

Expanding in China

International
Business
Communications



GROUP 1

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Agenda of the presentation

- Joint ventures are associations formed by two companies. International joint venture happens when companies enter into joint venture contract with a company of other countries.
- It has been observed that joint ventures require usually necessitate continuous interactions from both parties to form and maintain a successful partnership. The following presentation will discuss about a British company entering China with a joint venture.
- However, being from two entirely different parts of the world there may be cultural challenges that the British company may face. The following presentation aims to identify and discuss about these challenges.

Introduction to the context

- Colourways textiles is textile manufacturing company from the UK that specializes in the manufacturing of the Polo Shirts, t-shirts, sweatshirts, hoodies and polo shirts (Colourways Textiles, 2022).
- The company is planning to team up with a Chinese company called the China Heilan group. This company is also textile manufacturing company in China.
- The China Heilan group is one of the biggest textile manufacturers in the country with more than 60000 employees and total revenue of 1250 Billion RMB (Heilan, 2022).
- Both the companies are teaming up to form a joint venture to manufacture and deliver clothing to the customers.

Introduction to the Chinese culture

- China is home to various cultural ethnicities like the Han, the Mongol, the Han Chinese, the Machus.
- The language that is spoken majorly is Mandarin. However, there other various dialects spoken around the country.
- Apart from this it must be observed that the country is a multi-religious country with the presence of Buddhism, Taoism, Protestantism, Catholicism and Islam.
- The food culture of the country is also very distinct when compared to the Western parts.



Introduction to the Chinese culture

- Due to too much population in the country is filled with people and traffic everywhere. Therefore, the individuals may face issues with too much crowd and a noisy environment. Streets are chaotic and crowds in the country cannot be escaped (Ward, Bochner and Furnham, 2020).
- Another thing that is highly common in the country is spitting and littering which Western people are not accustomed with and thus may have issues.
- Language barrier will be one of the most common issues due to the presence of less people who understand of speak English (Lin, 2022).
- Apart from these Air and noise pollution different food cultures are also issues that may be prevalent in the country.



Success and failure factors of joint Ventures

- Agreement - The terms of the business must be clear to both the parties and there should not be any misunderstandings between the on matters of the contract.
- Alignment – Successful joint ventures have shared objectives and the risk/rewards strategies amongst the partners are also well aligned.
- Development –The strategic partnership as between the parties must be ongoing and not static. The partners must be flexible for continuous development.
- Flexibility- The partners must be understanding and welcoming of the traditions and business cultures of the each others' nations (Dhir, 2017)

Cultural challenges which can be experienced by Colorways textiles in China

Culture shocks

- The facts that China is amongst the developing countries and that belongs to an entirely different part of the world make it the prevalence of cultural shocks more apparent.
- Culture shock is a sense of uncertainty, confusion, and anxiety that affects individuals when they are exposed to a foreign culture (Julian,2018).
- Culture shocks would have been less daunting if the expansion would be taken place in other European country. But as China is a country with different traditions, languages and legislations etc culture shocks are amplified.
- The officials from the company will visit the country for various purposes like market research, meeting the expatriates, investigating and selecting location, interacting with the partner company, completing legal procedures prior to venturing etc. These officials will certainly face these shocks which may hamper the process.

Cultural sensitivity in China / The differences from the UK

- Cultural differences between the Chinese and the UK pose challenges in conflict management. Chinese focus a lot on collectivism where harmony and interpersonal relationships within the group are of utmost value, they try to make use of indirect ways to avoid conflicts (Gong et al ., 2021).
- Negotiation and compromise are proven to be the ultimate ways to resolve conflict. People in the workplace choose to solve issues in private. On the other hand, the UK managers are used to deal with disputes and conflicts with the help of direct confrontation in the open.
- To resolve differences managers in the Western countries use tactics that involve directly confronting others with evidence and suggested solutions. However, Chinese managers use these tactics as these tactics provoke disagreement which is undesirable.
- These cultural differences may also make conflict avoidance and resolution difficult in the workplace.

Cultural Sensitivity in China/ The Differences from The UK

- Another cultural challenge that could be faced by the British company are communicational challenges.
- Chinese business culture places a strong focus on “Mianzi” which is the concept of face. People in the west are considered to be blunt or direct while communicating (Defu, 2022).
- Chinese people rely on giving face value. The Mianzi culture refers to showing respect to people while interacting with them. Business etiquette's in China are influenced by face giving and taking (Defu, 2022).
- For example, addressing and introducing people with the first name or bowing in front of people when meeting them. These are Chinese ways of making apparent that business relations demand respect.

Hofstede Cultural Dimensions: UK and China

- Geert Hofstede created the Hofstede's Cultural Dimensions Theor as a framework which shows the contrast between different cultures and nations.
- The Theory is used to assess the differences between the cultures, which may cause an impact on the business environment. (Hofstede Insights, 2022)

Hofstede Cultural Dimensions: UK and China



Hofstede Cultural Dimensions: UK and China

- China has a higher rating of 80 in the power distance index. This indicates that the Chinese culture tolerates social inequality. UK is ranked 35th. This indicates that society considers that power must be shared equally.
- China received a score of 20, indicating that it is a very collectivist culture. They depend more on groups to make crucial decisions. (Gong et al., 2021) The UK, scored 89, indicating a very independent culture.
- The following mode is Masculinity vs. Femininity, where both nations' citizens are driven by success and expansion.

Hofstede Cultural Dimensions: UK and China

- The uncertainty avoidance index - The UK has a lower score of 35 on this indicator, showing that its citizens are content no matter what circumstances arise and are less likely to shy away from uncertainty. China gets a score of 30 on this rating. As a result, both nations score similarly on this index. (Hofstede Insights, 2022)
- Long-Term Orientation - China scores 87 and the UK 51 in this index, which display that Chinese culture is more pragmatic, accepts changes and is future achievements oriented.
- Indulgence vs. Restraint, the model's final step, demonstrates the degree to which society limits its impulses and emotions. China is a nation that limits people in a variety of ways. (Hofstede Insights, 2022)

Recommendations to tackle the challenges Intercultural adaption

Intercultural adaption is an intercultural communication theory that after living in an extended period of time, individuals develop the rules, ideas, habits, values and other aspect according to that culture (Čuhlová, R., 2019).

This theory of intercultural adaption argues that the immigrants and foreigners need to completely engage with in changing their beliefs and values according to that of the majority.

Recommendations to tackle the challenges Intercultural adaption

- This theory can be applied to deal with the culture shocks. The first thing an individual can do to deal with culture shocks is to accept the fact that these impacts will exist. This will help in applying the theory.
- The next step for the business officials is to modify their thoughts, actions, and behaviors to become cohesive with the host culture.
- Intercultural adaption can be done by the acknowledging the similarities between the two cultures. However, the most significant pre-requisite for intercultural adaption is to have an open mind. Stereotypes and pre-conceived notions about the host culture must be avoided to fully adapt the host culture (Yang, 2018).

Recommendations to tackle the challenges

Cultural fusion theory

- The cultural fusion theory can also be applied to the present case with the help of which conflicts and communication issues due to cultural differences can be minimized.
- The cultural fusion theory explains the way immigrants can acculturate into the host country's culture (Croucher and Kramer, 2017).
- It is defined as a dynamic process that is defined by which individuals after relocating to new environments maintain relatively, reciprocal, stable and functional relationships with those environments (Croucher and Kramer, 2017).
- This theory can be applied to the present where the British officials can modify themselves to the cultural norms. This can be done by practicing active listening and being observant about the cultural environment.

Conclusion

- The above presentation discussed about the challenges that could be faced by Colourways textiles while expanding in China.
- The Colourways Textiles and the Helian group are entering into joint venture in China.
- The presentation describes about the challenges that could be faced by the company while entering China.
- It also discussed about the strategies to deal with the challenges.

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Thank you!

