

Cross- Cultural Cooperation and Innovation: An Exploration of Chinese Foreign Direct Investment in Europe

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Abstract : This study explores Chinese foreign direct investment (FDI) in Europe and the cross-cultural cooperation between Chinese and European managers. The aim of this research is to shed light on the phenomenon of investments in developed countries from an emerging market and to gain insights into the cooperation process. A grounded theory approach is adopted, and 46 semi-structured interviews were conducted with 10 case companies in Germany and 13 case companies in the UK. Grounded theory models are developed from primary data and interview quotes are used to support the themes. The interviewees perceived differences between the two parties in cultural traits, management concepts, knowledge structure and resource endowment between the two parties. Chinese and European partners can take advantage of different resources and cooperate in innovative ways to improve corporate performance. Moreover, both parties appreciate different ethical and cultural characteristics and complement each other to develop a combined organizational culture. This study proposes an ethical and cultural diversity theory in international management arguing that a team with diversified values and behaviors may be more excited and motivated. This study suggests that “resource complement” and “cross-cultural cooperation” might be an advantage for international investment. Firms are encouraged to open their minds and cooperate with partners with different resources and cultures. The authorities may review the FDI policies to reduce social and political barriers.

Keywords : cross-culture, FDI, cooperation, innovation, China, Europe

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