Title: The Impact of culture on a British-Chinese Joint Venture.
Module: International business communications
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Agenda of the presentation

- This presentation explores the cultural issues and changes that a UK-Chinese joint venture in China would face.
- Recommend business solutions that would strengthen the partnership.

INTRODUCTION

- A Joint Venture can be formed by one or multiple foreign companies and one or multiple local companies.
- The local company is not allowed to have shareholders except in some circumstances according to Killing (2017).
- The Chinese government has reduced restrictions in the foreign investment sector

China allows for two types of joint ventures that are different in terms of profit and loss distribution.

1) **Equity Joint Venture: Profits and losses are allocated depending on each company's equity interest in the venture (Beamish, 2013).**

2) **Cooperative Joint Venture: Includes a cooperative joint venture contract (Greenaway, Guariglia and Yu, 2014**).

The process of establishing a joint venture in China takes about four to six months as discussed by Schipani and Liu (2017). For a company in the UK to start a Joint Venture in China the following procedure is followed:

- An application process to the Chinese government.
- Approval and certification
- Appointment of the board of directors

Success factors of a Joint Venture in China

- **Chinese infrastructure.**

  Includes airports, trains, highways, subways, ports, and waterways.In terms of network capacity and subscriber numbers,

  Government policy. China has a feasible, efficient, and vital. Political system (Davies, 2013)

- **Labor.**

  China has a large and cheap labor market (Chan, 2016).

- **Culture related factors.**

  Cultivation of morality and encouraging hardwork and achievement.

Failure factors of a Joint Venture in China

Focuses on cost reduction at the expense of quality (Yan and Luo, 2016)

Intense local competition.

Intellectual property inefficiencies

Lack of credibility and ill-preparedness of Chinese partners.

Cultural sensitivity in China vs UK

- **Hierarchy**

  In China ranks are extremely observed.

  The British culture is less hierarchical

  (McAlaney et al, 2020).

- **Time management**

  Chinese people might be late but expect you to be punctual. In UK punctuality and management of time is heavily emphasized.

- **Gift giving**

Chinese like to give gifts during business interactions while its not valued in UK (Ambler, Witzel and XI, 2016)

Business cards

Attaches much importance to how business cards are presented while it's done casually in the UK

Starting meetings.

In both China and UK business meetings start with small talk and social conversations before getting into business matters.

Informed presentation

In both China and UK business meetings presentations are done in details.

In China business meetings are formal and take place in offices

In UK can be held in restaurants or pubs (Burnette et al, 2014).

Hofstede cultural dimensions: UK and China

- Power difference.
  - All members of a society are not equal.
  - Individualism: The Chinese society is characterised with a collectivist culture (Steele and Lynch, 2013).

Masculinity

The Chinese people prefer spending most of their time at work instead of family and leisure. British balances both work and family (Chandra, 2012).

Uncertainty avoidance

Both Chinese and British are comfortable with the uncertainty of the future

- **Long Term Orientation.**

  The Chinese observe this dimension while the British relatively do not.

- **Indulgence.**

  China has a restrictive culture while UK allows its people the freedom to enjoy their lives (Haar et al, 2014)

Recommendations to enable the partnership

Positive attitude

Cognition Theoretical

Acknowledge and understand diversity and multiculturalism

Adopting

- Adopting inclusive practice

Promoting

- Promoting equality and equity

Recruiting more locals in management positions

Conclusion

- To establish local connection within the target markets.
- Forming joint ventures with local businesses .
- International markets are characterised with multiculturalism.

Thank you for your attention !

Questions ?

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