“Influence of Guanxi and Trust on Business to Business relationships in the Chinese market”

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Aim: To understand the influence of guanxi and trust on business to business relationships in the Chinese market.

Method: This study was conducted based on an inductive qualitative research method with the use of primary and secondary data. A case study, with semi-structured interview questions and open-end questionnaire were used for the collection of primary data. In total 27 employees were interviewed, 13 through an online application and 14 through an online survey.

Result & Conclusions: Guanxi and trust are inseparable and complement each other when building B2B relationships. Renqing and ganqing are part of guanxi which can influence guanxi directly. Trust can be divided in interpersonal and organizational trust and both can build B2B relationships. For the creation of a long-term relationship between business partners, both guanxi and trust are essential to maintain and strengthen the relationship.

Suggestion for future research: Because of the limited number of interviews and circumstances, the results of this research are based in one company and three of its business partners. All the interviewed employees work in China and are specialized in the pharmaceutical industry. Therefore, the results are difficult to be generalized, but further studies can be conducted in different fields and industries, such as government-owned companies and various business scopes to investigate if the different levels of guanxi and trust influence business relationships or performance.

Contribution of the study: This study contributes to the understanding of how guanxi and trust influence relationships between business partners in China. No matter which starts the initial B2B relationship, both trust and guanxi are essential in building, maintain and strengthening B2B relationships.

Keywords: Guanxi, Trust, Interpersonal Trust, Organizational Trust, Mianzi, Renqing, Ganqing, B2B Relationships
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1. Introduction

In the first chapter background and motivation of the study, concepts of trust and guanxi are presented along with their importance in business relationships. The chapter ends with the research questions and the study’s limitations.

1.1 Background and Motivation of the Study

All businesses are based on relationships. Every company has goals, which need to be accomplished and so the interaction with an external environment is necessary. The external environment can be customers, suppliers, competitors, policymakers and every other stakeholder (Donaldson & O'Toole, 2007). For a business to be successful, it has to build and manage relationships with all the potential stakeholders. For the Chinese companies, these relationships are influenced by guanxi, otherwise called interpersonal relationships (Lee & Dawes, 2005).

The Chinese market has become the most robust emerging market during the last 30 years. This economic growth is a result of the globalization of markets (Wild & Wild, 2016) and many multinational enterprises want to enter the Chinese market (Leung et al., 2011), which is characterized by its unique philosophy of doing business, called guanxi (Park & Luo, 2001). Fang (1999) suggests that guanxi is a philosophy of trust, because relationships are significant for Chinese. According to Perks et al. (2009), guanxi differs a lot from what Westerns perceive as relationships. Compared to the western literature that focuses on relationships between organizations, guanxi is mostly based on personal relationships (Barnes et al., 2011).

For every network of relationships that intends to be functional and last over time, trust is an essential ingredient that needs to be present and bilateral between partners (Mamad & Chahdi, 2013). Developing relationships with working partners requires continuous communication, strong commitment and high level of trust (Whipple et al., 2010). Therefore, trust among partners is essential for a win-win relationship and long-term relationships, which are based on trust, can create a stronger competitive advantage for companies (Hoyt & Huq, 2000).

The concept of guanxi needs time and effort to be understood and mastered. In contrast to Western companies that need to understand the concept of guanxi, for Chinese
managers, things are more comfortable. For them, guanxi is a regular practice since relationships are based on moral and are highly personalized. Guanxi is considered a family tie, and inside the Chinese society, family life is central (Hitt et al., 2002). A significant number of Chinese businesses are family owned, and therefore family-oriented behavior is a natural consequence (Chen, 2001).

Business relationships are regarded as an organizational resource and are crucial to competitive advantage and success (Biggemann & Buttle, 2005; Shaladi, 2012). The researchers found that it is necessary to consider building and developing close business relationships to succeed in China (Ambler, 1994; Hall & Hall, 1987; Johansson, 1995; Luo, 1997; Xin & Pearce, 1996). Developing personal relationships can enhance business-to-business (B2B) effectiveness and efficiency (Sheth & Parvatlyar, 1995). Under the Chinese cultural context, guanxi can be understood by a personalized and close business relationship, and also it is considered as a necessary condition when doing business between companies (Xin & Pearce, 1996).

As part of the changes globalization brought to the world’s business environment, China has become an appealing market for foreign investors and the majority of previous researches have been focusing on how western companies can understand and use guanxi to do business in China (Fan & Zigang, 2004). Guanxi by itself, as a concept and a philosophy, has been heavily investigated from different authors (Leung et al., 2011; Lee & Dawes, 2005; Luo & Chen, 1997; Yeung & Tung, 1996) because of its uniqueness of succeeding in the Chinese market. All the previously mentioned studies have been focusing on how can foreign investments in China be competitive and profitable. However, there are few studies on the influence of guanxi on business-to-business relationships (Heywood, 2008; Lee & Anderson, 2007; Qian, 2012), especially those involving business relationships between Chinese enterprises.

Guanxi is an interpersonal relationship established to promote and exchange personal resources such as obligations, expectations, mutual trust and cooperation between individuals or organizations (Xue et al., 2018). Gong et al. (2013) emphasise that guanxi is an integral part of trust building at the organizational level. Trust is a part of guanxi which is well embedded in the construct of guanxi (Huang et al., 2011). The researchers have mainly focused on how western companies can be competitive in negotiating outcomes compared to local competitors; therefore the exploration of guanxi’s and trust’s influence on B2B relationships between wholly owned Chinese
companies based in China becomes more necessary for the extension of knowledge in this field.

For this study, we want to investigate how guanxi and trust influence B2B relationships and how is the interaction between trust and guanxi. Moreover, to narrow down the focus of our study, we will concentrate only on guanxi that is used between business partners, because as we mentioned earlier guanxi is present in every aspect of people’s social and business life in China. The company that will be examined is called Hao Jian Kang and is operating in the B2B market. Hao Jian Kang started operating in 2014 and is a Chinese based company specialized in producing herbal eye patch and eye steam masks exclusively for the Chinese market. We chose Hao Jian Kang because of its business nature. As a company, it has direct relations with suppliers, buyers and end customers. In all these business transactions, the creation of ties is necessary, essential and also will help us study the levels in which trust and guanxi influence these relations.

1.2 Aim of the study - Problem Statement

During the last three decades authors such as Davies et al., 1995; Fan & Zigang, 2004; Leung et al., 2011; Pukthuanthong & Walker, 2007; Lee & Dawes, 2005; Luo & Chen, 1997; Yeung & Tung, 1996 have focused mainly on the problems Western companies face when engaged in businesses in China, but few (Park & Luo, 2001; Chan et al., 2002; Fu et al., 2006) have been interested in guanxi networks in Chinese companies. Most of the academic studies investigate guanxi and trust and their influence on B2B (Abosag & Naudé, 2014; Braendle et al., 2005; Dong et al., 2017), among Western and Chinese companies, but not among two or more Chinese companies. Consequently, there is an empirical gap regarding the influence of guanxi and trust on B2B relationships between Chinese firms.

The aim of this study is to understand the influence of guanxi and trust on B2B relationships between Chinese companies. Investigating the influence of guanxi and trust on Chinese companies can be beneficial for existing companies, future investments, the scientific society that specializes in business relationships and above all, it is important to offer new insight to a highly successful emerging market such is China.
1.3 Research Questions
In our attempt to fulfill the aim of this study, the following research questions are addressed in the Chinese context:

RQ1: How does guanxi and trust influence B2B relationships?

RQ2: Which is the relationship between guanxi and trust in B2B relationships?

1.4 Delimitations
Delimitations can be divided into three parts: the theoretical review, the methodological limitations, and the market environment.

The theoretical review will be focused on two different concepts (trust and guanxi in B2B relationships). Both concepts are broad and have been analyzed separately by many previous studies, but for the aim of this study, guanxi and trust in B2B will be discussed from a Chinese company’s perspective. First, when scholars refer to guanxi, they emphasize both its sides, family/social and business. In this work, we will focus on the business nature of guanxi. Second, trust represents an essential element when developing relationships with working partners (Whipple et al., 2010), so, its powerful influence will be examined in the creation and maintenance of B2B relationships. Third, B2B relationship management is the main area that this study will focus.

Regarding the methodological limitations, the present study will use a qualitative approach for the analysis of the primary data. Our limitations are regarding the sample size, since we have one company, three of its business partners and a total of 27 employees. This is because we could not have access to more organizations and the time we had at our disposal was limited.

The present study is focused on the Chinese market since the company itself, Hao Jian Kang, and the B2B relationships the company has created are located in China. The location of the company is also one of the environmental limitations of the study. Therefore, the results can be generalized and applied to other markets, business models or even companies that are familiarized with the guanxi philosophy, such as Taiwan. We are focusing in one main company named Hao Jian Kang and we will analyze the company’s relationships with three of Hao Jian Kang’ business partners, which are located in China. Our purpose is to investigate how guanxi and trust influence the relationship between Hao Jian Kang and the partner firms.
1.5 Disposition

This study consists of six chapters, and each of them will be presented in the following order:

Chapter 1-Introduction: Presents an overview of the subject, research questions, aim, and purpose of the research and limitations.

Chapter 2-Literature Review: Presents some of the existing theories that define the main concepts of this study. Three main concepts are discussed: Trust, guanxi and business to business (B2B) relationships. Priority is given to guanxi so that a conceptual framework to be developed for the research.

Chapter 3-Methodology: Presents the methodology of the research. Followed by an explanation of why this research method is appropriate for this data collection, and also, provides arguments regarding the quality, reliability, and validity of the research.

Chapter 4-Empirical Findings: Presents the collected data that were gathered during the interviews.

Chapter 5-Findings and Discussion: Presents an integrated analysis through the collected data and the previous theories and makes a discussion based on the findings and how they relate to the existing theories.

Chapter 6-Conclusions: Presents the conclusion of the analyses and findings, provides answers to the research questions, includes a discussion regarding the contribution of the research and last but not least, offers suggestions for further investigation.

In the last pages of this study, the reader will be able to read the reference list, the interview questions and also tables and data used from other sources.

1.6 Definitions of the Main Concepts

In this section will be given definitions related to the concepts of the study that can help the reader have a better understanding of the text.

Guanxi: Interpersonal trust

Ganqing: Emotions/ affect

Renqing: Reciprocal favor
Mianzi: Face/ Reputation/ Dignity

B2B: Business-to-Business

Xinren: Trust
2. Theory

In this chapter, main components of the theory such as guanxi, trust and business relationships are discussed. A theoretical framework is presented by connecting these three constructs at the end of the chapter.

2.1 Guanxi

After the Open Door Policy in 1978 China has emerged as one of the strongest economies with steady economic growth (Huan, 1986). As a result of this economic development, China has been perceived and targeted as a profitable business destination for companies that are interested in investments, but many western companies have failed due to the lack of understanding of guanxi (Davies et al., 1995). According to the authors, the complexity of investing in China is a result of the difficulty of identifying the decision-maker and the number of pre-negotiation contacts that are required. The creation of trust through personal networks is needed to deal with the previously mentioned obstacles (Brunner et al., 1990).

Guanxi, as a general term for social networking, is central in all levels of business, social or political functioning (Yeung, 1995; Yeung & Tung, 1996). The word guanxi (pronounced guan-shee) means literally “a relationship” between objects, forces, or persons (Yang, 1994). Guanxi is a unique concept and it is of vital importance in the business environment of China. It reveals three things: first, guanxi is a formality, a necessary procedure that people (especially salespeople) must go through for strangers to establish intention to conduct business with one another. In short, with no guanxi, there is no intention. Second, there is a threshold level for guanxi below which strangers remain strangers. Third, the establishment of guanxi may take time (Lee & Dawes, 2005).

Guanxi is the way of building, dealing, and maintaining relationships in China (Fang, 1999). For Dunning & Kim (2007) guanxi is utilitarian, transferable, long-term, reciprocal, personal and intangible (see Table 1). Due to its complex nature, guanxi cannot be avoided in business relationships, because interpersonal and business relationships are integrated and therefore can be relocated from one level to another (Perks et al., 2009). Seeing that guanxi plays an important role in the Chinese social life and business operations, under the specific cultural environment of China, good guanxi should be established before establishing trust between enterprises (Perks et al., 2009).
Guanxi is seen as an essential factor for business negotiations and cooperation which may bring a wide range of benefits. Guanxi has been deeply rooted in Chinese culture and the Chinese business environment (Cheng et al., 2012). Guanxi can be seen as a special relationship at the individual level in essence which refers to a network of informal interpersonal relationships and human relations, and it also influences the social attitudes and business behavior in Chinese society (Zhang & Zhang, 2006). Wu & Chiu (2016) stated that guanxi has a different meaning from western understanding. There is an unwritten rule in Chinese society which is to establish an interpersonal relationship first, and if it is successful, the business transactions will follow (Ambler, 1994). However, Westerners usually establish transactions first, and if they are successful, the relationship will follow next (Perks et al., 2009).

### 2.1.1 Where Guanxi Comes From

The concept first appeared in the business writing papers in the west in the 1980s, which described the cultural factors when doing business in China (Alston, 1989). The original concept of guanxi comes from a Chinese social philosophy called Confucianism. Confucianism has been the central ideology dictating the cognitive thinking and the moral values of the Chinese for more than 5000 years (Yeung, 1995). Guanxi is part of the Confucius’ philosophy and refers to interpersonal relationships that derive from the social or family environment, and it is related to special favors and obligations to the guanxi circle (Lee & Dawes, 2005; Hwang, 1987). According to this philosophy, the essence of human beings is relationship-oriented, and the establishment of a healthy relationship is conducive to the realization of social and economic order (Luo et al., 1997). Mutual dependence, reciprocity, and trust have formed the foundation of guanxi and guanxi network in China (Yang, 1994).

<table>
<thead>
<tr>
<th>Traits</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilitarian</td>
<td>Guanxi is purposefully driven by personal interests.</td>
</tr>
<tr>
<td>Reciprocal</td>
<td>An individual’s reputation is tied up with reciprocal obligations.</td>
</tr>
<tr>
<td>Transferable</td>
<td>Guanxi is transferable through a third party as a referral.</td>
</tr>
<tr>
<td>Personal</td>
<td>Guanxi is established between individuals.</td>
</tr>
<tr>
<td>Long-term</td>
<td>Guanxi is reinforced through long-term cultivation.</td>
</tr>
<tr>
<td>Intangible</td>
<td>Guanxi is maintained by an unspoken commitment.</td>
</tr>
</tbody>
</table>

Table 1: The Traits of Guanxi. Source: Dunning & Kim (2007), p.331.
2.1.2 What is Guanxi Made Off

The Chinese phrase “guan-xi” consists of two characters — the character “guan” that means a gate or a hurdle, and “xi” that refers to a tie, a relationship, or a connection. So guanxi literally means “pass the gate and get connected” (Lee & Dawes, 2005). Martinsons (2008) states that guanxi’s orientation can be considered to constitute a primary mode of social network operation.

For a better understanding of guanxi, three relevant structures need to be analyzed: mianzi, renqing and ganqing (Kipnis, 1996; Wang, 2007). Mianzi can be recognized as the individual’s personal social position and status. Saving mianzi can be understood as the process of building your network of relationships and through that network the individual can benefit from others social resources (Buckley, 2010).

Mianzi means people’s face and represents one’s morality, reputation and social status (Tsang et al., 2013). The face has been defined as “respect, pride, and dignity as a consequence of an individual’s social achievement and the practice of it” (Leung & Chan, 2003). Mianzi, also, refers to the recognition of someone else's social status, because by losing or saving face (mianzi) it can be seen if that person’s status is recognized and respected by the rest of the society (Buttery & Leung, 1998). For Buttery & Leung (1998), giving face to others (recognizing another's reputation) is far more important than protecting one’s face (protecting your own reputation). Another important thing regarding mianzi, is that by saving someone’s face, reciprocity is born (Tsang et al., 2013). The concept of face is often associated with the Chinese culture and society.

Renqing means favor or reciprocal favor. For Kaynak et al. (2013:13) renqing is “the feedback or payback process of returning a favor”. Hwang (1987:953-954) individualize the three different meanings of renqing. First, renqing is the emotional responses. If an individual can understand other people’s emotional responses, then that individual has empathy and knows renqing. Second, renqing as part of social exchange is introduced to others as a gift. It can be money, goods, services or a component of affection. Third, renqing represents certain social norms. Renqing comprises out of two sorts of social behavior: (a) circumstantial exchanges of gifts and visits to other members of the social network, and (b) showing sympathy and offering help to other members. As a result, guanxi depends on the interactive exchange between individuals.
In order to enhance guanxi, the Chinese need to continuously offer and exchange instrumental (e.g., goods and money) and affective (e.g., emotional support and empathy) renqing (the Chinese concept of favor) with one another (Tsang et al., 2013:96). Guanxi cannot be preserved without the face-saving process and the reciprocity of give-and-take favors, because renqing must be returned (Au, 2014). For example, delays on payments can be considered as an act of dishonor between two organizations (Luo, 2001, after Tang & Cheng, 2012).

Ganqing generally means emotion or emotional relationship or affection. Kipnis (1996) states that the meaning of ganqing changes according to the local use between Cantonese and Mandarin-speaking areas. The term itself refers to human feelings and is related to emotional commitments (Lee & Dawes, 2005). What is worth mentioning is the existence of two types of ganqing. The first one is created only for bilateral favoring material exchanges and the second one is established among friends (Kipnis, 1996).

2.1.3 The Transition of Guanxi from Interpersonal to Organizational
Guanxi is culturally rooted and represents the Chinese way of living and doing business. It is an interpersonal and long-term cooperation (Su et al., 2007). Within the Chinese business context, personal relationships and business are inseparable from each other (Perks et al., 2009). Luo et al. (1997) support that guanxi can be relocated from the individual to the corporate level. At the organization level, guanxi can be the valuable asset when individual relationships are dedicated to the organization and used by the organization through close relationships between employees, such as key managers (Park & Luo, 2001). Inter-organizational guanxi can be understood as the relationship between businesses, otherwise business to business (B2B) (Chen et al., 2011). The B2B inter-organizational guanxi such as suppliers is built and expanded through personal relationships (Park & Luo, 2001). The philosophy of guanxi in China, not only represents the personal relationship but also the relationship in the business environment, such is the one between a supplier and its customers (Hingley et al., 2009). Guanxi was defined as an interpersonal and inter-organizational relationship, as well as the exchange benefits for B2B activities (Peng et al., 2000). From the B2B perspective, guanxi refers to the interpersonal and inter-organizational networking that affects the degree of integration, including information sharing and strategic cooperation between coworkers (Cai et al., 2010). Guanxi is an essential competitive advantage when starting to build new partnerships (Wang et al., 2018).
2.2 Trust
Trust is such a multidimensional and complex concept that many authors have proposed several definitions. Blomqvist (1997:271) describes trust as an important element that influences almost every part of the economic transactions that occur between companies and not only, for example capital investments, relationship marketing, costs, governance transactions, the investment of high-value goods and the development of high-tech projects, cross-cultural communication and the sales of high-value investment products.

According to Morgan & Hunt (1994) trust exists when one party has confidence in the partner’s reliability and integrity. For Ganesan (1994), trust is a two-dimensional construct, including perceived credibility and benevolence. The first dimension focuses on the credibility of an exchange partner with the expectancy that the partner’s words or written statements are reliable. The second dimension, benevolence, is the extent to which a partner is genuinely interested in the other partner’s welfare and is motivated to pursue a mutual gain. The target of trust can be either an individual (i.e., a supplier’s salesperson) or an organization (i.e., a supplier). Nonetheless, a lack of trust between the parties can become an obstacle to a productive partnership (Powell et al., 1996). For Kanter (1994) distrust is more possible to appear at the beginning of a collaborative partnership than later on when the involved parties get to know each other because trust develops over time (Iacono & Weisband, 1997).

2.2.1 Developing Trust
As social entities, humans at their early development stage learn that the accomplishment of their needs and desires calls for interaction and alliance with others (Simon, 1990). People have the pervasive need to engage with others, however their willingness to trust others may vary (Weber et al., 2004). For Mayer & Davis (1999) the perceptions of ability, benevolence, and integrity constitute important cognitive antecedents of trust (Mayer & Davis, 1999). Doney & Cannon (1997) support that experience is a significant factor that defines how much a party trusts another party because through repeated interactions trust is developed (Weber et al., 2004).

Gambetta (2000) in his work states that trust is based on the expectations people have that others will act in ways that are not harmful. These expectations rely on an individual’s expectations about the trustworthiness of others (Mayer et al., 1995:715). Therefore, the development of trust relies on the formation of a trustor’s (the person who gives trust to someone else, to the trustee) expectations about the motives and
behaviors of a trustee (the person who receives trust from the trustor) (Doney & Cannon, 1997:37). In their research Doney and Cannon (1997) support that trust can be developed through a transference process, where a third party describes another one as trustworthy, and so trust can be transferred from one source of proof to another person with which the trustor has no direct experience.

Interpersonal trust, defined as the willingness of a party to be vulnerable to the actions of another (Ganesan, 1994), can promote cooperation and empower coordinated social interactions (Williams, 2001). Interpersonal trust has cognitive and affective foundations (McAllister, 1995); therefore, its development is influenced by trustworthiness and interpersonal effect (Mayer et al., 1995; McAllister, 1995). Trust develops by repeated interactions and as a result trustworthiness is built (Williams, 2001). On the other side, affect also influences trust (McAllister, 1995) because connections such as caring and benevolent actions are the foundation for building trust (Mayer et al., 1995; McAllister, 1995). Consequently, affect influences “deeper” levels of trust (Sheppard & Sherman, 1998).

According to Weber et al. (2004) trust grows gradually as positive interactions increase and developing trust eventually allows each party to take more substantial risks as their belief in the other’s trustworthiness increases. Nevertheless, things must start from somewhere, and that starting point begins with a party’s decision to act (Pillutla et al., 2003). The development of trust continues or ends, with the response of the trusted party.

2.2.2 Different Levels of Trust
A general differentiation of trust for Anderson & Narus (1984) is that trust can be perceived in individual and in organizational level. Scott (2000) and McAllister (1995) categorize trust as social affect-based, which is the social side of trust, or as rational cognition-based, which is the rational side of trust. According to Scott (2000), the probability of developing trust rises when the relationship is going to be a long-term one. Doney & Cannon (1997) support that trust can be developed among individuals, public institutions and organizations. On the other hand, Ring (1996) believes that trust eases the economic exchange through two distinct roles; the fragile (related to costs and high-risks) and the resilient (related to the goodwill or altruism of others) trust. Plank et al. (1999) finally, classifies trust in company trust, salesperson trust, and product trust.
Trust can be perceived in three different levels when it comes to its business perspective, the individual level, the organizational level (Anderson & Narus, 1984) and the national level (Michaelis et al., 2008). Fregidou-Malama & Hyder (2015) also state that there are three interrelated levels of trust which are country, company and individual trust. Perlmutter (1969) supports that; it is hard to build trust between individuals that come from different ethnic groups, because of the cultural differences. So it does not exist any method that saves time when it comes in developing trust. In other words, trust needs time to be developed between two or more parties.

Trust in the individual level is related to a person’s ability to assess a partner’s trustworthiness (Zucker, 1986), interdependence and risks (Sheppard & Sherman, 1998). Trust in the organizational level can be perceived as having faith in the integrity and the reliability of the business partner (Morgan & Hunt, 1994). Furthermore, trust between two companies can be described through credibility and benevolence (Ganesan, 1994), where credibility is related to a partner’s obligation to keep the given word and benevolence means that the partner will pursue a mutual gain. In the theory of Foster & Cadogan (2000) trust in the company can be achieved only if trust in the salesperson (individual level) exists. By building trust in a company level, eventually will lead in loyalty. Trust in a national level affects a company’s future. When a foreign company enters a new market, potential local customers have no previous experience with the company, but they are willing to be vulnerable and create the initial trust through the first purchase (Michaelis et al., 2008). Therefore, trust is built as a result of a foreign firm’s reputation and the involvement of local people (Hyder & Fregidou-Malama, 2009).

2.2.3 The Connection Between Trust and Guanxi

Fukuyama (1995) categorizes Chinese society as a low-trust society in which its citizens tend to distrust out-group people and trust only in-group people. Trust is not either present or absent but can be produced (Zucker, 1986). That is why for Chinese the growth of long-term relationships and strong guanxi helps in the creation of trust, which is essential in business transactions (Redding, 1993). In sociology and anthropology are frequently discussed the mechanisms for the production of trust and the most important one is the use of gift giving. Gift giving mechanisms require extensive interaction over long periods and produce trust between a small number of individuals involved in a limited set of exchanges (Zucker, 1986:11). As a result, emerged the theory of Lee &
Dawes (2005) which claims that trust is considered an outcome of guanxi and so the interactions (among businesses) are treated as an antecedent for trust.

Gong et al. (2013) distinguish two types of guanxi; role-based (hierarchical) and soil-rooted (egocentric) guanxi and claim that inter-organizational trust is influenced more from role-based guanxi. Chinese companies are guanxi-based, and they promote the personal-level relationships by stimulating trust in a personal level (Lee & Dawes, 2005). In the theories regarding guanxi, there are authors (such as Wang, 2007) who include trust (xinren) as an essential factor that affects guanxi. Huang et al. (2011) state that trust is part of guanxi.

Xinren involves confidence and commitment in the guanxi network because in China no one is willing to do business with an individual he or she does not know (Tang & Cheng, 2012), and as a consequence, he or she does not trust. In local Chinese markets, guanxi is a key to open doors, but xinren determines what is to become of you once you are in (Kriz & Fang, 2003). Therefore, xinren serves as the process of social interactions amid interested parties (Wang, 2007).

2.3 Business-to-Business Relationships

According to Levitt (1969:218), “the purpose of a business is to create and keep a customer.” Recently, has emerged the importance of combined efforts from different companies in order to offer customers products of good quality at low prices (Heskett et al., 2003). These common efforts call for willingness to cooperate, information and resource sharing (Fine et al., 2002), but none of these actions can take place without trust (Morgan & Hunt, 1994). Shortly, the puzzle lies in the development of trusted relationships between the buyer and the seller (Beth et al., 2003).

During the last two decades, business relationships are seen as a network of connected relationships (Baxter & Woodside, 2011). To portray a successful relationship, often researchers use the concept of relationship quality (Crosby et al., 1990) because it is related to commitment, satisfaction, and trust.

Regarding the evaluation of relationship quality, there are different ways of doing so. According to Morgan & Hunt (1994) trust, commitment and willingness to communicate are essential. For Crosby et al. (1990) important are trust in the salesperson and satisfaction with the salesperson. Moreover, Ford (1980) highlights the
social, cultural, technological and geographical distance as essential aspects in the evaluation of relationship quality in the buyer-seller relationship. For him geographical distance cannot be controlled, cultural distance can be minimized by employing local nationals, cultural distance is important to be reduced otherwise there cannot be trust, and the absence of trust can prevent the relationship from moving forward and last, technological distance is related to time regarding transfers or orders. By overcoming all the distances the relationship is established and commitment is granted.

2.3.1 Trust as Part of B2B Relationships

As in any other relationship, trust is also desired in business relationships. Trust is a fundamental element of a prosperous buyer-supplier relationship (Crotts & Turner, 1999) because the first small transactions can lead to trustworthiness by opening the road to long-term relationships (Blau, 1964). Crosby et al. (1990) also consider trust as the certainty that the behavior and actions of a salesperson will add more value to the long-term interest of the buyer. Ford (1980) distinguishes uncertainty, by claiming that the levels of trust are higher when the level of uncertainty is low between two business partners. As a result, when between collaborating parties there is trust, and then uncertainty can be minimized by having enough information. In this way, the close relationship of trust, risk and information sharing becomes more important in B2B (Fine et al., 2002; Morgan & Hunt, 1994).

Apart from trust, there exist the contractual agreements, in which goodwill trust and moral commitment are needed in order for the trading alliance to be preserved (Sako, 1992). This goodwill trust for Ganesan (1994) represents benevolence. Furthermore, Ganesan (1994) believes that trust depends on the partner’s honesty and competence, but for Geyskens et al. (1996) trust occurs when the business partners are benevolent and honest.

2.3.2 Commitment as Part of B2B Relationships

Commitment in the business context describes the purpose to continue collaborating with a particular business partner by maintaining the existing relationship (Geyskens et al., 1996). Moreover, commitment is related to dedication (Kim & Frazier, 1997), or the need to preserve a relationship (Dwyer & Tanner, 2002). Even though business parties have no apparent reasons to continue with a specific partnership, they do it because they want to as an act of faith (Bendapudi & Berry, 1997).
When it comes into implementing in the Chinese market the commitment-trust theory, then problems may appear, because Chinese emphasize the long-term relationships (Gao et al., 2012), even though the market environment is competitive and changing fast. In China it is tough to gain initial trust, as a result of the close guanxi network relationships (Wang, 2007). Zhou et al. (2007) point out the differences in trust and commitment in relationships between Chinese partners and Western partners. Therefore, in the Chinese market commitment is desired from both parties (Skarmeas et al., 2002). However, guanxi is not necessarily the equivalent of commitment (Gao et al., 2012).

2.3.3 Renqing as Part of B2B Relationships
In the Chinese business context, if partners want their relationships to be characterized as long-term, then they need to respect and follow the principles of renqing (favor or reciprocal favor) (Wang et al., 2008). Renqing symbolizes a present or a gift that can be given to a person as part of the social exchange process (Hwang, 1987). In turn, this leads to reciprocity rule of maintaining long-term business-to-business relationships with Chinese and with the establishment and preservation of trust (Wang et al., 2008). If someone fails to follow the renqing rules, then the business partner endangers the opportunity for future interactions (Hwang, 1987). What is worth pointing out is the fact that if the trust was lost, renqing could contribute in its resurrection (Wang, 2007). As a result, renqing is an essential component in B2B relationships in China (Wang et al., 2008).

2.4 Theoretical Model
From the theories we scrutinized and used in this chapter, we understood that guanxi is composed out of mianzi, renqing and ganqing (Kipnis, 1996; Wang, 2007). These norms offer individuals the chance to gain respect and to be part of a social network by emphasizing the human element of interactions. Interactions such as business deals cannot be successful in the Chinese market without having first created a strong and trustworthy network of connections between individuals that represent different companies.

Trust can be considered an outcome of guanxi (Lee & Dawes, 2005), part of guanxi (Huang et al., 2011) or an essential factor that affects guanxi, without being a part of it (Wang, 2007). Still, in all cases, the importance of trust in business transactions is of profound significance. It is more than evident that even in the most profitable situations
parties need to show faith in the actions of the business partner; otherwise, there cannot be any business dealings at all.

Trust itself, is divided in interpersonal trust and organizational trust (Anderson & Narus, 1984; Doney & Cannon, 1997; Williams, 2001) that leads to the creation of business bonds (Morgan & Hunt, 1994; Crotts & Turner, 1999; Beth et al., 2003; Baxter & Woodside, 2011).

Based on the existing theories, in Figure 1 we introduce our theoretical framework. To accomplish the purpose of this study, we initially aim to examine how trust and guanxi influence B2B relationships, and secondly which is the relationship between guanxi and trust in B2B relationships.

Finally, we want to investigate if these three constructs can give insight into the possibility of improving the performance of companies that are engaged into B2B context because every research needs to contribute something new into the scientific society. Through our study, we hope to provide further information on how network relationships are being influenced by guanxi and trust.

![Figure 1: Proposed Theoretical Framework, own.](image)
3. Methodology

_In this chapter, the methodology for our study is discussed based on the aim and research questions, in order to choose an appropriate and relevant method to conduct the research._

3.1 Research Approach

3.1.1 Inductive and Deductive Approach

According to Bryman (2012), the deductive approach can be understood as the relationship between theory and social research. The emphasis for the deductive approach is causality and it starts with a hypothesis (Bryman, 2012). Deductive reasoning is the logical process through which researchers test a theory, an established theory or a generalized theory, and then they compare if the theory can apply in the actual case they are researching (Hyde, 2000).

The inductive approach relies more on the participant’s experiences which can be the primary drivers that contribute entirely to the analysis (Azungah, 2018). Thomas (2006) points out that there are three purposes for using the inductive approach in qualitative studies. First, transfer the raw textual data into a brief material. Second, build the relationship between research objectives and summary finding from the raw data. Third, develop a framework of the structure from the raw data. According to Bryman's (2012) comparison with the deductive approach, the inductive relationship between theory and research can be understood by doing the observations and findings first and then reflect the theory, which is the opposite of deductive approach.

In this study, we use the inductive approach in order to study the influence of guanxi and trust in B2B relationships. Based on the previous scientific studies and findings that generate theory, we studied the participants’ experiences and observations through the use of interviews. We collected the raw data and analyzed them with a final aim to contribute to the theory. Figure 2 shows how we made use of the inductive approach. First we created the theoretical framework. Based on that we collected our primary data and gathered the empirical findings, which led us to the final part of the inductive approach, the reflection upon the theories through discussion.
3.1.2 Qualitative and Quantitative Research

In the field of social science research, the most popular and significant research methods are the qualitative research, which focuses on the interpretive paradigm and the quantitative research method, which focuses on the positivist paradigm. The interpretive paradigm tries to understand the world as it is by observing or interviewing the subjects of the research. Interpretive researchers use qualitative research methodologies to describe, investigate and interpret social phenomena and treat people as participants in the research, in contrast to the positivist approach, in which people are treated as objects. The positivist paradigm tries to emphasise on measuring variables and testing hypotheses by being as objective as possible. Positivist researchers use quantitative research methodologies to interpret social phenomena. (Tuli, 2010)

The description of qualitative and quantitative research can be defined by the data used, such as non-numeric and numeric, and also by different frameworks, such as inductive and deductive (Landrum & Garza, 2015). The quantitative research method emphasizes more on the quantification of data collection and analysis through a deductive approach (Bryman, 2012). The quantitative research method is mainly focused on the large volume of numerical data analysis and is descriptive (Al-Qurtas & Zairi, 2003).

The quantitative approach is the primary method in researching the international business field. However, qualitative research may make a substantial contribution to the theory building (Doz, 2001). Qualitative research can be understood as a research strategy which focuses on a relatively open approach to the research process. The unexpected results and new insights always come out during the process. However,
quantitative research cannot generate new insights (Bryman, 2006). Qualitative research is the right way to express and understand the social phenomena by texts, words and talking (Gephart, 2004; Yauch & Steudel, 2003). Compared to the quantitative research, qualitative emphasizes more on words rather than the analysis of numbers and data (Bryman, 2012).

Bryman & Bell (2011) point out that qualitative research seeks to understand the “behavior, values and beliefs” in order to approach the contextual understanding. The study of guanxi within the Chinese business context emphasizes the role of guanxi as behavior when leading with business or can be seen as values and beliefs inside the interpersonal communication. The strength of qualitative research is that from the analysis of participants’ experiences we can gain profound knowledge (Harrison & Reilly, 2011). Furthermore, qualitative research can find new insights of guanxi during the whole process. Our research focuses on the expression of words and text instead of data and statistics. Therefore we chose qualitative as our research approach.

3.2 Research Design

A research design links the collected data from the initial questions logically (Yin, 2003). Concurrent design, embedded design, explanatory and exploratory are the most used design methods in the research field, among them, the exploratory design is usually used in qualitative studies (Creswell & Clark, 2017). The exploratory design is used when exploring relationships and developing a new theory (Harrison & Reilly, 2011). For this study we chose a qualitative approach that can match with the exploratory design.

According to Stuart et al. (2002), there are five stages of a research process model. First stage: Define the research question. This state focuses on the theory building and theory developing. The research questions need to consider how to describe and get a better understanding of the situation, how the relationship is built and how to extend the theory. The interview questions can be found in Appendix 1 and the open-ended questions in Appendix 2.

The second stage: Instrument development. After the research questions are completed, this stage needs to choose one case study or multi-case studies. Moreover, in this stage, the sample size needs to be determined. Because in this study the focus is on guanxi and
trust in B2B, the company that was chosen has various B2B relationships with adequate sample size.

The third stage: Data gathering. Semi-structured interviews and open-ended questions as mediators of the survey are selected as our tools for the data selection process.

The fourth stage: Data analysis. During the data analysis in this study, all five steps will be followed.

The fifth stage: Disseminate. To increase the quality of a case study, it is necessary to consider reliability, internal and external validity.

3.3 Research Strategy

There are five different research strategies which are experiment, survey, archival analysis, history and case study (Yin, 2003). Yin (2003) stated that the case study explores individuals or organizations through complex interventions, relationships, communities and social phenomena. A case study is to answer “how” and “why” type questions, while analysing how the phenomenon is influenced within the specific context (Baxter & Jack, 2008; Yin, 2003). The case study allows us to use the previous theories and conceptual categories which will lead our research and data analysis. A case study is associated with qualitative research because the case study design is in favor of qualitative method, for example, unstructured interviewing and participant observation (Bryman, 2012).

We choose the case study as our research strategy, and the case study was done in a Chinese company. To understand the unique relationship of guanxi between companies in the territory of China, it is better to conduct the case study among Chinese companies. Hao Jian Kang’s business scope is focused only in the local Chinese market, and they cooperate with different companies, such as buyers and suppliers. Therefore we can interview the buyers and suppliers at the same time in order to achieve a better understanding of guanxi practices between collaborating companies.

3.4 Procedures

Before contacting Hao Jian Kang, we first contacted a professor from Jiangsu University and asked if it was possible to help us with our research regarding the influence of guanxi and trust on B2B relationships inside the Chinese market.
reason for contacting the specific professor is because Chinese universities have good cooperation and Research & Development relations with the enterprises. The relationship between universities and companies is becoming stronger and closer, under the development of research and economy. The professor was willing to help and introduce us to the owner of Hao Jian Kang. The first contact with the owner of Hao Jian Kang, Gang Xie was through WeChat (an instant messaging application). We introduce ourself and the purpose of our research study. First of all, we needed a company for the case study.

Second, we need to interview at least ten employees from Hao Jian Kang, especially the ones who have experience and frequent communication with other companies, such as buyers, suppliers, competitors or partners. Gang Xie agreed to our requests, but in the meanwhile, he needed to talk the other two co-partners of the company. On the second meeting we interviewed the three owners of Hao Jian Kang. On the same meeting Gang Xie told us that he asked the majority of managerial level employees if they were willing to participate in our research. Initially they were eight people who agreed to be interviewed and they all were from different departments. After we finished the interviews with those eight, another two employees expressed the desire to participate in the whole procedure. When we finished with the interviews of the Hao Jian Kang, we asked Mr. Gang if it was possible to get into contact with their business partners, because at the end our study’s main focus is B2B relationships. He was more than kind to us and organized everything regarding our second part of the research. Through his request we were able to collect information from three of the companies that Hao Jian Kang is cooperating at the moment. For our purpose, we ourselves used the already built guanxi network connections we had.

3.5 Data Collection

There are two main methods of data collection that we used during our study. First, the interview process and second, an open-ended questionnaire for the company’s business partners.

The interview, as a process, usually is used during the conduction of a qualitative research, which in turn, helps the researcher to collect facts, opinions, attitudes, experiences, behaviors (Rowley, 2012). Furthermore, in the interviewees’ point of view, they will have a certain degree of freedom of what to say, how much to say and how to
act. Semi-structured interviews will be accommodated to the interviewee from the number of question and degree of adaptation of questions (Rowley, 2012).

Therefore, we chose the semi-structured interview which can lead the interviewees to talking easily and also they can give relevant answers. Due to the tight schedule and limited financial budget, we decided to interview the respondents through WeChat (online application), because it offers both video calls and voice calls. Telephone and video chat can save time and also can remove some potential interviewer bias, but at the same time, the closeness and richness of the interaction may be lost (Bryman, 2012).

The information from the three partner companies of Hao Jian Kang were collected by open-ended questionnaire. Another method for the interview to be done is through the use of email communication or through a question survey, and the interviewees can answer the questions when they have time and send back the results to the researcher (Rowley, 2012).

3.5.1 Process of Data Collection

The first step of data collection was to contact the owner of Hao Jian Kang. We used our guanxi network to build connection with the firm. The owner of Hao Jian Kang was the first person we contacted, and he helped us with our research study. Hao Jian Kang acts both as supplier and buyer between B2B networks. Hence, the managers inside the company participated in our interview. Also, the participants outside Hao Jian Kang come from the same market, because they cooperate with Hao Jian Kang.

The second step was to contact the companies that collaborate with Hao Jian Kang and were willing to participate and give us feedback.

3.5.2 Language Translation

Both managerial level and non-managerial level employees participated in the interviews. The semi-structured interviews crosscheck and validate the information from the interviews (Bryman & Bell, 2015). Temple & Young (2004) argued that if the researcher as translator was objective, the translation result will be the same if someone else repeats it. The interview questions were first compiled in English (see appendix 1 and appendix 2). As our study focuses on the Chinese market, the questions were translated in Chinese which makes the participants understand the research questions
and avoid misunderstandings. One of the authors of this study is from China; therefore the translation is done by a native Chinese speaker.

3.6 Selection of Respondents

Twenty-seven participants took part in our research study. There are 13 participants that come from Hao Jian Kang, and the rest 14 participants are from three other business units that cooperate with Hao Jian Kang. Table 2 shows information about the participants from Hao Jian Kang.

<table>
<thead>
<tr>
<th>Hao Jian Kang’s Participants</th>
<th>Position</th>
<th>Working Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Middle manager</td>
<td>7 years</td>
</tr>
<tr>
<td>2</td>
<td>Logistics manager</td>
<td>10 years</td>
</tr>
<tr>
<td>3</td>
<td>Researcher manager</td>
<td>4 years</td>
</tr>
<tr>
<td>4</td>
<td>Finance manager</td>
<td>7 years</td>
</tr>
<tr>
<td>5</td>
<td>Project manager</td>
<td>10 years</td>
</tr>
<tr>
<td>6</td>
<td>General director</td>
<td>12 years</td>
</tr>
<tr>
<td>7</td>
<td>Operation director</td>
<td>8 years</td>
</tr>
<tr>
<td>8</td>
<td>Customer service manager</td>
<td>6 years</td>
</tr>
<tr>
<td>9</td>
<td>Production manager</td>
<td>6 years</td>
</tr>
<tr>
<td>10</td>
<td>Assistant manager</td>
<td>6 years</td>
</tr>
<tr>
<td>11</td>
<td>Production manager’s assistant</td>
<td>5 years</td>
</tr>
<tr>
<td>12</td>
<td>Workshop manager</td>
<td>5 years</td>
</tr>
<tr>
<td>13</td>
<td>Owner of Hao Jian Kang</td>
<td>15 years</td>
</tr>
</tbody>
</table>

Table 2: Respondents from Hao Jian Kang, own.

Our study is mainly based on Hao Jian Kang, in table 2 we can see the 13 employees who participated in the interviews, 12 employees and the owner of the company. The company itself is located in China, and the employees work full time. Even though the firm is established 5 years ago, the majority of managerial level employees have more than 7.6 years on average working experience. The time needed for them to answer the interview questions was between 12 and 56 minutes with an average of 20 minutes. All
the business employees are working in different departments, and the majority is representatives of the managerial level or directors of departments, and one is a production manager assistant. They buy raw materials from their suppliers and sell the semi-finished products to a public company or sell the processed product to the sale agents.

Table 3 shows information about the three business partners of Hao Jian Kang.

<table>
<thead>
<tr>
<th>Company</th>
<th>Scope of business</th>
<th>Nr. of respondents</th>
<th>Position</th>
<th>Location</th>
<th>Working experience (on average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public company</td>
<td>Pharmaceutical factory</td>
<td>5</td>
<td>Managerial level</td>
<td>Shanghai, Shandong</td>
<td>5 years</td>
</tr>
<tr>
<td>Supplier</td>
<td>Produce the raw materials of traditional Chinese medicine</td>
<td>5</td>
<td>Managerial level</td>
<td>Jiangsu, Beijing</td>
<td>7 years</td>
</tr>
<tr>
<td>Sales agent of pharmaceutical products</td>
<td>Retail shop</td>
<td>4</td>
<td>Managerial level</td>
<td>Hu Bei, Zhe Jiang</td>
<td>10 years</td>
</tr>
</tbody>
</table>

Table 3: Respondents from business partners, own.

From a 24 open-end questionnaire that was given to Hao Jian Kang’s three partner companies in China, we received 14 answers in total, 5 were from the public company that buys the semi-finished products from Hao Jian Kang, 5 were from the suppliers that sell the raw material to Hao Jian Kang, and 4 were sale agents that buy the completed products from Hao Jian Kang and resell them to retailers. All three companies are located in China, and the employees work full time. The employees’ working experience varies between 4 and 10 years. The time needed for them to answer the questionnaire was between 12 and 34 minutes with an average of 20 minutes. The business partners’ employees occupy managerial positions, some are directors of departments, and one is a sales representative. In table 3 we can see that the respondents are from different regions of China.

3.7 Data Analysis

Pope et al. (2000) state that there are five stages of data analysis in qualitative study framework approach:
First, familiarisation: concentrate on studying and reading the raw data in order to find out the essential vital ideas and repeat answer related to the main themes. As soon as the interview is finished, it is better to take the notes and think what has been answered by the interviewee (Rowley, 2012).

Second, identifying a thematic framework: to identify the critical elements of the answer which derived from the research question and research aims. The second stage is to go more in-depth in the analysis and understanding of answers. Creating a subdirectory document for all interviews in order to organize the answers for the specific questions (Rowley, 2012).

Third, indexing: The long text from the interviewee might contain different themes; the index heading will short the text and make it easier to deal with.

Fourth, charting: rearranging the data and make the chart for each principal subject and theme.

Fifth, mapping and interpretation: make the links between the themes and findings. According to this, we studied the raw data after the interviews in order to keep the mind fresh and also try to find out the essential and interesting answers.

Following the five steps of Pope et al. (2000), we used both Excel and Word to record and analyze the data. We marked the different questions into the different themes which helped us to find the right theme and answers without any delays. In the Excel file, we created categories for each theme. For the open-end questions, we used a chart analysis called “The questionnaire star”. The process of interpretation has been influenced by the research objectives and also from the data themselves. All the raw data were translated from Chinese to English.

### 3.8 Quality of Data

According to Yin (2003), there are four aspects that need to be considered regarding the quality of the case study, which are construct validity, internal validity, external validity, and reliability. Yin (2003) stated that construct validity focuses on the data collection, there are three ways to increase the construct validity. That is why we tried to use as many as possible ways to collect our data for the analysis.
First, use multiple sources of evidence. Except of collecting data from Hao Jian Kang, we were also collecting data from three different collaborating companies of Hao Jian Kang. Moreover, two ways of data collection were used, interviews and open-ended questionnaire.

Second, establish the chain of evidence. The research questions are in line with the theory. For example, we asked the respondents first about the business relationships in general, second about trust, next about guanxi, and last about the business-to-business relationships. In this way we presented them main concepts of our study and created the necessary links to the theories.

Third, essential information review in the draft case study report. The raw data we collected first were translated from Chinese to English. During the translation process we kept notes for the essential and interesting answers. After the translation was finished, we processed the raw data according to the different themes.

Johnson (1997) states that in the qualitative research there are three types of validity; first, the researchers self-were consider if they have a particular background of the knowledge. Second, the participants' point of view, for example working experience, position, and knowledge. Third, the theory used in the research study should fit the data. Whittemore et al. (2001) argued that this does not imply an overemphasis on the research process and research product, because researchers need to have freedom and show their creativity in the research process and not to overanalyze things as it may lead to pseudoscience by emphasising more than it should on the research product. Furthermore, truth value, credibility, trustworthiness, authenticity, and goodness are the elements that one needs to consider in the validity of qualitative research.

The internal validity refers to the relationship between results and variables. Moreover, provides a logical argument that can defend the research conclusion. Internal validity is used only for explanatory or causal studies, and it is not for exploratory studies (Yin, 2003). Our research study is using an exploratory approach. Therefore the internal validity is not considered as an index of measurement for the quality of this research study.

The external validity focuses on how the findings of the research can be generalized (Yin, 2003). In our research study, we use one company as the case study. A case study relies on analytical generalization, and a survey research relies on a statistical
generalization (Yin, 2003). We do not focus on the quantity of participants within the single case study.

The case we chose is from the pharmaceutical industry which cooperates with plenty of different companies and already has built relationships with them. To begin with, we used different sources of evidence, such as the company itself and its business partners. Secondly, we developed the research questions and the interview questions after we studied the theories. In order to ensure the study’s validity the interviews with the employees of Hao Jian Kang were conducted online and in real time, therefore in case one of the respondents had a difficulty understanding a question, further explanation were given. Moreover the first set of interviews with the employees of the case study made it easier for us to see where we needed to provide further explanation when we sent the questionnaire to the three business partners.

3.8.1 Reliability and Validity

Morse et al. (2002) point out that the verification strategies may ensure both reliability and validity of the research study which is first, methodological coherence. The research method should match the research questions and also the data and analysis. The sample size, the participants who are involved in the study should be related to the industry and be knowledgeable. Moreover, it is important to collect and analyze them concurrently. The mutual interaction between what is known from the theory and what is new from the research, their combinations lead to the final result. Furthermore, thinking theoretically. Before building the solid foundation it is necessary to consider the macro/micro perspectives of theory.

The research questions for the case study start with “how” and “why” and we use them in our interview questions. The interview questions and the open-ended questionnaire can be found in the appendix 1 and 2. In this way we add to our research’s reliability. Also, all the participants are relevant to our research study, since they all come from the same working field, that of the pharmaceutical industry. When we collected the answers from the interviews, we immediately began to analyze the data. During the analysis process, we linked the theory we have discussed and the findings from our research study. Reliability emphasizes that the operation of the study can be repeated and get the same result (Yin, 2003). In figure 3 we can see the whole process of methodology in
this research study and make it easy for other researchers who are willing to repeat our research.

3.9 Summary of Methodology

Regarding the methodological limitations, this is a qualitative study that had been conducted via semi-structured interviews. From the total number of employees, only thirteen will be interviewed, and this may have an impact on the gathered data because employees face different situations in their working environment.

Considering both reliability and validity in our research study, we try to keep the balance of each part of our research and to avoid overemphasis. The theories (secondary data) we used are based on previous related course /case studies. The sample of employees we interviewed comes from a long career in the B2B Chinese industry.

Figure 3: Research method flow chart, own.
4. Empirical Findings

In this chapter, we present the collected data of this study. The empirical findings are presented in a way that follows the theoretical framework and the main concepts will be addressed. The responses are grouped into three major categories so that it will make it easier for the reader to follow our analysis. First the results of the interviews from the open-ended questions with the employees of Hao Jian Kang are introduced and second the answers of the questionnaires from the three business partners. Only the relevant answers to the study’ topic are presented.

4.1 Hao Jian Kang

Hao Jian Kang Biopharmaceutical Company is a wholly owned Chinese company, established in July 2014 and located in the city of Shenzhen. It specializes in the production of herbal eye patches and eye steam masks. The corporate culture is defined by innovation, mutual benefit, common prosperity, honesty, and integrity, which comes in line with the business philosophy of caring for life by serving the public. The enterprise goal is to inherit the classic values of Chinese medicine.

They have a group of senior technology R&D personnel, who are constantly developing new products. The company currently has sales department, micro-business division, e-commerce operation department, production management department, procurement department, human resources department, investment promotion department, coordination department, production, market supervision department and other departments, with a total of more than 100 people (see Figure 4).

With four years of presence in the Chinese market, the company has gradually developed and grown stronger by obtaining a share of the Chinese market. They collaborate with different business actors, as they produce and sell products.
4.2 Guanxi

4.2.1 Employees of Hao Jian Kang

What is Guanxi?

For the respondents guanxi is a very important element in business relationships. For the production manager assistant guanxi meant to benefit, which someone can create and also through that benefit to generate profit for the company (s)he works. The individual’s connections and renqing interactions can benefit both the organization and the individual. The assistant manager considers that guanxi is equal to trust, but the logistics manager believes that guanxi reflects the degree of trust and dependency between two partners. The operating director and general director answered that guanxi for them is lots of contacts and business opportunities. The customer service manager sees guanxi as a tool that can reduce the unnecessary procedures that can come up in the long run of a business partnership. The financial manager and the owner treat guanxi as an important and essential element of the Chinese culture because most things are done through relationships. By maintaining guanxi, you can maintain renqing. For the project manager and production manager, guanxi is closely related to relationships, which are very important and can lead to better cooperation, information exchange, easier business operations, more connections, and frequent interactions. Furthermore, guanxi can be used as a free-entrance ticket in the already established relationship network. See table 4 for a summary.
As we wanted to know more about guanxi, we asked them to tell us how guanxi is affecting their business practices. Even though all of the participants agreed that guanxi is part of their everyday business activities, only a few gave information on how it affects business interactions. One of them mentioned that guanxi is necessary when we want to strengthen and maintain our relationships with our partners. The workshop director answered that guanxi affects their actions when they want to build stable relationships. However, some of the respondents see guanxi is not used only to maintain personal relationships, but it is also used for business relationships. See table 5 for a summary.

<table>
<thead>
<tr>
<th>Guanxi</th>
<th>Connections/ Contacts/ Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Benefit/ Profit</td>
</tr>
<tr>
<td></td>
<td>Trust &amp; Dependency</td>
</tr>
<tr>
<td></td>
<td>Less procedures</td>
</tr>
<tr>
<td></td>
<td>Important to business</td>
</tr>
</tbody>
</table>

Table 4: Meaning of guanxi for Hao Jian Kang employees, own.

<table>
<thead>
<tr>
<th>Guanxi</th>
<th>Building process of relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintenance of relationships</td>
</tr>
</tbody>
</table>

Table 5: What guanxi affects according to Hao Jian Kang employees, own.

**Actions to Build and Maintain Guanxi**

The participants were asked to describe the actions they take to build and maintain guanxi. The production manager assistant was one of the few that insisted on strengthening relationships, by contacting 5 to 10 times per week his partners via video calls or business dinners. Continuous communication and direct cooperation are the most important things to do. Others prefer getting in touch once a month, build personal friendship, dinner parties, holiday greetings or friendly meetings in different activities such as tennis clubs. For the customer service manager business integrity, close cooperation and frequent communication can strengthen business relationships and help build guanxi. For the general director business meeting or visits are enough.
The financial manager points out the contracts, which need to be respected and a higher degree of contact that can enhance the feeling of continuity. The logistics manager and the owner believe that guanxi can be built through long-term agreements, frequent communication, equity, mutual assistance, mutual understanding and by helping each other when needed because guanxi for him is a two-sided philosophy and not only one party’s responsibility. Guanxi can be built through interaction such as renqing that can also maintain it. The research and development manager considers that guanxi can be built through mutual technical cooperation, technical exchange, and training programs because when you share your technical advantages with your partners, it means that your relationship has reached the upper level of trust. With the R&D manager agreed with the middle-level manager who indicated honesty. The production and project managers answered that they prefer barrier-free communication, mutual exchange of visits and business parties. What the workshop director added is the non-business contacts and special customer service for the most important partners, something like Key Account Managers that will make the partners feel special. The owner mentioned that enhancing renqing interaction contribute positively to the maintenance of guanxi. According to him, they will give gifts to some of their most important partners in traditional festivals. See table 6 for a summary.

<table>
<thead>
<tr>
<th>Actions to maintain and build guanxi</th>
<th>Frequent and free communication</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dinners/ Parties/ Visits</td>
</tr>
<tr>
<td></td>
<td>Non-business contacts</td>
</tr>
<tr>
<td></td>
<td>Technical exchange</td>
</tr>
<tr>
<td></td>
<td>Holiday greetings</td>
</tr>
</tbody>
</table>

Table 6: Actions that can maintain guanxi, own.

**Rituals to Strengthen Guanxi**

The participants were asked to describe the actions they take or rituals they perform to strengthen guanxi with their partners. All mentioned business dinners, entertainment, parties, and gifts exchange in special dates such as the Chinese New Year. Some use frequent communication through visits, emails or phone calls. Others said gatherings or even mutual family vacations. The workshop manager often invites his partners for tea, talks about social subjects or personal life and in this way makes ganqing stronger. For the R&D and logistics managers mutual press conferences, annual meetings, technical
exchange, and training were the perfect actions to strengthen business relationships. The owner of the company shared with us one of the secrets of his ritual. At the end of each year, it is necessary to take the suppliers out for dinner so that they can see the degree you care about guanxi. Without the dinner, they find reasons or excuses to delay the orders. Moreover, on these dinners, not everyone is accepted. The employees that represent the company need to occupy high positions in the company’s hierarchy; otherwise, the business partners will receive it as an insult and lack of interest in the process of building guanxi with them. For the financial manager, middle management manager and production manager building a good friendship and enhancing ganqing were vital. The personal friendship is easier to be transferred from the interpersonal level to the organizational level and also ganqing relationships will be improved.

Due to the fact that the Hao Jian Kang employees are experienced we asked them if they have noticed any changes in guanxi, as a result of the changes in the global business environment. Some were not sure if guanxi had changed, since they were experiencing the same emotions for they business partners and the rituals of gift-giving, friendly meals and holiday greetings were the same. Others though claimed that for them guanxi had changed and this was noticable in they way they were doing business the last years. For example, they would chose a partner that has a better reputation instead of someone that was introduced to them by a common friend, because they cared more about the result of their business activities.

**The Relationship with the Stakeholders**

The last question regarding guanxi was referring to the business relationships that companies have. Firms are in an endless interaction with their stakeholders, so we wanted to know which guanxi relationship was more important for the employees of Hao Jian Kang. Some of the respondents believe that the relationship and guanxi with the suppliers are most important. The company in order to produce a single product it needs to purchase many different raw materials from different suppliers at the same time. If each supplier delays the delivery, the production cycle, and the total sales productivity will be affected along with the company’s revenues. The logistics manager chose the relationship with the customers. Others believe that the guanxi with the government is the most important one, because tax declaration, production safety, and enterprise supervision are done by and with the government. But there were employees
that support that all relationships (customers, suppliers, and government) are mutually essential and need attention.

4.2.2 Respondents from Business Partners

Actions to Maintainand Build Guanxi Relationships

The first question regarding guanxi referred to the actions they take to build and maintain the guanxi relationships with Hao Jian Kang. For the consulting manager employees need to take seriously their duties so that they can match their words with their actions. In other words, they respect the business contracts in the best way possible so that trust can be created. The manager 2, 9 and 10 consider “good faith” to be the most important way to maintain and build guanxi. The director 1 mentioned that by keeping consumers satisfied is a good way of building guanxi. The processes of changing a product sometimes are costly and take time, but if you as a supplier can offer your customers what they ask for, then your chances of being positively evaluated are higher.

The director 2 replied that “we need to see the situation as if we were in the others’ shoes.” In this way building guanxi is easier, by offering the best we can. From the business perspective point of view, only the manager 7 and 11 referred to the processes. Manager 7 mentioned that failure in communications, delays of deliveries and the tendency to harm your partners by thinking only about your profit, can destroy the business relationships and as a result to ruin guanxi. Therefore, good communication and win-win situations that are beneficial to both sides help in the maintenance of guanxi.

Manager 11 mentioned that deliberately delayed payments and low quality of after-sales service could harm guanxi relationships. So “we as a company try our best to be the best we can in payments, after-sales service or product maintenance and also we do whatever we can to avoid improper situations by having personal interactions.” Products’ good quality and respecting the business contract builds good faith and in turn guanxi.

The manager 12 answered that character is a very important element in the process of building guanxi. Frequent communication and respecting the contract is what we do to maintain guanxi with Hao Jian Kang. The manager of East China pointed out that guanxi is related to the person itself and not the company he or she represents. If, for
example, the person who is in charge for a particular business project is replaced, then trust between the two sides needs to be built from the beginning, because first comes the interpersonal guanxi and afterward follows the organizational guanxi.

**Actions to Strengthen Guanxi**

The other question we asked the participants was to give us specific answers of what they do to strengthen the guanxi relationships with Hao Jian Kang. The majority declared they frequently attend business dinners and try to be in contact as much as possible. Their intention is also to enhance ganqing in order to strengthen guanxi. Others pointed out honesty, mutual interests/benefits, and good faith. The operational manager said they try to keep the after-sales service quality at high levels. Manager 6 does whatever possible in order to strengthen cooperation. Manager 8 said that he often send gifts to the business partners so that they are satisfied and happy. Manager 11 follows the contract strictly because for him there is no better way of showing your gratitude other than through good quality work. Manager 7, manager of East China and the sales representative invite their partners in team building activities, conferences, visits at the company, share technology and present them their new products before being officially launched and above all respect the contract by creating win-win situations for both sides. Table 7 shows the summary of ganqing and renqing.

<table>
<thead>
<tr>
<th>Guanxi</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ganqing</td>
<td>Renqing</td>
</tr>
<tr>
<td>Inside guanxi with personal ganqing and trust</td>
<td>Interaction for Individual and organization</td>
</tr>
<tr>
<td>Communication channel</td>
<td>Guanxi is renqing</td>
</tr>
<tr>
<td>Personal(friendship) and organizational(Guanxi)</td>
<td>Resource exchange and interpersonal friendship</td>
</tr>
</tbody>
</table>

Table 7: Ganqing and Renqing, own.

**4.3 Trust**

**4.3.1 What is Trust for Hao Jian Kang**

Our first question was direct and asked the participants what trust for them is. The production manager assistant believes that trust is a very important element and need to be carefully maintained because without trust it is impossible for teamwork to exist and the lack of teamwork can create malfunctions in the company’s well being. For the
assistant manager and the operating director, trust is seen as cooperation and reciprocity that originates from good faith. For the customer service manager trust comes from good faith and it is very important for business contacts because the long-term goal is long-term cooperation. The financial manager, middle-level manager, production manager, R&D manager also, pointed out that without mutual trust, cooperation would be impossible. The general director believes that it is not easy to trust a business partner with weak performance. As times pass by companies need to establish their position in the market, and as a result they become more trustworthy and more powerful. For the owner of the company and the workshop director trust is the most basic requirement of interpersonal communication. Last, the logistic manager characterized trust as mutual responsibility and obligation to respect the business contract.

In the second sub-question, we asked the participants if trust was important for their business transactions. Trust is fundamental for them. Trust is an essential element when they build the initial guanxi and can influence the longevity of cooperation. According to the workshop director, business dealings must be governed by laws and trust is seen as a prerequisite for business dealings.

In the third sub-question, we asked the participants to define the factors according to which they can trust someone. According to the operating director delivering on time and delivering excellent products is enough for him to trust a business partner. The general director thinks that a company’s reputation, strength and the quality of experience from previous cooperation are good factors to trust a partner. The R&D manager trusted trustworthy partners but did not mention what makes a partner trustworthy. The customer service manager, logistics manager, workshop director, and the owner answered that having long-term contracts defined by exact legal constraints, showing mutual credibility and understanding, are enough factors to trust someone.

4.3.2 What is Trust for Business Partners

The response from the business partners came more grouped than those of Hao Jian Kang. For the business partners trust is when partners keep their promises. For the consulting manager, it means that first individuals need to take things seriously and respect collaborations, if not they need to resolve the partnership. Moreover, everyone needs to know well everything (s)he does and be the best, if possible. For manager 12, trust is the most basic principle if people want to get along with each other. Manager 10
believes that good faith cooperation between enterprises is the prerequisite and mutual trust is the first condition for a relationship to succeed. The manager of East China answered that both partners need to trust each other so that business can last long. However, also, the quality of products and the company’s background create a strong foundation for trust.

In the second sub-question we asked the participants if trust was necessary for their business transactions and as in the case of Hao Jian Kang employees, for them also, trust is fundamental. When the business partners were asked about the factors they trust Hao Jian Kang they said that respecting their business contracts was the most significant reason for trust.

4.3.3 Initial Trust for Hao Jian Kang

The employees were asked if they would trust a new partner because it was introduced by a friend and the answers differed a lot. The production manager assistant, the operating director, the logistics manager, and the project manager replied that they are not sure and they need to confirm by themselves if the new partners are worthy of trust. For them, their own experience plays a greater role than guanxi networks. On the other hand, the middle manager does not trust partners that are introduced by friends, but the rest employees they would trust someone that is being introduced to them by common friends.

Regarding the second part of the question, the majority were confused and preferred not to answer the question, but the ones that need to see by themselves if a potential partner if trustworthy said that it makes no difference to them a person that is totally unknown and someone introduced by a friend, because when it comes to business what matters is to respect the contract, delivery schedules and provide the right quality of products.

**Actions that Influence Trust**

The production manager assistant, productions manager, and the assistant manager are of the same opinion, and all answered that respecting the contract’s terms regarding delivery schedule, product price and quality and of course their partners need to follow the market’s regulations. The operating director said that late payments and late deliveries are the two actions their business partners should never do because if they did, they would lose his trust. The financial manager, general director, middle-level
manager, project manager and the owner of the company, agreed that if their partners do not respect and follow the signed contract, then there cannot be any more trust or further business agreements in the future. The customer service manager believes that trust can be influenced if you have good faith in the other person and the lack of good faith leads to losing trust. The logistics manager answered that falsification, fraud, delayed payments or deliveries, and unfair trading through which the company’s opponents can be benefited are some of the actions their partners should never do if they desire to continue working with Hao Jian Kang. For the R&D manager, the quality of technical networking is a sign of trust and the way they treat each other. Last, was the workshop director, who said that his trust gets influenced when the suppliers fail to deliver the raw materials on time because that affects the company’s production and in turn affects the profits.

**Reasons to Trust at the Beginning**

Some of the respondents replied that the company’s reputation and credit history says a lot about the company’s credibility, power, and performance. Others said that focus more on the legal effects of the first contract and their trust gets affected by the contract terms. If they are strict and precise they feel safer.

**Factor that Influence Trust at the Beginning**

The general director replied the company’s reputation in the market. He also mentioned that if the first cooperation were successful, they would continue collaborating in the future as well. For the customer service manager the first influential factor is the size of a company and if that company works properly, but this information someone can gather those only through a social network. For the manager, assistant trust is influenced by the personal contact by saying that:

“On spot observation and personal communication can help you see a person’s attitude, the tone of voice and working environment.”

Therefore the first step is to build trust in the personal level and then transfer it to the organizational level. On the other hand, for the middle-level manager, the production manager, and the project manager, trust can be influenced negatively by the inability of respecting the business contract, but for the logistic manager trust can be influenced by
violating the terms of the contract such as delivery time, products technical condition and payment time.

### 4.3.4 Initial Trust for Business Partners

When the business partners were asked what Hao Jian Kang needs to do, so that they can influence their trust, some of the managers said that trust is something that comes from the benevolence to try and risk. The sales representative said that trust in the interpersonal communication means that a person should give without reservation and not expecting something in return. Manager 11 answered that trust develops gradually and it is something they have achieved with Hao Jian Kang. Manager 7 points out that trust means efficiency and cooperation, having a common interest and respecting the contract. Director 1 and 2 replied that if you do not trust your partner, then you cannot be partners in the first place. Trust in a business context means that you will continue working together in the future. The manager 2 replied that trust is the premise of cooperation and only if trust exists between the two parties, you can have business exchanges. Overall, the business partners were satisfied by Hao Jian Kang because they respect the business contracts in every detail.

The second question referred to the main reasons why they trusted Hao Jian Kang at the beginning and the ones that answered the question said that the company had a good reputation in the market; their products were of high quality and in good prices. Moreover, the first contract you sign with them is a trial period, and if both parties are satisfied then they sign long-term contracts that are beneficial for both sides, in the sense of continuity, and you know that you will have work for as long as the contract says.

On the third question, we asked the respondents which factors influenced trust at the beginning. The manager 2 answered service attitude, product quality and integrity were the most critical factors that can influence trust. For the rest participants, only negative factors were mentioned that can affect trust such as delayed payments, product delays, defective products, certain materials, cheating, accounting frauds and new partnerships that can lead to contract losses.

### 4.3.5 Developing Trust for Hao Jian Kang

We asked the employee from Hao Jian Kang if their previous experiences influence their trust in existing collaborations and 8 out of 13 answered “no,” because according
to them every partner deserves a chance. The previous guanxi relationship does not exist anymore, and trust needs to be built from scratch, but trust takes time to be built.

It is not fair to judge someone because someone else was not respecting the business agreement. However, what can be done is to be more careful in the future, because everything will depend on how the new partner will act during the first cooperation and his performance. This led us to the next question. We asked them to describe the relationship they have with their business partners. The operating director described the relationship as harmonic, the project manager as mutually beneficial and the financial manager as correct. Overall, all the respondents are satisfied with the collaborations they have so far.

Next, we asked the participants if they have contractual agreements with their partners and how the payments are made. In all the cases they sign business agreements, and the payments are made after the products are delivered or in advance. This depends on the level of trust between the two parties. Some were supporting the advanced payments and others were supporting the after delivery payment.

Afterward, we wanted to know which were the main reasons to trust a partner now, since the first phase of the trial had passed. The production manager assistant said at this phase both parties show integrity and are familiar with the way the other party works. The assistant manager said that the on-time payments and delivery speed would remain the most important reasons to trust someone and to continue working with them. The operating director added price and product’s performance. The financial manager appreciates honesty and the customer service manager evaluates the fact that their partners are interested in long-term collaborations, which shows how faithful they are as partners. For the logistic manager being able to start and end a contract in a good and peaceful way, leaves the road open for future collaborations and also builds the foundation of mutual trust. The workshop director, R&D manager and the owner of the company said that as a result of the long partnership the relationship is stable, characterized by credibility and they have created the mechanisms of trust.

Sometimes, even though trust has been established it can be influenced and disrupted, that is why we asked the Hao Jian Kang employees to tell us which those factors can be at this period. The majority said that the most important factor that can influence their trust is the break of the contract rules. Next followed the lack of communication,
delayed deliveries, delayed payments, bad quality of materials and last if they favor another competitor instead of them. As time passes by, the demands get higher and so do expectations.

Therefore, on our last question, we asked the participants to tell us how they could enhance their partners' trust in them. The production manager assistant, customer service manager and the general director said that they could enhance trust by strengthening the communication with their partners. The financial manager and the assistant manager mentioned the quality of the relationship, to be honest, and straightforward regarding the company’s needs. The operating director answered that to him keeping delivering on time and the best products possible it would make it even easier for their partners to keep trusting them. The production manager pointed out the frequency of visits and communication. The rest supported that there is no better way than respecting the contract.

4.3.6 Developing Trust for Business Partners

When we asked the partners’ employees to describe the relationship they have with Hao Jian Kang, they said that is pleasant, good, honest, and harmonious. The Operation manager mentioned that communication is in place, correct and always give feedback. The manager 7 replied that help them when they ask for help, and they provide services and relevant technology if necessary.

From the responses of the employees from the cooperating companies, when they were asked if their previous experiences influence their trust in present collaborations 4 out of 14 answered “no.” Most of them answered that they have long-term contracts; guanxi and trust have been preserved for many years, even if in some cases the contact person has been changed, the contracts and guanxi are still strong and respected. In contrast to the Hao Jian Kang employees, they were more strict and careful.

The participants were first asked to tell us the main reasons why they trust Hao Jian Kang now and second the factors that can influence their trust, even though they have been working together for a long time. The main reason they keep working with Hao Jian Kang is the fact they respect contracts, because in business that is what matters. Moreover, they deliver a very high quality of products and the customers are satisfied and keep buying. The company’s reputation in the market is good and the guanxi
network they create is beneficial for all parties. During special occasions, they sent gifts and go out for dinner. That is a sign of respect for them. On the other hand, there are factors that can influence their trust. The manager 2 and 6 answered that mutual understanding is important and helping each other in times of need. The manager 3 replied that the product’s quality is a factor because if the quality gets worse, sales will drop, and that eventually will affect the company’s reputation in the market. In general, respecting the contract was a positive factor and everything that contradicted it was a negative factor.

The last question we addressed the business partners was related to the actions Hao Jian Kang could take and enhance the trust they have on them. The consulting manager replied that if they keep behaving the way they do, then they will never lose the trust we have on them. They keep their promises and respect the contract. Manager 2, 9, 10 and 11 answered that their attitude is perfect, they are characterized by integrity, and they keep their promises. Table 8 is the summary of two different levels of trust.

<table>
<thead>
<tr>
<th>Trust</th>
<th>Interpersonal trust</th>
<th>Organizational trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal observation</td>
<td>Company size and reputation, credibility</td>
<td></td>
</tr>
<tr>
<td>Interpersonal communication</td>
<td>Business contract</td>
<td></td>
</tr>
<tr>
<td>Good faith</td>
<td>Quality of the product</td>
<td></td>
</tr>
<tr>
<td>Guanxi</td>
<td>Guanxi</td>
<td></td>
</tr>
<tr>
<td>Goodwill trust</td>
<td>Previous cooperation experience</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Level of Trust, own.

4.4 B2B Relationships

4.4.1 Relationships for Hao Jian Kang Employees

Meaning of B2B Relationship

For the R&D manager B2B relationships mean win-win cooperation. For the assistant manager and the general director implies a development perspective and more business opportunities. For the middle management, the production manager and the project manager B2B relationships are strictly connected to profit. The operating director
answered “B2B means trust and long-term cooperation”. The financial manager replied, “B2B means to be able to rely on each other”. On the other hand, only three respondents see B2B as a part of the company’s efficiency and future perspective. The production manager assistant mentioned “B2B is responsible for the company’s efficiency to increase or decrease” and the logistics manager replied “B2B relationships are important for the company’s survival, they can provide a solid foundation and make our business stable”.

**Importance of Relationships**

Second, we asked the participants to evaluate how important are the relationships with the business partners for the success of the company. All the employees were of the same opinion and said that it is very important because without partners it is impossible to succeed and to develop further. The workshop director said that “the relationships are the ones that determine the likelihood of a company’s growth.”

Third, we asked about the frequency of communication with the business partners and the responses varied from “only when we need to order something” to every day. For the production manager assistant the communication is five to eight times a week, for the logistics manager two to three times per week, for the operating director is once a week or once per month, for the assistant manager is twice a month, for the production manager and the project manager only once a month, for the customer service manager, the general director, and the workshop director the communication was only when needed. Last, we wanted to know how important it is to them the business relationship they have with the different business partners for the success of Hao Jian Kang. All participants were of the same opinion. For all of them, the relationship with the business partners is significant for the typical development and represents a foundation for even more close collaboration.

Next, we asked the participants if they had noticed any differences in the partners’ behavior because we wanted to know how their relationship has been evolving. For the operating director the negotiation process is easier because the guanxi network is stable and trust is present. For the general director, trust has increased between the different parties. The financial manager, R&D manager, project manager, and the logistics manager replied that the relationship is getting better and better, the cooperation is closer and the mutual benefit is increasing. On the other hand, the production manager,
middle-level manager, assistant manager, and the customer service manager have not seen any differences.

Fifth, we asked the participants if it was easy to change the business partners because we wanted to know how important trust and guanxi in their B2B relationships were. All of them answered that it is not easy to switch to a new business partner. The reason behind it for the financial manager and logistics manager was that is a long process to replace a partner, and the result is uncertain, trust needs to be established from the beginning and of course, you cannot change the business partner if there has not been a severe circumstance. So far, they are pleased by their partners, they have solid guanxi between them and trust each other.

Sixth, we were interested to know if they had any expectations related to the development of trust and guanxi with their business partners. The production manager assistant, production manager and the middle level manager expect a deeper guanxi and want a deeper relationship. The assistant manager has high expectations. The customer service manager, project manager, R&D manager and the logistics manager believe they will continue to cooperate and trade in good faith, by seeking common development, because trust and guanxi lead their present cooperation, which they hope it will last over time. The workshop director, general director and the financial manager expect that they will continue to trust each other by increasing the level of trust.

The last question we asked the Hao Jian Kang employees was related to the influence of guanxi in the B2B relationships. All the participants, apart from the assistant manager, replied that guanxi influences the business relationships. According to the logistics manager, if for example there is a disagreement, the guanxi between the two parties will make the situation easier. For the workshop director, guanxi influences the intention of continuity.

### 4.4.2 Relationships for Business Partners

First, the participants were asked about the frequency of communication with Hao Jian Kang employees. The responses varied from every day, to once a week/ month or only when necessary. Some departments based their communication only on orders, but there were managers that attended occasional or sent holiday greeting cards. What defers in the partners' answers is that for them occasional meals or holiday greetings are part of
the communication. This is something that none of the Hao Jian Kang’s employees mentioned.

Second, we asked the participants if it was easy for them to switch to another partner. As in the case of Hao Jian Kang, they supported that they first try to resolve the problem that might have emerged and then search for new partners, because guanxi is a prerequisite of relationships in China and relationships take time to develop. Trust, on the other hand is closely related to individuals, so even if a contact person leaves the company or moves to a new position that creates problems, let alone to change the whole partnership. Table 9 shows the summary of empirical findings.

<table>
<thead>
<tr>
<th>Participant</th>
<th>Guanxi</th>
<th>Trust</th>
<th>B2B relationship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production manager assistant</td>
<td>Create benefit</td>
<td>Maintain Guanxi</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Assistant manager</td>
<td>Trust</td>
<td>Reciprocity</td>
<td>Future prospects</td>
</tr>
<tr>
<td>Operating director</td>
<td>Business opportunity</td>
<td>Interpersonal trust</td>
<td>Long term and trust</td>
</tr>
<tr>
<td>Customer service manager</td>
<td>Relationship maintain</td>
<td>Good faith</td>
<td>Amount of resources</td>
</tr>
<tr>
<td>General director</td>
<td>Business opportunity</td>
<td>Organizational trust</td>
<td>Business opportunity</td>
</tr>
<tr>
<td>Financial manager</td>
<td>Essential element</td>
<td>Mutual trust</td>
<td>Rely on each other</td>
</tr>
<tr>
<td>Logistics manager</td>
<td>Degree of trust</td>
<td>credibility</td>
<td>Stable guanxi</td>
</tr>
<tr>
<td>Middle management manager</td>
<td>Honest</td>
<td>Promise</td>
<td>Better performance</td>
</tr>
<tr>
<td>Production manager</td>
<td>Friendship</td>
<td>Very important</td>
<td>More opportunity</td>
</tr>
<tr>
<td>Project manager</td>
<td>Cooperation</td>
<td>Essential element</td>
<td>Benefit maximization</td>
</tr>
<tr>
<td>R&amp;D manager</td>
<td>Personal relationship</td>
<td>Goodwill trust</td>
<td>Win-Win cooperation</td>
</tr>
<tr>
<td>Workshop manager</td>
<td>Resources</td>
<td>Interpersonal trust</td>
<td>Risk</td>
</tr>
<tr>
<td>Owner of the company</td>
<td>Personal relationship</td>
<td>Need time to build</td>
<td>Mutual goal</td>
</tr>
</tbody>
</table>

Table 9: Summary of empirical finding, own.
5. Discussion

This chapter analyses and discusses the information from the empirical findings together with the theories of the literature review.

5.1 Guanxi

As Yeung (1995) mentioned, the concept of guanxi comes from Confucianism and have been inherited for more than 5000 years, therefore guanxi influences people’s social life and business order (Uo et al., 1997). From our research, we found that guanxi is an essential element when doing business in China, which resembles the finding of Davies et al. (1995), Yeung (1995), Tung (1996) and Cheng et al. (2012). From the business perspective, we found that having guanxi means having more business opportunities that can create more value for the company. Guanxi can be seen as an interaction between two parties, and the ultimate goal is for the mutual benefit. Within the B2B context, guanxi was seen more between the organization and their suppliers, as well as with the government. The target is to help and count on each other.

Guanxi is important because through it it is easier to enter the business circle; guanxi is seen as the entrance ticket. As part of business practice, guanxi can be built in two ways; first, interpersonal relationships. Guanxi between two organizations is built by individual’s guanxi, for example, the new partner can be introduced by a friend or the two employees already know each other, therefore guanxi exists and can be transferred from the interpersonal level to the organization level. Second, guanxi can be built through contracts. Guanxi is built according to the contract that has been signed. When the business interactions start, the two companies will increase their interaction through renqing, and as time passes by, gradually will generate and strengthen ganqing. As a result guanxi will be improved.

5.1.1 Components of Guanxi

In our research we did not ask directly about ganqing and renqing because we did not want to influence the respondents’ answers or to lead them. The majority of them mentioned these two concepts during the interview, especially on questions 14, 15 and 16.

Renqing can be easily understood by reciprocal favor. Hwang (1987:953-954) stated the three concepts of renqing which are emotional responses, social exchange, and social
norms. From our study we found that having dinner with a business partner is not only about the food. First, there must be maintained an emotional atmosphere, during the dinner people seat closer and feel more relaxed and talk. The communication is entirely different from the one during office hours and the subject of the conversation has nothing to do with business anymore. Second, through the practice of dining together, the relationship moves to an interpersonal level. Third, to dine with a business partner is an unwritten social norm in China. In our research we saw that when you invite your business partner, the position of the person that will attend the dinner should occupy a job position as higher as possible, at least should be a managerial level employee; this is the way of showing how much you appreciate your business partner.

Furthermore, we found that renqing is mostly mentioned at the beginning of the relationship, when guanxi was in a building process or while people maintaining guanxi. In order to build guanxi with a new partner the firm should better pay more attention on cultivating and promoting renqing.

Ganqing can be easily understood by the emotional affection. Kipnis (1996) described the two types of ganqing, one comes from the material exchange, and the other is established among friends. From our findings, we can conclude that frequent contact between the companies can increase the emotional affection, ganqing. We can say that ganqing is initially established during the material exchange where guanxi is at its beginning, but over time, they move gradually to the interpersonal bond. Also, in our research we saw that ganqing was often mentioned when the employees wanted to strengthen guanxi with their business partner; therefore ganqing was built after guanxi and renqing. During a long-term cooperation, ganqing’s growth will help strengthen guanxi.

5.1.2 Guanxi from Interpersonal to Organizational

In China guanxi represents an interpersonal and long-term relationship (Su et al., 2007). The personal relationship is indivisible in business activities (Perks et al., 2009). The employee who has the individual relationship is the valuable asset in the organization, and also B2B inter-organizational guanxi is built and expanded by personal relationships (Park & Luo., 2001).

From our study, we can see that most of the participants are from different departments and they all have their own guanxi connections. When guanxi was built at the
beginning, the friendship came after, and at the end, guanxi was transferred from the interpersonal level to the organizational level. The findings support the theory. Guanxi can be strengthened through interpersonal activities, such as having dinners together, participate in parties and other activities. Ganqing and renqing can also be transferred from the interpersonal level to the organizational level.

5.2 Trust

Morgan & Hunt (1994) stated that trust exists in the partner's reliability and integrity. There are two dimensional of trust, one is perceived credibility, and another is benevolence (Ganesan, 1994). Also, trust needs time to develop (Iacono & Weisbamd, 1997).

From our study, we found that even with guanxi, trust still needs time to be built. Even when the new partner can be introduced by a common friend who has already an existing network of guanxi, the participants still need to confirm by themselves if this new partner can be trustworthy. Trust comes from good faith, and also trust is reciprocity between two individuals or organizations. Trust is an essential element for building and it will take time to build and maintain.

5.2.1 Dimensions of Trust

In our study, we did not ask the respondent directly about the dimensions of trust, but from their answers it is obvious that they were aware of the different levels of trust. They mentioned the interpersonal and organizational trust.

Trust can be perceived in three levels, the individual level, the organizational level (Anderson & Narus, 1984; Doney & Cannon, 1997; Fregidou-Malama & Hyder, 2015), and last one the national level (Michaelis et al., 2008). Foster & Cadogan (2000) argued that trust in the organizational level exists because of the employees that work there. In other words, people tend to trust people and not the organizations they represent. That is why, according to our research, when the person of contact is being replaced, trust needs to be established from the beginning.

Interpersonal Trust

The individual level of trust is about personal trustworthiness (Zucker, 1986). From our findings, we can divide the interpersonal trust into three parts; first, the observation period, during which we have the personal interaction, and you can see the person’s
attitude, hear the tone of voice and experience his working environment. Second, trust is built on guanxi. For example, a friend introduces the company by using personal guanxi. Third, goodwill trust because people tend to choose which ones to trust at goodwill. From the above, we can conclude that the personal image and personal behavior are important, because the employee is not only representing the individual but also the whole company. As a result, the personal relationship plays a major role in trust.

Organizational Trust

Trust in the organizational level exists when you show faith and reliability on your business partner (Morgan & Hunt, 1994) or when you go according to the business contracts (Michaelis et al., 2008). Trust between two companies can be described through credibility and benevolence (Ganesan, 1994). From our finding, we can see there are three ways to build organizational trust; first, based on company’s background. When two companies that have nothing in common are thinking at cooperating together and start building successfully guanxi, they first gather information about the size of the other company, its reputation and its credibility in the market. Even these information can be found on the internet, business partners can go and check by themselves.

Second, through previous experiences and guanxi. If the two companies have been cooperating in the past, they already have a guanxi network and trust can be built quicker. So, trust can be created due to the previous experience and the existing guanxi. If trust exists along with guanxi, then they will just enhance and maintain the mutual trust.

Third, though business contracts. In the absence of guanxi and interpersonal trust, the organizational trust can be built from the business contract. In our research, trust between business partners can be created steadily when people respect the business agreements. They start from zero, with only good faith and goodwill trust and gradually build guanxi and trust, through gift sharing, warm greetings, social dinners and so on..

Developing trust between business partners can be done in two ways, the interpersonal way and the organizational way.

In order to develop trust in the personal level, the two parties need to be honest with each other, need to have an open and direct communication, to sustain integrity and to
help each other. During the process of building the interpersonal trust, companies need to have in mind how the trust mechanism works, because the employee’s represent the whole company and need to follow some standards.

When we discuss about organizational trust, it is necessary that companies maintain an excellent reputation, because good reputation attracts potential new partners. Long-term agreements lead to deeper trust, because time affects guanxi, credibility and ganqing. Also, respecting and following contracts enhances trust and guanxi. On the other side, we found that Hao Jian Kang partners fear the possibility of replacement and do not want to relate the brake of trust with incorrect business behaviors, that is why they put a bigger effort on renwing.

5.3 Trust and Guanxi

Trust can be built between individual and organization (Zucker, 1986). Strong guanxi will help to create and build trust between business partners (Redding, 1993). Chinese companies are guanxi-based and personal guanxi can increase personal trust (Lee & Dawes, 2005). In China, guanxi is the key to open doors, but trust will decide what is going to happen when you enter in (Kriz & Fang, 2003).

In our research we found that trust is part of guanxi. Guanxi is essential within the business context and in B2B relationships, but it does not determine whether to trust someone or not. Figure 5 shows the two ways of B2B relationship building. First, you can build relationships based on guanxi that leads to trust. Next, interpersonal guanxi helps to build interpersonal trust. The interpersonal trust can be improved and afterward can open the way to the organizational trust and finally creates the B2B relationship. Second, relationships can be built based on trust that can generate guanxi. In the case of direct business contracts, trust precedes guanxi. So, without previous guanxi, trust can be built through the business agreements. This is the beginning of organizational trust. This trust through frequent contacts and communication leads to personal trust and the initial guanxi. After guanxi is achieved, B2B relationships are finally created.

5.4 B2B Relationships

It is a common effort between two partners to obtain information about each other and share resources (Fine et al., 2002). B2B relationships can be improved by trust, commitment and willingness to communicate (Morgan & Hunt, 1994).
According to our findings B2B relationships have different meanings such as win-win cooperation, business opportunities, common profit, trust, long-term cooperation, rely on each other, company’s efficiency, future perspective and portfolio risk. Also, when companies cooperate with other companies, it is better to maintain a regular communication because in this way they reach higher levels of commitment, trust and guanxi. From the frequency of communication, it can be concluded that the suppliers need more Hao Jian Kang than Hao Jiang Kang them. They are more dependent on Hao Jian Kang and are using guanxi’s reciprocity by creating stronger bonds.

5.4.1 Guanxi, Trust and B2B Relationships
If there is no trust companies are not willing to cooperate with each other (Morgan & Hunt, 1994) and so there cannot exist business relationships. Business relationships, on the other hand, represent a network of more complex connections (Baxter & Woodside, 2011). So without trust, guanxi is difficult to be built. As a result, guanxi and trust are essential in the creation of business relationships (Fine et al., 2002; Morgan & Hunt, 1994). And what makes the situation even more interesting, is the fact that in China is hard to gain the initial trust (Wang, 2007).

In the B2B relations, trust can be divided by interpersonal trust and organizational trust. Trust also need time to develop between two organizations. Since the trust was built, it is easier to increase the mutual trust than to switch the new partner and to build from the beginning. Trust and guanxi are seen inseparable, and they are complementary with each other. Two business partners may build trust at the beginning, but still, they need the commitment from each other, which can be understood by promise or contract. Commitment may help to maintain the existing relationship (Geyskens et al., 1996). Guanxi does not have the same meaning as commitment (Gao et al., 2012). Since the trust was built with commitment or contract, if the organizational want to increase the level of trust or increase the relationship between each other, they may need to start to build guanxi through ganqing and renqing. If the organizational or person did not follow renqing rules, the business relationship might collapse in the future (Hwang, 1987). Renqing is an essential component in B2B relationships in China (Wang et al., 2008).

5.5 Revised Theoretical Model
Based on the data we gathered from the answers of the respondents and their analysis, we updated our theoretical model. Figure 6 depicts the detailed information.
First of all, trust is an integral part of guanxi. Both of them can build and influence B2B relationships. Mianzi as a component of guanxi does not have the same importance as renqing and ganqing, in the organizational guanxi, therefore it is removed from the initial framework. Renqing can be seen at the beginning when partners build guanxi or when they maintain it. Ganqing is mostly used to strength guanxi in the long run business relationships.

Second, trust can be divided in interpersonal trust and organizational trust. Both of them can lead to the creation of business relationships even without the presence of guanxi. However, considering the perspective of long-term cooperation, the levels of trust it is better to be high and guanxi can be built through renqing and ganqing. The interpersonal trust will finally be converted into organizational trust.

Third, in order to build, maintain or keep a long-term business relationship, whether guanxi or trust is established first, both concepts are inseparable and complementary to each other. Therefore, guanxi and trust will ensure the business relationship’s stability and longevity.

Figure 5: Revised theoretical model, own.
6. Conclusions

In this chapter, the research questions are answered. In addition, we provide the study’s implications and future suggestions.

6.1 Answering the Research Questions

RQ1: How does guanxi and trust influence B2B relationships?

Guanxi is consisted from ganqing and renqing, therefore in order to discuss how guanxi influence B2B relationships is the same as seeing how ganqing and renqing influence business relationships.

Renqing is the interaction between individuals and organizations, such as gift giving and resource exchange. The interpersonal friendship can be built based on renqing. In our research, renqing always was mentioned at the beginning of guanxi building; also individual or organization trust may use renqing to maintain guanxi. Therefore the improvement of renqing can be achieved in many ways, such as through dinner invitations, gift giving and increased frequency of communication.

Ganqing can be found inside guanxi, such as trust. Ganqing can be seen as friendship in personal and organizational guanxi. Building ganqing takes more time than renqing building. Increased ganqing helps the organization to strengthen guanxi in the business relationship. Ganqing can be improved over time and by honest communication which leads to personal friendship.

Both renqing and ganqing influence business relationships. Therefore in a relationship it is essential to build and focus on renqing. When guanxi is built it is necessary to maintain it with renqing and long-term partnerships can be maintained with the improvement of ganqing.

The different dimensions of trust influence B2B relationships differently. In order to have or create a relationship, in the first place, there must exist a common interest. In the business transactions the common interests are the services or products.

From our research we found that trust influences relationships directly and indirectly, because trust can be created by guanxi networks. Interpersonal trust can be gained if the person sees by itself the business partner, by observing each other, based on good faith and good will. Interpersonal trust is created when there exists communication between
two parties and the quality of that communication is of vital importance. The individual represents the company and not only him/herself. Therefore it is important for companies to have standardized procedures of communication, because the personal trust will influence the organizational trust.

Second, the organizational trust can be created based on the company’s reputation, size, and credibility, quality of products and history of previous experiences. The organizational trust is mainly built according to a company’s image and reputation. Therefore, trust between business partners can be built in the organizational level. For instance, there is no time to build guanxi and interpersonal trust when partners decide to sign a contract based on particular needs. They are willing to take the risk of showing goodwill trust. After the contract is signed, the business partners need to build guanxi through ganqing and renqing.

Third, interpersonal trust and organizational trust both can be created among business partners and eventually interpersonal trust will be converted into organizational trust. Trust is part of guanxi; increasing trust between B2B relationships may increase the level of guanxi. Identical, when the level of guanxi was increased between business relationships, the level of trust will rise.

RQ2: Which is the relationship between guanxi and trust in B2B relationships?

Guanxi and trust no matter which one came first during the building process of a relationship, both of them are important and inseparable. For better relationships, guanxi and trust have to be considered the two sides of the same coin. The interesting finding is that even with guanxi and trust between the business partners, they still are careful and sign contracts with each other.

As a result, guanxi and trust affect and influence one-another. Both are important in business relationships and through time they create a strong bond between the business partners. Even though in our study the results showed that business relationships can be initiated either from trust or guanxi, lasting relationships need both in order to resist time.
6.2 Implications

This study contributes to the deep understanding of how guanxi and trust influence relationships between business partners in China. Whichever comes first in the building process of business relationships, both guanxi and trust are essential in building, maintain and strengthen B2B relationships.

Theoretical implications

This study contributes to the understanding of guanxi in the pharmaceutical industry. The company we used for the purposes of the study is new to this field and it is the first time that guanxi studies are conducted in this particular business field. Our findings supported and extended the existing theory. What is worth mentioning is that we found that both guanxi and trust can build B2B relationships separately, but if the business partners aim a long-term partnership then they need both guanxi and trust to achieve it. Also, the contribution of this study points out the importance that business contracts have in the Chinese market. Even though guanxi and trust can be present, if the parties do not respect the contractual agreements then the relationship can be in danger. For the Chinese companies agreements represent the seriousness of the business partner and the longevity of a healthy relationship. Moreover, we found that frequent contact between companies can increase the emotional affection (ganqing). This affection is initially established during the material exchange at the beginning of guanxi, but gradually it evolves into interpersonal bond.

Managerial implications

From the managerial perspective, this study can be used as a guide for both the local Chinese companies and the foreign companies to have a better understanding of how guanxi and trust work in the B2B relationships, how to build trust and guanxi at the beginning and how to maintain and strengthen them for a successful long-term relationship. Both trust and guanxi can build B2B relationships separately, but we should stress that for stable and long-term cooperation, the interaction between trust and guanxi is necessary. Furthermore, when managers want to establish new relationships or already have one, it is better to know how renqing and ganqing affect guanxi.
Social Implications

Regarding the social perspective, our research contributes on showing how B2B relationships are built in China, where guanxi is an essential cultural factor that has a considerable influence not only between businesses but also between individuals. In the Chinese society also trust has an important role in the process of creating and maintaining relationships and this can offer rich insight to new and future companies that plan to invest in China, because it is essential to build guanxi first.

6.3 Reflection on the Study, Limitations & Suggestion for Future Research

This study focuses on B2B relationships and the influence of guanxi and trust on those relationships. The subject of the study was a Chinese company called Hao Jian Kang. During the last three decades, China has been one of the biggest economies in the world and continues to grow. Guanxi is a way of living, philosophy and its importance is difficult to be understood from Western societies no matter how much it is investigated and researched. It is part of the Chinese culture, and that is why it fascinates scholars and researchers.

The business relationships are constantly changing and evolving, therefore continuous research is important in order for the findings to preserve their validity and reliability.

The conclusions of the present study are based on a qualitative method of collection and analysis of the data. Only 27 respondents participated in the data collection process and the results are limited since we cannot draw overall conclusions about the Chinese market. If we had access to more companies from different areas of China then the results might have been applicable for the whole country.

Another limitation of the study is the fact that the results depict the situation only for a specific point in time. If we had information or we had gathered data since the beginning of the business activity of Hao Jian Kang, then we would have had a better understanding related to business relationships and how they have been influenced from guanxi and trust on the long run. Longitudinal studies always provide better findings.

We would recommend other students that will read this study to conduct the same study after several years by adding more companies and to compare the results. In this way, they can determine how the business situation has changed over time. In our research, we found that Chinese companies prefer to use a contract when building a business
relationship which is more like the Western way of business relationship building. Also, the existence of trust in business relationships is important. From our results we found that even though trust exists it was the contractual agreement that prevailed. We would recommend others to study if and how trust can influence relationships of different departments of the same company to investigate the inner relationships of the company.

Future studies should be based on other industries in order to expand the study on other fields or to conduct the study in other Asian countries that are familiar with the concept of guanxi. Further studies can include government-owned companies or a comparative study between privately and government-owned companies. Another suggestion would be the conduction of a comparative study between managerial level and non-managerial level employees, in order to understand how guanxi and trust influence the inner relationships of a company.
References


APPENDIX 1 Interview questions for Hao Jian Kang

**General questions**

1. Introduce yourself (name, job position, overall working experience).

**Relationship with business partners**

2. Do your previous experiences influence your trust in your present collaborations?
3. Can you please describe the relationship with your business partners?
4. Do you have contractual agreements with your business partners?
   a. How do you make the payments? In advance or after the materials are delivered?
5. How often do you contact your partners? (only if you need to order or do you maintain a more friendly communication)

**The concept of trust**

6. What do you think about trust?
   a. What does trust represent to you?
   b. Is trust important for your business transactions? If yes, how important?
   c. Which are the factors that you trust somebody (inside the business context)?
7. What do your business partners need to do, so that they can influence your trust?
8. Would you trust a new partner because it was introduced by a friend?
   a. If yes, explain why.
   b. What would make a difference to choose between a new partner that you do not know and another one that you do not know but was introduced by a friend?
9. Which are the **main reasons** to trust a partner at the **beginning** of a partnership?
10. Which **factors** influenced trust at the beginning?
11. Which are the **main reasons** to trust a partner now?
12. Which **factors** influence your trust in your partner now?
13. How can you enhance the trust of your partner? (in order that the other one to trust you more)
The concept of guanxi

14. What do you think about guanxi?
   a. What does guanxi represent to you?
   b. Is guanxi important for your business? If yes, how important?
   c. Is guanxi part of your business practice? If yes, how does it affect your business?

15. Which actions do you take in order to maintain and build guanxi with your partners?

16. Are there any specific rituals/actions that you do in order to strengthen guanxi with your partner? (dinners, gatherings, etc.)

17. Can guanxi be more important in some relations than in other? (e.g. relations to government, suppliers, competitors, customers)

B2B perspective

18. What do the B2B relations mean to you?
19. How important is the relationship you have with the different business partners for the success of your company?
20. Have you noticed any changes on your partner's behaviour?
21. Is it easy to switch to another partner?
22. Do you have any expectations related to the development of trust/guanxi between you and your partners?
23. Does guanxi influence the company’s B2B relationships? If yes, how?
APPENDIX 2 Open-end questions for partner companies

**General questions**
1. Introduce yourself (name, job position, overall working experience).

**Relationship with business partners**
2. Do your previous experiences influence your trust in your present collaborations?
3. Describe the relationship with Hao Jian Kang.
4. How often do you contact your partners?
5. Is it easy to switch to another partner?

**The concept of trust**
5. What Hao Jian Kang needs to do, so that they can influence your trust?
6. Which are the main reasons you trusted Hao Jian Kang at the beginning of the partnership?
8. Which factors influenced your trust toward Hao Jian Kang at the beginning?
9. Which are the main reasons to trust Hao Jian Kang now?
10. Which factors influence your trust Hao Jian Kang now?

**The concept of guanxi**
11. How do you maintain and build guanxi with Hao Jian Kang?
12. How do you strengthen guanxi with Hao Jian Kang?