



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

International Business Communications

Joint Venture between ASOS and ANTA

Nikola Dimitrov - 2010613

Georgi Georgiev - 2011297

Bilyana Todorova - 2010307

Borislava Zlatanova - 2013043

Fikrie Lyumankova - 2013439

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AGENDA OF THE PRESENTATION

- Introduction
- Introduction to ASOS
- Introduction to ANTA
- China Culture
- Traits and challenges of working as joint ventures
- Cultural sensitivity
- Hofstede cultural dimension in China and the UK
- Importance of Networking
- Communication barriers and strategies
- References

Introduction

- This presentation is to discuss the international management of a business and understand the different factors around it.
- It will also explore the cultural aspects of China and the UK.



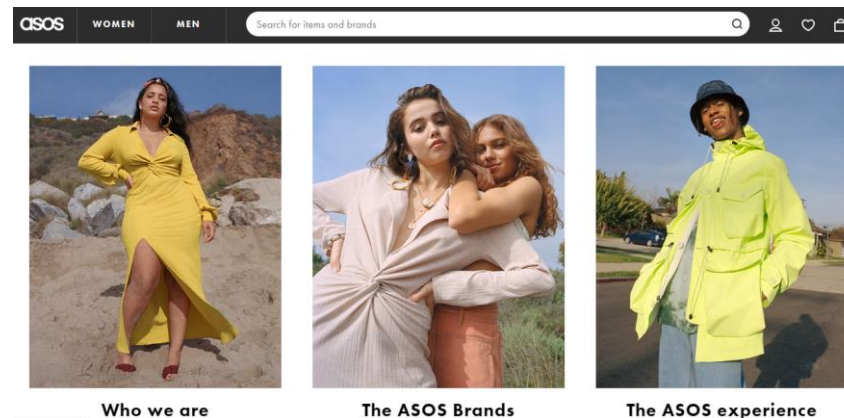
International Business Management

- ASOS is trying to expand in the Chinese market.
- Anta wants to diversify in the existing market.
- Both have a unique market segmentation and customer base.
- Globally recognised brands.



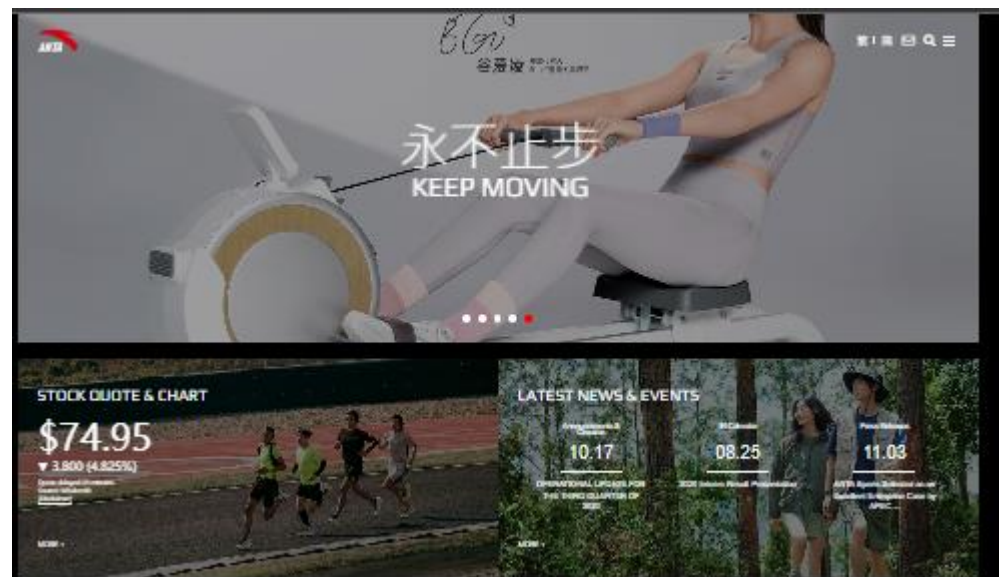
Introduction to business- ASOS

- ASOS- As Seen On Screen
- Online fashion retailer
- Revenue- 3.9 billion GBP in 2021 (statista.com, 2022).
- Employees- 3000+
- Active customers- 24.9 million customers (ASOS, 2022)



Introduction to business- Anta

- Sportswear goods and brands.
- Revenue- 49.3 billion Yuan in 2021 (statista.com, 2022)
- Employees- 52000 (as of 31st December 2021)



China- Introduction to country and culture

- Highest population in the world, 1.426 billion
- Developing economy.
- Maximum population belongs to the middle class
- Most spoken language- Mandarin
- Ethnicity- Han Chinese and others.
- Hard-working people
- Focused
- The hierarchy is important



China- Introduction to country and culture

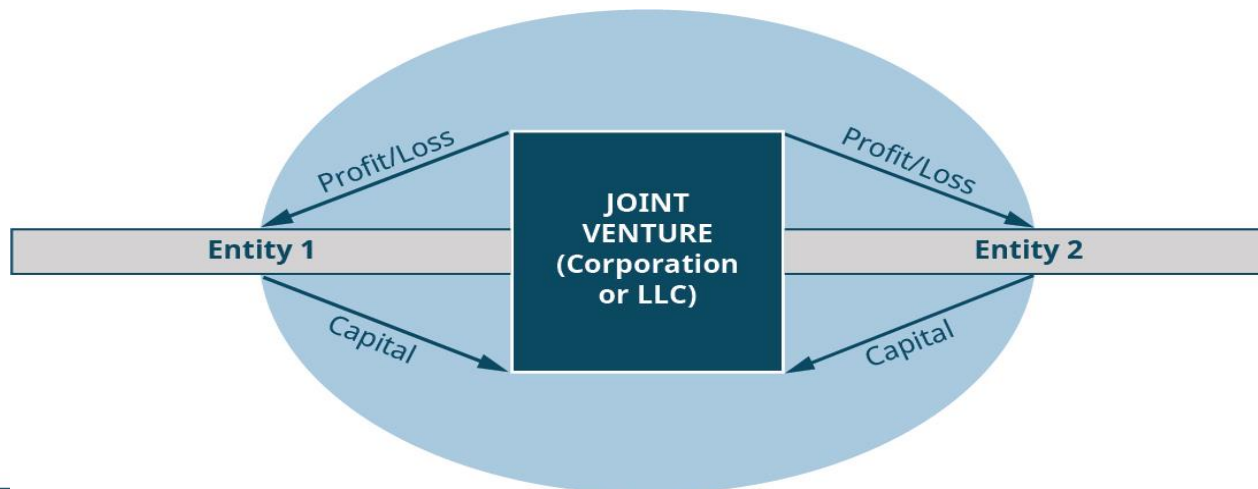
- Religious diversity- Buddhist: 18.2%
Christianity: 5.1%
Islam: 1.8%
Others including - folk religions: 23%
Non-affiliated- 52%
- Political domination- Communism
 - Family ties and Blood relations are given the highest importance.
 - Diversity is valued.
 - Hospitable, welcoming, and hard-working people.



Traits of working as a Joint venture company in foreign countries

- Joint venture- a strategic alliance or collaboration with one or more businesses to achieve a common goal.
- The most useful method to enter a new market.
- Resources, information, and knowledge are shared (Mimoso, 2020)

Example: Anta can help ASOS to increase productivity and access to new market.



Traits of working as a Joint venture company in foreign countries

- Legalised under a contract or agreement
- Risks and benefits can be shared.
- Distribution of responsibilities and shared control over venture.

Example: ASOS and ANTA would share responsibilities that gives both organizations shared control.

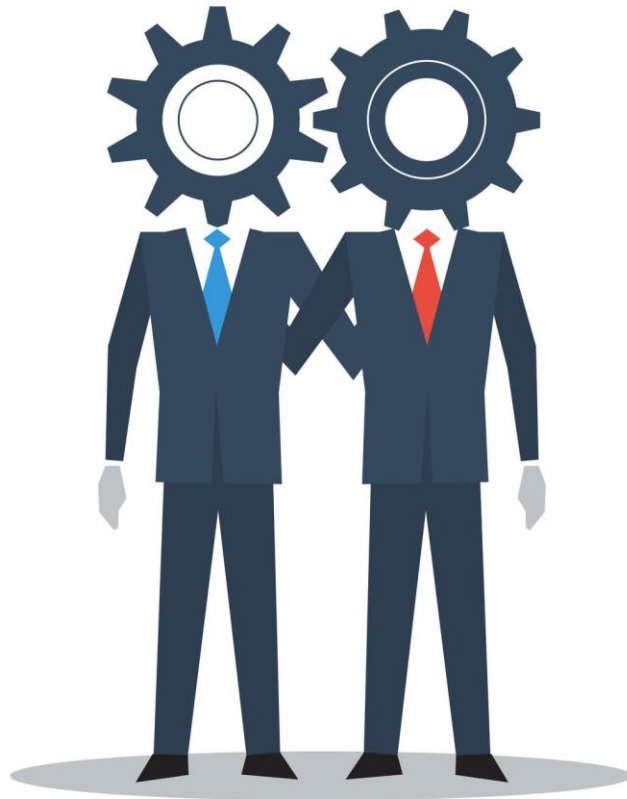


Conflicts within joint ventures in foreign countries

- Decision Making- Conflict of interest between both companies in association.
- Different objectives
- Conflict over sharing of information and responsibilities



Challenges of working as a Joint venture in foreign country



- Languages
- Cultural variations

Example: ASOS must considered the physical preferences (personal space, working hours)

Challenges of working as a Joint venture in foreign countries

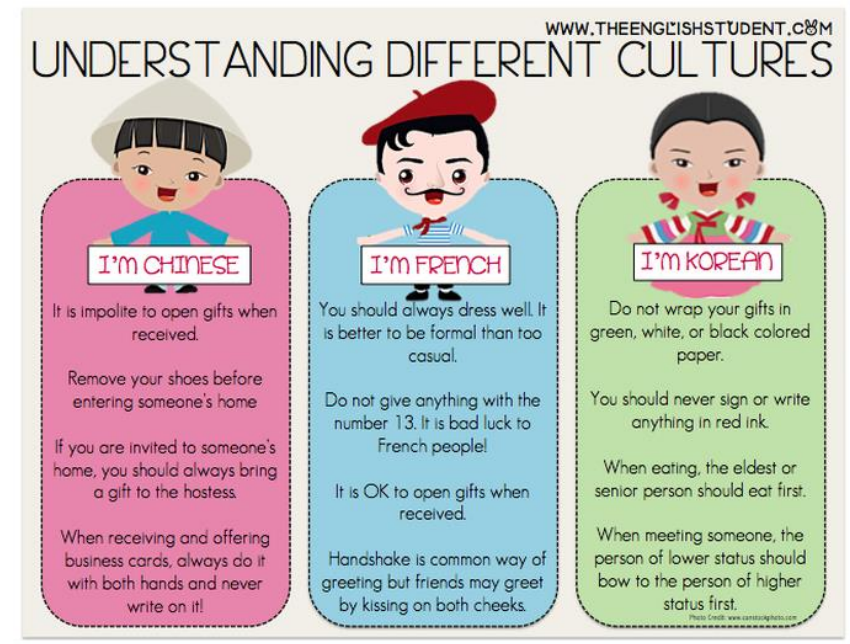
- Lack of joint venture experience
- Unequal commitment
- Speed of action
- Different profit outcome expectations.



Cultural sensitivity

- Understanding the differences between two cultures (Paul et al., 2011).
- Factors affecting cultural sensitivity: Cultural competence and cultural self-assessment

Example: Greeting the ANTA manufacturers in Mandarin will create better impression. .



Cultural Competence

- Ability to interact effectively with people from different backgrounds
- Accepting other cultures
- Values diversity and accepts responsibility

Example: Arrive on time for meeting, dress code – suit, business card print in Chinese and English.



Cultural self-assessment

- Refers to the interpretation of the culture by individuals or groups.
- Indicate that one action could be objectionable to others.

Example: Touching women other than you wife is considered culturally inappropriate in China. In the UK is quite common



Cultural sensitivity- China (differences from the UK culture)

UK culture differs from the Chinese work culture.

- The language and behaviour of customers are different
- Consideration of labour and human rights.



Example: 996 model (working from 9 to 9, 6 days a week).

Cultural sensitivity- China (differences from the UK culture)

- Human resource management policies are different.
- Legal obligations and operating conditions- political interference

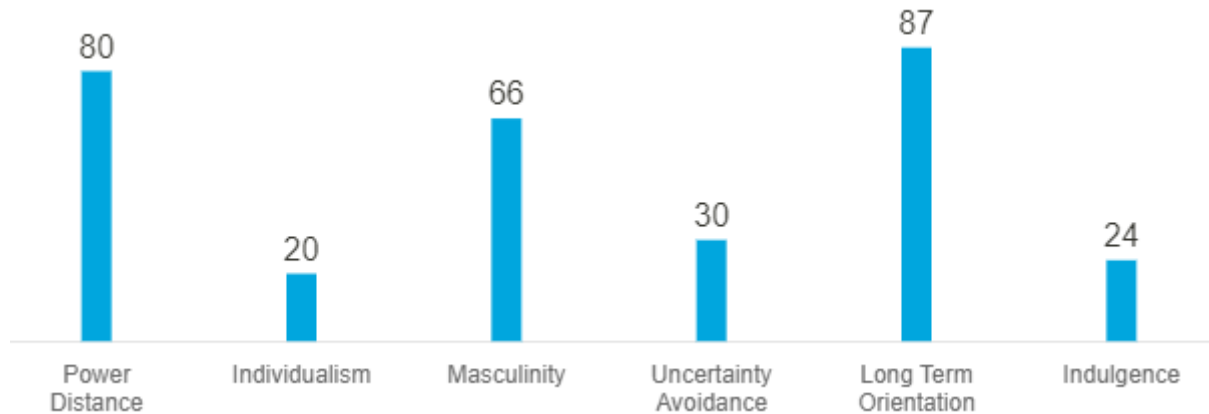


Hofstede Cultural dimensions

- Framework for cross-cultural communication.
- Shows the relation between values, cultures, and behaviour of people (Favareto at all, 2016)

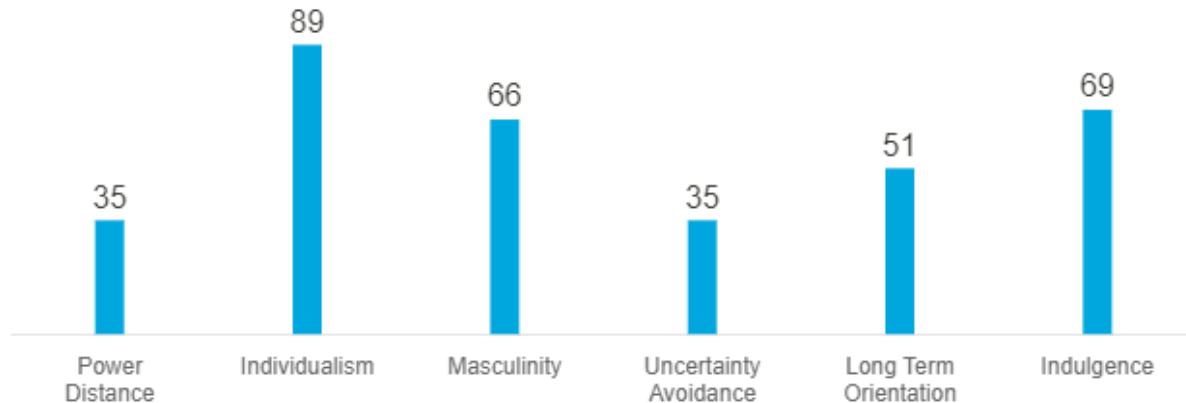


Hofstede cultural dimensions- China



(Source: hofstede-insights.com, 2022)

Hofstede Cultural dimensions- UK



(Source: hofstede-insights.com, 2022)

Networking

- The exchange of information, thoughts, and ideas between people of the same interests.
- Involves developing relations with different stakeholders of the process.
- Helps in establishing brands and overcoming challenges with the cooperative behaviour of people (Lee et al., 2012).



Importance of Networking

Networking is important because it helps in:

- Generate business leads
- Learn industry standards
- Identify key trends
- Increase brand awareness
- Receive mentorship.

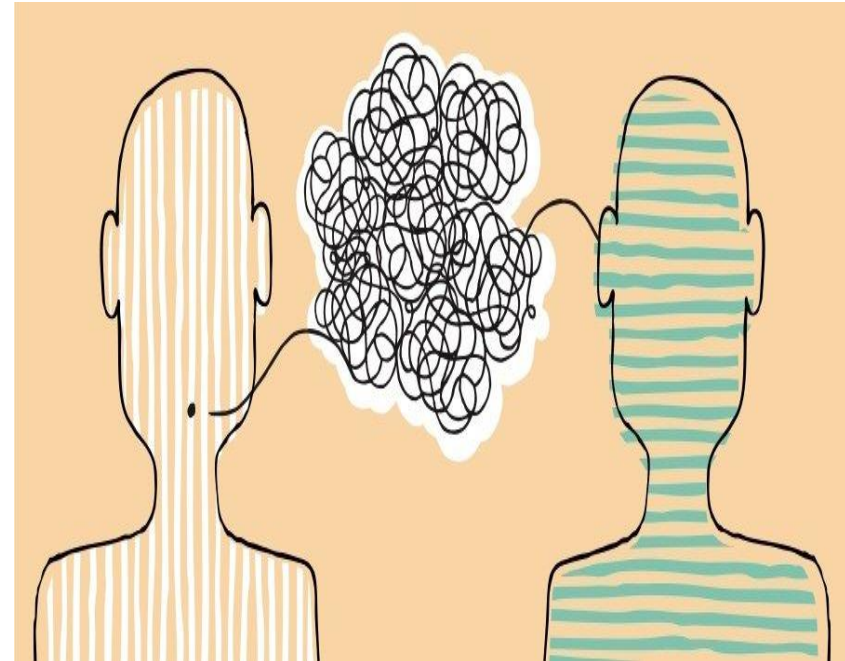
Communication Barriers

Common communication barriers observed in international businesses.

- Language
- Interpretations of actions
- Interpretations of gestures and customs

Example:

Greeting in China-bowing down and saying Nin Haow. Greeting in the UK – shaking hand).



Communication Strategy

- Use local language for business purposes, avoid slang and jargon.
- Understand the differences.
- Understand local customs and fest (Chines New Year, Dragon Boat Festival, , May Day, National Day)
- Socialise with locals



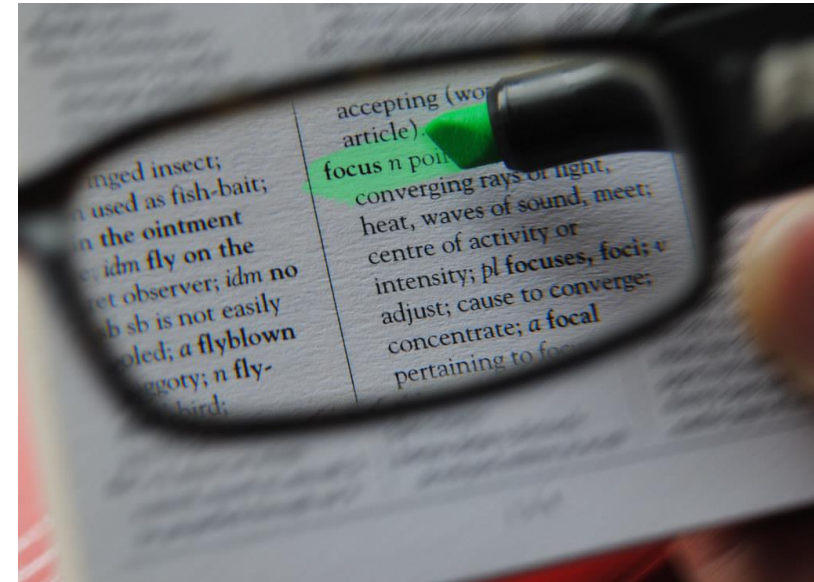
Creating a common culture

- While working as a part of a joint venture creating common culture can simplify working.
- Improve communication between two companies (Garsia-Sanches, 2020)
- Examples:
 - Ask employees for inputs
 - Collaborate
 - Hang Boa (red envelop)



Recommendations

- Be sensitive to China's culture
- Learn Mandarin
- Learn about the Chinese Culture
- Learn about the Festive periods
- Focus on planning every detail
- Clean and clear communication between both companies
- Monitoring the performance



Conclusion

- The detailed presentation on the plan of ASOS to expand in the Chinese market by making joint ventures with the biggest Chinese sportswear brand Anta, showed that there are numerous differences in the cultures in both countries.
- The recommendations were given to the UK company ASOS in order to overcome the differences between the companies.

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Appendix for slides 4 - 8

- ASOS is an acronym for As Seen On Screen which is a UK-based online fashion clothing brand. ANTA is a sportswear clothing brand that manufactures professional sportswear in China. China was the world's second country with the highest GDP of \$14.7 trillion after the USA and was followed by Japan, Germany, and United Kingdom. . China emphasizes using local products, rather than global products. Hence, it has implied severe regulations on the import, foreign services, resources, and international expansions in the country. There was a violation of intellectual property, like trademarks, and copyrights, in China. However, after overcoming all these conditions, international business organizations can make an entry into the Chinese market by considering a regional approach, evaluating the business partners carefully, understanding the local laws, rules, and regulations, and protecting their intellectual property rights.

Appendix for slides 9 - 13

- In order to stay in the global market and achieve business objectives it is necessary that focus on the expansion of new markets. However, expanding business in a new market comes with numerous challenges. Therefore, it is necessary to find a suitable way to enter a new market. Varying studies have shown that forming associations with local companies is the best method to enter a new market belonging to a foreign nation. Joint ventures are given legal validation under a written agreement in which all the rules, terms, and norms are specified for the partners in the association (Born, 2021). The biggest benefit offered by the joint venture is that besides resources and exposure the business can share risks and benefits in the market. This way they can make bold decisions. Distribution of responsibilities gives both organisations shared control. Joint ventures are given legal validation under a written agreement in which all the rules, terms, and norms are specified for the partners in the association (Born, 2021). The biggest benefit offered by the joint venture is that besides resources and exposure the business can share risks and benefits in the market. This way they can make bold decisions. Distribution of responsibilities gives both organisations shared control.

Appendix for slides 14 - 18

- The intensity, with which any business organization, accepts the cultural differences of a country, without complaining about it, or passing any judgments, refers to its cultural sensitivity. For example, ASOS, the UK company must be familiar with Chinese culture. If the organization is not culturally sensitive, it will reflect in its behavior, creating a negative brand identity for the company. The human resources department of the ASOS company will play an important role to generate an acceptance of the Chinese culture in their employees and the organizational pattern. They can arrange orientations to develop cultural sensitivity.
- Understanding the impact of our actions on the people around us is very important. Usually, people have seen taking others for granted. From a cultural perspective, this could be unacceptable to many. Touching women other than your wife or mother is considered culturally inappropriate in China while in the UK it is quite common with the bars of decency.

Appendix for slides 19 - 23

- China has a score of 80 and the UK has a score of 35 concerning the power distance factor. This means that the effect of the governing bodies or political influence is higher in China than that in the United Kingdom. While establishing a business in China, UK companies need to understand the legal aspects and the political obligations of China. The individualism score of China is 20, while that of the United Kingdom is 89. China is considered to have a highly collectivist culture. Any product or service in China is manufactured, primarily by keeping in mind, the benefit of the whole population rather than individual benefits. The United Kingdom installs any product or service by thinking of the profits that an individual can gain. Hence, it is important to consider the social factors of China related to business. The masculinity value of both, China and the United Kingdom are the same, 66. This factor means that the country believes in profits, infrastructure, and expansions, rather than believing, in the feminine values of mission, values, and psychological thoughts of the consumers. The uncertainty avoidance index of China is 30, whereas that of the United Kingdom is 35. This suggests that any unfavorable circumstances in the business situated in China will be handled in an unplanned manner. The country is not prepared with manpower, resources, and economic structures to deal with a loss in the business. The score of China for the long-term orientation factor is 87, and that of the United Kingdom is 51. This means China thinks of long-term profits whenever a business is established or any policy is implemented.

Appendix for slides 24 - 28

- The linguistic barriers are related to intonations, accents, and colloquialisms. People do not understand foreign languages, which gives them a zero understanding of the conversation and its comprehension. Cultural differences are related to the attitudes, values, and beliefs of the people. The regional or traditional differences in the beliefs of the population create confusion while communicating. Some practices may be positive in one culture, while the same can be negative or unacceptable in another culture. The perceptual understanding of the population is reflected by the stereotypical behaviour or some pre-existing prejudice about a certain practice
- In order to overcome communication barriers and have better networking for the business communication strategy is a must for ASOS. The basic rule for operating in an international market and making good communication is to your local language for business purposes as it helps to understand the local culture.. To understand the differences, ASOS is required to stay open minded to China`s culture. This can be effectively done by socialising with the locals.