

The impact of culture on a British-Chinese Joint Venture

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Introduction

- ▶ A UK company is going to China to do business based on a joint venture agreement with a Chinese business

The main differences between China and UK culture

- Differences in Values (Liu, Lu, Zhan, 2021, p.433)
- Friendship between business partners (UKEssay, 2008)
- Negotiation style: Relationship-Oriented (USCBS, 2010)

Characteristics in business negotiation

► China

- Prefer to develop positive relationships
- many connections, gradual calm
- a lot of people
- multi-consideration, difficult to demonstrate interest
- prefer not to speak too directly,
- long-standing cooperation relationships (Liu, Lu, Zhan, 2021, p. 434 , Table1)

► UK

- concentrating on details
- demonstrate concepts using logical reasoning
- demonstrate your individuality
- decentralisation of thought
- respecting producers principles (Liu, Lu, Zhan, 2021, p. 434 , Table1)
- differences in the relationship with the customers (Ambler, Xiucun, 2003, p.278)

Success and failure factors of joint ventures

- ▶ **Success factors** Ice Cone model (Gewiss and Oestersporkmann, 2017)
- ▶ External Success Factors:
 - Investor-friendly laws /Favourable business environment (Froese, et al., 2019)
 - Maintain a good relationship with the government
 - Culture/ manager's knowledge regarding cultural differences (Deresky, 2017)

Success factors of joint ventures

► Internal Success Factors:

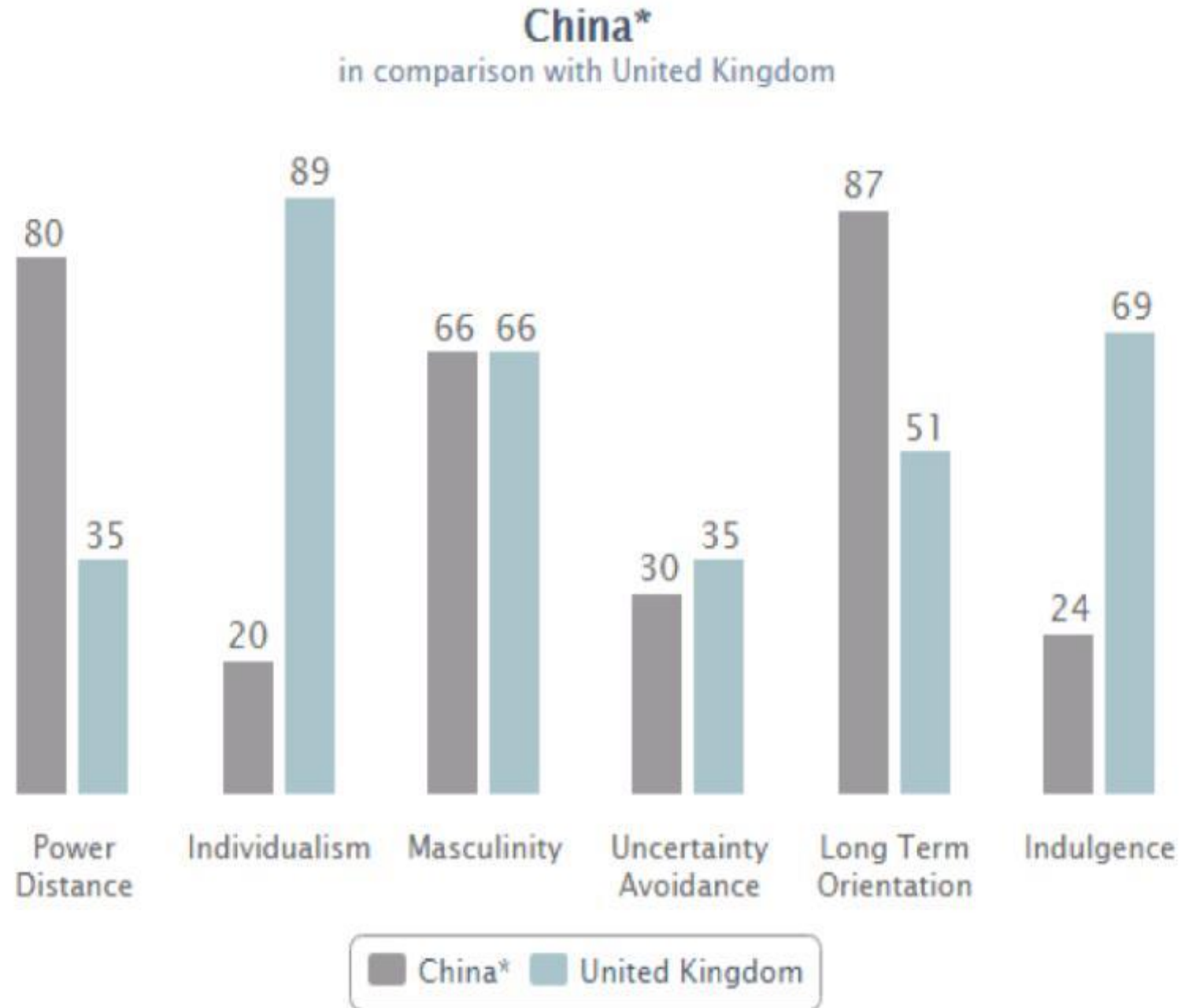
- Forming a multi-cultural team /Balanced control
- Trust (Gewiss and Oestersporkmann, 2017)
- Effective communication/conflict resolution strategy (Wu, J., 2009)

Failure factors of joint ventures

- Fierce competition from local Chinese companies
- Chinese market is still in an emerging phase (Froese, et al., 2019)
- China is in a state of transitional economy
- Cultural differences (Hofstede Insights, 2022)
- Lack of understanding of GUANXI (Beard, 2016)

Hofstede cultural Dimensions: UK and China

- Hofstede's cultural dimensions theory (Soares, et al., 2007)
- The differences in culture reflect on international business
- Cross-cultural challenges: Guanxi (Beard, 2016)
- The UK is more western oriented
- China is informal, collective and socially defined



Hofstede cultural Dimensions: China

- High power distance of 80 (Hofstede Insights, 2022, a)
- At 20, China's society is highly collectivist
- The measure of masculinity in China is 66
- The uncertainty avoidance in China is 30
- High score of 87 on long term orientation

Hofstede Cultural Dimensions: The UK

- The UK scores low on the power distance index at 35 (Hofstede Insights, 2022, b)
- A high score of 89 on the individualist index
- The UK has a score of 66 on the masculinity index
- A low score of 35 on the uncertainty avoidance index
- On long term orientation, the UK scores at 51

Cultural sensitivity in China. The differences from United Kingdom.

Cultural factors:

- ▶ Differences in systems of laws
- ▶ Rules of conduct
- ▶ Clear guidelines
- ▶ Right to choose
- ▶ Religion
- ▶ Education

(Li, Roberts, Yan, and Tan, 2016.)

The differences from United Kingdom.

- ▶ Women rights.
- ▶ Meeting and greeting.
- ▶ Communication style.
- ▶ Clothes during meetings.

(Prashantham and Eranova, 2020)

Conclusion

- ▶ To accept more Chinese culture.
- ▶ Chinese customers want to be a meaningful part of a brand's journey.

Recommendation

- ▶ **(Zoya) Group Harmony**
- ▶ **(Vladislava) Extensive research**
- ▶ **(Svetlana) Communication**
- ▶ **(Lyudmila) Training**

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