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BETTER BUSINESS NETWORKING AMONG CRAFT FAMILY ENTERPRISES IN  
TAIZHOU: CASE: TAIZHOU CHANGHUI CRAFT CO., LTD

Bachelor's Thesis 2012

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## ABSTRACT

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CAI, DINGLIN                      Better networking among craft family enterprises in Taizhou:  
Case: Taizhou Changhui Craft Co., Ltd

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Supervisor                         Ulla Puustelli, Senior Lecturer

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This study is commissioned by Taizhou Changhui Craft Co., Ltd. The craft industry in Taizhou is booming again after the financial crisis in 2008. Changhui has the potential to enlarge its business through the networking with other craft family enterprises in Taizhou.

The aim of the study is to understand the preferences and behaviour of craft family enterprises in Taizhou and make practical suggestions for Changhui to have better networking. The research methods used in the study are both quantitative survey and qualitative interview. The questionnaire consists of 10 different attitude statements and some other related questions, the interview is guided by a list questions based on the results of the quantitative research.

The findings show that most of the craft family enterprises have started networking and they hold positive attitudes towards networking. Meanwhile, Changhui is ready for networking with the local craft family enterprise. Some practical suggestions are given according to the findings so that Changhui will have sustainable networking relationships and better business in the following years.

TIIVISTELMÄ (KÄÄNTÄJÄ: CAI DINGLIN)

KYMENLAAKSON AMMATTIKORKEAKOULU

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CAI, DINGLIN	Parempia liiketoimintaverkostoitumisia käsityöperheyrityksissä Taizhoussa: Tapaus: Taizhou Changhui Käsityö Oy
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Tämä tutkimuksen toimeksiantajana on Taizhou Changhui Käsityö Oy. Käsityöteollisuus on nousemassa taas vuoden 2008 finanssikriisin jälkeen. Changhain liiketoiminnot pystyvät kasvamaan mahdollisesti liittymällä toisten käsityöperheyritysten kanssa Taizhoussa.

Tutkimuksen tavoitteena on ymmärtää käsityöperheyritysten liittyviä mieltymyksiä ja käyttäytymistä Taizhoussa ja tehdä käytännöllisiä ehdotuksia, joiden avulla Changhui voisi saada parempia verkostoja. Tutkimusmenetelmiä ovat sekä kyselylomake että haastattelu. Kyselylomake koostuu 10 erilaisesta asenneväittämästä sekä muista niihin liittyvistä kysymyksistä. Haastattelu perustuu kysymyksiin, jotka on suunniteltu määrällisen tutkimuksen tulosten perusteella.

Tulokset osoittavat, että käsityöperheyritykset Taizhoussa ovat alkaneet verkostoitua ja niillä on positiivinen asenne verkostoitumiseen. Lisäksi Changhui on valmis verkostoitumaan paikallisten käsityöperheyritysten kanssa. Työssä on ehdotuksia, joiden avulla Changhui saisi kestäviä verkostokontakteja ja lisää liiketoimintaa seuraavina vuosina.

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## 1 INTRODUCTION

This thesis is commissioned by Taizhou Changhui Craft Co., Ltd, a regional family enterprise in Taizhou, which is specialized in producing and selling wooden and iron handicrafts, exporting mainly to UK, Germany and North America. After the year 2008, the business of Changhui dramatically decreased, due to various reasons. This thesis focuses only on how to survive in the critical environment from the point of view of networking among the craft family enterprises.

The phenomenon is worth studying because the renaissance of craft family enterprises is significant for Taizhou economy, as craft exporting is one of the polar industries. For me, it is a challenge, because Changhui, like any other small size family firms, can't afford any kinds of large marketing campaign, and this is also why I'd like to find practical solutions through enhancing business partnership among craft family enterprise, which is supposed to be the most economical and effective for those companies to survive and revive at the very beginning.

The aim of the study is to find the attitudes of the private entrepreneurs towards the business networking among regional SMEs. The emphasis of this thesis is to understand the behaviour, the needs, the preferences and the interests of the craft family firms when they involve themselves in a business relationship with the other similar craft private enterprises.

The objective of this thesis is to suggest a practical solution for Changhui to develop its business in the following years through sustainable networking relationships with other family enterprises in the craft industry in Taizhou based on the findings of the study.

## 1.1 The city of Taizhou

Taizhou is a prefecture-level city in the middle of eastern Zhejiang province, People's Republic of China. It is surrounded by the other cities but looks out to the East China Sea to the east shown in Figure 1. And the coastline of the east is as long as 651 kilometres. Within the offshore area, there are 12 chains of islands and 691 islands, according to the information offered by Taizhou Government in the official website (2011).



Figure 1 Location of Taizhou (Taizhou Government 2011)

Taizhou has a complete system of sea, land and air transportation connecting with the major cities in the whole nation, especially the road transportation network. As it is said in the report from Taizhou Traffic Bureau (2011) that the transportation network has extended in all directions with No. 104 National Highway, the on-land transportation artery of Southeast China, going across the whole area, and China coastal expressway Taizhou section has been completed and opened to traffic.

Together with the industry developing policies, the convenient traffic condition makes significant contributions to the boom of all kinds of industries, particularly for the rise of family enterprises, in Taizhou during the late 1990s. It is reported in the official website of Taizhou Government (2011) that until the year 2006, the SMEs have

accounted for 98% of all the companies in Taizhou in quantity. Although influenced by the worldwide financial crisis in the year 2008, the SMEs never stopped their steps forwarding.

## 1.2 Craft industry in Taizhou

Craft industry is one of the polar industries, and the crafts are the fist-products for exporting in Taizhou, especially in the northern part of Taizhou. According to the report from Taizhou Online (2009), from year 2003 to 2006, it was the golden time for the handicraft industry with endless orders from overseas countries.

However, Taizhou Online (2009) also mentioned that since the year 2006, the appreciation of RMB, the rising price of raw materials and the increasing cost of labour force, particularly the world-wide financial crisis in 2008, set Taizhou craft industry to the edge of the cliff. The sudden decreased demands of craft forced hundreds of small companies go bankrupt, especially from the year 2008 to 2009.

The government carried out some supportive policies at that time to help the enterprises to struggle against the dilemma. Meanwhile the survivors also started to improve themselves in products and the services.

Local government started to establish particular programmes to help the private enterprises in the fourth quarter in 2009 and with the efforts themselves, the quality, design and technique of the products had been improved. The market was recovering, new enterprises were established. Nevertheless, quite a number of European country exporting oriented craft private companies suffered from the European currency crisis which broke out last year according to the statistic from Taizhou Government (2011), so how can the private enterprises in Taizhou area achieve stable and sustainable business to develop and enlarge themselves in the unknown future with lower cost?

### 1.3 Changhui Craft Co., Ltd

Changhui was established in 1998, locating in Yanjiang Town, Taizhou, Zhejiang Province, which was a transportation hub at that time. The whole company took up 5000 m<sup>2</sup> and had approximately 300 staff at its peak time. Changhui is specialized in producing and selling wooden and iron handicrafts, exporting via import and export companies mainly to UK, Germany and North America. From 4 million yuan sales amount in the first year, it kept increasing 30% annually, and reached to 10 million gradually in the year 2005 (Zhou 2012).

However, Manager Zhou (2012) said that as Changhui was shocked by the world-wide financial crisis in 2008, the business declined dramatically as well as the scale of the company. Further, lack of necessary management knowledge of the manage staff in the company and the long-time monotonous cooperation mode with the agencies leads to the even worse situation which Changhui had to face. From 5000 m<sup>2</sup> to 1500 m<sup>2</sup> in area and 300 to less than 50 in amount of staff, the catastrophe almost destroyed the crumbling family firm.

Fortunately, Changhui survived from the radical changes, continuing the monotonous business way with the import and export companies like in the past time, it started to find new ways to extend its business in the middle of the year 2009.

### 1.4 Research design

The design of the research in this thesis is aimed to provide a clear outlook of the study for the readers to follow. The procedure of the research is illustrated in Figure 2 as below:

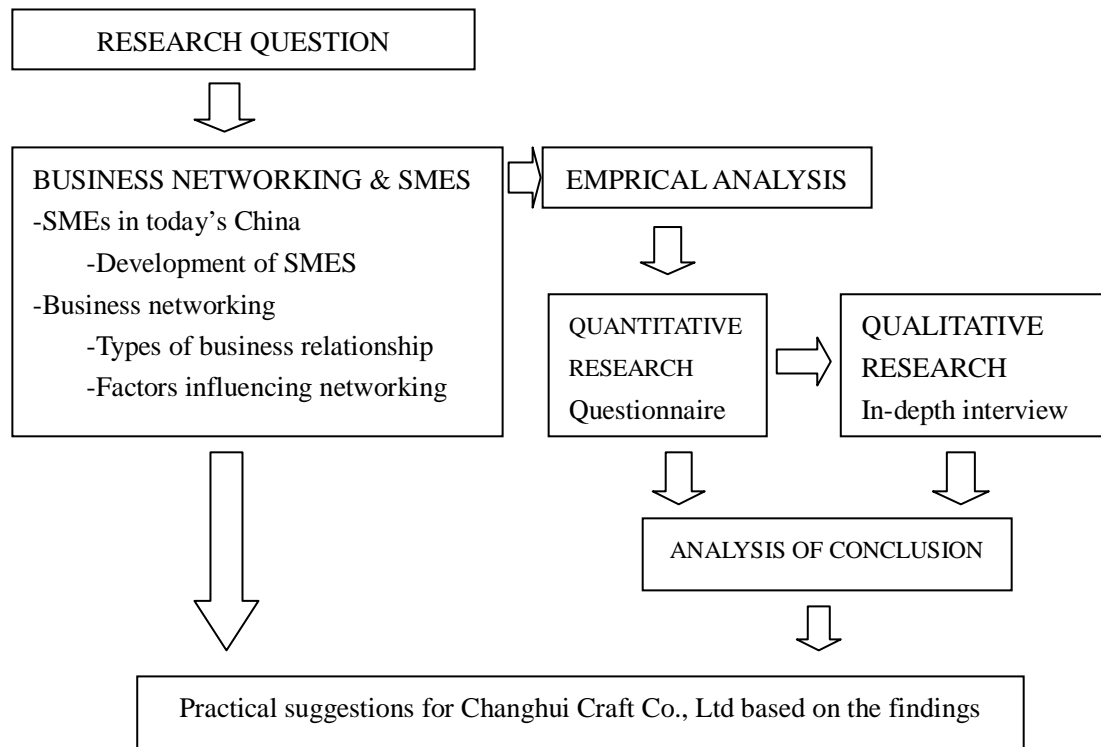


Figure 2 Procedure of the research

At the beginning of the research, the research questions will be defined. Then the theoretical knowledge will be mainly emphasized on the past and current situations of SMEs in China and various factors influencing business networking among enterprises. The quantitative survey is carried out in the form of questionnaire in order to find out what the actual attitudes of those entrepreneurs towards business networking in Taizhou area. Moreover, an in-depth interview for Changhui is adopted after the quantitative study. Finally, at the end of the search, suggested practical and economic solutions for Changhui Craft Co., Ltd to escape from the dilemma will be given based on the conclusion of the findings.

#### 1.4.1 Research focus and limitation

The focus of this research is to make suggestions for Changhui to enhance the networking relationships with the other craft family enterprises in Taizhou area. The

study is narrowed down by understanding the preferences and behaviours of the local craft family enterprises when they networking.

There have been many pieces of researches about networking among SMEs in China, but there are no such specified research done in Taizhou area. An essential point which is missing from previous researches is how to network with certain companies in a specific area. All the researches are giving the facts concerning networking among SMEs, but they seldom work out the solutions for instance how to enhance. This study is limited to make practical suggestions for Changhui to develop more potential partners and keep the existed networking partners.

This thesis offers only solid suggestions to enhance the networking relationship for Changhui; it does not include the actual budget which is critical for proper implementation. Further, some detailed solutions regarding networking relationship maintenance are also limited.

#### 1.4.2 Research questions

The essential research question of this thesis is:

How can Changhui survive and develop its business through enhancing networking among local craft family enterprises?

In order to answer the essential question of the thesis, the need of answering the sub-questions related to the research topic and the main question is undeniable. The sub-questions are as below:

- I. What are the problems the craft enterprises have in business networking generally in Taizhou at the moment?
- II. What are the attitudes of private entrepreneurs in Taizhou towards business networking among local craft family enterprises?

To answer the research question and the sub-questions, conclusions of the former studies regarding business networking among SMEs is no doubt necessary.

## 2 SMES IN TODAY'S CHINA

The term SMEs is widely known by the public as “small and medium enterprises” or “small and medium-sized enterprises”, as well as “small and medium businesses” or “small and medium-sized businesses”. It occurs frequently in the European Union and in international organizations, e.g. WTO, IMF, etc. In most economies, big companies are far weaker in amount than small enterprises.

The definition of SME varies from country to country, as the thesis focusing on the local private enterprises in Taizhou in China, so here the Chinese version will be presented. On June 18<sup>th</sup> of 2011, the latest of SME definition was clarified by MIIT (Ministry of Industry and Information Technology) of People's Republic of China. Enterprises are qualified as micro, small and medium-sized enterprises (SMEs) in case they meet the criteria for craft industry shown in Table 1 which is summarized by MIIT (2011). In Table 1, together with the staff headcount ceiling, both turnover ceiling are taken into consideration, and the currency has been converted into Euro from RMB according to the exchange rate on 21<sup>st</sup> March, 2012.

Table 1 Criteria of qualification of SME (MIIT 2011)

Enterprise category	Headcount (X)	OR	Turnover (Y)
Medium-sized	$300 < X < 1000$		$€ 2,380,000 < Y < € 4,770,000$
Small	$20 < X < 300$		$€ 360,000 < Y < € 2,380,000$
Micro	$X < 20$		$Y < € 360,000$

## 2.1 Development of SMEs in China

The development of Chinese small and medium-sized enterprises (SMEs) have gone through mainly three periods, along with the reform and opening-up of China's during the past three decades,.

Li (2006, p. 140) stated that the first period was from 1978 to 1992 which was characterized by the expansion of SMEs in number and scale, due to the government's encouraging policies and support for the development of township, collective and self-employed enterprises. Fabulous contribution has been made to the economic rise and the improvement of people's living standards by the rapid explosion of those SMEs.

The next period according to Li (2006, pp. 140-141) was from 1992 to 2002. During this period of ten years, the focus was reformation of state-owned SMEs and the development of non-public sectors. The government took a variety of measures, e.g. restructuring, merger and acquisition, joint partnership, leasing, contracting and sell-off, to accelerate the reconstructions of state-owned SMEs and to reduce the state's ownership in SMEs step by step. Meanwhile, private-owned SMEs developed rapidly along with the establishment of the socialist market economy, which was an extremely important period for the SMEs in China's history.

The last period began in June, 2002 as Li (2006, p. 141) affirmed, China issued the small and medium-sized enterprises promotion law, which indicated that the development of SMEs have reached a higher level than in the past. The government implemented various regulations or policies to remove institutional barriers that hinder the development of SMEs, especially private-owned ones, and created a level playing field for the development of SMEs. Meanwhile, scientific and technological innovations and upgrading were promoted to optimize industrial structure of SMEs and to enhance the general quality and competitiveness of Chinese SMEs.



## 2.2 The characters of Chinese SMEs

Although the scale and the private entrepreneurs of the Chinese SMEs have been improved significantly, the management of the Chinese SMEs seems not to be developed so rapidly correspondingly. Poutziouris, Wang and Chan (2002, pp. 383-384) pointed out that until now, a majority of Chinese SMEs still use the out of date management style which inherited from the former generation leading to the limitation of the development of Chinese SMEs.

Table 2 shows the typical characters of Chinese SMEs which indicates a potential development for the Chinese SMEs.

Table 2 Typical characters of Chinese SMEs (Poutziouris, Wang & Chan 2002, p. 391)

1	Small scale and simple organizational structure
2	Single product or market focus
3	Centralized control within one dominant CEO
4	Family ownership and control
5	External linkage to suppliers, customers, finance through personal network
6	Cost conscious and financially efficient
7	Weak marketing capacity especially in terms of brand image promotion
8	Growth constrained through reluctance to engage professional managers

## 2.3 Who are private entrepreneurs?

As mentioned previously, private enterprise is one of the important driving forces for China's economy. Based on the results of the research from Lang and Hu (2004, pp. 55-65), in the year 2002, there were 2.4 million private enterprises in China, employing 34.1 million people. Private entrepreneurs are being defined as an

emerging social class in China, and they are ranked as the 3<sup>rd</sup> largest social class after officials and governmental managers.

In China, Tsang (1996, pp. 21-30) categorized entrepreneurial activities in the private field into two types:

- I. Individual households – businesses in which the number of employees are always less than eight.
- II. Private enterprises – which are economic entities aimed profit-making and the number of employees is eight or more.

Therefore, in this thesis, the concept of “private entrepreneur” only refers to those whom owned at least one private enterprise.

### 2.3.1 Last occupations of the private entrepreneurs

It was argued in the researches on market transition in socialism that, the strengths of those who used to hold power in resource redistribution in centrally planned economies would be considerably weakened (Nee 1996, p. 911). The author also affirmed that the elite in the newly introduced economy system would probably not emerge from the previously advantaged classes but more likely from those that were disadvantaged in the centrally planned economies. In conclusion, people from a poorer social background without rich resources and strong power were forced to take risks in business adventure and, if succeeded, level up to a higher social class.

The argument from Li (2006, p. 152) provided a vivid image of whom the entrepreneurs were likely to be. However, it is quite interesting to find out that during the early period of economic reforms, the public kept a negative attitude towards the private entrepreneurs because of their social backgrounds, farmers, unemployed or semi-unemployed and so on, of which all the occupations were out of dignity. Even a tiny percentage of the entrepreneurs who committed and have been convicted of various criminal offences before they started the businesses make the situation even

worse. The following Table 3 shows the last jobs that entrepreneurs had prior to the beginning of their private enterprise career.

Table 3 Last occupations of the private entrepreneurs (Li 2006, p. 151)

Last occupation	Before 1993 (%)	1993-1996 (%)	1997-1999 (%)	2000-2001 (%)
Professionals	11.1	3.9	10.4	3.8
Persons in charge of government agencies and institutions	5.9	3.0	3.8	2.8
People in charge of public and economic organizations	15.4	24.6	41.1	63.5
Clerk and office workers	0.0	1.7	5.3	5.6
Industrial workers	24.3	2.9	7.9	3.5
Farmers	12.3	4.4	5.0	1.4
Army	1.0	0.2	0.3	0.0
Other	30.0	59.5	26.2	19.4
Total	100.0	100.0	100.0	100.0

Dating back to the year 1993, the majority of private entrepreneurs were originally from the lower classes (53%), such as “industrial workers” and “farmers” who didn’t have abundant recourses or power. However, dramatic changes took place after 1993, the amount of entrepreneurs originally from a working class background surged down obviously. Similar trends were witnessed outside urban areas where fewer farmers launched private enterprises. Late during 2000 and 2001, the private entrepreneurs from worker and farmer backgrounds only took up 4.9%.

### 2.3.2 The education of the private entrepreneurs

Education is often stated to be a key constituent of the human capital required to facilitate entrepreneurial success (Li, Zhang & Matlay 2003, p. 495). Therefore, it is significant to generalize the actual fact of the education level of Chinese private entrepreneurs. Table 4 shows the educational attainment of Chinese private entrepreneurs.

Table 4 Educational attainment of Chinese private entrepreneurs (Li 2006, p. 154)

Year	No schooling (%)	Primary school (%)	Junior high school (%)	Senior high school (%)	College and university (%)	Post graduate (%)	Total (%)
1980	2.6	7.9	50.0	29.0	10.6	0.0	100.0
1993	0.0	10.7	31.0	26.2	31.0	1.2	100.0
1995	0.0	3.7	31.7	45.5	18.7	0.4	100.0
1997	0.4	0.8	19.4	33.8	43.0	2.5	100.0
2000	0.0	1.6	13.4	41.9	37.8	5.3	100.0
2002	0.0	0.3	11.2	39.3	44.9	4.3	100.0
2003	0.0	0.8	12.7	39.4	44.9	2.1	100.0

Li (2006, p. 155) explained that the earlier stage of entrepreneurship development in China, the less educated private entrepreneurs were. Apart from a negligible percentage at 2.6% of illiterate private entrepreneurs, more than half of them only received education up to the junior high school which was resulted from their comparatively humble origins and lower social background during the early 1980s. As the developments of entrepreneurial progressed, private entrepreneurs were more active involving themselves into entrepreneurial activities by positive motivations. Further, larger numbers of people who had a better social background or originally came from a higher social class leads to condition started their own private enterprises in the following years, which made the educational attainments started to improve gradually and consistently.

Dramatically, a sharp improvement of the education level of those private entrepreneurs in China was witnessed in 1997 that almost half of the private entrepreneurs received an education from college or university. Similar in the next 6 years until 2003, the percentage of entrepreneurs graduated from senior high school and college/university stayed stably, at 39.4% and 44.9% respectively, which made up 85% of the private entrepreneurs in total, with only a small change in the percent of post educated entrepreneurs, declined from 5.3% in 2000 to 2.1% in 2003. Li (2006, pp. 155-156) also pointed out a trend that after the year 2000, the more educated people, especially the people who had received higher education than bachelor degree, were less likely to start a business himself.

Such improvements and changes in educational attainment could be explained by the background of the new generation of private entrepreneurs. Li (2006, pp. 154-156) claimed that the private entrepreneurs had higher expectations upon renouncing previous occupations and positions generally. Higher opportunity cost involved in the changing supplied more possibilities for these kinds of better educated ones to be more determined to form successful businesses. On the other hand, better educated entrepreneurs were more likely to succeed, for the sake of their access to all kinds of resources, e.g. better friend circle for business. From a social change perspective, less educated entrepreneurs could find it more difficult to be part of the emergent entrepreneurial class.

### 3 BUSINESS NETWORKING

Business networking is defined by Martin (1999, pp.32-54) as the progressive procedures of mutually beneficial relationship, in other words, win-win business relationship establishment, together with other business people who shares the similar awareness of value in order to gain potential clients or customers to enlarge their business.

In general, according to Martin (1999, pp. 116-141), there are 4 main types of business networking among the private enterprises: Business groups, Industry associations, Strategic alliance and Franchising:

- I. Business groups are made up of individual companies with different degrees of overlapping ownership. In some groups, a single family or several families have the possibility to control all the other companies in the same group.
- II. Industry associations are the networks of firms which is coordinated by third-party societies established independently of any one company or a specific department in the government, with powers to aid, abet and guide businesses.
- III. Strategic alliances are regarded as a way of networking in which the companies ally with written contracts to avoid opportunism. In addition, once strategic alliances have been pursued successfully, the particular firms may obtain a reputation that attracts potential alliance opportunities. The strategic network is viewed as a long-term arrangement among the related enterprises that allows those firms inside to gain a competitive advantage against their competitors outside the network through sharing the business information and opportunities.
- IV. Franchising is an organizational form that has enabled the internationalization of small firms, especially in the service industry. Franchising allows one business to operate under the trading name of another business' established brand and sell its products or services for a specified period.

As there are no local third-party associations to guide the business (Taizhou Online 2009), meanwhile, this thesis mainly focuses on networking among the local craft family firms in Taizhou area, so networking discussed here is more related especially to “strategic alliances”.

### 3.1 Strategic alliances in networking

Although strategic alliance is highly recommended in this thesis with regard to the

specific situation in Taizhou, it still has its own pros and cons like any other methods mentioned above.

Table 5 Benefits and potential problems of strategic alliance (Gulati 2007)

+ Reputation enhancement	- Asymmetric dependence
+ Production efficiency improvement	- Opportunistic behaviour
+ Specific skills learning	

Table 5 shows both the benefits and the potential problems of the form strategic alliance in business networking according to the summary from Gulati (2007, pp. 151-157). Especially for the just starting-up networking companies, they can enhance the reputation through linkage to a partner more prestigious than themselves, and their production efficiency will be improved based on the advanced quality and inventory management system from their partners. Further, they can also learn some specific skills from their partners as well, such as product communication and proposal writing.

On the other hand, there exist some potential problems. As mentioned in the previous chapter, the relationship among the companies in the strategic alliances may be strictly contractual that both companies involved are not allowed to ally with a third party. However, Martin (1999, pp. 137-141) claimed that it also might be a very loose informal agreement between the companies. Because in the alliances, not all the companies involved have the similar commitment and ongoing management, if the relationship were dominated by one company, it will probably exploit the alliance to its own advantage. (Gulati 2007, pp. 151-164.)

Therefore, finding a partner firm which shares the common culture and the understanding of accepted business practice is quite essential to the sustainability and stability of the networking relationship. In general, the basement of successful business networking as Martin (1999, pp. 151-164) concluded is the trustworthy

relationship between the companies or entrepreneurs. The purpose of business networking is to increase business income and get new business from your partners through the exchanges of business information, ideas, and support.

### 3.2 The life cycle of business networking

The same as any other kinds of products or services, business networking also experiences a process from its debut to perish. The relationship during the period of networking goes through its own life cycle without exception. Figure 3 below illustrates four stages of introduction, growth, maturity and decline respectively regarding the life circle of business networking.

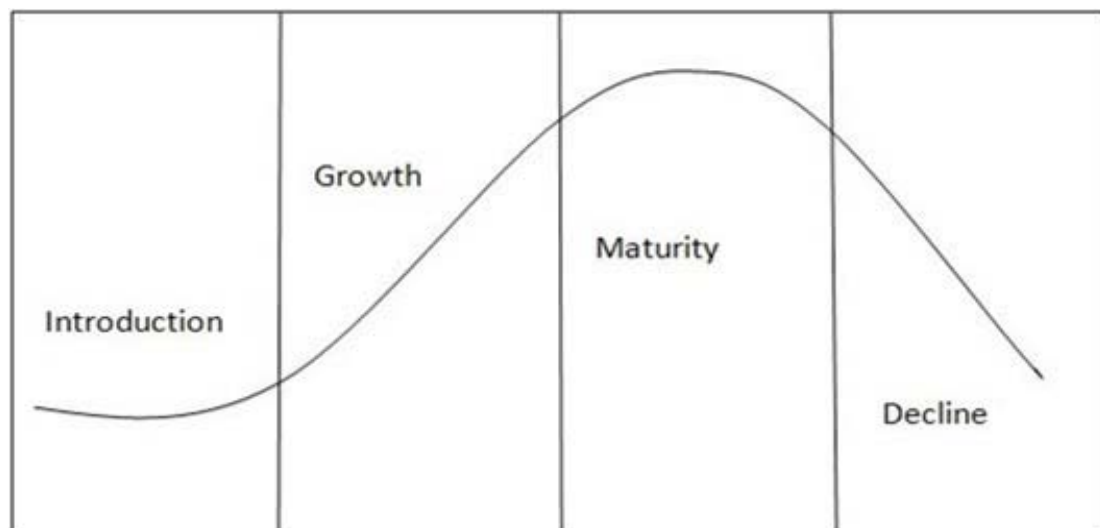


Figure 3 Four stages of business networking (Martin 1999, pp. 141-142)

In the introduction stage, when starting a new relationship with the other enterprises, in the aim of achieving sustainable and healthy development of business networking relationship, the recognition of cooperation opportunities and signing of the agreements play a decisive role as Grayson & Ambler (1999, p. 139) claimed that the trust in the initial stage is critical on the evolvement of long-term relationship. Nevertheless, Dickey, McKnight and George (2007, p. 253) contended that trust should be regarded as a tool of achieving mutual benefits. The consequence of blind trust is as serious as lack of trust in any kinds of relationship. Therefore, prior to



involving to networking, it is necessary for both parties to understand the reasons why they need networking. When signing the contract, an impartial agreement will be presented.

Growth stage requires positive co-operation among partners as Martin (1999, pp. 51-52) mentioned. Once the formal or informal contract signed, every party involved is responsible to provide support services, exchange or share the business information and ideas in order to achieve business revenue and the long-term development of their own enterprises.

Maturity stage indicates a firm and mutual friendly relationship. Both parties gain benefits from the information or services they provide to each other in order to gain the goal of increasing the business income and development of themselves.

Decline stage happens when the contracts are ended. The reasons for the decline are multiple. In most cases, Martin (1999, p. 54) affirms that the termination of the contracts won't occur until no resolutions are provided for the emerging problem in the relationship.

### 3.3 Factors influencing business networking

The period of business networking is divided into 4 stages in the previous chapter, and in each stage, factors affecting the relationship between both parties can be found. Therefore, there are mainly two key factors: recognition of the opportunity and formal or informal agreement. Further, as all the enterprises mentioned in this thesis are in China, a Chinese cultural thing must be taken into consideration, "guanxi".

#### 3.3.1 Opportunity recognition

As a matter of fact, the recognition of the opportunities before starting networking with the other entrepreneurs doesn't involve to any specific relationships, but

recognition is essential to the long-time relationship due to the importance of selection for the future cooperation. For those entrepreneurs who are seeking for networking, self-evaluation and partner-evaluation should be done before starting.

Self-evaluation	Partner-evaluation
Identify your passion Define what you want Know what you can provide	Define the strengths Evaluate the stability

Figure 4 Self-evaluation and partner-evaluation (Martin 1999, pp. 60-80)

According to Martin (1999, pp. 60-63), the first phase when searching for the right partner to start networking probably starts with your interests, background, education, experience and especially your need. Self-evaluation is consisted of defined passion and need and the provided support. Therefore, prior to involving into a relationship, identify the passion by estimating the interests, skills, and experiences, to figure out what type of business will be suitable.

Meanwhile, an evaluation regarding the potential partner should be done to define the strengths of the company and from which it can help. The possibilities of networking also need to be calculated, as well as the stability. Further, Martin (1999, pp. 62-64) mentioned that when measuring the qualifications of partners, the financial statement should not be the only thing to be emphasized, but also the personality and motivation of the partners which is an important ingredient.

### 3.3.2 Agreement

As mentioned above, business networking is a relationship which may be strictly contractual that both companies involved are not allowed to ally with a third party or a very loose agreement between the companies. However, no matter what kind of the relationship is, agreement is need in both cases.

The agreement, from the point of view of Martin (1999, pp. 32-54), is a contract which grants relatively fair and equitable rights, as well as reciprocal obligations, to both parties. It includes many provisions concerning to the development of the relationship in the future. As a result, the agreement must keep a subtle balance of rights so that both parties will not be unsatisfied. However, if the relationship is quite loose, the agreement might be an informal written paper assuring that assistance will be provided in case the business of one of them is crashing down.

Martin (1999, pp. 32-48) also pointed out that negotiation occurs when one of the parties has the attempt to revise some unfair terms in the agreement. Mutual understanding is preferred for the operation and future development of the relationship. If possible, advice from lawyers is available.

In conclusion, the agreement should be equal and ensure the benefits for both companies. Also, it is better to have an agreement which cover all items related to the business than an informal insurance. Although asking for help from the professionals is available, mutual understanding of each other might be more than that. Only with an equitable and reasonable agreement, networking can benefit both parties.

### 3.3.3 Guanxi

It is commonly said in China that “It’s not what you know, but who you know.” which has never had more truth. As a historical cultural thing, guanxi indicates interpersonal cooperation and transaction not only for the present benefits but also the long-term gaining (Lu & Ma 2011, p. 115). Bell (2000, p. 133) defines guanxi as a mechanism by which a person is capable of acquiring individual or group objectives.

Actually, guanxi is one of the major dynamics in Chinese society. Guanxi has been an inseparable part of the Chinese business environment for centuries which binds numerous Chinese firms into a social and business web. Many entrepreneurs regard it as the lifeblood of both the macro-economy and micro-business conduct. Any business

in China, including both local firms and foreign investors and marketers, inevitably faces guanxi dynamics. In Luo's (2007, pp. 1-2) opinion, no company can go far unless it has extensive guanxi networks in this setting.

Luo (2007, pp. 227-237) stated that as there were so many economic crimes e.g. corruption, caused by "guanxi" in China, people might not have a positive idea towards "guanxi". However, people also agree that guanxi have another meaning of skills of managing interpersonal relationship by Chinese way. Figure 5 shows how guanxi forms and works in its way. From a point view of business networking, the four key indicators, dependence, adaptation, trust and favour can also be the factors which can affect relationship in networking.

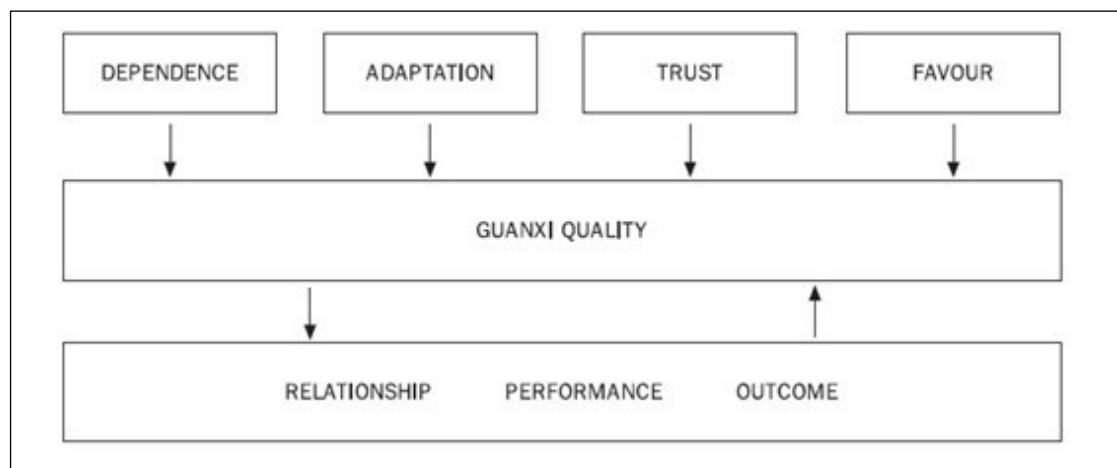


Figure 5 Key constructs of Guanxi (Buttery & Wong 1999, p. 151)

Guanxi theory needs to be discussed and analyzed as it is an important and useful tool for doing business in China. Because it is the person who you have guanxi with have the possibility to network with you.

#### 4 RESEARCH AND METHODOLOGY

Both quantitative methods and qualitative methods are adopted to use in this research. The quantitative methods emphasize on verification and hypothesis testing in the form of structured measurements which are result oriented and generalization by population

membership, like questionnaires while qualitative methods mainly focus on the situations using unstructured questions which can be modified and restructured as researchers want, for example, interviews. Those two research methods can be used in different levels depending on the thoughts of researchers and different subjects of studies. Meanwhile, both these two methods can be combined in one same study. Before the research, qualitative methods are suitable when research questions are not defined. Then, quantitative methods are used to test different hypotheses on the base of qualitative research. At last, both methods can be used to achieve objectives of the same study. (Ghauri & Grønhaug 2005, pp. 108-112.)

The research questions is defined in the first chapter, so the quantitative research method is adopted in this thesis at first, because the information relating the behaviours and the preferences of those craft family enterprises in Taizhou when they doing networking is needed. Two questionnaires are made before the research. One is for the companies who have already had networking partners, and the other is for the ones who haven't in order to find out their willing and thoughts about networking in the certain Taizhou area.

In addition, qualitative research is also used at the end of this research to gather in-depth information concerning networking situation of Changhui Craft Co., Ltd so that the certain practical suggestions can be given.

#### 4.1 Questionnaire design

The questionnaire (Appendix 1) is designed to collect the information of the family craft enterprises in Taizhou area regarding their attitudes towards the networking and their current situation in networking. It is translated into Mandarin Chinese (Appendix 2) when doing the research. The questionnaire has only 13 questions and takes about 10 minutes to complete. It is divided into two parts, the questions and the background information of the respondents.

Then first question is the 10 statements with increasingly sensitive ranking regarding their attitudes towards the networking, states are designed to show the opinions of the entrepreneurs from two sides. Statements 1.1 to 1.5 are some kind of positive attitudes on how they think about networking in a general idea, whether they are active in networking, their preference in starting the relationship and the actual effects of networking on their business. Statements 1.6 to 1.10 are little from negative point of view, including their concern about the networking, for instance, the stability of the relationship, the loyalty of both while networking, the dominant position and the cost.

Question 2 shows the ways how they get to know their co-operators at the very beginning. Related to Question 2 choice C “Friends’ friends”, Question 3 is concentrated on finding the clues how “guanxi” works in the business relationship.

Question 4 is to detect the reaction of the entrepreneurs how they cope with an unsuccessful business relationship. And Question 8 is simply to collect the ideas the interviewees have concerning networking.

The rest of the questionnaire is background information of the interviewees. It is consisted of basic questions such as age, gender, position in the company and contact information. All the data gotten from the background information make contributions to make the analysis and the conclusion of this research as the information regarding actual latest situation of those family enterprises interviewed provided in the internet is already out of date, like the scale of the companies, whether they started networking yet, etc.

## 4.2 Interview

The list of guiding questions (Appendix 3) is designed to collect the information of Changhui, the case company, regarding its networking. It is translated into Chinese (Appendix 4) while interviewing. The content of the list is consisted of 17 open

questions concerning all the aspects of networking in Taizhou for craft family enterprises based on the findings of previous questionnaire.

Questions start from the history of the networking of Changhui to the current situation then the future plan, including the actual consequences of networking, the challenges during the networking, etc. The main idea of this interview is to make the interviewee expresses the opinions freely in order to collect as much information as possible.

#### 4.3 Data analysis

The data from the questionnaire is analyzed mainly through MC Office Excel. Then when the interviewed is over, the result of this qualitative research is conducted depending on various techniques learned from lectures and books.

### 5 RESULTS OF THE RESEARCH

#### 5.1 Questionnaire

This questionnaire research started on February 6<sup>th</sup>, 2012 and ended on March 4<sup>th</sup>, 2012. During the progress of the research, more than 50 questionnaires are sent to the target companies, of which only 19 replied. In order to make the analysis clearer and easier, an extra one was answered by the case company Changhui to get up to 20. As mentioned previously, two types of questionnaires were made beforehand, but surprisingly, all of the respondents have already started business networking to some degree.

The targets companies are randomly chosen from the internet and some of them are recommended by the Manager Zhou from Changhui. As 20 respondents is not a big sample, the results are shown in the figures with both percentages and exact numbers as below.

### 5.1.1 The background of the respondents

All the respondents of this research are managers or at a position equivalent or higher in their companies, which makes the information gathered from the questionnaire more reliable and persuasive.

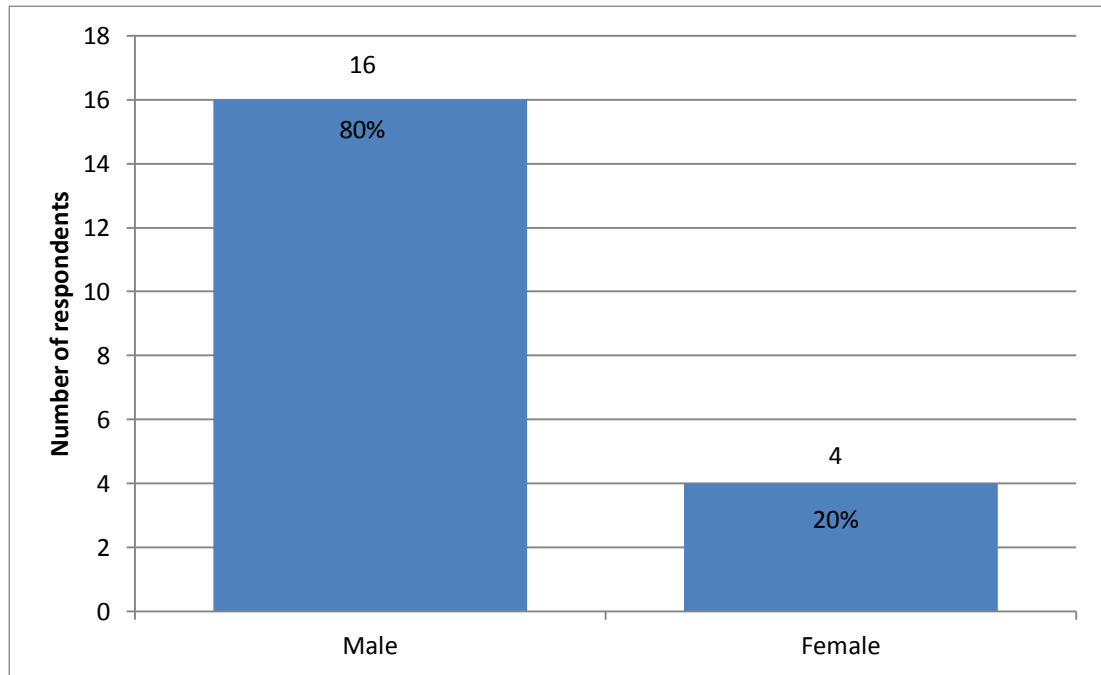


Figure 6 Gender distribution (n=20)

Among 20 respondents from the craft family enterprises, 16 are male and 4 are female, accounting for a percentage of 80% and 20% respectively.



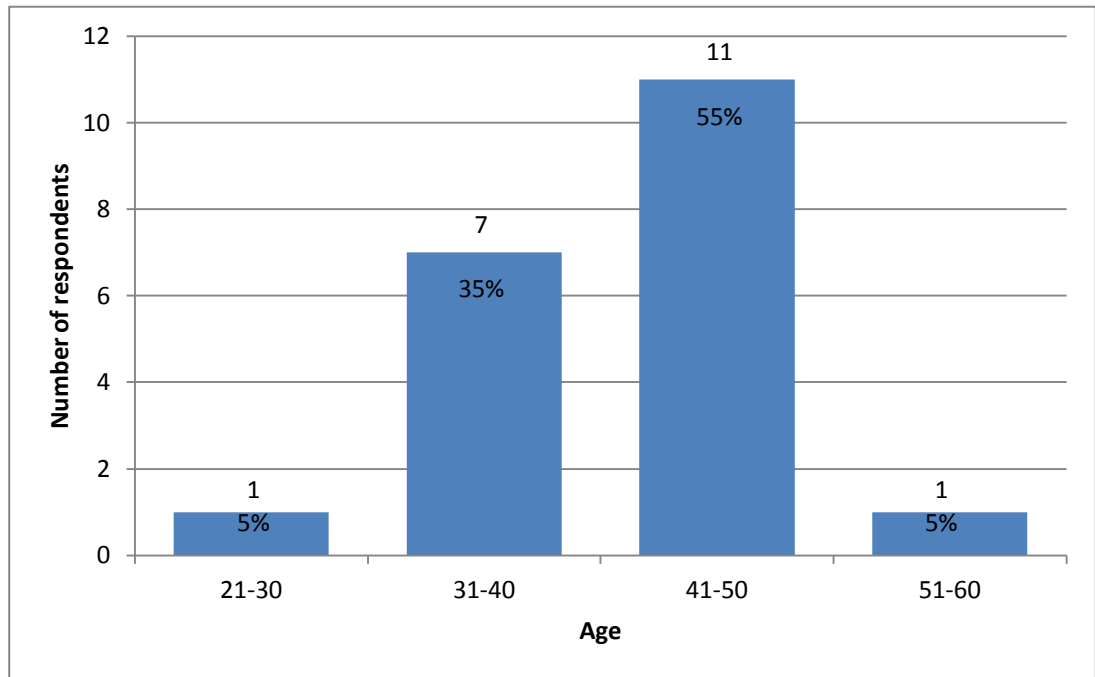


Figure 7 Age distribution (n=20)

The age is divided into 4 groups, 21-30, 31-40, 41-50 and 51-60. The youngest respondent in this research is 27, who just post graduated from the university and took the charge while the oldest one is 58, taking care of the business for his children at home. Therefore, despite the two exceptional cases, the major age groups are 31-40 and 41-50, accounting for 35% and 55% each.

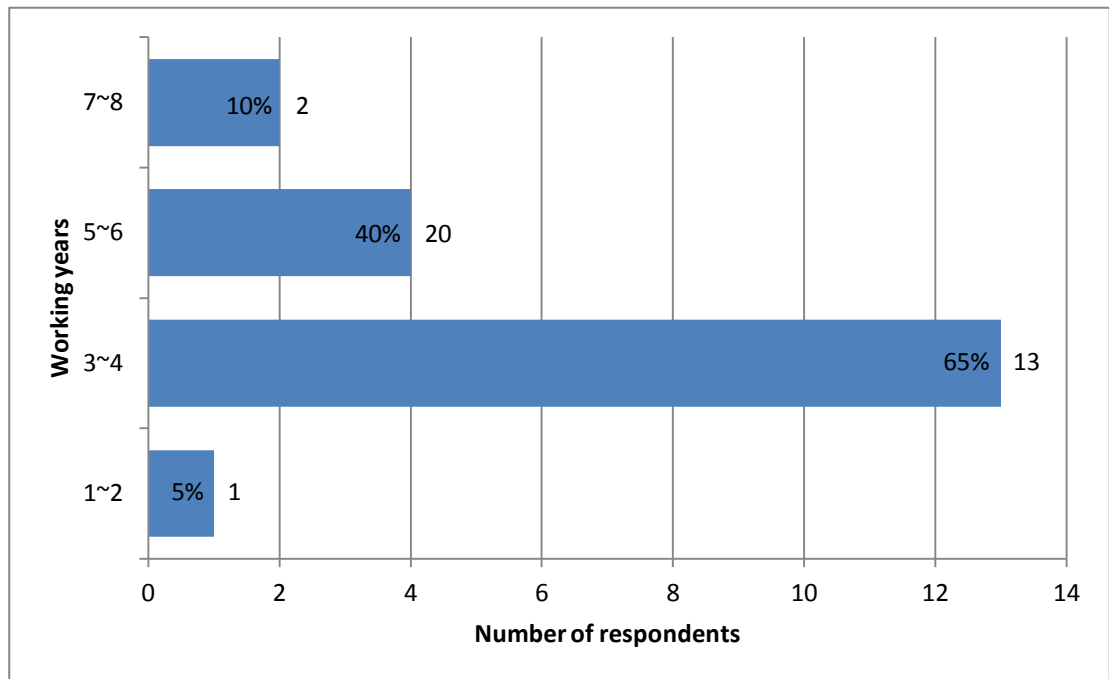


Figure 8 Working years in the company (n=20)

The majority of the respondents are now working in the fourth or fifth year in the company, taking care of the business. There are 10% of them in their seventh or eighth year in the position because they are the family member of the entrepreneurs. A negligible 5% in the figure is the youngest manager who was just taking the charge of his family business.

### 5.1.2 Profiles of the interviewed enterprises

The interviewees, as mentioned above, are chosen based on the information from internet and Manager Zhou. As they are from the craft family enterprises which have similar scale or history or current situation as Changhui, it is significant to summarize the current situation of the companies.

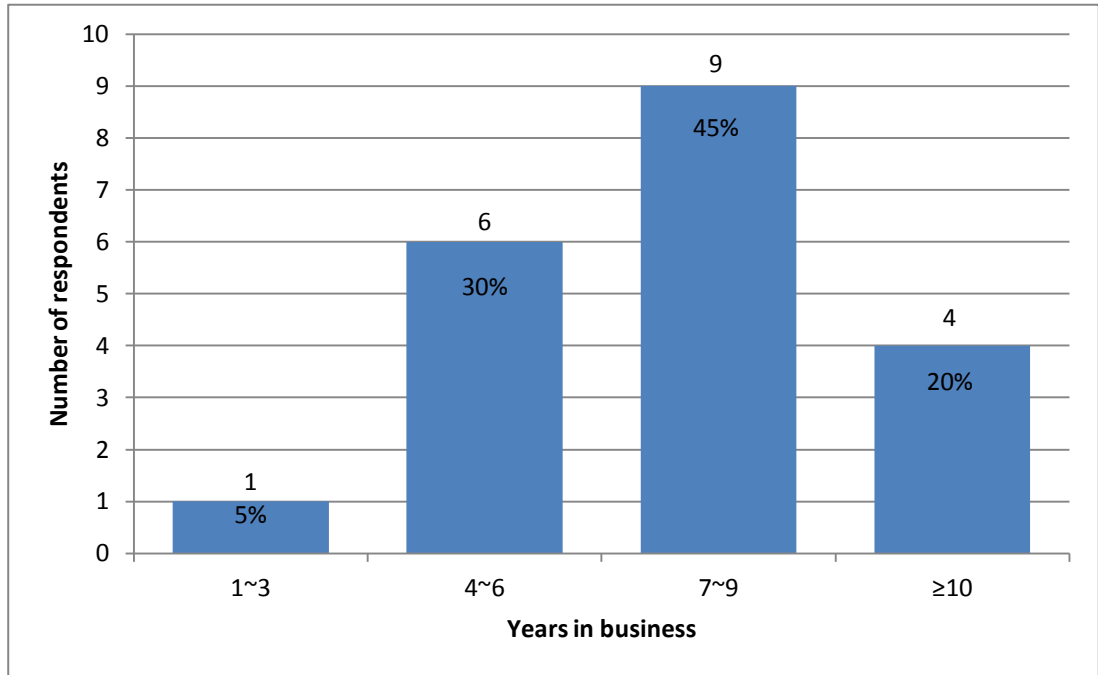


Figure 9 Years in business (n=20)

Almost half of the respondents have run business for about 9 years, and 6 out of all the companies have been in business for more than 4 years. The company which is just the second years in business is growing fast and the rest 10% are the 2 longest enterprises which have been in business for more than 10 years.

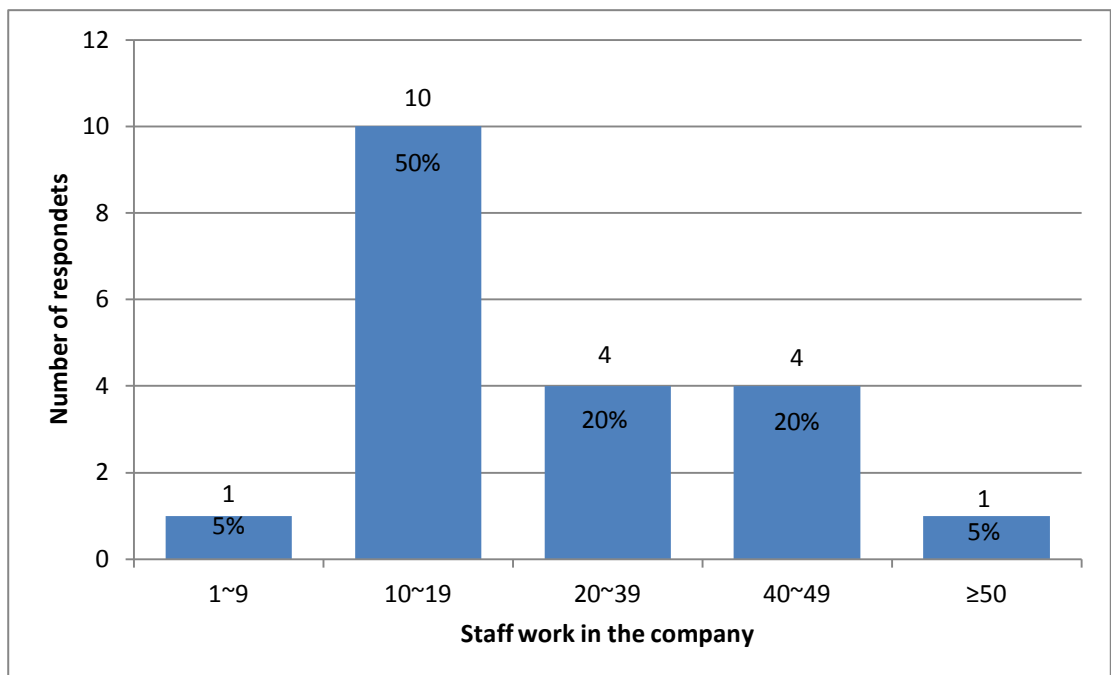


Figure 10 Staff working in the company (n=20)

Figure 10 shows the number of staff working in the company at the moment. Suffering from global financial crisis, most of the export-oriented companies to some extent cut down the staff in order to survive. So it is not so surprising to see half of the interviewees have 10-19 staff working daily in the company. Only 1 enterprise has more than 50 employees while others have 20-39 or 40-49 staff, accounting for 20% and 20% respectively. The rest 5% is the company with the least employees, which took care by the 58-year-old manager.

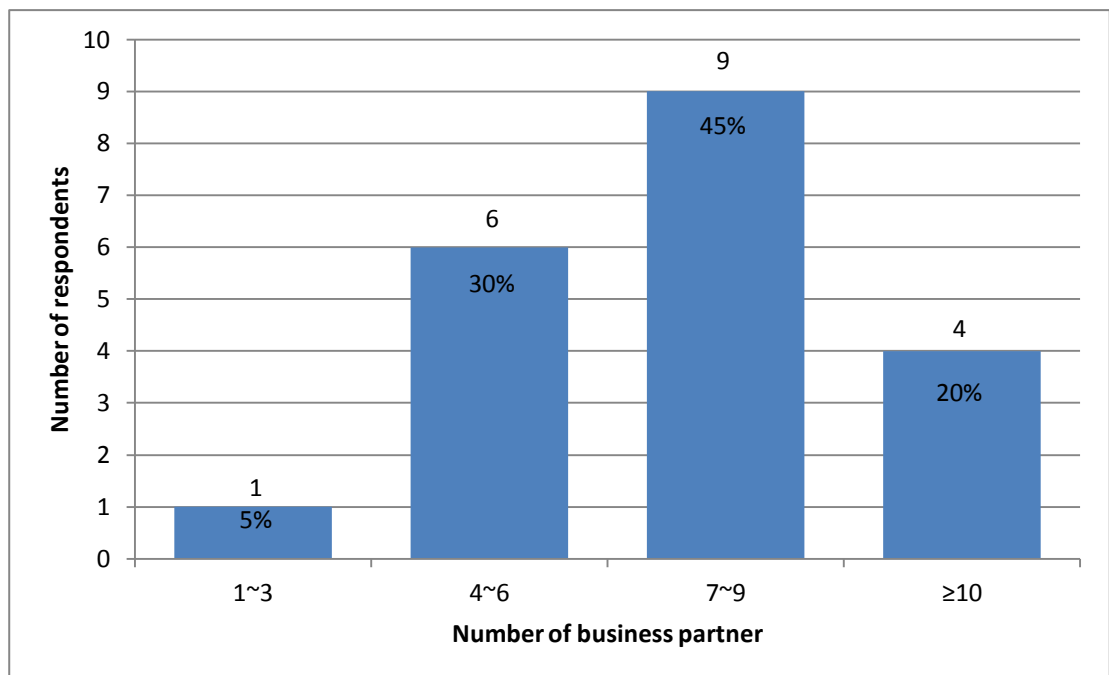


Figure 11 Number of business partner (n=20)

Things have changed so much in the new era, even the new started enterprise have realized the importance of networking. To my surprise, all the respondents have started their own networking while two years ago most of them didn't. As revealed in the figure above, there is 1 respondent who just started his business even having 3 co-operators and another 30% have 4-6. Almost half of the respondents have 7-9 networking partners and the rest 20% have 10 or more.

### 5.1.3 Attitudes towards networking

There are 10 statements regarding the attitudes of the interviewees towards networking. It requires the interviewees to circle the mark in the questionnaire from 1 (totally disagree) to 5 (totally agree).

From the average score shown in Figure 12, it is clear that the general attitude towards networking is quite positive and actually networking really help them to increase the profit of the company. What's more, they are trying to be active in searching and establishing new business networking relationship, because most of them think they don't have enough partners, although they also agree that networking is kind of expensive.

Meanwhile, they are more tending to help the enterprises which they are more familiar with, in other words, the relationship between the companies has great influence on their decisions how much effort they would do to help their partners. On the other hand, they agree that written contract is indeed needed if they decide to start networking with another company. In most cases, they believe that their partners are not as loyal as they are and they try to be dominant in the relationship in order to gain more benefit. It is also the reason why they rank such a high mark to some degree for "No benefit, no networking".

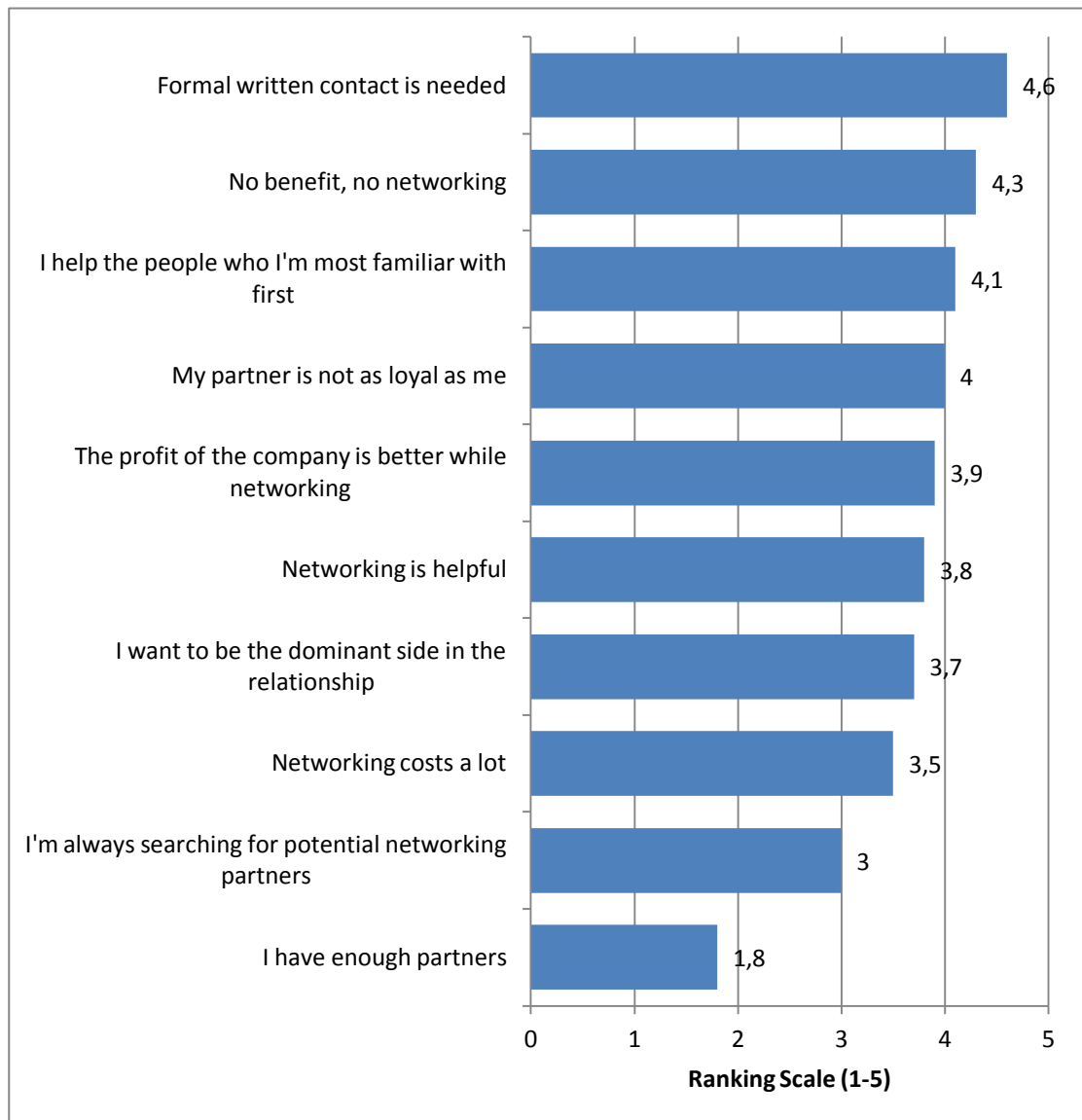


Figure 12 Attitudes towards networking

#### 5.1.4 Ways of getting potential partners

As a multiple choice question, it is set to collect various ways of how enterprises getting to know their networking partners.

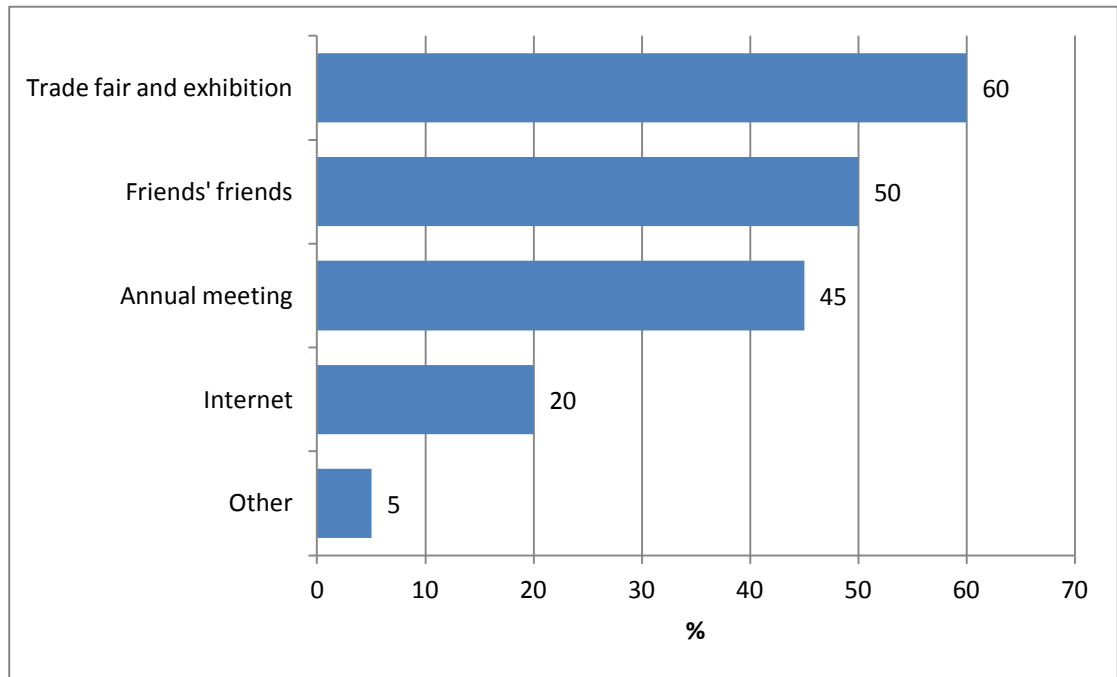


Figure 13 Ways of getting to know partners

Among the options, the most popular way of getting to know potential networking partners is the trade fair and exhibitions. Then the friends' friends are also a good resource to enlarge the networking circle. During the annual meeting held by the government, nearly half of the interviewees show evidence that they've made some business friends. It is astonishing that only 20% of the respondents are interested in searching networking partners on Internet. There is an exceptional case that 1 respondent said that he got a co-operator during the travel in the plane, quite accidental but fortunate.

#### 5.1.5 Analysis of quantitative results

The questionnaires are answered by 20 managers from different craft family enterprises in this research. Without any astonishment, 80% of the respondents are male and only 4 out of the 20 respondents are female, which is quite common in China. As well, the majority of the interviewee group is between 31 to 50 years old who have been working in the position in those companies for more than 4 years.

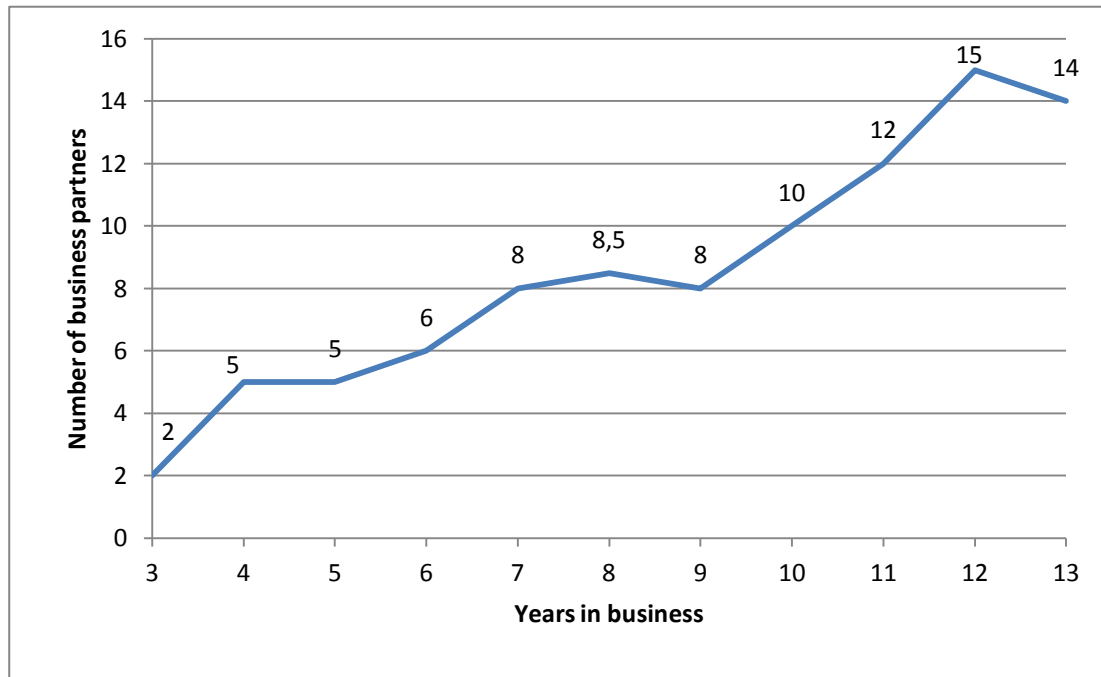


Figure 14 Years in business and number of partners

Not surprisingly, on an average level, according to the results, it is clearly demonstrated in the figure that the longer year the company has been in business, the more business networking partners he has. However, most of them are not satisfied with the numbers of networking partners, even the companies which have the most partners in amount. Although they are complaining about the considerable cost spent in networking, most of them enjoy the benefits networking brings, because networking really helped them in the past years.

Nowadays, the entrepreneurs are trying their best to stretch their networking circle through mainly four methods: Trade fairs and exhibitions, Friends' friends, Internet and Annual meeting held by the government. What is worth mentioning, an interesting phenomenon from the data can be seen in Figure 15.



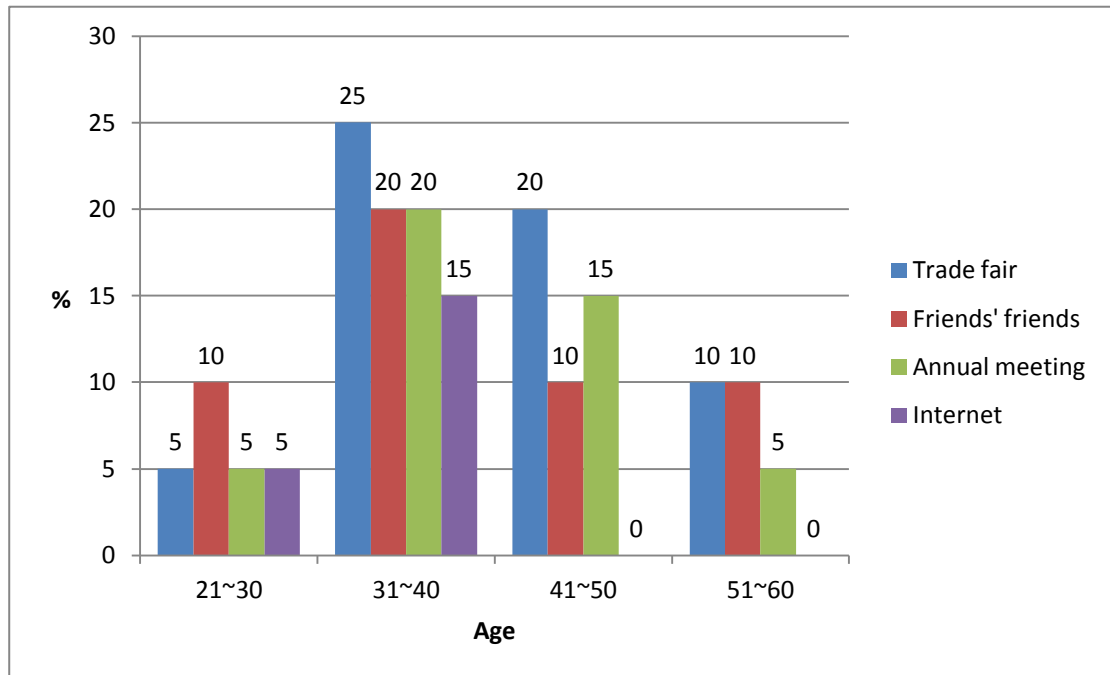


Figure 15 Age and ways of getting partners

Among all the interviewees who are older than 40, they never tried getting potential networking partners via Internet, simply because Internet is not so reliable and it is not as convenient as face to face contact from their point of view. One fact they hid behind is that they lack necessary computer skills which they feel shame to talk about, but insist that they are too busy to learn. Age group 31 to 40 is active in all kinds of social occasions to get potential partners, and one from this group even got a partner during the trip in a flight. The youngest and oldest group seems to be in weak position as the results reveal.

Half of the interviewees get their business partners from Friends' friends during the past years, but a large quantity of them, at 65%, are not going to introduce anyone of their partners to another partner in the concern that the behaviour will cause some troubles like unnecessary responsibilities. Still, they'd like to help the ones in trouble who they are more familiar with.

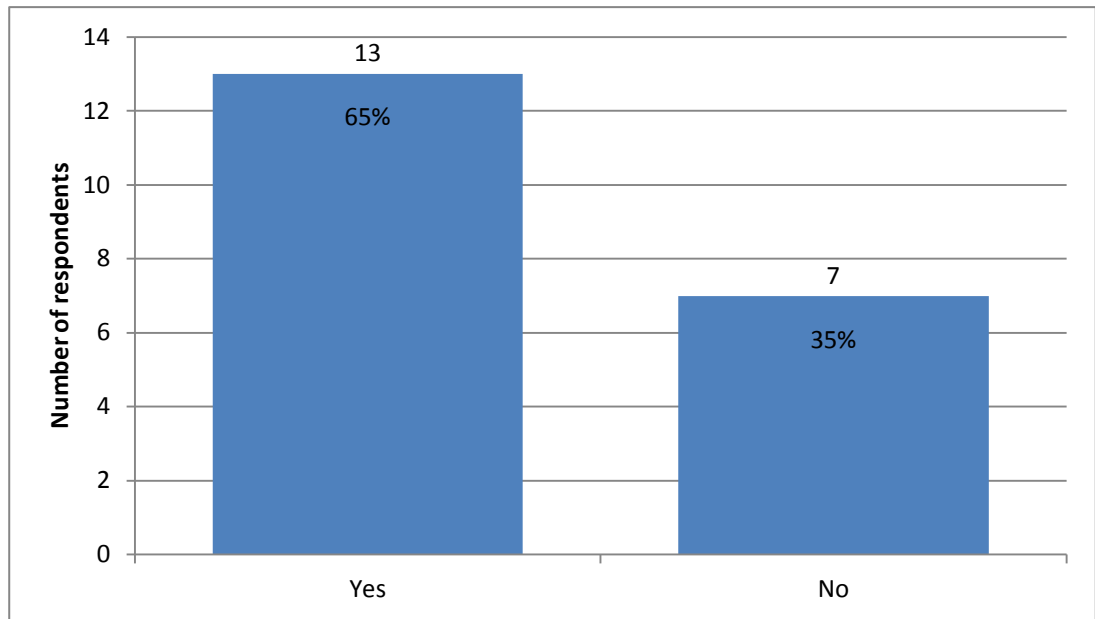


Figure 16 Will you introduce your partners to each other? (n=20)

Meanwhile, although China is quite high-level “guanxi” based society, during the period of networking, most of the interviewees stick to the point that a formal written contract is particularly needed, because they still doubt the loyalty of their partners somehow, and both of parties involved in the relationship try to avoid potential dominance.

In addition, they also show their perspective towards some unwelcoming behaviours during the networking, e.g. breaking the rules.

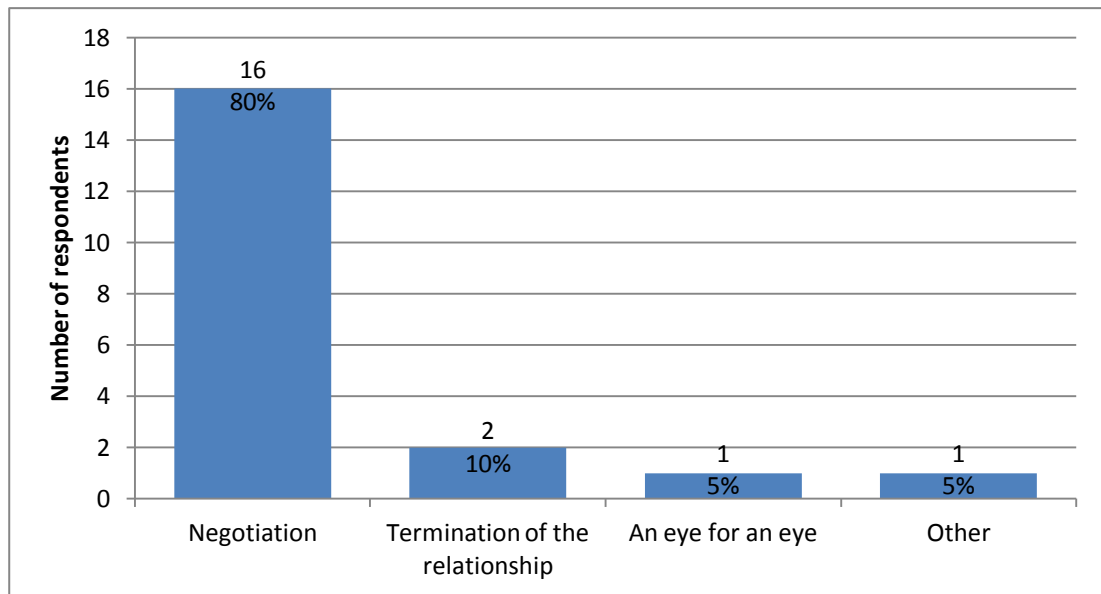


Figure 17 Ways of conflicts solving (n=20)

80% choose to be polite to negotiation at first, and 10% decide to terminate the relationships as soon as possible. The “an eye for an eye” was chosen by the oldest interviewee, which is no need to taken into serious consideration.

In conclusion, this research shows that the private entrepreneurs in Taizhou area have realized the importance and necessity of business networking and enjoyed the benefits from networking, but they lack of modern technical skills of establishing relationship with new business partners. All in all, the overall networking environment in Taizhou is fairly friendly.

## 5.2 Interview

The interview was done by Zhou Yingyan, the manager from Changhui, who has been working there for more than 4 years, mainly in charge of the products. And when Changhui started networking, she was also one of whom were responsible for searching and negotiating with those potential networking partners.

Changhui had its own networking partners early in the 2000, but precisely it started networking officially in late 2008 while surviving from the worldwide financial crisis.

At first networking was chosen simply because this was the only way they can afford the cost. The networking partners of Changhui in the past years were mainly met from the trade fairs or exhibitions and friends' recommendation. As the profits of the company are increasing after networking, Changhui is going to have several more partners in the next 3 years, but the number hasn't been decided yet. Although in Changhui, there are no such specific departments in charging of the relationship management of the networking partners, one personnel takes the responsibilities.

During the past years of networking with its partners, some challenges took place. Due to lacking of experience, networking relationship management was incredibly difficult at the beginning; a considerable percentage of investment had been wasted. Then as almost the contracts were informal, some of the partners shirked their responsibilities to avoid own loss in business. Fortunately, until the end of 2011, 80% of contracts had been changed into formal written ones.

Zhou also said that it is easier and more economical to keep an existed partner than to find a new potential one, and Changhui is satisfied with current networking partners, so the networking with current partners will be continued as long as the validity of the contracts. And she is sure that the partners will be pleased to renew the contracts when they expire, as Changhui has a longer history of networking and more standard networking management system than most any other craft family enterprise in Taizhou.

As it is well-known, guanxi plays an important role in doing business in China which leads to the connection among the small enterprises of the same kinds in Taizhou area. Therefore, it is not so surprising when Zhou pointed out that all the partners of Changhui were from Taizhou, and in the next 3 years, the company hasn't made the decision yet that network with some companies outside the local area.

Further, Zhou replied in the interview that she totally agreed to the opinion “No benefits, no networking”, no matter it is short-term or long-term. As well, she admitted that this is actually a criterion in her most cases.

In conclusion, from Zhou’s point of view, most of the networking cases in Taizhou are now in the introduction and growth stage according to the life circle of networking, but the overall atmosphere for networking among craft family enterprises in Taizhou is optimistic which is quite same as the result in the previous quantitative research.

### 5.3 Suggestions for Changhui

The objective of this thesis is to suggest a practical solution for Changhui to boom its business in the following years through sustainable networking relationships with local craft family enterprises in Taizhou based on the findings of both quantitative and qualitative research. Therefore, as Changhui has started networking for 4 years, here the presented suggestions can also be regarded as supplement and continuation for the previous experience.

#### 5.3.1 SWOT-analysis

Prior to start networking, one important thing should be taken into consideration as discussed in Chapter 3.2.1, self-evaluation, to identify the passion for a new relationship, define the need of service or support together with the expectation of the future partners and make the general analysis of own company.

Therefore, SWOT-analysis is reasonable and suitable in this case, besides the strengths and weaknesses of own company, the opportunities and threats in Taizhou business environment will also be considered. Table 5 shows the results of SWOT-analysis for Changhui as a member in networking when starting a new relationship.

Table 6 SWOT-analysis of Changhui (Zhou 2012)

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>- Long history of the company</li> <li>- Abundant experience of networking</li> <li>- Standard system of networking</li> <li>- Booming business in recent years</li> <li>- High loyalty to the relationship</li> </ul>	<ul style="list-style-type: none"> <li>- Small scale of the company</li> <li>- Lack of computer skills</li> <li>- Weak “guanxi” with the government</li> <li>- Monotonous product</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>- The rising awareness of networking of the private enterprises in Taizhou</li> <li>- Local government support</li> </ul>	<ul style="list-style-type: none"> <li>- Uncertain of partners’ loyalty</li> <li>- EU currency crisis</li> </ul>

### 5.3.2 Target partners

Concerning the own plan from the case company which is partly mentioned in Chapter 5.2, Changhui intends to have more business networking partners in the following years, but the amount of the partners hasn’t been determined.

In addition, potential partners outside Taizhou are not targeted, due to lack of certain experience and knowledge, as well as fund issues, the main networking target partners in this case is the craft family enterprises in Taizhou area.

Based on the data collected from the interview, Figure 18 reveals the total amount of the partners of Changhui in each year after starting networking. It can also be obviously concluded that the amount of partners of Changhui is increased by 2.67 partners annually. Therefore, as Changhui intends to have more partners in the following years, 2-3 partners increasing per year is reasonable and affordable.

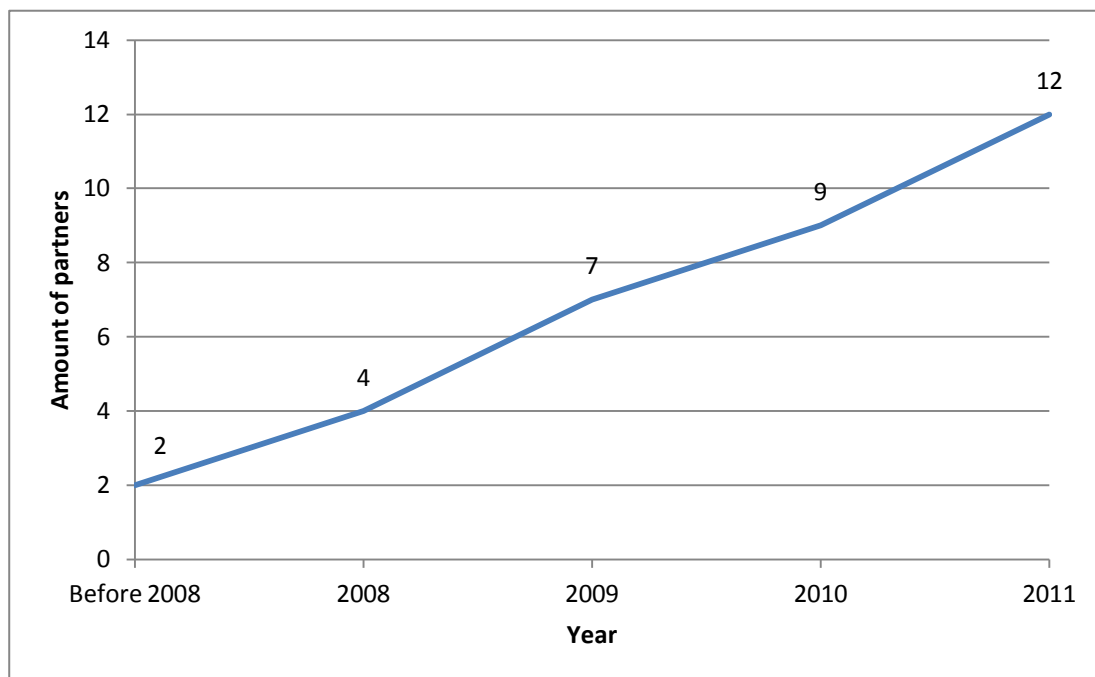


Figure 18 Amount of partners in the past years (Zhou 2012)

In addition, setting up a new department in the company especially for the networking relationship management at the moment is no doubt a waste, as Changhui doesn't have so many partners that need the exceptional care. However, a computer skilled person can be hired to explore the resources through the Internet. If not possible, traditional methods, trade fairs and exhibitions or friends' recommendation, are still of great value.

Certainly, not all the craft family enterprises in Taizhou are suitable, do the partner evaluation beforehand, and keep in mind "No benefit, no networking", both short-term and long-term. On the other hand, the self-propaganda in the Internet and the trade fairs is important, as the advantages of Changhui is quite attractive to the other companies.

Finally, formal written contract is particularly necessary.

### 5.3.3 Existed partners

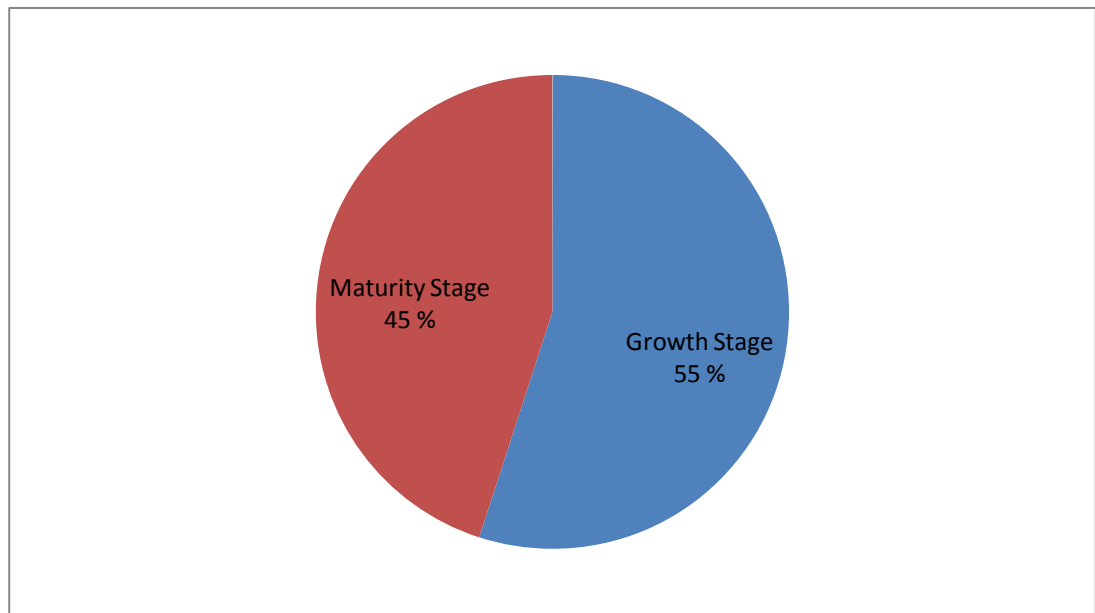


Figure 19 Distribution of different stages (Zhou 2012)

The existed partners can be categorized into 2 groups according to Figure 3, the four stages of business networking. 55% of the partners are in the growth stage which indicate that they have just cooperated and begin to share business ideas and information and the rest 45% maturity partners means Changhui and those companies have gained benefits from the information or services they provided to each other and the relationship is in a stable condition.

Therefore, how to make efforts to change the 55% growth-stage partners into maturity-stage partners as much as possible is a major task this year. Furthermore, as Zhou mentioned that there are still 20% of the partners without the formal contracts, proper strategies should be taken to deal with this situation.

What is worth mentioning is that some contracts of the maturity partners are going to expire. Although Zhou in the interview said the cooperation with those partners were successful, there might be still some tiny problems need to be solved to avoid the decline stage of relationship in business networking. If solutions were not provided



promptly, the partners would be lost which is a loss for both the profit and reputation of Changhui.

#### 5.3.4 Implementation

It will take time and money to implement the above strategies. The personnel who are responsible for the networking relationship management should carefully consider all the available strategies and options to develop and improve the current situation. If the personnel are lacking of necessary computer skills, they should learn step by step from now on.

Moreover, in order to implement the suggestions as above, there should be powerful people with vision about the networking and, without any doubt, negotiation skills are also needed.

## 6 CONCLUSIONS

The procedures of the whole research go quite smoothly, but the whole thesis doesn't cover the companies which have not started networking, the results of the research are still valuable for them, as the preferences and behaviours regarding networking of the private entrepreneurs in Taizhou are concluded, in case that they are going to network in future.

### 6.1 Major findings

Through the literature review, the Chinese version of definition of SMEs is used to replace the EU version, and the development of Chinese SMEs from early 1990s is also concluded. Moreover, the key factors influencing networking are defined: opportunity recognition, agreement and guanxi.

According to the survey, the preferences and the behaviours of craft family enterprises in Taizhou are summarized. They have realized the importance and necessity of business networking and enjoyed the benefits from networking, but they lack of modern technical skills of establishing relationship with new business partners. In a word, the overall networking environment in Taizhou is fairly ideal.

After the analysis of the results of the interview, the internal strengths and weakness as well as the external opportunities and threats of Changhui are generated. The findings show that Changhui is ready for enhancing and expanding of networking.

The sub-question presented at the beginning of the thesis are answered by the results of the quantitative survey that the private entrepreneurs of craft companies in Taizhou have realized the importance and the necessity of business networking, but most of them lack of modern technical skills to extend their networking area, and their preferences and behaviours in networking are mainly guided by the benefits and guanxi.

For the core research question, the suggestions in Chapter 5.3 give out the answers. Because Changhui has already some successful experiences in networking with local companies of the same kind, it still needs some powerful personnel to maintain the existed relationships, meanwhile, develop some potential partners, and the amount of which should be limited concerning the affordability. It is also important to figure out that the suggestions don't contain the actual budget which will be used when implementing.

## 6.2 Validity and reliability

Validity and reliability can easily be described by comparing them to a clock. A clock that always shows the correct time is both valid and reliable. A clock that is always ten minutes late is not valid because the time is incorrect but it is always ten minutes late so it is reliable. A clock that is inconsistent by being sometimes early and sometimes

late is neither reliable nor valid. A researcher should always aim for both validity and reliability in his or hers research. Validity is the most important from the two criteria. Out of the two criteria validity is considered more critical but both are important. (Webb 2002, pp. 33-35, 148.)

In the progresses of the research, both quantitative and qualitative methods are used. Quantitative research is more convenient to evaluate than qualitative research e.g. the results of the quantitative survey can be processed easily with the help of MS Excel. For the quantitative research, 20 respondents in total, at approximately 40% in return, are a middle level according to the total amount of the questionnaires delivered. However, as all the craft family enterprises in this research have already started networking, the results turn out to be typical and representative. If the research were conducted again in the recent time in Taizhou area, the results would be probably the same which reaffirm the reliability as well as the validity of the quantitative research results.

For the qualitative research, interview was aimed to collect in-depth information about the current networking situation of Changhui and it was done via Skype with Department Manager Zhou who has been working in the case company for more than 4 years, meanwhile, she takes responsibilities in networking, too. So the results of the qualitative research are also both reliable and valid.

Meanwhile, although the questionnaire and the guiding questions used in the interview are translated into Chinese, the results should not affect the reliability and validity as I'm a native Chinese speaker.

### 6.3 Suggestions for further study

There are many subjects related to this study in the thesis needed further research. Unfortunately, the research has to be narrowed down in order to have a concrete outcome.

As there were so few formal researches regarding this topic done in Zhejiang before, the information about the current situation of SMEs and the networking among SMEs in Taizhou is fairly rare, so most of the literatures are from outside Zhejiang, even China.

In addition, as all the companies mentioned in this thesis have started networking prior to the research, a further study concerning the companies which haven't involved into any networking relationships and have the attempt to start networking will be a good subject. Further, in the chapter 5.3, except the SWOT-analysis of the case company, the suggestions listed are sort of conceptual, no detailed strategies regarding specific methods of how to develop potential networking relationships and convert the current growth-stage partners into maturity-stage partners, as well as to keep the existed maturity partners are not given out. The knowledge needed is related to networking relationship maintenance and business plan, which is undeniable worth further studying.

By the way of conclusion, the knowledge of the field of networking among local SMEs is still quite limited, which challenges further studies.

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Zhou Yingyan 2012, Department Manager, Taizhou Changhui Craft Co., Ltd, Interviewed on 6<sup>th</sup> February 2012.

## Current Networking Situation of Craft Family Enterprises in Taizhou

Please complete this brief questionnaire about the networking situation of your company. This survey is conducted by a student of Kymenlaakson Ammattikorkeakoulu, University of Applied Sciences and the results will be sent back for your reference when it is finished.

All your answers are completely ANONYMOUS and CONFIDENTIAL.

1. Which alternative describes best your opinion concerning the following statements?

	Totally disagree	Somewhat disagree	Not agree or disagree	Somewhat agree	Totally agree
1.1 Networking is helpful.	1	2	3	4	5
1.2 I have enough partners.	1	2	3	4	5
1.3 I'm always searching for potential networking partners.	1	2	3	4	5
1.4 I help the people who I'm most familiar with first.	1	2	3	4	5
1.5 The profit of the company is better while networking.	1	2	3	4	5
1.6 Formal written contract is needed.	1	2	3	4	5
1.7 Networking costs a lot.	1	2	3	4	5
1.8 I want to be the dominant side in the relationship.	1	2	3	4	5
1.9 My partner is not as loyal as me to the relationship.	1	2	3	4	5
1.10 No benefit, no networking.	1	2	3	4	5



2. How did you get to know your partners? (multiple)

- A. Internet
- B. Trade fair or exhibition
- C. Friends' friends
- D. Annual meeting for private entrepreneurs held by the government.
- E. Other\_\_\_\_\_.

3. Will you recommend one of your partners to your another partner?

- A. Yes
- B. No\_\_\_\_\_ (reasons)

4. If your partner breaks the rule to some extent, what will you do?

- A. Negotiation
- B. Terminate the relationship
- C. An eye for an eye
- D. Other\_\_\_\_\_.

5. Any other comments:

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**Background Information:**

- 6. Age\_\_\_\_\_.
- 7. Gender ( M / F )
- 8. Years of working in this company\_\_\_\_\_.
- 9. Position\_\_\_\_\_.
- 10. Years of the company been in business\_\_\_\_\_.
- 11. Amount of staff\_\_\_\_\_.
- 12. Numbers of business partners\_\_\_\_\_.
- 13. Tel/E-mail:\_\_\_\_\_.

Thank you for your time~

# 台州地区工艺品私有企业间合作现状调查

--Kymenlaakson Ammattikorkeakoulu, University of Applied Science

请根据您的实际情况完成下列问题，所有的回答都是严格保密的！

1. 请圈出最符合您想法的选项：

	完全反对	反对	既不赞成 也不反对	赞成	完全赞成
1.1 企业间合作十分有效。	1	2	3	4	5
1.2 我有足够的合作伙伴。	1	2	3	4	5
1.3 我经常搜索并且发展潜在的合作伙伴。	1	2	3	4	5
1.4 合作中，我总是先帮助交情好的。	1	2	3	4	5
1.5 合作之后，公司的利润上升了。	1	2	3	4	5
1.6 正式的合同是必须的。	1	2	3	4	5
1.7 企业间合作开销很大。	1	2	3	4	5
1.8 合作中，我想占主导地位。	1	2	3	4	5
1.9 我的合作伙伴没我忠实。	1	2	3	4	5
1.10 无利益，不合作。	1	2	3	4	5

2. 你是如何认识你的合作伙伴的？（多选）

- A. 互联网
- B. 产品展销会，博览会
- C. 朋友介绍
- D. 政府年会
- E. 其他\_\_\_\_\_。

3. 你会把你的合作伙伴推荐给其他企业么？

- A. 会
- B. 不会\_\_\_\_\_。（理由）

4. 如果你的合作伙伴违规了，你会？

- A. 协商
- B. 终止合同
- C. 以牙还牙
- D. 其他\_\_\_\_\_。

5. 其他想法或者意见：

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**背景情况：**

- 6. 年龄\_\_\_\_\_.
- 7. 性别（男 / 女）
- 8. 工龄\_\_\_\_\_.
- 9. 职位\_\_\_\_\_.
- 10. 公司运营时间\_\_\_\_\_.
- 11. 员工数目\_\_\_\_\_.
- 12. 合作伙伴数目\_\_\_\_\_.
- 13. 联系方式：\_\_\_\_\_.

谢谢合作~~~

1. When did you start networking?
2. Why did you choose networking rather than any other methods?
3. How did you get to know your partners?
4. Did you have a specific department or personnel to keep those partners? If yes, how?
5. What kinds of challenges did you have during the period of networking with certain partners?
6. How did you overcome them?
7. How was your business after networking?
8. Are you going to continue networking with current partners in the following years?
9. What are your strengths for people to choose to network with you?
10. Are there any factors that restrict your networking, e.g. financing, personnel and product?
11. How many partners more would you like to have in the next 3 years? Why?
12. What is your opinion about “No benefit, no networking”?
13. Will you regard it as a standard when you plan to start a networking relationship?
14. How do you see “guanxi” in your business?
15. Are all of your partners from Taizhou? Did you do it on purpose?
16. Do you have any plans to extend your networking circle out of Taizhou, even Zhejiang?
17. What is your overall idea on networking among craft family enterprises in Taizhou?

1. 请问贵公司是从何时开始企业间互相合作的？
2. 请问贵公司为何选择了企业间相互合作而非其他方式？
3. 您是如何认识现在的这些合作伙伴的？
4. 请问贵公司有专门的部门或者人员来负责合作这一块吗？如果有，请问是如何运作的？
5. 在合作期间，请问贵公司有遇到那些挑战？
6. 您是如何克服这些困难的？
7. 请问在合作之后，贵公司的业绩有何变化？
8. 请问您在接下去的几年中还会继续和现在的合作伙伴合作吗？
9. 请简述贵公司在合作中的强项。
10. 请问有哪些因素制约着您合作么，例如资金，人员或者产品？
11. 在接下去的3年中，请问您想继续发展几个合作伙伴？为什么？
12. 您对“无利益，不合作”的理解是怎么样？
13. 您会在选择新的合作伙伴时把此当作一个标准吗？
14. 您对“关系”是什么看法？
15. 请问贵公司的所有合作伙伴都是在台州内吗？是否有意为之？
16. 请问您是否有想过把合作范围扩大到台州外，甚至浙江之外？
17. 请问您对台州家族工艺品企业间合作的整体看法是什么？