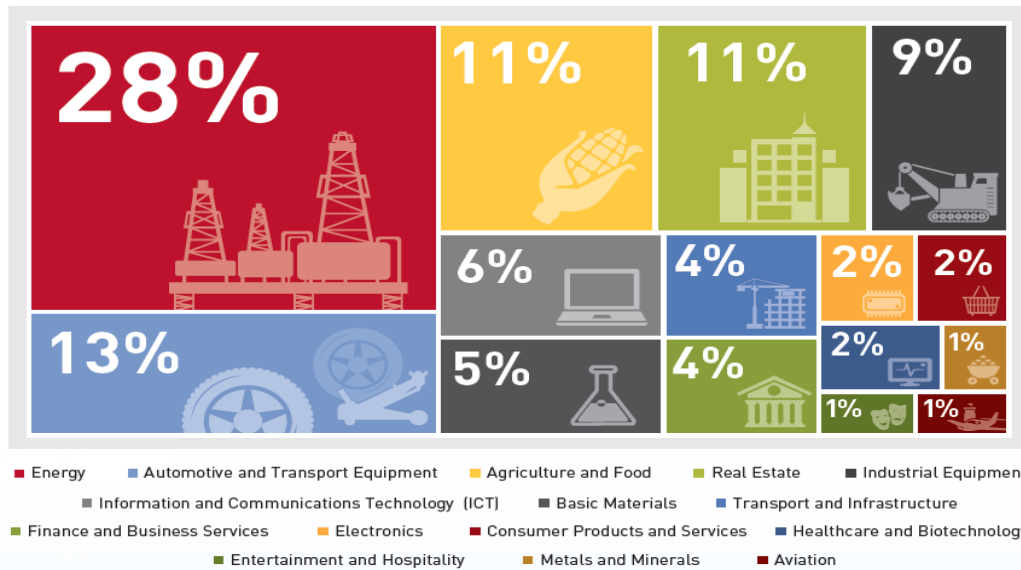
5.4.1 Chinese FDI in Europe

The phenomena of Chinese acquisitions is becoming bigger and bigger. As we can see on the appendix 9, the trend started in 2011 with big acquisitions going up to \$3 billion. In 2014 there were much more acquisitions that amounted to between \$1 and \$3 billion.

As we can see on Figure 3, it affirms that over the past 15 years (2000-2014), the sector the most invested in Europe were the energy with 28% followed by automotive & transport equipment sector with 11% and the agriculture & food sector with also 11%. Those percentages were calculated from the money invested by the Chinese over the past nine years.

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Figure 3. Chinese FDI transactions in the EU-28 by industry, cumulative, 2000-2014



Source: Reaching New Hights, Baker & McKenzie Report (2015, p.15)

The amount of Chinese investment in Europe was about \$61 billion during the period of 2000 to 2014. The amount is divided as followed:

- Energy : \$17 billion
- Automotive and transport : \$8 billion
- Agriculture and Food : \$7 billion
- Real Estate : \$6 billion
- Industrial Equipment : \$5 billion
- Information and Communications technology (ICT) : \$3,5 billion
- Basic Materials : \$3,1 billion
- Transport and infrastructure : \$2,4 billion

“The energy sector is the number one recipient of Chinese capital, totaling \$17 billion through 2014 (28% of total investment value from 2000 to 2014)” (Baker & McKenzie, 2015) Chinese FDI transactions in the energy sector have reached the peak of more than 6’000 million of dollars in 2012.

China's demand for energy is expected to triple by 2030 which means that countries with abundant natural resources will continue to attract the most money from China.

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5.5 Switzerland

5.5.1 Overview introduction

Switzerland or more officially the Swiss Confederation is a federal republic. Located in Western and Central Europe, it is a federal directorial republic with 26 cantons where Bern is the capital. Switzerland counts around 8 million of inhabitants and this number will increase to 10 million by 2040. 22% of the population is from other countries and it is the country with the highest foreign workforce in Europe. Most foreigners have a high school degree and 48% are originally from Europe. There are 4 official languages: German (64%), French (20%), Italian (6.5%) and Romansh 0.5% of the population. However, English is the language most often used for business (Office Fédéral de la Statistique - OFS, 2014).

Switzerland is not part of the European Union but it is one of the founders of the European Free Trade Association (Heritage, 2016). It is one of the wealthiest countries in the world. In fact, according to the websites of the Swiss confederation, the country has the 5th biggest gross domestic product with \$685 billion in 2013 (Trading Economics, 2016). Each year, Switzerland spends around 3% of its total GDP, which represent an amount of CHF 16 billion, on research and development. Around 75% of this funding is issued of the private sector (Confédération Suisse, 2016). The Swiss Confederation is one of the most competitive economic places in the world due to many advantages.

5.5.2 Advantages – Why is it an attractive country? ⁷

As it has been said before, Switzerland offers many advantages for foreign companies that wish to settle down. Among all advantages, a few of them are mentioned below:

- Social peace and political stability: The government ensures the protection of intellectual property and the protection of property right. Switzerland is a strong industrialized country with free trade policy, free market of economy and little control by the government.

⁷ The following section, except if cited differently is from the book « S'implanter en Suisse », (Ruat, Jean-Louis, 2005)

- Good infrastructures: In Switzerland can travel across the country very easily by rail, air or highway. It is easy to get from point A to point B in this country. According to newlyswissed.com, in 2014 Switzerland was ranked the world leader, as the most extensive and efficient country in terms of infrastructure quality.
- Excellent system of education: Switzerland has universities and technical school that are well known around the world, offering excellent education. The literacy rate of Switzerland is about 99% of the population (Index Mundi, 2016).
- Capacity of innovation and technology: As has been said before, 3% of the total Swiss GDP is invested in R&D. Furthermore, the country has skilled people with high knowledge. This small European country is able to develop new technologies and be competitive. Swiss know-how is well known especially in the watch, machine and chemical industries.
- Close relationship with foreign markets: Foreign relations are one of the most important goals of the Government. As there are many investors and foreign customers, relationship must be good between countries. For instance, Switzerland has created a strong relationship with China in terms of political and economic benefit. Both countries have recently signed a free trade agreement and other facts prove that Switzerland and China try to keep a close relationship.
- High productivity and excellent quality of products and services: Even though Switzerland has few natural resources, the country has built a strong reputation through its high quality of services and products due to its skilled labour. The pharmaceutical industry, machine, medical material and the watch industry have made its well-known and respected reputation around the world.
- International banking system: Financial services are particularly dynamic and an important sector in the Swiss industry. With around 275 well-known banks, Switzerland has built a strong reputation in financial services (Swiss Bankers Association, 2014).

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- Good working conditions and high quality of life: The Swiss Confederation is one of the most expensive countries. On the other hand, it is also a country where salaries are amongst the highest in the world and where the unemployment rate is really low with only 4.5% (Heritage, 2016). Working conditions are excellent. People get at least 4 weeks' holiday a year, social security benefits are excellent, and the quality of life is really high compared to the rest of the world.
- Lowest rate of value-added tax: Switzerland is one of the countries where taxes are low and it has the lowest rate of value-added tax in Europe. For instance, the tax on goods and services is of 8%, the tax on accommodation and services represents 3.8% (Heritage, 2016).

5.5.3 Import & export

Exports of goods and services represent more than 50% of the Swiss GDP. Switzerland is the main trading partner of the EU. As we can see on Appendix 10, the other main partners are the USA, China and Japan.

Switzerland trades mainly with industrialized economies in Europe but other countries are starting to show up such as China. In fact, Switzerland has many suppliers around the world. The top three countries in Europe are Germany, Italy and France. China is ranked number 8 in terms of principal supplier. Due to the fact that Switzerland is dependent on external trade, a system of liberal economy has been put in place with low customs duties and no restriction to imports except for some agricultural product subjected to import tax.

As we can see on Appendix 11, the watch industry is the leader in terms of export in Switzerland. The country exports 40,2% of its chemicals, 22,5% of its different luxury products and 16.6% of its machinery and electronics. The tertiary sector is the biggest contributor to the Swiss GDP with almost 75%.

5.5.4 Investment

Switzerland is an attractive market for investors and also one of the best economical places in Europe. As we have seen before, this market has many advantages and many large corporations have settled their headquarters in Switzerland such as Lonza, Nestlé, Japan

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Tobacco International, Mercuria Weleda, and so on. There are also many international organizations located in Switzerland, especially in Geneva such as the United Nations, the World Trade Organization (WTO), the International Red Cross as well as many non-governmental organizations.

Openness to worldwide trade and investment has given the opportunity to Switzerland to be one of the most competitive and innovative economies.

Foreign direct investment also plays an important role by maintaining or increasing the international competitiveness.

Switzerland negotiates many agreements with the EU. It is a member of the WTO and the European Free Trade Association – AELE (Heritage, 2016). As a matter of fact, almost every barrier at the entry of the Swiss market has been removed and there are low interest rates. These agreements also concerned free trade, free movement of people and reduction of tariffs.

5.5.5 Sector (primary, secondary, tertiary⁸)

The Swiss GDP is divided in 3 main sectors as it is showed in Appendix 12. The first one is the agricultural sector, which is the primary sector that contributes for 1% of the Swiss GDP and employs around 3% of the population. The second one is the industry, which is the secondary sector that accounts for 27% of the Swiss GDP and employs around 20% of the active population. The last one is the services sector (including financial services), which is the tertiary sector that contributes 72% and employs a bit less than $\frac{3}{4}$ of the active population. As we can notice, the most important economic sector is the manufacturing one (UBS, 2016). If we go deeper;

- Primary sector: Agriculture has played an important role during the 19th century when around half of the population was active in this sector. According to the “Office Fédéral de la Statistique” (OFS), around 3% of the population is working in the agriculture. The OFS says that fruits and vegetables are the most commonly imported agricultural products in terms of value. Drinks containing water are the most common exports as well as coffee.

⁸ The following chapter, except if cited differently, is based the explanation of the online LAROUSSE's website

- Secondary sector: The manufacturing sector, which is linked to the presence of capitals and good quality of skilled labour, is represented by the physical transformation of material, chemicals, food-processing and so on. Switzerland is one of the most industrialized countries in Europe. Swiss industries are very specialized and products are then exported to foreign markets. As it has been said, many international firms such as Novartis or La Roche are recognized worldwide for their chemical and pharmaceutical expertise as well as their technologies. There is also Nestlé, known for its excellent reputation in the food-processing industry, as well as Sulzer, which is famous for its technology in machines and the list goes on. Those firms, which became important in the international stage, have built the strong reputation of Switzerland and give the image of a country that is dominant in terms of know-how and technology. But Switzerland is also under the spotlight because of its other industries such as the clock industry. The watch industry has also contributed to the reputation of the Swiss Confederation with respected and well-known brands such as Tissot, Rolex and Swatch.
- Tertiary sector: The latter includes the production of specialist chemicals, health and pharmaceutical goods, scientific and precision measuring instruments and musical instruments. It also includes financial services such as the banking sector. Many activities and headquarters of different companies and international organizations are located in Switzerland. According to Larousse.fr, Swiss people have the best insurance around the world, which enhances again the reputation of the tertiary sector.

Among the 577'847 Swiss firms, the country counts around 56'000 (~11%) enterprises in the primary sector, 90'290 (~15%) in the secondary sector and 431'560 (~74%) entities in the tertiary sector (Office Fédéral de la Statistique - OFS, 2016).

In addition, Switzerland is an important services provider. In fact, the major part of the population works in the tertiary sector. Among 4'152 million employees, there are around 3'500 million are working in the tertiary sector. Education system, health system, financial activities, insurance and transport are all in constant evolution and allow people to get new opportunities.

5.6 Swiss Enterprises

According to Le Bilan, in 2013 Switzerland counted around 578'000 enterprises. 384'000 were micro-entities with less than 2 employees. Approximately 185000 business have 2 to 49 employees representing 32% of the total Swiss entities. Besides, among all the large enterprises, there were 7'736 businesses that counted between 50 to 249 employees representing 1,3% of the total effectives. Finally, bigger groups represented 1'400 entities in 2013 with 250 employees or more (AWP, 2015).

Switzerland has many firms that are leader in their sector such as the "Union des Banques Suisse" (UBS), Credit Suisse, Novartis, Nestlé, Roche and so on. Even though those big multinationals have headquarters in Switzerland, more than 99% of Swiss companies are Small Medium Enterprises (SMEs) employing less than 250 people (Office Fédéral de la Statistique - OFS, 2015). The five key components of the Swiss economy are the machine industry, chemical industry, watch industry, banking sector and tourism.

Every year new firms are created in Switzerland. In 2014, 41'632 entities have been established (24heures, 2015). Most Swiss companies are either "Limited company" (Ltd) or "Limited liability company" (LLC). In 2014, 165 Swiss enterprises have been created every year according to Le Bilan.

According to Ms Alessi (CFO Emile Chouriet) and Ms Céline Amoudruz (politician UDC) there are almost 90% of Swiss enterprises holds by foreigners.

Additionally, if we look at some statistics delivered by the Office Fédéral de la Statistique (OFS), it shows that 3'451'000 workers are Swiss and 1'149'000 are foreigners. In other words, almost 1/3 of the total workforce is from other countries. This proves that Switzerland is a multicultural country. For instance, Geneva counts 190'000 inhabitants of 190 different nationalities and 41% are foreigners (Genève Tourisme, 2016).

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5.7 M&A in Switzerland

Different international firms are buying Swiss firms. In 2015, the industry with the most acquisitions was the technology, media and telecommunication as we can notice in the Appendix 13.

The top deal in this sector was TE Connectivity Ltd. (Broadband Network Solutions business unit) bought by CommScope Holding Co Inc, an American firm, for \$3 billion. There was also a Chinese deal with the acquisition of Infront Sports & Media AG by Dalian Wanda Group in February 2015 for approximately \$1,2 billion.

In 2015 acquisitions in Switzerland amounted to almost \$90 billion (KPMG, 2016). According to KPMG, there is a slowdown in the Swiss M&A compared to the first quarter of 2015. However, with the acquisition in February 2016 of Syngenta by the Chinese, the volume of transactions increased considerably.

“The Syngenta deal is unique in that, at \$40 billion, its total value even topped the large-scale transaction in 2012 between Glencore and Xstrata as well as the LafargeHolcim merger from 2014.”

(KPMG, 2016)

On the overall, it is mostly European companies that buy Swiss firm with 57% of deals in 2015. It is then followed by US & Canada with 21% and the Asia pacific represent 18% of the total Swiss acquisition deals according to the Appendix 14.

5.8 Relationship between China and Switzerland

“What matters is the density of the relationship” says Jean-Jacque DE Dardel during the conference. China and Switzerland have a special long lasting relationship that officially began in the 50’s. Their relationship is very dense and both countries share the same vision about their mutual friendship.

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Laetitia ALDI

5.8.1 History ⁹

In 2015, Switzerland and China have celebrated their 65th anniversary of diplomatic relations. In order to have an overview of important events that both countries have lived, relevant dates are listed below;

- 1906: First official contact between the two countries.
- 1912: Opening of a Swiss trading agency in Shanghai.
- 1918: Treaty of friendship represented the relation between China and Switzerland.
- 1950: First diplomatic relationship. "Switzerland recognized the newly-established People's Republic of China" Switzerland was one of the first occidental countries to officially recognize the Middle Empire.
- 1957: The first Swiss embassy appeared in China.
- 1974: A trade agreement was signed between both countries, followed by other kind of agreements such as the civil aviation agreement; a nuclear cooperation agreement, a scientific and a double taxation agreement.
- 1980: The first Swiss joint venture was made with China. Schindler, a Swiss elevator company, was the first company in Switzerland to make a joint venture with a local partner in China.
- 1986: An investment protection agreement was signed between both countries
- 1989: China and Switzerland were collaborating and thus a technology cooperation agreement was made.
- 2014: A Switzerland-China comprehensive free trade agreement was implemented. Switzerland became the firm's partner of free trade with China.

It is important to highlight the fact that Switzerland has been one of the first occidental countries to recognize China and that both countries have a long lasting relationship that "officially" began in the 50s.

⁹ Points 5.8.1, 5.8.2, 5.8.3, except if cited differently, are based on the conference "*Perspectives économiques du marché chinois: Quo vadis*" by Jean-Jacques de DARDEL held at La Praille (Route des Jeunes 10, 1227 Carouge, Suisse). It was on the 19th of April and organized by the Swiss Chinese Chamber of Commerce.

5.8.2 Economically

From an economical point of view, Switzerland and China have made a big step concerning free trade agreement. In fact, the Swiss confederation wants to abolish all customs duties on imports of Chinese industrial goods (PricewaterhouseCoopers - PwC, 2014). Thus, both countries signed a comprehensive free trade agreement, which put Switzerland as the first country in the European Union to have agreed to sign. If we compare the agreement made between South Korea and Australia, which took 10 years to be settled, the agreement between Switzerland and China was quick because it has been accomplished in only 2 and half years.

5.8.3 Politically

In April 2016, the Swiss President, Johann Schneider-Ammann was on a “state visit” in China for 4 days. He met the president Xi Jinping and this visit allows the Swiss president to invite him in Switzerland. Since the bilateral agreement that took effect in 2014, China and Switzerland share a special relationship that the Swiss government wants to keep going in that way.

Both countries have agreed to name this relationship a “Strategic innovative partnership”.
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It is not common for Switzerland to “name” a relationship but Chinese authorities have taken the habit to label a relationship only if it’s worth it. This name is only temporary. Switzerland is the only country to have the honor to get this title reference.

5.9 Presence of Chinese M&A in Switzerland

There is an obvious motivation of Chinese companies to expand into different parts of the world. Switzerland is an attractive destination for foreign investors, because of its economic and political stability, its transparent and fair legal system, its reliable and extensive infrastructure, and its efficient capital markets as we have seen before. “*In 2015, Switzerland became the 6th European investor in China with 5,77 billions of dollars*” (Jorio and Dahai, 2015).

On the other hand, Chinese companies have also begun to invest more in Switzerland in different sector, which are well-known firms in Switzerland. As it has been said before, there are between 60 to 70 Chinese businesses active in Switzerland. The Appendix 14 shows a

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classification of Swiss enterprises bought by Chinese with the year of the deal, the sector, the amount invested and the location.

Among this table some interesting key facts about Chinese acquisitions in Switzerland are:

- Citychamp Watch & Jewellery Group Limited, has acquired 4 Swiss enterprises; Eterna (2011), Corum (2013), Dreyfuss Group (2014) and Mirador Resort & Spa (2016). The total of the bill is almost CHF 2 billion.
- ChemChina, has acquired Mercuria, 12% at stake (2016), Nestal Maschinen AG (2016) and Syngenta (2016).
- Yufeng Gao is a private investor and has invested in 2 hotels; Palace de Lucerne and Frutt Lodge SPA 5*.
- The biggest acquisition: Syngenta by ChemChina for \$ 43 billion.
- The smallest acquisition: Shanghai Electric for CHF 3,7 million.
- There are 7 main categories of industries; Watch and Jewellery industry (24,25%), Trading industry (15,15%), Machines industry (12,12%), Technology industry, media & telecommunication (10%), Hotel industry (12,12%), Pharmaceutical industry (6,05%), Transport industry (6.05%) and finally 5 others industries, which represented 15% of the 33 Swiss enterprises, acquired by Chinese.
- The very first acquisition was made by Universal/Stelux Holdings International LTD by Cyma in 1989.
- Almost half of all acquisitions were made in 2015 and 2016

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5.10 Culture

It seems obvious that culture is different from country to country, but it can also differ from neighbor to neighbor. For instance, people living in the German part of Switzerland are very hard workers and dedicate a lot of their time to their job whereas in the French part of Switzerland people dedicate more to their personal life even though they are also dedicated to their job. Those two groups of people live in the same country but don't share the same values, which proves that culture does not depend only on the country. In fact, Switzerland is a small country but has a diversity of cultures.

The management style can play a role in the impact on the acquisition process. However, the culture is also a very important aspect. There are questions that can be asked at that point. How can we define a culture and what is different from another one? How to understand China? How to do business with Chinese people?

Those questions are in mind of international investors who are planning to enter in another market such as China. It is very difficult to measure how much a culture can be different and especially in business matters. However, different models have been developed relating culture. For instance, Edgar Schein studied the effect of the organization. Edward Hall pioneered the study of the role of communication in management. Nancy Adler was one of the first to study the influence of culture on organizational functions. Finally, Geert Hofstede and Fons Trompenaars both set up dimensions to measure the impact of national culture on management. Thus, the Hofstede dimension will be explained in this paper.

5.11 Hofstede dimension¹⁰

The Hofstede dimension is a tool that measures the differences in culture. It was created in 1970 by the professor Geert Hofstede in order to see how values in the workplace are influenced by culture. He describes culture as "the collective programming of the mind distinguishing the members of one group or category of people from others". Nowadays, this

¹⁰ Points 5.11 and 5.11.1, except if cited differently, is from the Dr. Geert Hofstede, the website of geert-hofstede and the Chapter 2 of the book "*Understanding Cross-Cultural Management*" (Browaeys & Price, 2011)

tool is considered as an international standard. Dr Geert distinguishes 5 dimensions of culture, which are:

- Power distance; it is related to the degree of inequality that happens between people with and without power
- Individualism, which can also be opposed to Collectivism; this measure the relationship between individuals and the degree of interdependence people have among them
- Masculinity, which can also be opposed to Femininity; it is related to how much people care about the role of women and men in the society but also to how much people value their quality of life
- Uncertainty/Avoidance; it is related to the degree of anxiety that people feel when they have to face unknown or uncertain situations. The question that people are asked for this dimension is, if they should try to control the future or just see what occurs
- Long Term Orientation; it is related to how much individuals visualize situations in the future. *“In societies with a pragmatic orientation, people believe that truth depends very much on situation, context and time”*
- Indulgence, which can also be opposed to restraint; it stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. In other word, socialization is very important.

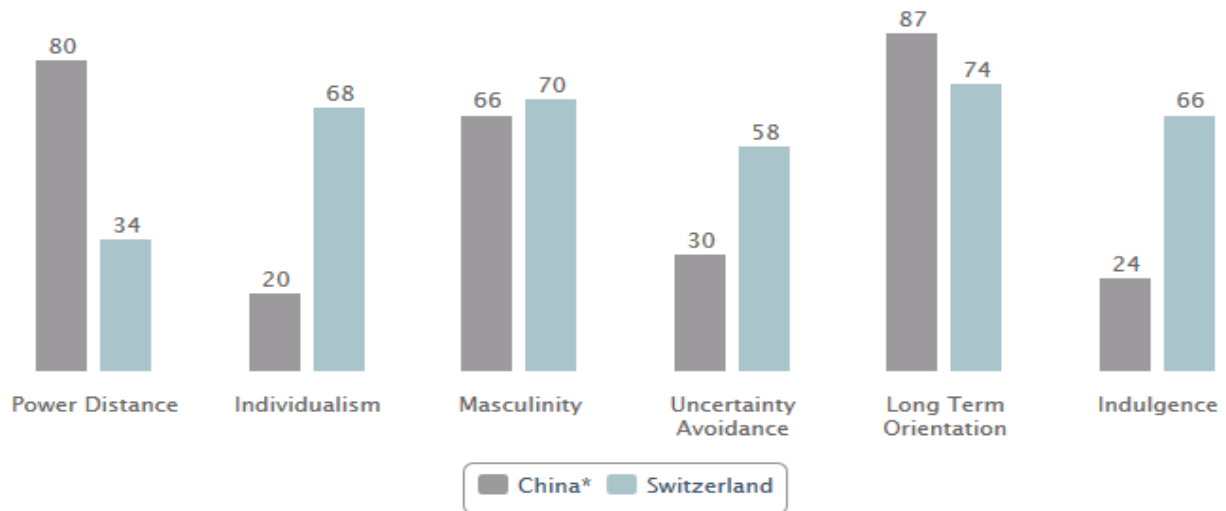
Each dimension is scored on a scale from 0 to 100. A result of 0 to 49 is considered as low and above 49 is considered as a high score. For instance, if a country gets a high score on individualism, it will mean that the country, and more precisely its citizens tend to be individualistic. The table in the Appendix 15 detailed the 6 dimensions.

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5.11.1 China scores

In order to illustrate the theory, we can see on the picture below the score of China and Switzerland and thus make clearer the differences.

Figure 4. China in comparison with Switzerland, Hofstede dimensions



(Source: Geert-hofstede.com/china, 2016)

As we can see, culture is very different on 4 dimensions, which are the power distance dimension, the individualism dimension, the uncertainty avoidance dimension and the indulgence dimension. This is due to the fact that Chinese culture is not the same as westerners.

Concerning the **Power Distance**, China got a score of 80. It means that Chinese distinguish roles between subordinates and superiors. For instance, abuses from superiors can be accepted and considered as normal. The hierarchy is well respected and the power belongs to the highest manager. Indeed, Chinese people respect and honor those with higher status than you. On the other hand, Switzerland is much lower with a score of 34. In general, western countries tend to have that kind of score such as United Kingdom with 35, Germany with 35, US with 40 and Canada with 39. It means that Western countries don't like hierarchy and want to be treated equally.

China got a score of 20 for the dimension of **Individualism** whereas Switzerland got a score of 68. This is due to the fact that Chinese are more collectivistic than individualistic because

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they see the world as “we” rather than “I”. They care about each other, think as a group and loyalty is important. When there are promotions or hiring, relationships play an important role especially concerning groups or family. In addition, Guanxi¹¹ is very important for them and it is part of the business culture. In contrast, western countries have high score because they are more occupied to look after themselves and their direct family only. Switzerland is an individualist society. For instance, the management in a company is the management of individuals and it is not seen as a group or a team.

Switzerland has a score of 70 for **Masculinity** and it is rather similar to the score of China with 66. It means that both countries are a Masculine society and are driven by competition, success and achievement. In fact, if a society has a high score of Masculinity it will be driven by who is the best/winner in a specific field. This mentality begins in school and carries on throughout organizational life. Chinese are hard workers and we can see it everywhere. For instance, wherever we go in Italy, there will always be shops, hairdressers or restaurants open every day until late at night. People from China do not hesitate to sacrifice their leisure time and family for the work. Indeed, what matters most is to have high exam scores or working far from home just to get a better pay or promotions. In Switzerland it is also quite the same. For example, people working in the bank sector do a lot of overtime without even being paid.

Regarding the **Uncertainty Avoidance** dimension Switzerland has a score of 58 whereas Chinese have a score of 30. It is due to the fact that Chinese are people that do not avoid uncertainty and are comfortable with ambiguity. They can adapt easily to new situations. Moreover, Chinese language is very ambiguous and difficult to interpret if it is not our native language. On the other hand, western countries prefer to avoid uncertain situations. Decisions are not taken immediately because people with high score of Uncertainty Avoidance need time to reflect and carefully analyze the context in order to take the best decisions. They need a good organization; good plans and they prefer stability rather than random situations. However, even Switzerland has different cultures. In fact, “*French speaking Switzerland has a strong preference for avoiding uncertainty while German speaking Switzerland scores lower*”.

¹¹ Guanxi refers to the word “relationship”. “*Relationships in China are the key to business success. Building up a strong network of such relationships, referred to as guanxi, is the preoccupation of Chinese businessmen*” (Browaeyns & Price, 2011).

Concerning the **Long-term Orientation**, China has a score of 87. Countries with high score in this dimension are pragmatic countries such as China. Chinese people think that truth relies on situations, context and time. Again, people from China have the ability to adapt easily and to handle changing conditions with perseverance. As they are driven by success, they are willing to work a lot to achieve their goal. In other words, if they want to reach the objectives of success they need time and this is why they can plan things in the long term. Switzerland is also close to Chinese mentality as it gets a score of 74.

Finally, China got a score of 24 in the **Indulgence** dimension while Switzerland gets a score of 66. The middle empire is a restraint society and they tend to be cynic and pessimist. As it has already been said, Chinese do not put much emphasis on leisure time. On the opposite, Switzerland has a culture with high indulgence. It means that people "*exhibit a willingness to realize their impulses and desires with regard to enjoying life and having fun*". Contrary to the Chinese, Swiss people tend to be optimistic and have a positive attitude toward situations. Furthermore, they attach a great importance to their leisure and spend their money to fulfill their wishes.

5.12 Divergence in business culture

"Management is embedded in a wider societal setting, and is heavily influenced by local historical and cultural norms".

(DiMaggio and Powell, 1983)

"There is something in all countries called 'management', but its meaning differs to a larger or smaller extent from one country to another".

(Dr. Greet Hofstede, 1993)

As they said, management differs in different countries due to cultural differences. Those important differences can affect management practices and have a bad impact on business. We have seen how to measure a culture and especially Chinese culture. In the Appendix 16 we can see the notable cultural difference between both countries.

The key to succeed in Chinese business is relationships. The latter refers to Guanxi, which is the fact to build a strong network of relationships. For Chinese businessmen it is very important

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to build trust and confidence before creating any relationships. Once this step is done, business matters can be discussed. In fact, when Guanxi with someone has been reached, there will be the opportunity to build your own network. In fact, network is almost vital as a source of information and expertise, as a way to develop new relationships, to find business partners and maybe some new deals. Furthermore, it will be easier for westerners to penetrate the Chinese market if they create Guanxi (Browaeys and Price, 2011, p.75, 76).

Swiss mentality, as well as Western mentality, doesn't put a lot of interest in relationships. For instance, when a deal has to be signed, all terms and conditions are written in the contract. Nothing will change once the signature is done. On the other hand, Chinese can make a deal only with the trust and will often express the desire to change terms and conditions in the contract. This is why Western companies doing business with Chinese companies are aware of the constant need to maintain and develop special relationships. Besides, to maintain good relations with suppliers and customers, it is important to ensure a good relation with local authorities, financial institutions, and tax offices (Browaeys and Price, 2011, p.75, 76).

Another important factor for Chinese people to take into consideration is the fact that they can't lose face. In China they called this notion "Mianzi". Maintaining a good reputation is very important for Chinese because it will allow other people in their decision-making (Browaeys and Price, 2011, p.75, 76).

6. Analysis of findings

6.1 Summary of the findings

As we have seen before, there are different types of merger and acquisitions and it can be either hostile or friendly. It varies depending on what goal and benefit we are looking for. Even though creating value for shareholders is important, we have to take into consideration the other stakeholders. Many of them are often in a “losing situation”. Indeed, employees and local community have little to say in the acquisition process, but nevertheless they are more involved than anyone else.

Despite the fact that M&A can harm the workforce, many international companies delocalize, acquire or expand around the world. China is starting to be interested in investing in the West because of many new opportunities. This country, which is communist, has started to adapt and catch up developed economies. For instance, there are more and more Chinese people speaking English because they want to do business with the West and they also try to understand our culture. It clearly shows that they want to learn from Western economies and to ensure a powerful economy.

Agriculture is important in China and as we have said before in this paper, China counts more than 1 billion inhabitants in its territory. Those people have to be fed and the Middle Empire need to produce a lot in order to fulfill needs. Chinese also start to encounter a problem of limited land availability because of the urbanization and a population growing with a rate of 0.5% (The World Bank, 2016). China is one of the leaders in terms of crop consumption and if they have scarcity of land they will have to find another way to produce. So as China doesn't have the necessary resources to produce in its own country to feed its population, the country has to invest internationally and find key partnerships such as Syngenta, which is one of the leaders in this sector.

“The Chinese have understood that they cannot do everything by themselves and that they lost their sense of innovation and invention, which used to be their main characteristics 2000 years ago. Today, innovation and technology are in the European and occidental side¹².” However, China is active in the industry and services sector with more than 90% of its

¹² Interview with M. Laurent, teacher UBIS, 20.06.2016

population working in it. They have a lot of workforce and it is the country with the most labor in the world (The World Bank, 2015). Thus, they don't need labor force but technology and know-how. For this reason, China invests in countries such as Switzerland where technology and know-how is well known. As we have discussed so far, China invests a lot in Europe such as the energy sector and this phenomenon started in 2000 but became more important in 2011 (Baker & McKenzie, 2015).

It is not surprising for a country such as Switzerland to be wooed by a country such as China. Although the Swiss confederation used to trade with developed economies, China also starts to be a trade partner. In fact, the Middle Empire has now the necessary financial resources to invest in a country such as Switzerland. Both countries have something to win in doing business with each other. For example, Switzerland is a great exporter of watches, precision instruments and jewelry. On one hand, doing business with China allows Switzerland to have new market opportunities in Asia. On the other hand, doing business with Swiss companies allows Chinese entities to acquire new technologies and know-how.

The cultural aspect plays also an important role in relations. As Chinese people value a lot the trust and confidence, Guanxi with someone is very important to do business with a Chinese businessman. Unlike the West, doing business with countries from Asia has much to do with relationships. Westerners have to pay attention to build and establish respect with Chinese people and respect senior positions. Indeed, in China they respect people according to their age and year of experience in life while we respect people according to the social and professional status. What is important to highlight is the fact that Chinese are mainly based on 2 principles, which are Guanxi and Mianzi. In other words, for Chinese people, it is important to create trust in order to build a good relationship, which will allow doing business in the future, and also not to lose face. This will form the basis of an eventual agreement on a deal.

However, to create this trust and relationship, time and patience is needed. Now we understand why it is that important for the Swiss president to go to China to visit the Chinese president. The Swiss government has also invited him. Again, having a good relationship with customers and suppliers is a good start but political relations are also very important. Jean Jacques DE Dardel pointed out that fact saying that their main goal with China was to enforce their relationship. They even labelled this relation as "Strategic innovative partnership" which proves that both countries respect each other and will continue doing business together. The relation between Switzerland and China already started more than 50 years ago where

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different agreements has been signed. This is why China is starting to acquire many firms in Switzerland. Learning by doing is the only way to catch up developed economies.

6.2 Chinese M&A in Switzerland: impacts

6.2.1 Swiss companies

Most of Chinese acquisition deals in Switzerland have been friendly. For example, the acquisition of Swissport, Emile Chouriet, Syngenta and many others have been discussed before any transactions. Even though the acquisition has impacted the workforce of Corum and Eterna, it was not the case for Emile Chouriet. In fact, Ms Alessi the CFO of the company affirmed that more than 90% of sales are in China, which proves that the Asian market has many opportunities to offer. In addition, the acquisition of Emile Chouriet allowed the company to become bigger.

Some Swiss companies are in financial difficulties and need financing. This is why China takes advantage of those situations to acquire them. In other word, China has saved some big companies in Switzerland. Besides, companies that don't manage to develop their brands in Switzerland should go to Asia, which offers many other opportunities, as it was the case for OMEGA.

6.2.2 Management

As we have seen, Chinese are a collectivist country and clearly distinguish roles between superiors and subordinates. However, they have many qualities such as responsiveness, improvisation, flexibility and speed. Over the past 30 years they learned to manage in a different way because they've had to cope with turbulent environment. As it has been said in an article of the Business Harvard Review;

“What’s commonly perceived to be the highly controlled march of state capitalism is in reality an enormous and quickly evolving ecosystem, in which companies must scramble to keep pace with runaway growth and dramatic slowdowns, massive urbanization and huge rural markets, fierce competition and endemic corruption.”

(HOUT, MICHAEL, 2014).

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6.2.3 Culture

*Culture is a set of basic assumptions – shared solutions to universal problems of external adaptation (how to survive) and internal integration (how to stay together) – which have evolved over time and are handed down from one generation to the next*¹³.

Culture is very different depending on the country. The mentality of Asian, Latin American people or Europeans is not the same and they do not share the same values. Cultural differences can be a barrier and affect human thinking and behavior, which will obviously impact a company in the manner of how people collaborate together and work on the basis of shared values. Leaders from the Middle Empire manage their employees in a different way and their culture is different. For instance, some top managers see members of their organizations as family but, in return, demand a lot from them¹⁴.

Thus, it plays an important role in the post-acquisition. For instance, Corum has suffered. Employees explained that when the takeover was done, they were immediately warned about the new management. The new owner wanted to impose its Chinese management in order to put the company back on the right way. Employees agreed to listen to them and try to make the business work (Maurisse, 2016).

However, Chinese management was not taking into consideration any remarks from Swiss employees and was not even listening to what Swiss employees had to say (Maurisse, 2016). In other words, Chinese didn't care about Swiss opinions.

The result was that some of the Swiss employees resigned because of the many disagreements with the new management. Moreover, one employee who had expressed the desire to be anonymous, said that at the beginning everything seemed nice but step by step many management changes were made, thus communication between management levels became more complicated. On the other hand, many others companies lived a good post-

¹³ Presentation (ppt) by Prof. Dr. Anna Lupina-Wegener, « Swiss Corporations in China – Impact of culture/institutions on strategy and management practice », 8th of April 2016

¹⁴ From the interview with Mr. Philippe Laurent, 20.06.16

merger acquisition. For instance, Emile Chouriet succeed to grow its business because of the Chinese acquisition. The number of employees increased and almost double when they were purchased by a Chinese business.

6.2.4 Transferability of know-how

The Swiss know-how and technology can be transferred when Chinese businesses acquire Swiss firms. M. Soiron (CEO of Lonza) highlighted the fact that our know-how has to remain in Switzerland if we want to stay competitive.

The example of Syngenta has worried more than one politician in Switzerland. I had also the chance to speak with M. Blaise Godet, the ex-Swiss ambassador, who sees this acquisition as a threat and he is pessimistic about the future of this enterprise. He mentioned the fact that Switzerland doesn't want to lose face with Chinese and that they give up rather quickly without taking time to think about this purchase. In fact, he affirmed that since a Chinese group has acquired Syngenta, the latter might suffer from the transfer of Swiss know-how. All technologies, new materials and expertise will be shared with China.

In the long term, the center of decision may be in China in order to respond to the strategic interests of China. Besides, as there is a new owner, he may shape the company with its own ideas or strategies and move the head office to China in order to facilitate the management. Over the time, Swiss competences could be found in Asian markets and buyers will start to trust also the Chinese market for their ability to have the same know-how than Switzerland.

Nevertheless, if everything stays in Switzerland, it could represent a great chance for Syngenta to expand its business in the Asian market.

6.3 Recommendations

In my opinion there are two ways of seeing Chinese acquisitions in Switzerland. The first one would be the threat that it can cause to Swiss companies. In fact, if M&A doesn't go well, the entire company can be impacted. However, there are some acquisitions that have been very successful and that represent market opportunities as we have seen before.

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6.3.1 Avoiding mistakes

The Chinese expansion can be a threat to Swiss companies because of different factors. As we have seen, when M&A occurs, companies may have some problems with the management and the culture. In fact, cultural differences are a big issue in Swiss-Chinese cross acquisition. We have seen the case of Corum that the new Chinese management didn't even listen to Swiss employees. Chinese wanted to do things in their way and the consequences was the fact that some employees quit the firm. In order to avoid those kinds of culture and management issues, it is preferable to;

- Use the service of a consulting firm: There are many consulting firms specialized in intercultural management. Those companies employ experts in the field with experience. There are also different institutions that can help such as the Swiss-Chinese Chamber of Commerce.
- Make a good partnership: It is important to have a good relationship with its partners. In fact, it is important to know the buyer in order to avoid unexpected situations. Additionally, it is important to be well informed about the future buyer.
- Communicate with employees: Communication is key. If employees want to trust managers, communication is needed in order to inform them about what is happening. The workforce also needs to feel more secure about the future acquisition deal.

6.3.2 Win-Win situation

On the other hand, there are companies, which understood that investing through M&A can only benefit them if it is well managed. In the case of Swissport, the company has been "saved" by a Chinese investor and nothing changed. Some employees even didn't notice that there was a new owner. Making business with Chinese is an opportunity for Swiss entities because there are many preoccupations in China such as the environment, the health and the food safety. Those sectors are the strength of Switzerland and as we have seen most people work in the tertiary sector. This may create new jobs for Swiss people and also enhance the relationship with China. It is also a way for Swiss companies to enter in the Asian market and find channel distribution.

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In addition, Chinese mergers and acquisitions have not been a big issue except for some companies such as Corum. Furthermore, if Chinese companies buy Swiss firms it is also for the “Swiss Made” label. People fear that everything will be delocalized in China but I think that they are wrong. In fact, if Chinese people buy Swiss quality, it is because of the world reputation. For instance, if a Rolex become Chinese with a Chinese brand, it will lose all its “Swiss Made”. This is why, in my opinion, Chinese are not buying well-known names to delocalize everything in China but to deliver to the Chinese population more opportunities.

It is a win-win situation. On one hand, Switzerland will have new market opportunities in Asia and access to networks and channel of distribution. On the other hand, China will also have openness to the European market while also acquiring know-how and technology.

Finally, as we have seen in this paper, Switzerland is one of the most attractive locations for international Headquarters for different reasons that have already been mentioned (taxation level, infrastructure, quality of life, education and international talent). China has now the grip on Syngenta and may represent a danger for some people and an opportunity for others. For now, everything is under control and it appears that there is no danger for our jobs as the Swiss president highlighted in the newspaper LaTribune de Genève. Moreover, most of Chinese acquisitions in Switzerland have been well managed. In my opinion, Chinese will stop or slow down acquiring foreign businesses when they will become a developed economy.

6.3.3 The Committee on Foreign Investment (CFIUS) in the US

“CFIUS is an inter-agency committee authorized to review transactions that could result in control of a U.S. business by a foreign person (“covered transactions”), in order to determine the effect of such transactions on the national security of the United States” (U.S. Department Of The Treasury, 2016).

CFIUS has been remains important regulatory hurdle that Chinese investors have to clear for acquisition in the US (Hanemann and Rosen, 2016) Switzerland doesn’t have a committee like the US, that analyses and controls future acquisitions. Having this kind of committee will allow to see if it can harm the interest of a company or even the country itself.

7. Conclusion

7.1 Attractiveness of Swiss products

For a long period of time, China was known as the “factory of the world” with cheap labor, cheap material, cheap locations and many international companies delocalized their business in order to save costs. But nowadays, rules are changing and China is surfing over the world. In fact, the middle class of China is rising and Chinese are more and more interested in luxury products. In addition, the urban population is also growing and cities are starting to see more people living in there. Trends are changing and Chinese people are seeking not only for luxury but also for quality. Swiss companies are able to offer those kind of products which is why Chinese companies are interested in the Swiss market.

As Chinese want the same products than westerners, Chinese firms have to replicate and try to find new ways to fulfill customer needs. There are many challenges that entities from the middle empire have to face. Copying a brand would mean bad quality, trying to replicate R&D would mean cost of time, inventing new products would mean need of resources and R&D and making counterfeit would not mean luxury products. In order to avoid all those constraints, it is easier to expand its business by acquiring foreign companies through M&A. The latter is a way to make a new strategy, which will allow creating value for shareholders and stakeholders.

7.2 Looking for Swiss know-how

Asia and specially China is “waking up” and try to catch up developed countries. The middle empire is seeking for new resources. Acquiring international companies allows China to save time, gain technology and know-how but also the reputation. Chinese have made headlines with their recent acquisition around the world and we, as Swiss people, have also been touched by those Chinese acquisitions.

This expansion will continue over the year because the Swiss market is very attractive, as we have seen before in this paper, and foreign investors are now more interested in R&D and technology rather than tangible resources. Switzerland has different prestigious universities where important international projects are done. This is why the country will always offer excellent young talent ready to new challenges. Furthermore, the tertiary sector is very

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important in Switzerland as it contributes for more than 70% of the Swiss GDP and the employment rate is about 75% of the total population. Knowing those facts and also knowing that Switzerland is excellent in this field, it represents a strong incentive for foreigners to invest. For instance, China is a country mostly employing people in the primary and secondary sector. This is also another reason why Switzerland is attractive for Chinese people.

7.3 Foreign firms in Switzerland

People don't have to fear Chinese acquisition because we already have many international firms owned by foreigners. There is 82% of our big Swiss companies held by foreign companies and today if foreigners invest in Switzerland, it is because we have a prosperous economy¹⁵. The problem is that there are not enough large Swiss firms or Swiss investors to invest in our Swiss companies. This is why foreigners are right to take the advantage to invest in Switzerland. Moreover, if there are no investors, it will be the end of enterprises that are in difficulty- In any case there will always be optimists and pessimists about everything and we know that pessimists always win. The subject of Chinese acquisition in Switzerland is rather new and needs time to see what could happen.

7.4 The importance of relationship

The state visit in China, and soon in Switzerland, shows that both countries care and respect each other and it is just the beginning. Many agreements have been signed between both countries in order to make trade easier. In 1950, Mao, the Chinese president, already saw and affirmed that there will be a long lasting relationship between Switzerland and China in the chemical industry, machines and clock industry. This long-lasting relationship begins in the 50s with diplomatic relations and is now more important than ever.

Johann Schneider Ammann is very optimistic about Chinese acquisitions in Switzerland. He affirms that China is a serious partner that we have to take into consideration, especially as

¹⁵ Céline Amoudruz (politician UDC), interviewed on the 04.02.16 by the RTS

the middle empire made some big acquisitions in the occident and most of them were successful.

In addition, firms such as Syngenta prefer being sold to Chinese rather than Americans, which again enhance the fact that the relationship with China is different compared to other countries. It also shows that both countries trust each other and that benefits are not only financial.

7.5 Chapter conclusion

To conclude this research paper, both countries, Switzerland and China want to continue to maintain a relationship at good pace. There are many Swiss companies active in China, which is why it is difficult for Switzerland to refuse Chinese offers. In fact, refusing important Chinese offers may put in danger the trustful and peaceful relationship between both countries

Chinese are very flexible on changing situations and environment. They know how to adapt quickly. China's development is also very fast, quicker than in other countries, and they don't want to be number one in everything but they want to become a developed economy. They also want to learn from other countries. After decades of catching up, China doesn't want to be a follower anymore. The country wants to stop being dependent from other foreign suppliers concerning technologies and wants to be a powerful economy in terms of techniques and technology.

What is important to highlight is the fact that Chinese companies have saved some well-known Swiss firms from bankruptcy. It is normal to have difficulties to manage and especially because of the different cultures. Furthermore, there are few Chinese acquisitions compared to all the existing Swiss companies and all foreign firms contribute more than 30% to the Swiss GDP. For the moment, Chinese acquisitions don't represent a threat.

Switzerland has to maintain its relationship with Chinese and making business with them will open new opportunities. Switzerland is a land of welcome and trade for Chinese but also a gateway to the European market and on the other hand it opens new markets in Asia for Swiss companies.

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Appendix 1: Entry Mode of International Business

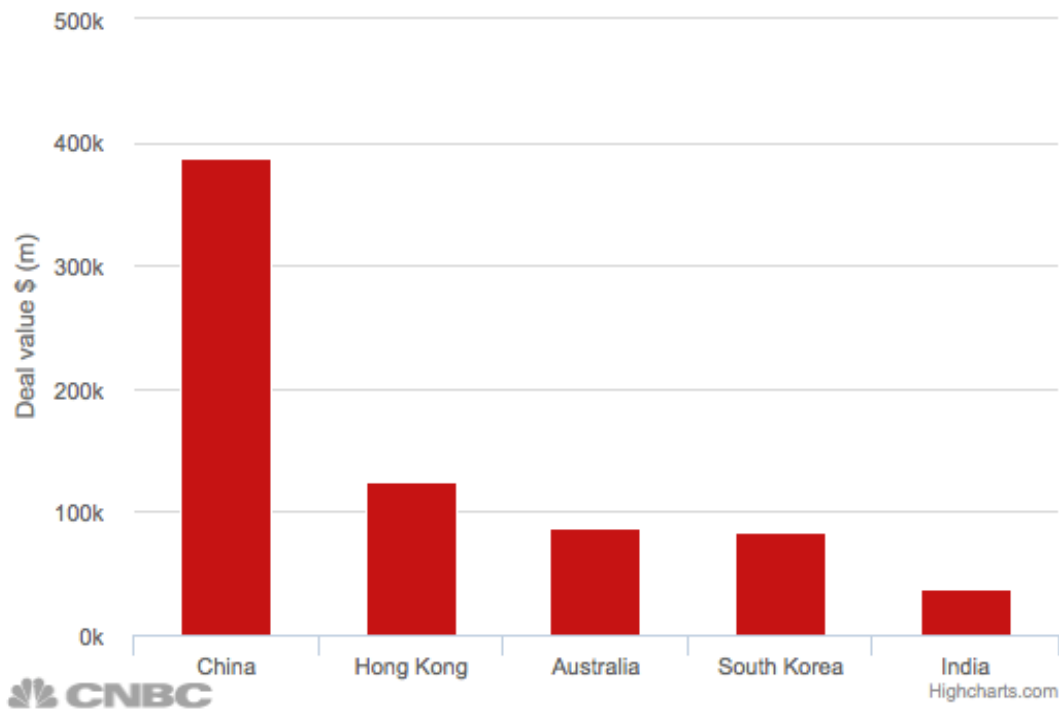


Source: Angelica Angleo Ocon, 2013

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Appendix 2 – M&A volume by top 5 target nations Asia Pacific



Source: ROY CHOUDHURY, 2015, *Asia overtakes Europe in targeted M&A volume this year*

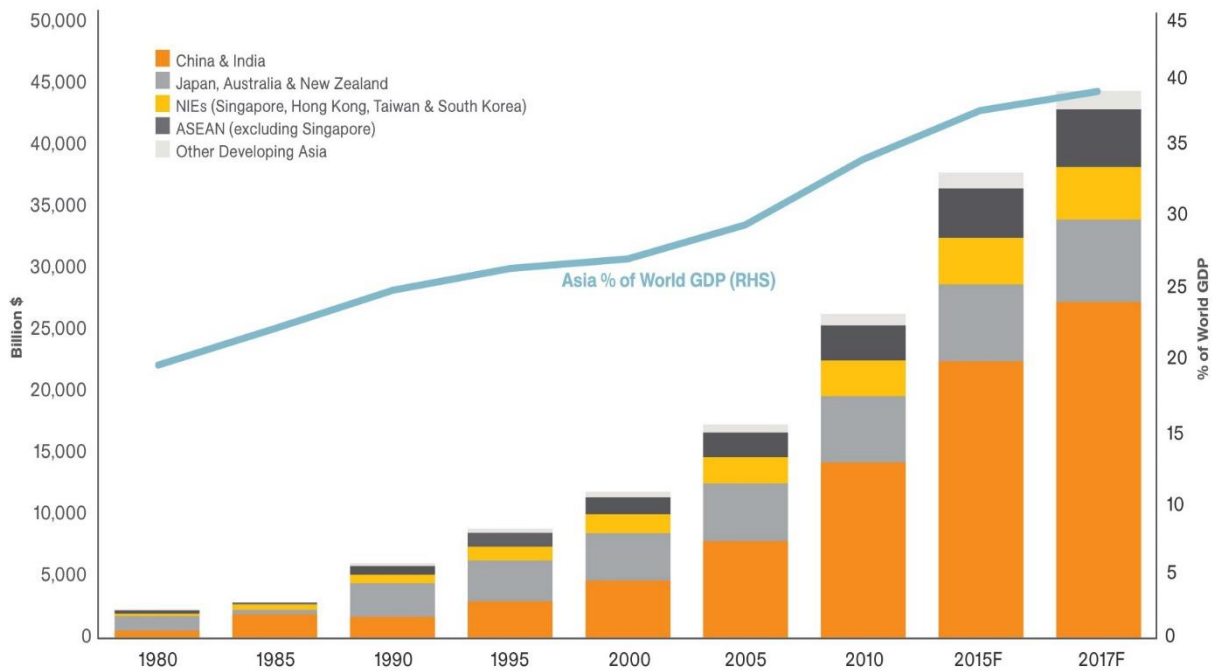
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Appendix 3 – Asian growth GDP

Asian Economic Growth

GDP based on Purchasing Power Parity Valuation (Current International Dollar Billion)¹



1. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States.

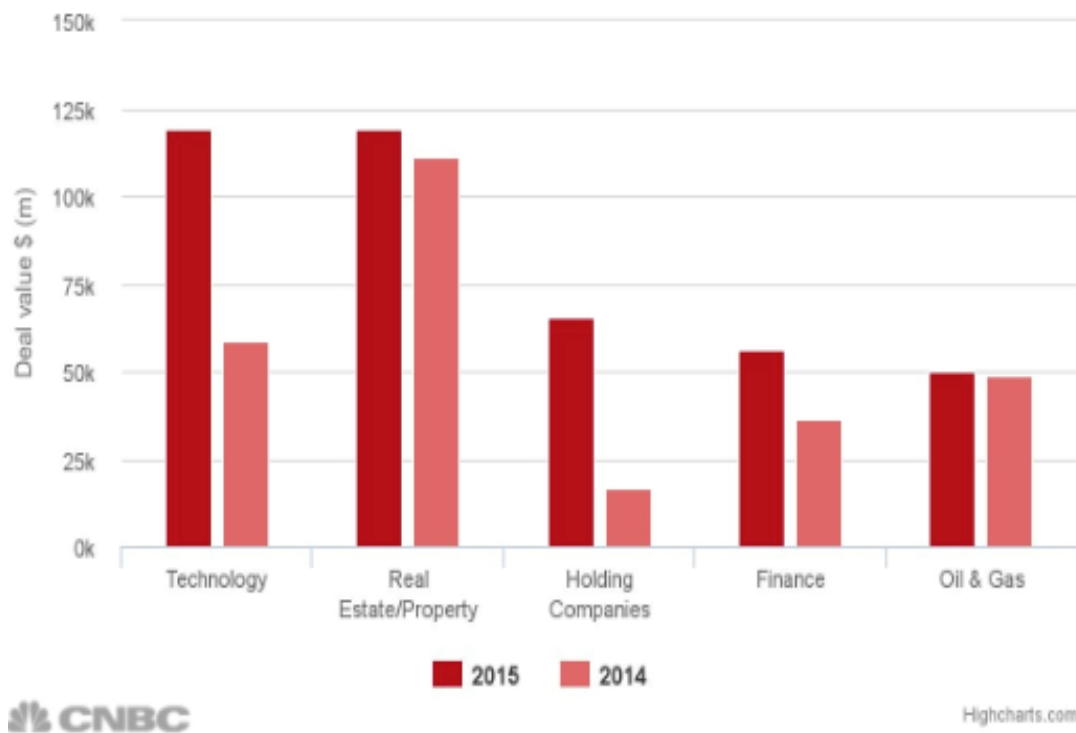
Sources: International Monetary Fund, World Economic Outlook, October 2012; Austrade

Source: SOH, 2013, *Asean economies set to double GDP by 2020*

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Appendix 4 – M&A volume by top 5 target sectors Asia Pacific



Source: ROY CHOUDHURY, 2015, *Asia overtakes Europe in targeted M&A volume this year*

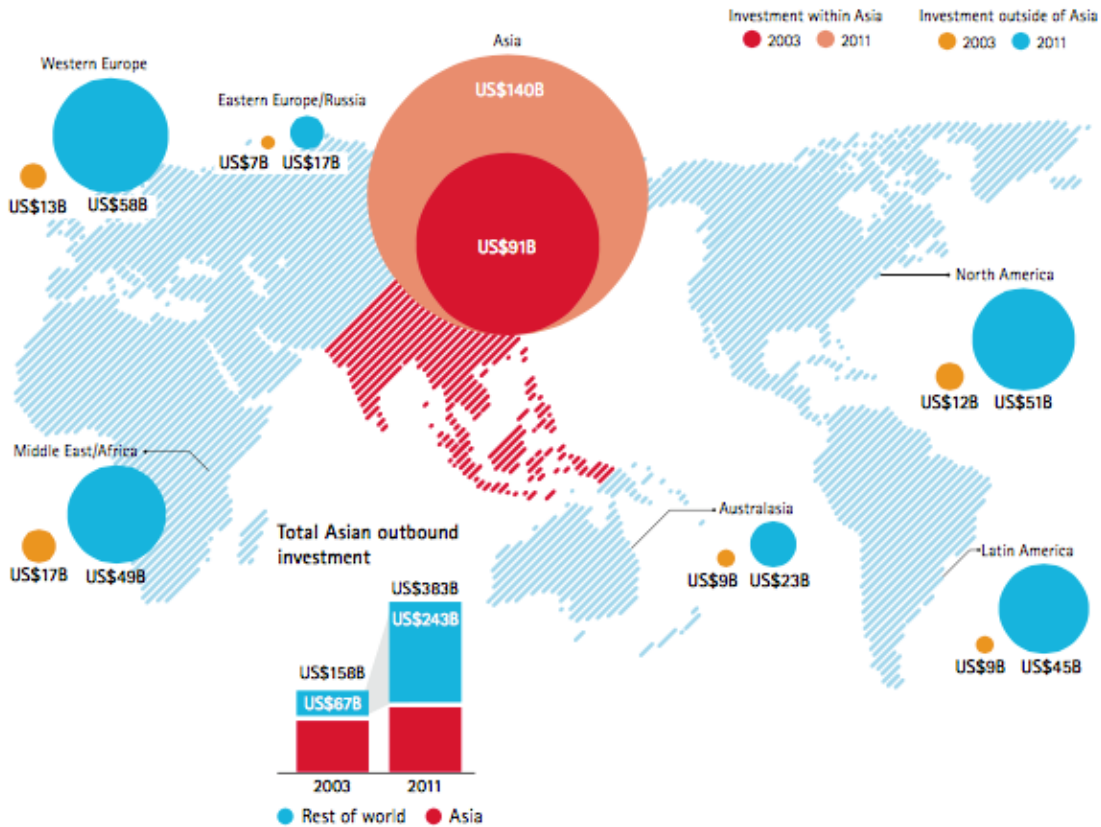
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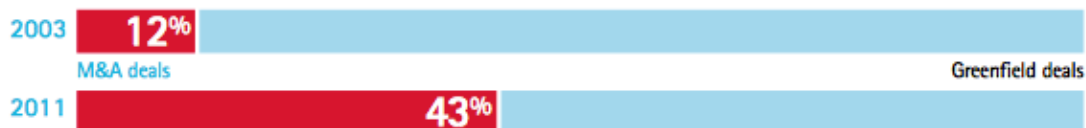
Appendix 5 – Asian international expansion

Ten years of massive growth in Asian international expansion.

Asian companies have invested more than US\$2.9 trillion in regional and global expansion in the last 10 years.



In 2003, international merger and acquisition (M&A) deals made up 12% of all outbound Asian investment. By 2011, this had increased to 43%.

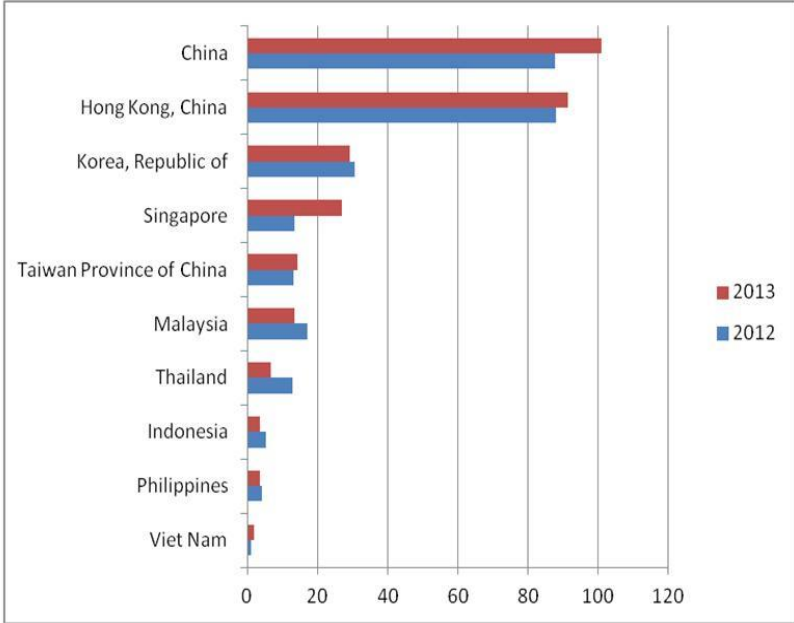


Accenture analysis based on data from Thomson Reuters and IDi Markets, a service from The Financial Times Limited 2013. All Rights Reserved.

Source: Accenture, Growth Journeys – Helping Asian companies realize the value of their international expansion strategies (2013, p.3)

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Appendix 6 – Top 10 investors from developing Asia, 2012 and 2013 (billions of dollar)



Source: UNCTAD, 2014

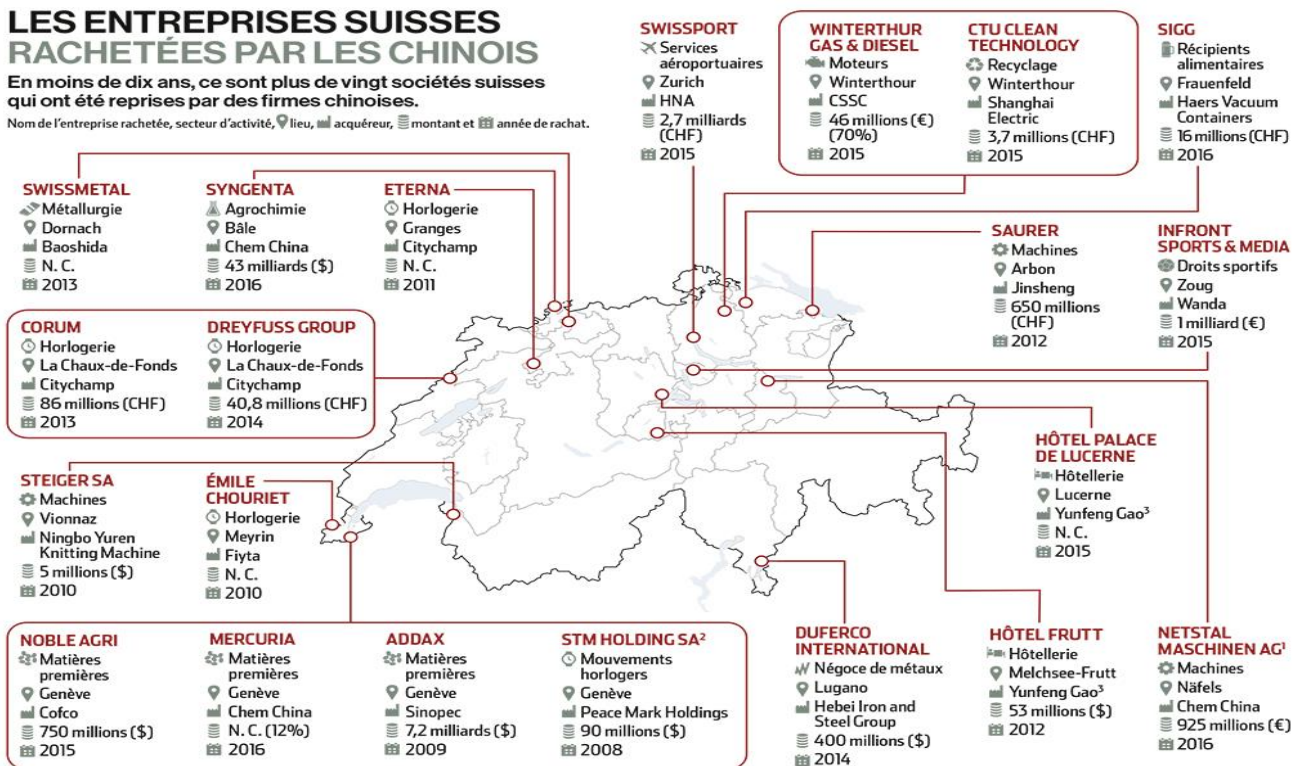
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Appendix 7 – Chinese acquisition in Switzerland

LES ENTREPRISES SUISSES RACHETÉES PAR LES CHINOIS

En moins de dix ans, ce sont plus de vingt sociétés suisses qui ont été reprises par des firmes chinoises.

Nom de l'entreprise rachetée, secteur d'activité, lieu, acquéreur, montant et année de rachat.



¹ Filiale du groupe allemand Krauss-Maffei | ² Repris par le groupe Festina après la faillite de Peace Mark Holdings | ³ Investisseur privé

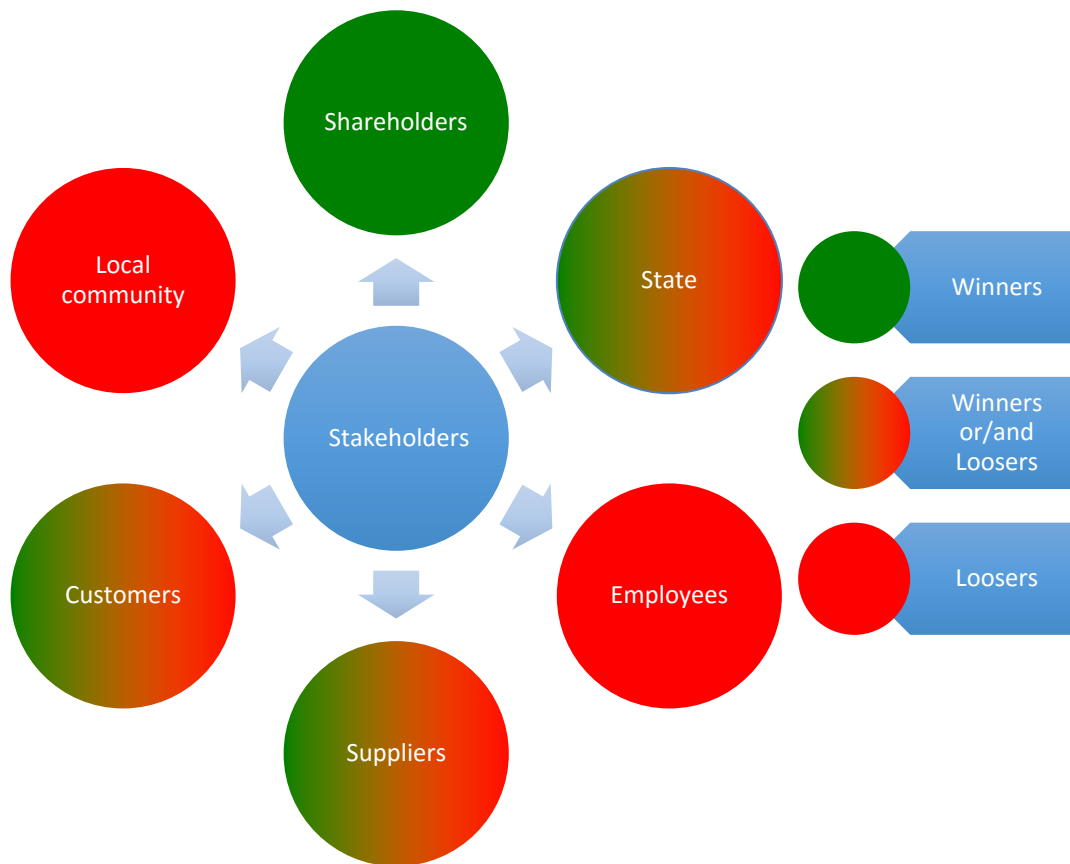
Source : MAURISSE, 2016, *Les Chinois à la conquête de l'économie suisse*, [Online],

25.02.2016

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Appendix 8 – Winners and losers when M&As occurs



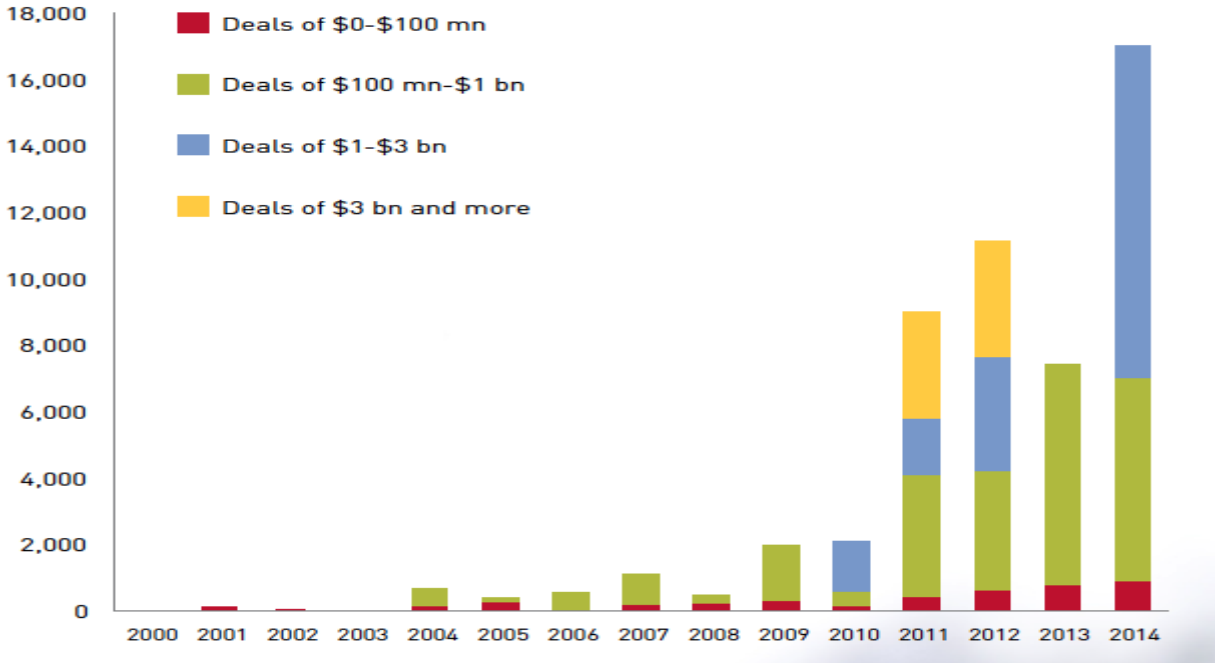
- The state: Every business has to pay different tax to the state. The latter will be a winner in an M&A transactions. However, this is only if the company which buy another one, doesn't put in place tax planning strategies of optimisation through a transfer pricing. This consists of getting out the economic substance in order to not pay tax in the home country. In other words, a change in the taxation status of the company and revenues can be transferred abroad with a loss of corporation tax for the home country. Thus, all taxes will be paid in the foreign country and the state of the home country will be looser in the transaction.

- Employees: The workforce is one stakeholder, which is the most concerned by M&A. They are obviously losers in those transactions because when two firms merge together there are numerous restructuration plans. They have to get rid of redundant jobs and this led to layoffs.
- Suppliers – This stakeholder has similarities with customers in the win or lose situation. When a company expand in other countries, it gives more opportunities for suppliers to make business with new entrants and can increase their business volume. Nevertheless, a big firm can also put pressure on suppliers and take
- Customers – This stakeholder can be either winner or loser depending on which point of view we look at. As we live in a world where is a fierce competition, companies can merge or acquire another company in order to get a monopoly power. In this case, there will be an increase in price and it won't be benefit for customers. On the other hand, M&A give the opportunity to transfer production to overseas location, which allows customers to have more choice in their purchase.
- Local community – This stakeholder can include people such as families, unions, employees, local partners and all people concerned about M&A. In general, unions don't like M&A because they are pessimistic about the future and they associate M&A with unemployment. Local business may also suffer from the internationalization of companies.

Source: Laetitia ALDI¹⁶

¹⁶ From the interview with Ms. Esposito Antoinette, 23.03.16

Appendix 9 - Number of Chinese M&A transactions in the EU by size, 2000-2014



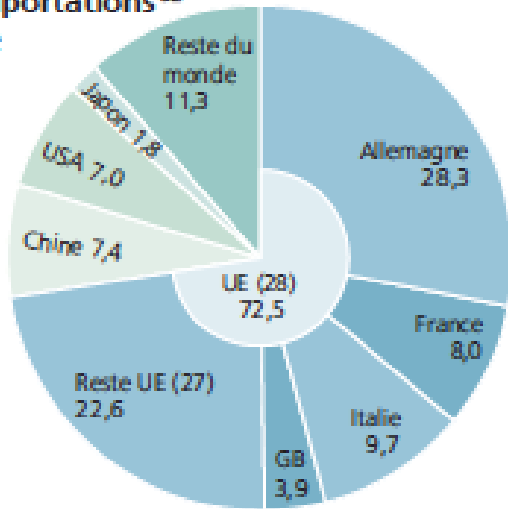
Source: Reaching New Heights, Baker & McKenzie Report (2015, p.9)

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Appendix 10 – Swiss imports and exports

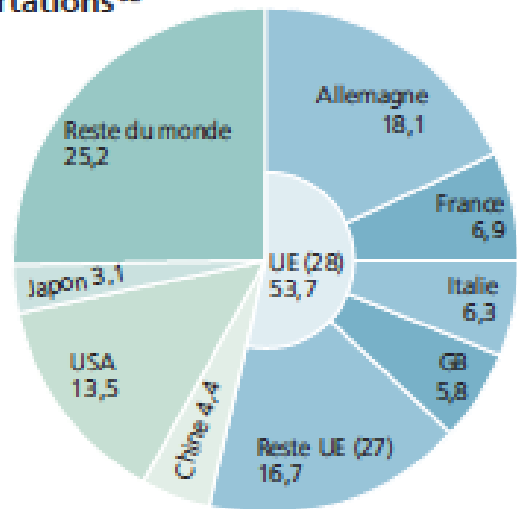
Importations et exportations de la Suisse 2015 en %

Importations³² de



Valeur des importations
suissees de biens: 166 291 mio CHF

Exportations³² vers



Valeur des exportations
suissees de biens: 202 900 mio CHF

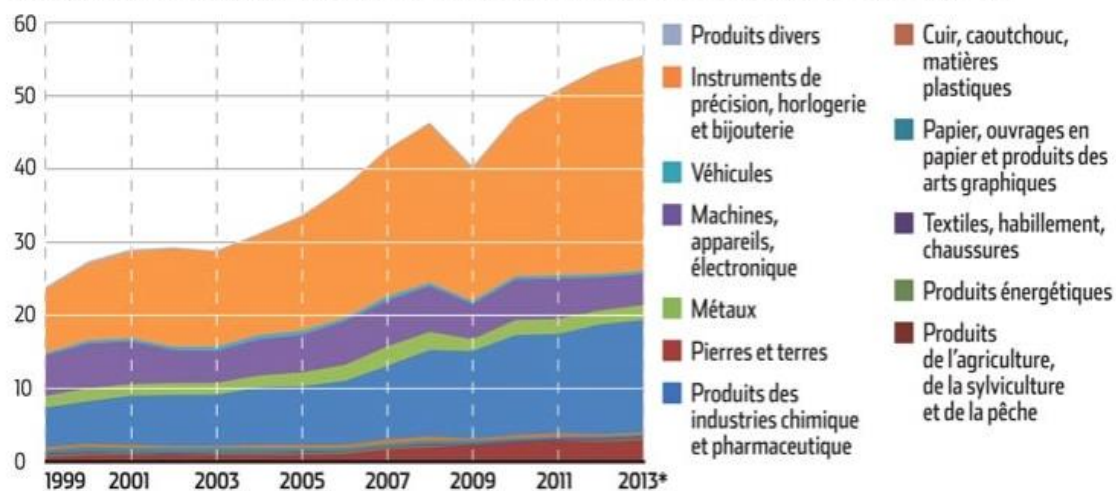
Source : La Suisse en chiffres, (Edition 2016/2017)

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Appendix 11 – Swiss exports

L'HORLOGERIE RESTE LE MOTEUR DES EXPORTATIONS ROMANDES

Evolution des exportations romandes selon la nature des marchandises (en milliards de francs courants). * Données provisoires



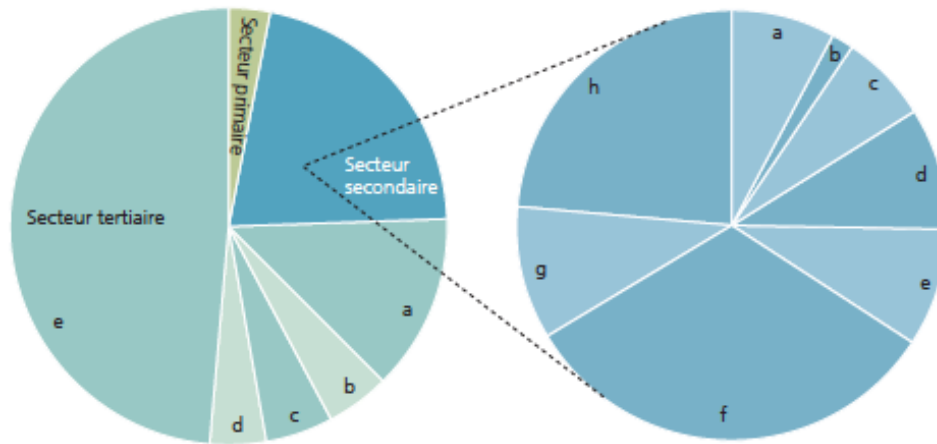
Source : L'HEBDO, 2014, Le PIB romand reste au beau fixe, [Online], 15.05.14

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Appendix 12 – Primary, secondary and tertiary sector in Switzerland

Emplois selon la division économique en 2015⁸



Emplois par secteur

	en 1000	en %
Primaire		
Agriculture ¹²	155,2	3,1
Secondaire		
Industrie, artisanat	1 089,9	21,6
Tertiaire		
Services	3 790,2	75,3
a) Commerce	649,9	12,9
b) Banques, assurances	242,3	4,8
c) Hôtels, restaurants	251,5	5,0
d) Administr. publ.	201,4	4,0
e) Divers	2 445,1	48,6
Total	5 035,3	100,0

Emplois dans l'industrie en %

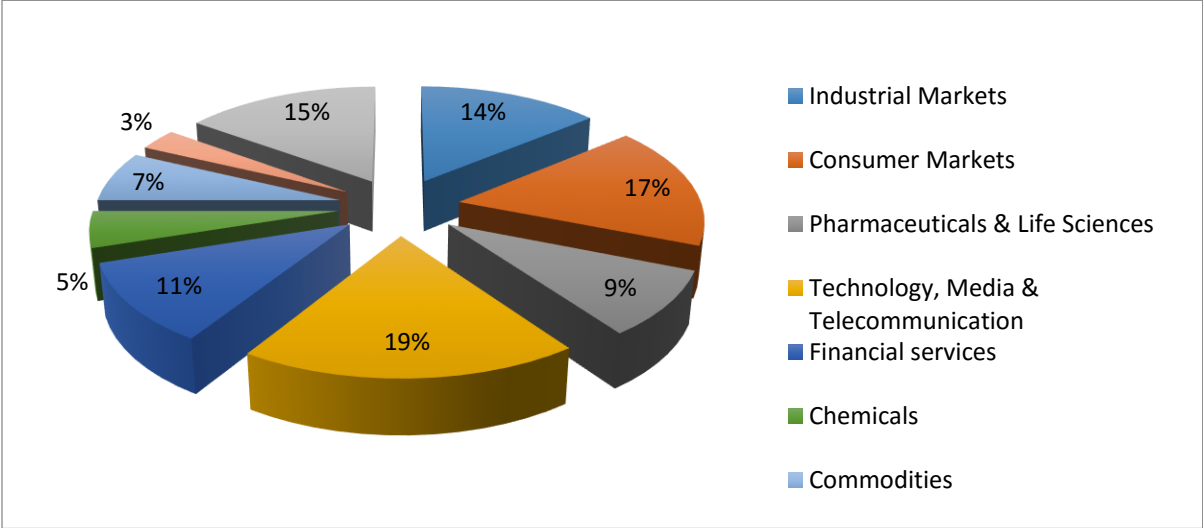
a	Alimentation, boissons, tabac	8,0
b	Textiles, habillement, chaussures	1,5
c	Chimie	6,8
d	Affinage de métaux	9,2
e	Machines, outils	8,9
f	Construction	32,0
g	Horlogerie, instruments de précision	10,0
h	Autres	23,5

Source : La Suisse en chiffres (Edition 2016/2017)

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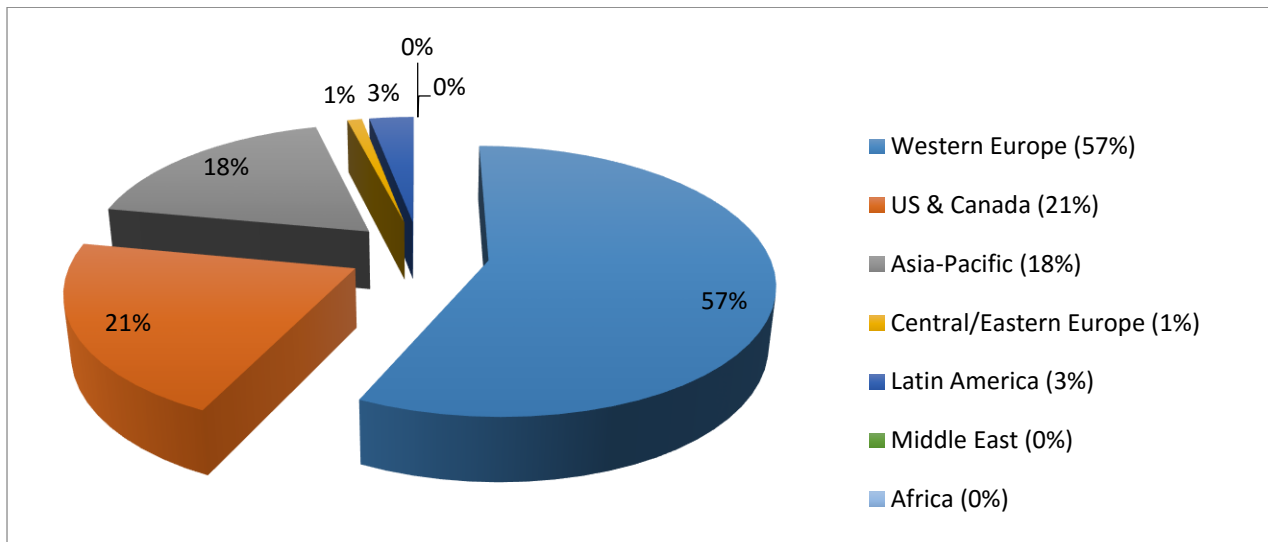
Appendix 13 – Number of deals in Switzerland (per industry sector 2015)



Source: Clarity on Mergers & Acquisitions (KPMG report, 2016)

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Appendix 14 – Foreign acquisition of Swiss firms (by regions 2015



Source: Clarity on Mergers & Acquisitions (KPMG report, 2016)

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Appendix 14 – Classification of 33 Swiss bought by Chinese entities

	Swiss company	Bought by	Year	Sector	Amount	Located in
1	Addax	Sinopec	2009	Trading company	8 billions (CHF)	Geneva
2	ATS Wickel und Montagetechnik	ZHEJIANG Juli Technology Co Ltd	2015	Machines	Not known	Aargau
3	Corum	Citychamp Watch & Jewellery Group Limited (Formerly: China Haidian Holding Limited)	2013	Watch & Jewellery industry	86 millions (CHF)	La Chaux-de-Fonds
4	CTU Clean technology	Shanghai Electric	2015	Recycling	3,7 millions (CHF)	Winterthur
5	Cyma	Universal / Stelux Holdings International LTD	1989	Watch & Jewellery industry	Not known	La Chaux-de-Fonds
6	DKSH (Combizym and Hirudoid)	China Medical System Holdings Limited	Not known	Pharmaceutical brands	80.8 millions (\$)	Zurich
7	Dreyfuss Group	Citychamp Watch & Jewellery Group Limited (Formerly: China Haidian Holding Limited)	2014	Watch & Jewellery industry	40,8 millions	La Chaux-de-Fonds
8	Duferco International	Hebei Iron and Steel Group	2013 - 2014	Trading company	400 millions (\$)	Lugano
9	Emile Chouriet	Harmony World Watch Center du groupe Fiyta	2010 - 2012	Watch & Jewellery industry		Meyrin
10	Eterna	Citychamp Watch & Jewellery Group Limited (Formerly: China Haidian Holding Limited)	2011	Watch & Jewellery industry	22,9 millions	Granges (Geneva)
11	Fruittodge & SPA 5*	Yufeng Gao	2012 - 2013	Hotel Industry	53 millions	Obwald - Melchsee-Fruitt
12	Gategroup	HNA		Transport	1.4 billions	Not known

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	Swiss company	Bought by	Year	Sector	Amount	Located in
13	Green Motion	Anhui Zhongding	2016	Technology, Media & Telecommunications		Vaud
14	Infront Sports & Media	Dalian Wand Wanda Group	2015	Technology, Media & Telecommunications	1 billions (euro)	Zoug
15	Le Baron Tavernier	Inconu (Groupe Chinois et Européen)	Not known	Hotel Industry	Not known	Lavaux
16	Maurice Lacroix	*Confidential*	Not known	Watch & Jewellery industry	80 millions	Zurich
17	Mercuria	ChemChina	2016	Trading company	n.f. (12%)	Geneva
18	Milus	Chow Tai Fuk (CTF)	2008	Watch & Jewellery industry	Not known	Bienne
19	Miniclip SA	Tencent Holdings Ltd	2015	Technology, Media & Telecommunications	Not known	Neuchâtel
20	Mirador Resort & Spa	Citychamp Watch & Jewellery Group Limited (Formerly: China Haidian Holding Limited)	2016	Hotel Industry	45 millions	Lavaux
21	Nestal Maschinen AG	ChemChina	2016	Machines	925 millions (euros)	Not known
22	NobleAgri	Cofco	2014	Trading company	750 millions (\$)	Geneva
23	Palace de Lucerne	Yufeng Gao	2015	Hotel Industry		Lucerne
24	Paracelsus Suisse	Huapont Life Sciences Co Ltd		Pharmaceuticals	32 millions (\$)	Not known
25	Saurer	Jinsheng		Machines	650 millions	Arbon

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	Swiss company	Bought by	Year	Sector	Amount	Located in
26	SIGG	Haers Vacuum Containers	2016	Bottles	16 millions	Frauenfeld
27	Steiger SA	Ningbo Yuren Knitting machine	2010	Machines	5 millions (\$)	Vionnaz
28	STM HOLDING SA	Peace Mark Holdings	2008	Watch & Jewellery industry	90 millions (\$)	Geneva
29	Swiss Metal	Baoshida Holding	2013	Metal Industry	Not known	Dornach
30	Swissport	HNA	2015	Transport	2,7 billions	Zurich
32	Syngenta	ChemChina	2015	Agrochemical	43 billions (\$)	Bâle
33	Wartsila Corp-2-Stroke Engine	CSSC Investment and Development Co Ltd	2014	Energy	62 millions (\$) (70%)	Winterthur
33	Winterthur Gas & Diesel	CSSC	2015	Motors	46 millions (euros) (70%)	Winterthur

Source: Laetitia Aldi¹⁷

¹⁷ Information from; MAURISSE, 2016, Swissnex and the different official website of the mentioned companies.

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Appendix 15 – Geert Hofstede - Dimensions

Power distance

- High
 - Centralized companies
 - Strong hierarchies
 - Large gaps in compensation, authority and respect
- Low
 - Flatter organization
 - Supervisors and employees are considered almost as equals

Individualism

- High
 - High valuation on people's time and their need for freedom
 - An enjoyment of challenges, and an expectation of rewards for hard work
 - Respect for privacy
- Low
 - Emphasis on building skills and becoming masters of something
 - Work for intrinsic rewards
 - Harmony more important than honesty

Masculinity

- High
 - There is a well defined distinction between men's work and women's work
 - Society driven by competition
- Low
 - A woman can do anything a man can do
 - Quality of life is the sign of success and standing out from the crowd is not admirable

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Uncertainty - Avoidance

- High
 - Very formal business conduct with lots of rules and policies
 - Need and expect structure
 - Sense of nervousness spurns high levels of emotion and expression
 - Differences are avoided
- Low
 - Informal Business
 - More concern with long term strategy than what is happening on a daily basis
 - Accepting of change and risk

Long Term Orientation

- High
 - Family is the basis of society
 - Parents and men have more authority than young people and women
 - Strong work ethic
 - High value placed on education and training
- Low
 - Promotion of equality
 - High creativity individualism
 - Threat others as you would like to be treated
 - Self actualization is sought







Indulgence

- High
 - People are happy
 - Perception of personal life control
 - Likely to remember Positive emotions
 - Importance of leisure
 - Maintaining order in the nation is not given a high priority
- Low
 - People are unhappy
 - A perception of helplessness: what happens to me is not my own doing
 - Less likely to remember positive emotions
 - Leisure time not important
 - Higher number of police officers per 100'000 population




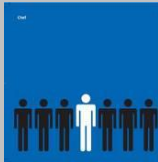
Source: Geert-hofstede.com, Understanding Cross-Cultural Management (Second Edition, Chapter 2)

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Appendix 16 – China and Switzerland: cultural differences

	China	Switzerland
During the meeting	<p>It is well seen if there is a small talk at the beginning.</p> 	<p>Straight to the point.</p> 
Punctuality	<p>Chinese arrive 10-15 minutes before the meeting.</p> 	<p>Swiss people arrive on time.</p> 
Feelings	<p>Chinese don't express what they feel. They are impassive to situations and tend to hide their emotions with high self-control.</p> 	<p>People from the west express a lot their feelings and tell out loud what they think.</p> 

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<p>Decision making and problem solving</p>	<p>It takes time to solve problems and make a decision as Chinese will never say no. In addition, they will interact in an indirect way</p> 	<p>Again, Western cultures go straight to the point.</p> 
<p>Equality and hierarchy</p>	<p>Chinese respect and honor those with higher status than you.</p> 	<p>Westerners give the same importance no matter the status.</p> 
<p>Greetings</p>	<p>Shaking hands</p>	<p>3 kisses on the cheek or shaking hands.</p>
<p>Titles of courtesy</p>	<p>Family name first and it is even better to put a title before the family name</p>	<p>Family name is after the name with the title of “Madame” or “Sir”</p>
<p>Business meal</p>	<p>They don’t talk about business. They sit in a hierarchical order. Not finishing its plate is not considered as rude.</p>	<p>They talk about business.</p>

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Business card	Exchanging business cards using two hands. Chinese print their card with one face in English and the other one in Chinese.	Exchanging business cards with one hand.
Relationship	It is very important to create a good relationship (Guanxi) and to maintain it. In order to be successful they have to create strong relationship	Swiss people don't prioritize relationship.
Trust	When they trust, they are loyal. Thus, trust is enough to make a deal.	Trust is not enough to make a deal. They need a signed contract.
Opportunities	They wait the right moment to act. They will not jump on the first occasion.	Swiss people tend to act immediately in order to not lose an opportunity.
Deadlines	They don't really respect deadlines	They respect deadlines and sometimes they are even in advance.
Patience	Chinese people are patient	Swiss people are not very patient and things have to be done quickly
Request	When they have a foreign request, they wait to see if it is a good choice.	Swiss people tend to push the request in order to be fast.

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Face	In China “Face” represents the reputation of someone. This is why it is very important to not “lose face” for Chinese people. The reputation is very important for the decision making process.	Westerners don’t fear failures.
Schedules	8:00 am to 5:00 pm	8:00 - 9:00am to 5:00 – 6:00 pm
Interaction	Chinese interact in an indirect way. Enter the meeting room in hierarchical order	

Source: Laetitia ALDI ¹⁸

¹⁸ Information coming from; UNITED NATIONS, UPTON-MCLAUGHLIN, lessons with Prof. Philippe Laurent, Prof. Dr. Anna Lupina-Wegener, Prof. Philippe Regnier and different people who lived in China

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Appendix 17 - Interviews

INTERVIEW I

Place, Date: Geneva, 20.06.16

With: Marc Laperrouza

Original language (French)

1. Que pensez-vous de l'expansion Chinoise ?

Transformation importantes qu'il y a eu lieu ces dernières années, c'est que l'investissement direct chinois à l'étranger est passé à un investissement des ressources naturels vers des actifs plus intangible, achat de marque de technologie et de savoir-faire.

Syngenta → Achète matière grise, savoir-faire, technologie. Ils achètent cela pour pouvoir faire des OGM etc. pour ensuite permettre de planter du blé.

Milieu année 90-2000 – premier investissement chinois, premières acquisitions chinoise sur des ressources et en parallèle → entreprise, savoir-faire, etc. ressources intangibles (avant cela était principalement axées sur des ressources) maintenant il y a une montée en puissance sur les marques (ressource intangible).

L'Europe a pas beaucoup de ressources ! Il fut un temps où c'était plutôt en Afrique, Amérique Latine (etc.) que l'on faisait les acquisitions → changement géographique niveau des acquisitions → acquisition en Europe, Australie, USA → ce changement géographique accompagne un changement d'intérêt.

Chine :

- Besoin d'assurer une sécurité alimentaire : syngenta
- Agriculture : 22-23% de la population mondiale, 7-8% des terres arable (terre cultivable)

Il y a deux options pour nourrir sa population. Soit ; faire de l'agriculture de manière très efficace à domicile. Soit ; avoir suffisamment de capacité d'importation importante pour nourrir sa population. Il faut voir quel est le risque de dépendre de l'étranger pour la nourriture.

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Laetitia ALDI

2. Y-a-t-il un organisme qui gère ces opérations chinoises ?

Aux USA → quand une entreprise chinoise achète une entreprise américaine, selon la nature il y a un organisme qui s'occupe de regarder si cela ne nuit pas aux intérêts américains

- Organisme = CFIUS (Committee on Foreign Investment in the US) – ramification
- Cela montre l'aspect de la mondialisation

La courbe des acquisitions : la courbe a augmenté lors de la crise d'Europe. Beaucoup d'acquisitions ont été faites lors de la crise. Faillite virtuelle, Etat en manque d'argent → intéressant d'acheter une entreprise à bon marché

3. Pourquoi la Suisse ? Est-ce un danger ?

La Suisse : savoir-faire, technologie ! En Suisse : on a un peu moins de 600'000 entreprises et celles qui se font racheter ont été seulement 60. Cela reste marginal. On s'est beaucoup inquiété des rachats des entreprises américaines dans les années 80 par les japonais. En effet, on disait que le Japon « allait manger le monde ». Donc, je ne m'inquiète pas non plus pour la Chine.

4. Et à propos des différences culturelles ?

Il est vrai que ce n'est pas facile niveau culturel, mais que ce soit des allemands, des belges, des chinois ou des suisses, il y a aussi des différences entre entreprises. Par exemple une entreprise d'état ce n'est pas la même chose qu'une entreprise privée qui rachète une autre entreprise privée. La culture peut aussi dépendre de la culture d'entreprise !

LENOVO rachète IBM : ils ont gardé des managers étrangers au US plutôt que d'imposer leur propre manager. Il faut voir cela sur deux niveaux :

- Culture chinoise et non chinoise
- Culture d'entreprise (Culture d'entreprise qui peut être très dissemblable)

Par exemple, Nestlé a une culture très patriarcale, entreprise décide ou vont les cadres etc. versus entreprise plus ouverte, entrepreneurial → là il peut aussi y avoir des clash

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INTERVIEW II

Company: Emile Chouriet

Place, Date: Geneva, 03.06.16

With: Ms. Alessi, CFO & HR, Administration

Original language (French)

1. Contexte

Pour expliquer un peu la situation, M. Dépery crée Emile Chouriet en 1998 et a toujours été en contact avec le Chine car il voyage régulièrement en chine depuis plus de 20 ans. C'est donc comme cela qu'il s'est fait des connaissances en Chine. C'est un passionné d'horlogerie et décide de créer sa compagnie en 1998. Petit à petit ses amis chinois ont commencé à s'intéresser à la boite et en 2007 le groupe Fiyta s'intéresse de plus près au groupe, étant donné que cela prenait une certaine proportion. Fiyta était attiré par Emile Chouriet pour se développer et détenir une marque horlogère Genevoise. En chine, ils sont très friands des technologies et du Swiss made. C'est pour cela que pour eux une marque horlogère devait être : Genève ! C'était donc l'occasion pour eux d'avoir une marque horlogère genevoise (swiss made) et avoir un pied dans l'horlogerie Genevoise. Il y a aussi d'autres grands groupes horlogers qui ont racheté des marques suisses, mais ce n'est peut-être pas pour les mêmes raisons.

Les Chinois se sont donc rapproché de M.Dépery et ont racheté l'entreprise Emile Chouriet. Ils ont cependant exigé que le fondateur reste à la tête de la société. La descendance est très importante pour eux. La confiance est très importante pour les chinois et ils faisaient énormément confiance à M. Dépery, c'est pour cela qu'il souhait que ce soit lui qui reste à la tête de l'entreprise.

2. Harmony World Watch Center du groupe Fiyta sont actionnaire majoritaire d'Emile Chouriet, savez-vous le pourcentage ? En quelle année ?

Le groupe est 100% actionnaire majoritaire. C'est leur société.

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Laetitia ALDI

3. Comment avez-vous appris que l'entreprise allait se faire racheter (mail, réunion, rumeur) ?

Moi je n'étais pas encore dans l'entreprise mais en 2007 ils étaient environ 4 ou 7. Je crois que cela a plutôt été bien perçu. Surtout car ils arrivés avec des investissements importants et une volonté de développer la marque. Donc quand vous êtes une toute petite marque qui travaille dans des petits studios à Nyon, cela a été une offre qui ne pouvait pas se refuser. De plus, les chinois ne sont pas arrivés en s'imposer car M.Déperly les connaissaient déjà bien. Ils sont arrivés en proposant d'investir en attendant une proposition d'Emile Chouriet. Cela n'a pas été mal perçu. M.Déperly voyait une opportunité de se développer.

En Chine, ils vendent la marque en tant que Emile Chouriet Shenzhen. Ce dernier est une force de vente. Toutes nos ventes se passe à Shenzhen. On est connu en Chine grâce au groupe Fiyta et à notre société sœur qui distribue nos montres. Shenzhen est aussi appelé la Silicone Vallée.

L'entreprise montre Chouriet Shenzhen se trouve dans le même immeuble que Fiyta et Harmony. Ce dernier distribue nos montres dans environs 300 points de vente en Chine. Harmony est un distributeur de montre qui a le monopole des montres Suisse en Chine. Pour nous s'est donc une opportunité. En rentrant dans le groupe Fiyta on gagnait un lien avec un distributeur de grande importance en Chine.

4. Comment se sont sentis les employés (appréhension, joie, pas d'avis, content) ?

Non du tout. Grâce au groupe Fiyta, Emile Chouriet a pu créer des emplois car quand je suis arrivée dans l'entreprise en 2013 on était 13 et maintenant on est 26. On essaye de toujours communiquer avec eux car ils font des consolidations et on a envie de suivre l'évolution de ce qui se passe. Les chinois sont très pointilleux et très curieux de tout comprendre et de faire les choses bien. Moi en tant que comptable je suis ravie de travailler avec des personnes comme eux car ils essayent toujours de comprendre comment marche les lois suisses, la comptabilité suisse, comprendre pourquoi il y a des choses qui se font chez eux pourquoi c'est différent en Suisse. Ils sont également toujours prêts à nous aider. Cela est très agréable car ils veulent toujours faire les choses bien.

C'est des gens qui marchent à la productivité. Ils sont développés ces 10 dernières années à une vitesse incroyable et ils ont appris à être très réactif. Contrairement à nous européens qui marchons sur une planification à long terme. C'est là que nos mondes se croisent. En effet, eux doivent apprendre à beaucoup plus planifier et nous à être plus réactif. Europe Asie ne marche pas pareil.

Nous européen on doit apprendre à être plus réactif alors il faudrait qu'on se rapproche plus de leur mode de manager.

Des deux côtés on apprend et ceux grâce à la communication. Nous sommes en contact avec eux tous les jours. Nous communiquons surtout à travers un programme nommé « kiukiu » qui permet de transférer des fichiers etc. et c'est une sorte de « WhatsApp ». On peut leur poser des questions à tout moment avec les responsables de la finance, ventes etc. chaque département communique avec leur département mais des fois il arrive que ce soit des communications triangulaires.

Input vient de la Chine mais toutes les montres se font en Suisse. La décision finale se fera en Chine. Cependant il y aura toujours une discussion entre la Suisse et la Chine. De plus, le groupe chinois connaît beaucoup mieux le marché chinois et leur gout. La décision finale revient au groupe Chinois mais ils nous laissent beaucoup de liberté. Ils sont cependant très flexibles à toutes nos recommandations et suggestions.

On se déplace beaucoup pour voir comment ils travaillent et fonctionnent. C'est très important de les comprendre. C'est très différent. Ils sont très travailleurs et très calibré (9h-12h 13h-17h) cependant ils sont très dévoués. Il peut y avoir un problème à 2h du matin et bien ils trouveront la solution dans l'heure qui suit. C'est très bien mais le côté négatif c'est qu'ils attendent pareil de nous. Ils font donc leur expliquer que nous n'avons pas les mêmes conventions. C'est une sorte de choc culturel. Les chinois marchent beaucoup à la confiance. La confiance personnelle. Du moment qu'on s'ouvre du côté personnel en dehors du professionnel, c'est que vous les intégrez à votre vie et automatiquement la confiance vient. En racontant quelque chose de personnel (famille, amis, etc.) on les laisse rentrer dans mon intimité donc ils vont me faire confiance. Les chinois ne regardent pas le CV pour voir le nombre d'expérience. Ils regardent surtout s'il y a une confiance, voir s'il y a un contact avec la personne. C'est un processus qui prend du temps. On apprend cela en travaillant avec eux.

Ce sont des gens très disciplinés, il y a énormément de civisme (pas de bousculade, pas de cris, disputes, etc.). Ils sont très respectueux des autres. Dans le travail même s'ils n'aiment pas leur chef ou leur travail, ils garderont tout pour eux. Ce n'est que maintenant qu'ils commencent à s'occidentaliser et c'est pourquoi la nouvelle génération commence à changer. Avant on entrait dans une entreprise chinoise par affiliation (familiale et hiérarchique). Tout le monde fait des études (même la réceptionniste). Les entreprises viennent dans les écoles pour les embaucher. C'est pour cela que les entreprises se trouvent avec beaucoup de gens très qualifiés. Urbanisation. Ils ont beaucoup d'avance au niveau technologique. Exemple : tous les paiements en ligne, tout se fait par les réseaux sociaux, qui sont d'ailleurs différents que ceux qu'on connaît. Depuis la naissance, ils sont cantonnés à apprendre et la mentalité commence à changer. Ils ont la volonté d'apprendre et de voyager pour en apprendre davantage.

5. Vous avez des points de vente à Shenzhen en Chine, combien y-en-a-t-il ? pensez-vous en ouvrir d'autre ?

Environ 350 points de vente.

6. Alors pourquoi ne pas délocaliser en Chine ?

Car le Swiss made est très important ! Eux ils sont très fiers de leur manufacture Genevoise. Ils tiennent beaucoup à avoir une entreprise Suisse pour montrer le Swiss made.

7. Quels sont les pourcentages de ventes en Chine ? En suisse ?

Environ 95% de nos ventes se font en Chine. En Suisse on crée les montres, on fait tout mais les ventes se font là---bas. Les mouvements (suisse made) sont spécialement suisse. Les seules choses qu'on reçoit sont certains composants de chine.

L'assemblage, le design et le mouvement se fait en Suisse. On envoie seulement le produit fini en Chine. Toute la supply chain se trouve en suisse. On marche à l'inverse des autres entreprises. Certains peuvent croire que nous sommes une entreprise chinoise alors que nous sommes beaucoup plus suisses que certaines autres entreprises.

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8. Avez-vous un pouvoir (de décision, d'avis, etc.) sur les locaux en Chine ?

Ils nous font confiance mais le pouvoir décision finale reste en chine. Ils connaissent beaucoup mieux le marché que nous mais ils sont cependant très flexibles à toutes nos recommandations et suggestions.

9. Le groupe Fiyta est très respecté et est devenu un fleuron dans le secteur horloger en Chine. Les montres sont-elles vendues au nom d'Emile Chouriet ou Fiyta ?

Fiyta c'est la holding. En dessous il y a la montre Fiyta, mais ils ont aussi des buildings (immobilier) et ils ont plusieurs marques en dessous ; Emile Chouriet, Versus, Harmony, Jeep (franchise), plateforme e-commerce, etc.

10. N'avez-vous pas peur que tout le swiss-made (savoir-faire, technologie et la marque) soit transféré en Chine ?

Cela me parait logique. Nous on va piquer des idées chez les américains et vice versa, pour les chinois c'est pareil mais je vois cela plus comme un échange. Au niveau technologique, les chinois sont déjà avancés. Cependant même s'ils ont déjà la même technologie qu'en Suisse, cela ne les intéresse pas. C'est vraiment le SWISS MADE qui compte. Ils sont très fervents pour cela en ce qui concerne le chocolat, les couteaux et les montres. Même s'ils sont capables de faire la même qualité que nous, ils n'ont pas le MADE IN.

Ils ont cette envie de se développer et d'apprendre. Je ne l'ai jamais senti comme un envahissement. Ils ne veulent pas piquer les idées mais apprendre. Ils veulent grandir et être au même point d'égalité que les autres pays. Ils ne veulent pas tout nous piquer et c'est comme toute personne qui commence à avoir des sous, elle souhaite acheter des choses tout comme les Russes, les américains.

Les entreprises chinoises rachètent pour pouvoir par la suite se vanter d'avoir une entreprise Suisse, Française etc. C'est surtout pour avoir un pied sur le marché européen ou Suisse. C'est plus le côté : fierté (du swiss made). Fiyta tient beaucoup à ce que les locaux d'Emile Chouriet restent en Suisse et ne veulent rien délocaliser (swiss made très important).

Oui la technologie et le savoir-faire est transféré là-bas, de toute façon on vend tout là-bas et on est gagnant aussi. Cela ne va pas changer le fait que s'ils veulent vendre des montres suisses ils vont obligatoirement devoir les fabriquer en Suisse !

Pas pour délocaliser !!! Pour avoir un pied dans le pied et pouvoir se vanter que chinois ont une entreprise Suisse.

11. Y-a-t-il ou y-a-t-il eu des clashes culturels ?

Moi jamais mais là où il peut y avoir des chocs culturels c'est le fait qu'ils ne contrediront jamais la personne. Ils ne vous disent jamais non. Ils vous mettent en porte à faux. Ils disent toujours oui car le fait de dire non ça veut dire qu'il vous manque de respect. Ils disent oui mais ils vont revenir deux heures plus tard avec la même question. La première fois on ne comprend pas pourquoi ils ne comprennent pas... du coup il faut réexpliquer d'une autre manière en utilisant des exemples. Montrer des choses concrètes car ils ne sont pas très théoriques. Parfois ils ne comprennent toujours pas alors ils passent par une autre personne. C'est pour cela qu'il faut être au clair et communiquer dans l'équipe afin de donner la même réponse.

Parfois il y a un problème de confiance. S'ils demandent quelque chose à quelqu'un ils demandent aussi à une autre personne de « confiance » pour confirmer les dires. C'est pour cela qu'il faut être sûr que toute l'équipe va dans les mêmes explications.

12. Les employés chinois sont-ils déjà venus en suisse ?

Oui, ils connaissent très bien tous les employés Suisse. Ils ont également une photo de chacun de nous avec la position qu'on occupe et vice-versa. Pour travailler tous les jours ensemble on est obligé.

13. Depuis ce rachat, y-a-t-il eu des changements ? (Tous les niveaux; management, conditions, etc.)

Le seul changement c'est qu'on se soit développé. Avant ce n'était qu'un petit atelier dans un petit appartement à Nyon et c'est maintenant une plus grande entreprise. Il y a eu le lancement de nos propres mouvements, augmentation d'effectifs. Tout a été positif.

Ils sont curieux et demandent pourquoi les lois marchent ainsi. Ils n'ont pas les mêmes restrictions comptables au niveau des lois, c'est pour cela que certaine fois ils nous demandent

des choses illégales mais seulement car ils peuvent le faire chez eux. Alors on doit leur expliquer qu'en Suisse c'est différent. Ils sont très curieux.

J'adore travailler avec eux car j'envoie un reporting mensuel en Chine et ils me doublent check mon travail. Ils contrôlent certaines choses que je n'aurai pas pu voir. Ils sont très pointilleux et je l'apprécie. Ils essaient de comprendre. Pourquoi j'ai utilisé ce compte ? Pourquoi la TVA ? Toutes ces questions qui montrent qu'ils s'intéressent beaucoup. Une fois qu'ils ont compris il n'y a plus de questions. Ils ont énormément d'idées et ils nous les partagent. Ils essaient vraiment d'aller de l'avant et je ne l'ai pas senti comme un envahissement.

14. Vous essayez de faire promouvoir cette marque en Suisse, comment allez-vous vous y prendre ?

On a 5 point de vente en Suisse et 3 en Europe. Le but : développer les réseaux sociaux suisse et européen pour se mettre sur le e---commerce étant donné que nous avons peu de point de vente. On ne va pas vraiment froisser des distributeurs (en lançant le e---commerce) vu qu'il n'y a pas beaucoup de concurrence contrairement à eux. Vision de l'avenir : e-commerce, réseaux sociaux. B2B au lieu du B2C. Ensuite petit à petit nous développerons autrement et on verra comment ça marche.

15. En allant sur le site, on peut voir en fin de page qu'il y a des caractères chinois ce qui prouve que montre le côté chinois. Pourtant rien n'est écrit à propos du rachat (actualités et autres onglets). Pourquoi, cela est-il fait exprès ?

Vu les réactions que les gens peuvent avoir tel que : « Oh, mais c'est des montres chinoises. » Et bien la Chine s'était froissé pendant un moment en disant qu'il ne fallait plus dire que nous étions chinois. Alors nous sommes partis là-dessus. On essaye petit à petit de leur dire qu'il n'y a pas de mal à être une boîte chinoise. 90% des boîtes en suisse ne sont pas suisse. Il faut simplement mettre en avant la qualité Suisse.

Le site est encore en construction mais je ne m'en occupe pas. Cependant dans le registre du commerce on voit clairement que la société n'est plus suisse.

16. Il y a 10 ans, il y avait très ou presque aucune acquisition ou entreprises chinoises. Aujourd'hui, on en compte entre 60-70. Que pensez-vous de l'expansion Chinoise à travers le monde et plus particulièrement en Suisse ?

Les Chinois ont progressé, ils sont arrivés à un niveau social comme chez nous. Ils veulent faire comme chez nous. Cela ne me choque pas. Les Russes sont arrivés, les Américains, etc. et maintenant c'est les chinois. C'est l'évolution normale de leur société.

17. Il y a beaucoup de pessimiste à propos de ce rachat, qu'en pensez-vous ?

Un moment donné il faut se poser la question : soit on est pour la mondialisation soit on reste cloîtré chez soi. Nous sommes bien content que les chinois sauvent certaine grande entreprise Suisse sinon ces entreprises Suisse mettrai la clé sous la porte. Je ne pense pas que ce soit un mal que les entreprises chinoises nous rachètent.

18. Danger ou opportunité pour le marché Suisse ?

Je pense que c'est une réelle opportunité pour le marché suisse. Les chinois ont racheté et ont sauvés quelques emplois. Si Syngenta n'avait pas été racheté (crainte) je ne pense pas que tous les emplois seraient encore là. La Suisse n'a rien à perdre à se vendre aux chinois. Tant qu'on ne devienne pas 100% chinois mais ce ne sera jamais le cas. La chine s'est la plus grosse population mondiale donc cela paraît logique qu'ils investissent en masse.

INTERVIEW II

Place, Date: Geneva, 20.06.16

With : Philippe Laurent

Original language (French)

1. La Chine et son contexte

Plusieurs humiliations sans précédent. Le respect d'un peuple passait par son progrès économique et sa puissance militaire. Les chinois font en sorte que cette faiblesse chronique (depuis une centaine d'année) ne se reproduise plus.

L'enjeu pour les Chinois c'est clairement non pas la domination du monde comme certain le craignent, mais bel et bien d'assurer une puissance économique, politique et militaire suffisante pour protéger leurs intérêts dans toute la région. Les chinois ont aussi compris qu'ils ne peuvent pas tout faire eux-mêmes et qu'ils ont perdu le sens de l'invention et de l'innovation qui les caractérisait il y a 2000 ans et qu'aujourd'hui l'innovation se trouve du côté Européen et occidental d'une manière général.

Dans ces conditions, les chinois ont décidé d'investir fortement à l'étranger dans les zones d'innovations et dans des marques ou des sociétés dont ils croient quant au potentiel.

Cela se passe essentiellement sur un processus d'acquisition parce que les chinois disposent d'une somme considérable en réserve financière.

Le but : raccourcir la courbe de l'expérience et d'avoir des accès privilégiés à l'innovation dont les chinois ne sont plus porteurs

Il ne s'agit pas de conquérir le monde et il n'y a pas de danger particulier

Il y a un sens de l'opportunité qui leur est propre et qui consiste à s'inspirer de ce qu'il se fait de mieux à l'étranger pour le transposer chez eux

La Suisse est porteuse de domaine d'innovation important et pas seulement dans l'horlogerie. Il est vrai que les dernières importantes acquisitions se sont passées dans le secteur horloger et il est certain que ce que recherchent les chinois est d'une part la réputation et l'image de qualité rattachée à la Suisse et d'autre part la compréhension d'un savoir-faire totalement unique dans les montres mécaniques en particulier et complexes en général.

2. Opportunité ou danger pour le marché Suisse ?

Il est certain que les Chinois ont un grand sens de l'opportunité et qu'ils ont compris leur force mais aussi leur faiblesse. Sur le plan économique, ils savent où aller chercher les grandes

The East investing the West. Chinese investing overseas, with specific focus on M&As; Trends, Effects, and likely issues or opportunities for the Swiss market

marques ainsi que les zones d'innovation puisqu'ils ont enfin les ressources financières nécessaires pour acquérir.

Ce n'est pas un danger pour la Suisse car pour moi c'est une stimulation supplémentaire pour que les industriels Suisse, ainsi que les occidentaux d'une manière générale, poussent encore plus loin leur zone d'innovation et continuent à être des acteurs de premiers plan dans leurs marques et surtout dans l'innovation.

Il faut savoir aussi que les Chinois ont encore tout à apprendre en matière de promotion et de lancement de marque. Ils savent que c'est un enjeu considérable et surtout une source de valeur ajoutée particulièrement importante.

Pour conclure, c'est d'avantage une opportunité du côté chinois et pas forcément un danger pour la Suisse si on sait comment réagir. D'ailleurs on a prouvé dans le passé que ce n'est pas la première fois que nos sources d'innovation sont copiées ou mis en danger. Cependant nous avons toujours su réagir et on continuera de la même manière même si des petites Silicon Valley sont en train de se construire en Chine.

La zone d'influence Chinoise dans toute l'Asie est telle qu'il est difficile d'y résister. Pour les occidentaux, c'est un moyen de raccourcir leur temps d'exposition et de distribution. Quelque part il y a une forme de donnant-donnant dont vont bénéficier les sociétés occidentales et en particulier les marques qui n'ont pas su se positionner de façon traditionnelle telle qu'OMEGA (marque très ancienne en Chine).

Il faut distinguer les fusions acquisitions qui sont totale (100% ? 50 ?). On sait que les Chinois aiment prendre le contrôle total des entreprises. Cela peut aussi être une partielle acquisition/participation (Mercuria) car encore une fois, leur expérience dans le Trading est très limitée → Learning process = participation

Il faut aussi savoir que 97% des terres rares sont contrôlées par des sociétés chinoises.

Pour pouvoir manager en Chine ou n'importe où en Asie, il faut avoir une très grande flexibilité mentale est une condition requise pour diriger une entreprise en Asie. Il y aura toujours des surprises et des choses inattendues auxquelles faire face. Il faut avoir le profil du « Patron Asiatique ». C'est en quelque sorte comme un papa pour les employés. Il y a une sorte de bienveillance qui est présente dans la façon de gérer les personnes.

Quand les Chinois acquiert une entreprise occidentale, ils essayent de faire en sorte que le management reste occidental. Ils ne sont donc pas constamment sur le dos des employés, comme ils le feraient en Asie. Ils ont bien compris cette nécessité de « distinction ».