

# **INNOVATION AND CHANGE THROUGH JOINT VENTURES BETWEEN CHINESE AND BRITISH COMPANIES**

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## **ABSTRACT**

**Descriptors: Innovation and Change , Joint Venture, Semi-structured interview**

Joint ventures have become an increasingly common vehicle for foreign direct investment (FDI) for business to access resources or reduce the risk of entering new markets. In recent years, globalization has resulted in a converging of tastes worldwide, which has led the sharp growth and deepening of JVs between Chinese and British companies in a wide range of industries. Nowadays, there are more than 4000 joint ventures involving UK companies and Chinese partners (Collinson 2006) Each year an additional 400 new joint ventures are being entered into

(Collinson 2006) and the UK is the largest European investor in China - investing almost \$20 billion a year.(Collinson 2006)The objective of this paper is to analysis to what extent joint ventures serve as vehicles for innovation and change between Chinese and British companies during globalization.

With the introduction of the open door policy in 1978, China is the “workshop of the world” just as Britain once was (Lockett,2006). In the 19th century,according to (Lockett,2006) “Most mass manufactured items were produced more efficiently and competitively in Britain than elsewhere.” This is true of China today as it starts to return to the leading position it held in the world economy until around two hundred years ago. The transformation of Chinese management to global standards is a slower process.

Recent Change, especially that of China becoming a WTO member country, will provide significant business opportunities for British companies and their global strategies , by opening up market potential in China. This will lead to an increase in Joint ventures which we hypothesise will be an instrument of change in China. Indeed, There will be significant strategic and organizational innovations that could have a dramatic impact on the Chinese economy through joint ventures between British companies and Chinese companies. On the other hand, during the processes of collaborative innovation and change, the benefits of British companies being in China may damage the futures of Britishs firms as they breed their future competitors here. And what the British firms learning in return for JVs with local Chinese partners? We wish to examine what innovations British companies bring to China through JVs and correspondingly what innovations Chinese companies operating in the UK through JVs bring to the UK economy.

The research methodology will be qualitative based on semi-structured interviews. The unit of analysis are joint venture between British and Chinese business at the organizational level. Data about Innovation and change in Joint Ventures will be sought through in depth interviews with individual managers in the JV entities themselves and in the parent companies. The methodology is an in-depth

interview. The aim of the research is to secure 5 /6 JVs operating between China and UK companies. The researcher will follow the key information technique as described by Kumar et al(1993) to choose subjects for the in-depth interviews. Following Remenyi et al(2003), the interviews will be semi structured , with some open-ended elements to give the researcher the opportunity to obtain a wide range of information from the interviewee. Each interview will be preceded by a questionnaire sent in advance.

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