

Impact case study (REF3)

Institution: University of Northampton		
Unit of Assessment: 17 - Business and Management		
Title of case study: Enhancing business collaboration between UK and Chinese regions		
Period when the underpinning research was undertaken: 2017 - 2019		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s):	Role(s) (e.g. job title):	Period(s) employed by submitting HEI:
Shaowei He	Senior Lecturer Associate Professor	2008-2017 2017-present
Period when the claimed impact occurred: 2015 - 2020		
Is this case study continued from a case study submitted in 2014? No		

1. Summary of the impact

Dr Shaowei He's research on the rise of Chinese businesses and their relationship with overseas partners has shaped the engagement practices and policies of United Kingdom (UK) local authorities and businesses. It has enabled them to navigate the complex cross-border partnership working process, which has resulted in stronger collaborations with their Chinese partners. In particular, his research has prompted reflections and changes among China engagement practitioners on how to forge long-term successful relationships with China. This has involved working with UK members of parliament, local authorities and businesses and resulted in stronger business collaboration between the UK and Chinese regions.

2. Underpinning research

The China and Emerging Economics Centre (CEEC) at the University of Northampton is an interdisciplinary research group that focusses on the global impact of emerging economics and their relationship to the UK. **He's** research is central to this focussing on the rise of Chinese firms and their impact on global business in the UK, as well as the underlying political, institutional and social factors that govern their relationships with international partners. In an interdisciplinary study supported by the National Natural Science Foundation of China, **He** and colleagues examined the speed and scale of the rise of innovative Chinese firms and resultant impact on global value chains and global economic organisation [3.1]. This study shed light on the importance of Chinese companies' leadership in global business, the nature of governance in Chinese businesses led global value chains and opportunities associated with their overseas investment. **He** and co-authors have challenged the misconceptions that Chinese firms do not innovate and that their competitive advantages are mainly explained by cheap labour and a favourable monopoly position in their home market [3.2]. This study argued for the importance of recognising innovative capabilities in explaining the rapid rise and internationalisation of Chinese businesses. The research indicates that the UK government businesses who receive investment from China, need to look beyond immediate financial investment gains and focus on mutual benefits in innovation.

He's Leverhulme/British Academy funded project, *Emerging economy multinational enterprises' acquisitions in developed countries and capability upgrading in their acquired firms: a multiple case study in the UK*, explored mutual learning and power relationships between Chinese parent firms and their acquired British subsidiaries [3.3]. The research found that Chinese investing firms could offer new knowledge and learning opportunities leading to further innovation in the British subsidiaries that they had invested in. The research also highlighted that, in order to maximise transnational knowledge exchange, it is important to take account of the specificity of power relationships and characteristics alongside the power sources of partners. The research

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concluded that UK governments and businesses need to better understand power relationships between partners in order to maximise the benefits of transnational exchanges with China.

He's research indicates that to effectively do business and engage with China, it is important to carefully consider:

1. the changing Chinese business landscape and its global impact as well as the underlying political and economic driving forces in order to achieve a better understanding of the context of engaging with China [3.1 and 3.2];
2. Chinese firms' innovative capabilities in order to achieve a better understanding of opportunities and benefits of engaging with China [3.2 and 3.3];
3. power relationships in cross-border partnerships in order to maximise the benefits of engaging with China [3.3 and 3.4].

3. References to the research

[3.1] He, S., Fallon, G., Khan, Z., Lew, Y. K., Kim, K-H., & Wei, P. (2017). Towards a new wave in internationalization of innovation? The rise of China's innovative MNEs, strategic coupling, and global economic organization. *Canadian Journal of Administrative Sciences*, 34(4), 343-355. <https://doi.org/10.1002/cjas.1444>

[3.2] He, S., Khan, Z., Lew, Y. K., & Fallon, G. (2019). Technological innovation as a source of Chinese multinationals' firm-specific advantages and internationalization. *International Journal of Emerging Markets*, 14(1), 115-133. <https://doi.org/10.1108/IJOEM-02-2017-0059>

[3.3] He, S., Khan, Z., & Shenkar, O. (2017). Subsidiary capability upgrading under emerging market acquirers. *Journal of World Business*, 53(2), 1-15. <https://doi.org/10.1016/j.jwb.2017.11.006>

[3.4] Khan, Z., Wood, G., Tarba, S. Y., Rao-Nicholson, R., & He, S. (2018). Human Resource Management in Chinese Multinationals in the United Kingdom: The Interplay of Institutions, Culture, and Strategic Choice. *Human Resource Management*, 58(5), 473-487. <https://doi.org/10.1002/hrm.21935>

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4. Details of the impact

There has been growing interests among UK local authorities and their local communities to increase business and engage with China post-Brexit. He's research findings on the scale, nature and impact of the rise of innovative Chinese enterprises and their complex power relationships in cross-border partnership working has helped UK local authorities and businesses in their overall engagement with Chinese Businesses. This has enabled key stakeholders to better understand the context and practice of working effectively with Chinese businesses and has resulted in stronger collaboration between the UK and Chinese regions.

Reflections and changes amongst China engagement practitioners:

He's research on the opportunities and complexity of China engagement was presented to the general public via publication in media and professional magazines and to a range of local community and businesses leaders in the UK, including council leaders, senior managers of

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universities, CEOs of advanced manufacturing firms and trade associations, via a series of workshops and webinars. For example, **He** and the CEEC organised the 1st and 2nd Northampton – China Forum in 2016 and 2020 respectively. The Deputy Leader of Northamptonshire County Council (NCC) stated that the events offered an ‘opportunity to discuss in a commercial perspective, Chinese relations’; the ‘genuinely interesting’ event enriched participant’s understanding of ‘the relationship structures respected by the Chinese’, which enabled a ‘greater focus on successful long-term partnerships’ [5.1]. The Director of the Arc Universities Group (AUG) noted that **He**’s ‘strong, methodical stance and . . . cultural sensitivity to both sides’ had ‘incredible power’ in facilitating a stronger UK-China relationship [5.2]. This was corroborated by the leader of the Northampton Borough Council (NBC) who stated that **He**’s work has resulted in an increase in understanding of ‘how the good foundation of building any sort of partnership is to establish some sort of local government relationship first’ [5.3]. In November 2020, based on **He**’s research and extensive knowledge of Chinese firms and his in-depth case study of Chinese acquisitions in the UK, the House of Parliament Foreign Affairs Committee invited him to provide evidence to the Parliament inquiry into foreign investment into UK companies, contributing to the debate on scrutiny of foreign investment and Britain’s relationship with China [5.4].

He’s research has significantly improved UK practitioners’ understanding of the complexity of engagement and their capacity to navigate through cross-border partnership working. This has prompted a number of actions. For example, two local authorities have developed links with specific regions of China where they have common business interests. After attending the 1st Northampton – China Forum, the CEO of South East Midlands Local Enterprise Partnership (SEMLEP), acknowledged **He**’s ‘instrumental’ role as ‘unofficial ambassador’ to the Hunan Province of China. **He** facilitated bringing a delegation from the region to meet with members of SEMLEP who subsequently developed and proposed a China strategy to the board [5.5]. Additionally, as a result of **He**’s work, both Lincolnshire County Council (LCC) and NBC have signed agreements with their Chinese partner regions, paving the way for closer regional collaboration as detailed below [5.3; 5.6].

Enhanced business collaboration between UK and Chinese regions

He’s research on China’s business landscape and Chinese firm’s innovation capabilities has informed a regional and sectoral focused approach in UK local authorities’ collaboration with Chinese partners. With his knowledge of the political, cultural and power factors in cross-border partnership working, **He** has further guided relationship building between UK local authorities and their Chinese partners, which has led to stronger cross-border business collaboration.

Establishing new Relationships between Lincolnshire and Hunan

Working with Lincolnshire County Council (LCC), **He** identified Hunan Province of China (with nearly 70,000,000 population) as an area of strategic focus. In 2015, he brought a senior Hunan government delegation to visit Lincolnshire. This resulted in a Memorandum of Understanding between the two regions to facilitate cross-border civic, cultural, business and educational exchanges. This subsequently led to the signing of a formal Sister Region Agreement in 2018 [5.7]. Given the decisive role of the state in China’s economic and social development, this formal agreement presents one of the most significant steps in regional collaboration between Lincolnshire and Hunan. According to the leader of LCC, this formal relationship with Hunan “gives Lincolnshire much greater access to one of the largest and most important export markets in the world with huge potential for economic growth” [5.6].

LCC recognised the importance of **He**’s research-based advice and his essential role in ‘forging an economic sister relationship with Hunan province’ [5.6]. **He** was critical in initiating and strengthening the Hunan-Lincolnshire relationship, which, according to LCC’s Assistant Director for Growth, has ‘helped to drive forward’:

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- business to business contact between the two regions, including several new contracts being signed by businesses from both sides
- development of academic linkages, including student and lecturer exchanges between universities in both areas
- and attraction of government funding to explore food technology relationships, in terms of joint research and business relocation [5.6].

The Deputy Director General of the Foreign Affairs Office of Hunan Province stated that insights from **He**'s research led to the 'quick identification of strategic focus on three sectors where the two regions have world class characteristics: Agri-tech, Advanced Manufacturing and Education' [5.7]. This has increased the number of business, civic and cultural exchanges between Lincolnshire and Hunan, contributing to, for example:

- a 112% increase in Hunan's trade with the UK in 2019, amounting to USD1,400,000,000 [5.7]; and
- the opening of direct flights between Changsha (capital of Hunan) and London in 2018, which witnessed passenger number exceeding 43,000 in 2019 [5.7].

Building on this momentum, the Midlands Engine, which covers a population of 11,500,000 and 10 Local Enterprise Partnerships including Greater Lincolnshire, signed a strategic partnership agreement with Hunan in 2019. This effectively enabled the Midlands Engine region to access one of the fastest growing regions of China. According to the Deputy Director General of the Foreign Affairs Office of Hunan Province, this has also created a 'springboard for [Hunan's] wider collaboration with the UK' [5.7]; the Chairman of Midlands Engine has concurred, stating that, the agreement with Hunan has established a strong foundation to "bring about further similar successes across the entire Midlands region" [5.8].

Creating the foundation for relationships between China and Northampton

Given the sheer scale and complexity of the Chinese business landscape, both Northamptonshire County Council (NCC) and Northampton Borough Council (NBC) have adopted **He**'s recommendation to target Chinese selected cities and regions that have complementary capabilities in developing common strategic industries and innovation collaboration [5.3]. This led both NCC and NBC to focus on Hunan, Hubei (nearly 60,000,000 population) and Liaoning (45,000,000 population).

As part of the region's wider China engagement, in 2018 CEEC signed an MOU with Silverstone Circuits Ltd. to develop further partnerships. The then Head of Partnership of the company commented that the 'university has helped not only Silverstone Circuit but also the wider Northants community to both identify opportunities and ensure that ongoing dialogue is conducted effectively and in a culturally respectable manner' between local businesses and their Chinese counterparts. [5.9].

In October 2018, the Chinese People's Association for Friendship with Foreign Countries, invited **He** to organise and lead a delegation of leaders from Northamptonshire's civic, university and business communities to the 4th UK-China Regional Leader's Summit in China. This enabled Northamptonshire community leaders to closely engage with their counterparts in Dalian and Liaoning, the host city and province of the Summit. Indeed, with **He**'s facilitation, NBC and Dalian Municipal Government signed an MOU at the Summit to develop a formal sister-city relationship [5.9]. The leader of NBC noted that **He**'s work has led to 'a form of partnership with a couple of different places and some further opportunities to explore' [5.3]. This was supported by the 'level of knowledge, the understanding of who to be talking to and then making all of that happen, which has been delivered by [**He**] through CEEC', which led, 'without a doubt', to the council's subsequent work with China. This has established 'a very solid foundation' for the

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council to further develop these relationships [5.3]. Indeed, with He's direct facilitation and advice, in the last few years Northamptonshire hosted business tours for the former and current Minister Counsellors of the Chinese Embassy and delegations from Hunan, Liaoning, Dalian and Nanjing, laying good foundations for further collaboration with China. These visits were particularly essential in helping businesses in the local community to understand the Chinese business landscape, opportunities for working with China and the relational aspects in cross-border partnership working. The CEO of Silverstone Technology Cluster (STC) confirmed that He's 'tireless efforts to create or participate with various China-focused events have had a really positive impact', generating direct engagement opportunities with Chinese business delegations and bringing to the fore a lot of 'knowledge of the marketplace and the potential opportunities that exist' [5.10].

5. Sources to corroborate the impact

[5.1] Email testimonial, Northamptonshire County Council, former Deputy Leader

[5.2] Interview with the Director of ARC Universities Group

[5.3] Interview with the Leader of Northampton Borough Council

[5.4] Shaowei He gave oral and written evidence to the House of Commons Foreign Affairs Committee's inquiry into the role of FCDO in blocking foreign asset stripping in the UK (<https://committees.parliament.uk/oralevidence/1134/html/>)

[5.5] China Policy for SEMLEP, SEMLEP Board, 19th July 2017.

[5.6] Testimonials - Hunan-Lincolnshire relationship

[5.6.1] Lincolnshire County Council, Assistant Director for Growth

[5.6.2] Lincolnshire_County_Council_China_strategy_consultant

[5.7] Testimonial, the Foreign Affairs Office of Hunan Provincial Government of China, Deputy Director General

[5.8] Midlands Engine Grows Trade Links With China, Midlands Engine (<https://www.midlandsengine.org/midlands-engine-grows-trade-links-with-china/>)

[5.9] "Key Agreements Signed." Business Times, February 1, 2019 (<https://www.business-times.co.uk/articles/economic-advice-solutions/key-agreements-signed>)

[5.10] Email testimonial, Silverstone Technology Cluster, CEO
