

UNH Expert Predicts that Manufacturing Prowess Will Be China's Link to New World Economy

Professor Embarks on Semester at China's Top Business School

By *Tracy Manforte*
UNH News Bureau

September 25, 2000

DURHAM, N.H. -- China's future as a strong presence in international business is certain. Its ability to provide a vast labor pool, its eagerness to learn Western industrial practices and its willingness to accommodate the manufacturing activities of international companies ensure its future as a powerhouse manufacturer of consumer products for international companies.

However, opening its doors to foreign industry does not mean China, a nation of more than 1 billion people, will soon explode into a consumer economy that provides riches to Western retailers, according to Linda Sprague, professor of operations management at the University of New Hampshire.

"There is a growing consumer market in China," says Sprague, "but Chinese firms are learning to cater to that market. Rather than being a place to reap profits, China is increasingly playing a role in the world economy as a manufacturer of increasingly high quality products that will require skilled labor and well-run factories.

"Manufacturing in China is becoming China's product," says Sprague, who has been teaching and researching in the People's Republic of China for more than two decades.

This semester she returns to China's leading business school as part of the first permanent faculty at the China Europe International Business School (CEIBS) in Shanghai. CEIBS is a joint venture between the European Union and the Municipality of Shanghai with a state-of-the-art new campus in Pudong, Shanghai's new industrial zone that is home to such joint ventures as the new General Motors factory, which is producing a Buick sedan for the Chinese market. Sprague will remain on the UNH faculty, teaching in Durham and Manchester, when not in China.

Sprague explains that Chinese factories, which are joint ventures between State-Owned Enterprises (SOEs) and foreign companies, are rapidly upgrading their manufacturing methods. The Chinese partners are eager to learn Western techniques not necessarily to emulate capitalism, but to apply methods of modern industrial production to the Chinese system.

"Don't kid yourself," Sprague says. "This is socialism." And no amount of exposure to the free market is going to change that, she says, explaining that the Chinese business school's view toward its Western faculty is: " 'You teach what you teach, and we'll work to adapt it to our system.' For the past two decades, this has been the result of Deng Xiao Peng's policy of 'Build Socialism with Chinese characteristics,' which remains in full force."

Contrary to popular perception, Sprague explains that Chinese business students are not eager to escape their homeland. Instead, she said, lucrative careers await them at home as corporate consultants, bankers, marketers and business managers working for joint ventures and SOEs. "With their new Western MBA degrees, these students -- who are fluent in English and already have more than five years of business experience within China -- dive headfirst into some of the toughest business situations imaginable. They will - - at minimum -- triple the incomes they earned only 18 months ago."

In the new world economy, Sprague says, "It is dangerous to isolate China." Yet, businesses should remember that, "Doing business there won't lead your profits, but you can make your product in China."

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