

**Managing New Zealand-China Business Collaboration  
at the Personal (and Personnel) Level**

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## Abstract

How can New Zealand businesses best manage collaborative relationships with Chinese partners so as to contribute to competitive advantage? Business interaction between New Zealand and China has become a focus for the New Zealand government, the general public, and New Zealand businesses. China is New Zealand's largest trading partner in terms of imports, and second largest for exports. In 2011, exports to China grew by 22%, and China was the largest source of fee-paying international students and fourth largest source of tourists. The importance of China to the New Zealand economy is described in the New Zealand government's 'NZ Inc. China Strategy' in a booklet titled *Opening Doors to China: New Zealand's 2015 Vision*, released at the time of completion of this research (NZTE & MFAT, 2012). Two of the five objectives within this strategy are to grow high quality science and technology collaborations with China to generate commercial opportunities, and to increase bilateral investment to levels that reflect the growing commercial relationship with China. For each of the five objectives to be met (and these two in particular), and for New Zealand businesses to succeed in China generally, New Zealand organisations and the people within them must be able to work with—that is, collaborate with—their Chinese counterparts.

This research takes a qualitative approach, using multiple case studies to explore how New Zealand companies in China manage collaboration with Chinese organisations in commercial contexts so as to contribute to their own competitive advantage. Four New Zealand businesses operating in China took part in this project, and semi-structured interviews were carried out with six employees of these firms. All interviewees were involved in New Zealand-Chinese collaboration on a day-to-day basis; this research investigates their experiences of collaboration in depth.

A theoretical model based on a triple-perspective approach was adopted in order to provide as complete a picture as possible, examining collaboration from three standpoints: an internal firm perspective, a relationship perspective, and an external/contextual perspective. Conclusions and themes emerging from the data collected in interviews were analysed against a Bourdieusian construction of culture, utilising his concepts of cultural field, cultural capital, and habitus.

The New Zealand Inc. approach provides a reasonably coherent identity and platform for New Zealand companies operating in China, which firms and their personnel extend by developing and maintaining quality relationships based on a variety of trust mechanisms. These relationships assist with managing the challenges and risks that arise within the Chinese business environment, leading to the possibility of developing mutually beneficial collaborative relationships with Chinese firms. Examples of challenges within this context are for New Zealand firms to develop ways to better

mesh with value chains within China (leading to further collaboration and integration), the possible role New Zealand's Chinese alumni (that is, Chinese who have studied in New Zealand) might play in this process, and the protection of intellectual property within a collaborative environment.

As this is exploratory research with a small sample size it is difficult to generalise, but this project suggests that the principles of successful collaboration are discoverable, and may be adoptable and implementable by firms either entering China or intending to develop an existing presence.

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# 1 Introduction

How can New Zealand businesses best manage collaborative relationships with Chinese partners so as to contribute to their own competitive advantage?

Relations between New Zealand and the People's Republic of China (hereafter China) have a long history, and are increasing at a rapid pace, as illustrated in Table 1. China is New Zealand's largest trading partner for imports, and second largest for exports, as well as an important source of tourists, migrants, and fee-paying international students. China is tipped to become the world's largest economy by 2025 (The Economist, 2011), and as a small trading nation New Zealand has no option but to interact with China and the Chinese. High-level links between New Zealand and China are well established and include, for example, a free trade agreement, some 35 partner-city relationships, and regular government/diplomatic interaction (MFAT, 2011). However, at the level where business is transacted there is less experience, less precedent, and a lack of established pathways. While there is support available (from organisations such as the Ministry of Foreign Affairs and Trade (MFAT), New Zealand Trade and Enterprise (NZTE), and the Kea network), many New Zealand businesses and their personnel are moving into new and unfamiliar territory when they enter China and commence what is hopefully viable and enduring business activity. This research project seeks to explore this territory where New Zealand business people work with—collaborate with—Chinese business people in China.

**Table 1: New Zealand and China**

(Ministry of Education, 2011; Statistics New Zealand, 2012a, 2012b)

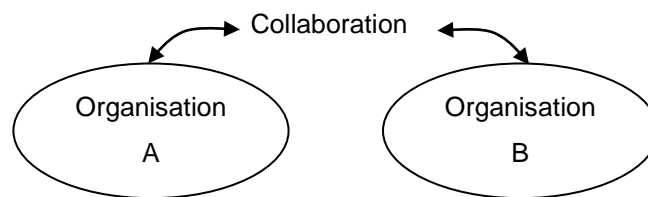
Item	Data value (for year to Dec. 2011 unless stated)	Change over previous year
NZ exports to China	NZ\$ 5,890 million	+22.0%
NZ imports from China	NZ\$ 7,441 million	+10.0%
Short-term (<12 months) arrivals to NZ from China	145,524 people	+18.6%
Permanent and long-term (>12 months) arrivals to NZ from China	7,380 people	+19.5%
Short-term (<12 months) departures from NZ to China	68,242 people	+6.1%
Permanent and long-term (>12 months) departures from NZ to China	2,713 people	+4.0%
International fee-paying students (data includes Hong Kong SAR; 2010)	21,258 people	-0.3%

In February 2012 New Zealand Prime Minister John Key launched the 'NZ Inc. China Strategy,' detailed in a booklet titled *Opening Doors to China: New Zealand's 2015 Vision* (NZTE & MFAT, 2012) This document outlines five key objectives centred on increasing interaction, business, and collaboration at government level, and among firms, financial institutions, and research and development organisations, and these are quoted below:

1. Retain and build a strong and resilient political relationship with China.
2. Double two-way goods trade with China to \$20 billion by 2015.
3. Grow services trade with China (education by 20 percent, tourism by at least 60 percent, and other services trade) by 2015.
4. Increase bilateral investment to levels that reflect the growing commercial relationship with China.
5. Grow high quality science and technology collaborations with China to generate commercial opportunities.

(NZTE & MFAT, 2012, p. 16)

This research focuses on how New Zealand companies in China may manage collaboration with Chinese organisations in commercial contexts so as to contribute to their own competitive advantage. The collaboration under consideration involves New Zealand and Chinese organisations as actors working together, creating something that is a part of, and yet apart from, each of the parties. This is illustrated in Figure 1, where the outcome of collaboration is a part of each participant, and yet also stands alone in its own right. It should be noted that there may be more than two actors, and in many cases there will be a flexible network of actors, each playing various parts throughout the process.



**Figure 1: Collaboration**

The commercial expectations of collaboration may vary according to circumstance; at times they may be foremost and obvious, e.g. increasing sales, market share, or profits, while in others they might be indirect and secondary, such as product or process research and development, or the exploration of opportunities. In many cases, the collaboration might simply be a part of the process of the New Zealand firm building its own identity and presence in China, and therefore helping to develop a foundation for the future. The time scale and scope of the collaboration may vary from short, single purpose activity through to a long-term multifaceted relationship. Similarly, the time before payoff (if any) may vary from being almost instant to many years.

This exploratory research employs a case study approach and focuses on individual businesspeople and their experiences of New Zealand-Chinese collaboration. Four companies took part in the project, with six interviews leading to the development of a case study for each firm. Within each company, interviews were carried out with the people most involved in New Zealand-Chinese collaboration on a day-to-day basis, investigating their experiences of collaboration on a personalised and individualised basis.

### **1.1 Research objectives**

The opening research questions and associated objectives guiding this research are listed in Table 2. They fall into two sets, the first being relatively broad and generic, drawing heavily on the literature but supplemented/confirmed by the case studies, while the second group is the focus of this research, where the case studies are used to both localise and verify the theories. The context of this research is conceptualised using a Bourdieusian sociology, and in particular as being within the New Zealand-China business context, utilising the concept of cultural field, social capital, and habitus.

This research is of value to a number of groups. First, New Zealand businesses that are either planning to enter China, or who are considering expanding an existing presence. In both cases, this research is particularly relevant to the collaborative aspects of their business in China. Second, government ministries and agencies such as the Ministry of Foreign Affairs and Trade (MFAT), New Zealand Trade and Enterprise (NZTE), and the Department of Labour (DOL) who have an interest in facilitating the success of New Zealand businesses in China, and of trade and interaction between New Zealand and China in general. Third, this research may be of interest to academics in that it is exploratory and provides directions for possible future research.

**Table 2: Research questions**

	Research Question	Research Objective
Set one—relatively broad and generic, drawing heavily on the literature but supplemented / confirmed by the case studies	1 What is inter-organisational collaboration?	Explore the dimensions of inter-organisational collaboration.
	2 What are the characteristics of successful management within the context of inter-organisational collaboration?	Critically examine the characteristics of successful management within the context of inter-organisational collaboration.
	3 What are the relationships between collaboration and the value chain?	Explore the relationships between collaboration and the value chain.
Set two—the focus of this research, where the case studies are used to localise the theories	4 What factors characterise NZ-Chinese collaboration and differentiate it from generic inter-organisational collaboration?	Determine the key characteristics, and unique aspects of, NZ-Chinese collaboration.
	5 What are the challenges to NZ-Chinese collaboration?	Determine the challenges to NZ-Chinese collaboration.
	6 How can New Zealand's Chinese alumni play a part in collaboration?	Discuss ways New Zealand's Chinese alumni could play a part in collaboration.

## 1.2 Thesis organisation

This thesis is organised into six chapters: Introduction, Literature review, Research design, Results, Discussion, and Conclusion. The first chapter, this introduction, broadly outlines the prompting for this research project (New Zealand's increasing interaction and dependence on business with China), and also the context (New Zealand businesses in China collaborating with Chinese firms). The overarching research question and specific research questions and objectives are described.

In chapter two relevant literature is reviewed. First, the research context (the New Zealand-China business environment) is explored in more detail. Next, the central topic, collaboration, is defined and discussed, including motivations for collaboration and measuring the success of collaboration. As this research involves New Zealanders in China, cultural factors form a constant backdrop, and the Bourdieusian notions of cultural field, habitus and capital are then discussed as the means for

conceptualising culture. Different theoretical lenses which have been used in literature on collaboration are reviewed and discussed, and a trifocal (three-lens) approach is adopted, using social capital (including the concept of *guanxi*) as the central lens, supported by the resource-based view (RBV) along with the generalised double diamond of international competitiveness. Five further supporting concepts that are used, but are not central to this research, are then discussed: the value chain, transaction cost economics, trust, intellectual property rights, and the Chinese alumni.

Chapter three covers research design and method. The quantitative/qualitative decision is addressed, with a qualitative, multiple case study approach adopted as this research involves exploring, describing, and understanding rich and complex human interaction within a particular context. The chapter goes on to explore the researcher adopting a position of critical realism and of being ‘in the context’ using an evolving, exploratory, inductive approach, along with issues around validity and reliability. Lastly, the development of a case protocol is described, with the full case protocol included in Appendix 5.

The next chapter, Results, describes the transcription and analysis process, including the development of data codes and resultant themes. These results are then explored within the context of three meta-themes: Identity and relationships, Managing, and New Zealand Inc. Each meta-theme has a number of subheadings, and these are developed using quotations from the interviews. The meta-themes and their subheadings are:

- Identity and relationships
  - Identity
  - Relationships
- Managing
  - Business environment and culture
  - Strategy and planning
  - Human resources
  - Intellectual property
  - Collaboration
- New Zealand Inc.
  - Role of government
  - New Zealand companies collaborating
  - New Zealand’s Chinese alumni

Chapter five discusses the results explored in Chapter four, and links these to the research questions and objectives, within the contexts developed in the literature review. There are four main sections within this chapter. The first examines key characteristics and unique aspects of New Zealand-China business collaboration, including the role of social capital and *guanxi*. The second discusses challenges to this collaboration, particularly issues around intellectual property rights and improving integration with the value chain. The possible role of New Zealand's Chinese alumni (Chinese students who gain university degrees in New Zealand, and then either stay in New Zealand or return to China) might play is considered in the third section of this chapter. Last, the fourth section takes the main theoretical model used in this research, Ritala and Ellonen's (2010) extended SWOT analysis, and discusses the research data in light of this model.

Chapter six concludes the thesis by revisiting the research objectives contained within Table 2 in the light of the results and discussion from Chapters four and five. A discussion of the value and contribution of this research, its limitations, and possibilities for further research closes this chapter.

The reference section follows, and then seven appendices:

1. The generalised double diamond
2. Interview transcripts
3. Coding database screenshot
4. Codes used in coding database
5. Case study protocol as used in the field
6. Ethics approval
7. Invitation to participate, information for participants, consent form



## 2 Literature review

This chapter reviews the literature employed in this project. The first part describes the context of the research, the history of relations and interactions between New Zealand and China, and the contemporary business landscape. Next, the academic literature relating to the wider concept of collaboration is reviewed and discussed, a definition of collaboration is adopted, motivations for collaboration are discussed, and methods of determining the success of collaboration are examined. The third part of this literature review discusses the theoretical perspectives used in this research, including a Bourdieusian conception of culture as a background, followed by a critical survey of theoretical lenses employed in the literature to examine collaboration. The use of Ritala and Ellonen's (2010) extended SWOT analysis model is discussed and justified, along with the adoption of three theoretical perspectives within this model: Social capital (with *guanxi*) as the central theory, supported by the resource-based view and the generalised double diamond of international competitiveness. The next section of this chapter provides an overview of literature concerning four topics of relevance to this research: the value chain, transaction cost economics, trust, and intellectual property. To conclude this chapter, research and literature on New Zealand's Chinese alumni is reviewed.

### 2.1 The New Zealand-China business context

This section of the literature review provides a brief overview of context: a sketch of relationships between New Zealand and China, including a summary of their contemporary business interactions.

New Zealand contact with China dates to the early 19<sup>th</sup> century with New Zealand goods being sold in China, and 1842 when Wong Ahpoo Hock Ting (known as Appo Hocton) jumped ship in Nelson, becoming the first recorded Chinese immigrant. By 1881 nearly 5000 Chinese men (and only 9 Chinese women) were in New Zealand, primarily drawn by the goldfields (Ip, 2009). Welcomed at first because of labour shortages, by 1881 this had changed and a poll tax of £10 was charged for every Chinese immigrant, along with ships being restricted to carrying 1 Chinese immigrant for each 10 tons of cargo. In 1896 this ratio was changed to 1 passenger for every 200 tons of cargo and the poll tax was raised to £100. Examples of other anti-Chinese immigrant measures included an English reading test (introduced in 1907), stopping naturalisation (1908-1952), entry by permit only (from 1920), and, until 1936, ineligibility for the old age pension (Ip, 2009). No other group of immigrants was singled out like this, and Chinese in New Zealand fought to change these measures. The poll tax was waived from 1934, but the Act was not repealed until 1944 (Ip, 2009). In 2002 at a function celebrating the Chinese Spring Festival (Chinese New Year), the then New Zealand Prime Minister Helen Clark formally apologised for the poll tax and related measures, and in 2005 set up the Chinese Poll Tax Heritage Trust as reconciliation in support of

the formal apology (Department of Internal Affairs, 2011). New Zealand was not the only country to levy a poll tax on Chinese immigrants (e.g. Australia and Canada), but it was the first country to address the issue with a formal apology and some form of concrete restitution (Ip, 2009).

New Zealand Christian missionaries travelled to China in the late 19<sup>th</sup> century, for example joining the China Inland Mission and establishing the Canton Villages Mission (Lineham, 2011).

Missionary and trade activity continued through China's republican era until the defeat of the Nationalists by the Communists in 1949 and the establishment of the People's Republic of China, when to all intents and purposes contact stopped (MFAT, 2011). A notable exception was Rewi Alley, who travelled to Shanghai in 1927 intending only to visit, but instead making a life in China. Working in various government-sponsored jobs, he joined the Communist Party (at first secretly, later openly), and helped establish the Industrial Co-operative (INDUSCO) and later a school. With the establishment of diplomatic relationships between New Zealand and China in 1972, Alley became an even more important link between the countries, symbolising a practical and humanitarian relationship at the level of the ordinary person rather than at a rarefied diplomatic level (Alley, 2010; Chapple, 1989).

Deng Xiaoping's opening of China from late 1978 brought further formal contact between New Zealand and China, along with increasing trade. In 1992 China joined New Zealand as a member of APEC (MFAT, 2011), and joint involvement in regional organisations such as ASEAN has continued. Perhaps most significant was New Zealand being the first developed country to agree to China becoming a member of the World Trade Organisation(WTO) in 2001. This was followed by New Zealand being the first OECD country to establish a free trade agreement (FTA) with China, in 2007 (MFAT, 2010). In the five years since the signing of the NZ-China FTA, exports from New Zealand to China have increased by 152%: In the year to September 2011, New Zealand's exports grew by 35%, and in the same period imports from China increased by 13.8% (NZTE, 2011).

New Zealand exports to China are mostly within the 'food and fibre' category: Dairy accounts for over a third of exports, with other significant contributors being wood, wool, seafood, and meat. Education and tourism are growing in importance, and China was New Zealand's major source for foreign students in 2010 (NZTE, 2011). New Zealand's main imports from China are machinery and equipment, followed by clothing, furniture and bedding, and light consumer goods (MFAT, 2011).

Further commercial interchange occurs through bilateral investment, where China has invested in New Zealand (e.g. in the forestry, manufacturing, and commercial construction sectors), and New Zealand companies (e.g. Fonterra, Richina Pacific) have major holdings in China (MFAT, 2011). A further example of the increasing movement and interexchange between New Zealand and China

is provided by the growth in direct flights, established by Air New Zealand between Auckland and Shanghai in 2006 and Auckland-Beijing in 2008, with China Southern in 2011 establishing thrice-weekly flights between Auckland and Guangzhou.

Examples of potentially contentious issues that New Zealand and China deal with through an on-going communication and discussion programme include human rights (particularly in the context of Tibet), international fisheries, and regional security. In addition, while New Zealand observes the 'one China policy,' it balances this with maintaining cultural and trade links with Taiwan (MFAT, 2011).

The New Zealand government is represented in China through the embassy in Beijing and consul-general offices in Shanghai and Guangzhou. Associated with these are representatives of the Ministry of Foreign Affairs and Trade (MFAT) and New Zealand Trade and Enterprise (NZTE). In broad terms, MFAT is concerned with macro issues such as developing trade agreements and improving access for New Zealand business through reducing trade barriers, while NZTE works more directly with New Zealand businesses with a particular focus at a micro level on export development (MFAT, 2012). At a more local level, there are 35 friendship-city relationships (MFAT, 2011) between cities, districts, and ports in New Zealand and China.

## **2.2 Collaboration**

There are two commonly held meanings of the word *collaboration*—first, that it is the action of working with other people to produce something, and second that it is the action of traitorously working with the enemy (Pearsall, 2002). This research uses the first sense of the word.

Collaboration is an action, a process rather than a state; it is embodied within a practical course of behaviour (Gajda, 2004). While there might be theory behind the act of collaboration, the focus is on the doing. Therefore this research lies within the spheres of both the academic and the practitioner.

Collaboration in the context of this research involves organisations working together, sharing tangible and intangible resources, in order to enhance their competitiveness (Bititci, Martinez, Albores, & Parung, 2004; Camarinha-Matos & Afsarmanesh, 2005; Das & Teng, 2000; Eisenhardt & Schoonhoven, 1996; Ireland, Hitt, & Viadyanath, 2002). While the actors involved may pool resources and work together in a cooperative fashion to mutual advantage, each retains their separate identity (Huxam & Vangen, 2005; Xie & Johnston, 2004).

There are many ways of referring to the concept of collaboration, resulting in different terms that describe the particular nature, form, or activity of the relationship. In this research, the word *collaboration* is used as a broad, overarching term that encompasses the instances given as examples in Table 3.

**Table 3: Selection of terms used for *collaboration***

<b>Term</b>	<b>Illustrative Author(s)</b>
Joint venture	Culpan, 2009; Tong, Reuer, & Peng, 2008
Alliance, strategic alliance	Ahuja, 2000; Bai & O'Brien, 2008
Joint venture, equity strategic alliance, non-equity alliance	Hitt, Ireland, & Hoskisson, 2005
Network	Håkansson & Snehota, 1989; Huggins, 2010
Coalition	Porter & Fuller, 1986
Cooperative arrangements	Lorange & Contractor, 1988
Cooperative ventures	Tallman & Shenkar, 1994
Inter-firm cooperation	Lui, Ngo, & Hon, 2006
Inter-firm partnership	Hagedoorn, 2006
Strategic business nets	Möller, Rajala, & Svahn, 2005
Collaboration	Weber & Khademian, 2008

As suggested by Wassmer (2010), research about collaboration should make three critical aspects explicit—the types of collaboration included or excluded, the organisational level at which the collaboration is being examined, and the temporal perspective adopted. First, this research examines both bilateral and multilateral collaboration, that is, collaboration between two or more parties, with a focus on collaboration between New Zealand and Chinese businesses. No type of collaboration is excluded; the research is open to discovering what happens in each of the case firms. Second, this research particularises and examines collaboration at the level at which it actually takes place; that is the individual, within the context of the firm, not at the corporate, industry, or national level. Lastly, the temporal perspective taken derives from the case study method, meaning that collaboration taking place in the present is examined, within the context of past interactions and future possibilities.

The perspective taken of an instance of collaboration may vary. The literature reveals three levels of analysis: “the dyadic perspective, the firm level and the network level” (Duysters, Heimeriks, & Jurriëns, 2004, p. 83). At the dyadic level, the single link between two actors is examined. At the firm level, a portfolio (egocentric) view examines one actor (usually a firm), and the set of dyadic links between this one central actor and others—“firms in multiple simultaneous strategic alliances with different partners” (Wassmer, 2010, p. 141). While it might be useful to reduce the level of analysis of collaboration to a dyad or firm, collaboration takes place within a network (or web) of links between and among different actors. The network perspective takes the actors and the links between them as an entity that forms the unit of analysis (Gross & Sayama, 2009; Gulati, 1998) rather than focussing on one link or one actor.

While most research in this area centres on firms and other organisations (whether at dyadic, firm, or network level), the role of the individual is very significant (Gajda, 2004), who suggests that “collaboration depends upon positive personal relations and effective emotional connections between partners” (Gajda, 2004, p. 69), and mentions trust, communication, and dealing with interpersonal conflict as particularly important.

A characteristic of collaboration is that it is intentional; it is always, to one extent or another, planned and purposeful (Gulati, 1998; Tallman & Shenkar, 1994). While the particular details of each party’s intentions and rationale may differ, they all share the condition of consciously and purposefully participating. That terms used to describe collaboration often include the word “strategic” (strategic alliances, for example) further emphasises the deliberate nature of collaboration and its link with achieving competitive advantage (Hunt, Lambe, & Wittmann, 2002). This link between collaboration and competitive advantage is further discussed in Section 2.2.1.1.

Given this intentionality and that collaboration has an inherent requirement for coordination, there is a need for collaboration to be managed if the benefits are to be realised (Camarinha-Matos & Afsarmanesh, 2005; Ireland et al., 2002). While collaboration is intentional and purposeful, it is not necessarily stable nor predictable. Collaborative relationships are often formed on the basis of possible benefits, and changes in the environment and in participants which leads to collaborative arrangements changing over time (Child, Faulkner, & Tallman, 2005), further underscoring the need for management. Thus, collaboration is not static and while a snapshot may be possible, because resources, capacities, and relationships within a collaborative situation evolve (both together and separately) over time, it has an inherently interactive and therefore dynamic nature (Dyer & Singh, 1998; Gajda, 2004; Gulati, 1995).

Further reasons for the dynamic nature of collaboration arise because instances of collaboration vary in terms of time and purpose. They may be short, medium, or long term, and may either have

a fixed life or be ongoing, with participants maintaining differing views regarding time in this context (Kumar & Worm, 2003). The focus may be particular and special purpose, or more general in nature (Camarinha-Matos & Afsarmanesh, 2005). Collaboration may have effects or outcomes that are unintended and unforeseen, and these may continue after the instance of formal collaboration has concluded (Hardy, Phillips, & Lawrence, 2003). An example of this is where collaboration may lead to introductions and opportunities that might not otherwise arise. The potential consequences arising from the dynamic nature of collaboration reinforce the need for its management.

There is some discussion in the literature regarding the level of manageability of networks and network relationships. Some (for example, Dyer & Singh, 1998; Håkansson & Ford, 2002; Möller et al., 2005; Rowley, Behrens, & Krackhardt, 2000) argue that companies, especially large companies, have the ability to “create, adapt and control a specific network structure” (Möller et al., 2005, p. 1274). Others suggest that the inherently dynamic nature of organisational and individual relationships in collaboration means that no one actor can be in control (Håkansson & Ford, 2002). A middle approach is to view different instances of collaboration as having differing degrees of “manageability” according to the type of collaboration and the various stages in the development of the relationship (Hite & Hesterly, 2001; Möller et al., 2005). This leads to a requirement for different managerial approaches and skills according to the manageability of the collaborative situation.

### **2.2.1 Motivations for collaboration**

This section examines the motivations for collaboration as discussed in the literature, first looking at competitive advantage as an umbrella motivation, and then at more particularised motivations that may be applied to individual instances of collaboration.

#### **2.2.1.1 Strategic competitive advantage**

Although each actor (individual, team, or firm) may have a different purpose for participating, each will have a belief that the instance of collaboration is worthwhile. Whatever specific goals actors attach to a particular instance of collaboration, developing competitive advantage is the overarching *raison d'être* for collaboration (Ahuja, 2000; Bititci et al., 2004; Culpan, 2009; Dacin, Oliver, & Roy, 2007; Dyer & Singh, 1998; Hitt et al., 2005; Huggins, 2010; Ireland et al., 2002; Joia & Malheiros, 2009; Kale & Singh, 2009; Lavie, 2006; Xie & Johnston, 2004). This is not to suggest that collaboration is the only or even a critical source of competitive advantage, but it is increasing in importance (Dittrich & Duysters, 2007; Pisano & Verganti, 2008; Soosay, Hyland, & Ferrer, 2008; Verspagen & Duysters, 2004). While developing collaborative relationships is difficult and requires substantial effort, “the benefits of such collaboration are considered to be significant” (Bititci et al., 2004, p. 255). Improving competitive position is a broad motivation for

collaboration and this section explores a variety of possible drivers within that context, along with suggesting ways of categorising these.

Competitive advantage is established through “the ability of a firm to outperform its industry, that is to earn a higher rate of profit than the industry norm” (Besanko, Dranove, & Shanley, 2000, p. 626). While a firm may prevail over competitors in a particular instance, real value is accrued through maintaining this advantage over time (Barney, 1991). This leads to the idea of sustained competitive advantage. A firm achieves sustained competitive advantage when it is “implementing a value creating strategy not simultaneously being implemented by any current or potential competitors *and* when these other firms are unable to duplicate the benefits of this strategy” (Barney, 1991, p. 102).

Value may be created or enhanced through collaboration in many ways, for example by improving the firm’s resource base (Das & Teng, 2000; Tsang, 2000), managing risk (Parker, 2000), developing economies of scale (Porter & Fuller, 1986), increasing market share or power (Eisenhardt & Schoonhoven, 1996; Kogut, 1988), or enhancing legitimacy (Dacin et al., 2007), thereby implying that collaboration is a potential source of competitive advantage.

Collaboration is an ill-defined concept (Callahan & MacKenzie, 1999). As it can be difficult to manage, a differential may arise between firms in their ability to manage collaboration (Ireland et al., 2002). This in turn creates the space for a firm to exploit its advantage in managing collaboration as a source of competitive advantage (Anand & Khanna, 2000; Dyer, Kale, & Singh, 2001; Ireland et al., 2002). Thus, collaboration is a potential source of sustained competitive advantage because successful collaboration has many barriers and pitfalls, and overcoming these difficulties (particularly in a cross-cultural context) involves managerial skills and abilities that are hard to imitate (Hansen & Nohria, 2004; Ritala & Ellonen, 2010).

Competitive advantage gained through collaboration is sometimes termed “collaborative advantage” (Das & Teng, 2000; Huxam & Vangen, 2005; Kanter, 1994). However, that term is avoided in this thesis, as it suggests that the advantage stems entirely from collaboration, when it is more likely to derive from a combination of factors, which may be predominantly collaboration, but could also include internal (firm) and external (industry) factors (Ireland et al., 2002; Lavie, 2006; M. Lewis, Brandon-Jones, Slack, & Howard, 2010; Ritala & Ellonen, 2010).

#### **2.2.1.2 Situationally specific motivations**

While achieving sustained competitive advantage is the general motivation for collaboration, it is also the motivation for many other business actions. To better understand individual instances of collaboration, more particularised motives need to be examined—that is: Why choose collaboration (out of many other options) in a particular situation as a means of improving

competitive advantage? Thus, understanding the motives of particular actors in particular instances of collaboration is an important consideration (Child et al., 2005). These motivations provide insight into why a collaborative approach was chosen rather than more transactive means of developing competitive advantage such as acquisition, licensing, or outsourcing. A range of more particularised motivations is shown in Table 5.

Child et al. suggest that the initial push for collaboration comes from a changing external environment, and gives some examples:

- “1    turbulence in world markets and high economic uncertainty;
- 2    the existence of economies of scale and/or scope as competitive cost-reducing agents;
- 3    the globalisation or regionalization of a growing number of industries;
- 4    the globalisation of technology;
- 5    fast technological change leading to ever-increasing investment requirements, and
- 6    shortening product life cycles.” (2005, p. 81)

These external stimuli lead to organisations identifying needs in response—for example, a resource requirement, a desire to spread risk, or the need to quickly enter a market. If collaboration is seen as the best way of meeting this need, then motivation for collaboration is established (Child et al., 2005).

Three broad motives for collaboration are suggested by Hardy et al., (2003). These are the strategic effects through the development of potential, the learning effects through knowledge creation, and political effects through developing positions of centrality and influence. The political dimension is also evident in firms using collaborative alliances to assist in enhancing their legitimacy (Baum & Oliver, 1991).

Faems, Van Looy, and Debackere (2005) suggest that one of the main reasons for collaboration is to help drive innovation, which in turn improves performance. Hansen and Nohria (2004) agree that innovation is an important motivator, and add a further four items: cost saving, better decision making, increased revenue, and enhanced capacity. A further dimension to collaborative activity is concerned with competitive parity: the drive to keep up with or outstrip competitors (Eisenhardt & Schoonhoven, 1996).

Decisions to collaborate are not motivated solely by economic or strategic factors; other motivators include social, psychological, and emotional considerations such as trust and development of potential (Child et al., 2005; Tallman & Shenkar, 1994). A further aspect is political motivations that develop from the agendas of key actors within firms (which may not match the firm’s agenda), who then champion the formation of a particular collaborative arrangement in order to further that personal political agenda (Child et al., 2005).



Collaborative arrangements cannot arise due to the motivation of a single potential participant; they must also be sufficiently attractive to the proposed partner(s). Ahuja (2000) suggests that most of the motivations discussed above represent *inducements* or incentives to cooperate, and that a second set of motives for collaboration are contained within the *opportunities* afforded by a firm's position and experience in prior networks. He suggests that both inducements and opportunities should be considered when examining collaborative linkage formation. Ahuja's (2000) work builds on that of Eisenhardt and Schoonhoven (1996), who suggest that there are two main drivers of collaboration: strategic need and social opportunity (which correspond with Ahuja's (2000) inducement and opportunity, respectively). A strategic need (for example, stemming from a vulnerable position, perhaps when developing new and uncertain technology or entering a highly competitive industry) may lead to collaborative alliances. The social opportunity driver arises where an organisation is in a strong position with well-connected people, and is able to use this strength to form alliances. Social opportunity is therefore the ability to attract partners and provide an incentive for others to desire collaboration (H. Li & Atuahene-Gima, 2007).

Transaction-cost economics suggests that the motivation for forming collaborative links lies in improving transaction cost efficiency (Williamson, 1991). However, this cost reduction approach does not include other motivations for and advantages of collaboration (Eisenhardt & Schoonhoven, 1996), such as learning and innovation.

The resource-based view of the firm may be used to explain motivations for collaboration, suggesting that collaboration occurs in order to extract value from the potential for shared resources, and also to provide opportunities for gaining new resources, particularly new competencies and technologies (Dyer & Singh, 1998; Eisenhardt & Schoonhoven, 1996; Ireland et al., 2002; Teng, 2007).

Thirty-one motivations for collaboration identified in the literature are listed in Table 4, along with representative citations.

Multiple ways of categorising motivations for collaboration have been developed. In the context of research and development alliances, Bai and O'Brien (2008) suggest four categories: cost sharing, risk sharing, skill sharing, and market power (refer to Table 5). While most motivations extracted from the literature are easily sorted into these groups, given that Bai and O'Brien's (2008) context is research and development (R&D), some motivations do not fit comfortably. These are mostly related to strategic positioning, for example enhancing legitimacy, developing opportunity for future collaboration, and strategic renewal.

**Table 4: Motivations for collaboration**

<b>Motivation</b>	<b>Example authors</b>
Enhance access to technology and expertise	Porter and Fuller, 1986
Knowledge acquisition	Hardy et al., 2003
Cultural knowledge acquisition	Child et al., 2005
Acquisition and exchange of skills	Mowery, Oxley, and Silverman, 1996
Decrease failure risk of product development	Parker, 2000
Develop economies of scale and scope	Porter and Fuller, 1986
Enhance capacity	M. T. Hansen and Nohria, 2004
Enter new markets	García-Canal, Duarte, Criado, and Llana, 2002
Gain rapid access to markets	Parker, 2000
Respond to competitive structure of industry	Porter and Fuller, 1986
Improve decision making	M. T. Hansen and Nohria, 2004
Improve transaction cost efficiency	Williamson, 1991
Increase market power	Eisenhardt and Schoonhoven, 1996; Kogut, 1988
Investment sharing	Ring and van de Ven, 1992
Develop and maintain market leadership	Hitt et al., 2005
Opportunity based on previous collaboration	Ahuja, 2000
Overcome trade barriers	Hitt et al., 2005
Overcome uncertainty	Hitt et al., 2005
Reduce risk	Porter and Fuller, 1986
Reduce liability of foreignness	Mezias, 2002; Zaheer, 1995
Set up barriers for new entrants	Hitt et al., 2005
Speed up development of products and services	Hitt et al., 2005
Strategic renewal	Boroy and Jemison, 1989
Enhance/drive innovation	Faems et al., 2005
Enhance legitimacy	Dacin et al., 2007
Improve competitive parity	Eisenhardt & Schoonhoven, 1996
Reduce inventory	Parker, 2000
Take advantage of a changing environment	Child et al., 2005
Develop potential	Child et al., 2005; Hardy et al., 2003
Reduce costs and increase revenue	M. T. Hansen and Nohria, 2004
Acquire resources	Dyer and Singh, 1998; Teng, 2007

An alternative categorisation, within the context of joint ventures (JV), is put forward by Kogut (1988). He suggests that motivations for collaboration fall into three categories: to improve strategic position, to provide opportunity for organisational learning, and to improve transaction cost efficiency. These are shown in Table 5. He further notes that these categories are not mutually exclusive. Some motivations for collaboration, for example those concerned with reducing uncertainty and risk, do not neatly fit within these categories.

This study examines collaboration in a broad sense, embedded within a social and cultural context, while the categorisations discussed above were developed for more closely defined forms of collaboration, hence a broader set of categories drawing on those discussed above are developed below and shown in Table 5.

**Table 5: Categorisations of motivations for collaboration**

<b>Bai and O'Brien (2008)</b>	<b>Kogut (1988)</b>	<b>This study</b>
Cost sharing	Transaction cost efficiency	Transaction cost efficiency
Risk sharing		Manage risk
Skill sharing	Opportunity for organisational learning	Opportunity for learning
Market power	Improve strategic position	Develop strategic position

Broadening Bai and O'Brien's (2008) groupings from the context of R&D to collaboration in general, the categories cost sharing, risk sharing, and skill sharing are expanded by using the terms transaction cost efficiency, managing risk, and opportunity for learning, respectively. The use of the term 'sharing' in three of Bai and O'Brien's (2008) categories implies a duality of motive among parties. However, an individual participant's motives may be more self-centred, for example being motivated by a desire to acquire (rather than share) knowledge (Hardy et al., 2003). The emphasis on sharing is therefore reduced in the categories developed for this study. Bai and O'Brien's (2008) 'market power' category is subsumed into the more general category 'develop strategic position.'

These new categories also draw on Kogut's (1988) categories of transaction cost efficiency, opportunity for organisational learning, and improving strategic position, and to these is added managing risk (refer to Table 5).

These four categories of motivation for collaboration used in this research—transaction cost efficiency, risk management, opportunity for learning, and developing strategic position—are not clearly delineated; there may be blurring and overlap between them, as with Kogut's (1988) categories.

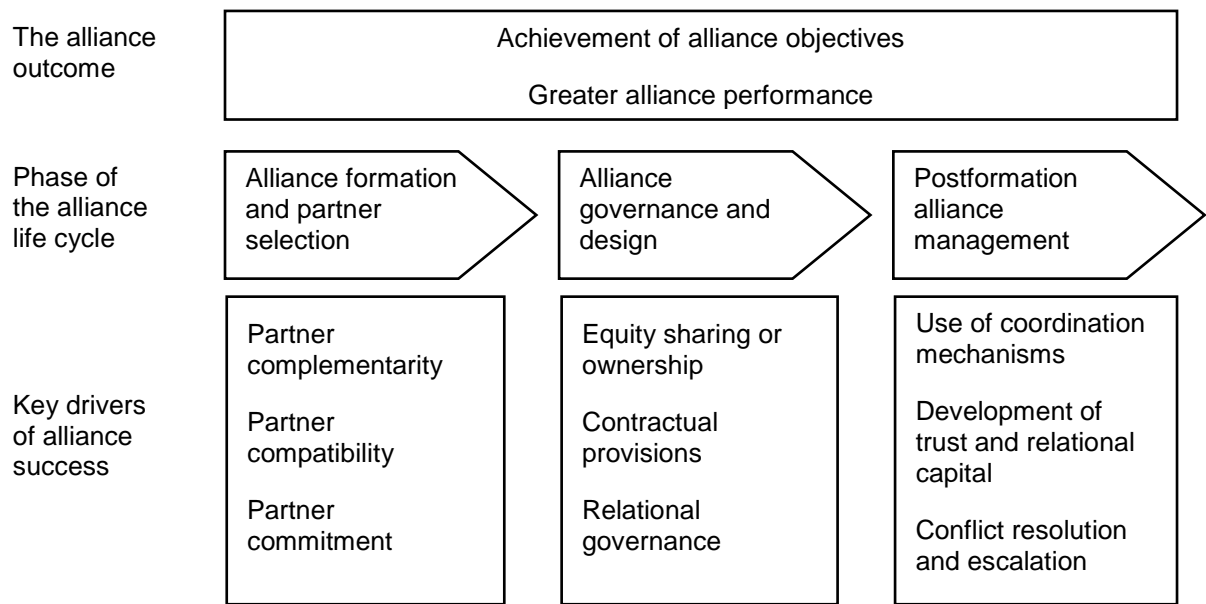
### **2.2.2 Determining success**

Conceptualising and measuring the success of collaboration is problematic. This is partly due to the complexity of a firm's collaborative portfolio; multiple instances of different forms of collaboration across different points of the value chain, with mixed forms of governance, and at different stages of their lifecycle (Sarkar, Aulakh, & Madhok, 2009). Further to this is the importance of assessing both individual instances of collaboration (each of which may have positive or negative effects on other instances), along with the performance of the entire portfolio, which may incorporate synergies arising from the combination of individual collaborations (Sarkar et al., 2009).

One possible way of bringing together these disparate factors is put forward by Hunt et al. (2002). This brings together four views of alliances (the resource-based, the competence-based, relational factors, and the competitive advantage views), and integrates these using the resource-advantage theory of competition. This approach allows the inclusion of intangible resources (such as relational factors) in evaluating the competitive position of the firm, highlighting the contribution of collaboration (Hunt et al., 2002).

While Hunt et al. (2002) address successful collaboration at the level of the firm and in the context of portfolios of collaborative instances, Kale and Singh (2009) provide a means of examining single instances of collaboration: this research employs the Kale and Singh (2009) model, as it has a suitable focus on instances of collaboration. It should be noted that Kale and Singh (2009) highlight the importance of taking a portfolio approach to examining the success of collaboration at the firm level, and they also provide a method for this.

Kale and Singh (2009), using the term alliance rather than collaboration, suggest that there are different key drivers of success at each of the three stages of the alliance development process (alliance formation and partner selection, alliance governance and design, and postformation alliance management). These are shown in Figure 2, along with a discussion of the key drivers for success.



**Figure 2: A single alliance: Key success factors**

(Kale & Singh, 2009, p. 48)

Within the alliance formation and partner selection phase, partner complementarity concerns the extent to which each partner brings to the relationship resources that the other lacks, for example value chain capabilities (Dyer & Singh, 1998; Kale & Singh, 2009; Mowery et al., 1996). While the parties may have a high degree of complementarity, they still need to be able to work together. This means they must have compatible working styles, and also that they are committed to the relationship, for example in making short-term sacrifices in order to develop the relationship for long-term gain (Gundlach, Achrol, & Mentzer, 1995; Kale & Singh, 2009). The relative importance of partner complementarity, compatibility, and commitment within the mix can vary according to circumstances; for example, when the participants have difficulty specifying the expected outcomes of the collaboration and ‘just know’ it is worthwhile, partner complementarity has relatively more importance (Kale & Singh, 2009).

During the second phase of the alliance development life cycle firms are exposed to transaction or coordination risks, and it is critical that alliance governance structures are well designed during this phase. Kale and Singh (2009) suggest that the literature recommends three mechanisms to address this: transaction costs theory (Williamson, 1981), the structure and content of the contractual basis of the relationship (Mayer & Argyres, 2004; Poppo & Zenger, 2002; Reuer & Ariño, 2007), and what Kale and Singh (2009, p. 49) describe as “self enforcing governance, relying on goodwill, trust, and reputation” (Granovetter, 1985; Gulati, 1995; Uzzi, 1997).

The setting-up process is foundational to achieving success in collaboration. Postformation management is also critical, particularly the aspects of coordination and trust (Kale & Singh, 2009). Three methods for developing and managing successful collaboration are programming,

hierarchy, and feedback (Galbraith, 1977). Programming involves all parties having clear, written guidelines detailing expectations, procedures, responsibilities, and due dates; that is, in essence, a shared manual developed and maintained by all concerned (Dyer & Singh, 1998; Kale & Singh, 2009). The second method is hierarchy, which involves having clearly defined roles and responsibilities, along with specified decision-making responsibility and authority (Kale & Singh, 2009). Lastly, feedback between participants may take the form of such things as regular visits and meetings, along with meaningful reviews and fine-tuning (Kale & Singh, 2009).

Trust is an important part of the success of on-going collaboration (Kale & Singh, 2009; Robson, Katsikeas, & Bello, 2008), and is more fully discussed in Section 2.4.3. Possible trust-building mechanisms include a firm inviting trust through accepting a position of vulnerability and demonstrating trustworthiness through honourable and exemplary behaviour, living up to expectations, and meeting commitments (Kale & Singh, 2009).

### **2.3 Theoretical perspectives: Examining a selection of lenses**

To effectively examine collaboration calls for a blend of complementary lenses (Eisenhardt, 1989a; Haak, 2004; Ritala & Ellonen, 2010). The lenses used in this research were selected on the basis of their individual merits, taking into account their shortcomings and complementarities, allowing for more thorough coverage as well as compensating for the deficits of individual lenses.

Social capital is the fundamental perspective used across this research, supported by the resource-based view and the generalised double diamond (based on Porter's diamond model of national competitiveness). Also utilised are transaction cost economics, Porter's value chain, and models of trust. This research is focused on actors embedded within a complex socio-cultural context (New Zealand-Chinese interaction), and a Bourdieusian lens is employed to develop the cultural environment in which participants operate. Each of these lenses will now be examined in turn.

#### **2.3.1 Culture through a Bourdieusian lens**

This research takes a Bourdieusian sociological perspective of culture. The project involves both New Zealand and Chinese culture, and in a wider and less precise sense 'western' and 'eastern' culture, although with reference to China 'eastern' culture may be more appropriately termed 'Confucian-based' culture, given the strong cultural underpinning Confucianism provides in China (Bell, 2010; D. L. Hall & Ames, 1995; Wasserstrom, 2010).

The term culture has many definitions. Writing sixty years ago, Kroeber and Kluckhohn (1952) discerned 164 definitions of culture, and the number has been increasing since (Taras, Rowney, & Steel, 2009). Further confusing the picture, Koltko-Rivera (2004) found that different disciplines (for example anthropology, management, psychology, and sociology) have researched the same construct, 'culture,' under different names, including 'culture,' 'value orientations,' 'basic beliefs,'

‘schemas,’ ‘philosophy of life,’ and ‘world outlook.’ Despite the plethora of different terms for culture and associated definitions, there is some broad agreement.

Taras et al. (2009) found that almost all definitions for culture have four commonalities: First, that “culture is a complex and multilevel construct” (Taras et al., 2009, p. 358). Second, culture is shared among individual members of a group or society. The third commonality is that culture is formed—and changes—over a long period of time. Fourth and last, culture is “relatively stable” (Taras et al., 2009, p. 358). Beyond these four items, definitions of culture (or whatever term is used for the construct) diverge, and no single, comprehensive definition emerges after reviewing 121 instruments for investigating culture (Taras et al., 2009).

This research is not investigating culture *per se*, nor using a particular instrument to quantify and compare cultures. Rather, it acknowledges that the subject of the research—collaboration—takes place in a cultural setting, and involves actors with different cultural backgrounds. Thus, culture here is the stage, the playing field, the environment within which collaboration takes place, rather than being the focus of the research. This requires some conception of culture in which both the act of collaboration, and the actors themselves, may be placed.

The most commonly used model of culture, particularly in management research, is that put forward in Hofstede’s *Culture’s Consequences* (1980, 2001). The influence of Hofstede is pervasive: “Very few models, normally those from non-management literature, were found to contain no links to Hofstede’s work” (Taras et al., 2009, p. 360). Other well known models include (for example) those developed by Trompenaars and Hampden-Turner (1998), Schwartz (1994), and the GLOBE project (House, Hanges, Javidan, Dorfman, & Gupta, 2004). There are two main problems with using any of these widely employed models in the context of this research.

First, these models tend to look at culture at a societal level, often using national borders as boundaries of cultural groupings, therefore making the nation a proxy for culture (Taras et al., 2009). This is problematic because of the diversity of culture within a nation, even one as small as New Zealand, for example, Maori-Pakeha, and even more so in a nation with the geographical size and vast population of China. As this research project takes place at the individual level and culture becomes relevant as instantiated in individuals within the context of collaboration, models of culture that pertain to a nation are inappropriate.

The second problem arises from the distinction between the emic and etic approaches to examining culture. The etic approach, in the example provided by Hofstede’s cultural dimensions, assumes that there are universal dimensions that may be used to examine the culture of any society (Hofstede, 2001). In contrast, an emic approach to the topic of culture would suggest that not all dimensions may be applicable to a particular culture, and that each culture should be examined on

its own terms (Taras et al., 2009). This research is exploratory, and tends more to the emic approach, therefore favouring a conception of culture that allows the illumination and display of the effect culture may or may not have in the context of collaboration between individual New Zealand and Chinese people.

Employing a Bourdieusian lens allows the effects of culture to be examined at an individual level within a multicultural context (Lynam, Browne, Reimer Kirkham, & Anderson, 2007). Rather than a full Bourdieusian conception of culture, selected Bourdieusian perspectives are used in this research to provide a platform from which the effects of culture upon collaboration may be illuminated. Three concepts are used for this: cultural field, capital, and habitus. These three concepts are introduced separately below, but should be considered together as a package in order to explore the effects of culture (Lynam et al., 2007), and also when used within the context of organisations (Emirbayer & Johnson, 2008; Swartz, 2008).

Bourdieu terms the context for human behaviour the ‘cultural field’. This includes such things as discourses, institutions, values, rules, regulations, positions, and titles. These combine to produce and authorise particular activities and discourses. A cultural field is not static; rather, it is dynamic and fluid. Further, it is self-acting in the sense that it acts on itself through people interacting and competing to determine what constitutes cultural capital within that cultural field. Thus, a cultural field is not only made of things like rules, procedures, institutions, positions, and offices, but is also constituted through interaction—that is, self-interested competition and the application of power within the cultural field will act on and transform that field (Webb, 2002).

The amount of power a person has within a cultural field is determined by their position within that field and the amount of capital they have. For Bourdieu, capital may take the form of economic, social, symbolic, or cultural capital (Hardy et al., 2003; Webb, 2002). He defines capital as “any sort of resource, including intangibles such as expertise, social networks, or prestige” (Webb, 2002, p. 178). Cultural capital is the form most under consideration here, and this more specific form of capital has a wide definition. It includes both tangible and intangible things that are rare enough and sought after enough to be thought of as valuable within that cultural field (Webb, 2002). For example, in the ‘international business’ cultural field, cultural capital may consist of tangible things such as qualifications, positions, and achievements along with symbolic things such as the reputation and status of the company. Culturally derived things (taste and consumption patterns, for example clothes, vehicles, and leisure pursuits) also contribute to the business person’s cultural capital within the context of that cultural field. What constitutes cultural capital is not consistent within or across cultural fields; it is usually defined within and confined to a field, and it is always being acted on (and acting on itself). As an example, in the context of this research, what constitutes cultural capital will differ between the ‘home office’ and the ‘China office.’ It is also



noted that there are some parallels between Bourdieu's notion of cultural capital and the central theoretical base of this thesis, social capital, discussed in section 2.3.3.

Habitus has two dimensions. First, it describes how individuals become themselves, and second, the way in which they engage in practices. Habitus thus develops identity and action. Habitus is the sum product of an individual's cultural history, and is durable and transportable—it is taken with the individual from field to field. Habitus evolves as more experiences are added to personal histories, but this is largely an unconscious, additive, and gradual process. New values, beliefs, and knowledge are not passively received, but are filtered and constructed by the existing habitus. Habitus then allows individuals to act in different ways in response to different situations. In this sense, *who* we are (habitus) informs *what* we do. Habitus allows for improvisation, but always within the boundaries formed by individual cultural history (Webb, 2002).

It is noted that in employing a Bourdieusian perspective in order to inform a discussion of collaboration between New Zealand and Chinese, this thesis 'cherry picks' concepts from within Bourdieu's work, and perhaps uses them in ways unintended in the original. It is not intended to be a comprehensive application of Bourdieu to New Zealand-China business relations, but a utilisation of selected aspects deemed most relevant in this particular context.

### **2.3.2 Use of theoretical lenses to examine collaboration**

A variety of theoretical lenses have been used to examine collaboration in its many forms. A literature survey of the 20 years from 1988 found 16 theories used in 31 papers (Wassmer, 2010). Work by Ireland et al. (2002) in a review of 49 papers found 20 theoretical lenses employed. These are summarised in Table 6. It is important to note that there is some ambiguity—it can be a matter of interpretation in deciding which theoretical lens is being used, and also which is seen as being 'major' or central to the work. An example of this is with Gulati's (1999) paper *Network location and learning: The influence of network resources and firm capabilities on alliance formation*. Wassmer (2010) sees this paper as utilising both social network theory and organisational learning, while Ireland et al. (2002) categorise it as employing solely social network theory.

Despite this, there is a clear indication that social network theory, organisational learning in general, and the resource-based view are the most widely used theoretical lenses, as shown in Table 6.

**Table 6: Theoretical lenses: Collaboration**

Theory	Number of times theory used	
	Wassmer (2010) 31 papers	Ireland et al. (2002) 49 papers
Social network theory	14	11
Organisational learning in general	11	7
Resource-based view of the firm	7	12
Knowledge-based view	3	8
Transaction cost economics	2	6
Evolutionary	1	3
Dynamic capabilities	2	1
Exploration/exploitation framework	3	
Resource dependency theory	1	2
Absorptive capacity		2
Agency theory	1	1
Contingency theory	1	1
Process theory		2
Co-evolutionary perspective	1	
Complexity theory		1
Contract theory	1	
Coordination cost		1
Game theory		1
Institutional theory		1
Network theory		1
Other economics	1	
Real options	1	
Relational view	1	
Strategic behaviour		1
Trust		1
Universalist		1

Table 6 also shows that many papers use more than one theoretical lens. This is summarised in Table 7, where Wassmer (2010) found that 52%, and Ireland et al. (2002) 24%, of papers reviewed used more than one theory. Again, this table needs to be viewed with the understanding that the data is derived interpretively.

**Table 7: Number of theories used per paper**

Number of theories used	Number of papers from literature review	
	Wassmer (2010)	Ireland et al. (2002)
1	15	37
2	14	10
3	1	1
4	1	0
5	0	1
Total papers reviewed	31	49

Using more than one lens is important in order to develop the most complete possible explanation and understanding of collaboration (Haak, 2004). Collaboration is richly contextual and an integrated approach is needed to better capture the resulting complexity (Eisenhardt, 1989a; Ritala & Ellonen, 2010). Accepting that developing sustained competitive advantage is the over-arching purpose of collaboration, this research adopts the position of Ritala and Ellonen (2010), which consists of combining three perspectives to consider competitive advantage in the context of collaboration: the relationship view as a central perspective, plus two supporting perspectives—one internal/organisational and the other external/environmental. This is summarised in Table 8, with further conceptual development later in this section.

Table 8 is made of three parts—first, in the largest, the three perspectives taken in this research are shown, along with representative authors, the main focus, their role in this research, the perspective taken, and the level of analysis. The second and smallest part notes that these three perspectives are being applied within a Bourdieusian view of culture. Last, the table shows Ritala and Ellonen’s (2010) proposed extended SWOT grid which aligns with the three perspectives described in the first part of the table.

The three perspectives described in the first part of Table 8 (internal, relationship, and external/contextual) are not mutually exclusive; deploying them together can provide a more complete understanding of how collaboration may contribute to competitive advantage (Ritala & Ellonen, 2010). The integration of the three approaches is shown in Table 8. This research focuses particularly on the relationship perspective through social capital (including *guanxi*), supported by the internal perspective (the resource-based view), and an external perspective (the generalised double-diamond framework) to provide breadth, balance, and context.

**Table 8: Theory used in this research: An integrated approach**

(based on Ritala &amp; Ellonen, 2010)

<b>Central theory:</b>	<b>Resource-based view</b>	<b>Social capital</b>	<b>Generalised double diamond</b>
<b>Representative authors:</b>	Barney (1991)	N. Lin, Cook, & Burt (2001)	Porter (1990); Moon, Rugman, & Verbeke (1998)
<b>Main focus:</b>	Firm-level resources and capabilities	Attributes of a specific relationship	Competitiveness in an international context
<b>Role in this research:</b>	Supporting	Central	Supporting
<b>Perspective:</b>	Internal	Relationship	External/contextual
<b>Level of analysis:</b>	Firm	Relationship	National and international

**Cultural context:**

Within a Bourdieusian sociological view of culture

*A parallel analysis led Ritala & Ellonen (2010) to propose their Extended SWOT Grid, aligned with the theory columns above:*

Strengths	Potential	Opportunities
Weaknesses	Limitations	Threats

The first supporting perspective employs the resource-based view of the firm, represented by Barney (1991, 2001a, 2001b). Adopting this viewpoint allows an internal perspective at the firm level. The resource-based view is further discussed in Section 2.3.4.1.

While both the resource-based and industrial organisation views can account somewhat for collaborative behaviour, they emphasise value extraction from the perspective of the individual firm rather than looking at value derived from a relationship in itself (Gulati, Nohria, & Zaheer, 2000). This gives rise to Ritala and Ellonen's (2010) central perspective of competitive advantage through collaboration, the relationship view. Here the focus is on the relationships rather than the internal (resources and capabilities) or the external (the national and international) context.

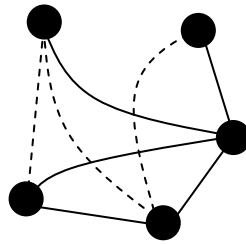
The third supporting standpoint is situated at the national and international level, and draws on the generalised double diamond model (Moon, Rugman, & Verbeke, 1995) which is developed from Michael Porter's (1990) model of national competitiveness, commonly known as 'Porter's diamond.' The generalised double diamond model is suited to the context of this research, as it extends Porter's diamond from national competitiveness to emphasise the international context, and also allows some degree of comparison between New Zealand and China. This provides an external and relative perspective at both the national and international levels and is further discussed in Section 2.3.4.2.

As an example of how these three perspectives complement each other and incorporate the collaborative relationship, Ritala and Ellonen (2010) use them to extend the SWOT (strengths, weaknesses, opportunities, and threats) paradigm to include the relationship view along with firm level and industry level views. This is shown in the last part of Table 8, with the addition of 'potential' and 'limitations.' Potential represents unique resources available through collaboration and is thus neither internal nor entirely external; it belongs to the relationship. Limitations represent possible risks such as the loss of intellectual property, exploitation, and damage to legitimacy or status through the actions of a partner.

### **2.3.3 Social capital**

Social network theory (SNT) is discussed here to provide a background for the main focus, the concept of social capital. SNT captures both the 'social' (i.e., people-based), and the networked (i.e., interconnected) nature of collaboration. A broad theory, developed from social psychology and anthropology, it incorporates many aspects of general network theory and extends into advanced mathematics (Kuper & Kuper, 2009). This project utilises social network theory's descriptive and conceptual features rather than its higher mathematical aspects.

Social network theory conceptualises a network as a set of *nodes* (actors), connected by *ties* (linkages) (R. Lee, 2009). Each node may represent a person, a company, or other organisation. A tie represents a relationship between two nodes. The relationship may involve different types of exchanges, for example social, information, or business (Björkman & Kock, 1995). This is illustrated using the sociogram in Figure 3, where there are 5 nodes (represented by black dots) and 8 ties. Five of the ties are strong ties (shown as solid lines), and 3 are weak ties (dashed lines).



**Figure 3: A social network map (sociogram) showing nodes and ties**

Adapted from Burt (2001a)

Social network theory emphasises the ties between nodes rather than the nodes themselves, prioritising the examination of relationships and interactions rather than of actors (J. Lee & Kim, 2011). This brings the nature of the linkages (i.e., the location of collaboration) into focus, highlighting three important characteristics: social capital, the structure of ties, and the strength of ties (Burt, 2001a; Lavie, 2006). If nodes are people, and ties are relationships, then the context within which they exist is culture. Culture is therefore the milieu within which collaboration takes place, influencing interactions within a given social network (Björkman & Kock, 1995). (In this research culture is viewed using a Bourdieusian perspective, discussed above in Section 2.3.1.)

Social capital can be an important contributor to competitive advantage (R. Lee, 2009; Lovas & Ghoshal, 2000; Oh, Labianca, & Chung, 2006; Parkhe, Wasserman, & Ralston, 2006; Starkey & Tempest, 2004), and thus provides a link from collaboration in the context of social networks to business success. Social capital in China takes the differentiated form of *guanxi* (Guo & Chang, 2010; Michailova & Worm, 2003; Xiao & Tsui, 2007; Zhou, Wu, & Luo, 2007), although its correlation with foreign business success in China is less certain (J. J. Li, Poppo, & Zhou, 2008; J. Lin & Si, 2010). The next section will discuss social capital as developed in Western research, followed by a description of the Chinese perspective in Section 2.3.3.4.

It is suggested that social capital, at its root, derives from an individual interacting with other individuals (Anthias, 2007); the social capital of individuals then aggregates to the benefit of the organisation (R. Lee, 2009). However, this view is contested when placed into the Chinese context (J. J. Li et al., 2008; J. Lin & Si, 2010).

Definitions of social capital are varied, particularly across academic disciplines (Adler & Kwon, 2002; Bjørnskov, 2006; Daly & Silver, 2008; Kawachi, Subramanian, & Kim, 2008). The first contemporary academic to systematically examine social capital was Pierre Bourdieu (Portes, 1998), who defined it as “the sum of the resources, actual or virtual, that accrue to an individual or a group by virtue of possessing a durable network of more or less institutionalised relationships of mutual acquaintance and recognition” (Bourdieu & Wacquant, 1992, p. 119). For Bourdieu, capital can take a variety of forms (economic, social, symbolic, or cultural), and is generally defined as

“any sort of resource, including intangibles such as expertise, social networks, or prestige” (Webb, 2002, p. 178).

Coleman (1988) notes that social capital exists not within the actor but within the actor’s relationships (i.e., the social network), and may be used by individuals and by organisations. He also notes that while social capital may take many forms, all have two common features: First, they are embedded within the social structure, and second, they have productive potential in that they make possible particular ends (Coleman, 1988). A further characteristic is that while some forms of social capital may be transferrable from one activity to another, others may be more specific to a particular circumstance (Coleman, 1988).

A broader definition at the societal level (rather than the individual or network level) characterises social capital as “features of social organisation, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions” (Putnam, 1993, p. 167). This definition is problematic for two reasons—it is broad to the point of being vague, and later empirical research has shown that trust, norms, and association are not linked as suggested (Bjørnskov, 2006). Putnam’s definition is included here because his work is regarded as one of the first to bring wide attention to the concept of social capital (Bjørnskov, 2006), and because it illustrates social capital at the societal level; however, in this research, the concept of social capital is applied more to the individual collaboration level.

In Burt’s (2001a) view, social capital is a metaphor for advantage. It derives from the conception of society as a market, where people exchange goods, services, and ideas in order to pursue their interests. Within this market, some people do better than others; they are more successful by whatever measure is relevant to that person, perhaps money, status, or position. A possible reason for this success is human capital—for example, the individual is fitter, stronger, more educated, more inventive, or more skilled. Complementing human capital is social capital, which provides another possible reason for success: that the actor who does better in achieving their purpose has more social capital; they are better connected within the social network (Burt, 2001a).

Bringing the literature together, Nan Lin defines social capital as “investment in social relations by individuals through which they gain access to embedded resources to enhance expected returns of instrumental or expressive actions” (N. Lin, 2001, p. 17). Svenden (2006, p. 39) makes networks explicit in his conceptualisation of social capital as “cooperative networks based on regular, personal contact and trust.” Less formally, Burt (2001a, p. 32) summarises social capital as “better connected people enjoy higher returns.” It is these broad conceptions of social capital that are used in this research.

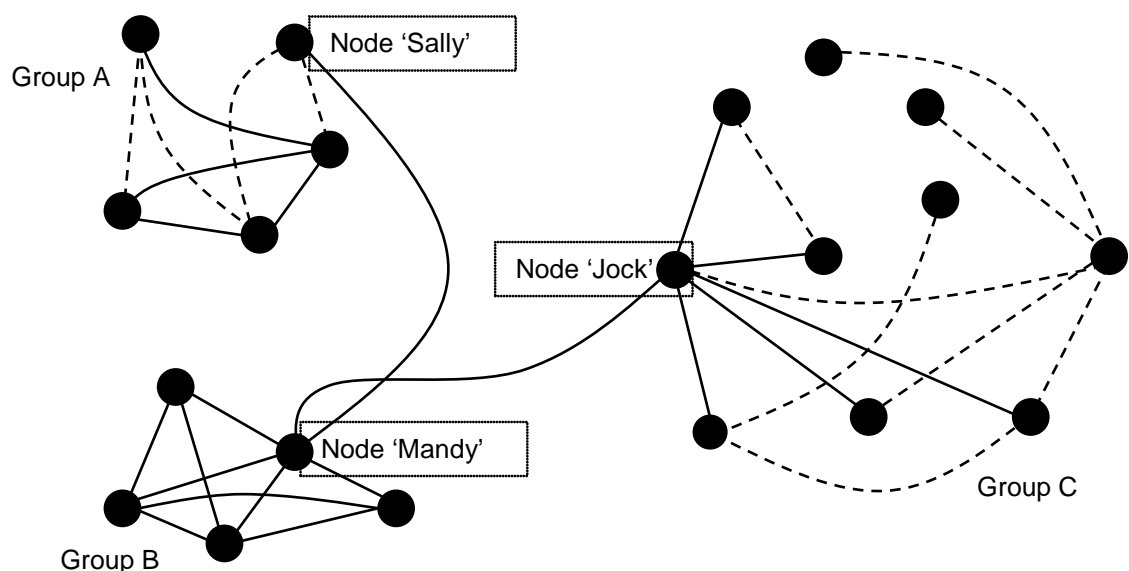
To bring more detail to the concept of social capital as employed here, Nahapiet and Ghoshal (1998) developed a seminal (R. Lee, 2009) model of social capital that has three dimensions: structural, relational, and cognitive. The structural dimension is concerned with network ties and configuration; the relational dimension of social capital is concerned with trust, identity, obligations and expectations; and the cognitive dimension with shared language, codes, and narratives (R. Lee, 2009). These three dimensions of social capital are discussed in the next three sections.

### 2.3.3.1 Structural dimensions of social capital

Network structural forms divide broadly into two types—bonding and bridging (R. Lee, 2009). These echo Burt (2001a), who characterises networks with a high degree of bonding as producing social capital through network closure, while bridging structures create social capital through structural holes—concepts that will be explored in the following sections.

#### 2.3.3.1.1 Bonding structures

Networks with a high degree of bonding feature strong, dense ties between nodes, promoting emotional homogeneity (Borgatti & Foster, 2003) and enhanced efficiency of interaction (Coleman, 1988). This is represented in Figure 4, where Group B has many strong bonds between nodes (5 nodes with 9 strong and 0 weak ties) in comparison with Group A, which has proportionately fewer and weaker ties (5 nodes with 4 strong, 4 weak, and 1 absent ties). Thus, of the three networks shown in Figure 4, Group B shows the highest degree of closure, while Groups A and C exhibit lower degrees of closure.



**Figure 4: Network structure**  
(adapted from Burt, 2001a)



A network where everyone is strongly connected with everyone else means that all members have a deep and intimate knowledge of the others, and this cohesion can provide guidelines and sanctions that examine and shape behaviour (Coleman, 1988). This in turn provides for an environment where it is less risky for network members to trust each other, particularly in the absence of external mechanisms that can be used to back-up trust (Coleman, 1988). Thus, for Coleman (1988), a bonding network creates trust between its members.

An alternative view suggests that the high degree of network closure evident in bonding networks actually serves to *amplify* existing predispositions rather than to *create* trust (Burt, 1992, 2001a). In this view, the levels of trust (or mistrust) between any two members of a network are amplified and confirmed through the influence of other network members, and in fact, mistrust is amplified more than is trust (Burt, 2001a, 2001b). This is reinforced by Grosser, Lopez-Kidwell, and Labianca (2010) who suggest that structural embeddedness in a network (i.e., a network with a high degree of closure) increases the chances of members engaging in negative gossip, thus amplifying both trust, and particularly, mistrust.

#### **2.3.3.1.2 Bridging network structures**

A bridging network structure utilises the concept of structural holes. This is based on the idea of weak ties (Granovetter, 1973, 1982), betweenness centrality (Freeman, 1978), exclusive exchange partners (Cook & Emerson, 1978), and network structure (Burt, 2001a).

Bridging structures are network positions that connect two otherwise unconnected positions between network groups and can be seen as a “broker” position (Burt, 1992, 2001a; J. Lee & Kim, 2011). This is illustrated in Figure 4, where nodes Sally, Mandy and Jock provide links between groups.

While people who are on either side of structural holes (in Figure 4 Sally, Mandy, and Jock) occupy positions in different circulations of information (that is, they operate in disjoint networks), they have the opportunity to both broker information flow and control projects between networks (Burt, 2001a). This means that these brokers have access to “new” information that comes from outside their network and so is less likely to overlap or mirror information already within the group (Burt, 2001a).

Sally’s link to Mandy provides the most potentially useful position in Figure 4—through Mandy she can access every member of Group B via strong ties. The reverse of this broker tie is not so advantageous for Mandy; through Sally, she links to only 2 nodes in Group A via weak ties.

Group C represents a large (10 nodes, twice the other groups) but loose (5 strong ties and 8 weak ties) network. Jock is the best person to bridge to in Group C as he has the highest degree of centrality within Group C.

Burt (2001a) suggests that the broker position builds social capital in a number of ways. It provides access to more information with higher diversity and less redundancy earlier than others in the group. This means that the broker by virtue of their position and resultant social capital is more likely to be included in new opportunities. In turn, this makes the broker more attractive to others within the 'home' group. In addition to advantages of information and opportunity, there is advantage through control. The broker is able to bring together disconnected nodes, and as the 'third person' has more control over information and communication processes. These information, opportunity and control advantages reinforce each other and are cumulative. Based on this, the strategic purpose of collaboration is to develop network bridges between unconnected parts of a network (Verspagen & Duysters, 2004).

In the context of collaboration, the implications of the two views of structural dimensions of social capital (bonding vs. bridging) are two-fold: first, it is not an either-or situation; both structures are important, and may be integrated as outlined in section 2.3.3.1.3 using the schema developed in Burt (2001a). Second, it is argued that bridging networks (and their associated structural holes) are more important in networks of market transactions than in networks of collaborative relationships (Walker, Kogut, & Shan, 1997). This is developed further in section 2.3.3.4 below.

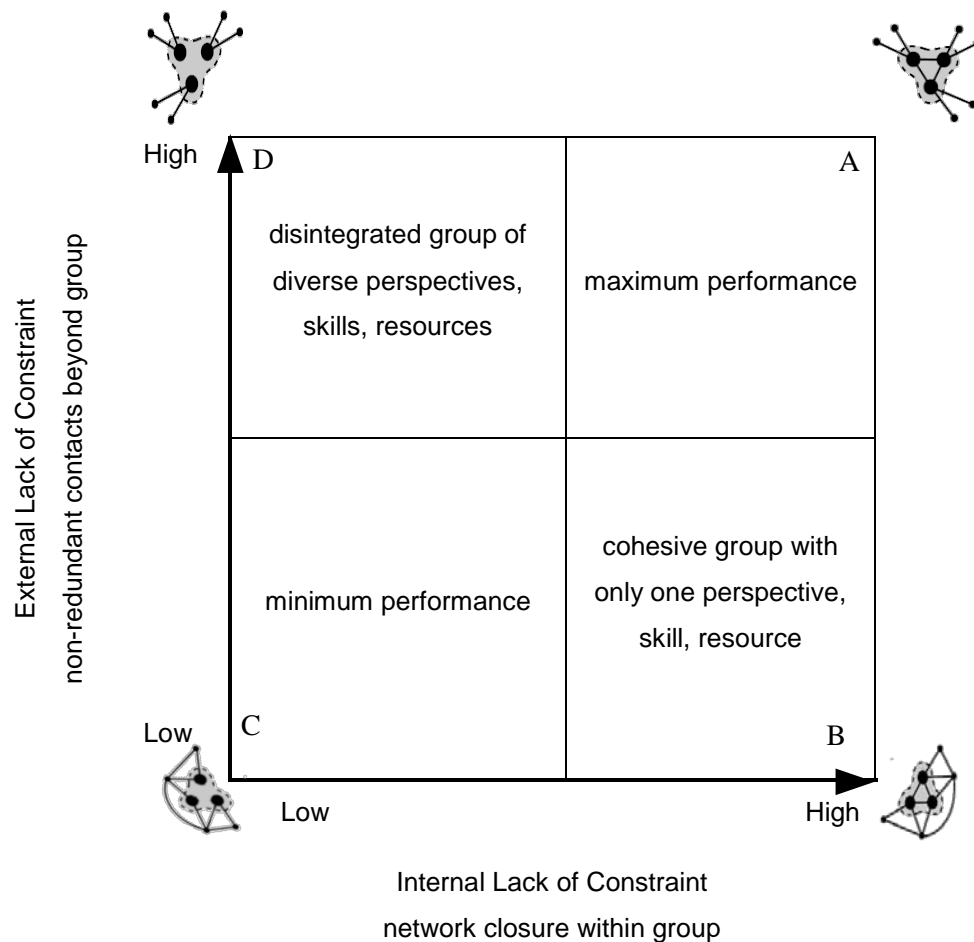
#### **2.3.3.1.3 Integrating bonding structure and bridging structure**

Burt (2001a) suggests that the two forms of network structure can be integrated, and in particular that gaining value from bridging structures through utilising structural holes is enhanced through bonding structures (i.e., network closure). This is shown in Figure 5. Although it is represented as a grid with discrete positions, it should be interpreted as providing position relative to two dimensions.

The first dimension, along the vertical axis, represents the state of the group's external network according to the number of non-redundant contacts beyond the group. Thus, the two sociograms in the top row (at positions D and A) represent a high external lack of constraint, each with 6 non-redundant contacts beyond the group. In simple terms, both groups D and A exhibit a high-value bridging structure—they have a lot of links to disparate nodes outside the group. This means that they may have access to a wide range of skills, resources or perspectives. In contrast, the sociogram at the bottom right (position B) has a low number of non-redundant external contacts - the four contacts outside the group are all interconnected, and are therefore redundant by cohesion. These contacts are unlikely to provide a variety of new knowledge to the group.

The second dimension, along the horizontal axis in Figure 5, represents the degree of network closure within the group. There is a lack of ties between members of group D. They are not connected in contrast to group A, which has strong internal ties and thus a high degree of closure.

This suggests that groups with both useful bridging (a high degree of non-redundant contacts outside the group) *and* strong internal closure—that is groups tending towards the upper right quadrant—will, through improved social capital, perform more successfully (Burt, 2001a).



**Figure 5: Integrating network structures**  
(based on Burt, 2001a).

### 2.3.3.2 Relational dimensions of social capital

The relational dimensions of social capital facilitate the transfer of ‘best practice’ between network actors (R. Lee, 2009; Nahapiet & Ghoshal, 1998) through moderating behavioural norms, particularly trust, obligations, expectations and identity (R. Lee, 2009). These norms assist information exchange in terms of reducing time required and transaction cost levels (R. Lee, 2009). Importantly, these norms also allow for informality in the information process in the absence of formal contracts (Lin, 2000).

Trust is regarded as an essential component of collaboration, as it is necessary in situations of mutual dependence (Child et al., 2005; Currall & Inkpen, 2002; Parkhe, 1998; Putnam, 1993). Trust is the willingness of each party to engage with the other, confident regarding the other's motives and conduct so that neither party will exploit the other's vulnerabilities (Barney & Hansen, 1994; Brunetto & Farr-Wharton, 2007; Lewicki, McAllister, & Bies, 1998; Parkhe, 1998). From a social capital perspective, trustworthiness is likely to improve the attractiveness/popularity of a collaborative partner (R. Lee, 2009; Tsai & Ghoshal, 1998), providing for social opportunity/attractiveness as a driver of collaboration (Ahuja, 2000; Eisenhardt & Schoonhoven, 1996; H. Li & Atuahene-Gima, 2007). Trust is further discussed in section 2.4.3 below.

Bonding networks tend to encourage trust where the actors pay attention to the network's goals and rules, and attend to the associated norms (Tsai & Ghoshal, 1998). This leads to particularised trust. A high degree of closure fosters cohesion, reciprocity and transparency, concentrating trust between particular actors within a network (Walker et al., 1997) and increasing overall levels of trust across the network. This does not, however, extend beyond the boundaries; the network has a low trust radius (J. Lin & Si, 2010).

Obligations and expectations are further norms that contribute to the relational dimensions of social capital (R. Lee, 2009). Bonding networks foster moral obligations and deep knowledge sharing, and provide a sense of belonging (Svendsen, 2006). This leads to a focus on undertaking actions within a set of rules or guidelines, where an obligation can be seen as property; a binding "credit slip" (Nahapiet & Ghoshal, 1998, p. 255) that will be both redeemed and honoured within the group (R. Lee, 2009).

Identity within bonding networks helps to develop exchange and a sense of belonging (Nahapiet & Ghoshal, 1998). Strong ties encourage the development of emotional bonds, allowing for actors to develop self-esteem and reputation, and to improve status (Oh et al., 2006). All contribute to both an individual and a shared identity within the network (R. Lee, 2009), transforming individuals "into members of a community with shared interests, a common identity, and a commitment to the common good" (Adler & Kwon, 2002, p. 25).

#### **2.3.3.2.1 Affective networks**

Affective networks sit across the structural and relational dimensions of social capital (Granovetter, 1985; Nahapiet & Ghoshal, 1998), and have particular relevance in the Confucian and therefore Chinese context (Lew, Chang, & Kim, 2003). They have further relevance to the trust factors involved within social capital, particularly with regard to bonding networks and *guanxi* networks.

Korean research in this area is relevant so far as it takes place in a Confucian-based culture (Tu, 1996). In Korea, affective networks are based on blood, school, and regional ties, in that order, and may be strengthened through overlap (Lew et al., 2003). This can make it difficult for affect-based trust to be extended to people outside the immediate group.

Affect-based trust is derived from an emotional bond between individuals and leads to a deeper level of trust (Chua, Ingram, & Morris, 2008; Grosser et al., 2010; Tse & Dasborough, 2008). This is positively related to bonding networks and friendship—that is, where a relationship is set within a wider network of friendship ties which have a high level of structural embeddedness, there is an extra layer of trust (Chua, Ingram, et al., 2008).

While research with a focus directly on affective networks is relatively rare and tends to be contextualised to Korea (J. Lee & Kim, 2011; Lew, 2001; Lew et al., 2003), the influence and importance of affect within the context of *guanxi* is well examined, and is discussed within section 2.3.3.4.

#### **2.3.3.3 Cognitive dimensions of social capital**

This is characterised as shared language, codes and narrative; a shared understanding and meaningful communication (Kumar & Worm, 2003; Nahapiet & Ghoshal, 1998). This helps provide solidarity and support within the group (Starkey & Tempest, 2004), and leads to synergy (Nahapiet & Ghoshal, 1998; Tymon & Stumpf, 2003), along with stronger bonding between participants (Edelman, Bresnen, Newell, Scarbrough, & Swan, 2004).

The cognitive aspects of social capital have particular implications in the context of this research. In a cross-cultural setting, “shared mental maps and systems of meaning” (Starkey & Tempest, 2004, p. 79) are more problematic to develop and sustain. A study of social capital in the context of northern European/Chinese negotiation found this centred particularly in developing a mutual understanding of goals, a difference in persuasive styles, and communication difficulties, especially if there is no common language (Kumar & Worm, 2003).

#### **2.3.3.4 Social capital in China: *Guanxi***

This research project is centred on collaboration between New Zealand and Chinese firms and is therefore cross-cultural. However, much of the research within the area of social capital has taken place in a Western context. In 32 papers suggested as illustrating empirical trends within the area of social capital studies in business and management by R. Lee (2009), research took place in a total of 41 cultural contexts, six of which were in Asia, and only four explicitly addressed cross-cultural aspects of social capital (see Table 9). This highlights two apparent gaps in the literature: examining social capital in (1) an Asian context and (2) in a cross-cultural context. In fact, there has been a substantial amount of research in these areas, but it is more often labelled as research

into ‘*guanxi*’ or some variation of ‘Asian business networks’ rather than as social capital (So & Walker, 2006).

While *guanxi* is seen as a close approximation to the concepts of social networks and social capital in the Chinese cultural context, that localisation results in a lack of generalisability to other cultural contexts (Guo & Chang, 2010; Michailova & Worm, 2003; Xiao & Tsui, 2007; Zhou et al., 2007). In contrast to social capital in the west, *guanxi* is more personalised, more enduring, and more prominently features the giving and receiving of favours (Tung, Worm, & Fang, 2008). An important component of both social capital and *guanxi* is trust; while western social capital tends to be based largely on cognitive trust, *guanxi* is based on intertwining cognitive and affective trust (Tung et al., 2008). Despite the differences, social capital and *guanxi* may be considered analogous (Barney & Zhang, 2009) and are treated as such in this research, while acknowledging that the very different cultural fields underlying each ensure that they are not synonymous.

*Guanxi* has been an important part of Chinese culture for centuries (Chen & Chen, 2004; Hwang, 1987; Park & Luo, 2001), with equivalents in other Confucian-based cultures, for example *kankei* in Japan and *kwankye* in Korea (Brennan & Wilson, 2010a). The place of *guanxi* in modern China is debated, with some saying it is as important as ever and critical for successful business in China (Chen & Chen, 2004; Luo, 1997; Park & Luo, 2001; Xiao & Tsui, 2007), while others contend that it is of diminishing importance (Anderson & Lee, 2008; Brennan & Wilson, 2010a; Davison & Ou, 2008; Liu & Roos, 2006). Fan (2002) suggests that family-based *guanxi*, as a direct descendant of Confucian values, is unchanging and enduring, while acquaintance and business-based *guanxi* are influenced by political and market factors, and are thus more susceptible to change. This research takes the view that *guanxi* is a very important and “enormously rich, complex, and dynamic” facet of operating within the Chinese cultural context (Chen & Chen, 2004, p. 305), and exists in multiple forms (e.g., familial, acquaintance, and professional).

**Table 9: Cultural context within social capital studies in business and management**

Based on articles as listed by R. Lee, 2009

<b>Author(s)</b>	<b>Cultural context</b>	<b>Explicitly cross-cultural research?</b>
Batjargal (2003)	Russia	No
Batjargal (2006)	Russia	No
Batjargal (2007)	China	No
Brett et al. (1998)	USA	No
Burt (1997)	USA	No
Burt et al. (2000)	France, USA	Yes
Carroll and Teo (1996)	USA	No
Edelman et al.(2004)	UK	No
Fernandez et al. (2000)	Australia, Hong Kong	No
Fleming and Waguespack (2007)	Undefined multinational	No
Gabbay and Zuckerman (1998)	USA	No
Gargiulo and Benassi (2000)	Italy	No
Gulati (1999)	USA, Europe, Japan	Yes
Hatzakis et al. (2005)	UK	No
Koka and Prescott (2002)	Undefined multinational	No
Kumar and Worm (2003)	North Europe, China	Yes
Levin and Cross (2004)	USA, UK, Canada	No
Liao and Welsch (2005)	USA	No
McEvily and Zaheer (1999)	USA	No
Newell et al. (2004)	UK	No
Podolny and Baron (1999)	USA	No
Reagans and Zukerman (2001)	USA	No
Rodan and Galunic (2004)	Europe	No
Shane and Cable (2002)	USA	No
Tsai and Ghoshal (1998)	North America, Europe, Asia	No
Tsai (2000)	Undefined multinational	No
Uzzi (1996)	USA	No
Uzzi (1999)	USA	No
Walker et al. (1997)	USA	No
Watson and Papamarcos (2002)	USA	No
Xiao and Tsui (2007)	China	Yes
Yli-Renko et al. (2001)	UK	No
Total number of papers: 32		Total number of cross-cultural papers: 4

While common themes in discussing *guanxi* include relationships, exchange, reciprocity, and connections (Guo & Chang, 2010), *guanxi* has a multiplicity of senses and meanings, and has no direct equivalent in English (Fan, 2002). A one sentence definition does not convey its full meaning and depth; there is no single and simple definition of the term (Brennan & Wilson, 2010a; Chen & Chen, 2004; Guo & Chang, 2010; So & Walker, 2006). In light of this, and with reservations as to the possibility of conveying more than a broad sense of the concept, this research adopts the following definition of *guanxi*:

An informal, particularistic personal connection between two individuals who are bounded by an implicit psychological contract to follow the social norm of *guanxi* such as maintaining a long-term relationship, mutual commitment, loyalty, and obligation. A quality *guanxi* is also characterized by the mutual trust and feeling developed between the two parties through numerous interactions following the self-disclosure, dynamic reciprocity, and long-term equity principles. (Chen & Chen, 2004, p. 306)

There are other Chinese cultural concepts that intertwine with *guanxi*, for example *mianzi* (face), *renqing* (reciprocity), and *xinyong* (trust) (Brennan & Wilson, 2010a); however, this research does not focus on these concepts, which are well covered in other work (e.g., Brennan & Wilson, 2010b; Wong, 2005).

Three characteristics of *guanxi* are that it is personal, that it represents a total relationship, and that it is essentially utilitarian (So & Walker, 2006). *Guanxi* is personal and does not belong to the organisation or firm (Chen & Chen, 2004; Fan, 2002; Luo, 1997). While the firm may benefit if an employee uses their *guanxi* on behalf of the firm, the *guanxi* itself remains with that person. It is the person who is the firm's asset, while the *guanxi* remains a personal asset of the employee. If that person leaves the company, their *guanxi* leaves with them (Park & Luo, 2001).

*Guanxi* reflects the totality of a relationship and is a part of the wider culture in China; peoples' roles are not compartmentalised, in contrast to in the West, where business networks tend to be part of the business culture and are often separate from social and family life (So & Walker, 2006). The participants in a *guanxi* relationship do not have discrete social and professional roles or personas. The whole or total person is a part of the relationship, which is one of the reasons that out-of-work activities such as golf or dining are prominent in developing *guanxi* relationships (So & Walker, 2006).

That *guanxi* is utilitarian does not mean that affection is excluded from the relationship—it is just not a requirement (So & Walker, 2006, p. 5). A particular role that affection may play is in the trust component of a *guanxi* relationship, with the development of a mixture of affect- and cognition-based trust (Chua, Morris, & Ingram, 2008) built over time as the relationship progresses. *Guanxi*



is an active, purposeful process; it is not merely a circle of family, friends, colleagues, or people with whom one keeps in touch. There is an “expectation for effective action as a result of *guanxi*” (So & Walker, 2006, p. 11).

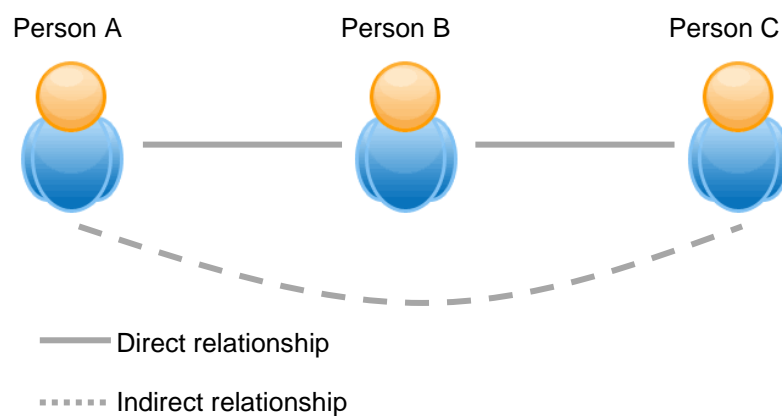
The nature of any *guanxi* is usually (but not always) developed from an underlying relationship, termed the *guanxi* base. This *guanxi* base may take three forms: relationship by birth or blood, relationship by nature, and relationship acquired (Fan, 2002), as shown in Table 10 along with examples. This means that the relationship itself does not constitute *guanxi*; rather, it is the base for possible *guanxi* (Fan, 2002). While a person may have shared attributes and relationships with many (perhaps hundreds) of people, it is only possible to maintain a small number (“a handful”) of active *guanxi* relationships due to the personal resources required to maintain them (Fan, 2002, p. 547). Fan (2002) suggests that a *guanxi* base is not necessary to establish an active *guanxi* relationship, although this is rare and may require more time and effort. In these situations a pre-existing *guanxi* base may actually be discovered after the *guanxi* relationship has been established.

**Table 10: *Guanxi* bases**  
(adapted from Fan 2002)

<i>Guanxi</i> base	Examples
Birth or blood	Immediate family Family by marriage More distant relatives
Nature	Locality (village, town, province) School or university, teacher-student Colleague Neighbour
Acquired	Acquaintance Knowing the same person (intermediary) Friend

Thus, while there may be a *guanxi* base, active *guanxi* is triggered through a specific, purposeful act of exchange, which initiates the active *guanxi* relationship and then maintains it through reciprocity (Fan, 2002). The nature of the exchange, the time-scale, the value of what is exchanged, and the requirement for reciprocity are all contingent on the nature of the relationship, the relative positions of the parties, and the circumstances; “it is informal, complicated and non-transparent” (Fan, 2002, p. 549).

Although an individual may only have a handful of direct, active *guanxi* relationships, each of these gives access to *their* respective relationships. Referring to Figure 6, if Person A has an active *guanxi* relationship with Person B and asks B for assistance, B may be able to fulfil the request directly, or may look to their own connections (Person C) in order to assist A (Fan, 2002). This has the effect of extending A's network beyond B, and in future A and C may develop their own direct *guanxi* relationship, with their mutual acquaintance B representing an 'acquired' *guanxi* base (Fan, 2002). In this way, a person may extend their own set of dyadic relationships to allow access to a complex network. In this example, Person B has performed the role of an intermediary (a connector), or, in social network terms, a bridge spanning the structural hole between Person A and Person C.



**Figure 6: *Guanxi* connections**  
(based on Fan, 2002, p. 550)

This research project follows Chen and Chen (2004) in approaching *guanxi* from the dyadic perspective rather than taking a broader, network view. This is because *guanxi* is individual rather than collective, and the dyadic view allows for focus on the central theme of this research—that is, collaboration. The Chen and Chen (2004) process model perspective is also employed; as shown in Table 11. *Guanxi* develops through three stages: initiating, building, and using. At each stage, three variables are considered. First, the *guanxi* objectives that are to be achieved through various interactive activities; second, the interactive activities involving actual and potential *guanxi* partners; and third, the operating principles that underlie each stage and link the objectives and the activities (Chen & Chen, 2004).

**Table 11: A process model of *guanxi* building**

(Chen &amp; Chen, 2004, p. 310)

<i>Guanxi</i> stages	<i>Guanxi</i> objectives	Interactive activities	Operating principles
Initiating	Setting up bases	Familiarising	Mutual self-disclosure
Building	Enhancing quality	Expressive and instrumental transactions	Dynamic reciprocity
Using	Getting benefits, re-evaluating <i>guanxi</i> quality	Exchanging favours	Long-term equity

#### 2.3.3.4.1 Bonding and bridging in a *guanxi* context

*Guanxi* networks tend towards a bonding structure, with dense strong ties, a high degree of closure, and few bridging ties (J. Lin & Si, 2010). The ongoing power and control aspects of brokerage and structural holes (as discussed in the literature based on research in predominantly Western firms) do not naturally fit within a collectivist, high commitment culture such as China, where commitment and mutual investment are dominant values (Park & Luo, 2001; Xiao & Tsui, 2007), and those in a brokerage role may be seen as manipulators (Batjargal, 2007). However, there is still a place for brokerage, as illustrated in Figure 6, where one person introduces or links two previously unconnected individuals. Two particularly Chinese aspects to this brokerage role are that the link is between particular individuals for a specific purpose, rather than being a generalised group-to-group link, and that rather than constituting a link, which implies some longevity in the role, it merely serves as an introduction; the role is one of bringing together rather than of control (Fan, 2002; Park & Luo, 2001). The two newly-introduced individuals are then left to develop a *guanxi* relationship between themselves (or not, as the case may be); the original bridging person does not remain as a link between the connected parties (Park & Luo, 2001).

#### 2.3.3.5 Value produced through social capital and *guanxi*

The resource-based view of the firm suggests that sustained competitive advantage is achieved through developing bundles of resources that the firm is able to use and control and which are of value, are rare, and are hard to imitate (Barney, 1991). Increasingly, firms are seeking to supplement their resource portfolio through collaboration, often by developing formal and informal networks (Das & Teng, 2000; Eisenhardt & Schoonhoven, 1996; Wu, 2008). Within this context, it is suggested that social capital and *guanxi* are important mechanisms in developing inimitable value through collaborative relationships (Gulati et al., 2000; Hansen & Nohria, 2004; McEvily & Zaheer, 1999); however, demonstrating a direct link between social capital and firm performance has proved problematic (Wu, 2008).

Results from empirical research suggest that it is inconclusive whether there is measurable benefit from *guanxi* in terms of firm performance (Luo, 1997; Luo & Chen, 1997; Park & Luo, 2001). The same ambiguity applies to social capital—some research finds a positive link between social capital and performance (for example, Andersson, Forsgren, & Holm, 2002; Park & Y. Luo, 2001), and others no link (for example, C. Lee, K. Lee, & Pennings, 2001) or even a negative effect (for example, Rowley et al., 2000). A further point is that there have been relatively few empirical studies investigating the potential link between social capital and performance across cultural contexts (Wu, 2008).

#### **2.3.3.6 Criticisms of the social capital/*guanxi* lens**

Criticisms of the social network and social capital approach raise some deficiencies in the context of this research. First, the emphasis on the relationship rather than the actors reduces the agency of individuals concerned. This emphasis on the relationship is one of the reasons for their selection as a perspective, and is balanced by using a Bourdieusian overview, which takes account of the individual.

A second point is that the focus on the network, and in particular the dyads, can lead to screening out other factors within the wider context (Lavie, 2006). This criticism is ameliorated through adopting an integrated approach based on Ritala and Ellonen (2010). This utilises three perspectives: the internal (resource-based view), the relationship (social capital) and the external (the generalised double diamond). This research focuses particularly on the relationship perspective through the lens of social capital (including *guanxi*), and uses the resource-based view and the generalised double diamond model to provide breadth, balance and context.

A third weakness of the social network approach is a possible tendency to treat network ties as being peer relationships, therefore failing to take full account of any hierarchies involved, along with things such as the quality of relationships (e.g. any affective influences), the depth of the relationship (e.g. deeply collaborative exchanges versus a market transaction), and the presence (or absence) of shared norms (Heckscher, 2007). This is primarily addressed through using an in-depth semi-structured case study approach to assist in capturing the richness and uniqueness of particular relationships.

Lastly, social network theory and social capital are umbrella concepts that have been applied to such a variety of contexts that they are in danger of becoming so broadened that they lack the specificity to be of use (Adler & Kwon, 2002). This research uses these concepts in a clearly delimited fashion: looking at collaboration in the New Zealand-Chinese context at the dyadic level, but mindful of the network and societal perspectives; and at social capital and *guanxi* with regard to structural, relationship and cognitive dimensions, embedded in a cross-cultural Bourdieusian field. This incorporates a process orientated approach (i.e., both theory and practice) which

provides a “comparatively good explanation of the evolution and organisation of cooperative ventures” (Haak, 2004, p. 40).

### **2.3.4 Supporting lenses from strategic management theory**

This research employs two perspectives supporting the central lens of social capital. These are the resource-based view and the generalised double diamond, providing an internal and an external/international perspective, respectively. Both are introduced in this section.

#### **2.3.4.1 The resource-based view**

The resource-based view (RBV) developed in counterpoint to the industrial organisation view, which places the sources of a firm’s competitive advantage outside the firm and within industry structure (Kraaijenbrink, Spender, & Groen, 2010). Against this perspective, the RBV seeks explanation for sources of competitive advantage from within the firm, and in this sense complements industrial organisation-based theories such as Porter’s 1985 Five Forces framework (Kraaijenbrink et al., 2010; Lockett, Thompson, & Morgenstern, 2009; Mahoney & Pandian, 1992; Peteraf & Barney, 2003).

The RBV sees firms as having access to differing sets of resources (resource heterogeneity) that are, to varying extents, immobile (or, to some degree, attached to the specific firm) (Hunt et al., 2002; Lockett et al., 2009; Wernerfelt, 1984). These resources may be differentiated in a variety of ways, for example as tangible/intangible or static/dynamic; the essential requirements are that the resources (however they may be categorised) are particular to the firm (Combs & Ketchen, 1999), and that they are hard to copy or appropriate (Barney, 1991). Firms are then able to combine and utilise their resources in bundles that provide a source of sustained competitive advantage through being 1) valuable; 2) rare; 3) difficult to imitate; and 4) exploitable by the organisation (Barney, 1991), giving the acronym VRIO.

This provides for the possibility that collaboration may constitute a resource available to the firm both in the form of collaborative skills and attractiveness, and in the operationalisation of these via opportunities and outcomes of acts of collaboration (Kraaijenbrink et al., 2010; Lavie, 2006; Madlberger & Roztocki, 2008). An example of this is the augmentation of a firm’s resources through pooling with a partner, creating unique resources within the collaboration (Hunt et al., 2002).

As successful collaborations is complicated and challenging, and overcoming these difficulties (particularly in a cross-cultural context) involves managerial skills and abilities that are hard to imitate, collaboration can form an important part of a firm’s resource bundle, leading to sustained competitive advantage (Hansen & Nohria, 2004; Ritala & Ellonen, 2010). The resource-based view

allows an internal, firm-centric view that takes account of collaboration to complement the external, national/international view in supporting the main perspective, social capital.

The RBV is not without criticisms, as discussed in recent papers (e.g. Kraaijenbrink et al., 2010; Lockett et al., 2009). Perhaps the criticism most relevant to this work is that the RBV sees firms as being individual, atomistic entities rather than interconnected, and thus places emphasis on resources being internal to a particular firm, owned and controlled by that firm (Barney, 1991), discounting sharing and screening out resources that may lie outside the firm, for example collaboration (Lavie, 2006). Work within the wider field of resource-based theory recognises this shortcoming and suggests that there are three main strands developing, with the relationship view and the knowledge-based view joining the RBV (Acedo, Barroso, & Galan, 2006), which explicitly accounts for collaboration in all its forms. Lavie (2006) proposes an extended RBV that takes account of interconnected firms, and includes the various forms of collaboration as a firm resource; this approach is adopted in this research, as collaboration is something that is **a part of, yet apart from** the firm.

A recent review of the RBV suggested that critiques fell into eight categories:

- the RBV has no managerial implications,
- the RBV implies infinite regress,
- the RBV's applicability is too limited,
- sustained competitive advantage is not achievable,
- the RBV is not a theory of the firm,
- VRIN/O is neither necessary nor sufficient for sustained competitive advantage,
- the value of a resource is too indeterminate to provide for useful theory, and
- the definition of resource is unworkable. (Kraaijenbrink et al., 2010, p. 351)

Kraaijenbrink et al. (2010) suggest that the first five criticisms are able to be addressed and resolved, but that the last three require more attention, and consequently these are the ones discussed here.

The criticism that “VRIN/O is neither necessary nor sufficient for sustained competitive advantage” (Kraaijenbrink et al., 2010, p. 351) centres on two main points—first, that individualised resources are overemphasised in comparison with the possible value of bundles of resources and their possible complementarities and synergies. Second, a question arises over the necessity for managerial oversight and action that takes advantage of the resources in a way that develops sustained competitive advantage—and whether this ability can in itself be regarded as a resource within the RBV (Kraaijenbrink et al., 2010).

The second problematic criticism is that “the value of a resource is too indeterminate to provide for useful theory” (Kraaijenbrink et al., 2010, p. 351). The essence of this is that the RBV constitutes a tautology: “value and uniqueness appear in both *explanans* and *explanandum*”, principally caused by uncertain definitions of value (Kraaijenbrink et al., 2010, p. 357). This then causes the RBV to be considered more of a heuristic than a theory.

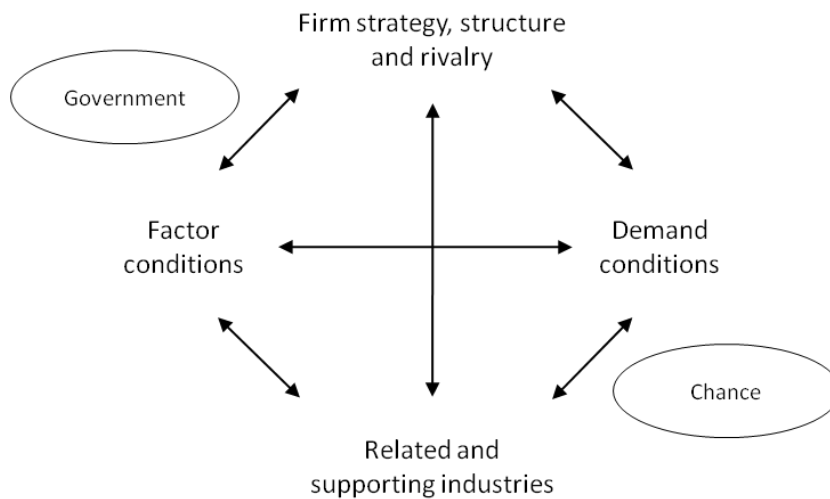
The third criticism, that “the definition of resource is unworkable” (Kraaijenbrink et al., 2010, p. 351), suggests that it is too inclusive to be useful—almost everything may seen as a possible resource (Kraaijenbrink et al., 2010; Priem & Butler, 2001). In particular, resources are not sufficiently distinguished from capabilities, and also just how different resources might contribute to sustained competitive advantage are not sufficiently explained (Kraaijenbrink et al., 2010).

These three criticisms of the RBV are addressed in this research, but it is important to note that this does not offer a response to them in the wider sense of the RBV as a theory; it is particular to this research. First, the RBV is acknowledged as imperfect and somewhat vague, and that this is tolerable given its role as a supporting lens rather than a central theory. Second, the concept of success in collaboration (in this sense, value) is addressed and made more explicit in section 2.2.2, going some small way towards addressing the problem of tautology. Last, the need for a distinction between resources and capability is attended to somewhat by the focus of this research on collaboration, where the knowledge, skills, tools, and actions that lead to collaboration are seen as resources, and together these form the capability of a firm to collaborate.

#### **2.3.4.2 The generalised double diamond**

The preceding section described the RBV (Barney, 1991) as a supporting lens at the firm level. This section describes the second supporting perspective, the generalised double diamond, which provides a perspective at the national and international level and includes some degree of inter-country comparison. Together, the RBV and the generalised double diamond support the central theoretical lens in this research, the relationship view, as provided by social capital theory (N. Lin et al., 2001).

The generalised double diamond developed from Michael Porter’s (1990) model of national competitiveness. The original model, known as Porter’s diamond, provides a framework for examining the competitiveness of nations. It features four endogenous variables: factor conditions; firm strategy, structure, and rivalry; related and supporting industries; and demand conditions along with two exogenous variables: government and chance (Porter, 1990). These variables are shown in Figure 7.



**Figure 7: Porter's diamond**  
(Porter, 1990, p. 127)

Porter has modified and further developed this model over the years; however, the original version (Porter, 1990) is discussed below, as this is this version that forms the basis for the development of the generalised double diamond used here (Cho, Moon, & Kim, 2009).

**Factor conditions:** These include (1) basic factors such as natural resources, location, climate, and unskilled/semi-skilled labour and (2) advanced factors such as communications infrastructure, highly educated labour, and research institutes (Porter, 1990). A third category is generalised factors, for example transportation systems. Lastly, specialised factors include things with limited applicability such as highly specialised personnel and infrastructure (Porter, 1990).

**Demand conditions:** This determinant focuses on the composition of domestic demand, e.g. how sophisticated local buyers are, the degree to which they anticipate global demand, and how they may extend local demand to influence global demand (Porter, 1990). The effect of this determinant is that pressure from sophisticated and demanding local consumers will spur local firms to greater competitive advantage.

**Related and supporting industries:** This involves the presence (or absence) of sophisticated and internationally competitive industries within the focal firm's home country. This determinant not only includes the supply of sophisticated components and services, but also more intangible things such as research collaboration, information sharing, and a spiral of demand for increasing improvement, development, and innovation. Porter (1990) notes that domestic related and supporting industries have greater influence than those offshore due to lower transaction costs and greater cultural similarity.

**Firm strategy, structure, and rivalry:** This determinant includes factors within the national business environment that are particularly compatible with a particular firm or industry and its sources of competitive advantage. This is a broad group that includes factors such as commercial



law, the labour environment and the education system, along with more intangible things such as family structures (Porter, 1990). Strong rivalry among competing domestic firms spurs innovation and seeking new markets, often internationally: “Among the strongest empirical findings from our research is the association between vigorous domestic rivalry and the creation and persistence of competitive advantage in an industry” (Porter, 1990, p. 117).

**Government and chance:** The two exogenous determinants from Porter’s (1990) model are government and chance. While governments cannot create competitive advantage per se, the policies they enact and actions they pursue can affect the four main determinants (Porter, 1990). Similarly, chance events such as radical innovation, price movements (oil for example), and natural events (earthquake, tsunami, flood, or drought) can reshape the industrial environment, creating opportunities and closing off others.

The six determinants are not merely ‘bins’ in which to place and compare factors, nor a list of items to be checked off in isolation. As shown by the arrows in Figure 7, each determinant affects and is in turn affected by the other determinants (Porter, 1990).

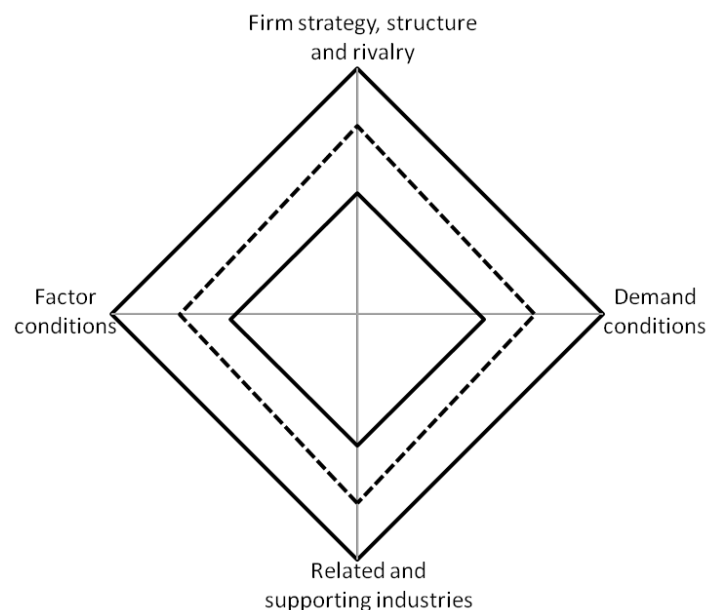
There has been some criticism of Porter’s diamond in relation to multinational enterprises. For this research, the central difficulty is that, in the context of multinationals, Porter’s diamond places too much importance on the influence of the ‘domestic diamond’, and also underestimates the significance of the ‘foreign diamond’, both in general (Cho et al., 2009; Dunning, 1993; Heeks, 2007; Rugman, 1992; Rugman & Verbeke, 1993) and in the case of New Zealand (Cartwright, 1993). Analysis of companies operating in multiple countries should take account of the diamonds of those countries; in this case, both New Zealand and China (Cerrato & Depperu, 2011; Makino, Isobe, & Chan, 2004; Moon et al., 1995).

The concepts of competitiveness and competitive advantage are inherently comparative (Barney, 1991; Besanko et al., 2000; Cerrato & Depperu, 2011; Ritala & Ellonen, 2010). As this research examines New Zealand firms with ‘domestic’ Chinese operations, which are therefore operating within two geographic locations, it is useful to examine and compare these environments using the generalised double diamond model. Differences between New Zealand and China, including labour force size, composition and conditions; government structure and influence; and legal environment may then be considered.

The generalised double diamond model consists of a domestic diamond and an international diamond, and considers Porter’s (1990) four factors in domestic and international contexts (Cho et al., 2009). Within the generalised double diamond model, national competitiveness is defined as “the capability of firms engaged in value added activities in a specific industry in a particular country to sustain this value added over long periods of time in spite of international competition” (Moon et al., 1998, p. 99). The generalised double diamond presents two major additions to

Porter's original diamond particularly relevant to this project. The first is that the generalised double diamond takes account of global firms operating in multiple locations with both domestically owned and foreign owned entities, rather than the emphasis Porter tends to place on home-based firms internationalising as exporters (Moon et al., 1998). Second, the generalised double diamond includes government within each of the four major determinants rather than leaving it as an exogenous item (Moon et al., 1995). This is particularly relevant given the difference between the pervasive influence of the Chinese government at national, provincial, and city levels and the relatively light touch of the New Zealand government.

The generalised double diamond model as shown in Figure 8 consists of two diamonds superimposed, the smaller, central diamond representing a country's domestic diamond, and the larger, outer diamond representing the global diamond. Between these two diamonds, a dotted-line diamond is "an international diamond which represents the nation's competitiveness as determined by both domestic and international parameters" (Moon et al., 1998, p. 138). The international activities are represented by the area between the inner, domestic diamond and the dotted, international diamond (Moon et al., 1998).



**Figure 8: The generalized double diamond**  
(Moon et al., 1998)

The generalised double diamond is a reasonably specific model, developed to respond to the criticism of Porter's diamond that it does not take full account of international and multinational activity and influences (Cho et al., 2009; Dunning, 1993; Moon et al., 1995). However, it has its

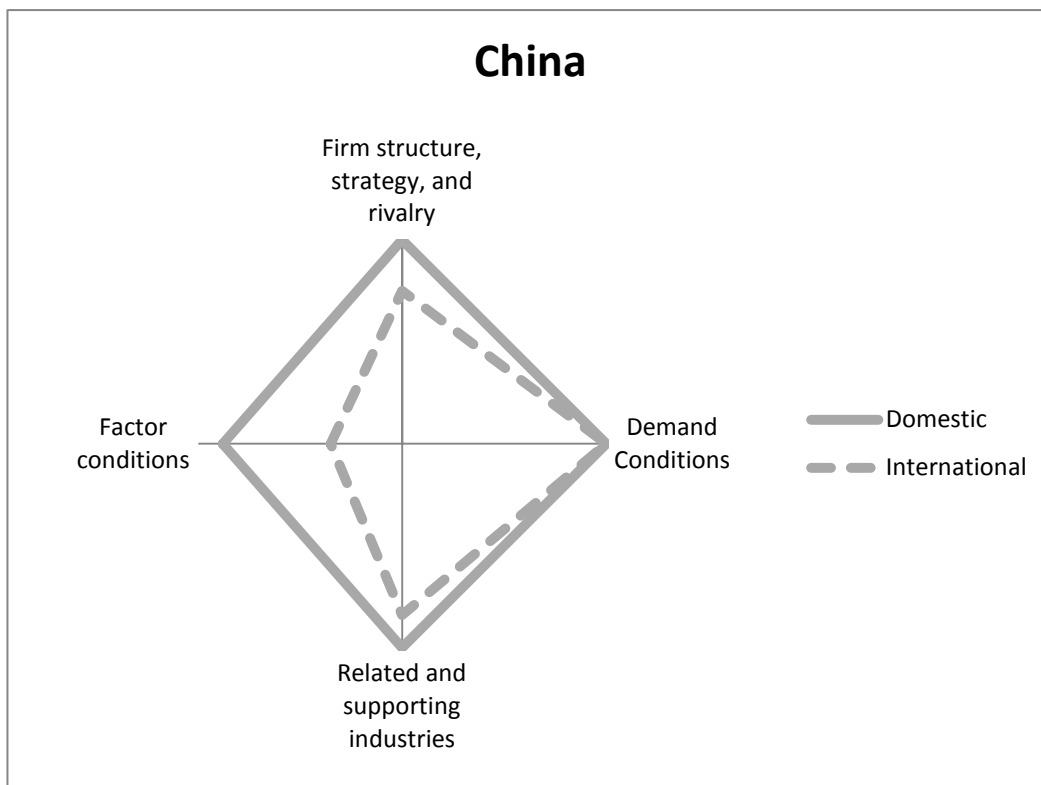
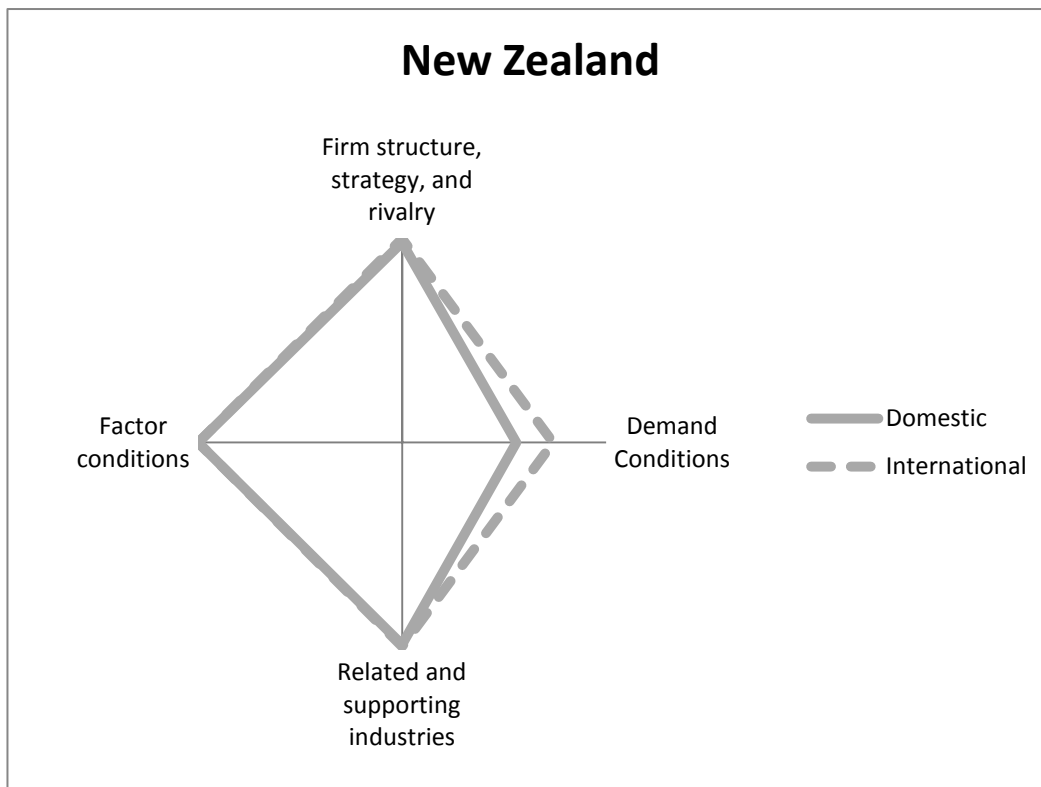
own shortcoming, in that it does not adequately reflect the importance of human factors in countries that are highly dependent on these (Cho et al., 2009).

The generalised double diamond is selected as a supporting lens for this research because it does highlight the influence of international activity, providing an international perspective that complements and supports perspectives at the individual level (social capital) and at the organisation level (RBV).

Data for the generalised double diamonds for New Zealand and China, as shown in

Figure 9 was obtained from the World Bank's website, the *World Economic Forum's Global Competitiveness Report 2011-2012*, and the *UNCTAD Handbook of Statistics 2011*. Full details of the data used, sources and methodology are supplied in Appendix 1.

The generalised double diamonds suggest that New Zealand's diamond is strong from both domestic and international perspectives, except for demand conditions where both are less developed, particularly domestic demand conditions. In contrast, China's diamond suggests strong domestic and international demand conditions, however on the other three factors (factor conditions; firm structure, strategy, and rivalry; and related and supporting industries), scores are lower, and particularly so for the international factors. This suggests that New Zealand, compared with China, is relatively better placed to compete internationally in terms of Porter's (1990) diamond.



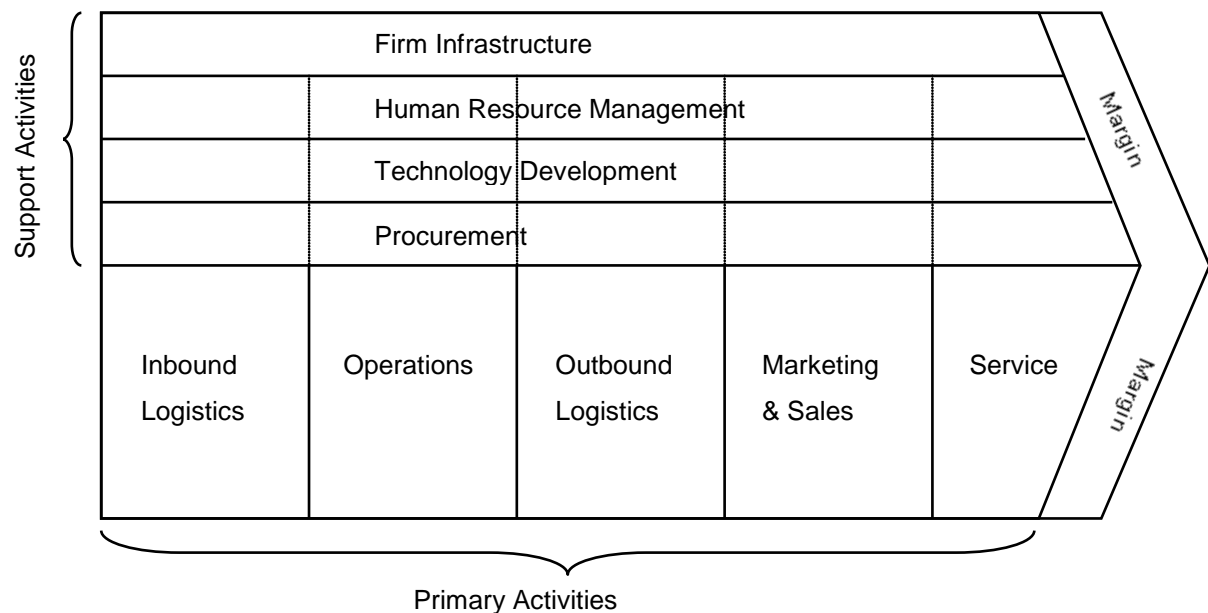
**Figure 9: Generalised double diamond: New Zealand and China**  
 Adapted from Moon et al. (1998)

## 2.4 Related concepts

The perspectives shown in Table 8 (p. 26) are central to this project and were selected on the basis of best fit with the research focus—that is, collaboration and competitive advantage. Other theories are employed in this research for particular purposes, but do not occupy an overarching position. These include the value chain, transaction cost economics, and trust, and these are discussed in this section.

### 2.4.1 The value chain

This research applies the generic value chain (Porter, 1985) to the context of New Zealand-Chinese inter-firm collaboration. The value chain (refer to Figure 10) shows the value activities of the firm (divided into primary activities and support activities), and the margin. The margin is the difference between the total value and the aggregated cost of carrying out the value activities.



**Figure 10: The generic value chain**

(Porter, 1985, p. 37)

Value activities consist of primary activities and support activities. Primary activities are those involved with the physical creation of the product, including sales, distribution, and after-sales activity. Support activities underpin and assist the primary activities. The dotted lines indicate that while human resource management, technology development, and procurement may be linked with a particular primary activity, they may also provide support across the whole chain, as does firm infrastructure. While the value chain as shown in Figure 10 disaggregates a firm's value activities into relatively discrete activities, each is still interconnected and interdependent (Mun, 2010).

Everything that a firm does should be discoverable within the value chain. Each part of the value chain is divisible into particularised activities (as fine-grained as is needed), allowing each activity to be examined both in terms of how well it is carried out within itself, and also how well it fits within the overall value chain (Mun, 2010). This provides the opportunity to decide how best to carry out that activity, with the aim of maximising its contribution to competitive advantage.

The value chain as depicted in Figure 10 describes an individual firm, yet the concept explicitly allows for extension outside the firm in the form of “value systems” (Porter, 1985, p. 34), which include interrelated chains that take into account upstream value, channel value, and buyer’s value. However, most relevant to this research are value systems where a firm may develop competitive advantage through coordinated value chains in what Porter termed coalitions: “Coalitions involve coordinating or sharing value chains with coalition partners that broadens the effective scope of the firm’s chain” (Porter, 1985, p. 34). This then allows firms to extend their value chain both in terms of scale (sharing and extending activities, for example joint marketing) and in terms of linking, where activities may be divided, for example one firm doing manufacturing and another providing after-sales service (Xie & Johnston, 2004).

The distinction between ‘value chain’ and ‘value system’ (and consequently coalitions), as described by Porter (1985), has been largely lost in the ensuing literature and the former is now assumed to include the latter (Kaplinsky & Morris, 2002). This is illustrated in, for example, the value chain being used to investigate extended enterprises (Bititci et al., 2004; Bititci, Mendibil, Martinez, & Albores, 2005; Lyman, Caswell, & Biem, 2009) and firms, such as networked telecommunication companies, that have a virtual rather than physical value chain (Peppard & Rylander, 2006).

The holistic integration of globally interconnected firms into value chains that encompass the full range of inputs and activities (both tangible and intangible), and carry a product or service from conception to end use and associated support/follow-up, has been described as ‘global value chains’ (GVC), with four basic dimensions (Gereffi & Fernandez-Stark, 2011):

1. Input-output—the processing of raw materials into outputs;
2. Geographical considerations;
3. Governance structures and considerations;
4. The institutional context.

These four dimensions contribute to what is termed upgrading, which examines the possibilities and methods by which entities within a GVC may modify their roles within the chain (Gereffi, 1999; Gereffi & Fernandez-Stark, 2011; Humphrey & Schmitz, 2002). The presence and extent of,

and upgrading within, global value chains feature in several of the case studies comprising this research.

Investigating value chains provides two key opportunities within this research. First, it presents a perspective from which to examine collaboration's contribution to competitive advantage. Second, it assists with identifying possible opportunities for one firm to link collaboratively into another firm's value chain, both providing and extracting value, while also adding to competitive advantage.

#### **2.4.2 Transaction cost economics**

Transaction cost economics (TCE), as presented by Williamson (1981), is used as a lens to examine collaboration (Table 6, p. 24), often in conjunction with another lens, for example in Goerzen (2007), who also employed a network perspective, and in Young-Ybarra and Wiersema (1999), who paired it with social exchange theory. Transaction cost economics suggests that effective management of collaboration "creates value when it is more efficient than alternative organizational hierarchies or the market" (Ireland et al., 2002, p. 435).

This research does use TCE, particularly when exploring how collaboration may fit with the value chain; however, it is not used as a more general lens for collaboration because it provides an incomplete account of inter-firm collaboration by failing to take adequate account of other factors involved when people interact in a social world (Ghoshal & Moran, 1996), for example trust (Glaser-Segura & Anghel, 2002). Transaction cost economics suggests that there are two broad control patterns to use in alliances: a market-based pattern, and a bureaucratic pattern. However, in situations with high levels of environmental and behavioural uncertainty, neither pattern is sufficient, and control is achieved through trust (van der Meer-Kooistra & Vosselman, 2010).

While TCE develops a relative cost comparison rather than exact value accounting, it is still comparatively narrow and arbitrary in nature (Haak, 2004). In this research the TCE perspective is used to provide a link between collaboration and other constructs, for example the value chain, rather than to examine collaboration itself.

#### **2.4.3 Trust**

Trust is inherent to collaboration (Child et al., 2005; Currall & Inkpen, 2002; Kale & Singh, 2009; Parkhe, 1998), yet there is little agreement on definitions of trust (Bachmann & Inkpen, 2011; Castaldo, Premazzi, & Zerbini, 2010; Child et al., 2005). For this research, trust is the "willingness of one party to relate with the other in the belief that the other's actions will be beneficial rather than detrimental to the first party, even though this cannot be guaranteed" (Child et al., 2005, p. 50). Common threads regarding trust in collaborative circumstances are that there is some uncertainty about the future, that each party willingly places themselves in a position of

vulnerability, and that there is a loss of control when sharing influence over outcomes (Parkhe, 1998).

Trust is significant in collaborative situations because of the risks involved, for example that the other party will take advantage if the opportunity arises. Each party also risks that the other cannot deliver on their part of the relationship, whether this is intentional or as a result of circumstances beyond their control (Child et al., 2005). These risks arise from the paradox often present in collaboration—that there is a mixture of cooperation and competition, giving rise to tension and uncertainty, and trust is required to help address this (Child et al., 2005).

Developing mutual trust in collaborative situations has direct benefits for each participant (Kale & Singh, 2009). One way this can happen is where trust leads to shared information, reducing bounded rationality. In addition, the mutuality of trust makes it safer to invest assets which may not be so readily invested elsewhere (thereby reducing asset specificity). Trust also reduces the chance of one partner opportunistically taking advantage of the other. The opportunity for further benefits arise from reducing transaction costs and pooling ideas (Bachmann & Inkpen, 2011), such as freeing capital for use elsewhere. Examples such as these illustrate the central importance of trust to collaborative arrangements.

Trust among collaborative partners occurs at three levels: the partner company level, the level of groups within partner companies, and at the level of individuals (Child et al., 2005; Currall & Inkpen, 2002). The importance of this distinction may be illustrated by considering two firms entering a collaborative arrangement using a formal agreement at the inter-firm level as the basis for trust. If the groups and individuals that have to work together (the site of the collaboration) do not trust each other at their level, then the firm-level agreement may not hold. This is exacerbated by a cross-cultural context, as in this research, where the Chinese partner may put less stock in a formal written agreement (E. T. Hall, 1959), instead deriving trust from interaction at the personal level, in contrast to a New Zealander who may consider that the written contract addresses matters such as trust. This research concentrates on trust at the personal, interactive level, while not neglecting more formal trust-based issues at the firm level.

Trust is socially constituted, and is produced through three main mechanisms (Zucker, 1986). The first is process-based, and relates to past experiences or future expectations of exchange. The second is social-based, and centres on individuals with shared cultural characteristics; people who share norms, values, language, and the like form a common social identity that promotes the development of relationships and trust. Third, also social-based, institutional mechanisms (for example, effective legal institutions and social sanctions related to the abuse of trust) form a basis for developing and sustaining trust.



Arising from the socially constructed nature of trust, collaboration that crosses both organisational and national/cultural boundaries presents “a major challenge, especially in the case of alliances between partners from a developed and a developing society” (Child et al., 2005, p. 58). Tsui-Auch & Möllering (2009) echo this, suggesting that managers are wary and feel vulnerable in foreign and transitional environments such as China. This arises because the latter two of Zucker’s (1986) mechanisms for producing trust are wanting. There is a lack of shared cultural characteristics, and there are differing forms and levels of institutional support. This suggests that, within the context of this research, development of trust among collaborators will depend largely on the way that particular relationships are initiated, developed, and maintained.

The literature suggests that collaborative relationships develop over a period of time, moving through several stages (Child et al., 2005). Broadly, these stages are formation, implementation, and evolution (Lorange & Roos, 1992). These correspond with Lane’s (1998) three phases of trust development: calculation, sharing, and common values and obligation. The first phase (calculation) grounds trust on a calculative basis; costs, benefits, risks, and sanctions are weighed up within a market-based frame. This is likely to feature most prominently in new relationships, although it is also important in on-going relationships, where any degradation may undermine other bases for trust (Child et al., 2005). A calculative basis for trust depends on availability of information about the other party (for example resources, capabilities, past history, and reputation), along with a degree of certainty regarding supportive institutions, for examples the courts and contract enforcement (Child et al., 2005). This research suggests that these conditions are rare in the New Zealand-Chinese collaborative environment, highlighting the importance of Lane’s (1998) second and third phases of trust development in this context.

The second phase is a sharing of cognitions leading to a mutual understanding (Lane, 1998). This overlaps the calculative basis for trust, and provides for deeper shared understandings and objectives, and an enhanced degree of predictability. In essence, shared cognitions mean that the parties know each other better, understand each other better, and share assumptions and goals (Child et al., 2005). Lane’s (1998) third basis for trust builds over time on the first two bases and involves developing a shared identity with common values and conceptions of moral obligation. This identification-based trust is likely to have a personalistic, affective component, a bonding between the individuals involved (Child et al., 2005).

McAllister (1995) suggests a two-fold distinction, between ‘cognition-based’ and ‘affect-based’ trust, echoed in the literature on trust in *guanxi* relationships (Chen & Chen, 2004; Chua, Ingram, et al., 2008). Cognition-based trust is derived from knowledge and evidence with regard to the other party and the environment. It is based on a rationalised set of “good reasons for trust,”

although the knowledge, evidence, and reasoning processes leading to this view may be imperfect (Child et al., 2005, p. 55).

In contrast, affect-based trust derives from emotional bonds, where there is a genuine identification with the other party and a sense that the relationship is intrinsically valuable, going beyond mere business (Child et al., 2005; McAllister, 1995). This type of trust is based on long-term interaction between individuals and relies on good quality communication and resolution of difficulties (Child et al., 2005). For New Zealand-Chinese collaboration, the inherent language, institutional, and cultural differences present impediments to developing affect-based trust, as does the geographical distance involved. Building affect-based trust requires deep and frequent interaction (and which is often not business-centric) over time. Considerable investment is therefore required by a New Zealand firm before the ‘pay-off’ of a quality high-trust relationship in the Chinese sense (that is, affect- and identification-based). It is important to note that this relationship will be at the personal rather than the firm or group level.




Empirical research across 453 firms in the auto industry in Japan, Korea, and the United States found parallels with McAllister’s (1995) cognitive- and affect- based trust, although different terms were used, i.e. a process-based perspective, and an embeddedness (relationship-based) perspective (Dyer & Chu, 2000). The process-based perspective sees a range of largely impersonal processes and procedures forming a stable base for collaboration, and as trust is based on process rather than embedded within individual, particularised relationships, personnel may change but the relationship can endure (Dyer & Chu, 2000).

From Dyer and Chu’s (2000) embeddedness (relationship-based) perspective, trust develops through repeated interactions embedded within a social network (Granovetter, 1985; Powell, 1990; Uzzi, 1997). It is likely that while process-based trust has a place, relationship-based trust is more significant within the Chinese cultural context (Tung et al., 2008).

These representations of trust within the context of collaboration are summarised in Table 12, showing some degree of correlation, particularly the stage-wise development of trust over time from an informational/rational base to one that is more personal, individual, and centred on long-term relationships. Each stage over time involves overlap and feedback loops, allowing participants to re-evaluate their participation. Table 12 therefore represents an unrealistically precise and ordered picture of the process—in practice, it is likely to be more disordered, uncertain, and chaotic.

**Table 12: Collaboration and the development of trust**

(based on Child et al., 2005, p. 61)

Time			
Development phase of collaboration (Lorange & Roos, 1992)	Formation	Implementation	Evolution
Key element in trust development (Lane, 1998)	Calculation	Mutual understanding	Bonding
Cognition/affect dimensions (McAllister, 1995)			
Process/relationship dimensions (Dyer & Chu, 2000)			
Description (Child et al., 2005)	“Being prepared to work with you”	“Getting to know about you”	“Coming to identify with you as a person”

Given its social basis, developing and maintaining trust can be especially problematic in cross-cultural situations, as partners have diverse expectations and assumptions arising from differing cultural constructs that support the development of trust through a common social identity, norms of behaviour, and institutions such as the law (Child et al., 2005). Using Bourdieusian terms, in cross-cultural collaboration people are operating from different cultural fields and have different expectations regarding what is ‘normal’ and therefore is implicit. These may then be left as taken for granted, as opposed to being explicitly addressed. Collaborative, trust-based relationships are difficult enough without the added complexity and potential for misunderstanding provided by a cross-cultural context.

Chinese business relationships (including *guanxi* relationships) are more likely to be developed and maintained through an intertwining of affect- and cognitive-based trust than in the US, where in many cases it is relatively easier to establish relationships based on cognitive trust alone. This is largely because of cultural difference—Chinese are more likely to have an interdependent construal of the self, while Americans tend toward an independent construal of the self (Chua & Morris, 2006). This research considers whether it is feasible to extrapolate that to New Zealand-Chinese business relationships.

Research involving 177 international strategic alliances found a positive relationship between levels of trust and alliance success, and that as organisation size declines, this relationship becomes stronger (Robson et al., 2008). This has relevance in the New Zealand-Chinese context, given the high proportion of small-medium enterprises in both New Zealand and China (Schaper, Dane, Anderson, & Moroz, 2008). A general caveat in the context of this research is that because trust develops and changes over time, to investigate the role of trust, and its effect on performance, it is necessary to carry out longitudinal research, however most to date have been cross-sectional in nature (Ng, Lau, & Nyaw, 2007).

#### **2.4.4 Intellectual property**

In the Bourdieusian view, New Zealand businesses working in collaborative situations in China are operating within a particular cultural field, the Chinese business context. How well a person may do in such a field is determined by their position within that field, and the capital that they are able to use within that field (Webb, 2002). By way of definition, Bourdieu states that:

capital can present itself in three fundamental guises: as economic capital, which is immediately and directly convertible into money and may be institutionalized in the forms of property rights; as cultural capital, which is convertible, on certain conditions, into economic capital and may be institutionalized in the forms of educational qualifications; and as social capital, made up of social obligations ('connections'), which is convertible, in certain conditions, into economic capital and may be institutionalized in the forms of a title of nobility. (Bourdieu, 1986)

Webb (2002, p. 178) simplifies this as "any sort of resource, including intangibles such as expertise, social networks, or prestige," and intellectual property falls within this categorisation. That intellectual property is a source of power and consequently affects the company's ability to successfully operate means that its management is a very important issue.

Firms operating in collaborative situations face an intellectual property dilemma. On one side, successful collaboration is associated with openness, sharing, interaction and cooperation, and on the other side this very interaction and cooperation exposes the firm to opportunistic actions by collaborative partners (Jordan & Lowe, 2004; Norman, 2002; Olander, Hurmelinna-Laukkanen, & Mähönen, 2009). This is exacerbated in the case of small-medium enterprises (i.e., most New Zealand firms) as their small size and limited resources make a virtue of collaboration, yet also preclude them from employing a full (and expensive) suite of intellectual property protection measures (Olander et al., 2009). This exposes the firm to the danger of imitation or appropriation of knowledge, techniques, and skills, thereby both reducing its ability to create value, and also reducing its attractiveness as a partner (Norman, 2002).

This intellectual property dilemma is relevant to two particular objectives of this research – to determine the key characteristics (and unique aspects) of NZ-Chinese collaboration, and to identify the challenges to NZ-Chinese collaboration. Both of these objectives require examination of intellectual property rights (IPR) in China. The remainder of this section provides, via a chronology, some of the historical context necessary to understand the present situation.

According to Alford (1995), there is almost no history of IPR in China; he contends that this is due to initial Imperial and subsequently Communist state control:

The most important factor in explaining the late appearance and relative insignificance of the idea of intellectual property in the Chinese world lays in ... its political culture, and especially in the central importance to the state, for purposes of legitimation and power, of controlling the flow of ideas. (p. 119)

Coupled with the Confucian representation of the state in a parent-like role (nurturing, protecting, and steering the education and thinking of the population in what is determined by the state to be their best interests), the result is a basic belief that innovation is built on past knowledge, and therefore belongs to the people as a whole (Alford, 1995).

Formal laws designed to protect intellectual property were developed by the Nationalists in the 1920s, but had little effect “because there were a few trained government people or judges who understood IP. In addition the government continued to see the control of ideas as paramount” (Zimmerman & Chaudhry, 2009, p. 314). After the Communist party took power in 1949, existing intellectual property protection declined to the point of near non-existence by the end of the Cultural Revolution in the mid 1970s (Zimmerman & Chaudhry, 2009). With the opening of China from this time, intellectual property protections began to be developed, particularly at the urging of the United States of America (Mertha, 2005), and as a requirement of trade treaties and for joining organisations such as the WTO. It was not until 1990 that a copyright law was in place (Alford, 1995).

Particularly since joining the WTO, China is perceived as having a relatively comprehensive and well-designed set of laws and regulations for intellectual property protection, although these are not well enforced, mainly because of local protectionism and inadequate punishments (Zimmerman & Chaudhry, 2009). Of particular relevance to New Zealand companies is the local enforcement of IPR, where issues of protection and violation are most likely to surface. This interface is described by Mertha (2005, p. 3) as “the bureaucratic apparatus charged with managing and enforcing intellectual property in China, particularly at the local level is ... convoluted and opaque.” Furthermore, the local implementations of intellectual property rights enforcements operate within a system that is fragmented and confusing (Zimmerman & Chaudhry, 2009).

The history of IPR in China as sketched above illustrates that it is embedded in a particular cultural field within which New Zealand firms need to be able to operate successfully. There are two broad streams of advice offered to those collaborating firms facing the dilemma between sharing and protection (Jordan & Lowe, 2004). The first arises from a transaction cost approach, and seeks to develop protection through governance structures, typically ownership (equity) and contractual measures. The second stream of advice is to adopt a more relational approach by careful selection of partners using a wide range of criteria to ensure the best 'fit,' with this complementarity leading to building mutual trust over time (Jordan & Lowe, 2004; D. Li, Eden, Hitt, & Ireland, 2008).

Applicable to both approaches outlined in the preceding paragraph, a third perspective on the collaboration dilemma is provided by the resource-based view (RBV), as described above in section 2.3.4.1. This perspective suggests that knowledge assets, both explicit and tacit, be protected with legal measures (e.g. copyright, trademark) where possible; that knowledge flows and communication be controlled within a robust knowledge management system; and that all of this should be in place and explicit before collaborative arrangements are begun (Jordan & Lowe, 2004).

The literature suggests that firms should take a portfolio approach to IPR, and that the strategies they employ will be dependent on a number of factors—their company culture, the industry, the nature of their products or services, their position in the value chain, and so on (Joia & Malheiros, 2009; Keupp, Beckenbauer, & Gassmann, 2009; Norman, 2002; Olander et al., 2009). Firms should apply all appropriate legal protections that may be relevant, for example trademark registration, non-disclosure agreements, and trade secret provisions. Registering a patent may be appropriate, but doing so requires disclosure as part of the process. When establishing and structuring collaborative arrangements, firms need to think about intellectual property issues. In a sense, much of this is formulaic and routine; firms should rely on professional legal advice and try to maintain as much IPR protection as possible.

Within the day-to-day business environment, companies interacting with their collaborative partners in China should play an active role in protecting their intellectual property. Keupp et al. (2009) found that foreign companies in China had developed a range of five *de facto* IPR protection strategies, and determined that these were effective without engaging with the Chinese legal system. The 13 firms examined had each adopted a different set of strategies, dependent primarily on their industry and place in the supply chain. The measures adopted are briefly described as:

- Technological specialisation:  
Where the rapidly increasing technological complexity of the product or process makes it

hard to imitate (and resultant technological capability can be a source of competitive advantage).

- *De facto* secrecy:  
A blend of keeping as much as possible secret, holding back the ‘inner core’ or ‘key,’ or modularising work so that no single partner can see the whole picture.
- Internal *guanxi*:  
Exploiting *guanxi* within the company, for example by obligating Chinese employees through share issues and actions such as making contributions to their children’s education, along with emphasising that any intellectual property loss will be detrimental to all fellow employees.
- External *guanxi*:  
Through developing quality *guanxi* in the wider community, companies can be seen as more deserving of IPR protection, and are in a better position in a dispute resolution process.
- Educate the customer:  
Educating the consumer about the superiority of a genuine article; a shoddy counterfeit therefore promotes the value of buying real products.

Firms operating in China are therefore advised to develop a range of IPR protection strategies: the formal, structural, and legal; the relational; and the operational. The final form of the portfolio adopted by the company will depend on their product or service, industry conditions, firm resources, experience and objectives. In such a fast-moving and dynamic environment, firms should take account of the local, provincial, and national IPR environment, and continually monitor and adjust their IPR portfolio.

#### **2.4.5 New Zealand’s Chinese alumni**

New Zealand’s Chinese alumni—students who come to study in New Zealand, and then either stay and work in New Zealand or return to their home countries—represent an underutilised opportunity (Ho, Ip, & Lewin, 2010). “The Asian student body in New Zealand and New Zealand’s Asian alumni represent a unique resource for developing our relationships with Asia and Asian people” (McGrath, Stock, & Butcher, 2007, p. 2). The potential for this to be developed is supported by the Study to Work policies, where international graduates from New Zealand universities (in particular vocational areas) are able to access a work visa for a set time while they find work in their field (Immigration New Zealand, 2010). The current research project addressed particularly the possibility of New Zealand firms employing Chinese alumni of New Zealand universities and basing them either in New Zealand or in their offshore operations.

The Illuminate Consulting Group, on behalf of the New Zealand Ministry of Education, produced a report titled *New Zealand Alumni Survey: Experiences, Attitudes and Engagement* that included

responses from 245 Chinese students who had graduated from New Zealand universities (Illuminate Consulting Group, 2009). The following points relevant to the current research project are drawn from that report.

More than 90 percent of respondents stated that their educational experiences were “very positive” or “positive”. Younger alumni and alumni residing in China and Hong Kong were less positive about their educational experiences. (p. 6)

Two-thirds of international alumni felt “definitely” welcome in New Zealand as a student, with German alumni feeling most and Chinese alumni feeling least welcome amongst large alumni pool countries. (p. 6)

Potential support levels for New Zealand-themed events also run high. Embassy events were especially popular in Germany, the USA, and China. (p. 8)

Chinese students overwhelmingly returned to China after their studies, with only 7.1% residing in third countries at the time of the survey. An even smaller percentage, a little bit over 1%, of non-Chinese alumni made China their home. (p. 25)

UK alumni indicated that New Zealand students were the most important part of their social life (43%), while only 10% of Chinese students indicated the same perspective. The latter were much more socially aligned to fellow Chinese students (25%), a dynamic similar to students from Malaysia and Hong Kong (23% each). (p. 47)

Some international alumni groups (especially alumni from China and Hong Kong) do relate substantially to fellow alumni which, in situations where the vast majority of these alumni return to their home country, should make for tight-knit social networking dynamics. (p. 48)

These points illustrate that the potential of Chinese alumni might lie in relationships among fellow Chinese alumni rather than in links between New Zealanders and Chinese alumni. How this might actually happen in individualised firms is, in part, a focus of the current research project.

## **2.5 Summary: Chapter two**

The topic ‘collaboration’ encompasses a wide range of cooperative arrangements, with many different terms used to describe it. This research adopts the meaning of collaboration as involving organisations working together, sharing tangible and intangible resources, in order to enhance their competitiveness. While organisations may have different motivations for entering into collaborative arrangements, the overarching reason is to improve their competitive position. Evaluating the success of collaboration is problematic because it is difficult to isolate cause and



effect, particularly over time. Kale and Singh's (2009) model of key success factors is suggested as suitable for use in this context.

The Bourdieusian concepts of cultural field, cultural capital, and habitus provide the stage upon which New Zealand-Chinese business collaboration is examined, allowing the effects of culture to be examined at an individual level and within a multicultural context.

Three theoretical lenses are used to provide a more complete explanation and understanding of collaboration. These are social capital (with *guanxi*), the resource-based view, and the generalised double diamond model of international competitiveness, utilised within Ritala and Ellonen's (2010) extended SWOT analysis model. Social capital (Burt, 2001a; N. Lin, 2001) is paired with *guanxi* (Chen & Chen, 2004) to provide a more complete lens for this cultural context as little social capital research has been carried out in cross-cultural contexts within business and management. Social capital and *guanxi* provide a relational view of collaboration in China between New Zealand and Chinese firms, while the resource-based view (Barney, 1991) is employed to examine aspects of collaboration that are at the firm level, accounting for relational capital derived from social capital/*guanxi* as a contributor to competitive advantage through enhancing a firm's bundle of resources. The third lens used within Ritala and Ellonen's (2010) model provides a relative perspective at the national and international level. The generalised double diamond model (Moon et al., 1998) derives from Michael Porter's (1990) model of national competitiveness ('Porter's diamond'), extended to take account of the international dimension of this research: The New Zealand firms are operating in two domestic contexts, that is, in New Zealand and in China.

Other concepts that do not occupy such a central position to this research were also reviewed in this chapter. First was the value chain (Porter, 1985) and global value chains (Gereffi, 2005), which illustrate a mechanism by which collaboration may lift competitive advantage through firms expanding, diversifying, upgrading, and otherwise modifying their activities within the chain. Second, transaction cost economics (Williamson, 1981) was only briefly described, as it has a limited role in this research in providing linkage between collaboration and other constructs, for example the value chain. Third, the literature around trust was reviewed because of its role in underpinning collaboration, social capital, and *guanxi*. Intellectual property rights were then examined, as these provide a context for possible tension in two ways: first, the inherent dilemma in collaborative situations between being open, sharing and cooperative, and also being exposed to opportunistic action by the collaborative partner; and second, through cultural differences in approaches to this issue. Last, research investigating the contribution that New Zealand's Chinese alumni might make to collaboration between New Zealand and Chinese firms was outlined.

### **3 Research design and method**

This chapter describes and discusses research design and method under four main headings. The first outlines the researcher's position under five headings – ontology, epistemology, axiology, rhetoric and methodology, leading to an adoption of an ontology in line with an epistemology of critical realism, and flowing from this a recognition that both the researcher and the participants' values (axiology) and language (rhetoric) form a part of this work, and that the researcher's position is one of being 'in the context' and of following an evolving, exploratory approach using inductive logic, working from the particular to the general.

The second part of this chapter details the methods used in this research, and discusses the adoption of a qualitative approach, and in particular the use of multiple case studies. The third part of this chapter discusses validity and reliability. Construct validity is enhanced through using multiple case studies to assist with convergence, having a clearly visible 'chain of evidence,' and participants reviewing their contributions. Internal validity is addressed through initial variables being derived from the literature review, and then compared with those emerging from the analysis; the researcher presence inside the research being acknowledged; and through alternative explanations being identified and discussed. External validity is addressed through the use of multiple case studies, however increased replication would enhance this.

The third part of this chapter describes the case study protocol adopted; that is, the structure that was developed and implemented at each interview. This included such things as pre-interview preparation, the interview plan and guidelines, and post-interview activity.

#### **3.1 Researcher's position**

This section outlines the position of the researcher under five headings—ontology, epistemology, axiology, rhetoric, and methodology (following the suggestion of Creswell, 2007, p. 15)—in order to clarify the stance taken on these matters, as they inform decisions and approaches around selection of theoretical lenses, research design, data collection, analysis, and discussion.

##### **3.1.1 Ontology**

Ontology concerns assumptions about the nature of reality, and in this context particularly the nature of social reality (Bryman & Bell, 2007; Easterby-Smith, Thorpe, & Jackson, 2008; Noonan, 2008).

There is debate around the meaning and application of various ontological terms and classifications, both within and across disciplines (Bryman & Bell, 2007; Easterby-Smith et al., 2008). In general, it is agreed that there are two contrasting positions—objectivism and constructionism—with many more positions between (Bryman & Bell, 2007). Objectivism

suggests that the social world exists externally, and its dimensions and features may be measured objectively (Bryman & Bell, 2007; Easterby-Smith et al., 2008). Constructionism suggests that social reality is not external and objective, but rather is constructed and interpreted by people as they live in the social world (Easterby-Smith et al., 2008). This means that not only do social phenomena develop through social interaction, they are in a continual process of change; consequently, their dimensions and features are difficult, if not impossible, to measure objectively.

This research subscribes to neither extreme, objectivism or constructionism, but along that continuum does lie closer to constructionism; however, it steps aside from that dichotomy somewhat through the adoption of an ontology in line with an epistemology of critical realism. It is acknowledged that there are differences of opinion regarding the nature and application of critical realism (Elger, 2010). The critical realism approach adopted here holds that the social world is ‘real’ in that social conditions have real consequences and effects, for example the effects of class or education, regardless of whether those conditions have been observed and labelled; but it also acknowledges that these conditions are human constructions (Easterby-Smith et al., 2008). Thus, critical realism “views reality as complex and recognises the role of both agency and structural factors in influencing human behaviour” (Clark, 2008, p. 167).

This ontological approach is appropriate as this research is qualitative and case-based; it is centred on exploring complex human interaction in situations where the actors have agency, but are also influenced by structural factors (Clark, 2008).

### **3.1.2 Epistemology**

If ontology is about reality, then epistemology is about knowledge. In the wider sense, epistemology is the “general set of assumptions about the best ways of inquiring into the nature of the world” (Easterby-Smith et al., 2008, p. 60). A key epistemological question in this context is whether or not the social world can be investigated using the methods, approaches, and philosophies of the natural sciences—that is, a positivist approach (Bryman & Bell, 2007). In contrast, an interpretivist approach contends that the social world cannot be investigated by imitating the methods of the natural sciences, given the differences between investigating people in a social world and objects in the natural world (Bryman & Bell, 2007; Flyvbjerg, 2001).

This research adopts an epistemology of critical realism. This leads to two important considerations regarding the process of inquiring into the social world. First, rather than the positivist view that the researcher’s notion of a social reality actually mirrors that reality, the researcher’s conceptualisation is seen as simply their way of knowing that reality (Bryman & Bell, 2007). Thus, the representation of reality produced through research is tinted or filtered through the researcher; it is not an objective account of an external reality. Second, a critical realism approach

admits the intangible and the unmeasurable, that is, ideas and constructs that cannot be held, observed, weighed, or calibrated (Bryman & Bell, 2007).

A number of positions derive from ontology and epistemology, including the relationship between the researcher and participants (Creswell, 2007; Hantrais, 2009). In consequence it is made explicit here that the researcher has a close relationship with the participants, and is positioned as an insider rather than an outsider. Employing a critical realism approach matches well with the selected theoretical lenses. The platform of a Bourdieusian conception of culture, along with the central lens of social capital, allows the introduction of that which is not directly observable, and allows the experiences and perspectives of the participant to be revealed within the social and cultural context.

### **3.1.3 Axiology**

Axiology concerns the philosophy of values (Hiles, 2008) and in this context the role of values in this research. Within this research, there is no attempt to suppress or control for the values of both participants and researcher, and they are openly discussed and acknowledged as forming part of this work. It is recognised that this thesis is value-rich, and that consequently it is conditional and is not impartial or bias-free. This is not to impugn its validity, which is discussed in Section 3.3 below, but to recognise the consequences of the selected ontology and epistemology.

### **3.1.4 Rhetoric**

Rhetoric is about language and the art of persuasion (Pigrum, 2008). This is relevant to qualitative research, as it employs a more informal and literary style than is usual in quantitative research. This is particularly evident in the sections where participants' experiences and ideas are reported and discussed. As with axiology, this is an effect on practice that flows from the ontology and epistemology decisions described above.

### **3.1.5 Methodology**

The method for this research is fully discussed in Section 3.2 below and is only mentioned here to note that this is qualitative case study research. The researcher's position is one of being 'in the context' and of following an evolving, exploratory approach using inductive logic, working from the particular to the general, where theory is developed from the research (Bryman & Bell, 2007), "[tending] to let the data lead to the emergence of concepts" (Yin, 2011, p. 94).

## **3.2 Method**

This section describes the selection of a qualitative research strategy, and in particular a multiple case study approach. The process of selecting participating firms is then described, along with a profile of the individual participants.

### 3.2.1 Research strategy: Qualitative vs. quantitative

This research employs a qualitative approach, consistent with the methodological considerations discussed in the preceding section. Examining the difference between qualitative and quantitative approaches is useful as they may be considered umbrella concepts that enfold other issues, considerations, and decisions that may arise throughout a research project (Bryman & Bell, 2007).

Table 13 contains a broad summary of the fundamental distinctions between qualitative and quantitative research strategies; the characteristics of each, along with the distinctions between them are much more intricate, and indeed there is also a blurring between the two (Bryman & Bell, 2007).

**Table 13: Qualitative and quantitative strategies: Fundamental differences**

Based on (Bryman & Bell, 2007)

	<b>Qualitative</b>	<b>Quantitative</b>
Role of theory	Inductive—generating theory	Deductive—testing theory
Ontology	Constructionism	Objectivism
Epistemology	Interpretivism	Positivism
View of social reality	Created, changing, interpreted	External and objective

The remainder of this section discusses the qualitative strategy in the context of this research project. Yin (2011, p. 7) suggests that qualitative research exhibits the characteristics of:

- Studying the meaning of people's lives, under real-world conditions;
- Representing the views and perspectives of the people (the participants) in a study;
- Covering the contextual conditions within which people live;
- Contributing insights into existing or emerging concepts that may help to explain human social behaviour; and
- Striving to use multiple sources of evidence rather than relying on a single source alone.

This research demonstrates these characteristics in that it investigates participants' working lives in the context of their work—it explores what they think and do. The views and perspectives of the participants are represented indirectly through findings generated from their own words, and directly through quotations of their comments to illustrate and support those findings. The research is embedded within the participants' context, that is, New Zealand-Chinese business taking place within China. The inductive nature of this research allows for insights to develop and for concepts to emerge—there are no predetermined theories or assumptions to test. Lastly, multiple sources of evidence are sought through using a multiple case study approach.

### 3.2.2 The case study approach

This research adopts a case study approach, and takes Yin's *Case study research: Design and methods* (4<sup>th</sup> ed., 2009) as the main source of guidance. Multiple case studies are used—four in total. This fits within Eisenhardt's (1989b) suggested guidelines: “while there is no ideal number of cases, a number between 4 and 10 cases usually works well” (Eisenhardt, 1989b, p. 545). Further, each of these case studies involves a different site in that there are four different companies, allowing for cross-case analysis and increasing the quality of description and explanation, and improving the potential for generalisability (Chmiliar, 2010; Herriott & Firestone, 1983).

This section discusses five topics around the use of case studies in this research: the decision to use case studies; defining the case study approach; the decision to use multiple case studies; the issue of anonymity; and a description of participating companies.

#### 3.2.2.1 Deciding to use case studies

Yin (2009) suggests that when selecting a research approach, three questions should be addressed. These are shown in the top row of Table 14.

**Table 14: Relevant situations for different research methods**  
(Yin, 2009, p. 8)

Method	(1) Form of research question	(2) Requires control of behavioral events?	(3) Focuses on contemporary events?
Experiment	how, why?	yes	yes
Survey	who, what, where, how many, how much?	no	yes
Archival analysis	who, what, where, how many, how much?	no	yes/no
History	how, why?	no	no
Case study	how, why?	no	yes

The questions posed by Yin (2009), shown in Table 14, are answered in the context of this research project below, supporting the selection of the case study approach for this research.

Question One—What is the form or type of the research questions?

*The questions posed at the beginning of this research process are “how” and “why” questions, seeking to explore and discover what is happening within a particular context, and then to attempt some form of explanation.*

Question Two—Does the research require control of behavioural events?

*No—quite the opposite. The research is attempting to discover what is happening in practice rather than to take an experimental approach.*

Question Three—Does the research focus on contemporary events?

*Yes. The research is exploring what is happening now. While this may be informed by history, it is very much situated in the present.*

As this research concerns exploring, describing, and understanding rich and complex human interaction within a particular context, a qualitative approach is deemed most suitable, and in particular, the case study approach allows such phenomena to be examined as an integrated system via an holistic approach (Eisenhardt, 1989b; Gagnon, 2010; Woodside & Wilson, 2003; Yin, 2011). Taking a case approach also allows for deeper cross-cultural understanding (Fletcher & Plakoyiannaki, 2011), which is appropriate for this project.

The definition of case studies as used in this project has two parts, the first regarding scope and the second technical characteristics (Yin, 2009). The following quotation from Yin (2009, p. 18) retains his formatting, which highlights the components of his definition:

1. A case study is an empirical inquiry that
  - investigates a contemporary phenomenon in depth and within its real-life context, especially when
  - the boundaries between phenomenon are not clearly evident.
2. The case study inquiry
  - copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result
  - relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result
  - benefits from the prior development of theoretical propositions to guide data collection and analysis.

Using a case study approach with this definition influences the whole research process, from the initial formulations of possible research questions through to data collection and analysis. How Yin's (2009) definition meshes with this research is shown in Table 15.

**Table 15: Case study definition in context**

<b>Case study definition (Yin, 2009, p. 18)</b> (emphases added; structure slightly adapted)	<b>Within this research</b>
A case study is an <u>empirical</u> inquiry that...	Empiricism is developed through the methodological approach described in this section
investigates a <u>contemporary</u> phenomenon <u>in depth</u> and within its <u>real-life context</u> , especially when...	Project explores what is happening now through in-depth semi-structured interviews carried out in the context of participants experiences
the <u>boundaries</u> between phenomenon are not clearly evident	Blurring and uncertainty is inherent in exploratory research
The case study inquiry copes with the technically distinctive situation in which there will be many <u>more variables of interest</u> than data points, ...	Semi-structured interviews allow the participant to introduce material as they wish
and as one result relies on <u>multiple sources of evidence</u> , with data needing to converge in a triangulating fashion, ...	A multiple case study approach is used
and as another result benefits from the prior development of <u>theoretical propositions</u> to guide data collection and analysis.	Research questions based on a literature review were developed as starting points

### 3.2.2.2 Use of multiple case studies

A multiple case study approach was selected to provide greater breadth and depth than a single case, along with the opportunity for comparison and exploring similarities and differences (Eisenhardt, 1989b; Gagnon, 2010; Yin, 2009). Using a multiple case design widens the context from the uniqueness of a single case, providing greater opportunity for generalisability and boosting external validity (Piekkari & Welch, 2011).

The central theme of this research is collaboration between New Zealand and Chinese organisations at the personal level rather than at a firm or industry level. It is not appropriate to apply sampling methods more commonly used in survey-based research, because efforts should be concentrated on cases that are useful, in that they replicate or extend theory (Eisenhardt, 1989b; Yin, 2009). In this sense, one should “consider multiple cases as one would consider multiple experiments” rather than as being “similar to multiple respondents in a survey,” meaning that case selection follows a “replication” rather than a “sampling design” (Yin, 2009, pp. 53-54). In light of this, case selection in this research follows the theories discussed in the literature review. Given that a relatively small number of New Zealand companies operate in a collaborative fashion in China, case selection was made on the basis of best fit rather than exact match, with the aim of



case companies being engaged in activity of a collaborative nature, rather than straightforward buying/selling or customer/client activity, and further that companies selected should:

- In accordance with the research objectives, be a New Zealand company with New Zealand personnel operating in China;
- Be substantively different to other cases within this research (to improve triangulation and to assist generalisation);
- Be willing to take part.

A total of 14 firms were identified from web research and newspaper articles. They were invited to take part by email. Those companies which had not replied within 14 days were contacted by personal phone call. Four companies agreed to take part in this research, as summarised in Table 16.

**Table 16: Approaches to companies to participate**

Company number	Sector	Agreed to take part
1	Technology	No
<b>2</b>	<b>Technology</b>	<b>Yes</b>
3	Horticulture	No
4	Technology	No
5	Media	No
6	Engineering	No
7	Logistics	No
8	Logistics	No
<b>9</b>	<b>Media</b>	<b>Yes</b>
10	Design	No
11	Technology	No
<b>12</b>	<b>Finance</b>	<b>Yes</b>
<b>13</b>	<b>Biotechnology</b>	<b>Yes</b>
14	Food	No

### 3.2.2.3 Anonymity

All participants requested anonymity, and this is respected throughout this thesis. It is difficult to provide a detailed description of any of the participating companies, as the small size of the New Zealand business world, and the even smaller subset of New Zealand firms operating in China, would allow even a modest description to lead to identification of the participants. Consequently, the companies are described in summarised table form (Table 17).

**Table 17: Description of cases (participating companies)**

Code	Sector	Employees	Employees in China	China HQ
Biotech	Biotechnology	<100	1	Hong Kong
Finance	Finance/banking	>100	>100	Beijing
Media	Media production	>100	5	Beijing
Tech	Technology	>100	<5	Hong Kong

### 3.3 Validity and reliability

Yin's definition explicitly states that a case study is an "empirical inquiry" (Yin, 2009, p. 18), implying that case study research should follow a structured process, testing ideas before they can be regarded as knowledge (Bryman & Bell, 2007). Four commonly accepted criteria for examining the quality of empirical social research are construct validity, internal validity, external validity, and reliability (Gagnon, 2010; Gibbert, Ruigrok, & Wicki, 2008; Yin, 2009). The validity criteria relate to the link between results and reality (Gagnon, 2010); do the conclusions made have integrity? The concept of reliability concerns the consistency of observations and the replicability of the results (Gagnon, 2010). These criteria are discussed below with regard to this research project, each in its own section.

#### 3.3.1 Construct validity

Construct validity concerns the identification and use of operational measures and their consistency over time and across cases (Gagnon, 2010; Yin, 2009). In this research, this is addressed in three ways, as suggested by Yin (2009). First, multiple case studies are used to assist convergence, and each case was selected to match established criteria (as shown in section 3.2.2.2). Second, there is an established chain of evidence. All data, including interview sound files, have been retained and clearly labelled with date, time, place, and participant. The stages of analysis, particularly interview coding, were recorded, and the progression from individual data items through to more generalised concepts is clear. Third, participants were provided the opportunity to review their contributions at two stages. They were asked to comment about the accuracy of their interview transcript before analysis took place, and to review the draft analysis and conclusions.

### **3.3.2 Internal validity**

Internal validity involves the elimination of potential bias in so far as is possible to provide assurance that results are accurate and conclusions are justified and correct (Easterby-Smith et al., 2008). This usually centres on the soundness of findings that suggest causality between variables (Bryman & Bell, 2007). Yin (2009) suggests that the issue of causality is not applicable to exploratory research (such as this project), and that of more concern is the broader areas of making inferences; is the researcher drawing valid inferences based on the data collected? This issue is addressed using three strategies.

First, pattern matching involves developing some predicted variables, and then matching these against empirically-derived variables during and after analysis and in the context of exploratory and descriptive research, a somewhat iterative process (Eisenhardt, 1989b; Yin, 2009). In this project, initial variables are derived from the literature review, and then compared with those emerging from the analysis.

Second, the observer's presence is likely to influence the evidence obtained, and it is important to control for this (Gagnon, 2010). This is addressed by the researcher being aware of their own presence inside the research, using multiple sources of evidence, making sure that constructs flow logically from the evidence, using rephrasing techniques in interviews, and clearly explicating the researcher's position (Gagnon, 2010).

Third, alternative explanations are identified and considered (Miles & Huberman, 1994; Patton, 1990). This is accomplished through having an effective data coding classification scheme as well as evaluating data in the light of the literature review.

### **3.3.3 External validity**

External validity concerns the generalisation of results; addressing this issue is one of the major challenges in case study research (Gagnon, 2010; Yin, 2009). In general, survey research uses statistical methods to generalise from a sample to a larger population, while in contrast case study research uses analytical generalisation to move from a set of results to a wider theory (Yin, 2009).

The primary strategy employed here to maintain external validity is a form of replication through selecting a multiple case study approach (Yin, 2009). This leads to one of the limitations of this research project, because all of the case studies were completed at the same time, external validity would be enhanced if replication were carried out over time (Gagnon, 2010; Yin, 2009).

### **3.3.4 Reliability**

Reliability is about ensuring that if a different researcher repeated the same case study using the same methods, they would come to the same conclusions (Yin, 2009). Two ways suggested by Yin

(2009) are adopted here to improve reliability. First, a clear case study protocol was developed and followed, as explained in section 3.4, and second, the methods followed are explained in sections 4.1 and 4.2.

### 3.4 Case study protocol

A case study protocol was established and followed as it constitutes “a major way of increasing the reliability of case study research” and “it is essential if you are doing a multiple-case study” (Yin, 2009, p. 79). Preparing a case study protocol helps retain focus on the topic of the research, while anticipating possible problems (Yin, 2009). Unforeseen problems will undoubtedly still arise as interviews are carried out. The protocol provides a framework within which these problems may be addressed, allowing the research to proceed with structure and integrity. The inexperience of the researcher with this methodology provided a second reason for using a written protocol, as it supported ex-ante consultation and discussion with colleagues in preparation for the field, and then provided a blueprint to follow as each case was developed, particularly as interviews spanned several months.

The case study protocol was prepared as outlined in Table 18, and is appended in full (refer to Appendix 5). After the first interview it was revised, and used with minor changes for the remaining interviews. The researcher re-read the protocol before each interview, and had a copy at the interview, mainly to refer to the list of discussion topics.

**Table 18: Case study protocol outline**

Based on Yin (2009, chapter 3)

Section	Purpose
Introduction Research questions Theoretical framework (abbreviated) Copy of information given to participants, including ethics statement Guide for output—a thesis	To provide focus before each interview; a tool to revise and refresh the project in the interviewer’s mind.
Data collection Places, times, and people Interview plan Interview preparation	To form a checklist of operation and implementation. Particularly important for offshore interviews as it is difficult to go back.
Interview guidelines	For use during the interview.
Post-interview Personal evaluation and reflection Review of Case Study Protocol	The researcher kept post-interview notes as a record of personal reflection after each interview with the aim of improvement, and these informed any minor changes to the case study protocol.

### **3.5 Summary: Chapter three**

This chapter outlined the researcher's adoption of an ontology in line with an epistemology of critical realism, and flowing from this a recognition that the researcher's position is one of being 'in the context.' The decisions relating to methods used in this research were discussed, particularly the adoption of a qualitative approach and the use of multiple case studies. Issues of validity and reliability were explored:

- Construct validity is addressed through using multiple case studies to assist with convergence, and having a clearly visible 'chain of evidence,' and participants reviewing their contributions;
- Internal validity is addressed through initial variables being derived from the literature review, and then compared with those emerging from the analysis; the researcher presence inside the research being acknowledged; and through alternative explanations being identified and discussed; and
- External validity is addressed through the use of multiple case studies, however increased replication would enhance this.

Lastly the case study protocol that was implemented at each interview was described, providing structure and focus to assist with consistency and completeness across all interviews.

## **4 Results**

This section details how data were collated and analysed, and discusses the results of this analysis. The process of collation and analysis utilises Yin's (2009) preferred general strategy of following the broad theoretical propositions that led to the research project, which in turn are taken up within the research questions and then developed in the literature review. The primary data derives from semi-structured interviews, which were transcribed by the researcher following the process outlined by Kvale and Brinkmann (2009). The transcriptions were analysed to find emergent meanings, concepts, and themes, following Kvale and Brinkmann (2009) and Yin (2009), utilising computing techniques and processes described by Hahn (2008).

Interview data is then presented according to three meta-themes developed from the coding process. The first is identity and relationships, and relates to both first and individuals. The second is the relatively broad theme of 'managing', and has five sub-themes: business environment and culture, strategy and planning, human resources, intellectual property, and collaboration. The last meta-theme, NZ Inc., covers the role of government, New Zealand companies collaborating, and New Zealand's Chinese alumni. Extensive use of quotes from interviews are used throughout this chapter.

### **4.1 Transcription**

The researcher transcribed all the interviews personally for three main reasons, all supported by Kvale and Brinkmann (2009): first, to develop an in-depth familiarity with the data; second, to initiate analysis of what had been said; and third, to reflect and learn about one's own interviewing techniques and style. All interviews were digitally recorded and backup copies were made before transcription. A computer application called Express Scribe was used to play back the recordings during transcription into a word processing programme. This facilitated pausing, rewinding, repeating, and playing back at different speeds. All interviews were transcribed in a "verbatim oral" style (Kvale & Brinkmann, 2009, p. 180). Removing 'umms' and 'ahhs' and similar items was the only editorial action taken. The transcriptions were anonymised by removing the names of people, companies, locations, and products before being included in Appendix 2. The first interview (media01, with Mark) was fully transcribed before the later interviews were undertaken to provide the opportunity to modify the interview outline for the following interviews. Subsequent interviews were transcribed in a block following completion of all of the interviews.

### **4.2 Analysis**

Transcription coding was carried out following the procedures outlined by Saldaña (2009), using techniques described by Hahn (2008). Coding is the process of developing a classification system and categorising data so that it is "segregated, grouped, regrouped and relinked in order to

consolidate meaning and explanation” (Grbich, 2007, p. 21). This then assists with analysis—“the search for patterns in data and for ideas that help explain why these patterns are there in the first place” (Bernard, 2006, p. 452). Coding was carried out as a developmental and iterative process, using both “classification reasoning” and “tacit and intuitive senses” to group and re-group data (Saldaña, 2009, p. 9). In line with advice from Saldaña (2009), as a novice in the process of coding qualitative research, all data was coded rather than selecting parts of data that might be judged relevant.

The word-processed transcript for each interview was reviewed and each complete idea or concept was segregated into a separate paragraph. The transcript was then converted into a table, with two extra columns added to record the level one codes and to note the precise location of the source data (for example data labelled “tech01: R52” comes from the tech01 interview, and is in row 52). In addition, colour ‘highlights’ were used to link each level one code with its data. This allows each piece of source data to be linked through every level of coding. A portion of a completed transcript is shown in Table 19 (with colour coding changed to italics and underlines for printing purposes) to illustrate this.

**Table 19: Sample transcript row**

<b>Speaker</b>	<b>Level One Code</b>	<b>Transcript showing correlation to level one code</b>
tech01:R28.	<p><i>Chinese alumni might be useful but still need a really good fit</i></p> <p><u>Chinese alumni at a disadvantage because need people with existing networks</u></p> <p><u>Even if you use agents still need to be in-market</u></p>	<p>Paul: In our business at the <i>moment we haven’t found anybody particularly suitable</i> but I have to say I also haven’t looked in depth at that. I think that the existing relationships and the relationship that people have on the day-to-day level now as opposed to a gap over three years where they may not be associated with the industry, although we work across all these vertical markets, <u>we have to find people that are connected here and now. Not absolutely, but it is an advantage because we have to move fast. We have to pick things up pretty fast and that’s why we’re in-market now, because we didn’t know what we were missing. We didn’t have the right information, we couldn’t make decisions based on information we weren’t sure about and you cannot rely on channel partner information.</u></p>

This completed the level one coding, the ‘initial’ or ‘open’ coding process in which “large quantities of raw qualitative data are focused and labelled” (Hahn, 2008, p. 6). The tables containing the data, the level one codes, and the location were then imported into a database which the author created in Microsoft Access, building on suggestions from Hahn (2008). After all the transcripts had been coded at level one and imported into the database, further coding was carried out.

Within the database, a further pass through level one codes was made to refine these into level two codes, a process termed “focused coding or category development” (Hahn, 2008, p. 7). This refined the 329 level one codes to 155 level two codes. A third pass then developed 16 level three codes in a process that attempted to develop themes from the categories created during the level two coding process. These 16 level three codes were then categorised into 3 meta-themes.

While described above as a linear process, the coding process was recursive and iterative—at every stage, the source material and all of the codes were visible to the researcher, allowing the full coding hierarchy of each item to be considered and reconsidered at each stage of the process. This is illustrated in a screen-shot of the coding database in Appendix 3, and all codes are listed in Appendix 4.

Results discussed here are organised under three meta-themes: identity and relationships, managing, and New Zealand Inc. ‘Identity and relationships’ discusses how both the New Zealand company and its employees take on and develop an identity in China—in Bourdieusian terms, their habitus and capital within the Chinese business cultural field. This includes their values, their aims, and their behaviour, along with how they wish to be seen by others. In turn, this then informs how the company and individuals will approach issues such as reputation, trust, and collaboration. The meta-theme ‘managing’ is more applied and examines how a New Zealand company might strategise, plan, and then implement its Chinese business programme, and in particular, manage collaboration within that. If ‘identity and relationships’ is about who the company is, then ‘managing’ is about the ‘what’ and ‘how’ of things they actually do. The third and last meta-theme is ‘New Zealand Inc.’, and takes a wider view, that of the New Zealand firm operating in China as a part of a group of New Zealand entities. Along with other New Zealand firms, this includes the New Zealand government and associated agencies, all placed within a relationship between New Zealand and China that has been built up through a history of interaction and commerce. The first meta-theme, identity and relationships, is discussed in the next section, with the two remaining themes following. A small number of quotes from interview participants are used more than once, specifically to illustrate different points; this form of repetition is employed to preserve the flow of the discussion.

#### **4.2.1 Identity and relationships**

This meta-theme encompasses two intertwining sub-themes, identity and relationships. Participants placed substantial weight on integrity as a crucial characteristic of identity. Relationships develop from identity in the sense that character and integrity influence the nature and success of relationships, and in turn, those relationships affect identity and character.



#### 4.2.1.1 Identity

A company may have an identity—a “particular combination of identity anchors [which] imbues it with a set of distinctive attributes that key stakeholders (employees, owners, suppliers, customers, bankers and shareholders) view as core, enduring and distinctive” (Bouchikhi & Kimberly, 2003, p. 20). The main points in this section are that it is important for New Zealand firms collaborating with Chinese firms to:

- be conscious that identity and character are critical;
- have a reputation as a serious and credible company;
- maintain independence;
- make a long-term, visible commitment to China;
- balance both the New Zealand and Chinese identities; and
- be aware of the wider New Zealand-China context.

All participants in this project saw their company’s identity and character as critical to success in collaborative situations in China. As William put it, “what you want to be left with when you are in China is that you are worthwhile talking to. Your company is worthwhile talking to. It gets around” (William—biotech01, personal communication, 23 August 2011). Participants viewed company identity and character as largely deriving from the attitude, behaviour, actions, and personal integrity of the company’s representatives in China. With regard to the importance of personal integrity, Paul’s comment was simply, “my integrity is everything” (Paul—tech01, personal communication, 8 September 2011). This emphasis on personalised integrity fits with the concept of social capital and *guanxi* discussed in the literature review in section 2.3.3.

Personal character is important because relationships are central in the business environment of China, and these relationships involve the whole person: both their public and private identities. There is no distinction between ‘work’ persona and ‘home and family’ persona.

With Chinese it’s not so much all about the business. The business is a part of what they do but there’s a whole lot of other things... personal beliefs and philosophies, family and nationalism, which control how people do business here. So you’ve got to try and understand all those levels of how people make decisions here. It’s not just business.  
(Kevin—media02, personal communication, 27 September 2011)

A reputation as a serious, credible, and committed firm was regarded as important. A pair of quotes illustrates this.

[The] company has got a footprint that is serious. If they pick up the phone and talk to somebody in a related area, they say, “Yeah, I know that company and they’re pretty good.”  
(William—biotech01, personal communication, 23 August 2011)

You need to go there again and again and again, and then go again. Because it doesn't matter what information you hear and what relationships you build, my understanding, and many others, is that people need to know that you are serious. I suppose the question is, is the company committed, is it prepared to make mistakes and learn from them and move on again, and how serious are you? Because if you are going to just dip in, you're probably not going to make a success of China. (Paul—tech01, personal communication, 8 September 2011)

Several participants noted that, while it was essential to develop and nurture relationships, it was important in collaborative situations to maintain independence in the sense of not being compromised, beholden, or 'captured' so as to be dependent on the other party.

I think independence is very important. Because if you are independent that means you are capable of doing things. If I always need to depend on someone, for example if you want to sell things to China, I am dependent on agents. That will be a bad situation because they have the advantage. If I am independent it will make my work a lot easier in China. (James—biotech02, personal communication, 9 September 2011)

If somebody said, "Oh we want to fly you for a holiday," well I'll go, "That's very kind, but no thank you," and when I'm having holidays in China I pay my own way, and I'm not beholden or captured by anybody. (Mark—media01, personal communication, 15 July 2011)

Related to this, participants saw it as necessary that companies made a long-term, visible commitment to working in China. Included in this is maintaining a constant China presence, employing locals, developing a Chinese identity, and establishing a track record with the expectation that the company might make considerable investment before seeing any return:

The overall thing with the company at the moment is achieving some kind of longevity, so that means relationship building is really evidenced on staying the course. (William—biotech01, personal communication, 23 August 2011)

This is longevity. It's not about project to project. We're a longer-term company, we're not after quick hits, we've got a sustainable business, and that's where that recurring revenue is so important. (Paul—tech01, personal communication, 8 September 2011)

You do have to spend the time there. You don't get *guanxi* sitting in Auckland or Dunedin. That means you've got to have a longer term strategy, it means you've got to be paying them a reasonable amount of money for the next two years when probably they are not making much money for you, and that's a problem for SMEs in New Zealand who don't have those sort of resources. (Charles—finance01, personal communication, 18 July 2011)

I think that it is part of having a 5 year plan and a 10 year plan and a 15 year plan. If you want to do a hit and run, then you're going to lose your shirt. (Mark—media01, personal communication, 15 July 2011)

You might need to come here several times before you actually get anywhere. It might take several years for you to actually have some sort of relationship where you can get an investor on board. (Kevin—media02, personal communication, 27 September 2011)

You can come to China and nothing happens and go back home and most people in New Zealand would consider that a failure. But it's not a failure at all. I think that that's just part of the process. I think everyone who has done well here in China has done that. (Kevin—media02, personal communication, 27 September 2011)

It's not just that we're gaining from China, we're investing in China. We're investing in employing local staff, but also we invest in helping to train and educate. (Kevin—media02, personal communication, 27 September 2011)

The value of having local employees was pointed out by James, a Hong Kong-born employee of a New Zealand company, now working in China.

For example, New Zealanders say [of the Chinese party], "See, they are smiling, they are friendly." I say, "No they are not, it is the opposite." So it is good that New Zealand people have some national staff to share what they see and discuss it. (James—biotech02, personal communication, 9 September 2011).

It can also be important to consider just how 'local' the local employee should be—just being Chinese is sometimes not enough.

I'm quite specific about having Beijingers as opposed to having anyone from other parts of China, because Beijing is the hub of government and we deal with a lot of government entities. What we've tried to do is we've tried to create a team of Beijingers for a Beijing-based business. (Kevin—media02, personal communication, 27 September 2011)

A New Zealand company operating within the Chinese business cultural field, and collaborating with Chinese, will be likely to have somewhat hybridised New Zealand-Chinese characteristics, and this needs to be managed.

It's sort of both New Zealand-China. I mean we'll always have... we'll never not have any links with New Zealand, it will always be fairly tightly connected and controlled ... but I think to be successful here you really have to show you are as much a Chinese company as

you are a Western company. (Kevin—media02, personal communication, 27 September 2011)

Both New Zealand companies and the people who work for them need to be aware of the wider New Zealand-China context, both in general (as expressed by Mark in the first quote below), and in particular (as articulated by Kevin in the second quote, about whakapapa).

The thing you must know when you go to China is your New Zealand-China history. Going back to the gold miners, going back to Rewi Alley, going back to all of those things. I don't think I've met a Chinese who doesn't know who Rewi Alley is. So there is know your history. There are some things that are really interesting—the poll tax thing. The fact that Helen Clark apologised [12 February 2002], that was worth gazillions; the only thing we've done that was slightly offensive, we've said sorry. And so knowing all of that history tucked away in your back pocket gives you a sense of where we sit. You know, that we are the smallest with the largest, but there is a connection there that really runs quite deeply compared with most of other Chinese connections. And you've gotta know that. (Mark—media01, personal communication, 15 July 2011)

I think that whole whakapapa thing is important here too. So maybe there is a part of that in all New Zealanders where we are all kind of trained to know where we come from. That's quite important and it is important here in China as well, to know where you come from, and where your family village is. (Kevin—media02, personal communication, 27 September 2011)

#### **4.2.1.2 Relationships**

The preceding section presented interview data related to both the company's and the individual's identity. This segment explores participants' thoughts on how this influences relationships with the Chinese party in collaboration. These are discussed within three areas—relationships in general, *guanxi*, and collaboration.

Almost every piece of advice on business in China emphasises the importance of relationships, and all research participants echoed this, while also making it clear that it was important to consider context: relationships *in China*; the cultural field is very important. This is illustrated by three quotes from Hong Kong-born James, an employee of a New Zealand company, working in China, who emphasised that while trust is important, caution is also very important within the Chinese business context.

China is quite different. They have networking, they do more things like favours. But this is only for China. For Taiwanese, for Japanese, for other Asian countries it is another story.

The cultures... I think New Zealand people, they are very natural. They are not cautious with people... I treat you well, you treat me well. That's how it's supposed to be, right? In China, it's different.

The New Zealand people I deal with, I think they are friendly, they are open, but when we are talking business, too much trust in Chinese people... you have to be more cautious. Caution is important. (James—biotech02, personal communication, 9 September 2011)

All participants mentioned how critical relationships are to success in collaborative situations and Paul typified this—although he works for a technology company, he saw it in terms of relationships: “Our business is a relationships business” (Paul—tech01, personal communication, 8 September 2011). The importance of reputation and relationships was also illustrated by William's comment in the negative: “[it's] very quickly known in China if a person is not an honourable sort, it's very quick. People are enormously networked” (William—biotech01, personal communication, 23 August 2011).

Relationships were seen as having a reciprocal and utilitarian nature. Affection may play a part, but relationships were perceived as very much about and for business.

We wouldn't be sitting here talking about the result of Man United vs. Arsenal, haven't got time for that, it's what I can do, and what you can do for me. And that's just how it is. So if you take that right the way up the scale, it's not just who you know but who can benefit, as in that saying, there's no such thing as a free lunch. (Paul—tech01, personal communication, 8 September 2011).

Relationships may start at low levels but then progress to higher levels. While a high level relationship may be the most productive, it is important not to neglect relationships at all levels, as one never knows where they may lead. Mark explains how he began to develop relationships: “So I started visiting China and worked out who I had to meet—at the lowest levels—because you never get in at the senior levels initially” (Mark—media01, personal communication, 15 July 2011).

Fifteen years later, Mark's company has developed some very high-level relationships, which can facilitate business; as the company's manager in China said, “Once you have the ear of the top, things get done like that [snaps fingers]” (Kevin—media02, personal communication, 27 September 2011). It is important to pay attention to all relationships and connections, even if they no longer seem relevant.

The other thing is the retention of relationships. So you'll have a relationship with, you know, Fred, and Fred will leave, he'll go somewhere else, but you hold on to that relationship because in the worlds that we exist in, Fred will pop back in somewhere else.

There's a good chance you'll reconnect with Fred. (Mark—media01, personal communication, 15 July 2011)

Participants were very conscious of the importance of *guanxi*. They felt that it was somewhat over-mystified, and also that while a New Zealander is able to develop *guanxi*, it will not be to the same extent as a Chinese person. In this sense, *guanxi* was viewed as building relationships, Chinese-style, in a cultural field where relationships have a significant and central role. Six facets of *guanxi* are illustrated by interview quotes.

- Guanxi arises, in part, from the legal environment:  
When you don't have all of the more legal platforms in place then *guanxi* is just saying in order to do something, I'm going to take the word of my friend over the word of this government official who I don't know. (Charles—finance01, personal communication, 18 July 2011)
- *Guanxi* is obtainable by New Zealanders, but will not match that of a Chinese person:  
So the *guanxi* you can get, you'll clearly never have it as good as Chinese people to a certain extent, and it will never be as broad because you won't know as many people. (Charles—finance01, personal communication, 18 July 2011)
- *Guanxi* derives from personal qualities and develops over time:  
I think *guanxi* ultimately comes down to some kind of... one of my friends, a business person in Guangzhou, they sort of feel that you are a person of honour, that you are a person that is trustworthy, that you'll keep your word, and that can only be proven over some time. (William—biotech01, personal communication, 23 August 2011)
- *Guanxi* intertwines trust and obligation:  
The trust, it is just a gradual building up, so I know you, and I don't know who else to talk to, so I give you a call and say any chance you could help me out with this? And you say yes, and you help me out and you say that's great. What that means is therefore when you ring me and say is it possible for you to help me out with this, I'm obliged to try and do that. And that's all it is. (Charles—finance01, personal communication, 18 July 2011)
- You must spend time in China to develop good *guanxi*:  
Here, on a social level and on a personal and a business level, the potential is huge, because you are meeting these people all the time and sometimes you've got things in common with people you would never realize—both expat and local. So I'd never even get anywhere close to getting that if I was operating out of New Zealand. In fact, if I had to go back to New

Zealand I wouldn't be able to do this job. You gotta be here. (Kevin—media02, personal communication, 27 September 2011)

- *Guanxi* is over-mystified.

It's not a strange Chinese concept, it's just really more an Asian concept or developing country concept. It's nothing more than the Masonic Lodge. And in commerce it's just guys who get together and get to know each other." (Charles—finance01, personal communication, 18 July 2011)

In addition to relationships with counterparts in China, relationships within the New Zealand company, between New Zealand companies, and with New Zealand government entities are also very important. As Paul puts it, "We're absolutely dependent—which is a very key point as well—on the relationships that we have within the company." He elaborates on this: "There's a lot of people that go to make up what we do, and I think that's where [the company] is supportive. Fundamentally, without all those people who do all that work behind the scenes we wouldn't be in the position we are now." Paul also raises the possibility of New Zealand competitors working together: "It may well be that there is a company out there that may be your competitor. However, you may be able to work with them in some shape, way, form, or capacity that could actually be of benefit to both organisations" (Paul—tech01, personal communication, 8 September 2011).

Choosing good partners with whom to have relationships is very important, and this is related to the topic of identity, discussed in section 4.2.1.1 above. James emphasised the importance of research in this area and the value of caution: "If you don't do good investigation on their backgrounds they can disappear and you will never find them. The foreign company has to be very careful when selecting the people who they work with" (James—biotech02, personal communication, 9 September 2011).

Interview participants emphasised that it was important for people to get to know each other and establish the relationship on a personal level before business takes place: "I think you do have to be friends first and then do business" (Kevin—media02, personal communication, 27 September 2011). This was echoed by Mark: "I have always gone in and built the relationship and then looked for the business opportunities" (Mark—media01, personal communication, 15 July 2011), and also by James, "Socialising helps develop relationships before the business relationship develops" (James—biotech02, personal communication, 9 September 2011). Kevin's comment expanded on this.

We have to go and visit. We have to sit down and we have to have a meal. We have to drink a few drinks. We have to get to know each other a lot more on a personal level. Sit down and socialise with people first; even if you can't understand each other, it doesn't matter. It's the

act of actually doing it that I think opens doors. So that's definitely a strong part of Chinese business. (Kevin—media02, personal communication, 27 September 2011)

Some participants noted that it was important in terms of company and personal identity to be careful what relationship-building activities are undertaken. While dinner, some drinks, and similar activities are seen as acceptable, taking social activities too far into possibly compromising situations was seen as dangerous, as this may taint reputation and independence.

Well, I in China have probably been close to being pissed [drunk] once. I will not, and never have, and the same in Japan, participate in you know..." (Mark—media01, personal communication, 15 July 2011)

"You don't know whether they've taken any photographs of you, you don't know if you are going to be compromised at a later date, and that's where we cut off way before that, we see that coming, I don't need to do that, and nor do any of the team; we don't have any involvement in that. We'll socialise in the evenings, but as soon as karaoke comes on, I'm out. Because I don't want to be compromised. I do represent [the company] and fundamentally we don't need to go there. (Paul—tech01, personal communication, 8 September 2011)

We wouldn't want to go to dinner and then go on somewhere else, second place, third place like they do sometimes. Over the years it's become quite evident that that is just what we are and how we are. I think it's paid dividends really. (William—biotech01, personal communication, 23 August 2011)

James made the point that relationships are not everything; there are still procedural and regulatory requirements which must be met. Good relationships may help through this process, but conditions must still be satisfied.

But this is only part of it, dealing with the people. How you deal with the regulations is another point. When we are doing business with China, besides people, we also deal with the regulations. As you know, we are doing [biotechnology for human use]. If you want to sell to China, you have to pass through the steps for their approval for usage. This takes lots of time, many networkings, and finally we reach success. If you cannot go through the regulations, you cannot go to China. Even if you have network. (James—biotech02, personal communication, 9 September 2011)



The collaborative relationship is a particular focus of this research, and the interviews draw out five points especially relevant to this.

- Everyone needs to share in the benefits of collaboration:

You've always got to go into these relationships thinking, "OK how can we make our collaborator and partner feel that they are actually doing well?" Because they wouldn't be doing it otherwise, at the very bottom line. Even beneath all the friendship and all this other sort of thing, business is business. (Kevin—media02, personal communication, 27 September 2011)

- There can be a long delay before benefits of collaboration show through, and these may take different forms and be unevenly distributed:

We've done a number of R&D development scenarios with some very major companies and they've taken two or three years of very detailed science and most of the time we've paid for that, we've invested in that, and I think ultimately that's turned to some point of respect. And I think that gives a bit of an entry into other places. (William—biotech01, personal communication, 23 August 2011)

On face value, the Chinese partner always gets much more out of it than the Western partner would. But, in reality, you wouldn't be here if it wasn't for that partnership anyway. So you've got to keep it in perspective. (Kevin—media02, personal communication, 27 September 2011)

- Clear planning and communication is important:

We have protocols and specifications; we want to get onto the same page with what we want to do... I think there are businesses there which are very sound, run on very good principles, and quite frankly highly ethical; and those are the diamonds. Once you are in that sort of space, things can develop quite well for you. (William—biotech01, personal communication, 23 August 2011)

That goes back to research, doing your homework—finding out what they're doing, how they operate, who they operate with, it's back to making sure you're as comfortable as you can be, you'll never know it all, you're as comfortable as you can be, that that's the sort of organisation that in actual fact could be looking to add value and expand their services and there could be some form of collaboration potentially possible. (Paul—tech01, personal communication, 8 September 2011)

- Collaboration requires time and effort and may not be directly productive:

I think there is greater investment in time and of yourself into a collaboration. It's not business in the sense we understand it in the western sense which is that your collaboration is worth something, it's got a value, it's got a dollar value and it's got a product value as well. That's probably a third of the collaboration here. It's a lot more about collaborating as people and friends, and there is that whole level of time you have to invest in it that you'd never invest in New Zealand. (Kevin—media02, personal communication, 27 September 2011)

- Collaboration needs to be balanced with competition.

I'm sure that if we did have real competitors here it wouldn't be so much collaboration, because we're a business as well. (Kevin—media02, personal communication, 27 September 2011)

#### **4.2.2 Managing**

This section describes interview data focused on the broad topic of 'managing,' and takes a more applied view of how companies should manage (in particular, plan, organise, and control) in China, in collaborative situations. 'Managing' is here divided into the following five areas:

- Business environment and culture
- Strategy and planning
- Human resources
- Intellectual property
- Collaboration

##### **4.2.2.1 Business environment and culture**

The business environment and culture in China was seen as being particularly Chinese, and as not the same as in other Asian countries. James made this point, mentioning that he takes a different approach in China, where networking and favours are more emphasised: "China is quite different. They have networking, they do more things like favours. But this is only for China—for Taiwanese, for Japanese, for other Asian countries it is another story" (James—biotech02, personal communication, 9 September 2011). This point was also made by Kevin, in highlighting differences between Taiwanese and Chinese business cultures, suggesting that there is a more holistic Chinese view.

Chinese people think Taiwanese people are quite aggressive about their business, and also maybe slightly disrespectful. Taiwanese, it's all about the business, whereas with Chinese it's not so much all about the business. The business is a part of what they do but there's a whole lot of other things... personal beliefs and philosophies, family and nationalism, which

control how people do business here. So you've got to try and understand all those levels of how people make decisions here. It's not just business. (Kevin—media02, personal communication, 27 September 2011)

New Zealand companies and personnel need to become familiar with the Chinese business environment in order to function at their best. Paul mentioned that the four years he spent travelling and working in China and Asia in his early twenties is “still very useful today because there are formulas that people use in business in different countries, and you get a feel for it. You are at a huge disadvantage in terms of language, culture” (Paul—tech01, personal communication, 8 September 2011). Mark discussed learning about the business culture in the context of dining, and how this can help with becoming involved and participating.

Everything in China has meaning. Absolutely everything, there's nothing that doesn't have some meaning. And you can now be in a room and I now know exactly my status when I am seated at a round table. And it's always in relation to the door. There is a whole lot of things like someone will pour a drink and the person will go [taps twice on the table] and I go what's that mean? Oh that's thank you—kneeling before the Emperor. And so you pick up this whole repertoire and so it means that what you're involved in you understand and can participate in. (Mark—media01, personal communication, 15 July 2011)

The Chinese business environment is fast changing: “We have a saying here, which is things change quickly in China” (Kevin—media02, personal communication, 27 September 2011). Paul phrased it as “things change very fast. It's very very fast” (Paul—tech01, personal communication, 8 September 2011). Additionally, differences in business culture between first tier cities, particularly on the eastern seaboard, and the second tier cities further west, are arising from the rapid pace of change. Kevin noted this in the context of the significance of personal relationships.

There's a huge variation between what China is. China on the east coast is completely different to China in the interior [where] it's very traditional in the way people do business. (Kevin—media02, personal communication, 27 September 2011)

Related to this is the changing nature of the Chinese business person, and a growing difference between the generations, particularly in terms of world experience (especially through study outside China), English proficiency, and a familiarity with Western culture and ways of doing things.

On the east coast there's a lot more of your overseas Chinese or the Chinese people who have studied overseas and who have come back. So they are more likely to be able to relate

well to Western business practices and also Western culture. (Kevin—media02, personal communication, 27 September 2011)

One of the other key things is the people we're dealing with predominantly, their English is improving, so you're getting younger business people that are coming through, they've got better English because they've had better opportunities (or have created better opportunities) or have educated themselves. So quite often the owners may have very little English and they are reliant upon advisors that are younger they've brought into the company to try to facilitate. (Paul—tech01, personal communication, 8 September 2011)

Three participants mentioned that the Chinese business environment is complex and demanding, particularly when beginning operations in China.

Chinese market is definitely very demanding in the beginning. (William—biotech01, personal communication, 23 August 2011)

And I talk about China, the more you learn the less you understand, because it's immensely complex. (Mark—media01, personal communication, 15 July 2011)

Understand that it is complex, it is difficult. It is more than a challenge at times. (Paul—tech01, personal communication, 8 September 2011)

Part of the complexity and challenge arises from differences around the law, and especially contracts in China. The law and contracts do have a place and status, but they do not necessarily have the final authority that a New Zealander may be accustomed to. Kevin, in the media industry, emphasised that flexibility combined with caution and alertness was important

It's really interesting this in China because it goes back to the thing that there are laws... but they're really flexible. Incredibly flexible about all different types of laws... fraud and piracy and all the rest of it. You can get away with anything here as long as you do it underneath the radar. I can't really explain it properly but they're just very flexible about these sorts of things. (Kevin—media02, personal communication, 27 September 2011)

Contracts here don't mean anything. You're paying them lip service, you really are. And if you get worried about a contract you'll never do business here. But, I think you do have to be really careful as well. You have to be careful and rigid, but on the other hand don't be surprised when that contract doesn't mean anything. (Kevin—media02, personal communication, 27 September 2011)

A prominent issue with New Zealand firms working in the Chinese business environment is language, but as with many things in China, this is not straightforward. While Mandarin is the

official spoken and written language, and by far the most widely used, there are also many regional languages, Cantonese being the best known among these. Additionally, fifty-five recognised ethnic minority groups and a total of 292 living languages within China mean that there are many languages and dialects in current use (M. P. Lewis, 2009). All participants in this research acknowledged that language was an important issue, and that reliable translation and subsequent understanding was critical (discussed further in section 4.2.2.3 human resources), but also sounded some cautions, which can be summarised as ‘It can be very useful for a New Zealander to know Chinese, but this may not substitute for having local Chinese on the team.’

[It is] about understanding people and how things work, the language and the body language I think more than anything... and you get a feel for it. You are at a huge disadvantage in terms of language, culture. (Paul—tech01, personal communication, 8 September 2011)

I think a lot of New Zealanders think, “Oh you can speak Chinese, you’ll do really well here.” I think understanding the language is incredibly helpful but it doesn’t mean to say you are going to be any more successful than someone who doesn’t but who is the right personality type. (Kevin—media02, personal communication, 27 September 2011)

Speaking the language is not by itself an indication of being able to understand the country. (Charles—finance01, personal communication, 18 July 2011)

We could have the same number of employees and all fluent Chinese speakers and all from New Zealand and we’d get nowhere. They could all be great people and be really culturally sensitive and understand... but we wouldn’t get anywhere. We just wouldn’t be doing what we’re doing now. (Kevin—media02, personal communication, 27 September 2011)

The Chinese business environment represents a different cultural field in which it is particularly important to make a commitment and establish a presence. Charles’s company recognised the need for commitment to China

We took a decision that we either needed to be properly in Asia or not really. We sort of were and we weren’t, if you know what I mean. And we sent a very clear message to everybody that this is where we were heading. (Charles—finance01, personal communication, 18 July 2011)

This commitment is backed up by having company personnel in China: “You’ve got to have people in market. You’ve got to have people who live up there” (Charles—finance01, personal communication, 18 July 2011). Three further quotes expand on this point: Paul gives good information as an example of one of the benefits of being in-market; Kevin explained why being in

China and being a part of the system is important; and last, William gave some examples of visible commitment and presence.

We have to pick things up pretty fast and that's why we're in-market now, because we didn't know what we were missing. We didn't have the right information, we couldn't make decisions based on information we weren't sure about and you cannot rely on partner information. (Paul—tech01, personal communication, 8 September 2011)

If you work here and you are in China and you are part of the system things happen quickly. If you try and drive a business from New Zealand, things happen slowly. (Kevin—media02, personal communication, 27 September 2011)

Yeah, we've committed ourselves. We have an office, we have a staff, we have a laboratory, we have work done, we're proud of that. (William—biotech01, personal communication, 23 August 2011)

#### **4.2.2.2 Strategy and planning**

The complex business environment discussed in the previous section suggests that it is important to spend time on strategy and planning—however, the rapidly changing nature of that same environment makes this difficult. Research participants resolved this by saying that while strategy and plans are very important, so is flexibility and adaptability. Kevin explained this, adding that it is important to plan in terms of offering (i.e., value proposition), but be flexible in terms of outcome.

I think you've got to have a very clear plan on what you want to achieve personally, because it's good for you as an outsider going in; you feel more organized. So you've got to have a very clear plan about what you want to achieve, but you've also got to be quite flexible and be able to change that plan when you arrive and you see that things might not be going this way and you have to take a different turn and a different tack. So I think that the people that do well are the people that can do that and not be so rigid in their plan... but I also think that you've got to come here and not have any expectations as well... have fairly simple expectations as well. You should be really well planned in terms of what you can give, because you can be sure that you will be grilled about it but you should also be very flexible as to what your outcomes are. (Kevin—media02, personal communication, 27 September 2011)

Paul echoed this, emphasising gathering good information to use in the planning process, along with boosting flexibility and adaptability through customisation.

We strategise as much as we can. We get information internationally, in-market, but things change very fast. It's very very fast. And that's another reason we're listening, we're picking things up, we are making sure that our development roadmap (it might well be looking a year or 18 months ahead) we have to be flexible and adaptable as well and that's why we have a customisation capability. (Paul—tech01, personal communication, 8 September 2011)

Charles highlighted the importance of New Zealand business planning which addressed the entire value chain, rather than focussing on one aspect.

Most of the focus is on producing the product, and we don't have the resources or the capital to sell the product in a large complicated market like Asia. (Charles—finance01, personal communication, 18 July 2011)

It is important that companies engaging in collaboration in China are open to new opportunities and are flexible and adaptable. While it is necessary to plan and strategise, New Zealand companies and their people must also be able to adapt to changing circumstances and opportunities.

[companies] come out of China beaten because they don't go in prepared. Most of them have no understanding of what it is about. (Mark—media01, personal communication, 15 July 2011)

So you've got to have a very clear plan about what you want to achieve, but you've also got to be quite flexible and be able to change that plan when you arrive and you see that things might not be going this way and you have to take a different turn. (Kevin—media02, personal communication, 27 September 2011)

Things change very fast. What might be applicable in terms of a six month strategy you may have to adapt or be flexible and change direction... just be aware that things change fast. Nothing is forever here. Of course that also relates to government regulation, it relates to a whole range of other economic macro factors that we've got no control over. (Paul—tech01, personal communication, 8 September 2011)

This flexibility extends to situations under agreement where a New Zealand business person might assume things to be 'nailed down' and not able to be changed.

It may be that you make a verbal contract about something and then either party can change. You shouldn't feel that you can't change it because the Chinese party can equally change. You shouldn't feel bad that you've made a deal and all of a sudden you have to go back on your word... it's so flexible. (Kevin—media02, personal communication, 27 September 2011)

In addition to the company being flexible and adaptable, New Zealanders working for the company in China need to have that trait as well; being situationally aware and having an eye open for opportunity.

The particular personality type who does well here, does tend to be a risk taker. Because they're the people who are more willing to see the value in entering into a relationship which if it doesn't work out then... oh well, move on. (Kevin—media02, personal communication, 27 September 2011)

Kevin noted that, in his opinion, New Zealanders higher in the company hierarchy tended to not do so well in China in the day-to-day sense. He felt that they were conditioned to having control, and had higher achievement expectations placed on them in comparison to a more junior person.

The people who do well here are the ones who don't come in at a senior position. The ones who have a bit more of a relaxed attitude... maybe they don't have that expectation placed on them when they arrive here. They come here, they're willing to give it a go, but they don't have the same sort of targets. (Kevin—media02, personal communication, 27 September 2011)

#### **4.2.2.3 Human resources**

Making employment decisions regarding personnel for China involves looking at the position and the person in a more holistic fashion than otherwise might be the case for an in-New Zealand appointment. The person must have good fit with the Chinese business cultural field. Their habitus must be such that they can both bring and develop cultural capital that gives them the best chance of success.

I think it comes down to the person as well. You can be really good at your job in New Zealand and be utterly crap at it over here. So that plays a big part. People don't think about that in New Zealand. We just go, 'oh, you've got a good product'... you need a good product [but] you also need a good personality to sell the product. (Kevin—media02, personal communication, 27 September 2011)



The pace of change in the Chinese business environment means that New Zealand business and personnel need to be flexible and adaptable. The following two quotes illustrate some personal qualities research participants felt were important.

Bring in the right people that have got the ability to put up with very long days sometimes, a lot of frustrations, possibly being on their own, the lifestyle is a huge change as well, and people that are committed to actually making things happen. You have to learn very quickly, you have to be adaptable, flexible, and again you have to have a sense of humour and you've got to be very persistent and flexible. So a lot of it is about attitude and making sure that you've got the right people that are prepared to put up with that but also enjoy the wonders of a different culture, different economies, fast-moving areas. People that are fundamentally—and this is really important—that are happy to be there, that want to be there. Because there is nothing worse than moving somebody that didn't really want to go. (Paul—tech01, personal communication, 8 September 2011)

A person who is a risk taker but who is also very personable. Who is not a major personality who is always talking and demanding, who can sit and listen. ... If you look at Chinese culture it's very reserved, people don't speak out of place, there is a respect for hierarchy and elders, a respect for family. And I think if you come to China bringing those sort of... you know, you're a quiet achiever I think is the right sort of way to look at it. But you've also got to be a big risk taker because you are going to come across places where you take a hit, you take a loss, and you can't get upset about that. You've got to go with the flow a lot of the time as well. There's going to be lots of times where you are way outside your comfort zone but you can't show it, you've just got to kind of go with it. Kind of think on your feet and problem solve. (Kevin—media02, personal communication, 27 September 2011)

#### **4.2.2.4 Intellectual property**

Managing intellectual property and associated issues was a focus for many participants, and they clearly saw the risks involved.

It's always in the back of my mind, we're quite careful about our IP. (Kevin—media02, personal communication, 27 September 2011)

If our innovations are copied, we will be totally damaged for our scientists and our company's future. This is very very important. (William—biotech01, personal communication, 23 August 2011)

Some interview comments again highlighted the particular cultural field that constitutes the Chinese business environment, suggesting that there is a fundamentally different attitude towards intellectual property issues.

I think that China in general has always been about hiring people in to learn off them. Suck all the information out and then they can do it themselves from the next generation on.  
(Kevin—media02, personal communication, 27 September 2011)

The Chinese people, their skills for copying are very good. Just put one thing here, the second day, exactly the same thing will come out. (James—biotech02, personal communication, 9 September 2011)

Mark acknowledged the risk and importance of intellectual property issues and suggests that companies address these as best they can, and then get on with business, accepting the possibility of losing intellectual property.

If you are worried about stuff being knocked off, then don't get out of bed. OK? If you are going to live in that sort of world of anxiety and fear, just don't go there [to China]. It is a real issue, and there are ways of protecting yourself as best you can. [After putting intellectual property protection/strategies in place] Are you safe at the other end? No. Are you safer? Absolutely. (Mark—media01, personal communication, 15 July 2011)

The need to actively address the intellectual property rights issue was also mentioned, along with various suggestions of practical strategies—patents, trades secrets, product identifiers, and mitigating risks with competitive advantage through things such as R&D, quality, reliability, and service.

We have an active managed IP programme, we deal with people like [an intellectual property law firm] quite regularly, [a designated staff member] is responsible for that.  
(William—biotech01, personal communication, 23 August 2011)

In certain areas we have intellectual property, we have patents and so on, especially in the [division], that's been really quite religiously patented, some of the other stuff, I prefer to keep as trade secrets, quite honestly, because patents make you publish and disclose.  
(William—biotech01, personal communication, 23 August 2011)

We've now introduced biomarkers into our products, security encrypted biomarkers so at any given time we can use a certain profiling technique and we'll be able to say whether it came from here or not. So we're doing some bio security things now, that's new for us.  
(William—biotech01, personal communication, 23 August 2011)

The amount of R&D that has gone into our products still gives us a competitive advantage, they are still unique. And that's where that competitiveness and the quality and the reliability and the service, that's really where we gain. (Paul—tech01, personal communication, 8 September 2011)

In the context of collaboration, careful selection of partners and the importance of holding something back (often termed the 'core') were seen as ways of preserving intellectual property.

If you are careful in choosing your partners, huge amount of research, establish good relationships, don't rush in. We never give them everything they need, so they basically couldn't reproduce it until we're absolutely as confident as you'll ever be. And it is about buyer beware. It is about due diligence. It's about asking, double checking, triple checking. (Mark—media01, personal communication, 15 July 2011)

Basically if we develop, we keep the IP, and we might licence it, but if they develop it, we are not going to give them the core anyway. We give them the tools they need to complete what they require within the system. (Paul—tech01, personal communication, 8 September 2011)

You have to be very cautious in what you disclose, otherwise people do tend to run off with your idea. (William—biotech01, personal communication, 23 August 2011)

#### **4.2.2.5 Collaboration**

Research participants saw several issues involved in the general management of collaborative activities, including partner selection, trust, the need to have something to offer, and keeping a focus on the business purpose of the collaboration. Partner selection was seen as critical, and research into potential collaborators was emphasised.

If you don't do good investigation on their backgrounds they can disappear and you will never find them. The foreign company has to be very careful when selecting the people who they work with. (James—biotech02, personal communication, 9 September 2011)

That goes back to research, doing your homework—finding out what they're doing, how they operate, who they operate with, it's back to making sure you're as comfortable as you can be, you'll never know it all, you're as comfortable as you can be, that that's the sort of organisation that in actual fact could be looking to add value and expand their services and there could be some form of collaboration potentially possible. (Paul—tech01, personal communication, 8 September 2011)

We do our very best to partner with partners that have got some sort of [compatibility] either through structure or how they operate, or what's important, the longevity of the company; how they operate. So we do quite a lot of homework. (Paul—tech01, personal communication, 8 September 2011)

Trust was seen as significant in collaboration, as discussed in the context of relationships and *guanxi* in the preceding sections. Worth noting are comments from James, who was born in Hong Kong, raised in Canada, and is working for a New Zealand company in China. He observed that New Zealanders could be too trusting, and needed to be more cautious, and put this very plainly.

The cultures... I think New Zealand people, they are very natural. They are not cautious with people... I treat you well, you treat me well. That's how it's supposed to be, right? In China, it's different. The New Zealand people I deal with, I think they are friendly, they are open, but when we are talking business, too much trust in Chinese people... you have to be more cautious. Caution is important. In my experience, even the person you trust most in China, they may betray you. You must be very very careful. (James—biotech02, personal communication, 9 September 2011)

Respondents indicated that for collaboration to succeed, each participant must be gaining something. This may be not be immediate or tangible; it could include future opportunity or better connections. There is a 'bottom line' to collaboration, beyond which it does not make business sense to keep going.

You've always got to go into these relationships thinking, "OK, how can we make our collaborator and partner feel that they are actually doing well?" Because they wouldn't be doing it otherwise, at the very bottom line. Even beneath all the friendship and all this other sort of thing, business is business. (Kevin—media02, personal communication, 27 September 2011)

Part of managing the collaborative partner's expectations of value from the collaboration involves holding something back and making sure that you have something to offer. As Kevin noted, for Chinese companies, "It is always China first. You can't forget that as a Westerner or a Western company doing business here because as soon as the Chinese company can do what you can do, then there is no reason for you to be here" (Kevin—media02, personal communication, 27 September 2011). This means that there must be some point of difference, an offering that is attractive. To quote Kevin again, "If you are an outsider that can't give them anything, then you are actually pretty worthless. So that's why when I said you come to China you have got to be really well organized and you've got to actually think of how you can be useful to China," and also, "If we partner with these people we know that the product we are making has to fulfil a certain use for

our partner—otherwise why would they be doing it?” (Kevin—media02, personal communication, 27 September 2011).

Keeping the business purpose of the collaboration—the ‘bottom line’—in focus was important; collaboration has to be of benefit to both the New Zealand company and the other parties.

So rather than waiting for our partners to ring us up or email and say there’s an opportunity here, we are looking for opportunity, we want to have a higher percentage of their [the partner] business. So if we’re 10% of their business now, I want us to be 30%, 40 %, and in a few years time 50% of their business. I want their focus. (Paul—tech01, personal communication, 8 September 2011)

At the end of the day, companies are there to earn money and provide returns to shareholders, and they’re there to survive. So you have to make enough cash that you can pay everybody, that you can grow things, and that you can stay the course. (William—biotech01, personal communication, 23 August 2011)

#### **4.2.3 New Zealand Inc.**

This section of results changes the focus from individual firms operating in China to take in the wider view of New Zealand as a nation and its collective business activities in China. The concepts that emerged from the interviews centred around four topics; the present situation, the role of government, collaboration between New Zealand industry sectors, and New Zealand’s Chinese alumni. Mark explained the value of New Zealanders and their organisations working together. “I have this view that once you move offshore it is New Zealand Inc., and as Kiwis if we all cooperate—sort of—and stand together and make a noise we’ll get noticed” (Mark—media01, personal communication, 15 July 2011).

Participants in this project saw New Zealand as generally having a good image and reputation in China:

We have a very good relationship with China, China see us a very friendly, supportive nation; they see us as a nation that does have a foot in both camps, you know, we have the ear of the Australians clearly, we have the ear of the Americans, and we have the Chinese ear. (Charles—finance01, personal communication, 18 July 2011)

New Zealand is seen as a very smart country in terms of we punch so far above our weight. (Mark—media01, personal communication, 15 July 2011)

#### 4.2.3.1 Role of government

Both Charles and Mark saw the New Zealand-China FTA as being of benefit to New Zealand, but also as somewhat under-utilised.

New Zealand is not utilising the free trade agreement very well; I think everybody acknowledges [that this] is an issue. (Charles—finance01, personal communication, 18 July 2011)

We have a free trade agreement, has that given us a lot of benefit on trade? Not really, a little bit, but not really. It's given us political goodwill and it's given us some profile. (Mark—media01, personal communication, 15 July 2011)

Charles, with a senior position in a large financial institution and the breadth of view that this provides, suggested that New Zealand needs to be realistic about its relative importance to China.

So we're the first OECD country to have a free trade agreement with China and the reason clearly China like it is it gives them a great opportunity to practice. There is no benefit at all for China in having a free trade agreement with us from a trade perspective—we're just too small. (Charles—finance01, personal communication, 18 July 2011)

Participants suggest that the New Zealand government and its agencies, in particular NZTE and MFAT, played a very useful role in both the macro (at the national level) and micro (at the firm level) senses in terms of preparing to go to China and operating once there. They saw possibilities for this positive work to be extended.

I think MFAT here [Beijing] does really well, fights way above its weight. And there is [a] whole lot of reasons for that, we've got a really long history of Chinese-New Zealand relations (Kevin—media02, personal communication, 27 September 2011)

There was some suggestion that the government needed to become more proactive. "Government do need to get [a] bit more involved because I don't think it [implementing NZ Inc. in China] will happen fast enough organically" (Charles—finance01, personal communication, 18 July 2011), while acknowledging that this would not be easy to do in practice.

They [the government] tend to say, "We'll go up and open doors and then it's up to you guys to do it." I sometimes think in a perfect world that would be right but the New Zealand government should work out how they can tuck in alongside in a meaningful way without being seen as someone who writes out lots of cheques. (Charles—finance01, personal communication, 18 July 2011)

#### 4.2.3.2 New Zealand companies collaborating

The sheer size of the China market, along with its high rate of growth and increasing sophistication, poses problems for a small country such as New Zealand, as this quote referring to milk powder illustrates; it could just as well be referring to any other commodity (such as wine) or a service (such as education).

Clearly in ten years time the Chinese are going to want to buy two or three times as much milk powder as we currently sell them and yet a dairy farmer is not going to be able to produce two or three times as much, so what are we going to do about that? Just project forward 10, 15 years to what that means for demand, then I think you've got to say, "Doing then what we're doing today, is that likely to be the best outcome?" And I would contend, "No." (Charles—finance01, personal communication, 18 July 2011)

Paul, Mark, and Charles all saw that a way of approaching this was through increasing collaboration within industry sectors, and felt that government may have a role to play in this process as a facilitator or even to 'compel' collaboration.

It's actually OK to collaborate and not to be concerned. So from the New Zealand perspective, I know the NZTE and the Beachheads programme are encouraging collaboration within markets and that makes absolute sense. But in New Zealand—I wouldn't want to say it is unusual—but it is not the normal practice. (Paul—tech01, personal communication, 8 September 2011)

It may well be that there is a company out there that may be your competitor; however, you may be able to work with them in some shape, way, form, or capacity that could actually be of benefit to both organisations. And that could well be something that should be looked at closely. (Paul—tech01, personal communication, 8 September 2011)

Start to look at what I call cohorts of interest or collective experience, and start talking to each other... So you bring those together and you say, "What leverage can we develop from this? What are the other opportunities?" If you had a whole lot of companies that said we're interested in operating in China... you can pull back layers of understanding and you create a network. (Mark—media01, personal communication, 15 July 2011)

Charles used the example of the wine industry to illustrate the problem and a possible solution:

Is 30 or 40 individual winemakers getting on planes at varying times of the year in Christchurch or Auckland going up to China and walking around knocking on the doors of 5-star hotels [viable?] You are no different to the Aussie guy who was there an hour before you or an hour after you, and the French guy who was there yesterday.

[The wine industry, for example, should] create a New Zealand-China wine marketing product, chop out 20 labels and re-create 4, and put all your energy into marketing those, almost under a Fonterra-type umbrella, I think you'd find you'd do very very well.

Then the Minister would go up there with the head of [the] New Zealand-China wine company, similar to Henry van der Heyden [Board Chair, Fonterra] and they'd go up there and they'd say "this is what we got" and so the Chinese would then see something that's big enough to do something with, and they would say "ooh, ooh, that's great, and we'll introduce you to this and introduce you to that". Instead, the Minister goes up or someone goes up and they do meet some of these people and business cards are exchanged and it's left to the 30 or 50 individual New Zealand wine makers to try and make contact with the CEO of this big big Chinese company. (Charles—finance01, personal communication, 18 July 2011)

Charles was a bit pessimistic regarding the viability of this type of approach. He made the point that milk is milk, and is a relatively easy product to agglomerate, whereas each winery has a unique product, and such consolidation would be very difficult. Possibly, government may have a role to play.

People need to cooperate and I think there needs to be a way of forcing them to cooperate... [there] needs to be a degree of, probably, "influence" from Wellington. (Charles—finance01, personal communication, 18 July 2011)

#### **4.2.3.3 New Zealand's Chinese alumni**

A focus question in this research centres on employing New Zealand's 'Chinese alumni'—that is, Chinese students who have come to New Zealand to study, gained degrees from New Zealand universities, and then work for New Zealand companies either in New Zealand or in China. The range of participants' views on this can be summarised as; the need for careful selection, concern over lack of experience, and the subsequent investment in training and time necessary before the person is fully productive, and that they may be 'too Westernised.'

If we could be finding a way to be better at getting these people into the workforce and everything when they graduate then what'll be happening is they'll be telling their friends and mates back in China get your arse down here for education, because if you do well enough, then these guys really go out of their way to try and find something for you. (Charles—finance01, personal communication, 18 July 2011)

We don't want to create a system where we automatically let people think that if they get down here then they'll get a job, but we need to do it with a certain group of them, we need



to find some way, and I just don't think it will happen organically. (Charles—finance01, personal communication, 18 July 2011)

You've got to do a lot of work there to make sure you are getting the right people, not just anyone who has been to university in Otago or Christchurch or whatever. (Charles—finance01, personal communication, 18 July 2011)

We have to find people that are connected here and now. Not absolutely, but it is an advantage because we have to move fast. We have to pick things up pretty fast. (William—biotech01, personal communication, 23 August 2011)

They [alumni] should be hired. They are still growing up and are maybe not too mature and prepared for the market. They are only young, just graduated. They still need more lifetime experience to be successful in the business. So from the point of view of the management, if they would hire that student—patience, tolerance, and good monitoring. And the last thing is hopefully that the students who work for them, after they learn all those things, they keep working with you. (James—biotech02, personal communication, 9 September 2011)

I think it depends on what business you've got and who's running it. Because, for our business, we could have gone down the road where we had more of a western presence here in Beijing. But that's not what we want to do [so we employ 'Chinese' Chinese]. (Kevin—media02, personal communication, 27 September 2011)

### **4.3 Summary: Chapter four**

This chapter began with a description of the transcription and analysis process, including descriptions of choices made and the reasons therein. Results from interview data were organised into three meta-themes: 'Identity and relationships,' 'Managing,' and 'New Zealand Inc.' Five sub-themes were developed within the 'Managing' meta-theme (business environment and culture, strategy and planning, human resources, intellectual property, and collaboration), and three in the 'NZ Inc.' meta-theme (role of government, New Zealand companies collaborating, and New Zealand's Chinese alumni). Results were presented in a semi-narrative form, making extensive use of quotes from interview transcripts.

## 5 Discussion

This chapter discusses the results explored in Chapter 4, and links these to the research questions and objectives within the contexts developed in the literature review. There are two sets of research questions and research objectives (presented in Table 2, p. 4). Set one contains relatively broad and generic questions/objectives, and draws heavily on the literature but is supplemented and confirmed by the case studies. The second set of questions/objectives constitutes the active focus of this research, where the case studies are used to localise the theories discussed within the literature review. This second set of research questions and objectives is the main focus of this chapter.

The first section addresses the research objective ‘Determine the key characteristics, and unique aspects of, New Zealand-Chinese collaboration’ and in particular discusses the roles of social capital (*guanxi*) and of trust. In summary, this project found that New Zealand companies that successfully collaborate with Chinese firms in China tend to:

- emphasise partner selection—research, references, checking;
- seek to attract good partners as much as to seek them out;
- pay attention to partner commitment at all phases of alliance development;
- attempt to use selection and relational (rather than contractual) management to ensure collaborative success and to avoid expensive and probably unsuccessful legal battles;
- seek to maintain independence rather than enter into formal equity sharing arrangements (particularly for smaller firms);
- place high importance on trust and relational capital; and
- vary the formality of the collaborative agreements depending on the nature of the particular business.

The second section explores the research objective ‘Determine the challenges to New Zealand-Chinese collaboration,’ with two subsections, intellectual property and the value chain. The main points from this section are that the case firms were very aware of the risks and challenges of operating in China in general, and in relation to the research topic of collaboration, identified risks to intellectual property and improving value chain position in particular. While case firms employed legal intellectual property protection mechanisms, they preferred to manage the protection of intellectual property to avoid or mitigate problems before they arose.

The third section in this chapter discusses ways in which New Zealand’s Chinese alumni could play a part in collaboration. These are Chinese-born students who have come to New Zealand to study, and after graduating from a New Zealand university, live and work in New Zealand, or back in China, or in a third country. The research participants all felt that the Chinese alumni

represented an underutilised resource, and that they had the potential to make a very useful contribution. However, actually accessing this resource was seen as problematic in several ways. These included issues around recruitment and training, inexperience, and also a perceived lack of ‘local knowledge,’ in that such students had been out of China for some time, and conversely (and paradoxically) had not spent much time in New Zealand. Participants felt that these issues could be addressed by taking a New Zealand Inc. approach, as small firms did not have adequate resources to deal with these issues on their own. They tended to employ local Chinese with appropriate knowledge and skills as well as existing networks that were immediately accessible. One suggestion was to establish some kind of marketplace where the Chinese alumni and New Zealand firms might be brought together.

The fourth and last section of this chapter employs Ritala and Ellonen’s (2010) extended SWOT grid (discussed in section 2.3 and shown in Table 8, p. 26) to bring results together in an attempt to answer the over-arching purpose of this research project: How can New Zealand businesses best manage collaborative relationships with Chinese partners so as to contribute to competitive advantage? The extended SWOT grid provides a method of viewing this question from three perspectives: the internal (based on the resource-based view), the relational (based on social capital and *guanxi*), and the external/contextual (based on the generalised double diamond model).

## **5.1 Key characteristics and unique aspects of New Zealand-Chinese collaboration**

This research indicates that successful collaboration is a critical factor for business success in China. The measure for collaborative success adopted here is Kale and Singh’s (2009) key success factors (refer to section 2.2.2). This suggests that at each of three phases of alliance formation, companies should attend to three key drivers specific to that phase. In the first phase (alliance formation and partnership selection) the three success drivers are partner complementarity, partner compatibility, and partner commitment. This research suggests that New Zealand firms pay close attention at this phase, seeing investigating, checking, and ‘getting to know’ potential partners as critical in finding complementary and compatible collaborators. They are also very aware of positioning themselves as a good partner (through characteristics such as being reliable, serious, credible, and able to ‘stay the course’), thus providing for social opportunity and attractiveness as part of the process of forming worthwhile collaborative relationships as described by, for example, Ahuja (2000) and Eisenhardt & Schoonhoven (1996). Kale and Singh’s (2009) third driver within the formation phase, partner commitment, was seen by participants as something that was not limited to the first phase, and in fact was on-going and crossed all three. Further, while they looked for commitment from the other, they also actively managed the collaboration to engender commitment from the partner. They did this by ensuring they remained useful and/or necessary to the other party—as one participant put it, “You’ve always got to go into these relationships

thinking, ‘OK how can we make our collaborator and partner feel that they are actually doing well?’ Because they wouldn’t be doing it otherwise, at the very bottom line” (Kevin—media02, personal communication, 27 September 2011).

During the second phase of alliance development (alliance governance and design), Kale and Singh’s (2009) three drivers of success are equity sharing or ownership, contractual provisions, and relational governance. In this project, only one company, the largest, is a public company, and has formal equity relationships with Chinese firms, taking a stake in two complementary businesses. In turn, Chinese investors are able to buy shares in the New Zealand company. None of the other businesses in this study had equity/ownership sharing with Chinese firms in place. This reflects the general emphasis of retaining independence and control as discussed in section 4.2.1.1. All case firms were very aware of using contractual provisions and relational governance, and saw them as complementary—strong contracts were seen as important, but also as possibly insufficient, and so relational governance was seen as an important adjunct. Kale and Singh’s (2009) phrase ‘relational governance’ is perhaps too formal for the case firms, and would be better put as ‘relational management’. This is because the case firms tend to integrate their relational management into their day-to-day activity rather than having a formal programme.

The three drivers of success in Kale and Singh’s (2009) third phase (postformation alliance management) are the use of coordination mechanisms, development of trust and relational capital, and conflict resolution and escalation. For all case organisations, the development of trust and relational capital was the mechanism most frequently mentioned in the interviews, and for them this also formed the basis of the other two drivers. Some differences between case organisations are evident in the use of more formal coordination and structured collaborative arrangement. The technology and biotechnology case companies gave more emphasis to this form of alliance management than did the media company, which emphasised relationship and trust mechanisms. Perhaps this is due to the difference between having a business that is technology-based and people-based. None of the case firms mentioned specific or formal conflict resolution methods, instead emphasising the importance of conflict prevention *ex-ante*.

From a Bourdieusian perspective, all participants were very aware that they were operating in China and according to Chinese norms—that is, within a particular cultural field. This requires that New Zealand firms carefully select and support their people in China, so that each individual’s habitus provides a good fit with this cultural field, and continues to do so as it is developed and reformed through experience within the Chinese business cultural field. In a similar way, different forms of social capital need to be developed and maintained, and this is discussed in the next section.

### 5.1.1 The role of social capital and *guanxi*

Social capital and its Chinese counterpart *guanxi* illuminate aspects of collaboration within China between New Zealand and Chinese business people. The New Zealand firms taking part in this research tended to attempt to position themselves towards the upper right quadrant of Burt's (2001a) model integrating both bridging and bonding structures of social capital—that is, to have a high degree of non-redundant contacts (bridging ties) and also strong closure within existing networks. In short, they tried to develop very close ties with collaborative partners while at the same time remaining alert to other opportunities.

The research participants were very aware of the relational dimensions of social capital, and paid them explicit attention. Trust was very important—both in terms of trusting the Chinese party, and being trustworthy. The former is based on extensive research and checking, and the latter on carefully managing the firm's identity and image. Trust is further discussed in section 5.1.2. The New Zealand firms in this research were very aware of obligations and expectations, and tended to see these as being primarily developed through building and maintaining good relationships, backed up with formal agreements and contracts.

This research found that affective dimensions of social capital were not as prominent as the relational and the cognitive, in line with *guanxi* being essentially utilitarian in nature: affective links are possible, but not a requirement. Participants viewed social activities within the context of developing social capital as part of the job, and in particular an important aspect of both finding out about the other party, and projecting one's self as a desirable collaborative partner, rather than being an activity that arises from affective motivations. This is not to say that genuine friendships do not develop, rather that they come as a result rather than as a prerequisite.

Cognitive dimensions of social capital have particular implications in the context of this research because in a cross-cultural setting, “shared mental maps and systems of meaning” (Starkey & Tempest, 2004, p. 79) are more problematic to develop and sustain. Ways that participants addressed this concern included being mindful of it during selection of staff (both New Zealand and local), continually learning and refining cultural knowledge, and being open and adaptable. A further aspect to this is the possibility of bridging New Zealand-China cultural dimensions by employing people from New Zealand's Chinese alumni, discussed in section 5.3.

All research participants were very aware of *guanxi* as an important and necessary part of collaboration in China, and adapted their relationship management strategy and activity to suit this cultural environment, implicitly acknowledging that cultural capital needs to be ‘Chinese cultural capital.’ They all thought that *guanxi* is obtainable by New Zealanders (but will not match that of a Chinese person), that it derives from personal qualities and develops over time (intertwining trust

and obligation), and that it is reciprocal; one must spend time in China interacting with people in both business and social contexts.

While research suggests that it is inconclusive whether there is measurable benefit from *guanxi* in itself in terms of firm performance (Luo, 1997; Luo & Chen, 1997; Park & Luo, 2001), this project indicates that paying attention to *guanxi* and developing as much Chinese social capital (i.e., *guanxi*) is a very important part of successfully collaborating with Chinese firms in China. Relationships based on quality *guanxi* that forms the context of collaboration have a trust component, as discussed in the next section.

### **5.1.2 Trust**

Trust is inherent to collaboration (Child et al., 2005; Currall & Inkpen, 2002; Kale & Singh, 2009; Parkhe, 1998), and in this research is examined at the individual level. Trust formation between participants and collaborative partners in China tended to follow Dyer and Chu's (2000) progression from process-based trust to relationship-based trust, and did not feature affect-based trust as suggested by, for example, McAllister (1995). This research suggests that process-based trust is formed primarily through due diligence activity such as researching and checking potential partners, and that relationship-based trust develops subsequently, through a gradually emerging and thickening history of successful interaction, both personal and business.

Tsui-Auch & Möllering (2009) suggest that managers are wary and feel vulnerable in foreign and transitional environments such as China, stemming from a lack of shared cultural characteristics and differing forms and levels of institutional support. This leads to trust being personalised and particularistic, rather than being based on law or procedure, and grounded on strong relationships, i.e. *guanxi*. This is supported by this research, where participants emphasised that successful collaboration depended on fostering quality relationships with a high degree of relationship-based trust developed over time—and of being continually aware and alert that the collaborative partner may have stronger relationships and higher levels of trust-obligation with other parties. This is relevant to the issue of intellectual property—how can New Zealand firms collaborate, with the sharing that is implicitly required, and at the same time protect their intellectual property? This question is discussed in the next section.

## **5.2 Challenges to New Zealand-Chinese collaboration**

China is a challenging place for foreign firms, as echoed by the participants in this research project. They emphasised the importance of planning and being prepared (taking a long-term view), while at the same time being adaptable and prepared to change direction quickly. Interviewees mentioned the importance of developing networks of relationships in the *guanxi*-style, and at the same time

commented that they would never match the breadth, depth, or strength of a Chinese person's networks.

These contrasts reflect the sometimes contradictory peculiarities of doing business in China. This theme of paradox continues in the challenge of working in collaborative relationships, which involve sharing and cooperating, and at the same time protecting intellectual property. A second challenge for New Zealand firms in collaborative relationships in China is one of scale. This manifests in two ways relevant to this research. First, unless they have a unique and sought-after offering, New Zealand firms are so small that they are almost too insignificant for Chinese firms to bother with. Second, if a New Zealand firm does make an impression in China, the market is so large that problems of supply arise, particularly in conditions of high growth. The problem of scale leads to the challenge of New Zealand firms finding appropriate, profitable, and sustainable ways of linking into value chains within this environment.

### **5.2.1 Intellectual property**

All participants acknowledged that IPR are an issue when collaborating, and particularly so in China, largely stemming from the lack of institutional and cultural structures in this area (Alford, 1995). They employed a variety of measures to mitigate the risk, including formal/legal tactics such as patents and non-disclosure agreements as well as operational tactics such as withholding the 'core' or segregating production stages, as suggested by Keupp et al. (2009). Participants also emphasised that it was important to keep IPR in mind at all times, and to be alert to new risks. However, they were also realistic that these measures could only go so far, and simply accepted that threats to IPR are a part of the business landscape.

Some difference was noted among participants in that the media firm, while very conscious of IPR risks, was more relaxed about this than were the science- and technology-based firms. This is perhaps due to their people-based intellectual property compared to a more formula- and processing-based IP in the science and technology firms. The dilemma between sharing within collaborative situations and the potential for loss of IP (Jordan & Lowe, 2004; Norman, 2002; Olander et al., 2009), discussed in section 2.4.4, was evident within the data. Participants felt the risk was not just that compromised IP would allow other firms to copy products and processes, perhaps on a greater scale and at a cheaper price, but also that, by losing IP, they would lose their 'usefulness' to the Chinese partner, who would then have no reason to collaborate with the New Zealand firm. It is possible that building solid interpersonal and interorganisational relationships within a collaborative context may go some way toward addressing this risk; this could be investigated as an avenue for further research.

### **5.2.2 The value chain**

Improving individual firm position and embeddedness within the value chain, along with that of New Zealand as a whole, was seen as a challenge by participants. The interview data suggested that this arose principally from the issue of size. Most New Zealand firms, and even New Zealand as a whole, are simply too small to make much of an impression in China.

Two perspectives on upgrading within the value chain as described in the literature (Gereffi, 1999; Gereffi & Fernandez-Stark, 2011; Humphrey & Schmitz, 2002) arose from this research. First, individual firms could achieve this through improving both the sophistication of their offering and their operational skills within China through better understanding and skill in operating in that environment, particularly in terms of developing and maintaining deeper relationships of ever higher quality. One case study firm in particular (the technology firm) had developed specific strategies for improving their participation in Chinese companies' value chains by extending the applicability of their products and services to more sectors of the target business. The second perspective centred around the New Zealand Inc. approach, and suggests that because many New Zealand firms are too small to be fully effective in China a cooperative industry approach is needed, perhaps with some form of centralised support. All participants felt that both New Zealand and New Zealand firms 'punched above their weight' in China and that this success arose from a cooperative and unified approach. This implies a 'brand New Zealand' that, along with the clean-green meme, suggests honesty, reliability, independence, integrity, and good neighbourliness. In this sense, New Zealand Inc. has the opportunity to build on this brand in terms of integrating with the value chain in China through collaboration.

### **5.3 Alumni**

The participants all saw value in employing New Zealand's Chinese alumni, both in New Zealand and in China, particularly in terms of the benefit to 'New Zealand Inc.' However, implementation was seen as problematic. Concerns were raised around the inexperience of alumni and their possible lack of networks—in the Bourdieusian sense, their underdeveloped habitus and their lack of cultural capital for both the New Zealand cultural field (having only had four years or so at a New Zealand university), and, paradoxically, the Chinese cultural field (having been away for the approximately four years), therefore being neither fully one nor the other. This led to concerns regarding the investment of time and training required, where (typically) small New Zealand firms do not have the resources required; they need new employees to be able to operate effectively upon appointment and be of immediate benefit.

Firms in this study suggested that a New Zealand Inc. approach could be taken in providing a pathway for these students from university into the New Zealand workforce, either in New Zealand or in China. This would involve a number of actors, for example the universities, businesses, and



various government agencies, such as Immigration New Zealand and the Department of Labour. Issues include identification of outstanding and appropriate students, their performance in employment interviews and testing programmes, immigration, and retention of graduates so as to recoup training costs. In the case of Chinese alumni working for firms in New Zealand, it is noted that the Study to Work policies (Immigration New Zealand, 2010) already provide a good basis for Chinese alumni for this, and this research suggests that the difficulty lies in bringing suitable graduates together with suitable firms.

In the case of Chinese alumni working for New Zealand firms in China (or elsewhere), the main problem lies in recruiting the appropriate students, and also with the Chinese student who has an affinity for New Zealand possibly losing their opportunity to gain residence under the Study to Work pathway if they work for a New Zealand company offshore, or for a New Zealand-owned but Chinese-registered entity. This suggests that the main block is linking appropriate graduates with appropriate firms, and possibly some kind of graduate marketplace should be established to overcome this.

## 5.4 Extended SWOT analysis

Ritala and Ellonen (2010) suggest that an extended SWOT grid be used to analyse collaborative arrangements, as discussed in section 2.3.2 and in Table 8. This is illustrated in Table 20, along with the main theoretical lenses used in this research.

**Table 20: Theory and extended SWOT analysis grid**  
(based on Ritala & Ellonen, 2010)

<b>Central theory:</b>	<b>Resource-based view</b>	<b>Social capital</b>	<b>Generalised double diamond</b>
<b>Representative authors:</b>	Barney (1991)	N. Lin, Cook, & Burt (2001)	Porter (1990); Moon, Rugman, & Verbeke (1998)
<b>Main focus:</b>	Firm-level resources and capabilities	Attributes of a specific relationship	Competitiveness in an international context
<b>Role in this research:</b>	Supporting	Central	Supporting
<b>Perspective:</b>	Internal	Relationship	External/contextual
<b>Level of analysis:</b>	Firm	Relationship	National and international
<b>Cultural context:</b>	Within a Bourdieusian sociological view of culture		

*A parallel analysis led Ritala & Ellonen (2010) to propose their Extended SWOT Grid, aligned with the theory columns above:*

Strengths	Potential	Opportunities
Weaknesses	Limitations	Threats

The interview data collected, then coded into categories and themes, is used to develop a position for New Zealand firms collaborating with Chinese firms in China using the extended SWOT grid (Ritala & Ellonen, 2010). Three main theoretical lenses were used in this process: Internal strengths and weaknesses with the RBV, relationship potential and limitations with social

capital/*guanxi*, and external/contextual opportunities and threats with the generalised double diamond.

#### **5.4.1 Internal**

##### *Strengths*

Firms participating in this research went to a lot of effort to have well-selected and trained staff in China, both New Zealand expatriates and local Chinese. The quality of staff feeds into the second strength, an emphasis on staff and company having an 'identity' in China of independence, integrity, reliability, and longevity. A further strength is that the New Zealand companies invested in planning, research, and learning. At the same time, they were adaptable and their (usually) small size allowed them to react quickly to changing circumstances. Lastly, the companies in this study recognised the importance of relationships in the Chinese business environment.

##### *Weaknesses*

While a small firm may be able to quickly react and adapt, its size also means that there is less capacity to absorb loss from mistakes, for example from poor staffing decisions and from the risks and lack of return during the establishment phase in China. New Zealand firms can tend to focus too much on production and need to fully address post-production activities, such as marketing, branding, and customer engagement, which provide for a more complete management of their own value chain and allow for integration at other levels. New Zealand firms in China need to attract 'top New Zealand talent' to work for them, but this is costly due to matching the salaries these people can command in Europe and elsewhere, and may also take some time to show a return; New Zealand SMEs may not have the capability for this.

#### **5.4.2 Relationship**

##### *Potential*

New Zealand has a positive shared history with China, and there is a general goodwill towards New Zealand and New Zealanders. The NZ Inc. approach, bringing together firms, government, and NGOs, is a powerful tool as it somewhat counters the small size of individual New Zealand firms, increasing visibility and presenting possibilities of benefits from synergy. New Zealanders in this study were experienced and capable in living and working in relationship-based environments, and are tuned in to recognising and capitalising on opportunities that arise through relationships. New Zealand firms are prepared to meaningfully and visibly invest in relationships, and this 'willing partner' attitude brings positive returns in the Chinese business environment.

### *Limitations*

To develop successful relationships, that may lead to collaboration, requires considerable investment of both capital and time in establishing and maintaining a presence in China, and often there is considerable delay before any return. New Zealand firms must have the resources to be able to survive this period, which may be difficult for an SME, especially when coupled with impatient shareholders. While New Zealanders are ‘tuned in’ to relationships, they cannot achieve the breadth and depth of relationships that a Chinese person can, which can lead to the Chinese partner prioritising other (i.e., Chinese) relationships over those with the New Zealander. This is hard to counter as it is an issue of strength and priority of relationship, and the New Zealander will always be (to some degree or other) on the outside. The risk of loss of intellectual property is high in any collaborative relationship, and is especially important in the Chinese business setting, as the New Zealand firm must bring something unique to the collaboration. Relevant to this is that New Zealanders can be too open and trusting in these circumstances. The flexibility of the law and of contracts, along with a relatively opaque legal system in China, presents a further limitation, as it places even more importance on relationships, given that recourse to the courts is possibly not a realistic option. It is important that New Zealand firms carefully manage their New Zealand-Chinese identities, as the ‘New Zealand’ part may be subsumed into the collaboration.

### **5.4.3 External/contextual**

#### *Opportunities*

New Zealand has a good quality image and reputation: clean and green, reliable and steady, and having good relationships internationally, which can be of benefit to individual firms in China. New Zealand products are seen as safe due to the high standard and integrity of regulations, especially in the area of food safety. The trade agreements and relationships that New Zealand has with China, along with membership of trade organisations, provide New Zealand firms with a framework of opportunity for the ‘different’ Chinas (e.g. first and second tier cities, eastern China and western China). New Zealand firms can better integrate with the value chain in China through utilising knowhow, people, and technology, all of which support intersectoral upgrading. Further potential for opportunity is provided by the possibility of better utilising New Zealand’s Chinese alumni, both in New Zealand and in China. Underscoring these opportunities, the NZ Inc. approach provides a reasonably coherent identity and platform for New Zealand companies from which to develop collaborative business relationships in China.

#### *Threats*

It is important that New Zealand firms have a unique offering – something that cannot be sourced locally in China. New Zealand’s small size leads to the danger of fragmentation—leading to its firms being too small for Chinese companies to bother with. Addressing this through consolidating

industry groups to achieve ‘presence’ was seen by several research participants as a difficult task. The market in China is large, growing rapidly, and increasing in sophistication; New Zealand firms need to have strategies in place to deal with this.

## **5.5 Summary: Chapter five**

This chapter discussed the results of this research, which were initially presented in Chapter four. Some key characteristics of New Zealand firms collaborating with Chinese firms in China include an emphasis on managing collaboration through personal relationships rather than through contractual agreements or the legal system. This flows through to how New Zealand firms view and use social capital and *guanxi* within the Chinese business environment, by endeavouring to establish very close ties with collaborative partners, while at the same time remaining alert to other opportunities. Trust plays a large part in this, with New Zealanders tending to form process-based trust at the beginning of collaborative arrangements, leading to the development of elements of relational trust.

Two challenges to collaboration between New Zealand and Chinese firms are risks around IPR and the value chain. New Zealand firms are very aware of the danger and consequences of losing IP, and take a variety of measures to mitigate this risk, along with being alert to new strategies (such as the use of biomarkers to tag proprietary products). However, they also recognise that the only way to avoid IP theft within China is to not have a China presence at all, and therefore while every precaution is taken, they still acknowledge that there is a risk. The value chain concept presents a challenge to New Zealand firms to become better integrated into their value chains in China; the participants in this research were aware of the importance of this issue. Various strategies were employed, for example improving the sophistication of their offering or of their operational skills. However, this remains a key area for New Zealand firms to address.

Participants in this research all saw value in better utilising New Zealand’s Chinese alumni within the context of collaboration however, developing pathways for this to happen was seen as a challenge possibly best addressed through a New Zealand Inc. approach. Lastly, the results from Chapter four were used to develop an extended SWOT analysis of the case study firms within the context of collaboration with Chinese companies in China, following Ritala and Ellonen’s (2010) model of using three complementary lenses to enable internal, relationship, and external/contextual perspectives. This model provided a useful way of organising and viewing the data developed from the interviews.

## 6 Conclusions

Chapter four described the results of this research, and Chapter five discussed those results with regard to the second set of this project's research objectives. This chapter revisits the research objectives (and their associated questions) in light of the research results and discussion in Chapters 4 and 5. The second part of this chapter describes the limitations of this research along with suggestions for future research.

The overarching context of this research is how New Zealand companies in China may manage collaboration with Chinese organisations in commercial contexts so as to contribute to their own competitive advantage. From this, six research objectives were developed. The first set of research objectives is relatively broad and generic. They draw heavily on the literature, but are supplemented (and broadly confirmed) by the case studies. The second set of research objectives forms the focus of this research, where the case studies are used to localise the theories discussed in the literature. In broad terms, this research suggests that the principles of successful collaboration between New Zealand and Chinese firms are discoverable, and that they may be adopted and implemented by firms either moving into China, or seeking to expand and improve an existing presence.

### 6.1 Research objectives—set one

#### *Explore the dimensions of inter-organisational collaboration*

Inter-organisational collaboration is a very broad construct. Its general dimensions include geographical scope (local, national, international), organisational level (firm, division, individual), temporal span (one-off, fixed-term, indefinite), number of participants (the size of the network), and stage of development of the collaboration (formation, establishing governance, ongoing management).

Inter-organisational collaboration between New Zealanders and Chinese in China is implicitly international, and while it may involve companies or divisions, it is very much operationalised at the personal level, and is based on interaction over time by individual people; at root, collaboration in China is based on one-to-one relationships within a cultural setting that is wider than the business world, relying more on relational factors than legal structures to supply the 'rules of the game.'

#### *Critically examine the characteristics of successful management within the context of inter-organisational collaboration*

It is difficult to isolate, measure, and attribute the characteristics of successful management within the context of collaboration, as there are so many other factors which may contribute. The

literature review and the results from the case studies in this project suggest that the following characteristics contribute:

- Careful employment decisions, with particular regard to ‘fit’ with both the Chinese business cultural field and the ‘New Zealandness’ of the company
- Careful and rigorous planning coupled with flexibility
- Giving staff in China autonomy within broad strategic guidelines, with support and backup from the home office
- Making a visible investment in China and in relationships, and being prepared to wait for a return on these
- Being culturally aware and showing an interest in China and in Chinese people beyond business.

#### *Explore the relationships between collaboration and the value chain*

The concept of the value chain provides a useful tool for identifying and exploring possible opportunities for one firm to link collaboratively into another firm’s value chain, both providing and extracting value, while also adding to competitive advantage. In particular, the Global Value Chain model provides a tool for analysing possible opportunities for upgrading; it is well suited to contexts involving countries with differing characteristics (e.g. size, level of development).

## **6.2 Research objectives—set two**

#### *Determine the key characteristics, and unique aspects of, NZ-Chinese collaboration*

The case study firms in this research were rigorous regarding researching and checking on prospective collaborative partners, and at the same time consciously developed and protected a reputation of being an exemplary partner themselves. They actively managed collaborations, particularly ensuring that there was always a reason for the collaboration to continue by ensuring that the Chinese partner (as well as themselves) was always gaining from the relationship. The New Zealand firms participating in this research tended to emphasise relational governance and control mechanisms within alliances, backed up by legal and contractual instruments, and it was not common to use equity sharing methods. They saw trust and relational capital as the basis for the on-going success of collaborative arrangements, although there was some difference across the case firms, as the ‘tech’ companies tended to emphasise more formal and structured arrangements. All firms emphasised that careful partner selection and developing good relationships were fundamental and that getting things right at the outset was preferable to trying to resolve relationship difficulties *ex ante*. All participants in this research were aware of the importance of social capital and, in China, *guanxi*, in developing and sustaining mutually rewarding collaborative relationships. An NZ Inc. approach was a characteristic of all firms in this research; they all

actively worked to further this, and many mentioned that the reason they were participating in this research was that they felt it might benefit New Zealand companies in general.

#### *Determine the challenges to NZ-Chinese collaboration*

This research suggests that New Zealand, along with its companies and its people, are generally viewed favourably in China. In that sense, New Zealand firms have a positive starting position from which to develop collaborative relationships. Challenges to NZ-Chinese collaboration arising from this research primarily stem from cultural differences, including language. New Zealanders need to plan well and to spend time in China learning how to operate in that environment before they can generate a return. They need to be adaptable and open to new and unexpected opportunities. Employing the right local people who ‘fit’ well with the firm is very important, as is managing them so that their interests are aligned with those of the company. New Zealand companies need to remember that their relationships in China will not be as deep or as strong as Chinese-Chinese relationships. Cultural differences extend to how IPR are conceptualised, and in collaborative situations the trade-off between sharing and protecting IP can be difficult to manage. The small size of New Zealand firms means they can struggle with the scale of business in China, particularly in terms of being noticed and in meeting supply requirements.

#### *Discuss ways New Zealand’s Chinese alumni could play a part in collaboration*

The participants in this research were all very aware of the potential of New Zealand’s Chinese alumni in developing relationships in China; however, capitalising on that potential was seen as difficult. The case firms saw such alumni as young and untried, without existing networks, perhaps out of touch, and needing training; by preference, they wanted to employ local staff who were experienced and skilled in the required areas with existing networks in place. While utilising New Zealand’s Chinese alumni was seen as a good idea, operationalising that was problematic.

### **6.3 Contribution**

As this research is exploratory and case-based, its main contribution is tentative and directional rather than definitive, as discussed in the next section. Outcomes of this project suggest that the characteristics of successful collaboration which contributes to competitive advantage within the New Zealand-China business field are discoverable, and thus may be adopted and implemented by firms in this context. This research is therefore of interest to New Zealand firms who are either planning to enter China, or who are looking to expand or improve existing operations. By extension, this research is also relevant to New Zealand government ministries, departments, and agencies that are involved with New Zealand-China relations, and in particular those that are charged with assisting or facilitating business activity between the two countries. As noted in the section on limitations, this research is specific to New Zealand-Chinese business in China and should not be generalised to other contexts.



## **6.4 Limitations and suggestions for future research**

This research consists of a small scale, exploratory project, and therein lies a major limitation. More research with a greater number of participants in more sites needs to be carried out to improve accuracy and generalisability. This further research should also take place over time, as all of the case studies here were completed at the same time, and external validity is improved if replication is carried out over time (Gagnon, 2010; Yin, 2009).

The three perspective approach (internal, relational, and external/contextual) proposed by Ritala and Ellonen (2010) and used as the primary tool for examining collaboration in this project proved to be useful and generated insight. This project used the model in a cross-national setting (i.e., New Zealand firms in China) and its use in this kind of context could be further tested. It would be particularly useful to use a mixed methods approach so as to more thoroughly test the efficacy of this model and allow comparison between groups.

How to operationalise the potential of New Zealand's Chinese alumni is an area for further research. While everyone in this study agreed it was a good idea in theory, they put forward a number of reasons why it was not happening in practice. Research into this would likely take an 'NZ Inc.' approach, involving entities such as New Zealand companies, universities, government departments, agencies and the alumni themselves.

The dilemma posed between the benefits arising from collaboration and the risks to intellectual property that it poses might be addressed (in whole or in part) by the development of the collaborative relationship, specifically any trust generated over time. The possibility that the dilemma may itself contain the source of the solution merits further investigation.

This project examined a two-way process—collaboration—from only one side (the New Zealand side); the research would be much improved by looking at the Chinese side, and, in the context of the NZ Inc. approach, government agencies as well. Doing that, however, was beyond the scope of this Master's project in terms of personnel (requiring a Chinese-speaking researcher), word count, budget, and time. Nevertheless, this project provides a foundation from which deeper and more complete research can develop, for example, developing quantitative research instruments which may provide a different perspective of collaboration between New Zealand and Chinese firms in China.

Finally, this research is highly contextual, as it is restricted to New Zealand business firms collaborating with Chinese business firms within the Chinese business environment; it may or may not be applicable to other settings, and further research would need to be carried out to determine this.

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## 8 Appendices

### Appendix 1: The generalised double diamond

The development of the generalised double diamonds for New Zealand and China used in this research follows the method used by Moon et al. (1998) in their paper *A generalized double diamond approach to the global competitiveness of Korea and Singapore*. Firstly, data is gathered for both the domestic and international diamonds for New Zealand and China; these are presented in Table 21 and Table 22.

An index is then formed as follows: For each variable, the country with the highest value is given '100', and a relative ratio (percentage) is then given to the country with the lower value. An example is provided, using the data for 'related and supporting industries' category:

The indices are then calculated (all data rounded to 1 decimal place), developing a comparative (rather than quantitative) set of data which can be graphed:

For domestic related and supporting industries, China has the higher figure, and is given 100. New Zealand's figure, 4.5, is then expressed as a percentage of the China figure, using the calculation  $4.5/4.6 \times 100$ , giving a value of 99.0

For international related and supporting industries, New Zealand has the higher figure, and is given 100. China's figure, 4.4, is then expressed as a percentage of the New Zealand figure, using the calculation  $4.4/5.2 \times 100$ , giving a value of 84.0

In the case of factor conditions, where there are two elements (basic and advanced), each element is given a 50% weighting.

**Table 21: Domestic variables of the diamond model: Raw data**

All data from World Economic Forum (2011), except \* from World Bank (2012)

<b>Domestic variables of the diamond model</b>	<b>New Zealand</b>	<b>China</b>
<b>Factor conditions</b>		
<i>Basic</i>		
Quality of overall infrastructure	4.7	4.2
Ease of access to loans	3.8	3.1
Health and primary education	6.6	6.2
<i>Average</i>	5.0	4.5
<i>Advanced</i>		
Quality of the education system	5.3	4
Availability of research and training services	4.8	4.5
Labour market efficiency	5.1	4.7
<i>Average</i>	5.1	4.4
<b>Demand conditions</b>		
Average annual growth 2000-2009 (%)*	2.42	10.29
Buyer sophistication	4.2	4.7
Domestic market size index, 1-7 (best)	3.6	6.7
<i>Average</i>	3.9	5.7
<b>Related and supporting industries</b>		
Quality of roads	4.7	4.4
Quality of railroad infrastructure	3.3	4.6
Business sophistication	4.6	4.4
Local supplier quantity	4.9	5.4
Local supplier quality	5.5	4.6
Financing through local equity market	4.1	4
<i>Average</i>	4.5	4.6
<b>Firm strategy, structure and rivalry</b>		
Business sophistication	4.6	4.4
State of cluster development	3.7	4.7
Product process sophistication	4.7	4
Intensity of local competition	5.2	5.5
<i>Average</i>	4.6	4.7

**Table 22: International variables of the diamond model: Raw data**

All data from World Economic Forum (2011), except \* from UNCTAD (2011)

<b>International variables of the diamond model</b>	<b>New Zealand</b>	<b>China</b>
<b>Factor conditions</b>		
<i>Basic</i>		
Prevalence of trade barriers	6.4	4.5
<i>Advanced</i>		
Inbound FDI (US\$, per capita, 2010)*	15798	80
<b>Demand Conditions</b>		
Extent of market dominance	4.5	4.7
Foreign market size index, 1-7 (best)	4.2	7
<i>Average</i>	<i>4.35</i>	<i>5.85</i>
<b>Related and supporting industry</b>		
Quality of port infrastructure	5.5	4.5
Quality of air transport infrastructure	6.2	4.6
Control of international distribution	4.4	4.4
Business impact of rules on FDI	4.8	4.1
<i>Average</i>	<i>5.2</i>	<i>4.4</i>
<b>Firm strategy, structure and rivalry</b>		
Prevalence of foreign ownership	6	4.9
Prevalence of trade barriers	6.4	4.4
<i>Average</i>	<i>6.2</i>	<i>4.7</i>

The raw data from Table 21 and Table 22 is developed into indices using the method outlined above, and is shown in Table 23, and then graphed in Figure 9.

**Table 23: Generalised double diamond: Indices**

<b>New Zealand</b>	<b>Domestic</b>	<b>International</b>
Firm structure, strategy, and rivalry	98	100
Demand Conditions	56	74
Related and supporting industries	99	100
Factor conditions	100	100
<b>China</b>	<b>Domestic</b>	<b>International</b>
Firm structure, strategy, and rivalry	100	75
Demand Conditions	100	100
Related and supporting industries	100	84
Factor conditions	88	35

## **Appendix 2: Interview transcriptions**

The interview transcriptions have been removed from this version of the thesis for the purpose of enhancing retention of anonymity of the respondents. Legitimate requests for access to the original transcriptions will be considered on an individual basis. All interviewees consented to participate and to have their interviews recorded; proof is kept on record at the University.

All transcripts were included, in full, in the version of this thesis seen by the examiners.

### Appendix 3: Coding database screenshot

The screenshot shows a web application window titled "frmCodes" with a sub-header "Codes". The main content area contains the following elements:

- Level 1 code:** A text input field containing "Partner needs to feel they are gaining from collaboration". A circled letter **C** is to its left.
- Code Source:** A text input field containing "media02 R63". A circled letter **A** is to its right.
- ID:** A small box containing the number "552".
- Supporting Data:** A large text area containing a paragraph: "You've always got to go into these relationships thinking, 'OK how can we make our collaborator and partner feel that they are actually doing well?' Because they wouldn't be doing it otherwise, at the very bottom line. Even beneath all the friendship and all this other sort of thing, business is business." A circled letter **B** is to its left.
- Level 2:** A dropdown menu showing "Collaboration - needs to be win-win". A circled letter **D** is to its left.
- Level 3:** A dropdown menu showing "Collaboration". A circled letter **E** is to its left.
- Level 4:** A dropdown menu showing "Managing". A circled letter **F** is to its left.
- Next Record:** A button located below the Level 4 dropdown.

At the bottom of the window, there is a status bar with the text "Record: 82 of 378", a filter icon, the text "Unfiltered", and a search input field.

**Figure 11: Screenshot from the coding database**

Key to Figure 11:

- A Data location—interview name and row number
- B Copy of relevant data
- C Level one code
- D Level two code
- E Level three code
- F Meta-theme



## Appendix 4: Codes used in coding database

### Level 1 codes (*n*=329)

'Different Chinas' - east coast more modern, interior more traditional  
"Social" more important than drinking  
A bad reputation will quickly spread  
A New Zealander may develop *guanxi* in China, but will never match a Chinese person  
A wholly owned subsidiary satisfies local employment regulations, allows for growth  
Actively develop collaborative networks  
Actively manage IP and get professional advice  
Adjust standards and expectations  
Agents and others down the line are the ones with the \*real\* relationships  
Aim for repeat business  
Alumni are valuable as people have a connection to New Zealand  
Alumni valuable basis for long-term relationships  
Always aiming to improve, fine-tune  
Always thinking about IP  
"Anticipate and manage risks, particularly ""people"" risk"  
Appoint people with experience in China from the Board downwards  
Asian alumni at a disadvantage because need people with existing networks  
Asian alumni face extra hurdles gaining a meaningful New Zealand career, and also at promotion points  
Asian alumni have many good features and should be employed, but are young and need more experience; they should be seen as trainees rather than solutions  
Asian alumni may find it easier in their home town (ref media02 R6 & R40, employ local locals)  
Asian alumni might be useful but still need a really good fit  
Assist and push agents to find opportunity and develop business  
Avoid any hint of corruption  
Avoid compromising situations  
Avoid compromising situations, focus on work  
Balance between being 'international' and being 'local'  
Balance between being international and being local  
Balance collaboration and competition according to circumstances  
Be careful what you disclose  
Be confident in your position, stick to your bottom line  
Be confident, don't be needy  
Be curious and interested in China  
Be explicit about seriousness and commitment re China.  
Be flexible & adaptable  
Be flexible & adaptable - CEO's can get frustrated because of a lack of control  
Be flexible and adaptable  
Be flexible and open to change  
Be flexible, take risks  
Be mindful of face, and how it may be used as leverage

Be open to new IP strategies as they are developed  
 Be open to regional opportunities that complement China operations  
 Be organized  
 Be persistent  
 Be persistent in developing relationships  
 Be prepared  
 Be sensitive to cultural differences in business setting  
 Be there properly or not at all  
 Be useful and have something to offer  
 Beneficial to bring Chinese to NZ  
 Benefits of collaboration  
 Best personality for China – resilient, risk taking quiet achiever (cultural fit)  
 Both NZ and China organisations are hierarchical, but China – decisions at the top, and NZ – decisions in the middle  
 Build relationships  
 Build relationships from relationships  
 Business relationship spills over to personal life  
 Business trust in China is neither unconditional nor absolute  
 Can avoid compromising situations by using agents  
 Can be hard to gain traction initially  
 Can be problematic for Asian graduates to move into careers in NZ with good prospects  
 Can be useful to employ an Chinese student over holidays, e.g. for market research, also gives a good trial time to look at a potential employee.  
 Can further develop relationships through more formal ways, e.g. user groups  
 Can further develop relationships with customers through more formal ways, e.g. maintenance agreements  
 Can NZ cope with the rising demand from China over next 10 – 15 years?  
 Can tend to focus on the negative stories  
 Cannot be risk-free with IP  
 Careful selection in utilizing Asian alumni important – more than just having attended university  
 Carefully select who you do business with  
 Changes with younger business people coming through  
 Changing nature of Chinese business people  
 China has a China first orientation  
 China has a positive view of New Zealand  
 China is a demanding market, especially at the beginning  
 China is complex  
 China is complex, difficult and challenging  
 China is different to other Asian countries – more negotiating, more bargaining  
 China is highly competitive  
 China law can be flexible, e.g. under the radar  
 China needs a good reason to trade with NZ – we are almost too small  
 China presence evolved via a HK registered company because of science facilities there  
 China signing FTA is not really about trade - it's an opportunity to practice  
 Chinese look to learn from West then do it themselves

Chinese style involves more networking and favours  
 Clear aims and plans  
 Collaborate in areas where you have little or no competition  
 Collaborate with customers as well as on the production side  
 Collaboration - formal processes may be appropriate  
 Collaboration and sharing helped establish company as a serious participant  
 Collaboration with Chinese is central to long-term growth in China  
 Communication and monitoring between NZ and offshore is important  
 Company reputation may forestall corrupt approaches  
 Company size is not a factor in corruption  
 Consider takeover of rivals as a way of growing business  
 Consider taking stake in complementary local businesses  
 Constantly research the market, it is always changing  
 Continuity of relationships of personnel changes  
 Contracts are important, but not absolute  
 Cooperation between NZ businesses may help overcome small size and small resources of individual businesses  
 Corruption a big issue  
 Corruption rife  
 Cultural fit  
 Cultural fit - lack of familiarity with culture leads to problems  
 Cultural knowledge important  
 Cultural knowledge may be gained through extensive travel  
 Cultural knowledge, need a local to explain  
 Develop a safety profile to satisfy the most demanding agencies  
 Different approach in other countries  
 Different culture around relationships and trust  
 Different levels of operating  
 Different rules  
 Don't always have tangible results  
 East coast has greater proportion of Chinese with experience of western culture and western business  
 Employ locals  
 Employ locals not just 'Chinese'  
 Employees must have cultural fit – Western and local  
 Enjoy it  
 Entrepreneurial attitude can help  
 Even if you use agents still need to be in-market  
 Every piece of cultural knowledge and understanding helps  
 Exceed regulatory requirements  
 Expect to make mistakes  
 Expect to make mistakes, have losses – learn from them, pick up and move on  
 Face to face is important  
 Flexibility of rules and laws  
 Flexible strategy and planning

Focus on small sections of China  
 Food & drink are important  
 Friends before business  
 Getting enough product for a large market like China is a problem, therefore limit scope or collaborate  
*Guanxi* does not guarantee business will take place  
*Guanxi* intertwines trust and obligation  
*Guanxi* is over-mystified  
 Have a range of planning horizons  
 Have an entrepreneurial outlook  
 Have clear protocols and specifications with collaborative partners  
 Have clear strategies  
 Have simple/manageable expectations  
 Hold something back; especially payment  
 Holistic approach to consumption  
 Holistic nature of Chinese consumer, particularly the health aspect  
 Humour is valuable in developing relationships  
 If using agents have rigorous selection, training, accreditation and maintenance  
 If using agents remember that it is still *\*your\** product or system  
 Imbalances in relationships need to be compensated for  
 Importance of contracts differ according to industry  
 Important to review and improve  
 In China the focus is on person-to-person and networks rather than laws, rules and procedures  
 In general New Zealand is viewed in a neutral to positive light  
 In general New Zealanders seem to relate well with Chinese  
 Increased role for government  
 Independence can bolster bargaining power  
 Innovative offering to employees  
 Inter-sectoral upgrade  
 Inter-sectoral upgrading  
 Invest in China  
 Invest in China - more than business  
 Invest in China – more than capital  
 Investing in a China presence can help establish a Chinese-authorised and recognized organisation  
 Investment in China and in relationships required  
 IP – can't be safe, but can be safer  
 IP – Hold something back (core)  
 IP – partners, relationships, hold back something (core), due diligence  
 IP – use a mix of methods as appropriate e.g. patents, trades secrets.  
 IP has to be managed sensibly – can go overboard on costs  
 IP is unique to each company, sector, situation  
 It is hard to get information about alumni  
 It is not just business  
 Keep a business focus

Keeping a business focus in mind  
 Kiwis are natural, friendly and open, but in the Chinese business context have too much trust and need to be more cautious  
 Know NZ-China history  
 Long term view, longevity  
 Long wait before investment in collaboration pays off  
 Longevity  
 Look for opportunity constantly  
 Maintain independence  
 Make a commitment to China  
 Make a commitment to China; must be in China  
 Make use of whakapapa  
 Memo: Strategic, long term, individual people-based focus  
 Mesh with the value chain  
 Meshing with the value chain  
 Mitigate IP risks through competitiveness, R&D, quality, reliability and service  
 More than just business  
 Multiple sources of information  
 Must be in China  
 Must be in China if things are to happen quickly  
 Must be useful - you must have utility to the Chinese party  
 Must enjoy it  
 Need a Chinese speaker  
 Need a product, service or skill that cannot be sourced locally  
 Need an image of seriousness and credibility  
 Need get talented New Zealanders involved but need the right conditions, e.g. pay etc.  
 Need integrity  
 Need to be a serious company  
 Need to be in China  
 Need to better integrate across the value chain  
 Need to both plan and be flexible  
 Need to create NZ-based networks  
 Need to develop NZ Inc strategies for utilizing Asian alumni  
 Need to develop social as well as business strategies  
 Need to find a way to leverage goodwill arising from FTA  
 Need to find ways for New Zealand companies to collaborate more between themselves  
 Need to get into a group and develop relationships first, then start doing business  
 Need to operate outside the expat bubble and engage with China and the Chinese  
 Need to plan  
 Need to select collaborative partners carefully  
 Need to understand that you are “serious”  
 New Zealand firms tend to focus on production and are under-resourced for the next stage  
 New Zealand is not gaining maximum utility from FTA  
 New Zealand is rich in *guanxi*

New Zealand is seen as a smart country  
 New Zealand should have ownership and control of in-China companies  
 New Zealanders are generally well regarded  
 New Zealanders do OK in China – just need fine-tuning  
 Not knowing Mandarin  
 Not taking part in corruption means accepting that you may lose business  
 Nurture relationships at all levels, with an eye to the future  
 NZ - NZ collaboration in China strong and useful  
 NZ businesses need to collaborate  
 NZ businesses need to cooperate and collaborate and this needs a push  
 NZ government great at top level (e.g. FTA), should investigate sustainable ways to have an on-going role at business-level.  
 NZ Inc can better utilize Asian alumni  
 NZ industry sectors need to create a meaningful entity to develop a profile in China rather than operate as individuals competing with each other  
 NZ needs more people in China  
 NZ too committed to ideology of free enterprise and the market  
 NZ-China history important  
 NZ-NZ collaboration is important  
 Opportunity in second tier cities  
 Other Asian countries different to China  
 Partner needs to feel they are gaining from collaboration  
 Partnering to improve the product offering  
 People (individual personality) central to collaboration  
 People in senior positions can have difficulty in China  
 People involved should be enthusiastic and engaged  
 People who do well not senior, more relaxed, less expectations from home  
 People you have a relationship with may have a stronger relationship with someone else  
 People, regulations, IP are keys to success  
 Personal integrity is very important  
 Personality  
 Personality to be flexible, take risks  
 Personalized trust is central to *guanxi*  
 Pirating can help, e.g. with brand identity  
 Plan, learn, prepare  
 Prepare well  
 Product of FTA to date has been some trade benefit, and also political goodwill and profile  
 Protect IP  
 Protect IP, even with a trusted partner  
 Relationship before business  
 Relationship first then business  
 Relationships and trust  
 Relationships are business-based rather than friendship-based  
 Relationships are critical  
 Relationships are important

Relationships are important at all levels  
Relationships are important but not the only thing – regulations are important too  
Relationships based around endurance, longevity  
Relationships before business  
Relationships first, then business  
Relationships from different/previous contexts may be useful  
Relationships have a basis of personalized trust  
Relationships involve the whole person  
Relationships may start at lower level, senior later  
Relationships very important  
Relationships will change over time; maintain relationships over time  
Relationships, trust and longevity lead to opportunity  
Remember the bottom line  
Repeat business and therefore long-term relationships are important  
Repeat business relies on relationships  
Repeat visits/maintain presence  
Repeat visits/maintain presence - establishing a presence takes time  
Reputation is important  
Reputation is very important  
Research companies you deal with  
Research people you work with  
Research potential collaborative partners  
Research potential partners  
Resilient personality, fast learner  
Respect without fawning  
Risk taking  
Sector consolidation can assist with making investment in China feasible for New Zealand SMEs  
Sector consolidation/ collaboration requires risk and delayed gratification  
Select collaborative partners who have good fit  
Select employees carefully  
Select people carefully – personality is more important than expertise  
Select people carefully – personality more important than expertise  
Show an interest in culture etc - more than business  
Simple/manageable expectations  
Socialising helps develop relationships before the business relationship develops  
Some Chinese companies are very ethical, and not involved in corruption  
Speaking Chinese does not guarantee cultural understanding  
Speaking Chinese useful but not necessarily highly important  
Standards - may need to meet both in-China standards along with NZ requirements and regulations  
Stick to core business and competencies  
Success in China is a team effort  
Success involves long-term thinking  
Successful collaboration requires investment of time and of yourself  
Supportive company

Take a long term view  
Take a long-term view  
Take advantage of other's perceptions of New Zealand  
Takes time  
Takes time to build business in China  
Takes time to develop relationships  
Takes time to develop returns, and in meantime need to pay costs  
Takes time, need to be flexible  
The company needs to trust and support their people in China  
The customer must have personal confidence in your product/system  
The right product with high demand instantly does well  
There is a possible role for Government in establishing sectoral consolidation/ collaboration  
Things can happen fast or slow – it depends  
Things change fast  
Things change fast, need flexible and adaptable planning  
To develop *guanxi*, must spend time in China  
Trust and integrity really important  
Trust and support from the home company gives confidence and strength to the operators in China  
Try to deal as high as possible in Chinese organisations  
Try to extract maximum value from China visits through planning and preparation; but be flexible  
Underlying location is business  
Use Chinese partners as intermediaries or agents to deal with customers  
Value in collaboration involves more than money  
Value of employing Asian alumni depends on the business and management  
View IP management as part of the improvement journey  
Visit frequently, be in China  
Western style more direct, more black and white  
Westerners can have *guanxi*  
What can New Zealand offer Asian alumni after graduation? And how could this help attract more students? Extend the value chain beyond graduation  
What you do must be of value to your partner  
Whole person  
Work alongside your agents



## **Level 2 codes (n=155)**

Anticipate and manage risks  
Asian alumni - are not well utilized by NZ Inc  
Asian alumni - are valuable as people with a connection to New Zealand  
Asian alumni - can be difficult to connect with  
Asian alumni - careful selection required  
Asian alumni - need a clear path: university to meaningful career  
Avoid compromising situations  
Balance positive and negative  
Be flexible  
Be in China - invest in establishing a China presence  
Be in China - invest in establishing a China presence - and balance with NZ identity  
Be in China - invest more than money in China  
Be in China if things are to happen fast  
Be open to opportunity  
Be organized  
China is a demanding market, especially at the beginning  
China is complex  
China law - can be flexible  
China law - consider legal structure of China entity  
China law - contracts are important but flexible  
Chinese business culture - decisions made top down  
Chinese business culture - face to face, personalized interaction is important  
Chinese business culture - highly competitive  
Chinese business culture - includes business, and also things like personal beliefs and philosophies, family and nationalism  
Chinese business culture is changing as younger, more westernized people come through  
Collaborate with Chinese agents/intermediaries who deal with the locals  
Collaboration - actively develop collaborative networks  
Collaboration - adds to company's standing  
Collaboration - balance with competition  
Collaboration - delayed gratification  
Collaboration - develop your importance to the other party  
Collaboration - have clear protocols and specifications  
Collaboration - hold something back  
Collaboration - needs to be win-win  
Collaboration - NZ companies need to collaborate  
Collaboration - NZ companies need to collaborate - sector consolidation  
Collaboration - people (individual personality) central to collaboration  
Collaboration - select partners carefully  
Collaboration - value is not always monetary  
Collaboration - with customers  
Collaboration means working with, not division of labour

Collaboration with Chinese central to long-term growth in China  
 Company personality - be seen as a serious and credible company  
 Company personality - retain independence  
 Company personality - retain independence, keep control  
 Corruption - avoid any hint  
 Corruption - company reputation may forestall corrupt approaches  
 Corruption - company size not a factor  
 Corruption - not taking part may lead to lost business  
 Corruption - some Chinese companies are very ethical (in a Western sense)  
 Corruption is a big issue  
 Cultural familiarity and knowledge within China  
 Culture - business in China is different to business in other Asian countries  
 Culture - China has a China first orientation  
 Culture - cultural difference in the business setting  
 Culture - local knowledge  
 Culture - nature of Chinese consumer  
 Culture - relationships and trust  
 Expect to make mistakes \*risks?  
 Expectations - be flexible  
 Face to face, frequent personalized interaction is important  
 Focus - China is large  
 Focus - China is large - therefore limit scope or collaborate  
 FTA - can make better use  
*Guanxi* - NZ is rich in *guanxi*  
*Guanxi* - personalized trust is central to *guanxi*  
*Guanxi* - Westerners can have *guanxi*  
*Guanxi* - Westerners can have *guanxi* - but will never match a Chinese person  
*Guanxi* does not guarantee business will take place; utility must be present  
*Guanxi* intertwines trust, utility and obligation  
*Guanxi* is over-mystified  
*Guanxi* requires time in China  
 HR - people in senior positions can have difficulty in China  
 HR - people who do well not senior, more relaxed, less expectations from home  
 HR have regard for the 'whole' person  
 HR selection  
 HR training  
 In-house - need good communication and monitoring between NZ and China  
 In-house - trust, support, communication and monitoring between NZ and China is important  
 IP – always at risk; cannot be assured  
 IP – always at risk; cannot be safe, but can be safer  
 IP – always hold the core  
 IP – be careful in selecting partners  
 IP - constantly try to protect IP  
 IP – IP loss can have a positive outcome

IP – is a part of the improvement journey  
 IP – it is very important to protect IP  
 IP - use a mix of appropriate approaches  
 IP – use a mix of appropriate approaches  
 Keep a business focus - core business and competencies  
 Keep a business focus - everything needs to be contributing  
 Language  
 Leverage positive perceptions of New Zealand  
 Longevity  
 May need to operate at different levels simultaneously  
 Memo: Strategic, long term, individual people-based focus  
 Must be able to offer something of value  
 Need to develop social as well as business strategies  
 New Zealand is so small China needs a good reason to trade with us  
 New Zealanders in China  
 NZ government need to develop role at business level in China  
 Opportunity - be alert for  
 Opportunity - derives from relationships, trust and longevity  
 Opportunity in second tier cities  
 People in China - personality important  
 People in China must want to be there, enthusiastic and engaged  
 Personality  
 Personality - risk taker  
 Plan and prepare for China visits to gain maximum value  
 Planning - have simple/manageable expectations  
 Presence in China evolves  
 Relationships  
 Relationships - based around endurance, longevity  
 Relationships - based around shared experiences and personalized trust  
 Relationships - evolve over time and must be maintained  
 Relationships - from different/previous contexts  
 Relationships - from different/previous contexts over time  
 Relationships - imbalances in relationships need to be compensated for  
 Relationships - long term and repeat business  
 Relationships - networking and favours  
 Relationships - relationship is developed before business takes place  
 Relationships - relationship priorities extend beyond the dyad  
 Relationships - relationships are important  
 Relationships - relationships are important but so are regulations  
 Relationships - relationships rather than laws, rules, procedures  
 Relationships - take time to develop  
 Relationships - take time to develop, be persistent  
 Relationships are business-based rather than friendship-based  
 Relationships involve the whole person

Reputation is important  
Research, plan, prepare  
Research, plan, prepare - and be flexible  
Research, plan, prepare (or a resourcing category?) - NZ firms need to resource beyond production  
Research, plan, prepare, NZ INC  
Results (outcomes?) are not always tangible  
Retain independence  
Review and improve  
Short, medium and long term view  
Show an interest in China and Chinese culture  
Standards and regulations  
Take a long term view  
Things change fast  
Things change fast - or slow - it depends  
Three key things for success in China - relationships (people), regulations, IP  
Trust - business trust in China is neither unconditional nor absolute  
Trust - need personal integrity  
Trust - reputation is very important  
Value chain - inter-sectoral upgrade  
Value chain - mesh  
Value chain - need to move beyond simple commodity export and integrate across the value chain  
Value chain - process and functionality upgrade  
Value chain - value proposition upgrade  
Value proposition - the customer must have personal confidence in your product/system  
Value proposition - the right product with high demand instantly does well  
Whakapapa

**Level 3 codes (*n*=16)**

Asian alumni  
At a New Zealand level  
China law  
Collaboration  
Company personality  
Corruption  
Cultural familiarity and knowledge  
HR  
In-house  
Invest in establishing a China presence  
IP  
Nature of business in China  
Relationships  
Strategy and planning  
Trust  
Value Chain

**Level 4 codes—meta-themes—(*n*=3)**

Identity and ethics  
Managing  
NZ Inc

## **Appendix 5: Case study protocol as used in the field**

(based on Yin 2009, chap. 3)

### **Contents:**

1. Research questions
2. Theoretical framework (abbreviated)
3. Copy of information given to participants
4. Places, times, and people
5. Interview preparation
6. Interview guidelines
7. Post-interview
8. Personal evaluation and reflection

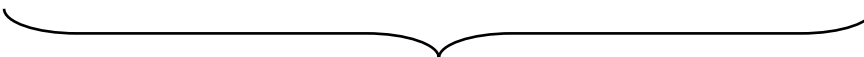
## 1. Research questions

Overarching—How can New Zealand businesses best manage collaborative relationships with Chinese partners so as to contribute to competitive advantage?

	Research Question	Research Objective
Set one—relatively broad and generic, drawing heavily on the literature but supplemented / confirmed by the case studies	1 What is inter-organisational collaboration?	Explore the dimensions of inter-organisational collaboration.
	2 What are the characteristics of successful management within the context of inter-organisational collaboration?	Critically examine the characteristics of successful management within the context of inter-organisational collaboration.
	3 What are the relationships between collaboration and the value chain?	Explore the relationships between collaboration and the value chain.
Set two—the focus of this research, where the case studies are used to localise the theories	4 What factors characterise NZ-Chinese collaboration and differentiate it from generic inter-organisational collaboration?	Determine the key characteristics, and unique aspects of, NZ-Chinese collaboration.
	5 What are the challenges to NZ-Chinese collaboration?	Determine the challenges to NZ-Chinese collaboration.
	6 How can New Zealand's Chinese alumni play a part in collaboration?	Discuss ways New Zealand's Chinese alumni could play a part in collaboration.

## 2. Theoretical framework (abbreviated)

(based on Ritala & Ellonen, 2010)

Central theory:	Resource-based view	Social capital	Generalised double diamond
Representative authors:	Barney (1991)	N. Lin, Cook, & Burt (2001)	Porter (1990); Moon, Rugman, & Verbeke (1998)
Main focus:	Firm-level resources and capabilities	Attributes of a specific relationship	Competitiveness in an international context
Role in this research:	Supporting	Central	Supporting
Perspective:	Internal	Relationship	External/contextual
Level of analysis:	Firm	Relationship	National and international
			
Cultural context:	Within a Bourdieusian sociological view of culture		

<i>Guanxi</i> stages	<i>Guanxi</i> objectives	Interactive activities	Operating principles
Initiating	Setting up bases	Familiarising	Mutual self-disclosure
Building	Enhancing quality	Expressive and instrumental transactions	Dynamic reciprocity
Using	Getting benefits, re-evaluating <i>guanxi</i> quality	Exchanging favours	Long-term equity

Value chain (Porter, 1985) and global value chains (Gereffi, 2005)

Transaction cost economics

Trust (establish, maintain, especially in context of business in China)

Intellectual property rights (collaboration: tension between sharing and protecting)

Chinese alumni (particularly practical use in their firm)



### **3. Copy of information given to participants, including ethics statement**

These are provided in Appendices 6 (Ethics approval) and 7 (Invitation to participate, information for participants, consent form), and so are not reproduced here.

### **4. Places, times, and people**

Information is withheld to preserve anonymity, but a list was developed with each participant's names, email address, phone numbers, the address and time of the interview, along with copies of maps or directions (Google maps, usually). Also included was any known biographical information, for example their work history, current position and so on, often taken from personal 'blurb' on the company website.

### **5. Interview preparation**

Checklist:

- ☐ Review company website and any other documentation
- ☐ Review 'Places, times and people' information
- ☐ Check travel plan and times, printouts from Google maps if needed
- ☐ Take this document
- ☐ Printouts of email correspondence
- ☐ Extra consent forms
- ☐ Extra information forms
- ☐ Digital voice recorder and spare batteries
- ☐ Pad and pens
- ☐ Cash
- ☐ Phone
- ☐ Camera

## 6. Interview guidelines

Can you take me through the story of <i>x</i> in China	Grand tour question
How do you go about building relationships in China? How are these different to in NZ? <i>Guanxi</i> ?	Relationships, networks
What are the barriers/hurdles for NZ companies to collaborate with Chinese organisations? How can these be addressed?	Relationships, networks
China is big and complicated – how do you deal with that? What is it like for you, working with Chinese in China?	Size Culture
How does a NZ company get noticed/make an impact?	Size
Do international standards (ISO etc) play a part in what you do?	International standards
Do you think “China” or do you think a city/area/province/partner company?	Size and location choice
Do you team up with other NZ companies? Explore why/why not, how. (in NZ and/or in China)	Collaboration, networks
What do you think about the NZ Inc approach? Does being a Kiwi give a generic advantage in China? Are we well thought of?	Collaboration, networks
What kind of presence should NZ businesses have in China? Visit or live there, representatives, solo, small office, support?	Presence
What kind of time spans do you think in, in the China context? Is this different to the NZ context?	Time
Asian alumni – in NZ, in China? Should firms hire Chinese staff? How is it best to structure this?	Alumni
Is IP an area of concern for your company? How do you address this? What are your thoughts about IP?	IP
How should businesses prepare for China? Role of govt/NZTE, other NZ companies, consultants, legal reps? Training for the people going? How important is a plan/strategy?	Preparation/strategy, role of govt
How can NZ companies get beyond commodities and slot into the value chain?	Value chain
How have you refined or improved you business activity in China? e.g. 1. Process upgrading – improved efficiency, technology 2. Product upgrading – more sophisticated, higher value 3. Functional upgrading – acquiring or abandoning functions in the GVC 4. Inter-sectoral upgrading – moving into different sectors	Global value chain
Do you think NZ companies worry about getting ripped off/ taken advantage of when they go into China? Corruption? IP? Is this a valid concern? How could it be addressed?	Risk management
Are the cultural differences between NZ and China a challenge? How do you address this? Is culture and NZ-China history important, or is it all just business?	Cultural difference
Can you reflect on your experiences /the processes of business in China	Finish

## 5. Post-interview

Checklist:

- ☐ Check digital voice recording, transfer to laptop, and backup to USB drive and Internet drop box. Use file naming pattern: [Participant name] [Company] 20110718.mp3
- ☐ Check battery levels and storage capacity of digital voice recorder for next interview
- ☐ Make any paper-based notes, jottings etc
- ☐ Email participant to thank them

## 6. Personal evaluation and reflection

(These notes were made after each interview, and added to the interview protocol for re-reading just before each subsequent interview. They address interview management and technique rather than the research topic. The worst of spelling and grammar has been corrected, but they are essentially presented as written.)

### *Interview1—media0—Head Office—NewZealand—15 July 2011*

- Arrived on time, shown around by PA. Participant was late finishing previous appointment; reduced time available for me—need to be ready to adapt.
- I wasted too much time on general chit-chat and get-to-know-you stuff; needed to take more control and get it started properly, then step back and let things develop. Start with signing consent form and permission to record, do the housework to focus on the task.
- Participant a real talker—and very frank. Found that reflecting back (“I think you mean...”) helped keep him on track but I tended to talk too much.
- Didn’t allow time for thanks and farewells—made him late for the next person; need to conclude interview ahead of time to allow for this.

### *Interview Two—finance01—phone interview—18 July 2011*

- Used a speaker phone in my office and placed digital voice recorder close by phone. Worked well.
- Straight into interview by obtaining consent and permission to record. Also discussed anonymity. Worked well.
- Participant very confident and forthright, often reflected question back before answering.
- I tried to shut-up more and use very short prompts—worked well but I still lapsed.
- Have realised the importance of short questions—they forget the beginning if they are too long!
- Developed quite a rapport despite being phone rather than in-person. Worked better than I had expected.

*Interview Three—biotech01—Head Office—New Zealand—23 August 2011*

- Previous interviews quite informal and “blokey”, this one more formal, but still very friendly and open; just more business-like. Take social cues from the participant.
- Very thoughtful responses. Need to really listen and pickup nuggets from answers on the fly (Kvale miner metaphor)

*Interview Four—tech01—Regional Office—Hong Kong—8 September 2011*

- Met in a busy café open to an atrium in a shopping mall, so had the noise of the café *and* the atrium.
- Talking at the time was fine, but the digital recording has a lot of background noise. Still understandable but will be tiresome to transcribe. Be wary about public places.
- Routine is now to begin with consent form and consent to record, then discussion re. anonymity. Participant appreciated this as he was very concerned about this.
- First interview with the ‘China-side’ people—much more focused on core of my topic, and understood instantly what I was on about the others took more explanation. Be aware of the standpoint and perspective of the participant.

*Interview Five—biotech02—Regional Office—HongKong—9September2011*

- Participant very cooperative and open, but I needed to draw him out a little more; makes it even harder for me to shut-up!
- Great interview then went for tour and had a meal. Lots of good info (mostly through “war stories”) there too, but not recorded. Felt awkward as it was a social time rather than work, so didn’t ask if it was ok to record. Ended up making a self-recording as soon as I left, to get the gist of what was said. However, not first class data as is subject to my bad memory and a huge amount of filtering. Big lesson here—should have asked to record, in hindsight I’m sure it would have been OK. But then that may have inhibited conversation?

*Interview Six—Regional Office—Beijing—27 September 2011*

- Had a cough (Beijing pollution) and it comes through as really irritating on the recording—need to slip some cough drops into a pocket before interviews. Also, always accept offers of tea/coffee/water.
- Felt was best interview yet—seem to be getting better at balancing my input with participant and how they respond—need to modify my technique according to circumstance. Not saying I’m good, but am improving!

## Appendix 6: Ethics approval



## HUMAN ETHICS APPLICATION: CATEGORY A

***PLEASE*** read carefully the instructions “Filling out your Human Ethics Application” and important notes on the last page of this form. Provide a response to each question; failure to do so may delay the consideration of your application.

1. **University of Otago staff member responsible for project:**  
Everett      André      Dr
2. **Department:**      Management
3. **Contact details of staff member responsible:**  
[andre.everett@otago.ac.nz](mailto:andre.everett@otago.ac.nz)      Extension: 7371
4. **Title of project:** Managing collaboration between New Zealand and Chinese organisations.
5. **Indicate type of project and names of other investigators and students:**

Staff Research	<input type="checkbox"/>	Names	Dr. André Everett (Supervisor) Dr Malcolm Cone (Supervisor)
Student Research	<input checked="" type="checkbox"/>	Names	Matt Porteous
Level of Study (e.g. PhD, Masters, Hons)			Master of Commerce
External Research/ Collaboration	<input type="checkbox"/>	Names	
Institute/Company			

**6. Is this a repeated class teaching activity?**

NO

If YES, and this application is to continue a previously approved repeated class teaching activity, please provide Reference Number:

**7. Fast-Track procedure**

Do you request fast-track consideration? (See 'Filling Out Your Human Ethics Application')

NO

If YES, please state specific reasons:-

**8. When will recruitment and data collection commence?**

Recruitment will take place from 1 August 2011 onwards

Data collection (interviews) will take place from August 30th 2011 onwards

**When will data collection be completed?**

November 30<sup>th</sup> 2011

**9. Funding of project.**

Is the project to be funded by an external grant?

NO

If YES, please specify who is funding the project:

If commercial use will be made of the data, will potential participants be made aware of this before they agree to participate? If not, please explain:

No commercial use

**10. Brief description in lay terms of the purpose of the project** (approx. 75 words):

This project explores dimensions of business collaboration between New Zealand and Chinese firms, and how these relationships may best be managed to the advantage of the New Zealand firm. The role New Zealand's Chinese Diaspora (China-born and living in New Zealand) and Chinese alumni (Chinese graduates of New Zealand universities) might play are investigated, as are potential challenges such as threats to intellectual property.

**11. Aim of project, including the research questions the project is intended to answer:**

The aim of this project is to examine how New Zealand organisations can best manage business collaboration between New Zealand and Chinese firms and how this may fit into integrated value chains, leading to competitive advantage.

As exploratory research, the approach is qualitative and will involve constructing case studies of New Zealand organisations and their Chinese partners using in-depth semi-structured interviews, following Yin (2009). These case studies will be used to explore more detailed research questions within the broader research aim:

*How can New Zealand organizations manage collaborative relationships with Chinese partners so as to contribute to competitive advantage?*

1. What is organisational collaboration?
2. What are the characteristics of successful management within the context of inter-organisational collaboration?
3. How can collaboration mesh with the value chain?
4. How can collaboration contribute to competitive advantage?
5. How can New Zealand's Asian diaspora and Asian alumni contribute to collaboration?
6. What are the challenges to NZ-Chinese collaboration (for example culture, language, environment, managing IP, trust, dealing with corruption)?

The over-arching theoretical basis of this research employs a combination of lenses, as suggested by Ritala & Ellonen (2010). These include social capital (N. Lin et al., 2001), the resource-based view (Barney, 1991), and Porter's (1985) five forces model of competitive advantage. These lenses allow for three perspectives of collaboration: respectively, the relationship, the internal and the external. This is illustrated in the table on the next page.

[continued]

<b>Lens:</b>	Resource-based view	Social capital	Five forces model
<b>Perspective:</b>	Internal	Relationship	External
<b>Level of analysis:</b>	Firm	Relationship	Industry
<b>Representative authors:</b>	Barney (1991)	(N. Lin et al., 2001)	Porter (1985)
<b>Central idea:</b>	Firm-level resources and capabilities	Attributes of a specific relationship	Industry structure and market position

The research is cross-cultural by nature, and utilises a Bourdieuan sociology of culture (in particular the concepts of cultural field, cultural capital, and habitus), as it allows a 'neutral' platform (Webb, 2002).

This research will provide rich description and analysis of case organisations to inform understanding of how New Zealand organisations can develop competitive advantage through improved collaboration within the New Zealand-Chinese context. In particular, it will explore links between social capital in the context of collaboration and firm performance, an area of uncertainty in the associated literature (Wu, 2008).

This research will be of use to organisations operating in this environment, as well as other interested parties such as the Ministry of Foreign Affairs and Trade.

**12. Researcher or instructor experience and qualifications in this research area:**

Dr André Everett BA (Geoanthropography), MBA, PhD (Management).

Conducted interviews with business managers in numerous organisations throughout New Zealand, in preparation of research case studies. Focussed on China and New Zealand international business in both research and teaching.

Dr Malcolm Cone BA PhD PGDipArts(Otago) MNZAC.

Extensive experience in research and case study development throughout Asia. Research and teaching focus on New Zealand-Asia interaction.

Matt Porteous  
BCom (Management, Otago); PGDipCom (Management, Otago) distinction.



### **13. Participants**

#### **13(a) Population from which participants are drawn:**

Case organisations – CEO/manager and employees (with approval of the organisation), both in New Zealand and in China.

People from support or related organisations, for example Ministry of Foreign Affairs and Trade, the Asia Institute.

Interested parties in general, for example, Chinese graduates of New Zealand universities.

#### **13(b) Specify inclusion and exclusion criteria:**

Organisations must have current or recent experience of collaborative New Zealand-Chinese organisations, operations, or networks.

#### **13(c) Estimated number of participants:**

Up to five New Zealand organisations, and their Chinese partners.

#### **13(d) Age range of participants:**

Adults over the age of 18

#### **13(e) Method of recruitment:**

There are a variety of ways that contact will be made with participants. Initially, a media overview and the researcher's industry knowledge and contacts will be used. A brief letter/email will be sent to organisations identified as possible participants outlining the research and enclosing an information sheet. If they are willing to take part, a suitable interview time and place will be arranged. Before each interview begins the project will be outlined to each participant and the consent form will be signed. Employees of organisations will not be interviewed without the consent of their organisation.

As the project progresses, further participants will be recruited through a 'snowball' process.

**13(f) Please specify any payment or reward to be offered:**

No reward or payment will be offered.

**14. Methods and Procedures:**

As case-based quantitative research, methods and procedures will be based around Robert Yin's *Case Study Research Design and Methods* (2009). The approach involves a process of in-depth semi-structured interviews (following Kvale & Brinkmann, 2009) that investigates and attempts to explain management within cross-cultural networks from the perspective of the individual participants. The interview schedule is attached. The questions are open-ended to provide as much as possible for the participant's voice.

The research will take an interpretative stance to interview data and will use participant's words and language as much as possible in developing case studies and relating these back to both theory and the New Zealand-Chinese context.

Interviews will take place in both New Zealand and in China. The exact location of interviews is yet to be determined. The researcher is a mature student with extensive international travel experience, including Asia. Visa requirements for travel within China are met and in place. With a wide set of contacts (both Chinese and expat) in most major cities, where possible the researcher will stay with them, or otherwise in mid-range hotels. Translation and guiding services will be sourced from existing contacts (where appropriate), or otherwise obtained commercially. This research project has explicit support from the Ministry of Foreign Affairs and Trade, and assistance is available from their offices should the need arise.

**15. Compliance with The Privacy Act 1993 and the Health Information Privacy Code 1994 imposes strict requirements concerning the collection, use and disclosure of personal information. These questions allow the Committee to assess compliance.**

**15(a) Are you collecting and storing personal information directly from the individual concerned that could identify the individual?**

YES

**15(b) Are you collecting information about individuals from another source? Please explain:**

NO

**15(c) Collecting Personal Information:**

Will you be collecting personal information?

YES

Will you be informing participants of the purpose for which you are collecting the information and the uses you propose to make of it?

YES

Will you be informing participants who will receive the information?

YES

Will you inform participants of the consequences, if any, of not supplying the information?

YES

Will you inform the participants of their rights of access to and correction of personal information?

YES

Where the answer is YES, please make sure the information is available in the Information Sheet for Participants.

**If you are NOT informing them of the points above, please explain why:**

**15(d) Please outline your data storage and security procedures.**

Data related to the project will be stored securely in the Department of Management for no longer than is required for the purposes for which the information may lawfully be used. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage in the Department of Management for five years, after which it will be destroyed. The Head of the Department is responsible for disposal of data.

**15(e) Who will have access to personal information, under what conditions, and subject to what safeguards?**

Matt Porteous will be the only person who will have access to the personal information, although his supervisors may be privy to some of the information as the project unfolds.

**Will participants have access to the information they have provided?**

Participants will be provided with a copy of their interview transcript after the interview to give them the opportunity to clarify anything they think is not clear.

**15(f) Do you intend to publish any personal information they have provided?**

YES

**If YES, please specify in what form you intend to do this?**

The personal information will be used as general overall objective data to describe the participants involved in this research. It will be kept separate from names, and each participant and organization will have a pseudonym.

Participants will be kept as anonymous as possible and personal data will be separate from the stories and quotes used from each participant. However, there may be some participants who due to their position could be easily identified from reading the thesis e.g. government officials. Care will be taken to ensure that it is only in the thesis that they can be identified and any published work will have limited personal data and as such should leave those who are more easily identified as anonymous.

**15(g) Do you propose to collect demographic information to describe your sample? For example: gender, age, ethnicity, education level, etc.**

NO

**15 (h) Have you, or do you propose to undertake Māori consultation? Please choose one of the options below, and delete the options that do not apply:**

YES            We WILL undertake consultation – this was lodged on 15<sup>th</sup> June 2011 (copy attached).

**16. Does the research or teaching project involve any form of deception?**

NO

If yes, please explain all debriefing procedures:

**17. Please disclose and discuss any potential problems:** (For example: medical/legal problems, issues with disclosure, conflict of interest, etc)

Given the nature of this project it is not predicted that there will be any harm or discomfort for participants. Matt Porteous will leave his contact details with all participants for use if they have any concerns arise after the interview has taken place, and contact details are also provided on the participant information sheet. As noted above in 15(e) each participant will receive a copy of their interview transcript after the interview to give him or her the opportunity to clarify anything they think is not clear. Participants will have the opportunity to say if they would like to have a copy of the results when the project is finished.

**18. Applicant's Signature:** .....

[Principal Applicant: as specified in Question 1]

**Date:** .....

**19. Departmental approval:** *I have read this application and believe it to be scientifically and ethically sound. I approve the research design. The Research proposed in this application is compatible with the University of Otago policies and I give my consent for the application to be forwarded to the University of Otago Human Ethics Committee with my recommendation that it be approved.*

**Signature of \*Head of Department:** .....

**Name of Signatory (please print):** .....

**Date:** .....

*\*(In cases where the Head of Department is also the principal researcher then an appropriate senior staff member in the department must sign)*

**Please attach copies of the Information Sheet, Consent Form,  
and Advertisement for Participants**

[Reference Number *as allocated upon approval by the Ethics Committee*]

[Date]

## **Managing collaboration between New Zealand and Chinese organisations**

### **INFORMATION SHEET FOR PARTICIPANTS**

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request.

#### **What is the aim of the project?**

This project explores ways of managing collaboration between New Zealand and Chinese organisations. This involves developing case studies of collaboration between New Zealand and Chinese organisations through interviewing both New Zealand and Chinese members of these organisations.

It is important to note that this research is looking at how things are managed, rather than the actual work that is done. The project focuses on management processes rather than product detail.

This project is being undertaken as part of the requirements for the degree of Master of Commerce (Management) at the University of Otago, Dunedin, New Zealand.

#### **What type of participants are being sought?**

Participants should have current or recent experience of New Zealand and Chinese organisations working together.

#### **What will participants be asked to do?**

Should you agree to take part in this project, you will be asked to participate in an interview, where you will be asked to describe your experiences and observations about working and managing within the New Zealand-Chinese context. The interview will start by asking you about your history in this area, then move on to how you feel it is best to manage within a New Zealand-Chinese context. The interview should take approximately an hour of your time, but you may voluntarily extend this.

#### **Can participants change their mind and withdraw from the project?**

You may withdraw from participation in the project at any time and without any disadvantage to yourself of any kind.

## **What data or information will be collected and what use will be made of it?**

The principal data collected will be your telling of your experiences, observations and suggestions about managing collaboration in the New Zealand-Chinese context. This will be used to look at ways that management practices can then be improved, so as to improve overall outcomes for individuals and organisations.

This project involves an open-questioning technique. The precise nature of the questions has not been determined in advance, but will depend on the way in which the interview develops. Consequently, although the University of Otago Human Ethics Committee is aware of the general areas to be explored in the interview, the Committee has not been able to review the precise questions to be used. A brief outline is attached to give an indication of possible discussion topics.

In the event that the line of questioning does develop in such a way that you feel hesitant or uncomfortable you are reminded of your right to decline to answer any particular question(s) and also that you may withdraw from the project at any stage without any disadvantage to yourself of any kind.

The results of the project may be published and will be available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve your anonymity. You are most welcome to request a copy of the results of the project should you wish.

Interviews will be recorded as digital audio files, and these and any other data collected will be securely stored in such a way that only the researchers mentioned below will be able to gain access to it. A copy of your interview transcript will be provided to you, should you wish to clarify your responses. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

Reasonable precautions will be taken to protect and destroy data gathered by email. However, the security of electronically transmitted information cannot be guaranteed. Caution is advised in the electronic transmission of sensitive material.

## **Any questions?**

If you have any questions about our project, either now or in the future, please feel free to contact either:-

Matt Porteous  
Researcher  
Department of Management  
Telephone Number: 64 3 479 8125

or Dr André Everett  
Supervisor  
Department of Management  
Telephone Number: 64 3 479 7371

This study has been reviewed and approved by the University of Otago Human Ethics Committee. If you have any concerns about the ethical conduct of the research you may contact the Committee through the Human Ethics Committee Administrator phone +64 (3) 479 8256. Any issues you raise will be treated in confidence and investigated and you will be informed of the outcome.



## **Managing collaboration between New Zealand and Chinese organisations**

### **Discussion topic outline – for participants**

This project involves an open-questioning technique where the precise nature of the questions which will be asked has not been determined in advance, but will depend on the way in which the interview develops.

However, a possible outline of topics is provided below.

Please note that this research is not looking at *what* you do, it is looking at *how* you do it.

- 1 Describe the company/organisation/project, and in particular collaboration between New Zealanders and Chinese.
- 2 Describe the relationships between the people involved.
- 3 Are there any special problems or challenges that arise? If so, what helps to resolve these?
- 4 How does this collaboration contribute to the operational effectiveness of your organisation?  
How does it fit with your organisation's strategy?
- 5 Are there any intellectual property issues, and how can these best be dealt with?
- 6 How do you judge the success (or failure) of the collaborative work?
- 7 What kinds of things can help to gain maximum value for everyone involved?
- 8 How could the collaboration be expanded or changed, so as to improve outcomes and increase benefits?



MANAGING COLLABORATION BETWEEN NEW ZEALAND AND CHINESE  
ORGANISATIONS

CONSENT FORM FOR PARTICIPANTS

I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.

I know that:

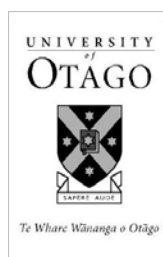
1. My participation in the project is entirely voluntary;
2. I am free to withdraw from the project at any time without any disadvantage;
3. Personal identifying information (audio recordings) will be destroyed at the conclusion of the project but any raw data on which the results of the project depend will be retained in secure storage for five years, after which they will be destroyed;
4. This project involves an open-questioning technique. The general line of questioning includes business collaboration. The precise nature of the questions which will be asked has not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind.
5. The results of the project may be published and will be available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve my anonymity.

I agree to take part in this project.

.....  
(Signature of participant)

.....  
(Date)

This study has been reviewed and approved by the University of Otago Human Ethics Committee. If you have any concerns about the ethical conduct of the research you may contact the Committee through the Human Ethics Committee Administrator phone +64 (3) 479 8256. Any issues you raise will be treated in confidence and investigated and you will be informed of the outcome.



## MANAGING COLLABORATION BETWEEN NEW ZEALAND AND CHINESE ORGANISATIONS

### Interview Schedule – for the researcher

(This is an open-ended, in-depth interview. The direction it takes will be largely determined as it progresses. This schedule is intended as a prompt and as a reminder of themes to address.)

1. (Must be done with all participants) General introductions, obtain permission to record interview (if not gained, use written notes), start recording, discuss information sheet and consent form, sign consent form.
2. The word 'collaboration' is used here, but substitute organisation, project, team, group etc as appropriate.

Theme	Starter Questions	Follow-up questions
<i>The collaborative circumstances.</i>	<i>Please describe the collaboration and how your organisation is connected with the other(s).</i>	<i>Who does what? Where are they based? Where do you see the boundaries? Is it ongoing/indefinite, or will it disband after a set time or event?</i>
	<i>What is the history of the collaboration?</i>	<i>How was it established? When? By whom? What was the original purpose? How has it changed?</i>
	<i>Describe your role. What do you do?</i>	<i>Who do you work with? (functional relationships, reporting lines)?</i>
<i>How is the collaboration operationalised?</i>	<i>Do you think the collaboration functions in the way that it is supposed to?</i>	<i>Why is that? Do things happen according to plan, or is it more situational and impromptu? Do things happen as they are supposed to?</i>
	<i>Do you think it is achieving its purpose?</i>	<i>Why or how is that?</i>
	<i>How are decisions made?</i>	<i>Is there a strict set of rules or protocols that should be followed, or is it more loose and fluid? What about decisions related to the running of the network? (or related to the objectives of the network) Is there a boss of the network? How was that decided? How does that work in practice?</i>

	<p><i>How do people communicate? (e.g. email, Skype, phone, in person)</i>  <i>Is this important?</i></p>	<p><i>How often does this happen?</i>  <i>Do you have ready access to others? How?</i>  <i>What communication methods work best?</i>  <i>How could communication be improved?</i></p>
<p><i>What is the value/success of the collaboration?</i></p>	<p><i>What are the outcomes?</i>  <i>What is produced?</i>  <i>How do you measure success (or failure)?</i></p>	<p><i>What does the network produce – are there tangible and intangible outcomes?</i>  <i>How are they measured?</i>  <i>Are there any positive outcomes?</i>  <i>Are there any negative outcomes?</i>  <i>How do these relate to the purpose or aims of the network?</i></p>
<p><i>Intellectual property issues</i></p>	<p><i>Is information shared freely?</i>  <i>Please describe any issues around intellectual property.</i>  <i>How are these managed?</i></p>	<p><i>Does everyone know the same things as everyone else?</i>  <i>Do parts keep some things private from other parts? How and why does this happen?</i></p>
<p><i>Strategy</i></p>	<p><i>How does this example of collaboration mesh with your organisation's strategy?</i></p>	<p><i>Was it planned?</i>  <i>Is it important in the long term - how/why?</i>  <i>How do you see its future?</i></p>
<p><i>Value extraction</i></p>	<p><i>Who or what gets the most value?</i>  <i>How is it applied?</i>  <i>How could more value be gained?</i></p>	<p><i>What are the fruits of the network?</i>  <i>Who gains the most value from the network?</i>  <i>Is it equal or not? Why?</i>  <i>How is this value created?</i>  <i>How could more value be gained?</i>  <i>Is this value short or long term?</i>  <i>How could this be improved?</i></p>

3. *Is there anything else that you would like to add or discuss further? Do you think we have missed anything important?*
4. Conclude, restate that a transcript will be provided for comment/correction (obtain postal or email address), and that a copy of final results is available on request. Obtain permission to contact participant if follow-up or further information is required. Obtain participant and leave researcher contact details. Thank participant.

## References used in this application

- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99.
- Kvale, S., & Brinkmann, S. (2009). *InterViews: Learning the Craft of Qualitative Research Interviewing* (2nd ed.). Los Angeles: Sage Publications.
- Lin, N., Cook, K. S., & Burt, R. S. (Eds.). (2001). *Social Capital: Theory and Research*. New York: Aldine de Gruyter.
- Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York: Free Press.
- Ritala, P., & Ellonen, H.-K. (2010). Competitive advantage in interfirm cooperation: Old and new explanations. *Competitiveness Review: An International Business Journal incorporating Journal of Global Competitiveness*, 20(5), 367-383. doi:10.1108/10595421011080751
- Webb, J. (2002). *Understanding Bourdieu*. Crows Nest, N.S.W: Allen & Unwin.
- Wu, W. (2008). Dimensions of social capital and firm competitiveness improvement: The mediating role of information sharing. *Journal of Management Studies*, 45(1), 122-146. doi:10.1111/j.1467-6486.2007.00741.x
- Yin, R. K. (2009). *Case Study Research: Design and Methods* (4th ed.). Thousand Oaks, CA: Sage Publications.

Scan of letter from University of Otago Ethics Committee indicating ethics approval:



11/175

Academic Services  
Manager, Academic Committees, Mr Gary Witte

22 July 2011

Dr A Everett  
Department of Management  
Division of Commerce  
School of Business

Dear Dr Everett

I am writing to let you know that, at its recent meeting, the Ethics Committee considered your proposal entitled **"Managing collaboration between New Zealand and Chinese organisations"**.

As a result of that consideration, the current status of your proposal is:- **Approved**

For your future reference, the Ethics Committee's reference code for this project is:- **11/175**.  
The comments and views expressed by the Ethics Committee concerning your proposal are as follows:-

While approving the application, the Committee would be grateful if you would respond to the following:

Please clarify how many individuals will be participating in the research.

Approval is for up to three years. If this project has not been completed within three years from the date of this letter, re-approval must be requested. If the nature, consent, location, procedures or personnel of your approved application change, please advise me in writing.

Yours sincerely,

Mr Gary Witte  
**Manager, Academic Committees**  
Tel: 479 8256  
Email: [gary.witte@otago.ac.nz](mailto:gary.witte@otago.ac.nz)

c.c. Professor A J Geare Head Department of Management

Scan of letter from Ngāi Tahu Research Consultation Committee:

## NGĀI TAHU RESEARCH CONSULTATION COMMITTEE *Te Komiti Rakahau ki Kāi Tahu*

12/07/2011 - 62  
Tuesday, 12 July 2011

Dr Everett  
Management  
Dunedin

Tēnā koe Dr Everett

**Title: Managing collaboration between New Zealand and Chinese organisations.**

The Ngāi Tahu Research Consultation Committee (The Committee) met on Tuesday, 12 July 2011 to discuss your research proposition.

By way of introduction, this response from the Committee is provided as part of the Memorandum of Understanding between Te Rūnanga o Ngāi Tahu and the University. In the statement of principles of the memorandum, it states "Ngāi Tahu acknowledges that the consultation process outlined in this policy provides no power of veto by Ngāi Tahu to research undertaken at the University of Otago". As such, this response is not "approval" or "mandate" for the research, rather it is a mandated response from a Ngāi Tahu appointed committee. This process is part of a number of requirements for researchers to undertake and does not cover other issues relating to ethics, including methodology; they are separate requirements with other committees, for example the Human Ethics Committee, etc.

Within the context of the Policy for Research Consultation with Māori, the Committee base consultation on that defined by Justice McGechan:

*"Consultation does not mean negotiation or agreement. It means: setting out a proposal not fully decided upon; adequately informing a party about relevant information upon which the proposal is based; listening to what the others have to say with an open mind (in that there is room to be persuaded against the proposal); undertaking that task in a genuine and not cosmetic manner. Reaching a decision that may or may not alter the original proposal."*

The Committee considers the research to be of interest and importance.

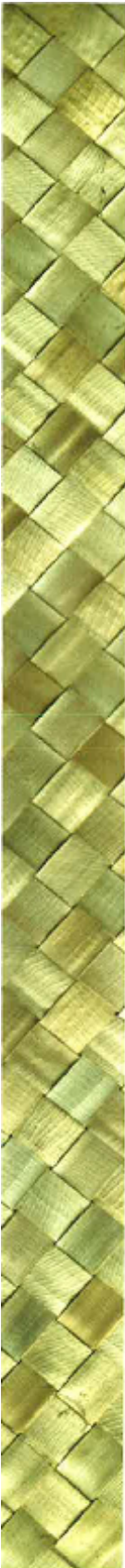
As this study involves human participants, the Committee strongly encourage that ethnicity data be collected as part of the research project. That is the questions on self-identified ethnicity and descent, these questions are contained in the 2006 census.

The Committee encourages contact with KUMA, Te Kupeka Umaka Māori ki Araiteuru, Māori Business Network Otago/Southland.

The Committee suggests dissemination of the research findings to KUMA, Te Kupeka Umaka Māori ki Araiteuru, Māori Business Network Otago/Southland.

The Ngāi Tahu Research Consultation Committee has membership from:

*Te Rūnanga o Ōtakou Incorporated  
Kaiti Huirapa Rūnaka ki Puketeraki  
Te Rūnanga o Moeraki*



## NGĀI TAHU RESEARCH CONSULTATION COMMITTEE

*Te Komiti Rakahau ki Kāi Tahu*

This letter of suggestion, recommendation and advice is current for an 18 month period from Tuesday, 12 July 2011 to 12 January 2013.

The recommendations and suggestions above are provided on your proposal submitted through the consultation website process. These recommendations and suggestions do not necessarily relate to ethical issues with the research, including methodology. Other committees may also provide feedback in these areas.

Nāhaku noa, nā



MBR

Mark Brunton  
Kaitakawaenga Rangahau Māori  
Facilitator Research Māori  
Research Division  
Te Whare Wānanga o Ōtago  
Ph: +64 3 479 8738  
email: [mark.brunton@otago.ac.nz](mailto:mark.brunton@otago.ac.nz)  
Web: [www.otago.ac.nz](http://www.otago.ac.nz)

The Ngāi Tahu Research Consultation Committee has membership from

*Te Rūnanga o Ōtākou Incorporated*  
*Kati Huirapa Rūnaka ki Puketeraki*  
*Te Rūnanga o Moeraki*

## **Appendix 7: Invitation to participate, information for participants, consent form**

### **Email invitation to participate**

Subject: University of Otago: Invitation for interview: NZ-Chinese business collaboration

Dear \_\_\_\_\_

I invite [organisation name] to take part in a one-hour interview as part of a University of Otago research project.

### **How can NZ organizations manage collaborative relationships with Chinese partners so as to contribute to competitive advantage?**

This project will explore dimensions of business collaboration between New Zealand and Chinese organisations, and how these relationships may best be managed so as to improve overall outcomes for individuals and organisations. This research will be of direct benefit to NZ organisations working in China.

All participants will receive an executive summary of this research, and a full copy on request.

#### **Background**

This project explores ways of managing collaboration between NZ and Chinese organisations. This involves developing case studies of collaboration between NZ and Chinese organisations through interviewing both NZ and Chinese members of these organisations.

This research is looking at how things are managed, rather than the actual work that is done. The project focuses on management processes rather than product detail.

This project is being undertaken as part of the requirements for the degree of Master of Commerce (Management) at the University of Otago, Dunedin, New Zealand. My interest in the topic arises from over ten years working in the international education area and a substantial amount of study and research in international management at both undergraduate and postgraduate level.

#### **What is involved?**

Should you agree to take part in this project, you will participate in an interview, where you will be asked to describe your experiences and observations about working and managing within the NZ-Chinese context.

The interview will centre on how you feel it is best to manage within a NZ-Chinese context.

The interview will be either phone/Skype or face-to-face, and should take approximately an hour of your time.

Attached is a full information sheet and discussion outline as a .pdf document.

If you are willing to take part – thank you! Please reply with contact details so that I can phone to arrange a suitable time for an interview. Alternatively, you may wish to nominate a time for me to phone for the interview. Any time during business hours for the rest of July is suitable for me.

Please let me know if you are unable to participate, and consider forwarding this invitation to people you may consider suitable for this project, or replying with their details and I will contact them directly.

[continued next page]



Thank you for your time

Sincerely

Matt Porteous  
Researcher  
Department of Management  
University of Otago

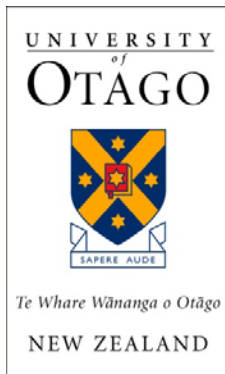
If you have any questions about this project, either now or in the future, please feel free to contact either:-

Matt Porteous  
Researcher  
Department of Management  
[matt.porteous@otago.ac.nz](mailto:matt.porteous@otago.ac.nz)  
Telephone Number: 03 479 5094

or

Dr André Everett  
Supervisor  
Department of Management  
[andre.everett@otago.ac.nz](mailto:andre.everett@otago.ac.nz)  
Telephone Number: 03 479 7371

## Information sheet for participants and interview topic outline



*Ethics reference number 11/175*

*August 2011*

### **Managing collaboration between New Zealand and Chinese organisations**

#### **INFORMATION SHEET FOR PARTICIPANTS**

Thank you for showing an interest in this project. Please read this information sheet carefully before deciding whether or not to participate. If you decide to participate we thank you. If you decide not to take part there will be no disadvantage to you of any kind and we thank you for considering our request.

#### **What is the aim of the project?**

This project explores ways of managing collaboration between New Zealand and Chinese organisations. This involves developing case studies of collaboration between New Zealand and Chinese organisations through interviewing both New Zealand and Chinese members of these organisations.

It is important to note that this research is looking at how things are managed, rather than the actual work that is done. The project focuses on management processes rather than product detail.

This project is being undertaken as part of the requirements for the degree of Master of Commerce (Management) at the University of Otago, Dunedin, New Zealand.

#### **What type of participants are being sought?**

Participants should have current or recent experience of New Zealand and Chinese organisations working together.

#### **What will participants be asked to do?**

Should you agree to take part in this project, you will be asked to participate in an interview, where you will be asked to describe your experiences and observations about working and managing within the New Zealand-Chinese context. The interview will start by asking you about your history in this area, then move on to how you feel it is best to manage within a New Zealand-Chinese context. The interview should take approximately an hour of your time, but you may voluntarily extend this.

### **Can participants change their mind and withdraw from the project?**

You may withdraw from participation in the project at any time and without any disadvantage to yourself of any kind.

### **What data or information will be collected and what use will be made of it?**

The principal data collected will be your telling of your experiences, observations and suggestions about managing collaboration in the New Zealand-Chinese context. This will be used to look at ways that management practices can then be improved, so as to improve overall outcomes for individuals and organisations.

This project involves an open-questioning technique. The precise nature of the questions has not been determined in advance, but will depend on the way in which the interview develops. Consequently, although the University of Otago Human Ethics Committee is aware of the general areas to be explored in the interview, the Committee has not been able to review the precise questions to be used. A brief outline is attached to give an indication of possible discussion topics.

In the event that the line of questioning does develop in such a way that you feel hesitant or uncomfortable you are reminded of your right to decline to answer any particular question(s) and also that you may withdraw from the project at any stage without any disadvantage to yourself of any kind.

The results of the project may be published and will be available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve your anonymity. You are most welcome to request a copy of the results of the project should you wish.

Interviews will be recorded as digital audio files, and these and any other data collected will be securely stored in such a way that only the researchers mentioned below will be able to gain access to it. A copy of your interview transcript will be provided to you, should you wish to clarify your responses. At the end of the project any personal information will be destroyed immediately except that, as required by the University's research policy, any raw data on which the results of the project depend will be retained in secure storage for five years, after which it will be destroyed.

Reasonable precautions will be taken to protect and destroy data gathered by email. However, the security of electronically transmitted information cannot be guaranteed. Caution is advised in the electronic transmission of sensitive material.

### **Any questions?**

If you have any questions about our project, either now or in the future, please feel free to contact either:-

Matt Porteous  
Researcher  
Department of Management  
Telephone Number: 64 3 479 5094  
[matt.porteous@otago.ac.nz](mailto:matt.porteous@otago.ac.nz)

or Dr André Everett  
Supervisor  
Department of Management  
Telephone Number: 64 3 479 7371  
[andre.everett@otago.ac.nz](mailto:andre.everett@otago.ac.nz)

*This study has been approved by the University of Otago Human Ethics Committee. If you have any concerns about the ethical conduct of the research you may contact the Committee through the Human Ethics Committee Administrator (ph +64 03 479 8256). Any issues you raise will be treated in confidence and investigated and you will be informed of the outcome.*

## **Managing collaboration between New Zealand and Chinese organisations**

### **Interview topic outline**

This project involves an open-questioning technique where the precise nature of the questions which will be asked has not been determined in advance, but will depend on the way in which the interview develops.

However, a possible outline of topics is provided below.

Note that this research is not looking at *what* you do, it is looking at *how* you do it.

- Describe the company/organisation/project, and in particular collaboration between New Zealanders and Chinese.
- Describe the relationships between the people involved.
- Are there any special problems or challenges that arise? If so, what helps to resolve these?
- How does this collaboration contribute to the operational effectiveness of your organisation? How does it fit with your organisation's strategy?
- Are there any intellectual property issues, and how can these best be dealt with?
- How do you judge the success (or failure) of the collaborative work?
- What kinds of things can help to gain maximum value for everyone involved?
- How could the collaboration be expanded or changed, so as to improve outcomes and increase benefits?

## Consent form

### MANAGING COLLABORATION BETWEEN NEW ZEALAND AND CHINESE ORGANISATIONS

#### CONSENT FORM FOR PARTICIPANTS

I have read the Information Sheet concerning this project and understand what it is about. All my questions have been answered to my satisfaction. I understand that I am free to request further information at any stage.

I know that:

6. My participation in the project is entirely voluntary;
7. I am free to withdraw from the project at any time without any disadvantage;
8. Personal identifying information (audio recordings) will be destroyed at the conclusion of the project but any raw data on which the results of the project depend will be retained in secure storage for five years, after which they will be destroyed;
9. This project involves an open-questioning technique. The general line of questioning includes business collaboration. The precise nature of the questions which will be asked has not been determined in advance, but will depend on the way in which the interview develops and that in the event that the line of questioning develops in such a way that I feel hesitant or uncomfortable I may decline to answer any particular question(s) and/or may withdraw from the project without any disadvantage of any kind.
10. The results of the project may be published and will be available in the University of Otago Library (Dunedin, New Zealand) but every attempt will be made to preserve my anonymity.

I agree to take part in this project.

.....  
(Signature of participant)

.....  
(Date)

This study has been reviewed and approved by the University of Otago Human Ethics Committee. If you have any concerns about the ethical conduct of the research you may contact the Committee through the Human Ethics Committee Administrator phone +64 (3) 479 8256. Any issues you raise will be treated in confidence and investigated and you will be informed of the outcome.

