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## INTERNATIONAL BUSINESS NETWORKS AND PARTNERSHIPS DEVELOPMENT: A CASE OF CHINESE MARKET DEVELOPMENT STRATEGIES BY U.S. AGRICULTURAL COMPANIES

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*There is a great need to be familiar with creating business networks and partnerships in China by U.S. businesses. The research objectives were to identify the strategies on how to build business networks and partnerships in China and evaluate the importance of those strategies in the development of an effective Chinese market by U.S. agricultural companies. By identifying the strategies and their importance, educators can better assist in the development of educational training programs. A three-round Delphi study was conducted in this study. Thirty-seven (37) panel members completed the first round survey with 34 of them completing the second and third round surveys. The panel members were U.S. agriculture business experts who understood the research topics, had international agriculture business experience in China, and were willing to share such experiences. Panel members were purposefully selected to represent the agricultural industry, government, and higher education sectors. The panel generated a total of 12 strategies on how to build business networks and partnerships in China. Of the 12 strategies, one reached a high consensus level, 10 reached a moderate consensus level, and one reached a low consensus level. Also, of the 12 strategies, one was considered essential, eight were considered very important, and three were considered moderately important. In conclusion, the strategies developed in this study regarding how to build business networks and partnerships cross-culture were all rated by the panel as important at various levels and should be included in international business and leadership educational training programs targeted at U.S. companies wishing to conduct business in China. As a result, international leadership competencies of U.S. business people could be enhanced.*

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### INTRODUCTION

It is a great obligation to address the needs in education that will respond to the transforming economic changes as well as to the social and cultural interactions worldwide (Smith, 2001). Global education should commit to build international communities where conflicts can be resolved peacefully, diversity can be enriched, and economic development can be equitable and sustainable. To enhance the health of the U.S. – China business collaborations, researches must be conducted to analyze the situations experienced by business organizations and develop a training model that enhances those collaborations. With the tremendous growth in the Chinese economy, more and more U.S. businesses are exploring the Chinese market. In contrast, many U.S. investors know very little about conducting business in China and even less about the way in which its unique business culture and authoritarian government would control their success (U.S. & Foreign Commercial Service and U.S. Department of State, 2006; Wong & Maher, 1997). Additionally, Agarwal (2002) found that 64% of the agricultural companies in the U.S. Midwestern area did not have a current business relationship with China. However, a study with U.S. business people found that 65% of the participants desired to learn how to do business in China and 63% were interested in expanding their product or service into China (Meuschke & Gribbons, 2003). The desire to learn how to do business has created

great interest among U.S. businesses to be familiar with how to build business networks and partnerships in China. Strategies on how to build business networks and partnerships across cultures should be included in an international training program targeted at U.S. companies wishing to conduct business in China. As a result, the international competencies of U.S. employees could be enhanced.

### GUAN-XI IN CHINA

#### **Guan-xi, Personal Connections, Networks, or Relationships**

In the Chinese culture, personal connections, networks, relationships, or friendships are important elements for U.S. business people to be aware of and adopt in order to have a successful business in China (Alon & Shenkar, 2003; Davies et al., 1995; Graham & Lam, 2003; Lovett et al., 1999; Lu et al., 2009). As Sheng (1979) mentioned, it is the Chinese humanistic culture that emphasizes the correct orientation of the interpersonal relationships in the Chinese culture. The interpersonal connections, networks, partnerships, or relationships are called *Guan-xi* (pronounced guan-shee) in China and are very valued and important in Chinese culture.

China is a hierarchical *Guan-xi*-based society despite the rapid transition to a market-led economy (Davies et al., 1995; Fan, 2007; Leung & Wong, 2001; Lu et al., 2009). In

China, *Guan-xi* are personal relationships or connections among family members, personal or family friends, people from the same home town, people having teacher-student relationship, people in the same profession, people in the same government office, and school and military alumnus, (Alon & Shenkar, 2003; Fan, 2002b; Graham & Lam, 2003; Lovett et al., 1999; Su & Littlefield, 2001). In the Chinese culture, *Guan-xi* emphasizes good faith rather than commercial law to safeguard obligations. Fan (2002b) defined *Guan-xi* as a process:

*Guan-xi* is the process of social interactions that initially involve two individuals (A and B). A may or may not have special relationships with B. A asks B for assistance (favor) in finding a solution to a problem. B may have the solution at hand, or more often, has to seek further assistance from other connections, i.e. starts another process. (p. 549)

*Guan-xi* dominates business activity throughout China and East Asia. *Guan-xi* has been identified as the most important key cultural factor which affects business success in China (Abramson & Ai, 1999; Davies et al., 1995; Fan, 2002b; Graham & Lam, 2003; Lovett et al., 1999; Sheng, 1979; Lu et al., 2009; Yeung & Tung, 1996). Without *Guan-xi*, a foreign business organization simply cannot get anything accomplished in the Chinese business practice (Davies et al., 1995).

### ***Guan-xi* and Trust Building**

On the *Guan-xi*, personal connections, networks, or relationships, the Chinese place a premium on an individual's social capital within their group of friends, relatives, and close associates while the U.S. people put a premium on networking, information, and institutions (Graham & Lam, 2003; Lu et al., 2009). The Chinese utilize *Guan-xi*, which emphasizes good faith and personal trust, to safeguard obligations with friends or acquaintances (Lu et al., 2009; Su & Littlefield, 2001).

Building strong personal relationships with trustworthy business partners is very important in China. A strong *Guan-xi* improves interpersonal trust among business partners and has a significant impact on business development in China (Lu et al., 2009). Lee et al. (2006) stated that the high levels of tension during international business negotiations negatively affected interpersonal relationships with the Chinese participants. Accordingly, the high levels of tension for the Chinese caused a decrease in the amount of trust the Chinese felt for their American business partners. In contrast, high levels of tension for Americans did not directly affect trust. Therefore, those who know how to navigate these differences in the Chinese negotiation can develop a strong personal relationship or

*Guan-xi* and therefore forming a successful business partnership.

Having the right *Guan-xi* in China is a vital factor for trust building between partners. As a seasoned Chinese business man said, "In the Chinese culture, it is always better to do business with friends or acquaintances" (S. Q. Wu, personal communication, January 21, 2009). The reasons for friends or acquaintances always doing business with each other are that they are familiar with each other and they are able to form strong mutual trust relationships with each other. Strong mutual trust relationships are extremely important in each business deal. It is in the Chinese culture that the Chinese people feel more trust and reliable towards friends or acquaintances (Graham & Lam, 2003; Lu et al., 2009).

### ***Guan-xi* and Mutual Benefit**

*Guan-xi* can bring a wide range of benefits: guaranteeing mutual benefit and equality, bypassing or short-cutting the bureaucratic maze, obtaining updated information and privileges, and building long-term business relationships (Abramson & Ai, 1999; Davies et al., 1995; Fan, 2002b; Graham & Lam, 2003; Lovett et al., 1999; Sheng, 1979; Su & Littlefield, 2001; Yeung & Tung, 1996).

Davies et al. (1995) surveyed Chinese business executives and stated that having *Guan-xi* with local Chinese organizations is a must in order for business to be successful. The same researchers also observed the following benefits of having strong *Guan-xi* with local Chinese organizations pertaining to business activities in China: (1) acquiring sources of information, such as market trends, government policies, import regulations, and business opportunities; (2) applying for resources, such as import license applications, approval of advertisements, approval of applications to the provincial and central governments, recruitment of labor, and securing land, electricity, and raw materials for joint ventures; and (3) other areas, such as building up a company's reputation/image, having smooth transportation arrangements and smooth collection of payments.

### ***Guan-xi* and Ethics**

During the *Guan-xi* building process, the exchange of favors or gifts in the Chinese cultural context is friendship and trust building and it is within the legal framework in China (Davies et al., 1995; De George, 1990; Leung & Wong, 2001). *Guan-xi* is ethic in Chinese culture (De George, 1990; Graham & Lam, 2003; Leung & Wong, 2001; Lovett et al., 1999; Sheng, 1979; Yeung & Tung, 1996). *Guan-xi* is ethical and it can be used as a positioning strategy in China (Leung & Wong, 2001). De George (1990) stated that since there are no universal ethical standards, whatever is commonly practiced in any location is acceptable.

*Guan-xi* is based on knowing the background of one's business partners and being familiar with their personal

character qualities. Therefore, in the Chinese culture, a strong *Guan-xi* guarantees trust building, mutual benefit, equality, and long-term relationship between partners (Graham & Lam, 2003; Leung & Wong, 2001; Lovett et al., 1999; Sheng, 1979; Su & Littlefield, 2001; Yeung & Tung, 1996). Most times, a strong *Guan-xi* also leads to getting quicker and accurate business information for decision making. Therefore, *Guan-xi* is totally moral or even desirable, causing no harm to other parties. It is like the popular saying in the U.S., “the early bird gets the worm.”

Fan (2002a, 2002b, 2007), however, stated that the ethic of *Guan-xi* is questionable because of the potential unfair competition, corruption, and bribery. It should be noted that the above mentioned unfair competition, corruption, and bribery are legal issues but not the concept of *Guan-xi* discussed in this paper. It is important to make a distinction between *Guan-xi* and corruption or bribery. The central difference is that strong *Guan-xi* means people have friendship and trust among each other, while corruption and bribery are simply illegal transactions (Lovett et al., 1999).

Leung and Wong (2001) articulated that in the process of cultivating *Guan-xi*, gift giving or wine-and-dine are the means of establishing and maintaining *Guan-xi*. Other researchers also defend these practices of *Guan-xi* on ethical relativism by arguing that *Guan-xi* is based on eastern principles and can be as ethical as any western systems such as reciprocal personal networks (Abramson & Ai, 1999; Davies et al., 1995; Graham & Lam, 2003; Leung & Wong, 2001; Lovett et al., 1999; Sheng, 1979; Yeung & Tung, 1996).

### ***Guan-xi* Development**

Some researchers indicated that building *Guan-xi* in China seems difficult because it seems strange to western business people (Su & Littlefield, 2001). Other researchers emphasized that there must be *Guan-xi* before the business relationship can foster in China (Davies et al., 1995; Li & Wright, 2000). There are many popular sayings in China that indicate how to develop and cultivate *Guan-xi*. “Keep in touch” and “frequently visit each other” are two of them. Therefore, it will help develop strong *Guan-xi* in China by frequently keeping in touch or visiting each other among family members, people from their home town, school or military alumni, teachers or students, colleagues, friends, and neighbors. Also, reaching out to make new friends will help to cultivate new *Guan-xi*. New *Guan-xi* can be acquired between two persons without previous *Guan-xi* by knowing the same person (intermediary) (Graham & Lam, 2003; Lovett et al., 1999; Sheng, 1979). Therefore, having a strong *Guan-xi* with one person also means that one can get access to that person’s *Guan-xi*.

Various social gathering activities also should be recommended in the *Guan-xi* building process. Davies et al. (1995) suggested that by bestowing favor and face through considerate and sensitive giving of minor gifts, hosting

appropriate dinners, and (most importantly) giving personal attention, a businessperson can demonstrate the good faith. The good faith forms the basis for a gradual transition from outsider to insider person. There is another example describing *Guan-xi* development as in the following:

*Guan-xi* is a form of social investment or social capital, an important resource that a person can tap into when there is a need to find help or support. To develop and maintain a *Guan-xi* relationship is like putting one’s money into a saving account or purchasing insurance policy so that one could get help whenever he needs (Fan, 2002b, p. 549).

In China, the more *Guan-xi* one person has, the more opportunities are available for that person (Graham & Lam, 2003; Lovett et al., 1999; Sheng, 1979). In the Chinese society, a person with more *Guan-xi* will have more resources available when needed and is well positioned to benefit in various ways (Leung & Wong, 2001). A strong *Guan-xi* with the top Chinese government is crucial for reputation-building and deal-making in businesses (Davies et al., 1995; Fan, 2007). Therefore, fully understanding *Guan-xi* and positively creating and entering the *Guan-xi* relationships should assist foreign businesses in their business practices in China.

### **PURPOSE AND OBJECTIVES**

The research objectives were to identify the strategies on how to build business networks and partnerships in China and evaluate their importance in development of an effective Chinese business by U.S. agricultural companies. By identifying the strategies and their importance, business educators can better assist in the development of educational programs.

### **METHODOLOGY**

This study utilized the Delphi method (Linstone & Turoff, 1975) to generate strategies on how to build business networks and partnerships in China and subsequently to evaluate the importance of each strategy. The Delphi method has been widely used in curriculum design and business strategies evaluation (Linstone & Turoff, 1975; Maloney, 1991; Wang, 2000). The purposive sampling method (Ary et al., 2006) was used to select 37 panel members with extensive experience on international agricultural business development issues, especially in China. Panel members were identified from four international expositions/exhibitions held in the U.S. during 2007 and 2008. The majority of the panel members were chosen from U.S. agricultural industries. Other panel members were chosen from the U.S. government and education/university. The ethnic backgrounds of the panel members were a mix of U.S. and Chinese heritage with

those people having Chinese heritage all speaking English as a second language.

A series of three rounds of surveys was utilized. In the first round, the data of the open-ended questions during the generation of the strategies on how to build business networks and partnerships in China were summarized and coded into themes and categories. The coding process was conducted by reading each of the questionnaire documents and attributing a code to the sentences or paragraphs. These codes represented a theme or categories with which each part of the data was associated. The codes from the first round were analyzed using the constant comparative method to categorize responses into characteristics and thereafter to generate the concise statements (Glaser, 1965; Glaser & Strauss, 1967). The constant comparative method was the method used for analyzing the open-ended questions where the qualitative data gathered were coded into emergent themes or codes to determine if they should be put into the same existing category or if additional categories should be developed. Each category was constantly revisited after initial coding until it was clear that no new themes were emerging. The categories or themes were utilized to develop concise statements that contain the same meanings of the original sentences or paragraphs from the panel members. Care was taken to make sure the statements have the key words or meanings of the categories or themes. The results were edited to a manageable summary of statements which were identified as the strategies on how to build business networks and partnerships in China by U.S. agricultural companies. The same qualitative analysis method was utilized to generate additional statements in the second round of this study.

Member checking described by Lincoln and Guba (1985) was applied to assess data trustworthiness. Face-to-face meetings, phone calls, and emails were utilized to check with panel members for clarifications of words and meanings. During member checking, the researchers shared interpretations of the data with participants to eliminate miscommunication, identify inaccuracies, and help obtain additional useful data. The member checking process allowed the participants to review and critique the researchers' interpretations of the returned questionnaire for accuracy and meaning. An additional skilled qualitative researcher was used to increase the credibility and validity of the results during the coding process.

For the second and third rounds, members of the panel were asked to rate the importance of each statement that had been generated. The importance of each statement was based on a five-point Likert rating scale: Unimportant (1), Slightly Important (2), Moderately Important (3), Very Important (4), and Essential (5). The mean, median, mode, standard deviation, first quartile, third quartile, and interquartile deviation of the importance of each statement

were computed. The consensus of the importance rating of the statements was determined according to the method described by Scheibe et al. (1975). Accordingly, the consensus level of the importance rating of the each statement in the third round was determined by its interquartile deviation. The consensus level was defined as follows: 1) an interquartile deviation that is equal to zero was defined as achieved high consensus; 2) an interquartile deviation that is greater than zero but is less than or equal to 0.50 was defined as achieved moderate consensus; 3) an interquartile deviation that is greater than 0.50 but is less than or equal to 1.00 was defined as achieved low consensus; and 4) an interquartile deviation that is greater than 1.00 was defined as did not achieved consensus. The importance level of each statement was based on their median scores from the third round. The importance level was defined as: Unimportant (1.00), Slightly Important (1.50 or 2.00), Moderately Important (2.50 or 3.00), Very Important (3.50 or 4.00), and Essential (4.50 or 5.00). Essential was defined as a necessary strategy for U.S. agricultural companies when entering the Chinese market.

Interquartile deviation of each statement was calculated in Microsoft Office Excel (2003). Descriptive statistics such as mean, median, mode, standard deviation, and percentage of the statements were calculated in SPSS 16.0 (2007). Mean difference of each statement in the third round between the Chinese and Non-Chinese panel members was analyzed by using the independent samples t-test in SPSS 16.0 (2007). Levene's test for equality of variances was applied to the data if necessary. Mean differences were considered significant at  $p < 0.05$ .

## RESULTS

Although it was designed to include panel members with many ethnic backgrounds as possible, the panel members in this study were only of Caucasian/White and Chinese. Therefore, for the data presentation throughout this dissertation, "Non-Chinese" was used to refer to "Caucasian/White". The Chinese heritage all spoke English as their first or second language. Some of the Chinese were born in the U.S. and some were born in China but all completed their higher education in the U.S. All panel members were currently working in U.S. organizations.

Thirty-seven (37) panel members completed the first round survey with 34 of them completing the second and third round surveys. The panel members were U.S. agricultural business experts who had international agricultural business experience. The panel members were purposefully selected to represent the agricultural industry, government, and higher education sectors. The ethnic background and type of employer of the panel members in this study is listed in Table 1 and Table 2.

**Table 1: Ethnic Background of Panel Members**

Ethnic background	Panel members			
	First round		Second/Third rounds	
	Number	%	Number	%
Chinese	13	35%	13	38%
Non-Chinese	24	65%	21	62%
Total	37	100%	34	100%

**Table 2: Type of Employer of Panel Members**

Employer type	Panel members			
	First round		Second/Third rounds	
	Number	%	Number	%
Industry	28	75%	26	76%
Higher education	5	14%	4	12%
Government	4	11%	4	12%
Total	37	100%	34	100%

During the first round, the panel generated 11 statements associated with networks and partnerships in China that U.S. agricultural companies should consider when entering the Chinese market. During the second round, the panel generated one additional statement. A summary of the interquartile deviations and median scores of the statements that associated with networks and partnerships in China in the second round and third round is listed in Table 3.

As listed in Table 3, the interquartile deviations of the importance rating of two statements decreased from the second round to third round (statement 1 and 2), meaning an increase in consensus. The decreases in interquartile deviation resulted in one statement's consensus level moving from moderate consensus to high consensus (statement 1). However, the consensus levels of the importance rating of the other statement did not change during re-rating in the third round (statement 2). Of the other nine statements generated in the first round, the interquartile deviations of the importance rating of eight statements did not change between the second round and third round. Therefore, their consensus levels of the importance rating did not change during re-rating in the third round. The interquartile deviation of one statement increased from the second round to third round (statement 6). However, its consensus level of the importance rating did not change during re-rating in the third round. Therefore, only one of the 11 statements generated in the first round changed their consensus levels of

the importance rating between the second round and third round (statement 1). As also listed in Table 3, one new statement was generated in the second round and reached a low consensus level in the third round (statement 9). Thus, at the end of the study, one statement reached high consensus level (statement 1), ten statements reached moderate consensus level, and one statement reached low consensus level (statement 9).

All 12 statements regarding networks and partnerships in China were rated by the panel as at least moderately important (Table 3). The median scores of the importance rating of the 11 statements generated in the first round did not change between the second round and third round. As a result, their importance levels did not change during re-rating in the third round. It should be noted that the one statement generated in the second round was considered very important during the third round (statement 9). Therefore, at the end of the study, one statement considered as essential (statement 1), eight statements considered as very important, and three statements considered as moderately important (statement 10, 11, and 12). Furthermore, at the end of the study, the Non-Chinese heritage (Caucasian/White) panel members rated two statements (statement 8 and 10) as greater ( $p < 0.05$ ) than the Chinese panel members. A summary of the mean scores of the importance rating of the 12 statements of the Chinese and Non-Chinese panel members is listed in Table 4.

**Table 3: The Consensus and Importance Level of the Statements That Associated with Networks and Partnerships in China**

Statement	Interquartile deviation		Consensus	Median		Importance
	Round 2	Round 3		Round 2	Round 3	
1. Establish rapport with the Chinese partners.	0.50	0	High consensus	5	5	Essential
2. Understand how connections are formed among Chinese people.	0.50	0.38	Moderate consensus	4	4	Very important
3. Understand the influence of networks in government, business, and industry.	0.50	0.50	Moderate consensus	4	4	Very important
4. Find and evaluate potential business partners in order to have trustworthy partners.	0.50	0.50	Moderate consensus	4	4	Very important
5. Create good personal networks within appropriate business sectors.	0.50	0.50	Moderate consensus	4	4	Very important
6. Understand the value of partnerships when entering the Chinese market.	0.38	0.50	Moderate consensus	4	4	Very important
7. Partner with Chinese government branches.	0.50	0.50	Moderate consensus	4	4	Very important
8. Understand the role of experts from Chinese universities in business development.	0.50	0.50	Moderate consensus	4	4	Very important
9. # Identify the key values and common ground of partners in China.	-	1.0	Low consensus	-	4	Very important
10. Develop partnerships with Chinese universities in order to find potential employees.	0.50	0.50	Moderate consensus	3	3	Moderately important
11. Utilize distributors.	0.50	0.50	Moderate consensus	3	3	Moderately important
12. Participate in and support Chinese professional organizations.	0.50	0.50	Moderate consensus	3	3	Moderately important

Note. “#” indicates statement suggested from second round. “-” indicates statement generated in the second round therefore no value available. Values are based on a five-point Likert rating scale: Unimportant (1), Slightly Important (2), Moderately Important (3), Very Important (4), and Essential (5). Consensus level is based on the interquartile deviation in the third round and was defined as: High consensus (interquartile deviation = 0), Moderate consensus ( $0 < \text{interquartile deviation} \leq 0.5$ ), Low consensus ( $0.5 < \text{interquartile deviation} \leq 1$ ), and No consensus ( $1 < \text{interquartile deviation}$ ). Importance level is based on the median score in the third round and was defined as: Unimportant (1.00), Slightly Important (1.50 or 2.00), Moderately Important (2.50 or 3.00), Very Important (3.50 or 4.00), and Essential (4.50 or 5.00).

**Table 4: The Statements That Associated with Networks and Partnerships in China and Their Mean Scores of the Chinese and Non-Chinese Panel Members in the Third Round**

Statement	Mean		<i>p value</i>
	Chinese (n=13)	Non- Chinese (n=21)	
1. Establish rapport with the Chinese partners.	4.46	4.90	0.07
2. Understand how connections are formed among Chinese people.	4.08	4.10	0.94
3. Understand the influence of networks in government, business, and industry.	4.31	4.43	0.54
4. Find and evaluate potential business partners in order to have trustworthy partners.	4.15	4.52	0.06
5. Create good personal networks within appropriate business sectors.	4.23	4.33	0.54
6. Understand the value of partnerships when entering the Chinese market.	4.15	4.29	0.51
7. Partner with Chinese government branches.	3.31	3.90	0.10
8. Understand the role of experts from Chinese universities in business development.	3.23	3.86	0.04*
9. # Identify the key values and common ground of partners in China.	4.00	4.00	1.00
10. Develop partnerships with Chinese universities in order to find potential employees.	3.00	3.67	0.03*
11. Utilize distributors.	3.23	3.29	0.83
12. Participate in and support Chinese professional organizations.	3.31	3.24	0.81

Note. “#” indicates statement suggested from second round. Mean values are based on a five-point Likert rating scale: Unimportant (1), Slightly Important (2), Moderately Important (3), Very Important (4), and Essential (5). Mean differences were considered significant at  $p < 0.05$ . “\*” indicates mean differences are significant.

## CONCLUSIONS AND EDUCATIONAL IMPORTANCE

The panel in this study considered establishing rapport with Chinese partners as an essential strategy. Overall, the panel deemed it very critical to understand the influence of networks and partnerships in China and to be able to create trustworthy networks and partnerships in China by U.S. agricultural companies. One panel member stated that he tended to strongly disagree with the importance of the strategies related to the networks and partnerships in China. However, after being on the ground in China he thought that it is critical to understand how the Chinese people view the concepts of relationship, rapport, and friendship.

The relationship, rapport, and friendship mentioned above are known as *Guan-xi* in China. *Guan-xi* is similar to networks or personal connections in the U.S. nevertheless play great roles in the Chinese culture. In China, a strong *Guan-xi* helps to develop a trustable partnership between two business partners (Alon & Shenkar, 2003; Fan, 2002a, 2000b; Fan, 2007; Graham & Lam, 2003; Lovett et al., 1999; Su & Littlefield, 2001). The Chinese utilize trustable *Guan-xi* to safeguard obligations with friends or acquaintances (Su & Littlefield, 2001). The Chinese place a

premium on an individual's social capital within their group of friends, relatives, and close associates (Graham & Lam, 2003). In this study, *Guan-xi* was identified as the most important key cultural factor for a foreign business organization wishing to do business in China (statement 1). Therefore, the ability to create *Guan-xi*, networks, or personal connections in China and understand how they work is an asset for a U.S. business. As panel members stated:

“Networks are what drive systems, and business cannot be done effectively without personal connections and knowledge of the other's trustworthiness.”

“Solid relationships are based on common ground or an appreciation/respect for the other person's values, so you each know where you stand in various circumstances; one needs a solid basis on which to make decisions.”

Noted in this study, the panel implied the importance of having Chinese Nationals to build up networks and conduct effective communications across different cultures



(statement 1, 2, 3, 4, 5, 6, 9 and 10). As panel members stated:

“Key factor is a Chinese people on the ground.”

“China is a very complex society and I don't think I'll ever master that knowledge. I'm comfortable relying on my Chinese managers to understand - although I question whether any one person can get his arms around it in such a big and diverse country.”

“I believe that having strong Chinese nationals improves communication within the Chinese organization. We had lot of trouble using transplanted Americans.”

“Culturally, U.S. companies need to have on staff the Chinese Nationals that they are very comfortable and confident with to assist in navigating the various peculiarities of the local business customs and processes.”

Previous studies also agree with this study. Cui (1998) stated that bilingual and bicultural Chinese professionals with degrees from western universities are in demand for international business organizations in China. Chinese Nationals educated and trained in the U.S. are assumed to be familiar with U.S. agricultural technology and management styles. U.S. agricultural companies can benefit the Chinese National's educational and technical training in the U.S. and thereafter maximize their application in the China-based operations. A bilingual and bicultural Chinese National who can communicate effectively across cultures can better facilitate business negotiations and therefore form good networks and partnerships (Graham & Lam, 2003). As one panel member stated:

“Understanding cultural interactions can prevent many problems and facilitate progress for the company.”

Other researchers also stressed that business deals for Americans in China don't often succeed without a Chinese intermediary (Su & Littlefield, 2001). The intermediary can find the personal connections and *Guan-xi* to the target organizations and therefore build business networks between the U.S. company and perspective Chinese partners via friendship or reciprocity.

This study also suggests that Chinese government branches and universities are important sources to facilitate businesses development for a U.S. agricultural company (statement 3, 7, 8, and 10). As panel members stated:

“Government is an important player, especially in China, for the success of the business and as such must be accounted for in any business plan.”

“I have been reminded many times to not underestimate the important of rapport with various levels of government officials. So, understanding how this relates to your particular business is important. “

“I find the more relationships you can cultivate in China, the better off you will be in business dealings. Knowing key contacts in both government and university settings can also be very helpful in allowing you to navigate the political waters we all face regarding regulatory and determining who the key decision makers are.”

The panel in this study considered the rapport with various levels of government agencies to facilitate business success is inevitable in many ways (statement 3 and 7). As panel members stated:

“There are many cultural norms in China that are somewhat different than U.S. This is especially true when dealing with government agencies regarding any regulatory approvals. A mis-step with officials can mean delays or denials of products.”

“Partnering with Chinese Government branches in my opinion may just be incorrect phrase. I'm not sure a U.S. company can really partner with them, but I think it is essential to have a good rapport with various levels of government agencies to facilitate good business success.”

“Partner with Chinese government branches is not always possible. Nice if you can do it, but not a show stopper if you can't.”

According to the panel, the Chinese government, which is closely tied to Chinese universities, wants to verify the science themselves for a new foreign technology or product registration (statement 8). Therefore, getting the Chinese customers or consumers to a base understanding of the science is needed through some dialogue or partnership with Chinese universities by a U.S. agricultural company. Also, U.S. agricultural companies should recognize that many faculty members in the Chinese universities are secondary employment in Chinese companies. As panel members acknowledged Chinese universities have significant impact on government actions when new technology is involved:

“One thing we have learned from the science side is that the Chinese government wants to verify the science themselves. However, in groundbreaking technology, it isn't always known how to do this. Because the government is tied to universities

closely, getting to a base understanding of the science is needed through some dialogue or partnering.”

“It seems that the Chinese government relies on the internal expertise of national scientists. Being able to understand, support, and connect with them appropriate for the culture is the key.”

Notably, the Non-Chinese panel members in this study rated the importance greater on understanding the role of experts from Chinese universities compared to the Chinese panel members (statement 8). It is the authors’ opinion that the Non-Chinese panel members in this study may have more desire to understand the role of experts from Chinese universities compared to the Chinese panel members. Therefore, educational programs targeting at Non-Chinese employee training should emphasize topics related to the role of experts from Chinese universities.

The panel in this study deemed it very important for U.S. agricultural companies to identify the key values and common ground of partners in China. As one panel member stated:

“It is a general philosophy for us to never enter a new and poorly understood business climate without a local partner that has similar objectives and motivations as do we.”

In this study, the role of Chinese universities to assist U.S. agricultural companies to find potential employees was only considered by the panel to be moderately important (statement 10). However, many Non-Chinese panel members still emphasized the forming of partnerships with Chinese universities. As some of the Non-Chinese panel members stated:

“...good knowledge of university programs and students to be in contact with good employee recruits.”

“In our field - animal science - the schools are the source spring of bright, eager talent. The best students from the best advisors are quickly snapped up.”

The relatively low importance level on this strategy may be because the Chinese panel members in this study rated the importance lower compared to the Non-Chinese panel members. The reason that the Chinese panel members rated the importance lower may be because the Chinese panel members have other venues besides depending on Chinese colleges or universities to recruit potential employees in China due to their Chinese heritage background.

Although rated moderately important, the panel members in this study reported that it is becoming more

important to be involved in and support agriculture-related professional organizations in China (statement 12). As panel members stated:

“It is becoming more important to be involved in and supporting professional organizations in China. The world is interested to being involved in these groups and globally-based trade shows are becoming more accepted in China. Many of these are sponsored by professional organizations in China.”

“Believe a presence within professional organizations is key to staying abreast of current issues and shows you are willing to be part of what they are trying to achieve.”

“I may have overrated ‘participate in and support Chinese professional organizations’ but company loyalty in part is from their interaction with professional and local organizations. Support helps create commitment to the company.”

The panel only rated it moderately important to utilize distributors in China by U.S. agricultural companies. Different opinions still existed on this type of business partnership in China among the panel members. As panel members stated:

“Distributors (trusted, quality) can multiply your sales if they are good.”

“Using distributors potentially means loss of control over the product integrity – particularly intellectual property rights.”

“I think it depends on your business and type of product. Ours requires a complex, slow technical sell, and we sell at a price premium over competitive products based on quality. Distributors are not effective except as door openers and bridges. We do the selling with direct sales representatives.”

In conclusion, the strategies developed in this study were all rated by the panel as important at various levels and should be included in international business educational programs by U.S. companies wishing to conduct business in China. The findings of this research also provide business education and economics departments in universities or other organizations with evidence to strategically develop curriculum and educational programs that focus on international business education, international leadership education, and entrepreneurship education. These educational programs should prepare and strengthen U.S.

organizations to conduct international collaborations cross cultures.

### IMPLICATIONS

There is growing business collaboration between the U.S. and China as a result of greater global economic integration. Therefore, utilizing the strategies generated in this study to develop training materials and programs to educate company employees to be internationally competent could be beneficial to companies wishing to conduct business in China. Moreover, intercultural training is no longer just for business organizations, it can be utilized anywhere that people from diverse cultures live and work together, including schools and communities. There are growing educational collaborations at the K-12 and higher education levels between the U.S. and China. These educational collaborations could include student and teacher exchange programs at the K-12 level as well as study abroad, teaching, and research collaborating programs at the collegiate level. Therefore, some of the strategies generated in this study may have applications that could prepare and strengthen the development of educational collaborations between the U.S. and China. The findings of this study may provide more meaningful guidelines or applications for U.S. educational organizations to identify trustworthy partners and develop strong trusting *Guan-xi* with Chinese educational organizations by understanding cultural differences between the U.S. and China.

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