

INTERACTING IN CHINA

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Abstract

The aim of this paper is to review and compare the extant body of IMP and ‘non-IMP’ literature on Chinese business relationships, and to discuss the implications in relation to the interaction and ARA approach.

This comparison permits the interaction and ARA approach to be explicitly broadened to cater for the relationships emerging in what is likely to be the next dominant economic power. The paper presents an exploration of additional factors that need to be considered in order for the interaction and ARA approach to be extended to successfully embrace for Chinese relationship dynamics.

Work-in-Progress

Keywords: China, interaction approach, business relationships, relationship dynamics

1. Introduction: Interacting in China

IMP is an internationally recognized genre in business-to-business marketing, yet there is ambiguity relating to what IMP is, whilst most people would suggest that the initials stand for Industrial Marketing and Purchasing (e.g., Håkansson *et al.*, 2009) going back to the founding research, see Håkansson, 1980, the group started life as the International Marketing and Purchasing group. Brennan & Wilson's (2012) analysis of IMP conference articles relating to China, suggests that there is declining interest amongst presenters at IMP conferences in international issues. Anecdotally, Peter Turnbull commented on this during the last conference in Rome. However, whilst Brennan (2012) was specifically focussing on China, other analysis of IMP conference outputs, see Easton *et al.*, (2003) suggests that international aspects are almost de facto in IMP research, perhaps this international element is not emphasized during theorizing, rather it is seen as context.

As noted by Brennan and Wilson (2012), several prior papers have reviewed IMP literature on China as the basis for substantive research into aspects of B2B relationships (Brennan and Wilson 2001, 2008; Fang *et al.* 2004; Kriz and Fang 2003; Zolkiewski and Feng 2005). Thus, although it is clear that IMP researchers are concerned in issues associated with China, how does this compare to 'non-IMP' research? To what extent do IMP researchers consider IMP and non-IMP paradigms when analysing Chinese business relationships? In addition, to what extent is IMP research recognising some of the contemporary issues associated with B2B relationships in China?

The aim of this paper is to review and compare the extant body of IMP and 'non-IMP' literature on Chinese business relationships, and to discuss the implications in relation to the interaction and ARA approach.

The remainder of this work-in-progress paper is structured as follows. First, we review the extant IMP literature on Chinese business relationships. Next, attention is paid to 'non-IMP' based research. Finally, we compare both bodies of literature and conclude with a discussion on the implications for IMP frameworks.

2. A review of IMP research into Chinese business relationships

For the present purpose, IMP research concerning business with China is defined as research into aspects of business in China reported at the annual IMP conference, or published in refereed journals but clearly associated with research reported at the IMP conference or with authors who participate in the IMP conference or publish in the IMP journal. Most of this literature reports case studies based on qualitative research which explore the extent to which IMP concepts can be applied—and the extent to which they need to be adapted—when doing business with Chinese firms. There are also contributions that use the IMP2 data-set to investigate, quantitatively,

whether there are systematic differences between Western and Chinese responses concerning key relationship variables. Something particularly noteworthy about this whole body of literature is the prevalence of in-depth case study research investigating relationships between Scandinavian and Chinese firms.

Quantitative studies

A relatively small number of researchers have used the IMP2 database to investigate cultural differences in business relationships using quantitative methods. Fortunately, a sufficient sample of respondents from China has been obtained to enable European/Chinese comparisons to be made using the same response scales. Spencer, Roehrich and Florence ([2002](#)) examine one particular IMP concept, relationship atmosphere, using quantitative analysis of a European and an Asian data set. They conclude that the relationship atmosphere measurement scale has a similar structure in both cultural contexts. This paper is unusual in that it takes a quantitative approach to the study of a central IMP construct, and adopts an etic approach by attempting—with some success—to identify a concept that, with only limited adaptation, is equally relevant in Western and in Asian business relationships. The researchers suggest, based on their analysis, that Asians strive more to achieve a position of strength within a relationship, while Europeans strive more for trusting relationships in which both partners achieve their objectives.

In a series of papers, Wiley, Wilkinson and Young ([Wiley, Wilkinson, & Young, 2002](#), [2003](#), [2005](#), [2006](#), [Young, Wiley & Wilkinson, 2009](#)) use the IMP2 database to conduct a comparative analysis between business relationships in China and business relationships in European countries. Only relatively minor differences emerge between Germany, Sweden and China in terms of the way in which an important inter-firm relationship was established, and in terms of the reasons why a relationship is considered important. There seems to be no consistent pattern of difference between the Western firms and the Chinese firms. It is not possible to distinguish consistently between European and Chinese firms in terms of who initiates the important relationship, or the reasons why a relationship is considered particularly important. The only differential finding of note is that Chinese firms are more likely than European firms to rely on the internal departments to initiate important relationships. Wiley et al (2005) find no evidence for the hypothesis that connected B2B relationships function very differently in China compared to Europe, and so propose that findings concerning B2B relationships in Europe are likely to be applicable to the Chinese context, concluding that: “Perhaps the most encouraging finding of our study is the broad consistency of results across countries, especially ones thought to be as distinct as China and European countries” ([Wiley et al., 2006, p10](#)).

([Dawson, Wilkinson, & Young, 2009](#)) is another paper based on the analysis of the IMP2 database. However, this paper only uses the Chinese data, so it is not a comparative analysis of European and Chinese response; it is a comparative analysis of responses between two different categories of Chinese exporter—Chinese government-owned firms (CGOs) and international joint venture firms (IJVs). The study looks at correlations between perceived relationship

profitability and a number of other variables; there are significant differences between CGOs and IJVs on several of these variables. This leads Dawson *et al.*, (2009) to the important assertion that there is no such thing as the quintessential Chinese customer or supplier relationship; while CGO export relationships are more like the typical “Chinese” relationship described in the literature, IJV export relationships are more like typical “international” relationships.

Conceptual and qualitative studies into adapting IMP concepts for the Chinese context

Kriz and Fang (2000) contend that culture is always important in business relationships since the behaviour of individuals within inter-firm relationships and networks is heavily influenced by their cultural background. Consequently, any investigation of inter-firm relationships that does not investigate culture is necessarily incomplete. Kriz and Fang (2000) suggest that Confucian values, with heavy emphasis on family ties are important in any understanding of Chinese culture; *guanxi* is considered to be an extension of family ties and to involve mutual obligation. In Chinese business culture *guanxi*, personal connections or trust, provides a secure basis for conducting business under conditions of low systems trust. Fletcher and Fang (2004) concur that culture is important and that Asian culture is substantially different from Western culture, but add the argument that an underlying explanation for highly relational Asian business practices is the absence of strong institutions. Hence business-people are inclined to rely on personal relationships and networks because they cannot be certain about contracts and the legal infrastructure. Khan, Zolkiewski and Murphy (2008) summarise this as the difference between “in group trust”, that is trust in people, in the Chinese context, and “system trust”, that is trust in institutional systems, in the Western context.

According to Kriz and Fang (2000) the IMP approach, if it is to be effective in explaining Chinese business practices, must incorporate a cultural dimension, and that cultural dimension must be based on inter-personal trust. The IMP approach emphasises relationships between firms and systems trust, whereas Chinese business culture emphasises relationships between individual people and interpersonal trust. At the conceptual level, the main suggestion is to add an individual-level actor bond to the IMP actor/activity/resource model. Building on this idea, Kriz and Fang (2003) argue that the Chinese concept of *xinren* (deep, personal trust) is particularly important in business relationships; the better known Chinese concept *guanxi* (connections) opens the door for business but, argue Kriz and Fang (2003), a relationship can only flourish in the presence of *xinren*. Kriz and Fang therefore, on the basis of a substantial amount of qualitative research conducted in China, argue that individual-level actor bonds are a key addition to the IMP framework when dealing with China, and that *xinren* is essential for the development of individual-level actor bonds; they draw a parallel between *xinren* and Western research that emphasises trust as important to business relationship development. A connection that has *guanxi* but no *xinren* is described as a “thin branch”, while a connection that has both *guanxi* and *xinren* is described as a “thick branch”; Kriz and Fang (2003) assert that a contract is more likely to be awarded where a “thick branch” exists, regardless of objective, performance-related data.

While Kriz and Fang (2000) focus on the actor component of the IMP AAR model, Fletcher and Fang (2004, p4) argue that all three components of the AAR model are influenced by culture: “The actors are a product of the culture from which they originate, the activities undertaken are both influenced by and in turn influence the culture of the locale in which they are undertaken and the way in which resources are transformed can also be influenced by cultural considerations.” Fletcher and Fang (2004) contend that culture is often poorly defined using national political boundaries, and that there can be substantial cultural differences (for example, between the city and the countryside) within nations. Nevertheless, Fletcher and Fang (2004) propose that “embracing paradox” may be a dimension of Chinese culture that has been ignored by prior researchers.

Törnroos (2003) conducts an in-depth analysis of the case of Nokia’s development of strategic nets in China; much of the IMP conceptual framework is relevant, but it is necessary to augment it with specifically Chinese cultural features, notably *guanxi*. Consequently, while important insights from industrial network theory are applicable in the Chinese context, it is essential that they be adapted to the Chinese context with the addition of specific insights into Chinese culture generally, such as collectivism and the legacy of state control, and Chinese relationships specifically. In another in-depth case study—looking at the exporting of a Swedish biotechnology tool to the USA, Taiwan and China—it is notable that in China governmental involvement is a ubiquitous “macro-context factor” widely affecting specific resource interfaces (Waluszewski, Baraldi, Shih, & Linné, 2005). Low, Johnston and Jacobs (2008) provide an interesting perspective on Chinese government involvement, by looking at the process of developing “network legitimacy” from the point of view of a Chinese telecommunications manufacturer. In addition to satisfying the expectations of the global business community in order to achieve network legitimacy, Low, Johnston and Jacobs (2008) argue that “Chinese firms also need to comply with the needs and demands of the Chinese government”, since the government sees the telecommunications sector as a strategically important part of its strategy for economic development.

Rather than focusing on an individual cultural construct, such as *guanxi*, Jansson and Ramström (2005) strive to compare the “Nordic Business Network Model” with the “Chinese Business Network Model” across multiple dimensions (this analysis is further developed and extended to the Russian context by the same researchers in subsequent publications (Jansson, Johanson, & Ramström, 2007; Johanson, Jansson, & Ramström, 2006)). Their main contention is that IMP frameworks originated from Nordic countries, are based on sociological theory, so reflect Nordic society, and are therefore unlikely to be directly transferable to the very different society of China. The research is pursued through case study research of subsidiaries of Finnish and Swedish firms operating in China. A key assertion is that while Western people distinguish clearly between business networks and personal networks, Chinese business-people regard business, personal and social networks as parts of a single network. Jansson and Ramström make some striking observations, for example:

- that in the Nordic approach people are trusted until they provide themselves untrustworthy, while in the Chinese approach people are not trusted until they prove themselves worthy of trust;
- that “business relationships between ethnically Chinese firms are typically paperless” (Jansson & Ramström 2005, p7);
- that the dimension “patience” is high in Chinese business relationships, so that firms are prepared to wait some time for investments in relationships to pay off;
- that financial outcomes are prioritised in the Nordic approach so that unprofitable relationships are liable to be terminated, whereas there is a stronger sense of “living through the relationship together” in the Chinese approach: “Performance cannot be neglected in the Chinese and Russian business networks, but compared to the West European business network, the degree of importance of performance is medium” (Jansson et al., 2007, p965).

Jansson and Ramström perceive that Chinese business networks have moved a little closer to the Nordic model between the 1980s and the 2000s, which they attribute to globalisation generally and, more specifically, attendance by many Chinese managers at Western business schools. Nevertheless, overall they perceive relatively little change over this 20 year period in the way that relationships and networks are managed. Salmi (2005) also reports on case studies of relationships between Scandinavian countries and Chinese companies, looking at seven Finnish companies involved in sourcing from China. Salmi’s work corroborated some of Jansson and Ramström’s findings; notably, Salmi (2005) found that the opinion of the Finnish interviewees was that their Chinese contacts were inclined first towards distrust, and then only later towards trust. Key points about the development of relationships in China are the importance of personal relationships, face-to-face contacts, social networks, and the need to avoid damage to “face” at all costs (Salmi, 2005).

In another study based on case studies of European firms doing business with China Fang, Olsson and Sporrang (2004) look at the experiences of five Swedish firms sourcing from China. The reasons for sourcing from China include low cost, reliability, and access to a growing level of technological capability. The results from this study are ambiguous with respect to the role of culture. On the one hand the interviewees from sourcing companies indicate that cultural differences are not too great a problem, but on the other hand they often employ local Chinese staff in order to facilitate business relationship development, suggesting that local cultural knowledge is important. This seems to indicate that cultural differences could be a serious problem for relationship development, but in practice this is circumvented by the use of local employees.

Kaunonen (2010) reports on case study research into four relationships between a Chinese industrial buyer and a Finnish industrial seller. Kaunonen’s (2010) theoretical framework

comprises models of business relationship development (life-cycle models, growth-stage models, and growth-state models) and a model for the development of *guanxi*.

Trimarchi (2002) employs an IMP framework to look at triadic relationships, involving Hong Kong Chinese intermediaries, buyers and sellers from mainland China, and Western buyers and sellers. He emphasises the importance of interpersonal trust in Chinese business, and points to the prevalence of Chinese family businesses within which a paternalist management style is normal. Trimarchi (2002) considers the construct of relationship compatibility to be particularly important; the dimensions of relationship compatibility are competence (technical and commercial), distance (social, geographic, time, technological and psychic) and continuity (relationship duration and frequency of transactions). The main findings are that compatibility is higher between Hong Kong Chinese and Western partners than between Hong Kong Chinese and mainland Chinese businesses. Hong Kong Chinese perceive competence to be relatively low among mainland Chinese, and feel that psychic distance is high. Between Hong Kong Chinese and Western partners overall psychic distance is low despite the geographic and time distances separating them. The importance of compatibility is further developed by Trimarchi, Liesch & Tamaschke (2010), who also consider lack of transparency and willingness to deceive competitors as important factors.

Veludo, Purchase and Lowe (2002) examine business relationships in Portugal and Hong Kong using Hofstede's cultural dimensions. Portugal and Hong Kong, although geographically separated, are considered to be relatively close on Hofstede's cultural dimensions of power distance and individualism/collectivism, and relatively distant on the dimension of masculinity/femininity. The aim was to compare the (macro) cultural dimensions with the observed (micro) behaviour of managers, using a qualitative research design. As expected, Hong Kong actors exhibited high power distance, low individuality, and high masculinity. The Portuguese actors also exhibited high power distance, and lower masculinity, consistent with macro-cultural dimensions. However, individuality was higher than expected in the Portuguese case study.

Zolkiewski & Feng (2012) is mainly about relationship portfolios. It uses in-depth telephone interviews with sales executives from a Chinese electronics component manufacturer. So another qualitative study of Chinese practices, using IMP frameworks. Western relationship portfolio models need to be adapted for the Chinese context. The Chinese concepts *guanxi*, *mianzi* and *renqing* need to be taken into account. It is necessary to employ Chinese nationals if one wants to acquire *guanxi*.

Biggemann (2008) developed a case study, based on secondary sources, of the problems encountered by American toy firm Mattel arising from the discovery of lead-based paint in toys sourced from China. Biggemann (2008, p13) uses this very interesting expression: "Mixing a Western view of relationship with *Guanxi* equates to not only adding a different fibre but also a different knitting pattern."

Cedrola, Battaglia, Cantu, Gavinelli, & Tzannis (2010) describe a dual-method quantitative/qualitative study investigating Italian SMEs seeking to develop business relationships in China. This study suggests that an understanding of the local Chinese context is an essential prerequisite to success in China. Recently researchers have also begun to investigate relationships between Chinese firms and Hungary (Simon, Berend, & Sandor, 2011).

Gao, Ballantyne & Knight (2010) use the IMP paradoxes (Håkansson & Ford, 2002) as the inspiration for their investigation of Chinese-Western intercultural networks. Their study comprised 22 qualitative interviews both in China and New Zealand and revealed dilemmas that relate fundamentally to guanxi. These illustrate the tension between strong and weak personal ties, previous understanding and new learning within guanxi ties, and, “conflicting obligations between inner and outer circles of guanxi networks” pg. 264. They argue that this necessitates a more detailed study of guanxi in Chinese-Western relationships.

Summary of IMP research into Chinese business relationships

The quantitative studies, all based on the same or similar data sets, don't seem to be finding much difference between Western and Chinese business relationships. For example, the Wilkinson et al analysis basically concludes that there's not much difference, and the Spencer et al work concludes that relationship atmosphere is a widely applicable concept. On the other hand, the theoretical studies (Lowe, Fang) and the qualitative studies come up with fairly consistent results indicating important differences between Western-style relationships and Chinese-style relationships: pretty standard stuff, namely greater importance of inter-personal relationships, greater importance of face, importance not only of connections (guanxi) but also of deep trust (xinren), performance might be sacrificed for a very good personal relationship, personal trust in China substitutes for systems trust or institutional trust in the West, it is a good idea to employ locals to do business in China because only they can really understand the ins and outs and they can exploit their own guanxi networks, and there is considerable governmental involvement in Chinese business development. The apparent paradox then arises of Western businesses saying that there's no real problem doing business in China, but that seems to be because they have employed locals for key positions. This is only an apparent paradox because the contradiction is obvious: if it is necessary to employ local staff because Western staff are generally incapable of understanding Chinese culture sufficiently well to function as effective relationship builders, then that means that the cultural differences are substantial and it is necessary to adapt IMP models for the Chinese context. Although this conclusion is seemingly contradicted by the quantitative research, the findings of Dawson et al (2009) are particularly important here. They distinguish between different types of organisation within China and find that for one type (IJVs) the general principles of internationalisation apply (and so it is likely that IMP models will apply un-adapted), while another type (CGOs) seem to behave much more in line with our understanding of traditional Chinese culture. Notably, only seven IMP papers on Chinese business relationships reviewed here have been produced in the last five years, two quantitative and five qualitative respectively. Given the dynamic change going on in China, this

suggests that IMP research may not be recognising some of the contemporary issues associated with B2B relationships in China.

3. A review of 'non-IMP' research into Chinese business relationships

The research in this section has been explicitly reported to be investigating Chinese business relationships. It has been reported in a variety of different journals including: European Journal of Marketing, Industrial Marketing Management, International Business Review, International Journal of Research in Marketing, Journal of Business Ethics, Journal of Business & Industrial Marketing, Journal of Fashion Marketing and Management, Journal of International Business Studies, Journal of International Marketing, Journal of Marketing, Journal of Service Research, Journal of Relationship Marketing, Organization Science. In this set there are more quantitative studies.

Thematic analysis

In a similar vein to the work presented by Brennan & Wilson (2012), Gao, Knight & Ballantyne (2012) also present a thematic analysis of material that investigates Chinese business relationships. Their research located 279 articles from 106 different journals. The major themes were very broad and covered consumer marketing, marketing mix elements as well as business relationships. Their analysis of business-to-business relationships pointed out that the majority of work does not take into account the importance of interpersonal ties. They also categorize themes relating to IMP-based investigations, relational contracts, power-dependence, trust and commitment and social capital. They highlight again the importance of understanding guanxi in the context and reiterate their earlier call (Gao *et al.*, 2010) for more in-depth exploration of the role of guanxi in relationships.

Conceptual developments

Leung, Chan, Lai, & Ngai (2011) explore dimensions of guanxi and other aspects of Chinese inter-personal relationships in much more depth and suggest that they have an important impact on negotiation outcomes. They bring in factors such as ganqing, renqing, mianzi and gifting as well as xinren. Their work has not been empirically tested but is developed from an extensive literature review of material in the area.

Styles & Ambler (2003) take a different approach arguing that in a Chinese context, transactional and relational marketing coexist. They suggest that guanxi is not uniform but that it is the ying and yang coexistence of factors such as long termism and circularity of thinking that is the main differentiator between Western and Chinese perspectives. This cultural propensity puts emphasis on mutuality, trust, commitment and long term interaction. In a similar vein to Leung *et al.*, (2011), Styles & Ambler (2003) emphasize the inter-personal nature of these factors. Additionally, they also raise the 'dark side of guanxi, i.e. bribery and corruption.

Quantitative studies

Lee & Dawes (2005) focus on guanxi, trust and long-term orientation with respect to buyers perspectives of sales personnel in an organizational context. Their quantitative studies suggest that the affective dimension of guanxi has the most impact on trust development, but also recognizes the importance of guanxi. Their main emphasis is on inter-personal aspects of business relationships and suggests that this is critical area of research in a business-to-business context. Similarly, Leung, Lai, Chan & Wong (2005) focus on the role of xinyong (personal trust) and guanxi in business relationships. The study was conducted in Guangzhou and showed that, for Chinese buyers, time was important in relationship building and that xinyong at a personal level was much more important than satisfaction at an organizational level.

Liu, Li, Tao & Wang (2008) use a large quantitative study of 225 dyads to explore relational risk/stability. Their results show that this is quite complex. However, they only view guanxi as a moderating factor and when the measures they use to define it are considered they can be seen not to explore guanxi in its 'native' understanding, so whilst their results are interesting, it is perhaps better to treat them cautiously due to a concern that they are not measuring guanxi in a similar manner to other research in the area. The other measures they use are established 'Western' measures. In a similar vein Dickson & Li (2004) illustrate differences in cultural perceptions of power and find a positive relationship between conflict and economic power.

Zhuang and Zhou (2004) undertake a large quantitative study that explores power and dependence in channel relationships. They suggest that Westerners, unlike the Chinese, cannot accept unbalanced relationships. Their data suggests that the power-dependence relationship is not the same as in Western contexts, that there is not a simple one-way causation of the power-dependence relationship and that there is a difference between passive and active dependence.

Trust, has been argued to be the most important force in business-to-business markets (Morgan & Hunt, 1994) and could be argued to be the most researched business-to-business relationship facet. Hence, it is interesting to note that trust in Chinese business relationships have not received explicit attention in much of the extant business-to-business research. It has been explored in an organizational context (Child & Möllering 2003), who see the need for active trust development and believe that organizational trust can be developed, and service contexts, see for example (Caceres & Paparoidamis, 2007; Doney, Barry & Abratt, 2007; Lu, 2009; Schumann et al., 2010). Chua, Morris and Ingram (2009) focus on differences between trust in the social networks of Chinese and American managers and found that affect and cognition based trust are more closely related to each other in a Chinese context and suggest that the role of familial ties is important in this context.

Chen, Huang & Sternquist (2011) investigate the impact of guanxi practices on satisfaction at different relationship stages, those of relationship initiation and relationship maintenance. Their

data indicates that guanxi is negatively related to satisfaction in early relationship stages but that it has the opposite effect when relationships are established.

Qualitative studies

Qualitative empirical work that considers both the positive and negative aspects of guanxi has also been undertaken. Warren, Dunfee & Li (2004) illustrate the duality of guanxi, suggesting that its context determines whether or not it is positive. Their perspective is more from that of business ethics and is solely focused on guanxi; they find that guanxi can be coercive and also that it may be beneficial to the person rather than to the organization or community in general.

Other studies, e.g. Batonda and Perry (2003), illustrate the importance of personal relationships and cultural sensitivity in Chinese relationship development. Björkman, Ingman and Sören Kock (1995) also illustrate the importance social relationships and see them as a prerequisite for business relationship development.

Summary of 'non-IMP' research into Chinese business relationships

In this set of readings there is more of a tendency to bring in cultural differences, with a number of papers focussing explicitly on guanxi. However, it is worth noting that there is a growing literature that argues the importance of guanxi is diminishing (See Anderson & Lee, 2008; Liu and Roos, 2006; Davison and Ou, 2008). Furthermore, Wilson and Brennan's (2010) paper contains empirical findings from managers working in China that raises questions as to how much attention researchers should pay to guanxi when analysing Chinese business relationships (See Table 1).

Table I: The Changing nature of guanxi

Research question	Empirical findings
How knowledgeable are UK parent company managers on the nature of <i>guanxi</i> ?	Extremely knowledgeable about <i>guanxi</i> as all but one of the respondents were of Chinese origin. This suggests that Western firms have now awoken to the idea of overcoming cultural differences, particularly <i>guanxi</i> .
What role has <i>guanxi</i> played in the development of the joint venture?	Still considered important throughout the development of the joint venture. However, the role appears more important to SMEs than MNCs.
Can <i>guanxi</i> remain at its current perceived level of importance, or is its significance likely to diminish given China's changing macro-environment?	Majority consider <i>guanxi</i> to remain strategically important when doing business in China. Still, certainly not all respondents shared this view. Citing China's market development as a key reason why <i>guanxi</i> is likely to become less strategically important.

Source: Wilson and Brennan (2010)

Additionally, and not unsurprisingly, there are many more quantitative studies in this set, supporting the view that non-IMP research tends to utilize different methodological approaches. There is also a wider recognition and emphasis on the importance of inter-personal relationships. However, in the main, Western measures/definitions are adopted with little reformulation to take into account potential cultural differences. The empirical research does suggest that the relationships between traditional Western variables is not necessarily replicated in a Chinese context (Zhuang & Zhou, 2004). Other important aspects that are raised in the research are the importance of understanding ying and yang (circularity of thinking rather than linear thinking (Ambler & Styles, 2003) and the dark side of relationships (Ambler & Styles, 2003; Warren *et al.*, 2004).

Discussion and implications for analysis of Chinese business relationships

This paper reviews the IMP and 'non-IMP' literature on Chinese business relationships. The comparison highlights some significant differences and similarities between the two bodies of literature (See Table 2):

Table 2: IMP and 'non-IMP' research on Chinese business relationships

IMP-based research	Non-IMP based research
Increased importance of interpersonal relationships	Emphasis on interpersonal relationships
Linearity	Circularity/ying and yang
Emphasis largely on IMP frameworks and to a certain extent Chinese cultural values	Emphasis on Chinese cultural values and the diminishing importance of guanxi
Western networks	Also reference to Chinese networks (guanxiwang)
Mainly qualitative based studies	Different methodological approaches

IMP studies have largely applied IMP frameworks when analysing Chinese business relationships. While the findings of our research provided evidence that the ‘non-IMP’ literature is perhaps placing too much emphasis on the importance of guanxi in Chinese relationships.

The results further indicated that some of the contemporary issues such as the diminishing importance attached to guanxi and Chinese business relationships have yet to be addressed in the IMP literature. Conversely, ‘non-IMP’ literature examines Chinese business relationships largely from the guanxi base and considers the declining importance attached to guanxi (Anderson & Lee, 2008; Liu and Roos, 2006 and Davison and Ou, 2008).

The traditional IMP frameworks lack the Chinese cultural context that is clearly so important in Chinese business relationships. Although IMP researchers have examined guanxi, other important factors e.g. guanxiwang (personal networks) and the changing nature of guanxi are underexplored.

This comparison permits the interaction and ARA approach to be explicitly broadened to cater for the relationships emerging in what is likely to be the next dominant economic power. Kriz and Fang (2000) make the point that Chinese business culture emphasises relationships between individual people and interpersonal trust. At the conceptual level, their main suggestion is to add an individual-level actor bond to the IMP actor/activity/resource model. Similarly, this paper presents an exploration of additional factors that need to be considered in order for the interaction and ARA approach to be extended to successfully embrace Chinese relationship dynamics.

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