An Identification and Evaluation of the Various Types and Forms of Personal Relationships Within a Sino Foreign University Strategic Alliance Context

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ABSTRACT. This article identifies a range of personal relationships observable in Sino foreign strategic alliances. Guanxi relationships remained the key to a successful alliance; and encompassed various levels, stages, and dimensions—making them complex and changeable forms of human behavior. Other types of relationships identified included “basic friends,” “working colleagues,” “neutral relationships,” and three types of operational behavior: formal, informal, and hidden relationships, which tended to form what is termed the operational fabric of an alliance. Guanxi relationships could be arranged in a variety of structures between two or more people, often forming quite multifaceted networks of people which often straddled the Chinese side of an alliance. The value of this article is that it identifies a range of personal relationships within an alliance context, discusses their value and role in an alliance context, and provides some guidance for companies wishing to understand the various dimensions of human relationships within a Sino foreign business context.

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China is one of the most important markets of the 21st century. Since it opened its doors to foreign business (in 1978), it has intrigued, sometimes frustrated, and always enticed foreign business people attracted by its massive market size and business potential.

One of the most common areas of research about China has been the issue of how to “do business in China.” Various studies have considered a range of cross-cultural business skills required to develop and operate businesses in China, particularly within strategic alliance and joint ventures.

One of the most important Chinese cultural values which have been considered in these studies is the concept of *guanxi*, which (in basic terms), is the development and maintenance of deep personal links between one person and another as the basis upon which business is often undertaken in China. *Guanxi* is a complex, deeply felt, and somewhat opaque concept which is nevertheless a key requirement to business activity (Wong & Leung, 2001).

Now that companies have been undertaking business ventures in China for almost a quarter of a century (since 1978, if not before), it is timely to review the nature and role of *guanxi* in contemporary Sino foreign strategic alliance setting, and to also identify whether there are other forms and types of personal relationships which form part of the fabric of these alliances.

Therefore, the aim of this study is to evaluate the role and nature of *guanxi* relationships in a range of Sino foreign strategic alliances and to also identify whether there were additional types and forms of relationships with these alliance structures. It is hoped that this study will provide a more detailed picture of the nature of personal relationships in today’s strategic alliances between Chinese and foreign companies.

LITERATURE REVIEW

Many studies have considered the issue of cross culture behavior between Chinese and foreign companies and the related issue of relationship formation and maintenance. These studies have often focused on the concept of *guanxi* which is usually conceptualized as the development and maintenance of a deep relationship between two or more parties on the basis of shared benefits and commitment. Some of these studies have also discussed various cultural aspects and attributes

which relate to the development of a guanxi relationship in China. Studies have tended to emerge from cultural studies fields (such as Creel, 1953; Eberhard, 1971; Hucker, 1953) or business (such as Harris & Moran, 1982; Itoh, 1998; Waters, 1997). Both types of studies have their value and some of the culturally-derived studies—such as the two cited—provide considerable social and historical insights into the depth and nature of guanxi and its associated concepts.

One such concept is trust. The development and maintenance of trust between business partners has been emphasized as being of particularly importance (Harris & Moran, 1982; Herbig, 1998). Trust is associated with concepts such as respect, face, empathy, and friendship; yet is rather more than any of these: it is a sense that the two sides have a deep understanding of each other which transcends business issues and merges into their social and family life (Roehrig, 1994; McDonald, 1995). Trust could be developed over the short term, but might also take a longer period of time and may never develop between people if the “chemistry”—the intuitive and cognitive interaction between them—is not appropriate and suitable for each party (Luo, 1997).

Empathy is also described as a similarly complex and subtle aspect of behavior between two or more people (Nathan, 1997). If two people have a well developed sense of empathy, they display a deep sense of understanding of each other’s views and ideas, and do not make judgments about each other (Yau, 1994). They have a deep sense that they would look after each other and would never undermine the other person. They have an innate sense of what the other might believe about this or that situation or context. Their friendship has moved beyond simple and vague gestures of friendship to a deeper level where there is genuine respect and trust developed between them. Respect is another concept which is also described as being part of relationship development in China (Willis, 2002a, 2002b; Wong & Leung, 2001; Yan, 1994). If the two sides respect each other there is a firm basis upon which they can relate to each other, develop a sense of trust, and undertake projects and activities on the basis that they are equal and genuine partners. Importantly, if there is trust, respect, and empathy between the various people; there can also be a sense of equity, equilibrium, balance, and fairness—which are all concepts important to the development and maintenance of relationships in this culture. If all—or at least some—of

these concepts are represented in a relationship, face can be saved and indeed nurtured, in the sense that each side knows that they will not be embarrassed by the other because there is a friendship bond between the various people. Commitment is another key aspect of relationship development in China. One must demonstrate and maintain a level of commitment to the other person or group (Brahm, 1996). Commitment can be described in this context as the demonstration of a desire to be sincere, serious, focused, and trustworthy (Ho, 1976; Hucker, 1953; Wee, 1994). Often commitment is associated with a long-term time orientation—that is, the longer one does business in China with a partner, the more committed he or she (and their company) would be perceived. Again, commitment is a term which is easy to describe in basic detail but hard to convey in terms of its depth. It is a key aspect of successful relationship development in China (Yau, 1994; Wong & Leung, 2001). 3

Once these concepts come into play in a relationship in a Chinese context, *guanxi* can be established and nurtured (Wee, 1994; Wong & Leung, 2001). The two sides have developed foundations firm enough that they can start to exercise their relations for personal, social, and business benefit (Huang, Leonard, & Cheng, 1998). The literature has considered the concept of *guanxi* in considerable detail and this focus has tended to overshadow other possible types and levels of relationships which might be evident in an alliance between two parties. Certainly, many alliances (perhaps of the larger kind) must have a variety of relationships types and “levels” which are not as deep as the *guanxi* relationships described just above. (Indeed, if one reads Dutton’s study of contemporary values in China—1998—it would appear that there are now a variety of values and social processes in China which are not just related to traditional values and ideas such as *guanxi*—but do these values apply at all to modern alliances?). Secondly, the actual role and focus of *guanxi* relationships within a typical Sino foreign alliance structure and operational framework have also been studied far less than the concept and value of exercising *guanxi* relationships per se. The aim of this study is to identify and evaluate the range of relationships identified in a range of Sino foreign alliances (in education), so as to assist in the development of a more complex picture of how alliances actually function terms of relationship development and maintenance.

METHODOLOGY

The process used for this project was based on qualitative depth interviews conducted with Chinese and foreign respondents from educational joint ventures involving Chinese and foreign higher education institutions which had been in operation for more than 3 years and which included a range of activities including the delivery of a foreign or combined degree or postgraduate degree programs in China. These ventures were chosen because of their service-based complexity and commonness in China where there are many alliances forged between the 1053 Chinese universities and their foreign partners.

The alliances were as follows (Table 1).

The various staff were individually asked to discuss the following issues in a flexible, and respondent-driven manner:

TABLE 1.

Alliance location	Foreign partner location	Number and type of respondents interviewed.
Beijing	Australia.	4 Foreign managers/alliance leaders. 5 Chinese managers and leaders of the alliance.
Wuhan	Australia	3 Foreign managers and leaders of the alliance. 7 Chinese equivalents.
Nanjing	America	11 Foreign managers and leaders; 12 Chinese equivalents.
Guangzhou	Australia	4 foreign manages and three Chinese equivalents.
Shanghai	European consortium of universities.	5 Foreign leaders and managers. 4 Chinese equivalents, and also representative from the Education Commission.
Shanghai	Australia.	4 Foreign managers and leaders; 3 Chinese equivalents.
Zhuhai	Australia.	3 Foreign managers; 3 Chinese managers; 2 Harbin representatives (a university in Harbin was involved in this alliance program as well).
Dalian	Australia	3 Foreign managers and associated staff. 6 Chinese managers.

1. How important are guanxi relationships in your alliance?
2. Can you tell me about guanxi and what it is and means to you?
3. Are there other types and forms of relationships used in your alliance?
4. How important are they?

These questions were used as the starting point for flexible and wide-ranging discussions which enabled the respondents to range freely in their observations and ideas. Their views were recorded on tape (sometimes) or taken down in note form, since tape is not very popular in China. Their views were then summarized by hand and key themes were identified as discussed below in this article. The aim was to adopt a methodology which did not test what had been tested before (such as the various specific aspects of guanxi), but to enable respondents to think in a more flexible and open manner. What emerged was a more complex picture of guanxi relationships, and other forms of relationships, than has been reported to date in the existing marketing literature.

In the findings section of this article, the key themes which emerged from the research are discussed and analyzed, but differences between the Chinese and foreign side are not discussed because they were very minor: They were mainly related to the tendency of the Chinese to discuss the concepts in more detail, complexity, and richness than their foreign counterparts who tended to discuss the issues in a more tangible, specific manner. However, the two sides did identify all of the major themes noted below. There were no differences noted between the various locations.

FINDINGS

There were a range of relationship types and forms identified within strategic alliances undertaken between Chinese and foreign universities. These are summarized as follows in Table 2. This serves as a basic introduction to the various types of relationships which will be then analyzed in more specific detail.

Within the guanxi relationships, which were the most complex, there were a *range of dimensions* as follows (Table 3).

TABLE 2.

Type of relationship.	Observations.
Guanxi.	These were deep, often complex personal relationships based on honesty, reciprocity, empathy, and trust. They were the most important relationships in an alliance because they formed the “cement” between the two sides. Once people had relationships at this level, they could be open, honest, trusting and committed to each other-and the alliance. It was crucial to form these relationships amongst core staff in an alliance.
Basic friends	These were relationships which were based on a basic, simple, and uncomplicated form of friendship between staff. These relationships did not have the depth and commitment of guanxi relationships. People would be friendly and kind towards each other but the relationships would remain at a superficial, albeit friendly level. These were important relationships in an alliance context but far less crucial than guanxi relationships because they lacked the depth and the level of commitment amongst the various staff.
Working colleagues	These relationships were basic and simple. One would “turn up to work without forming any particularly friendships with other staff”. As with the other forms o relationships, these were observed amongst foreign and Chinese staff. These relationships were quite common in an alliance and did not damage to it.
Neutral relationships.	These relationships were at an even low level than working colleagues and were identified (again on both sides), where people minimized any form of relationship with other people. This could be because they did not like the other people or it could because they were deliberately withdrawing from a relationship to make a point, to emphasize a point of view. As one Chinese person noted “sometimes I simply have a nil relationship with a person... sometimes this is because I wish to make a point... I am not rude, but the person is simply not relevant to me...” These relationships—or nil relationships to be more exact—were identified in alliances and could cause some degree of conflict amongst staff. They tended to upset foreigners (who viewed them as being a sign of rudeness), but were accepted by the Chinese as part of they way they tended to treat people who had upset, insulted or demeaned them.

In many situations, staff exercised their relationship at all four levels at varying periods of time. However, there were also situations where their relationship was exercised at only one dimension. If their relationship was exercised at a professional or operational level, the alliance tended to be more beneficial than if it was restricted to a social or personal level.

Guanxi relationships were also *developed in four stages* (Table 4).

TABLE 3.

Dimension of guanxi relationship	Observations.
Personal	Often people would form close guanxi relations at a personal level. They would not necessarily exercise these in any other way or at other levels. The aim of the relationship in a person context was to undertake a range of activities and projects for the mutual benefit of the persons concerned.
Social	At this level the relationship was exercised at a social level; the persons involved in the relationship would visit each other's houses, meet mutual friends and so on.
Professional	The guanxi relationship was now exercised at a professional level—for example, the people involved in the relationship might write a joint journal paper, and/or undertake joint teaching activities and projects.
Organizational	The relationship was now operationalised in a way that was of benefit to the organization as a whole. In this context the organization was the strategic alliance. The people might have developed a new course, or worked closely to resolve some organizational problems and issues.

TABLE 4.

Stage of relationship development.	Observations.
Initial meeting stage	At this very early stage of relationship development, the two sides tended to be very cautious, vague, discrete, formal and covert in their behavior. Discussions would be general, and would lack specific details.
Early friendship stage	By now, the two sides would have established a certain degree of empathy, trust and respect, forming the basis, or platform, upon which they could develop a degree of openness and directness with each other. However, the relationship was still somewhat tentative, "thin" and deeper aspects of a relationship were missing.
Mature friends	The people involved in the relationship had now reached the stage where they had established a high degree of empathy, trust, respect and honesty. They could be open and direct with each other; overt and specific (rather than covert and vague, as in the initial stages of relationship development), and dynamic (at times) rather than cautious and slow.
Old friends.	Once the two sides had reached the level of old friends there was a deep sense of the value and importance of the relationship. In a sense, these relationships were more important than the activities and the alliance itself. There was a tangible sense that the relationship would last for many years and that it was something of considerable importance to the two sides.

TABLE 5.

Operational aspect.	Observations.
Active	When exercising this forms of behavior one or both sides would exhibit active (dynamic) forms of behavior—they might agree to introduce a new program, course or research project; they might seek to upgrade the program in a variety of other ways.
Neutral	If the two sides exercised neutral behavior within a guanxi relationship it was a sign of maintaining the status quo—of not making change.
Withdrawn	If the two sides exhibited this form of behavior, it was a sign that they were not happy with a particular proposal, idea or even with each other at that point in time. If the two sides exhibited withdrawn behavior for a long, sustained period of time, the overall relationship between them tended to be gradually undermined.

Successful alliances tended to feature a core group of people who had guanxi relationships developed to at least *mature friends* status. It was only at this level that the two sides could discuss issues in a direct, trustful, and specific manner. Relationships at a lower level tended to lack commitment, openness, and directness—making it difficult for the two sides to negotiate and discuss issues in an open, clear, precise, and direct matter. They needed to have reached the stage where, as one respondent noted: “we can be very blunt—very clear and very decisive and then we can do business together.” Or, as one respondent noted: “once we had developed a deep level of guanxi relationship, we could be direct, honest, and truthful—it was if all of the veils had lifted and we could really do business.”

Guanxi relationships also featured what could be termed *operational forms of behavior* which added to their complexity (Table 5).

Positive, dynamic alliances tended to feature a core group of staff who exercised their relationships at an active level. Alliances in trouble tended to have a number of guanxi relationships operationalized at a withdrawn level—and gradually these relationships, and the alliance as a whole, declined. If withdrawn behavior happened frequently enough the alliance would start to “close down.”

Within a guanxi relationship, people would tend to exercise all three forms of behavior—active, neutral, and withdrawn: but ideally, the active aspects of the relationship outweighed the withdrawn periods.

The following combinations of behavior between guanxi friends were observed and this discussion shows that each side could exercise different forms of behavior at varying times:

1. *Active-active* (where the two people were active, and enthusiastic)
2. *Active-neutral* (where one side was keen, the other side less keen)
3. *Active-withdrawn* (where one side pursued a new idea to the point where the other side withdrew from the discussions)
4. *Neutral-active*
5. *Neutral-neutral* (status quo)
6. *Neutral-withdrawn* (this tended to happen when one side was losing interest in the relationship and perhaps the alliance as a whole)
7. *Withdrawn-active*
8. *Withdrawn-neutral* (where the relationship between the two people was being gradually eroded)
9. *Withdrawn-withdrawn* (in this situation, the relationship was in decay)

Guanxi relationships were not always made up of just two people; often they were arranged into a series of *personal networks* (mainly on the Chinese side). These networks were important for alliances in that they tended to form a key part of the alliance fabric.

There were, also, *several types* of these guanxi networks. One type was hierarchical in nature, as follows:-

And so on.

Within these networks, there was a clear sense of hierarchy and power.

Other networks tended to be rather more horizontal in nature:-

In this situation, each member of the network was of about equal power and status; the network operated on the basis of mutual and equal sharing of power and benefits.

Some networks combined aspects of both of the above examples—basic example is as follows: -

In this situation, persons A, B, C have power over some other several people who formed part of a horizontal network.

Often a network was part of a larger network: -

In this example, network B was part of a larger network (A). The two networks would collaborate because of shared benefits.

Some networks were not part of a larger network but shared some people and aspects: -

In this situation the two networks shared some people and attributes but had their own status and position—with neither encompassing the other.

Networks were also capable of being non linear in nature: -

In this simple example, different members of a network had links to particular people. Therefore, A had a special link to D, who had a special link to B—and so on. This created an uneasy and often quite fragmented network which was based on various linkages amongst network members.

In reality, most networks encompassed all of the above characteristics—with some parts of the network hierarchical, some horizontal, some nonlinear (and, indeed, some linear), and so on. Whatever their nature and construction, they were immensely powerful—and they were glued together by guanxi relationships.

Guanxi relationships could also be conceptualized in another way—in terms of *affective*, *cognitive*, *tangible*, and *intangible components* or aspects. These are summarized in Table 6.

Respondents felt that most guanxi relationships had all of these elements, but of crucial value were the affective ones which tended to form the basis upon which a guanxi relationship could flower and develop. Some felt that the relationships between these elements were as follows (Figure 1).

The point of this simple diagram is to convey the view that the affective aspect of guanxi relationships was at the heart of a successful guanxi relationship. It was almost as if the other parts of a guanxi relationship circled around the affective core of a guanxi relationship. All components were needed but none could be developed without a sound affective base. This indicates that, in essence, guanxi relationships were based on emotions rather than more specific, rational, or tangible forms of behavior.

Other Types of Relationships

Basic friends was a type of relationship which was quite different from guanxi relationships. People who developed and exercised basic friendships tended to relate to each other in a way which encompassed some or all of the following attributes:

TABLE 6.

Aspect (or dimension) of guanxi relationship.	Discussion and explanation.
<i>Affective</i>	A key aspect of guanxi relationships was their emotional, affective component, which was often summed up as the way in which the two people felt about each other. Affectively, they felt that there was trust, respect, honesty, and empathy between them.
<i>Cognitive</i>	A guanxi relationship also encompassed a cognitive aspect—and this was where people were able to specifically, consciously, and cognitively identify the benefits and value of the relationship. For example, they might feel that a particular relationship would help their career or status in a quite overt, specific and identifiable manner.
<i>Tangible</i>	Respondents also felt that sound guanxi relationships also had quite tangible aspects to them. For example, a person might be able to identify specific and quite tangible benefits accruing from a relationship (perhaps overseas trips and so on).
<i>Intangible</i>	An important and much discussed aspect of guanxi relationships were their intangible elements which were those parts of a guanxi relationship which were not identifiable, quantifiable or even discernable. This was the issue of how (as one respondent put it): “some people just like each other because they get on... but you know, they do not always know why...” This intangible, grey world of guanxi relationships was an important aspect of guanxi behavior because it emphasized that they were not always able to be explained in simple, rational terms.

simplicity
directness
openness
frankness
superficiality

People related to each other in a basic, simple way; they were superficially friendly toward each other but in a simple, unemotional, and not very deep manner. Their friendships did not encompass deep emotional threads, nor did they tend to mix with each other at a social or family level. They worked together, were friendly towards each other—but that was as far as these relationships tended to

FIGURE TO
SUPPLY

develop. People could be quite open and direct with each other but this was at a superficial level.

These relationships were quite valuable in an alliance because of their simple, uncomplicated manner. They were however, not very useful if one wanted to develop, maintain, and manage an alliance where it was usually necessary to have higher level and far deeper personal relationships. The key difference between the two types of relationships can be summarized as follows:

A guanxi relationship is like a deep river—complex, rich, and one can never quite see the bottom of the river. A basic friendship is like the top of the river—it is thin, it has value but it lacks the depth and richness of a guanxi relationship. To build, and maintain an alliance one needs the whole river and not just the top—but it is useful to have some ‘top of the river’ relationships to undertake activities and projects, particularly of a less critical nature.

Another type of relationship was even more simplistic than basic friends, and it was what has been termed “*working colleagues*.” These relationships were very simple and basic and enabled people to work with each other in a courteous and reasonably friendly manner. As one (Chinese) respondent noted:

I come to work (in the alliance), I do my work, and I go home. This is a good job, but it is a job and that is it. I do not have any higher level relationships here as my friends are located elsewhere...

These relationships were also useful in an alliance and were quite common—they were not negative to an alliance but like basic friends, but even more so, were of little use in alliance situations which required a higher level of interpersonal commitment.

Finally, there was what has been termed “*neutral relationships*.” These were relationships where one party or the other (or even both), adopted an overt neutrality for behavior which exhibited some or all of the following attributes:

- distance
- formality (where one was overtly formal to the other person)
- overt politeness (which could become quite icy in a negative situation or context)
- removal of affective gestures (such as smiles, gestures, and so on)
- exclusion (where one might completely ignore the other person almost as if they were not there)

Neutral behavior could be a sign of a failing relationship, or of a relationship which would never develop at all. It could be used quite ruthlessly by either side, but was used quite deliberately and artfully by some of the Chinese respondents, one of whom noted that:

If I feel that you have done something wrong, or cannot be trusted, I may simply decide to ignore you—it is as if you are not there. I don’t know you—you are nothing. You are no longer a person to me.

These types of relationships could be exercised over time or could be quite short term, depending on the situation and context. They could be damaging to an alliance, particularly in a situation where they were evident amongst key staff. They bemused foreign respondents who often wondered why Mr. X would completely ignore Mr. Y. They were a sign of danger, of an emerging problem between two people, and could undermine an alliance. What concerned or worried foreign respondents is that:

This form of behavior, which I guess we *could* also use from time to time, is however, very different to what we are used to, in the sense that if we are not happy we tend to tell someone, whereas here, one might deal with this situation by gradually withdrawing oneself from the relationship until it is not there at all. Suddenly two people simply do not relate to each other at all. So this is kind of different what we are used to...

When asked to comment on this statement, a Chinese respondent noted that:

Yes, that is a true assessment. You see if we were not happy (with someone) we could not just tell them off because there is no trust, no respect, and no empathy. We *could* tell the person off, if there was some degree of empathy and respect! But if we are not happy then no, the bridge has been broken, so we ignore the person. So if we tell you we are not happy about this or that it is sort of a sign that there is some degree of relationship! If we look blank, oh no—there may be a problem!

The final type of relationships was what can be termed *organizational relationships* which tended to intersect with some of the types and forms of relationships noted above. They provided the operational fabric of an alliance (Table 7).

All alliances studied for this article contained these three types of linkages or relationships. They were what might be termed the organizational, operational, and human fabric of an alliance. They intersected other types of relationships as follows:

TABLE 7. Organizational Relationships

Organizational relationship.	Observations.
Formal.	These relationships were the links which were formed between key people (and others) in an alliance setting because of the structure of the alliance and the nature of its work. For example, in many alliances, the Foreign director would have a formal link or relationship with his Chinese equivalent, and so on across the alliance. Some formal links or relationships were between staff at the same level, or amongst staff at various levels of the alliance. They were the kind of linkages and relationships which would be included in an organization chart. They were overt, formalized, and were crucial to the success of an alliance.
Informal.	These linkages or relationships were informal and were developed between staff as part of how they undertook their activities and projects within an alliance. These linkages were not printed in an organization chart but were the informal links, relationships or processes which enabled an alliance to “work” in a real situation. An example was where a teacher might strike up an informal relationship with an administration officer who might assist the person to get photocopying done.
Hidden.	Hidden or discrete links or relationships were formed amongst people on the basis of power. They formed what could be termed the hidden operational framework (mainly on the Chinese side) of an alliance.

1. *Formal*—were often exercised at a guanxi, basic friendship, or working colleague level; but were most effective when the people involved had guanxi relationships.
2. *Informal*—were also often exercised at a variety of relationship levels, most commonly at basic friendship stage.
3. *Hidden*—were almost always guanxi relationships.

These various forms of organizational relationships formed what some respondents termed the veins of an alliance. Often but not always based on guanxi relationships, they provided an organization with its formal and less formal structures and operational processes. “These are the human dimensions of an organization chart,” one respondent noted.

DISCUSSION AND SUMMARY

As noted above, alliances contained a range of relationships. Guanxi relationships were the most important, powerful, and binding

amongst people in an alliance setting. They were the key to a successful alliance in the sense that it was difficult if not possible for an alliance to be successful without a core group of staff from the two sides exercising these guanxi relationships.

However, the other relationships were also important in an alliance context. Basic friends and working colleagues formed the operational hub of an alliance and were both of value and use in an alliance context. Indeed, it was often important to have a wide range of people operating at these levels because they did not threaten or infringe on the power bases of those people who did have higher level and more complex guanxi relationships. (In this sense, it was not desirable for an alliance to have too many guanxi relationships, especially if these relationships were from different personal networks on the Chinese side.)

An ideal alliance was one which exhibited the following types and kinds of relationships:

1. Guanxi relationships exercised amongst key Chinese stakeholders located within the alliance, its parent Chinese university, and associated organizations such as the Ministry of Education
2. Guanxi relationships established between key Chinese stakeholders and key Foreign staff located within the alliance, the parent universities and other relevant bodies
3. Guanxi relationships established to at least mature friendship stage and operationalised to a mutually satisfying active level
4. Personal networks on the Chinese side which had power, status and connexions to "make things happen"
5. Basic friendship and working colleague relationships established between a wide range of staff at various levels within and outside the alliance
6. Formal, informal, and hidden linkages established throughout the alliance to bind it together and give it is operational aspect

A problematic and often dysfunctional alliance exhibited:

1. A lack of high level and mature guanxi relationships amongst key stakeholders from the two sides

2. Competing personal networks on the Chinese side, or (often even worse), a personal network on the Chinese side which had no power, status, or connections
3. A limited range of basic friendships and working colleagues relationships and a high number of nil relationships which was a danger sign for the future of an alliance because of its perceived lack of personal commitment
4. A limited number of formal, informal, and hidden organizational relationships — a certain sign of a poorly conceived and executed alliance

It was also desirable to establish guanxi links (and other types of relationships) amongst Chinese and foreign people who *held the same positions*—such as CEOs from the two sides, directors, teachers, and so on. A problem was that sometimes people employed at one level of an alliance disagreed with the views of people who operated at another level of an alliance. For example, in one situation, a group of Chinese and foreign teachers had a strong set of relationships with each other and a collective view about the nature, form, and role of the alliance; but this was quite different to the views of the Chinese and foreign directors. This issue caused considerable tension and angst amongst alliance staff because there were observable differences in the views of various groups within an alliance.

Implications

The implications of this research for alliance staff from China and foreign countries is that they need to:

1. Recognize the dominance, importance, and complexity of guanxi relationships; and, in particular, their tendency to develop depth and strength over time;
2. Ensure that they do all that they can to maintain these relationships as they form the backbone and “bridge” of an alliance—for example, they should not move staff in and out of China on a frequent basis if some of these staff have developed guanxi relationships but should rather nurture these relationships;
3. Be aware that alliances are made up of more than just guanxi relationships and not all linkages and relationships within an

TABLE 8.

Issue.	Options and discussion.
How could alliance managers select staff who have the ability to develop guanxi relationships with their Chinese counterparts?	<p>Respondents indicated that staff who developed guanxi relationships tended to exhibit at least some of the following characteristics: openness, sincerity, a genuine interest in China, flexibility, patience, nonjudgmental nature, experience with people from a range of cultural backgrounds, integrity and a sense of personal commitment (in that the person demonstrated to the other person that he or she valued the relationship for its innate value and not just for its business importance).</p> <p>Conversely, respondents felt that people who were rigid, judgmental, one-dimensional (for example only interested in the business side of the alliance), insincere, "hard to read" (in the sense that they were not felt to be open, honest and transparent), or short tempered tended to fail to form and maintain guanxi relationships.</p> <p>The ideal situation was where an alliance featured a group of key people who exhibited the first set of behavioral characteristics while also having the technical and business skills needed to operationalise the alliance. In short, they needed to be able to balance a range of what one might term cognitive and affective skills to manage a guanxi relationship in a business context.</p>
How could guanxi relationships be maintained over time.	<p>One of the key issues facing alliances, respondents believed, was the challenge of not just forming guanxi relationships, but maintaining and nurturing them over time. To maintain a relationship over time required commitment, time, and most importantly, face to face contact on a regular basis, between the two parties. Often, as one Chinese respondent noted: "we form these wonderful relationships, we are excited and the over time they fall apart because we never have much contact with the other person. It is if they lose interest because they think that 'well this part of doing business in China has been done so let us move onto something else' not realizing that these relationships need a lot of time and effort."</p> <p>However, the problem for many alliances was the cost of maintaining these relationships, in view of the fact that the two parties were located in different countries. Also, some foreign respondents noted that over time their priorities changed, reflecting new roles in their organizations, and conflicting work demands. Some also admitted that they tired of the personal dimensions of a guanxi relationship which could be fun at first but intrusive later on.</p>

TABLE 8. Continued.

Issue.	Options and discussion.
<p>How could staff transfer a guanxi relationship from a personal or social dimension into an organizational framework (as discussed earlier in this paper)?</p>	<p>Respondents felt that a guanxi relationship could transfer into a business context if and when the two sides felt that this was appropriate. This process could be expedited if there was a clear sense that the two sides would benefit from the change in their relationship, and if the business side of their relationship was potentially long term and sustainable. In short, they needed to feel that there were good and sound reasons to expand their guanxi relationship to business and organizational aspects and dimensions.</p>
<p>Was there a possibility that an alliance could form various sets of guanxi relationships which were in competition with each other – leading to an unstable or tense alliance situation and context?</p>	<p>This was an issue discussed at some length by respondents. Various competing guanxi relationships (and associated networks, as discussed above), could indeed develop and this could be quite destructive to an alliance. The way to avoid this problem was to if possible, form a <i>set of guanxi relationships</i> amongst key members of the alliance where the relationships were interlinked - in these sense that, for example, ten key people had guanxi relationships with each other as a group. This unified, coordinated, integrated guanxi structure was desired by all respondents but was sometimes hard to achieve. An alternative, which was less admired but somewhat more practical, was where there were <i>some key and powerful guanxi relationships amongst just a few key managers of the alliance (rather than amongst and between the complete management team)</i>. If these “key” guanxi were powerful enough, they could dominate any subsidiary and lower level guanxi relationships. The power of these key guanxi relationships stemmed from the positions of the people, their connections with others in authority, and the strength of their relationships.</p>
<p>Was it possible to develop an alliance based on guanxi relationships with people in China who did not hold any real power or status within their institutions?</p>	<p>This was an issue raised by many respondents including all of the Chinese interviewees. It was indeed quite possible, and not necessarily uncommon, for alliances and associated guanxi relationships to be formed with people in China who did not hold power and status within the organization. The Chinese people would sometimes attempt to form these relationships as a way of strengthening their own power and status within their respective organizations. Often however, the result was that the alliance had no real position, status, recognition within the China organization because more powerful and better connected people had been left out of the alliance structure and associate relationship development. The way to avoid this problem is to ensure that the two sides develop relationships and networks with key, powerful and well connected people on both sides, and particularly in China. They can do this by checking the status and position of the people in the organization and ensuring that they were indeed negotiating with those in power.</p>

TABLE 8. Continued.

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Issue.	Options and discussion.
<p>Was there an ideal balance of guanxi, and other types and forms of relationships in an alliance?</p>	<p>Respondents felt that this was a difficult question to answer but they made the following points:</p> <ul style="list-style-type: none"> - An alliance needed a group of guanxi relationships amongst key leaders to be successful; - It was also desirable to have some guanxi relationships at lower levels, particularly in situations where the people had to work closely with each other and/or in sensitive situations; - However, it was not particularly desirable to encourage all alliance staff to form guanxi relationships because, firstly, many could not, and secondly, because this could result in competing guanxi relationships and networks; and - Most larger alliances needed a range of working colleagues and basic friends to carry out activities and projects in a pragmatic, realistic, and business like way. Many of these function and roles <i>did not</i> require a guanxi relationship. Indeed, sometimes guanxi relationships could complicate what were often basic functions and roles in an alliance. In short, respondents felt that it was desirable to have a balance between the various types of relationships. Any idea that guanxi relationships were needed at all levels of an alliance was dismissed.
<p>Was it possible for one to move from one type of relationship to another.</p>	<p>This was possible according to respondents but rarely happened in reality. Usually people formed relationships at the level they felt comfortable with although they did move through a series of stages to reach a guanxi relationship, often these stages were quite quick and purposeful. Most people who had a guanxi relationship did not wish to trade it for a basic friends or working colleagues relationship, just as those who had a basic friends relationship were content to maintain it at that level.</p>
<p>Could a guanxi relationship survive the failure or decline of an alliance?</p>	<p>The answer to this issue depended on the type of guanxi relationship. If it had been (or indeed was still) exercised at a personal and social level it was possible for the two sides to "retreat" back to that level of guanxi relationship after the business or organisational side the relationship had failed or fallen into abeyance. However, the situation was somewhat more complicated than this as often the personal aspects and dimensions of a guanxi relationship would be damaged if an alliance failed because at least one side tended to lose status, face and respect. Respondents felt that alliance staff needed to recognize that there was complex and somewhat subtle link between the organizational and personal aspects of a guanxi relationship which indicated that the bridge between the two was not always clear cut.</p>
<p>Was there a link between the size of the alliance and the range of relationships types observed?</p>	<p>Respondents indicated that, as perhaps expected, larger alliances tended to have wider range of relationships types than smaller ones. Very small alliances of less than 20 people were often built almost solely around well established guanxi alliance relationships; larger alliances tended to develop a wider range of relationships partly because of the range of activities and projects undertaken</p>

alliance context will be of a guanxi type—it is also useful and even necessary to have a range of what could be termed lower level and certainly less intense relationships which often form the fabric of an alliance;

4. Understand that they may need to locate staff in China for considerable periods of time to develop and maintain guanxi relationships. Any idea of operating alliances by remote control from Australia or elsewhere is not borne out by this study which once again reinforced not only the dominance of guanxi relationships, but also their complex and changeable nature.

The study also raises some additional questions and issues about relationship types and forms in Sino foreign alliances. These emerged as part of in-depth discussions undertaken for this study. The various issues are discussed in Table 8.

In summary, respondents felt that guanxi relationships remained the heart of an alliance and they all agreed on their complexity, difficulty, and innate value; and importance to the long term success of an alliance. There was also a clear recognition of the value of other forms of relationships to a larger alliance, where it was neither possible more probably desirable for all staff to have such intense and high level emotional relationships.

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