



Module Name: International Business Communications

Teacher Name: Dr. Ejio Eshwode

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Students Participating :

Vasile Robert Gore– 1915927

Sabina Sotir – 1915929

Stefania Prohnitchi1917713

Claudia Ion- 1916922

Cristian Ghiburcea- 1916923



British – Chinese joint venture

International Business Communication



Contents

Introduction

Chinese culture-short introduction

Success and failure factors of joint venture

Cultural sensitivity in China / The differences from the UK

Hofstede cultural Dimensions: Analysis of the UK and China

Recommendations

Conclusion

References

26/04/2022

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Introduction

Many businesses are expanding their activities internationally which gives prospects for growth and profitability. Multinational corporations pose monetary power, provide employment, improves the infrastructure, encourage innovation by entering in new markets, and increase cultural awareness. Nevertheless, there could be many risks involved especially if the company does not investigate the differences between the countries including legal systems, management, cultural differences, and many other important aspects for the joint venture to succeed.

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Approaches to Chinese culture

People's Republic of China has a rich history and a distinctive culture. Nathan (1993) used two approaches to conceptualization and distinctiveness of Chinese culture, these are hermeneutic and positivistic.

Hermeneutics is the study of interpretation, including the meaning in communication and understanding (Janz, 2015) by eliminating the self from interpretation provides an objective perspective of cultural difference. Positivistic approach on the other hand argue that society shapes the individual, people's actions can be explained by social norms they have been exposed (Thomson, 2015). Some aspects of culture are its values, laws, symbols and languages, traditions, and history.

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The Chinese culture

- Long and rich history
- The social values of China are derived from Confucianism and Daoism religions combined with conservatism (Hennig, 2014).
- Williams (2017) argued that Chinese culture is characterised by a wide range of symbols found in everyday life of Chinese people.



Strengths

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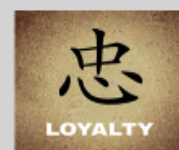


Wealth

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Confucius statue: Source: Google images



Success and failure factors of joint ventures

- Internal and external factors are equally important for a joint venture. Both, the analysis of internal and external factor provides assurance for business prosperity.
- For example, if there is a high level of cooperation, commitment to the common objectives, trust between British corporation with Chinese, then the probability the partnership will be successful is higher.

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Success factors

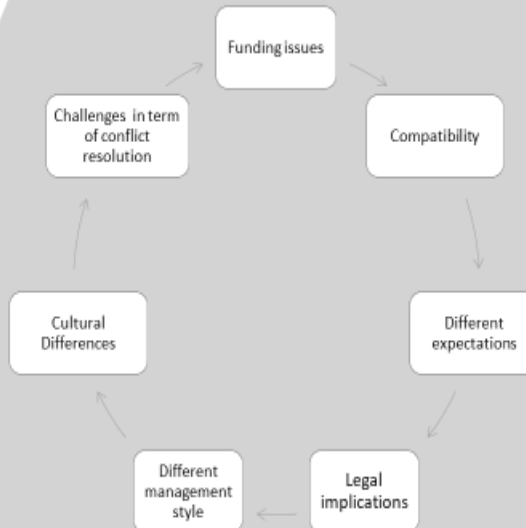
The internal factors identified include sharing control, good cooperation, commitment, conflict resolution, trust, bargaining power whereas the external factors are culture, regulatory environment, infrastructure, and human resource factors (Gewis & Oestersporksmann, 2017).

Osland (1994) stated that there are four success factors of joined venture which are “controlling *decision making*, establishing a sales network, retaining *inter-partner learning*, and influencing *government officials*”.

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Failure factors



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- Rich (1981) argued that in order to create joint venture in China, the process is quite complex, it requires to implement the joint law through China International Trust and Investment Corporation.
- The most JV's end sooner than the managers expects, with a median duration of three years (Deloitte, 2010), the participants have issues in term of governance, cultural differences, and practicability of conflict resolutions.

Examples based on the Chinese context

• Successful joint venture in China

Shanghai Volkswagen Co. Ltd., the JV of Volkswagen and First Automotive Works in Shanghai, which has retained its status as the most successful industrial enterprise in China for the ninth successive year (Yan & Warner, 2001).

• Unsuccessful joint venture in China

Fiat, Italian automaker failed enter in China market because of the wrong partner, the differentiated company visions and goals made the partnership to fail creating losses for both parties (Towson, 2017).

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Cultural sensitivity in China

Culture is believed to be the driving force behind human behaviour everywhere. Culture provides people a sense of who they are, a of belonging, direction for their behaviour, and guidance for their actions (Harris, 2007).

Dabbah (2022) defined cultural sensitivity as *“being aware that cultural differences and similarities between people exist without assigning them a value – positive or negative, better or worse, right or wrong”*.

Makovski & Bebenroth (2019) think that IJV managers with high cultural sensitivity are likely to hold more empathy for the IJV-partner's culture and make allowances for differences in business dealings.



Source: Google Images



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The differences from the UK

United Kingdom	China
In English, most terms of headship are not generally used to address individuals, excluding a few such as president, professor, and chairman.	In Chinese, people use headship words to address others to show respect; the titles of technical posts can be used as terms of address (Mei & Zhao-xia, 2017).
British communication is rather direct	Chinese communication is more indirect and implied.
Individuals are self-oriented	Team oriented
British are oriented towards achievement, equality and individual freedom.	Chinese respect success and achievement, seniority, etiquette, and wisdom.

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Hofstede cultural Dimensions

The six dimensions of national culture are established on extensive research done by the Professor and a few other members of the research teams. These include power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, and indulgence (Hofstede, 2003).

Geert Hofstede was a Professor Emeritus of Organizational Anthropology and International Management at Maastricht University. He developed the cultural dimensions theory, a framework for cross-cultural communication.



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Geert Hofstede. Source: Google Images

Hofstede cultural Dimensions: UK and China (cont.)

- As per the Power Distance Index, the UK has 35% and China 80%
- The UK has 89% that suggests individualistic culture and China 20% which means it is a collectivist culture.
- The British and China have shown a similar result of 66% for masculinity and femininity criteria which means that people are willing to sacrifice work over family;



Hofstede cultural Dimensions:

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Hofstede cultural Dimensions: UK and China

- In term of uncertainty avoidance British culture shows 35% which means that they are comfortable in ambiguous situations. Chinese culture projected with 5% lower compared to British.
- The score for LTO for UK is 51% which shows that people are valuing the traditions but are equally oriented to prospects. and for China is 87% they are long term oriented and can adapt to new trends .
- For Indulgence, UK shows a total of 69% whereas China 24%, suggesting a more restraint rather than indulgent culture.



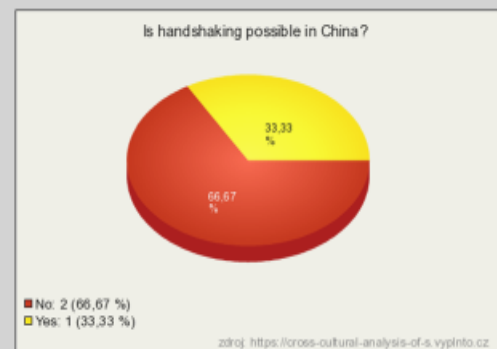
Hofstede cultural Dimensions: UK and China. Source: Jordan (2013)

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Recommendations (cont.)

- Extensive planning
- Embracing agility
- Using a holistic approach
- Develop awareness of etiquette
- Use appropriate, clear language
- Avoiding slangs, jargons and other terms that can be misunderstood
- Constructive leadership in governance



Available at: https://www.vypinto.cz/graf_323017.png

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Recommendations

- Build trust
- Develop cultural sensitivity
- Establish company systems and structure in close collaboration with the partners
- Increasing information transparency (Ditillo & Caglio, 2008)
- Establish clearly defined initiatives and performance measures,
- Clearly define the roles and responsibility
- Standardize processes and ensure effective learning.

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Conclusion

To conclude, a joint venture between China and UK may face various challenges in communication, management, legal aspects and other. Cultural differences and variations in business practices are among the most significant failure factors. To maintain a long-term partnership an extensive planning is required where both parties contribute. It is advisable for the company to develop cultural sensitivity, build trust, establish company systems and structure in close collaboration with the partners. Also, developing constructive leadership in governance, establish clearly defined initiatives and performance measures along with better information transparency will significantly contribute to joint venture efficiency.

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