

Cultural challenges for a British company in China

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COMMUNICATION



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Assignment 2

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Introduction

This presentation will illustrate a Joint venture between a UK hotel company and a Chianese hotel company defining the cultural challenges of this 2 nations to establish a successful partnership.

Joint Venture

UK

Premier Inn



Founded 1987 as
Travel Inn

China

Home Inn



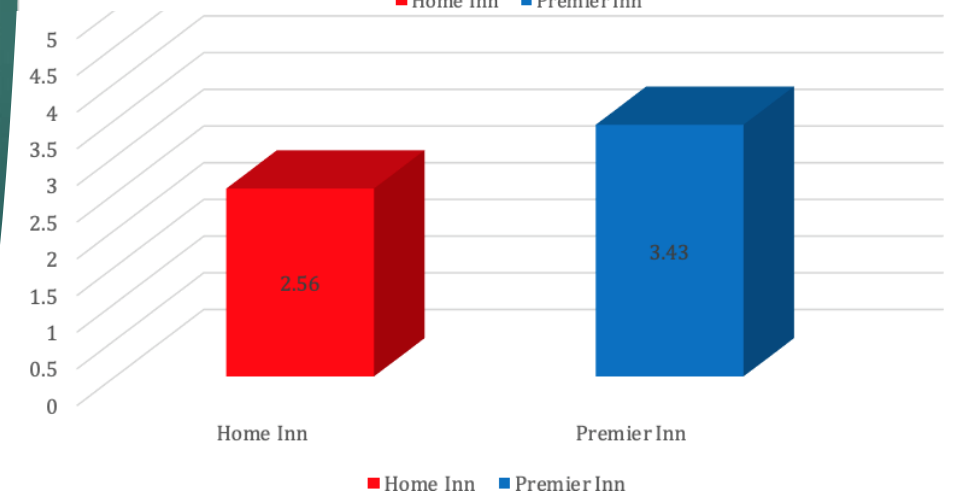
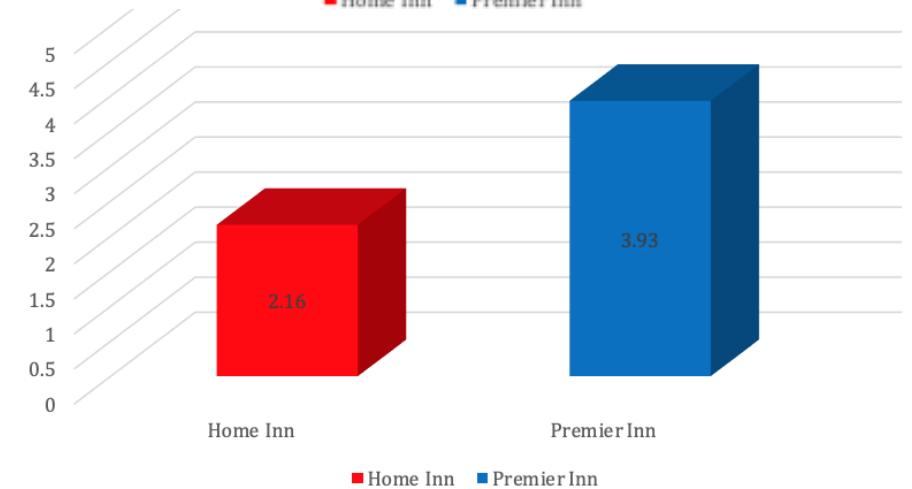
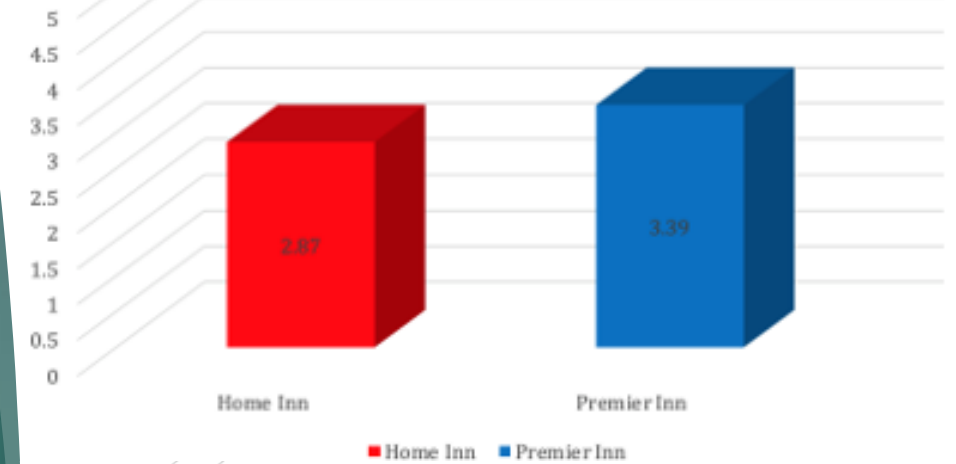
Founded 2002

Cultural variables Premier Inn vs Home Inn

- ▶ China's social structure is hierarchical (power distance)
- ▶ The concept of Business etiquette
- ▶ Business legal settings (Universalism)
- ▶ The concept of pride
- ▶ Respect

Cultural variables Premier Inn vs Home Inn

- ▶ Harm caused by competition between employees
- ▶ Work prevail above relationship with colleagues
- ▶ Employee and employers can be good friends





Is joint venture (JV) successful or
failure?

Success / Failure factors of a JV I.

- ▶ 1.Misalignment
 - ▶ 2.Deliver contributions
 - ▶ 3.Inadequate business plan or operating model
- (Shirolkar, 2021)

Success/Failure factors of a JV II.

- ▶ 4. Inability to grow the JV and evolve as per market
- ▶ 5. Involvement
- ▶ 6. Changes in parent circumstances minimize JV relevance
- ▶ 7. Cultural Clash

(Shirolkar, 2021)

Cultural sensitivity

- ▶ Definition:
- ▶ •What does it mean?
- ▶ •Difference and similarities
- ▶ •Awareness and accept difference
- ▶ •Body language
- ▶ (Sieck, 2021)

Factors may affect service

- ▶ •Foreign Workers
- ▶ •Language barrier
- ▶ •Feedback and Criticism
- ▶ •How to manage conflict

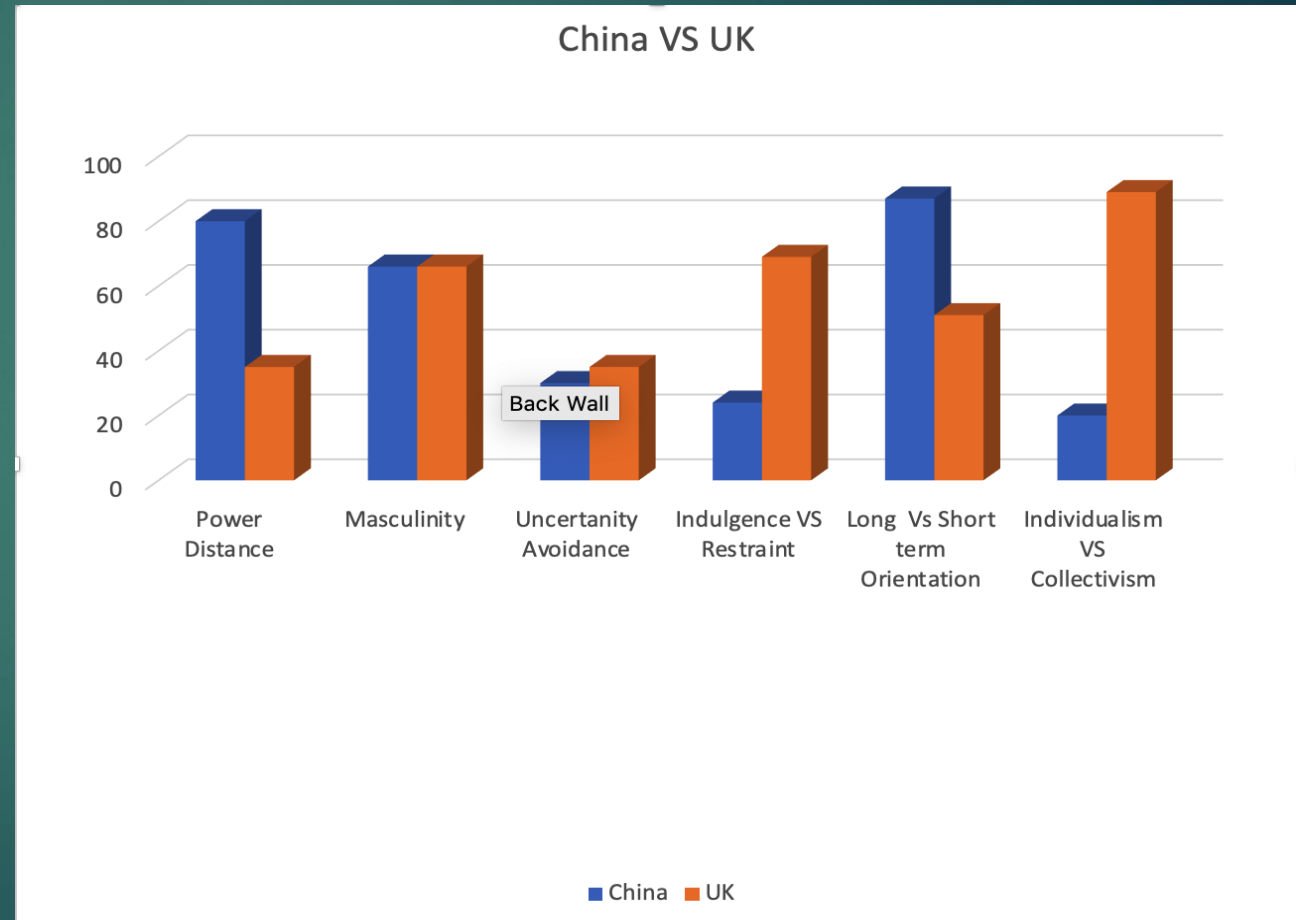
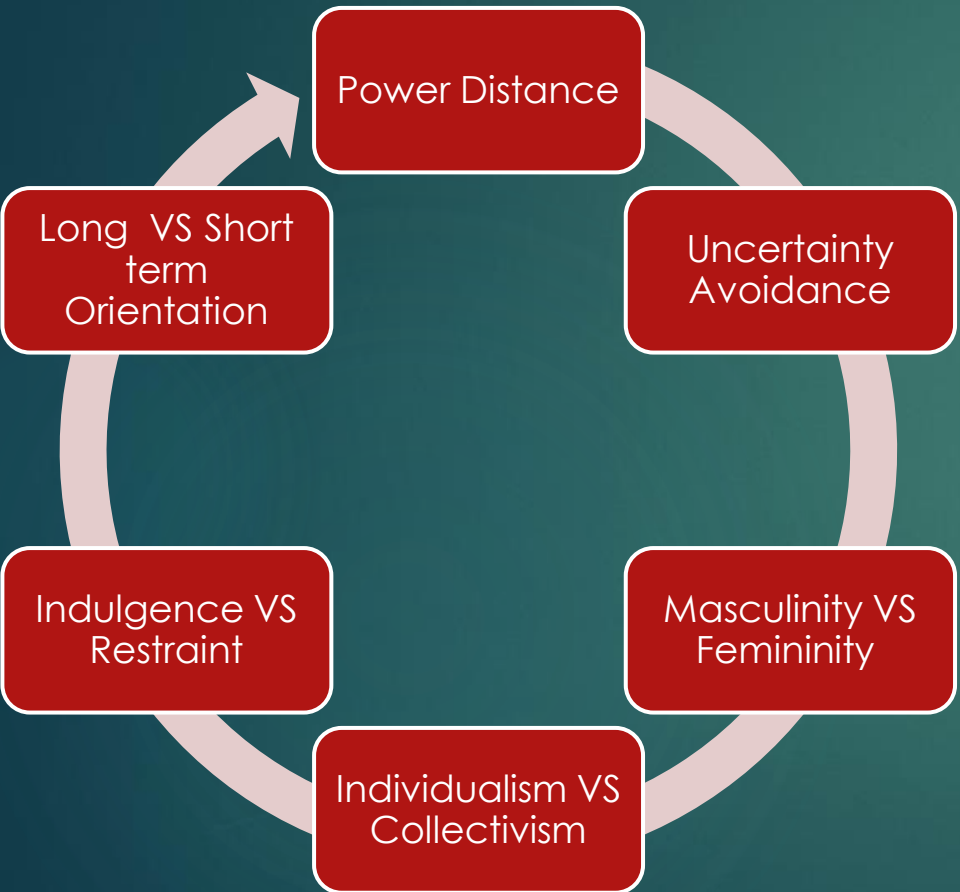
▶ SiteMinder(2020)

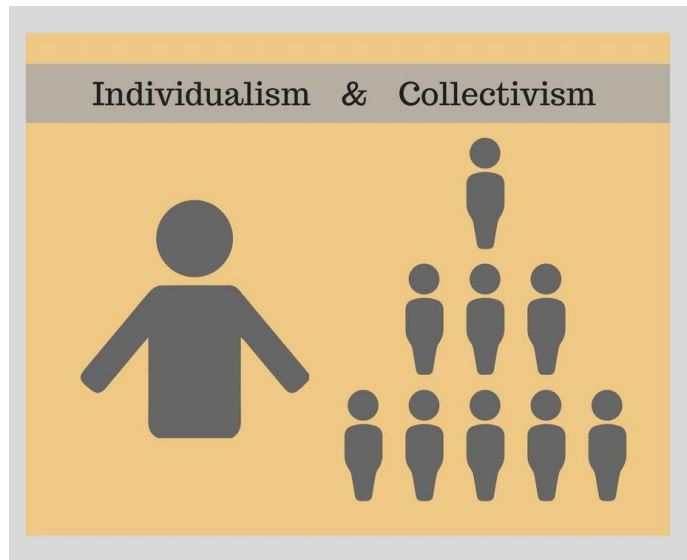
Difference from UK

- ▶ •Dignity and prestige
- ▶ •Status symbol
- ▶ •Brand recognition
- ▶ •Internet and social media

(DeGennaro, 2022)

Hofstede's Cultural dimensions China VS UK





Big discrepancy for Collectivism and Individualism

CHINA IS A HIGHLY COLLECTIVIST SOCIETY COMPARING WITH UK

Recommendations

1. Understanding the cultural Variables

- ❖ Kinship Family loyalty is given primary consideration
- ❖ Education Formal or informal
- ❖ Economy and Politics Capitalism VS Socialism
- ❖ Religion Multiculturalism
- ❖ Health and recreation Healthcare policies and leisure time



2. Finding the bridge between UK and China Hospitality culture.



Conclusion

- In conclusion, culture it is a very challenging obstacle for a Joint Venture. First of all when going with a JV in China do RESEARCH , the culture of the country and the culture of the business. Because you will need to have a high tolerance to the adjustments such as respecting Power Distance (Hofstede), dealing with the delaying contracts signature, as Chinese value friendship. Don't propose heavy long contracts, as they approach Universalism instead of Particularism (Trompenaar) (Slide 5-6).
- It is very important to recognise all the factors that affect the companies JV. We can also learn a lot from the failure factors that have already influenced the joint ventures of other companies in a positive or negative way. (Slide 7-8-9)
- To take extra care at negotiation phase and make sure right research has been done before attend any meeting with Chinese party to have the right knowledge about their culture and what can and can not be done. (Slide 10-12)
- Hofstede's analyse should be accepted as generalizations of societies and communities and have not to be used to encourage stereotype creation. (Slide 13,14)



Any questions?

Q & A Session

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