

International Business Communication

AstraZeneca UK joint venture with

BeiGene LTD China



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Introduction

- The proposed joint venture is between Astra Zeneka UK and BeiGene LTD China.
- A joint venture of new foreign business involves an implied interaction which will make a certain meld of culture. Managing the cultural differences is essential for high levels of productivity and creation of competitive advantage.
- China is a large country and is the most populous in the world. It has a complex history and a strong culture, which has always been reluctant to new and external factors with a closed economy (Grin, 2011).

Chinese Culture Traditional vs modern



- The modern China has been transformed in the past 50 years under the communism regime which imposed an Economic Reform (Cultural Atlas, 2017).
- The recent history of China has become more receptive to the outside world having a rapid modernisation whilst embedding their traditions and cultural identity
- China's young generations are open to progressive ideas, but take into account the shared history of centuries (Marketmechina, 2022).

Chinese culture

Differences between the UK and China:

Level of time control

- Chinese have strong believe that customer comes first and will aim to respond fast and direct preferring face to face conversations
- UK culture is planned and organised.
- UK works by strict scheduling, requiring appointments before conducting any business (GB Mag, 2020).
- China is more spontaneous and very dynamic, with last minute changes and suggestions (LinkedIn, 2022).

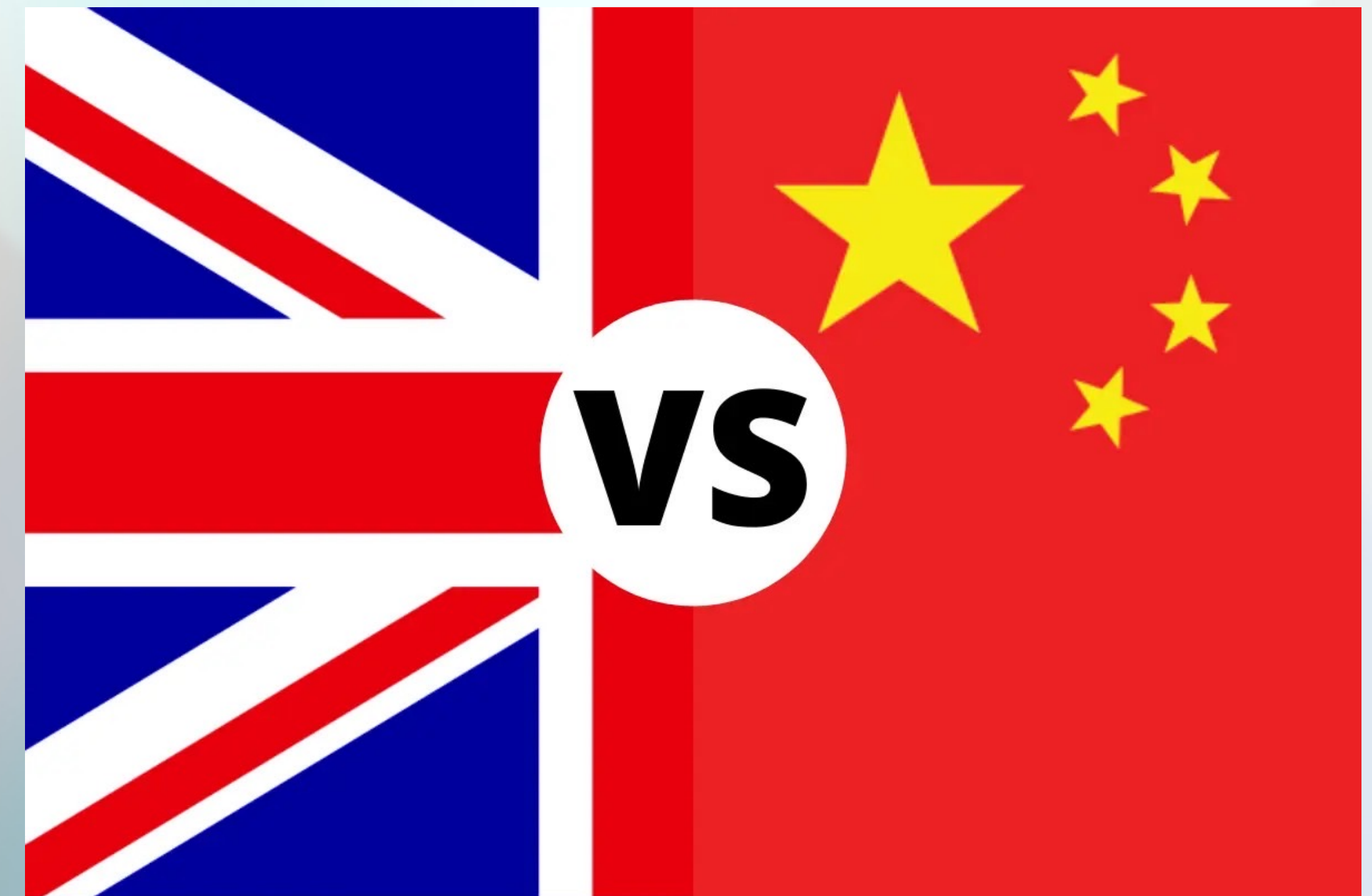


Success and failure factors of joint ventures

- It is a market in expansion which has continued to register growth
- In China the labour can come at a low cost and with a growing number of skilled jobs and services (Gov, 2023).
- There are different concerns related to a lack of trust in the Chinese legal environment
- The Chinese Government can create impediments and impose various limits such as media and free speech
- Other concerns refer to the protection of human rights and implicitly the workers rights and the freedom of information and difficulty to monitor and correct any failures.

Cultural sensitivity in China/ The differences from the UK

- Chinese culture is incredibly nuanced and is a blend of ancient and traditional and the modern
- Meeting and greeting is different that in the UK, Chinese may nod or bow instead of shaking hands
- The Corporate culture in China is dictated by their views and habits such as ranking and seniority, lengthy negotiations, conservative dress code, avoid personal questions (EDiplomat, 2016).



Engaging stakeholders in China

- Stakeholders of BeiGene LTD China: shareholders, Government, employees, media, suppliers
- Preferably to conduct engagement with key stakeholder in Chinese language, directly or through a translator
- Social dialogue with suppliers
- Using skilled consultancies for engaging groups
- Communicating with trade unions (BSR, 2009).



Hofstede cultural Dimensions: UK and China

- Power Distance: Less powerful members accept that power is distributed unequally. China has high power distance than UK, accepting inequalities more easily
- Individualism: the extent to which people feel independent versus collectivism. UK has high levels of individualism in opposition to China which has a highly collectivist culture
- Uncertainty avoidance: society's tolerance for uncertainty where China is more able to adapt to ambiguity (Brand Minds, 2021).

Hofstede cultural Dimensions: UK and China

- Masculinity: Both UK and China have similar views on work life
- Long-term orientation: Both countries have a pragmatic orientation
- Indulgence vs restraint: freedom and human basic pleasures fulfilment. China's is less inclined to promote enjoyment, whilst UK has high level of indulgence towards leisure and fun (Brand Minds, 2021).

Recommendations

- To learn about the new business partner and identify risks proactively
- To focus on long-term competition
- To calibrate the technology transfer and focus on IP because China is a strict first-to-file-jurisdiction (Pinsent Masons, 2011).

Recommendations

- To have a balanced power and control and appoint the general manager and the legal representative
- To negotiate rigorously but flexibly
- Be prepared for exit

Conclusion

- A joint venture can allow the selected UK organisation to invest in China, but management should carefully consider all the cultural differences as it can result in clash of views and termination of collaboration

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