An Examination of the Role Relationship Marketing Plays in the B2B Model between

Chinese Manufacturers and American Distributors

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By

Carrie An

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Dedication

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Abstract

Relationship marketing has been a heated topic in the communication paradigm. The primary relationship is the one between a supplier or provider of goods or services and buyers and users of those goods or services. In order to facilitate it, other stakeholders in the network of relationships may have to be involved. This thesis examined the relationship between Chinese manufacturers and American distributors by a pilot qualitative study. Social exchange theory was used as a scope to analyze the relationship. Nine participants from both sides answered computer-mediated interview questions.

Business ethics and worldviews are important factors that businessmen look for to build up long-term business relationships. Research questions were about the participants' personal values, their corporate values, and their need of a third party intermediary. Themes of similar personal values and corporate values emerge in the data analysis. Trust, family, and happiness are the most important personal values for both parties in this study. Trust is considered as one of the most important corporate values for both sides. As an important part of international trade and the modern service industry, the third party intermediary has specialized features to develop the international market and enhance brand value. This study found that Chinese trading intermediaries has not been able to play an active role in the promotion of foreign trade.

Table of Contents

Chapter 1: Introduction

Jay Baer is a hype-free social media and content strategist and speaker. He is the founder of convince and convert company and the host of the Social Pros podcast. In one of his blogs, he mentioned his flight experience on Southwest Airlines. "I cried a little on a plane last week. It wasn't due to a delay, an uncomfortable seat, or peanut salt getting in my eye. It was because I saw a shining example of 'social business' at work in the real world" (Thomas, 2011).

Jay recalled his flight home from a speaking engagement he had been at in Ft. Lauderdale. When he looked up from his laptop, he saw the flight attendant, Becky, standing at the front of the plane with a boy of about nine. She announced, "Ladies and gentlemen, I'm sorry to disturb you, but I thought you should know we have a celebrity on the plane today. Well, perhaps not a celebrity today, but someday this young man will be a famous artist. Abraham has drawn us a marvelous picture. It's quite wonderful, and I'll be displaying it up here so we all can enjoy his great picture." (Thomas, 2011, p.3) The kid was absolutely beaming with pride regarding his latest artistic accomplishment. After Abraham returned to his seat. Becky broke out the medical kit, ripped open a Band-Aid and used it as tape to post the picture on the wall. A few minutes later, Abraham was back with a second picture, which was a landscape this time, Becky made an announcement and grabbed another Band-Aid (Thomas, 2011).

Southwest wrote about this blog post in their in-flight magazine a couple of months later. Thomas wrote, "It's very satisfying to read about Becky, but also to know Jay's story about her is one of thousands that happen faster than I can keep up. Thank you to Becky for being so great,

and Jay, too, for sharing this story. Your kind words go a much greater distance than even our

longest flight" (Thomas, 2011, p.1).

Baer had the final question, "Will Abraham's parents ever fly any other airline? Will he?

Will I? Or you" (Thomas, 2011, p.1)? Companies often put up advertisements instead of

publicizing their authentic conversations with customers.

Baer used the term "social business" to explain how Southwest Airlines maintains a close

relationship with its customers. This is a great example of Relationship Marketing (RM).

Relationship Marketing (RM), like Baer's "social business", is not about profit, market

occupation, tools or technology. It is about giving a single person, like Becky, the freedom to

work off-script. "It's about cultural DNA that values moments of delight. It's about treating

customers as humans, not transactions. It's about winning hearts and minds one planeload at a

time with a personal, shared experience. And it's about building loyalty and triggering

word-of-mouth by doing it well" (Thomas, 2011, p.1).

The Role of Relationships in Business

Funk (2009) described the reality of the online world by explaining that "the web is

trillions of pages on a couple of hundred million websites, viewed by 1.25 billion people. They

hail from every country and walk of life, and increasingly they don't merely visit: they link to,

comment upon, and modify what they see" (p.1). In this highly technological, efficient, and

profit-driven century, businesses are more likely to pursue immediate profit and a quick outcome.

However, "Marketing is not just advertising. Marketing is everything you do to promote your

business, from networking to your website to sending Christmas cards to past customers.

Relationship marketing includes all the ways you use relationships to promote your business."

(Mangum, 2008, p. 3). Building long lasting relationships with customers can not only gain

profit for the company, but can also win a high level of trust, a long-term relationship orientation,

a level of intensive information exchange, and a high level of mutual cooperation. These are the

foundational elements for all business to be successful.

Relationship Marketing Definition and Scope

In this thesis, the definition of relationship marketing from three main schools of thought

were reviewed. Morgan and Hunt (1994) defined relationship marketing as "all marketing

activities directed toward establishing, developing, and maintaining successful relational

exchanges" (p. 22). Gummesson (2002) had a broader view, saying that it involves "being

systemic and viewing relationship marketing in a comprehensive management and social context"

(p. 24). Specifically, Gummesson says:

> Total relationship marketing is marketing based on relationships, networks and
>
> interaction, recognizing that marketing is embedded in the total management of
>
> the networks of the selling organization, the market and society. It is directed to
>
> long term win-win relationships with individual customers, and value is jointly
>
> created between the parties involved. It transcends the boundaries between
>
> specialist functions and disciplines (p. 39).

Other scholars tried to study relationship marketing as a process. Palmatier (2008) summarized

relationship marketing as "the process of identifying, developing, maintaining, and terminating

relational exchanges with the purpose of enhancing performance" (p. 3).

The emergence of RM as a separate academic domain of marketing in the 1980's and

1990's becomes more comprehensible from a historical perspective (Palmatier, 2008, p. 5).

Relationship marketing (RM) is recognized as a new branch of marketing paradigm. The

American Marketing Association's definition of marketing, revised in 2007, indicates that

"marketing is the activity, set of institutions, and processes for creating, communicating,

delivering, and exchanging offerings that have value for customers, clients, partners, and society

at large." Thus, the overall definition of marketing identifies the process of offering value as one

of its key charters. Putting the customers' benefit first tends to be a core value for most

businesses. Also, effective communication is always an essential part of marketing. Building

long-term relationships with consumers is a main strategy for many companies. Some

researchers found that even building relationships with consumers seems beneficial to companies,

but it is not always the case. Leahy (2011) found that "from the consumers' perspective,

relationships do not and cannot exist in these markets and that the nature of exchange in such

markets is not relationship based" (p. 651). Leahy (2011) concluded that relationship marketing

is situation-oriented.

Relationship Marketing between Cultures

For individuals and organizations who are involved in international marketing, one of the

key issues that affects the exchange process is culture. People from different cultural

backgrounds process information differently. Hofstede and Bond (1984) concluded that

individuals coming from a similar culture have a "collective mental programming" (p. 418),

which is part of the conditioning shared between members of a nation, region or group, but not

with those from other nations, regions, or groups. Hofstede and Bond (1984)'s definition of

culture is the "collective mental programming" (p. 418).

Special problems occur during cross-cultural trade and cross-cultural communication.

People within the same culture, if they live in a different way, are strangers by definition. A

stranger's approaches seem unpredictable and can be dangerous as well. Once a person goes to

another country, communication is difficult. Even if the person knows the language used,

understanding the language can be hard to come by. Though strangers may not appear to be

hostile, they are still not to be trusted with the same full sense. In order to solve this problem and

protect both sides, there are intermediaries to serve as middlemen in international trade.

Some cultures value customer satisfaction more than other cultures. In Japan, the trade

relationships between customers and suppliers are interpreted as long-term commitments, which

are based on the principles of total quality management to improve customer service. This

long-term commitment is seen as a core activity that adds value to the service throughout the

organization (Palmer, 1997, p. 321). In many societies, shared ethical values govern relational

exchanges. In many Far Eastern cultures, there is an assumption that exchange partners will be

faithful in their part of a bargain. A key feature of relationship marketing is that it is a "win-win"

situation for both buyers and sellers. At the beginning of the relationship, both parties work to

improve long-term returns and reduce the risk level to improve cross-selling opportunities and

provides for greater market stability (Fletcher & Peters, 1997).

There are cultures that keep business within selected clans. Africans have clan-traded

relationships. This makes it difficult for outsiders find it difficult to enter their system. They

believe that trust is an important factor in business. Transactions are based within the clan. This

phenomena currently exists in diamonds and other precious metals trading, which are within

clan-oriented networks. One can see the expansion of this clan-oriented partnership as Africans

develop their international trading network. Their ongoing business is conducted within a

network of partners from the same o related clans (Curtin, 1984).

International organizations try to do business globally. When it comes to fast-growing

emerging economies, Brazil, Russia, India, and China (BRIC) are put into one group. However,

the multinational marketers need to treat each of these countries as single national markets

because of cultural differences. These countries are too large and too heterogeneous. With rapid

economic development, China has gained comprehensive national strength and has greatly

improved its international status and influence. This change also affects the world business

climate and draws the attention of the western marketers.

The Economic History and Growing Industry in China

The economic history of the Chinese "silk road" can be traced back to 670 CE. Most of

this was a small volume of trade between China, India and Afghanistan (Valerie, 2012, p. 3). The

relationships between customers and suppliers of silk were crucial. Indian silk weavers and

artisans made clothing and artifacts for local nobilities. They depended largely on the supply of

Chinese silk. This relationship reflects the interdependence of market participants. In order to

facilitate future trade, there are some traders, weavers and designers who collaborate in India.

The traders offer contemporary designs from China. The collaboration not only promotes

ongoing future trade but also brings cultural exchange. There is clear evidence regarding the

influence of Chinese designs in earlier Indian art.

Chinese businessmen can be seen around the world. In the past thirty years, business

transactions between America and China have grown significantly. In 2012, the Ministry of

Commerce in China announced that trade relations between China and the U.S. maintained a

stable development. The bilateral trade is close to a record $500 billion, and the United States

has become China's largest export market (Zhang, 2012).

However, the international trading between China and America does not have a long

history. Until the reformation and opening up of China, the East and the West rarely

communicated with each other. To promote a better understanding of cultural values and

differences is beneficial for business individuals. This also reduces the chance that people in

business will concentrate on the short term payoff rather than on the long term effects for their

company. With the development of information technology, individuals are able to conduct

business around the world. Business-to-Business (B2B) is a form of business transaction

enabling enterprises to exchange their products, services, and information via internet.

Relationship Marketing in B2B Interactions

Blythe (2009) gave an example of relationship marketing in business-to-business (B2B)

interactions with the use of gift promotions. Blythe (2009) found out that "the vast majority of

sales promotions only move sales forward -- they rarely have the power to make people buy

more, or switch brands" (p. 25). This is because buyers will stock up to get the promotion, yet

then they buy less until the stock has run out. People may respond to a promotion temporarily by

switching to that brand; but most of them switch back to their usual brand or buy a new brand

that has a better promotion as soon as that offer ends.

Blythe (2009) used the German manufacturer Goldwell's hair care products as an

example. When Goldwell first entered the British market, they could not compete with the

established professional suppliers. However, Goldwell broke the rules of sending salespeople to

salons to get orders and following up with a delivery later; instead, they sold directly from a

transit van. The salons could get the products instantly. These representatives would also show

people the full range of products by giving out samples of shampoo or conditioner that the salon

was not currently using. Later on, the stylists preferred the Goldwell products and ordered them

the next time. Goldwell is now a major supplier to beauty salons in Britain.

The study of RM as a marketing paradigm has changed through the years. A large number

of research studies investigate how businesses build strong and long-term relationships with

customers. They study how to create a community or how to maintain a customer base through

long-lasting friendships. The research is more limited with regard to building relationships

between businesses in different countries. This paper focuses on the relationship between

Chinese manufacturers (factories) and American distributors (customers). This specific setting

makes it easier to define the two parties and to evaluate their relationships.

Research Questions

This study is beneficial in expanding a cultural understanding in the communication

discipline; it also offers instruction in using relationship marketing that is based upon personal

and cultural values. The research questions are developed from three aspects: personal values of

Chinese business people and American business people, cultural values, and an inquiry into the need of third party intermediaries.

Research questions are listed as follows,

RQ 1: Do personal values differ across Chinese manufacturers and American distributors?

RQ 2: Do cultural differences between Chinese manufacturers and American distributors influence perception of business transactions?

RQ 3: Do businesses in China and America see the need for third party intermediaries for successful cross-cultural business transactions?

The following thesis consists of four chapters entitled literature review, methodology, results, and discussion. Chapter two includes an extensive review of the literature on Social Exchange Theory, worldview and business ethics, individualism and collectivism, Business-to-Business (B2B), and Relationship Marketing (RM). Chapter three describes the research methods used in this study, including participants, procedure, research tool, instruments and questionnaires, participant anonymity and confidentiality, and research questions. The fourth chapter includes the results of the study conducted with these research methods. The last chapter further discusses the results, offers the discussion of personal values, cultural values, and the role of the third party intermediary along with its limitations, recommendations for future research, and a conclusion for this study.

Chapter Two: Literature Review

Firms now sell goods and services through a variety of direct and indirect channels. Mass advertising is not nearly as effective as it was, so marketers are exploring new forms of communication, such as experiential, entertainment, and viral marketing.

Customers are telling companies what types of products or services they want and when, where, and how they want to buy them. They are increasingly reporting to other consumers what they think of specific companies and products by using e-mail, blogs, podcasts, and other digital media to do so. Company messages are becoming a smaller fraction of the total "conversation" about products and services.

Companies have shifted gears from managing product portfolios to managing customer portfolios as they compile databases on individual customers in order to understand them better and to construct individualized offerings and messages. They are doing less product and service standardization and more niching and customization.

Marketing is no longer a company department charged with a limited number of tasks-it is a companywide undertaking. It drives the company's vision, mission, and strategic planning. Marketing includes decisions like who the company wants as its customers, which of their needs to satisfy, what products and services to offer. Marketing also means what prices to set, what communications to send and receive, what channels of distribution to use, and what partnerships to develop. Marketing succeeds only when all departments work together to achieve goals.

Mack (1999) explained holistic marketing as the development, design, and implementation of marketing programs, processes, and activities that recognize the breadth and

interdependencies of today's marketing environment. Holistic marketing "recognizes that the

organization's sales and revenues are inextricably tied to the quality of each of its products,

services, and modes of delivery and to its image and reputation among its constituencies" (p. 65).

According to Mack (1999), Holistic marketing could be explained in four dimensions. The first

dimension was internal marketing, which ensured that everyone in the organization embraced

appropriate marketing principles, especially senior management. Secondly, integrated marketing

ensured that multiple means of creating, delivering, and communicating value were employed

and combined in the best way. Thirdly, relationship marketing had rich, multifaceted

relationships with customers, channel members, and other marketing partners. Lastly,

performance marketing returned to the business from marketing activities and programs as well

as addressing broader concerns such as their legal, ethical, social, and environmental effects.

Social Exchange Theory (SET)

The foundation of Social Exchange Theory was created in the 1960s. Four figures were

largely responsible: George Homans, John Thibaut, Harold Kelley, and Peter Blau (Emerson,

1976). Homans (1958) identified social behavior as exchange and claimed that "to consider

social behavior as an exchange of goods may clarify the relations among four bodies of theory:

behavioral psychology, economics, propositions about the dynamics of influence, and

propositions about the structure of small groups" (p. 597). Small group research was done to

connect experimental and real-life studies. Base on the findings, Homans (1958) summarized

that "social behavior is an exchange of goods, material goods but also non-material ones, such as

the symbols of approval or prestige. Persons that give much to others try to get much from them,

and persons that get much from others are under pressure to give much to them. This process of

influence tends to work out at equilibrium to a balance in the exchanges" (p. 578). If a person

engaged in exchange, what he gave might be a cost to him, just as what he got might be a reward.

One's behavior changed to maximize the reward. Not only did he seek a maximum for himself,

but he tried to see to it that no one in his group made more profit than he did.

Thibaut and Kelley (1959) strengthened the general exchange approach. They employed

different strategies of theory construction. They analyzed social relations in two parts: the

properties of two-person relations and an extension of the chief concepts to the complex relations

of larger groups. They began with psychological concepts that were built upward to the dyad

from there to the small groups. Starting with the assumption that most social interactions must be

reinforced to be repeated, they analyzed two-person matrices, which were designed to express all

the possible interactions and outcomes in terms of rewards and costs to the participants. Based

upon the two-person relationship analysis, they then studied the larger groups for issues related

to interdependence, status, conformity, and group goals.

Blau (1987) explained social relations and the social patterns based on social relations

through microsociology and macrosociology. Blau (1987) defined microsociology and

macrosociology as "theoretical perspectives on social life" (p. 85). Microsociology analyzed "the

underlying social processes that engender relations between persons. The focus was on social

interaction and communication, and important concepts were exchange, reciprocity, significant

symbols, obligations, investment, and dependence. Macrosociology, on the other hand, analyzed

"the structure of different positions in a population and their constraints on social relations. The

focus was on the external limitations of the social environment on people's relations, and important concepts were differentiation, institutions, inequality, heterogeneity, and crosscutting circles" (p. 87).

Coleman (1988) examined social structures in which free riders and zealots were generated and found that "one of the properties of a system of exchange, whether between two persons or among more than two, is that it leads to a social optimum, a state from which no one can be made better off without making at least one person worse off. But there are conditions in which systems of exchange fail to produce a Pareto optimum. The most prominent of these conditions is that involving a public good- that is an activity that provides benefits for a number of persons" (p. 55).

Remland (1984) viewed leadership impressions and nonverbal communications with social exchange principles. Specifically, Remland (1984) chose the superior-subordinate interaction as the context and explained the social exchange as "the superior is obliged to manage effectively (cost) and is rewarded with status recognition (benefit) for doing so. Subordinates give up some degree of self-esteem in their deference to the superior (cost) and receive guidance and supervision (benefit) in return. When this trade is 'balanced' (the relative state in which the participants perceive the exchange of benefits as fair) the supervisor is reasonably secure in his/her acceptance by the group. But when this balance is upset (e.g., if a supervisor demands status recognition which the group regards as excessive), then a state of disequilibrium exists and the supervisor is likely to lose influence potential over the group" (p. 44).

Jin, Park, and Kim (2010) examined the commitment of online community with social exchange theory and tried to find out why and how online community participants' commitment was developed. Jin et al. (2010) proposed a model of affective and calculative commitment to online communities hosted by firms and empirically tested the model and discovered that the central reason behind the members' commitment to online communities lied in the benefits they gained through active online community participation. The cost in the study would be the two commitments which were affective and calculative commitment. The further definition of the affective commitment was "an affective or emotional attachment to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in the organization" (Jin, Park, & Kim, 2010, p. 595). Calculative commitment was "a tendency to engage in consistent lines of activity based on the individual's recognition of the lost side bets associated with discontinuing the activity" (Jin et al, 2010, p. 597).

Jin et al. (2010) related these two forms of commitment to two dimensions of benefits (social benefits and functional benefits) to accurately understand how each commitment was formed. "Social benefits refer to aspects of enjoyment, friendships and personal relationships, while functional benefits include time savings, convenience and usefulness of information" (Jin et al, 2010, p. 598). However, even the results showed social benefits increased affective commitment and functional benefits increased calculative commitment, the researchers found out that "active online community participation did not increase functional benefits, it only increased the members' perceptions of social benefits" (Jin et al, 2010, p. 598). They assumed the members'

relational social exchange would grow, develop and weaken as a consequence of dynamic social

exchange rather than on discrete economic exchange.

Social Exchange Theory framed a perspective to view social interactions and social

patterns based on the interaction. SET was also used to explain the business interaction and

exchange. This exchange model was not sufficient enough to explain the relationship between

market actors. It was anchored in the outcome distributions and exchange values. Therefore, it

was an inadequate explanation of the relationship marketing paradigm, which was focusing on

value creation and local relationships involved in the process. The relationship development was

more important than the exchange.

Relationship was the results of social exchange according to SET. However, it was not just

based on exchange. When it was about going into a long-term relationship, businessmen tried to

evaluate the quality of their business partners in various perspectives. Worldviews and business

ethics were taken into consideration for most business people. There were heavy studies on this

issue which would be reviewed in the following section.

Worldviews and Business Ethics

In the article "Modernism, Christianity, and Business Ethics: A Worldview Perspective",

Kim, Fisher, and McCalman (2009) explored the basis or standards of "good" or ethical behavior

and the reasons behind the business ethics and examined worldview as it related to ethical

research and practice. Kim et al. (2009) claimed that worldview "forms the context within which

we organize and build our understanding of reality. It is the presuppositions we have about the

nature of reality, knowledge, morality, and life's meaning and purpose" (p. 116). Worldview

shaped the culture and could be seen in all kinds of social institutions, such as arts, religion, education, media, and business. In the academic setting, a researcher's worldview could affect the way he/she conducted the study and the conclusion. In a business setting, worldview decided the way people handle ethical issues and the decision-making processes. Kim et al. (2009) reviewed how modernism affected our beliefs and approached to ethics in business and academia with the explanation of the organization and limitation of modernism. Kim et al. (2009) addressed moral issues and religion and introduced the Christian worldview as an alternative method regarding the issue of business ethics.

Whitener, Brodt, Korsgaard, and Werner (1998) analyzed the types of behavior that managers might engage in when building trust and presenting a framework. Whiterner et al. (1998) reviewed the agency and social exchange theories, compared the similarities and differences between them. Based on the research of antecedents of trust, Whiterner et al. (1998) presented the framework regarding the organizational, relational, and individual antecedents of trustworthy behavior. Last, Whiterner et al. (1998) delved into the challenges of trust initiation, what organizations could do to support managerial trustworthy behavior, and proposed that managers and organizations should establish trust at first. The relationship built on a trusting foundation would enhance the organization effectiveness and viability.

When it came to the relationship between organizations, Ring and Van de Ven (1992) gave a conceptual framework for understanding a broader variety of governance mechanisms than the typical focus on markets and hierarchies. They explored recurrent and relational contracts within the inter-organizational relationships. Then they compared them to the market

transactions and hierarchical transactions by relying trust among the parties and the risk of the

deal. They created square cells to demonstrate the typology of governance structures. After

various combinations of risk and reliance on trust exploration, they found out that trust was

central to understanding "bargaining transactions" (Ring & Van de Ven, 1992, p. 483-498).

To build up a relationship overseas, Kuhlmeier and Knight (2010) provided a way for the

small and medium sized companies to enhance the quality of relationships with their

intermediaries in export markets. They conducted a three-phase research process. They did a

relevant literature review by interviewing twenty-three individuals, including experts on

exporting industry, export officials at the U. S. international trade administration and exporting

experts in the academic community. They undertook a survey-based study of internationalizing

companies to verify the results obtained in the first two stages. The result showed that the quality

of communication between a small and medium sized company and its foreign intermediary had

a strong effect on their cooperation, trust, and commitment. Additionally, their cooperation and

commitment would work together to improve the intermediary's performance. However, there

was no significant relationship between trust and cooperation in the study.

Trust between managers and employees positively affected the organization's success.

Five categories of managerial trustworthy behavior were behavioral consistency, behavioral

integrity, sharing and delegation of control, communication, and demonstration of concern. The

manager's action and behavior provided the foundation for trust. The consistent, positive, and

integrated behavior reinforced the level in the relationship. The organizational factors such as

organizational structure, HR policies and procedures, and organizational culture, relational

factors such as initial interactions, expectations, and costs of exchanges, together with individual factors such as propensity to trust, self- efficacy, and value. All the factors affected "the managerial trustworthy behavior" (Whitener, Brodt, Korsgaard, & Werner, 1998, p. 519).

Trust between various organizations, including overseas organizations positively affected an organization's success. The rapid change in technology and competitive environment made it significant for an organization, especially small and medium sized companies, to build up the strong relationship with other organizations, which also included overseas organizations. Ring and Van de Ven (1992) identified four kinds of relationships between two organizations. They were markets, recurrent contracting, relational contracting, and hierarchy. Depending on the varying needs of an organization, small and medium sized companies could select the form of governance. The relational contract was a dynamic process. Levels of risk in deals and reliance on trust between parties would change over time. So the organizations would "alter their choices in governing structures and accompanying safeguard" (p. 490-495).

Kuhlmeier and Knight (2010) used confirmatory factor analysis (CFA) and path analysis to explore how trust acted as a critical factor for the success of an organization. Results from the T- values indicated that the quality of communication between an exporter and its foreign intermediary could lead to trust within the relationship. This sharing of information could be the channel to build trust. Trust between an exporting company and its intermediary company could lead to "commitment within the relationship" (p. 26-27). The commitment and cooperation between the exporter and its intermediary were particularly critical to success.

The buildup of trust within an organization was the foundation to build up trust with

other organizations. Trustworthy behavior provided a positive atmosphere within an organization

and a source for competitive advantage. Whitener et al. (1998) described organizations of the

future as flat and team oriented forms, in which workers would perform multidimensional work

with the autonomy to make decisions. These changes would only come about with greater

monitoring and control, along with increased trust between employees and management or some

combination of the two. Organizations that successfully attained high levels of managerial

trustworthiness would be "at a competitive advantage in the marketplace compared to those that

do not" (p. 527). Thus, the high levels of managerial trustworthiness lay the foundation to

develop strong relationship with other organizations.

Whitener et al. (1998) addressed that managers and organizations interested in

establishing trust must take the first step. By designing organizations in ways that encouraged

managers to initiate trusting relationships, and by rewarding employees for reciprocating,

management could establish a foundation for a trusting organization. Also, the understanding of

the variety of governance mechanisms helped organizations to adjust themselves regarding the

interaction to other organizations within the changing environment.

Modern technology offered the ability for organizations to communicate in relatively

inexpensive and in real-time contexts, such as the internet and video teleconferencing. This type

of communication allowed regular and effective exchanges of information. It especially helped

the long distance communication with the foreign organizations. "The quality of communication

is a major determinant in building trust and the more organizations trust each other in a

partnership, the more committed they will be to the relationship" (Kuhlmeier, and Knight, 2010,

p. 22-26). The commitment between the organizations had a strong effect to build up long term

cooperation and achieve success.

Sass and Canary (1991) claimed that organizational identification was "a process and

organizational commitment is the outcome of the process" (p. 286). In the online environment,

organizational identification was also very important. Sass and Canary (1991) identified that the

relative strength of one's identification with the organization varies according to five factors: the

prestige of the group, the extent to which the target group members appear to share goals, the

interaction frequency among group members, the number of personal needs the group satisfies,

and the extent of competition between the individual and the group.

Kuo and Yu (2009) explored trust development and maintenance in temporary, work

oriented virtual teams. They found that work oriented virtual teams formed on a temporary basis

allowed members to quickly develop calculus based trust in order to assess the outcomes and

costs of maintaining team relationships. Members also relied on prior knowledge to determine

other members' competence so that they could make predictions about one another's behaviors.

Kuo and Yu (2009) summarized that "both calculus based and knowledge based trust play

accentuating roles in the initial development of work oriented virtual teams" (p. 849). Initial trust

might correlate to both later communication and cohesiveness.

Whether in an organization or the online settings, trust was no doubt an essential factor to

build up relationships. In the international context, culture played a major role in explaining the

differences and similarities of people's perception. Individualism and collectivism was one of the

dimensions of cultural variability. In the following section, individualism and collectivism were

discussed.

Individualism and Collectivism

Jackson (2010) argued that "A concept that emerged from the work of Geert Hofstede,

dimensions of cultural variability refers to the dominant values, principles, beliefs, attitudes, and

ethics that are shared by an identifiable group of people that constitute a culture" (p. 227). These

dimensions were not absolute but relative. Individualism-collectivism was one of the major

dimensions of cultural variability that could be used to differentiate and analyze cultures: "The

most relevant feature of individualism is valuing personal independence; this involves putting an

emphasis on personal responsibility and freedom of choice, personal autonomy, and achieving

self-fulfillment" (Jackson, 2010, p. 228). Individual's goals were more emphasized than groups'

goals in individualistic cultures. However, group's goals were addressed more in collectivism

culture (Gudykunst, 2003).

Individualists had tendencies to see themselves as unique individuals. They were

different from others. They tried to "maintain distinctive personal attitudes and opinions and

prefer self-directed behavior and independence of groups" (Jackson, 2010, p. 228). In

individualistic culture, values that benefited the individual were stress. Social behavior was

guided by personal goals, even at the expense of other types of goals. Individuals were

encouraged to be creative, self-reliant, and assertive. They were taught to promote themselves

and to show their distinctive talent and potential: "Behaviors associated with individualists

include satisfaction with self, satisfaction with freedom, ease of interacting with strangers, direct

communication style, lower relational commitment, and a preference to work alone" (Jackson, 2010, p. 228).

Triandis (1988) claimed that the relative importance of ingroups was the major factor that differentiates individualistic and collectivistic cultures (p. 323). Ingroups were the groups which group members were willing to make sacrifices for. Individualists belonged to many ingoups and they practiced the same value standards in different groups. However, in collectivistic cultures, people belonged to a few major groups such as their family, their neighborhood, or their occupational groups. They tended to apply different value standards for ingroup members and out-group members. "The central ingredient of collectivism is the assumption that groups bind and mutually obligate individuals" (Jackson, 2010, p. 228). Group members had a sense of duty to group. They were interdependence with each other. Harmony, obedience, and compliance within each group were valued in collectivistic culture. Individual's values and belief were encouraged to be consistent within the ingroup. What was more, "a collectivist's association with his or her ingroup may last a lifetime" (Jackson, 2010, p. 228). Collectivists tended to have a high need for affiliation. They were more sensitive to rejection embarrassment. They used the indirect communication style mostly.

Cultures are dynamic, and they are continuously developing and evolving. Cultures are in a state of great transition. A culture that was once considered collectivistic may be considered individualistic later. When a culture is labeled as individualistic that does not mean that every person in that culture is an individualist.

It is important to understand the role culture plays in business. Businesses have different

of forms. Business to Business or B2B is one the most unique business forms that would be

discussed in the following section.

Business-to-Business (B2B)

Sculley and Woods (2001) stated that since it was start in 1996, the use of the internet had

made Business-to-Business (B2B) exchanges developed worldwide. "Exchanges where all kinds

of commodities, financial instruments, intellectual properties, and various other goods and

services can be electronically traded will be one of the most important pillars of the New

Economy" (p. 12).

Business-to-Business (B2B) was first used to describe the electronic communication

between businesses in order to distinguish them from the communications between businesses

and consumers (B2C). It eventually came to be used in marketing as well. It was widely used to

describe all products and services used by enterprises in recent years. B2C companies were

thriving during the 1990s; however, many highly credible industry analysts had forecasted that

the impact of B2B internet companies would be several times larger than that of B2C (Sculley &

Woods, 2001). In this study, B2B was defined as the product, service, and information exchange

between enterprises via internet.

In the encyclopedia of management, the author stated that "companies make their

primary profits by selling products or services to other businesses. Such companies often have an

important place in the supply chain, channeling resources to manufacturing companies or

handling distribution needs for retailers. The communication abilities that have arisen with

widespread Internet service and Web-based applications have encouraged the growth of many

different kinds of B2B companies that trade and market online" (B2B, 2009).

When it came to the B2B structures and marketing methods, the author mentioned that

"many strategies focus on relationship marketing, building a strong, long-lasting connection with

a certain number of businesses based on high quality service and trust" (B2B, 2009).

Balocco, Perego, and Perotti (2010) looked in depth at the role of B2B eMarketplaces in

supporting B2B relationships. They tried to identify the successful business models and the

related critical success factors (CSFs). They considered this so that they could propose a new

classification framework that would classify eMarketplace business models. Researchers

identified 30 eMarketplaces to do the analysis. A qualitative survey involving 36 top managers

was conducted to choose the eMarketplaces. 18 were chosen for the study. 12 other cases were

selected in order to guarantee a more complete coverage of industries and business models. In

the study, Balocco et al. (2010) found nine different business models which could be classified in

terms of a service-provisioning model and supported processes between companies. Different

critical success factors (CSFs) were highlighted each business model.

Online marketing methods included mass e-mails, selective and effective telemarketing,

and search engine optimization (SEO) techniques that created a significant Internet presence to

buyers searching online for B2B supplies and service solutions. The type of products B2B

businesses offered usually fall into three categories, which were based on the buyer's needs and

expectations. They were commodities, customized goods and designed goods (B2B, 2009).

Sculley and Woods (2001) predicted that "over the coming decade, we will see most corporations rush to re-invent themselves. We will see great global service economy centers like New York, Chicago, London, and Frankfurt jockey for position to lead various sectors of the Internet B2B industries. Small nations and regions, such as Hong Kong, Singapore, Israel, Ireland, Taiwan, Scandinavia, Australia, and Bermuda, with their advantage of speed, are also racing to become players in the New Economy. We will see B2B Exchanges becoming an important building block in the B2B global economy" (p. 36). It was not surprising to see all the exchanges that were based on the internet become reality in this decade.

Meanwhile, Wise and Morrison (2000) also had a further look of B2B exchange. They used the financial services industry as a window to view B2B business and claimed that "the financial markets have been around for centuries. Their evolution provides important clues to the likely evolution of B2B" (p. 86). They also predicted new business models would provide profits in a world of dirt-cheap transactions. The B2B business would reshape itself to resemble the financial services industry. In the end, they came up with the emerging B2B landscape. Five terms emerged in the New Business Model. They are Mega-exchanges, specialist originators, E-speculators, solution providers, and sell-side asset exchanges. Mega-exchanges "act as central hubs for the execution of most transactions and for buyer-supplier communication" (Wise & Morrison, 2000, p. 88). This bold prediction was being accessed in every industry in this millennium.

With the use of internet and instant social media, business managers could get resources from every corner of the world. Globalization and outsourcing provided an intense environment for B2B restructuring.

International Business

Katsioloudes and Hadjidakis (2007) argued that "the role of marketing in any social organization system is to effectively respond to consumer needs and wishes, by providing the optimal choices between certain combinations of production alternatives based on limited resources. If the task seems enormous in any national market environment, one can easily appreciate the scope of the endeavor when it is put to action on a global scale" (p. 269).

Katsioloudes and Hadjidakis (2007) also believed that "international marketing deals with the set of methodological tools that have been developed to unlock the numerous and complex problems associated with multiple alternative choices available when a company goes international" (p. 270). International trade was a common practice and developed along with the rise of some of the civilizations such as the ones located in the eastern Mediterranean basin during the first millennium BC. "Local producers, traders, and city states have been competing since then, even in remote markets, emphasizing the superiority of their merchandise in terms of unique traits, promising a higher level of customer satisfactions" (Katsioloudes & Hadjidakis, 2007, p. 270).

Chinese Business

Deng Xiaoping's policy change in 1978 had transformed China ever since. The introduction of western style market systems had become the driving force behind the Chinese

economy. China had been the fastest-growing economy in the world in the past 35 years, "with

an average annual gross domestic product (GDP) growth rate of 9 per cent. The rapid economic

growth in a country with a population of 1.2 billion implies, among other things, enormous

business opportunities, which attract millions of business people to China from all over the world.

Doing business with China had now become a fashion, or, rather, a necessity for survival" (Tian,

2003, p. 1).

The rise of China in the global economy had far-reaching implications for the world as a

whole, because it generated growth momentum for other countries by increasing demand of their

goods, services and capital. By common consent, China had been the powerhouse of the world

economy for the last twenty years. China had minimal economic contacts with other countries in

the pre-reform period. However, "China's foreign trade grew rapidly after 1978. The total value

for China's foreign trade reached $1,154 billion in 2004, about twenty-one times more than that

in 1980" (Zhang, 2012). Moreover, there was a noticeable change in the composition of foreign

trade during this period including a significant rise in the share of manufactured goods.

Chong, Shafaghi, and Tan (2011) explored B2B critical success factors for small and

medium sized enterprises operating in the Chinese B2B marketplace in order to assist the

marketing management of B2B in China. They targeted the chief executive officers, managing

directors, general managers, sales and marketing managers and export managers in selected

small and medium sized enterprises that participated in B2B eMarketplace by conducting an

online survey with them. Chong et al. (2011) found that "building relationships with customers

(rank 1) was critical to success of B2B e-commerce, the B2B eMarketplace was shaping

relationships between buyers and sellers to exchange information such as products and services, marketing, and technology used. This would help manager marketing campaigns to achieve the firm's marketing goals. This successful B2B relationships between sellers and buyers could create a shared vision for global B2B e-commerce" (p. 527).

It was clear that behind the business transactions, the way managers globally built up and maintained their relationships for future endeavors was essential for business success. In the following section, relationship marketing would be examined for this question.

Relationship Marketing (RM)

In the article "The Evolution of Relationship Marketing", Sheth and Parvatiyar (1995) briefly explained the development of relationship marketing as a paradigm. They claimed that relationship marketing had attracted the attention of scholars in many parts of the world, including North America, Europe, Australia and Asia. There were many relevant academic meetings on the topic. Relationship marketing covered the branches of marketing, including channels, B2B marketing, which included services marketing, market research, consumer behavior, marketing communications, marketing strategy, international marketing, and a whole range of direct marketing. Like other sciences, "marketing is an evolving discipline, and has developed extensions, modify and update the basic knowledge of the system" (Sheth & Parvatiyar, 1995, p. 398).

In the agricultural era, "domesticated markets" and relationship oriented concepts had already existed. The producers and consumers interacted directly with each other. Through each business interaction, they knew each other better and developed emotional bond. Economic

development was promoted. Scholars claimed that the concept of relationship marketing was a

"reincarnation" (Sheth & Parvatiyar, 1995, p. 403).

Marketing and relationship oriented growth in the post-industrial era was due to the

rebirth of direct marketing between producers and consumers. Several environmental and

organizational factors were responsible for the development of direct relationships between

producers and consumers. In their study, Sheth and Parvatiyar (1995) identified five

macro-environmental forces. Firstly, rapid technological advancements especially in information

technology enabled producers and consumers to interact directly with each other. Producers

understood their consumers by maintaining and accessing sophisticated databases. Secondly,

since most companies recognized the value of offering quality products and services to

customers at the lowest prices, they adopted the total quality programs. This involved suppliers

and customers implementing the program at all levels of the value chain. This required close

working relationships with customers, suppliers and other members of the marketing

infrastructure. Thirdly, there was a growing revenue in service economy especially in advanced

countries. Many organizations made money on the service sector. The need of maintaining and

enhancing the relationship with customers was developing in this situation. Fourthly, customers

were more involved in the purchase and acquisition decisions of the company now.

Organizational changes had facilitated the development of relationship marketing. Lastly, the

intensive competitions led to the concern for customer retention in the post-industrialization

period. These forces were reducing the dependence of producers and consumers for the

middleman, who did the consummation and facilitation processes.

Sheth and Parvatiyar (1995) claimed that relationship marketing "has staged a comeback" (p. 411). Transactional marketing existed just during the peak of industrialization. There was a greater transactions with the advent of middlemen and the separation of producers and users. Industrialization led to a reversal in the relationship between supply and demand. The large volume of production of goods and services made it difficult for the producer to achieve production efficiency. Therefore, they needed intermediaries to serve customers. However, the middlemen were more interested in the economic benefits of exchange than the production or consumption value. Although the efficiency of product distribution has been achieved through middlemen, effectiveness was not always achieved. Now, there was a one to one connection between producers and users. Relationship marketing was back.

In the article "Rethinking marketing communication: From integrated marketing communication to relationship communication", Finne and Grönroos (2009) switched the focus by highlighting the consumer's message integration. In their study, they uncovered four central factors influencing the process of meaning creation: historical, future, external, and internal factors. Combining insights and findings from research in relationship marketing, they presented a holistic model that was based on the consumer perspective and the impact of all four factors on message integration. By shedding light on the influence of the future time factor on message reception, they presented an emerging Relationship Communication Model (RCM). It offered researchers and marketers a useful tool for understanding and managing marketing communication more effectively.

Deshpandé and Farley (2002) explored the gaps between how customer focused manufacturers thought they were and how customer focused their key customers perceived them to be. Along with how the gaps varied by country and region. The researchers claimed that there were two major research programs in the strategic management of buyer and seller alliances. "The first is market orientation, which focuses on the extent to which a customer focus binds buyers and sellers together. The second research program is relationship marketing, which principally focuses on efforts of sellers" (Deshpandé & Farley, 2002, p. 4). These two programs would help transfer transaction consummation to mutually profitable partnership behaviors in longer-term streams.

Social Identity Theory in the Cross-Cultural Context was used to examine cross-national buyer and seller alliances. The sample was collected in five countries: Japan, France, Germany, England and America. Quadrad (the matched set of buyer-seller pairs) was the subject of the market orientation gap. The measurement was a complex survey-data design. Personal interviews were the major means of data collection. Results showed that "a growing value of the relationship measure or the length of the relationship is associated with a smaller market orientation gap" (Deshpandé & Farley, 2002, p. 15). Researchers also found that the normative gap decreased significantly as relationship importance increases. For the cultural difference, the study showed that "the lengths of relationships are longer in Japan, France and Germany than in the United States and England, where relationships are about half as long on average" (Deshpandé & Farley, 2002, p. 16). Both the gaps were much smaller for the highly consensual Japanese culture than for the others. France was in second position in both cases.

Relationship Marketing in B2B

Blois and Ivens (2006) examined the validity of Kaufmann and Stern's scales to evaluate the degree of relationships in B2B exchanges based on the operationalization of Macneil's norm theory. Blois and Ivens (2006) also proposed a set of discrete scales and carried out an experiment to determine the effectiveness of the two sets of scales. Macneil came up with ten norms that determine "the behavior that does occur in relations, must occur if relations are to continue, and hence ought to occur so long as their continuance is valued" (p. 64). Based on Macneil's ten norms, Kaufmann and Stern proposed a set of measurement scales and renewed the scales to evaluate the relationships of business parties.

Blois and Ivens (2006) developed the discrete scales which applied to the single discrete norm that Macneil labels. They made two cases according to the scales and translated them into German. The experiment was conducted in two groups of students in two German Universities. Results showed that "a scale based on Macneil's relational norms produces different evaluations of both a relational exchange and a discrete exchange than when a scale based on Macneil's discrete norm is used" (Blois & Ivens, 2006, p. 361). The researcher suggested that it would be more effective to use the scales related to the discrete norms proposed by Macneil than the other scales between discrete exchange situations and relational exchanges.

Caceres and Paparoidamis (2007) investigated several essential elements that determined the relationship quality and customer loyalty in a B2B environment. Researchers tried to test and establish a theoretical basis for evaluating the increase in customer's perceptions of service or product quality. A questionnaire was developed and phone calls were made based

on the questionnaire. Advertising companies in the European countries were selected to be the

sample. This study integrated the concepts of service/product quality, relationship satisfaction,

trust, and commitment within the business environment. Results showed "there is direct benefits

of investing in relationships based on trust and commitment" (Caceres & Paparoidamis, 2007, p.

854). The study also provided empirical evidence of the role of relationship satisfaction as a

mediating variables between the constructs of service quality and business loyalty.

Eyuboglu and Buja (2007) evaluated RM with a new explanatory paradigm for the

research of relationship marketing. Eyuboglu and Buja (2007) proposed this framework based on

an augmented version of social exchange theory (SET). The new paradigm "has a natural affinity

to SET's notion of comparison level for alternatives. If a party's outcomes fall below the level,

and there are viable external alternatives, the party will abandon the relationship" (Eyuboglu &

Buja, 2007, p. 49). They had seven hypotheses and the study had theoretical contributions and

managerial implications. It offered a different paradigm for interpreting relationships. The

selection of constructs X or Y might help the agents adjust their actions and response to their

environment. Also, for managerial implications, they found that unilateral behaviors almost

always entail costs. "Bilateral efforts must be used by weak parties to get a relationship off the

ground. There is no choice other than trying to jump-start a desirable relationship with one-sided

offerings and by surpassing the powerful partner's expectations" (Eyuboglu & Buja, 2007, p.

60).

O'Malley, Patterson, and Kelly-Holmes (2008) tried to trace the evolution of marketing

as relationships frame and analyzed its current position within conceptual metaphor theory and

critical discourse analysis. O'Malley et al. (2008) believed that it was necessary to reactivate this metaphor in order to investigate whether it was relevant to current theory and practice in marketing. O'Malley et al. (2008) reviewed the origins of the interpersonal relationship metaphor in marketing, analyzed its rhetorical uses and demonstrated the lexicalization of the marketing as relationships frame, and distinguished between the application of this frame in inter-organizational research and in high contact service contexts from its more recent extension into mass consumer markets and beyond. However, O'Malley et al. (2008) acknowledged the potential of the frame in its former contexts and regarded it as inappropriate and unhelpful for theory and practice in the latter. O'Malley et al. (2008) demonstrated that the substantial differences between interpersonal relationships and exchange in mass markets rendered the frame meaningless. Their attempt proved that conceptual metaphor was not an appropriate lens to view RM. However, they still provided a creative way to research this topic.

Palmer (1997) argued that relational exchange was the norm in many countries which were opposed to transactional exchange. However, an exchange method that "worked well at home may fail in another culture" (p. 319). The understanding of cultures and values would certainly be helpful to succeed in international markets.

Summary

In the era of relationship marketing, the roles of producers, sellers, buyers, and consumers were blurring. Consumers were becoming co-producers. Not only was there a lesser need for middlemen in the process, there were fewer boundaries between producers and consumers. In many cases, market participants participated in the design, development,

production, and improvement of goods and services. They did not seek any particular exchange, but created a bigger market value through relationships. Sometimes these relationships and activities had become so entangled that it was difficult to separate the marketing actors from each other.

Chapter 3: Methodology

Participants

The participants of this study were Chinese manufacturers and American distributors. Based on data from the United States Census Bureau, textile related products weighed about 16 to 17% of all the imports in end-use category and commodity. There was a 0.7% increase from 2012 to 2013 in textile related transactions (2013). Yankai Zhang, who is the vice-president of the China National Textile and Apparel Council, stated that China has become the largest producer and exporter in the textile and apparel industry, which accounts for half of the world's annual fiber production (Barris, 2013).

This research received fifteen questionnaires from the Chinese manufacturers. Nine of them were completed and provided valid results. The participants were marketing managers and sales managers. The companies were mainly textile and textile related products. The scale of measurement for company size was 0 to 5 million dollars in annual sales, 5 to 10 million dollars in annual sales, and above 10 million dollars in annual sales. The completed questionnaires were all for companies with less than ten million dollars in annual sales. Nine American distributors finished the questionnaire. These distributors were marketing managers, sales managers, a general manager, CEOs, an import compliance specialist, and presidents. All the companies imported various kinds of products. Some of them had textile products; others do not. Their main suppliers were from various countries. China was one of the many supplying countries.

Procedure

Manufacturers who were selected in this study were mainly from the textile industry.

There was a three step recruiting process. First, the Chinese networking website (alibaba.com)

which had an English version site, was used to recruit the manufacturers participants.

Alibaba.com is "an online business-to-business (B2B) marketplace for global trade and plays

host to China's leading domestic B2B trade communities" (Hu, Wu, & Wang., 2004, p. 298).

Importers and exporters found trade opportunities, promoted their businesses and conducted

transactions on this website. Alibaba.com is an information platform which allows manufacturers

to list their products and contact information. Twenty Chinese manufacturers from the listing

were chosen for this study. Second, ten local American distributors were located through a

LinkedIn import group. LinkedIn is a professional networking website. The users were current or

recent students and professionals. LinkedIn brings together professionals and encourages them to

share information and resumes (Skeels and Grudin, 2009). LinkedIn groups bring people with

similar professions or interests together as a group. This researcher found the American

distributors in a LinkedIn import group. Email addresses were found to set up

computer-mediated interviews. Lastly, questionnaires were distributed to the Chinese

manufacturers and American distributors. Marketing managers, communication directors, or

sales-related individuals were contacted through e-mail to fill out the questionnaires.

Questionnaire Translation and Interview Tool

To achieve better results from the Chinese manufacturers' interviews, the manufacturer questionnaire was translated into Chinese. Dr. Yan Xie, a Chinese professor from the English and Modern Languages Department in Liberty University proofread the translation. The Chinese translation of questionnaire for manufacturers was attached in Appendix D.

Applications on the websites were used to reach companies and send out the questionnaires to the participants. In reality, company websites were used by large business-to-business (B2B) firms to market services and promote their products. Interested companies could visit the website at any time to inspect the available goods or services. One found online connections to both a more private structure available for contracted businesses and to sell products directly from the site. The online markets were designed specifically so that company agents could view available goods and services, and in many cases make bids for B2B contracts. Some procurement sites focused on particular industries and the businesses exchanging services within them. Information sites or info-mediaries offered a collection of information concerning specific industries. This information could include required legal standards, available businesses that provided needed products and services, and advice concerning purchasing prices and markets. Many information sites functioned as elaborate search engines on particular topics (B2B, 2009).

Instruments and Questionnaires

The questionnaires focused on two major parts: the general questions about the organization and specific values-oriented questions. All the questions were basic inquiries about

the general understanding of cultural differences and the relationships between organizations in

marketing.

The outline of the questionnaires. General questions were asked to gain a better

understanding of the business and the business person. The questions included the size of

company based on sales, company specialization, the products, the main market or supplier, and

the job description of the participant.

Specific questions integrated personal values and cultural values. Assistance from a third

party or setting up a branch overseas also help companies to keep in touch with their business

partners. This issue was also addressed in the questionnaire. After the participants completed the

questionnaires, the answers offered a basic mechanism for measuring the cultural differences that

affect relationship marketing. The questionnaire for manufacturers was attached in Appendix A

and the questionnaire for distributors was attached in Appendix B.

Data analysis tool. Internet-based research had been recommended as a useful

methodology for studying international communication. Survey Monkey is an internet survey

instrument and it is often used in academic research (Sherry, Thomas, & Chui, 2010). It was

chosen as a host site for questionnaires because Survey Monkey enabled the researcher to

transfer results in a Microsoft Excel spreadsheet, which facilitated easier analyzing of data.

Personal values. Stanley F. Teele, Dean of Harvard Business School, said the future

business person should be "more rational, more responsible, more religious" (Learned et, al,

1959, p. 113). Personal values were the essential factor that determine one's way of conducting

business and one's decision-making process. This thesis included a personal values instrument to

explore the business person's personal values. The values in the questionnaires were retrieved

and revised from the article "Personal Value and Business Decisions" (Learned, 1959, p.

111-120). This research used the definitions from the Merriam-Webster dictionary (2004) to

further explain the values in this study. The definitions are shown in table 3.1.

Table 3.1 Values Definitions

Trust	Assured reliance on the character, strength, or truth of someone or something (768)
Flexibility	The noun form of "readily changed or changing" (276)
Independence	The quality or state of being independent. Independent means "self-governing", "not requiring or relying on something else or somebody else", and "not easily influenced" (367)
Family	A group of persons of common ancestry-clan (259)
Belief	Something (as a tenet or creed) believed (63)
Happiness	A state of well-being and contentment (328)
Creativity	The noun form of "to bring into being" (169)
Money	Something (as metal currency) accepted as a medium of exchange (465)
Stability	The noun of "firmly established", "mentally and emotionally healthy" (697)
Success	The gaining of wealth and fame (714)

Note: The definitions are chosen according to the need of this study, adapted from Webster, M.
(2004). The Merriam-Webster Dictionary. Merriam-Webster's Publishers.

Cultural factors. The modified individualism-collectivism scale was designed to assess

an individual's level of collectivism by measuring attitudes and behaviors. By comparing the

score of the two cultures, the degree of the individualism or collectivism could be determined.

The major cultural tendencies were shaded by the cultural norms and rules with the influence of

cultural individualism-collectivism. For example, American culture was likely to be considered

an individualistic culture, and Chinese culture tended to be a collectivistic culture.

Cai, Wilson, and Drake (2000) claimed that negotiator qualities, contextual and structural

features of the negotiation, and mediating processes are within a cultural context. "A culture as

shared values approach suggests these contrasting orientations should produce differing

approaches to negotiation" Cai, Wilson,& Drake, 2000, p. 593). In this study, the modified

Individualsm-Collectivism (INDCOL) Scale of Cai et al. (2000) was used to evaluate the two

cultures. This scale is shown in table 3.2.

TABLE 3.2 Modified Individualism-Collectivism (INDCOL) Scale[a]

_____

1. It is enjoyable to meet and talk with my neighbors regularly.

2. I would not let my neighbors borrow things from me or my family (R)[b].

3. Neighbors should greet each other when they come across each other.

4. I am not interested in knowing what my neighbors are really like (R).

5. Married people should have time alone every day undisturbed by their spouses (R).

6. If a person is interested in a job about which the spouse is not very enthusiastic, the person should apply for it anyway (R).

7. It is better for a husband and wife to have their own bank accounts than to have a joint account (R).

8. It is desirable that a husband and wife have their own set of friends instead of having only a common set of friends (R).

9. When I am among colleagues/classmates, I think I should do my own thinking without minding about them (R).

10. A person ought to help a colleague at work who has financial problems.

11. In most cases to cooperate with a coworker whose ability is lower than one's own is not desirable as doing the thing alone (R).

_____

Note: a For all items, 1 = strongly disagree, 7 = strongly agree. Higher score = greater collectivism.

b (R) represents reverse scored items.

Participant Anonymity and Confidentiality

The demographic characteristics of the participants were mainly Chinese business people and American business people who are marketing managers, communication directors, and individuals related to the sales or marketing department. Personal information such as name, address, and phone number were not required in the questionnaire. The answers to each question were kept anonymous to protect participants' identities. The recruitment process including recruitment e-mail, data collection and data analysis was fully investigated by the Internal Review Board (IRB). The Participant Letter of Consent was attached in Appendix C. After a period of three years, all participant responses and any documents pertaining to the study would be destroyed.

Research Questions

   Cultural differences were addressed in this study to explore the fundamental roles of the

two parties. Individual values and social norms were involved in business negotiations and in

each business interaction. Research was conducted toward three research questions as follows,

RQ 1: Do personal values differ across Chinese manufacturers and American distributors?

RQ 2: Do cultural differences between Chinese manufacturers and American distributors

influence perception of business transactions?

RQ 3: Do businesses in China and America see the need for third party intermediaries for

successful cross-cultural business transactions?
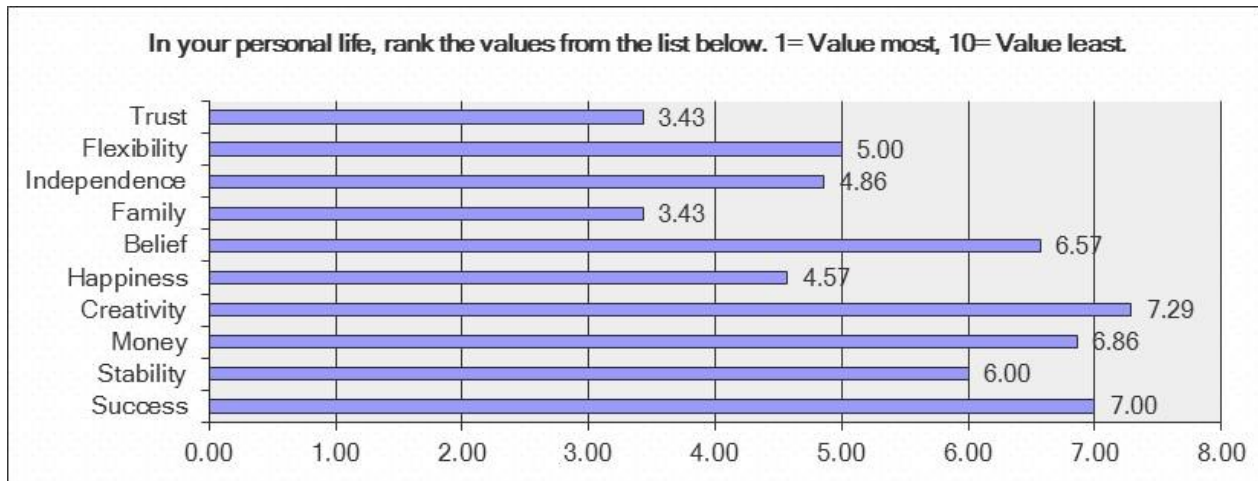
Chapter 4: Results

Answers to the questions in both questionnaires were reviewed and calculated to find the theme in the data. Results will be discussed based on the research questions. The order of analysis are correlated to the research questions. Data were put into tables and figures for a better understanding. Here are the results of this study.

RQ 1: Do personal values differ across Chinese manufacturers and American distributors?

People's values, beliefs, and attitudes are shaped by their lifetime of socialization. It determines their behavior and mind set when they interact with other people. It also affects the way they do business. Cultural background influences an individual's cultural values and personal development.

Participants were asked to rank order their personal values. The choices were trust, flexibility, independence, family, belief, happiness, creativity, money, stability, and success. The most important value would receive a rank of 1 and the least important value would receive a 10. Figure 4.1 shows the results of the personal values inventory among Chinese participants.
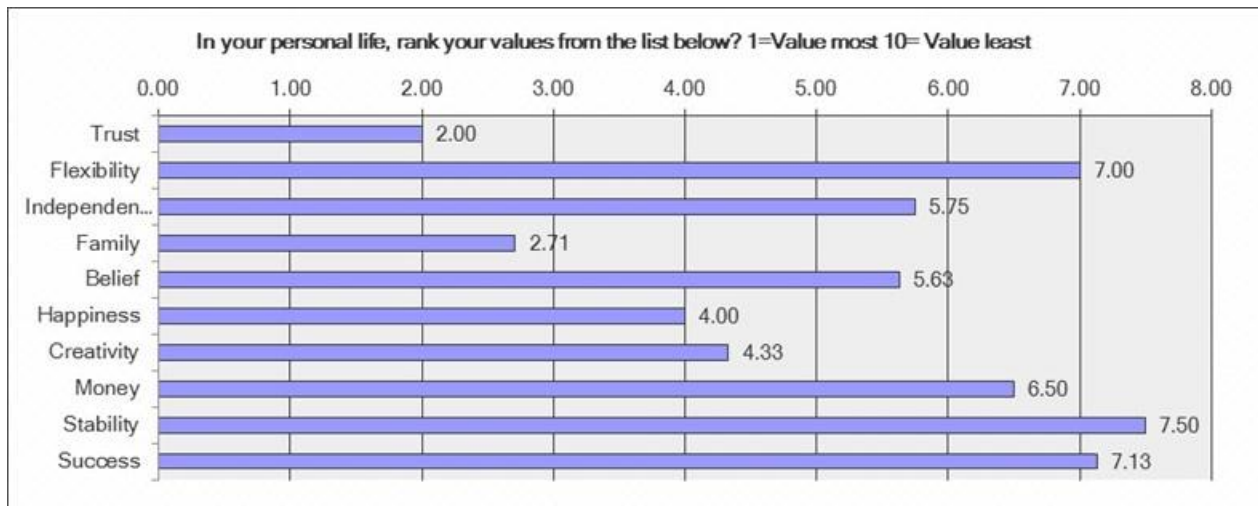
Figure 4.1 Chinese Personal Values

Note: The table shows the results for ranking of personal values.

According to the results, among the nine Chinese participants, trust and family tied as the two important values for them with a score of 3.43. The next most important value was happiness with an average score of 4.57. Independence (4.86) and flexibility (5.00) were also important values. The least important values were success (7.00) and creativity (7.29). Therefore, Chinese participants valued trust, family, and happiness over success and creativity.

Similarly, American participants were asked to rank order their personal values. The choices were trust, flexibility, independence, family, belief, happiness, creativity, money, stability, and success. The most important value would receive a rank of 1 and the least important value would receive a 10. Figure 4.2 shows the results of the personal values inventory among American participants.

Figure 4.2 American Personal Values

Note: The table shows the results for ranking of personal values.

According to the results, among the nine American participants, trust is the important

value for them with a score of 2.00. The next most important value was Family with an average

score of 2.71. The third most important value was happiness with an average score of 4.00.

Creativity (4.33) and Belief (5.00) were also important values. The least important values were

Success (7.00) and Stability (7.29). Therefore, American participants valued trust, family, and

happiness over success and stability.

RQ 2: Do cultural differences between Chinese manufacturers and American distributors influence the perception of business transactions?

Mutual understanding is a big challenge for people from different cultures. American people and Chinese people may seem incompatible in many ways. According to Graham and Lam (2003), some Americans believe that Chinese negotiators are inefficient, indirect, and even dishonest, while some Chinese people think that American negotiators are aggressive, apathetic, and irritable. Their differences have deep cultural roots. Negotiators who know how to transcend these differences are able to develop a thriving, satisfying, and mutually beneficial business relationship.

Individualism and Collectivism. According to Hofstede and Bond (1984), Chinese culture has historically been viewed as more collectivistic whereas American culture has been viewed as more individualistic. In order to access the extent of individualism and collectivism in the two cultures today, the researcher used Cai et al. (2000)'s modified Individualism-Collectivism (INDCOL) Scale. There are 11 statements in the scale. The statements range from "It is enjoyable to meet and talk with my neighbors regularly" to "In most cases to cooperate with a coworker whose ability is lower than one's own is not desirable as doing the thing alone". The statements were abbreviated in the figures. The whole scale can be found the Methodology and the questionnaires. Participants were asked to read the statements and indicate on a modified 7-point Likert scale their level of agreement or disagreement. The first option strongly disagree receives a score of 1; Disagree is a 2, Somewhat Disagree is a 3; Undecided is a 4; Agree somewhat is a 5; Agree is a 6; and Strong Agree is a 7.

The 11 statements are part of a scale and therefore the scores are calculated together to reach a composite score. According to Cai et al. (2000), the higher the score the more collectivistic the cultural perspective of the participants.

Table 4.3 shows the results of Chinese participants on the INDCOL scale. According to the results, the Chinese Participants scored 39.22 out of a possible 77 point scale.

Table 4.3 The Chinese manufacturers' INDCOL Scale score

Answer Options	Strongly Disagree	Disagree	Disagree Somewhat	Undecided	Agree Somewhat	Agree	Strongly Agree
1. It is enjoyable to meet and	0	0.14	0	0.14	0.14	0	0.57
2. I would not let my	0.17	0	0.17	0	0.33	0.33	0
3. Neighbors should greet	0	0	0	0	0	0.29	0.71
4. I am not interested in	0.33	0.33	0	0	0.33	0	0
5. Married people should	0.57	0.43	0	0	0	0	0
6. If a person is interested in	0.57	0.43	0	0	0	0	0
7. It is better for a husband	0.43	0.14	0.29	0.14	0	0	0
8. It is desirable that a	0.57	0.14	0.14	0	0.14	0	0
9. When I am among	0	0.14	0.29	0	0.29	0	0.29
10. A person ought to help a	0	0	0	0	0.17	0.5	0.33
11. In most cases to	0.43	0.29	0.14	0	0	0.14	0
Sum:	3.07	2.04	1.03	0.28	1.4	1.26	1.9

Note: The bottom line is the summary of the answers in each column.

Table 4.4 shows the results of American participants on the INDCOL scale. According to the results, the Chinese Participants scored 52.55 out of a possible 77 point scale.

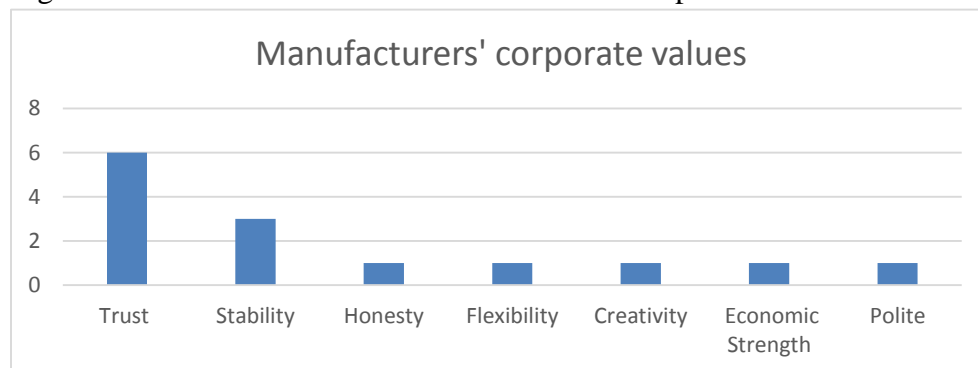Table 4.4 The American distributor's INDCOL Scale score

Answer Options	Strongly Disgree	Disagree	Disagree Somewhat	Undecided	Agree Somewhat	Agree	Strongly Agree
1. It is enjoyable to meet and	0	0	0.125	0.125	0.5	0.125	0.125
2. I would not let my	0	0	0	0.125	0.125	0.675	0.125
3. Neighbors should greet	0	0	0	0	0	0.25	0.75
4. I am not interested in	0	0	0.125	0.125	0.25	0.375	0.125
5. Married people should	0	0.25	0.25	0.25	0.125	0.125	0
6. If a person is interested in	0.125	0.375	0.25	0.125	0	0	0.125
7. It is better for a husband	0	0.25	0	0.375	0	0.25	0.125
8. It is desirable that a	0	0	0.5	0.125	0.25	0	0.125
9. When I am among	0	0.25	0.125	0	0.25	0.125	0.25
10. A person ought to help a	0	0.125	0	0.125	0.675	0.125	0
11. In most cases to	0	0.125	0.125	0.125	0.125	0.375	0.125
Sum:	0.125	1.375	1.5	1.5	2.3	2.425	1.875

Note: The bottom line is the summary of the answers in each column.

When comparing the scores of the two parties, the American participants have a higher

score (52.55) than the Chinese participants (39.22) on the INDCOL scale, which means the

American participants have a more collectivistic cultural tendency. This result does not correlate

with Hofstede and Bond (1984)'s definition of the two cultural tendencies. This issue will be

further analyzed in the discussion.

B2B Relationship Building. In the questionnaire, the researcher asked Chinese

manufacturers in an open-ended question "What are the three things you value most to build

relationships with your customers?" The answers were recorded and transferred to a Microsoft

Excel spreadsheet. The prevailing themes were identified through a quantitative analysis of

responses. Figure 4.5 shows the results of the main characteristics of the Chinese corporate

values.

Figure 4.5 The Main Characteristics of Chinese Corporate Values

Note: The numbers symbolize the number of participants.

According to the results, out of the nine participants, six participants valued trust as the

most important value in Business-to-Business relationships. Three participants indicated that

they valued stability the most. Honesty, flexibility, creativity, economic strength, and being

polite were also mentioned.

The researcher asked American distributors a similar question "What are the three things you value most to build relationships with your supplies?" Figure 4.6 shows the results.

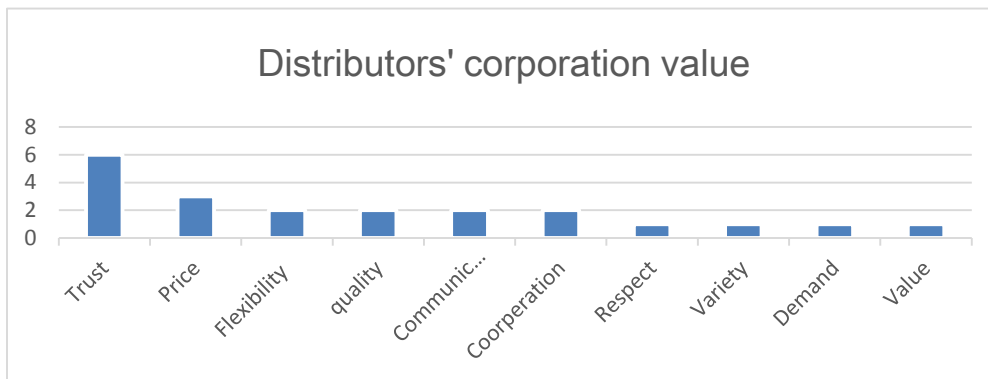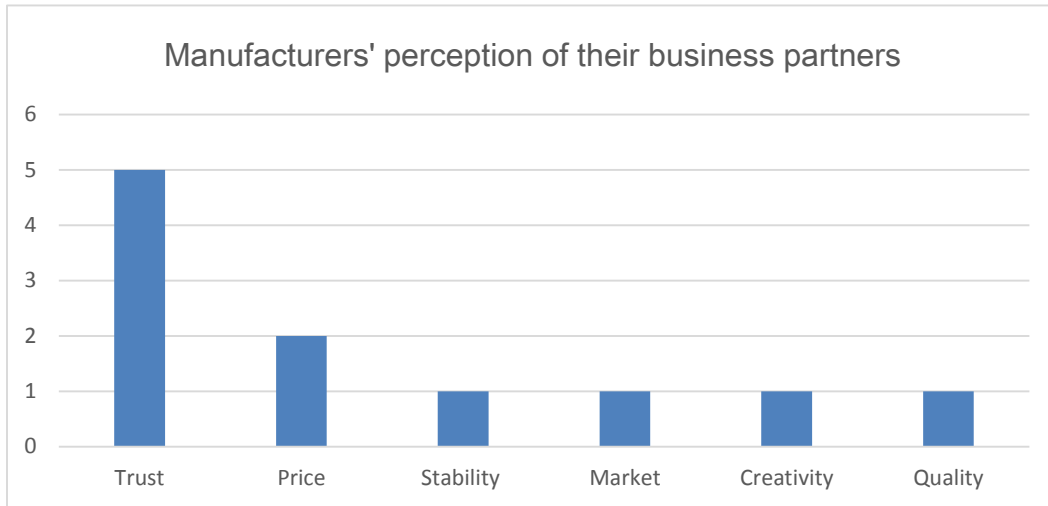Figure 4.6 The Main Characteristics of American Corporate Value

Note: The numbers symbolize the number of participants.

According to the results, out of the nine participants, six participants value trust the most from their corporate standpoint, and three participants value price the most. Flexibility, quality, communication, and cooperation were valued by two participants. Respect, the variety of the products, demand, and value were mentioned by one participant.

Perceptual Differences in B2B Relationship. Chinese manufacturers were asked a similar open-end question, "What do you think your American customers value most in your relationship with them?" The answers were entered into an excel spreadsheet and analyzed for frequency. Common answers were grouped together. Figure 4.8 shows manufacturers' perception about what American distributors' value in a business relationship.

Figure 4.8 Characteristics of American Distributors from Chinese Manufacturers' Perspective

Note: The numbers symbolize the number of participants.

According to the results, out of nine participants, five of them reported that trust is most valuable. Two out of the nine participants mentioned price as an important value. Stability, market, creativity, and quality were also mentioned.

American distributors were asked in an open-end question, "What do you think your Chinese suppliers value most in your relationship with them?" Figure 4.7 shows the results.

Figure 4.7 Main Characteristics of Chinese Suppliers from American Distributor's Perception
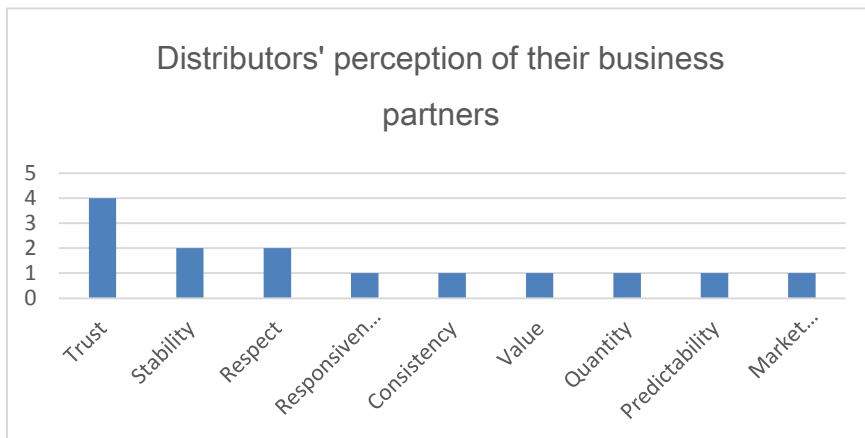

Note: The numbers symbolize the number of participants.

According to the results, out of nine participants, four of them reported that trust was most valuable. Two out of the nine participants valued stability and respect. Responsiveness, consistency, value, quantity, predictability, and market knowledge were also mentioned.

RQ 3: Do businesses in China and America see the need for third party intermediaries for successful cross-cultural business transactions?

When asked the question "Do you seek help from a third party or have staff overseas to keep up the relationships with your business partners?", all 9 Chinese participants answered no. Half American participants said yes. Explanations given included: "I have a branch of the company in China", "I have people traveling back and forth to keep in touch with the factories", and "I have friends in China to help keeping the communication flowing". The need and challenges of the third party intermediaries will be discussed in the following chapter.

Chapter 5: Discussion

Personal values are deeply rooted in cultural values. Culture affects every part of human life. In business transactions, personal values and cultural values are often invisible but it is only harmful to their companies and careers to ignore them. Ghauri and Cateora (2010) claimed that "The primary obstacles to success in international marketing are a person's self-reference criterion and an associated ethnocentrism" (15). The self-reference criterion can be explained as "an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions" (Ghauri & Cateora, 2010, p. 15).

The rapid development of economy, globalization and information technology has provided a favorable macro environment for current enterprises to go abroad. Economic growth has been diversified into the era of interdependence. The understanding of personal values and cultural values equipped businessmen with a greater degree of knowledge about themselves and also their business partners overseas. In the following section, Chinese and American business people's personal values, cultural values, and the inquiry on the third party intermediary between them will be analyzed.

Personal Values

Trust, family, and happiness are the top three values in the lives of Chinese and American business people. American businessmen have a higher score in each of the values. Creativity, success, and money are least valued in Chinese businessmen's personal lives. Stability, success, and flexibility are least valued in American businessmen's personal lives.

Trust. Despite all the differences among these people groups and their societies, Chinese businessmen and American businessmen both possess the same personal values. People want to receive recognition and trust. Trust makes people feel as though they are receiving attention and respect. This can be the beginning of a sincere relationship and increase mutual trust. Solomon and Flores (2003) claimed that trust is an emotional skill which requires judgment, vigilant attention, conscientious action and all of the intricate reciprocities of a human relationship. Trust is something integrated in human nature. Trust is an essential cornerstone of the interaction between people no matter which country they are from or which society role they are playing in their personal life.

Family. In this study, American businessmen and Chinese businessmen both value family. Americans value family. Age, sex, race, and income do not change this value in their personal life. Although the president is very busy, attending his children's school activities is a priority. People do not admire those who have a successful career but neglect their family. Mothers often quit their jobs to take care of their children. Chinese people also value family but differently from the American people. In Chinese language, "country" is called "national family". Chinese people are accustomed to viewing things from a family perspective. For example, Children's education is not just professional development, but more about the recognition of social status in Chinese culture.

Happiness. Happiness is defined as "a statement of well-being and contentment" (Webster, 2004, p.328) in this study. Scholars argued that "nations differ strikingly in happiness" (Myers & Diener, 1995, p. 12). In this case, people from different nations all value happiness.

The differences may exist in how to translate happiness and the standards of happiness.

Researchers have tried to "explain happiness" (Easterlin, 2003) and "measure

happiness"(Lykken & Tellegen, 1996). There is no certain standard to evaluate who is happier.

Myers & Diener (1995) found that through the ups and downs of life, the joy of some people is

continually unabated. The four inner traits mark happy people: self-esteem, a sense of personal

control, optimism and extraversion. In their study, a support network of intimacy, a culture

provides most positive interpretation of daily activities, a faith entails social support, and purpose

and hope are all factors to ensure one's happiness.

       Creativity, success, and money. Creativity, success, and money are least valued in

Chinese businessmen's personal life. Chinese values are the combination of Confucianism,

Taoism, Buddhism and complementary values (Fan, 2000). Confucianism is a basic social and

political value system. The reason that Confucianism has had such a profound impact is because

it was adopted as the official philosophy in many dynasties in China. Confucianism was

institutionalized through the formal curriculum of the education system and the selection process

of government officials. "Confucianism is a philosophy of human nature which considers proper

human relationships as the basis of society" (Yum, 1998, p. 377). People organize their

relationships by status. In a Confucianism society, people are expected to behave according to a

specific standard to fit into the society. In the society, there is no room for creativity. Also,

personal success and money are not as important as social status.

       Stability, success, and flexibility. Stability, success, and flexibility are least valued in

American businessmen's personal lives. American cultural values have commercial influences

that are deeply rooted in the Protestant ethic (Weber, 2002). People all over the world come to

America. They are different races, from different countries and have different religious beliefs.

Stability is not valued among these people because the massive changes have taken place. The

population mobility has both non-economic factors and economic factors. Economic factors

include economic environment, employment opportunities and housing. Non-economic factors

includes migration of age, marriage, education, and the natural environment (Borjas, 2006).

Personal success and flexibility are not valued compared to creativity, belief, independence and

money in this study.

Summary. Traditional culture values play a major role in setting up a fundamental

personal value system. America has an individualistic culture and Asian cultures have a

collectivistic culture (Gudykunst, 2003). Trust, family, and happiness are most valued in Chinese

and American business people's personal lives. Traditional cultural influences may be the major

cause for which people do not value the same thing. For example, in this study, Chinese people

do not value creativity, success, and money and American people do not value stability, success,

and flexibility.

Cultural Values

Corporate cultures includes all aspects of goods produced by the enterprise. It is the

creation, reflection, communication, and cultural characteristics of the phenomenon in

commercial development (Johnson, Lenartowicz & Apud, 2006). Corporate behavior and

characteristics vary under different business cultures in which human behavior and

characteristics are displayed. Traditional cultures affect the economic characteristics of business

culture and business behavior.

Individualism and collectivism. The results of the INDCOL scale show a higher score

of the American distributors than the score of the Chinese manufacturers. If the higher score

means greater collectivism according to Cai et al. (2000)'s study, the American distributors have

a greater level collectivism in this research which contradicts Hofstede and Bond (1984)'s

findings. An explanation to the results could be that individuals in a culture tend to socialize in

accordance with the cultural-level tendencies, but some individuals learn different tendencies

(Gudykunst, 2003). Individual characteristics such as "their personalities, individual values, and

self construals" (Gudykunst, 2003, p. 13) mediate the influence of the cultural

individualism-collectivism in their perceptions.

Relationship question in the questionnaire. Chinese manufacturers were asked about

the three things they valued most to build relationships with their American customers. They

were also questioned on what they thought their American customers valued most in their

relationships. American distributors were asked the same questions.

Chinese Corporate Values. Trust is the most important Chinese value since Chinese

companies are mostly group oriented (Hofstede, Hofstede & Minkov, 1997). Trustworthiness

and collective interests are valued more than anything else. Most manufacturing companies are

people-oriented which is reflected in the selection of employees. Companies hire people based

on their experience and education. These companies also offer one to three months of training.

During this period of time, the manager will observe how the employee maintains their

relationship within the company and their trustworthiness.

Chinese companies value stability. This emphasis is rooted in the Chinese moderation

and harmony concept (Fan, 2000). Chinese companies are mostly self-reliant. Companies put

great emphasis in training the employees and getting the staff involved in the management. A

sense of ownership is also emphasized during their development. Employees are challenged to

conquer all the difficulties to be a first class supplier.

Chinese companies respect human dignity. Companies promote communication and

implementation of the psychological impact to realize humane management. Professional ethics,

credibility investments, responsibilities and obligations are emphasized to help customers,

partners, and employees to have a "family idea" (Bejesky, 2003), which means they are to love

the company as family. This idea helps establish smooth relationships, teamwork, and cohesion

rather than exclusion, external struggles and disorder. It also promotes collectivism and a global

concept.

American corporate values. Trust is the most important corporate value of American

companies in this study. Employees have autonomy in American companies. Individual

decisions are highlighted (Ferner et al. 2004). Superiors have the power over subordinates and

follow a top-down decision-making process. The trustworthiness of employees is important for

the completion of a task.

Price is the second most important corporate value of American companies in this study.

American corporate culture is deeply rooted in the national traditions of American pragmatism

and rationalism (Veblen, 1923). Price is valued at a higher degree because quality is greatly

valued. Based on the rational system norm, corporations pursue clear, direct and efficient

regulations and guidelines when it comes to purchasing products.

Americans value respect for human dignity, self-worth, and recognize individual efforts and achievements. Self-confidence, self-reliance, and self-existence, self-training, and self-improvement are all emphasized in individual decisions and individual responsibility (Ferner et al. 2004). "Customer first" and "customer is always right" are the mottos of the American business. American corporations value service and quality in their products. To create social wealth, the production of a good product and provision of good service are the fundamental purposes of the enterprise.

Summary. The cultural background of a society influences and restricts its corporate culture. For research question two, the researcher found that the cultural differences between Chinese manufacturers and American distributors have an influence on the perceptions of business transactions. Through the years of the corporation, the two parties developed a certain degree of understanding between one other. They recognized the most valuable things in each other's value system. However, there are still some values that are not fully understood by the other party.

The comparison and analysis of traditional Chinese and American corporate culture assists one in understanding the characteristics, formation, and development history of business culture; it brings an open attitude to the development the relationship of the two sides. Chinese business culture is under the influence of a long period of Chinese history and cultural uniqueness. This also true in American business culture. With the upgrading of economic growth and the strength of the international status of enterprises and commercial goods, both parties

need to learn about their cultural differences in order to generate a unique sustainable

competitiveness in the international market.

Is trust the most important value?

Trust is defined as "an assured reliance on the character, strength, or truth of someone

or something" (Webster, 2004, p.768) in this study. In the 21st century, the current rapid

economic development makes the economic internationalization trend irreversible. The new

national contest for economic strength is a confrontation to every international enterprise in

peacetime. As economic units, corporations are the main force of the competition. The

trustworthiness of the business, the scale of the corporation, and the education of the employees

are all part of the competition.

In the business world, trust refers to the credit of future payment that can quantified

and be put toward the value of the goods. Credit itself is not only the value of industrial

production, but like a lubricant, it boosts the healthy development of an industry and services of

high quality and also keeps out shoddy products and services (Berger & Udell, 2002). Credit can

not only greatly increase the output of GDP, but also make consumers feel at ease, and promote

social harmony.

Trust in the Chinese society. Unfortunately, in China, people tend to only see the

contribution to GDP in economy, but not see the role of credibility and the damage when

credibility is lost (Pei, 2006). Relationship is a major feature of the Chinese economy. Business

people receive special economic interests, financial benefits and competitive advantages through

relationships. The default of duty and the officials' abuse of public power is not uncommon (Pei,

2006). The tendency of distorted markets is correlated with the lack of credit.

The most convenient way to increase economic growth is to break the moral credit

constraints (Pei, 2006), which result in abuses to social credit and a step toward depletion of

economic resources. Chinese consumers have begun to gradually establish psychological

defenses and are no longer willing to pay for credit defaults. The current crisis of confidence in

the government and downturn of social trust are the results.

Trust in the American society. America is a very complex society and includes people

from almost all around the world. However, America has no official account management

system. There are no personal files but a sound credit system and credit management mechanism

(Levine, 1998). Levine (1998) argued that the system includes people's living and income

information, business activity, consumer borrowing activity, court records, and credit behavior.

The credit system calculates credit scores based on the behavioral patterns. In fact, people's

economic behavior and social behavior have a strong correlation. Once fraud or breach occurs, it

will be recorded. Information can be obtained by the third party, which would affect commercial

and economic interests of the people. The purchasing, employment and consumption with the

commercial rating agencies constitute a ubiquitous credit network society. Individuals and

business organizations need to provide customer credit information for the community and

business units (Jappelli & Pagano, 2006). People and businesses with poor credit will pay the

price for their breach sooner or later.

Summary. There is nothing wrong with a businessman pursuing interests. However,

these benefits must be obtained appropriately. Businessmen should not only respect the objective

laws, but also apply the objective laws in the economic phenomena. In the developing world, Chinese business culture and environment is constantly changing. Look back to the history of modern economic development for the international scale of big business, especially in the ranks of the so called top 500 companies. American companies account for more than half of them (Zhu, 2000). Under the premise of the rapidly changing economic environment today, American companies still maintain the world's first competitive enterprise. Therefore, the study of the characteristics of American businesses, especially its corporate culture characteristics is an important lesson placed in front of Chinese enterprises and entrepreneurs.

The Role of the Third Party

Palmer, Bailey and Faraj (2000) claimed that the development of trust between suppliers and consumers is critical for the continued growth of Internet commerce. The third party and privacy statements are used by firms to promote trust in the internet commerce. A third party trade intermediary has the advantage of the supply and demand platform, professional integration resources, domestic production, overseas customers, and service capabilities.

The need for the third party. Chinese trade agency have not completed their development as a global supply chain network. Most of the trade intermediaries have one simple function which is to remain as a traditional middleman. The foreign trade supply chain management model is not implemented in most of the trading firms (Bardhan, Mookherjee & Tsumagari, 2009). This may be the reason that the manufacturers do not hire a third party to help with the business transactions.

After the reformation and opening up, China started doing business with Western firms.

However, "doing business with China is considered difficult, mainly because negotiating with Chinese counterparts is quite complex" (Ghauri & Fang, 2001, p. 303). Graham and Lam found that Americans cannot achieve a deal in China without the help of a third party intermediary. In America, people generally trust others until they have reason not to trust them. In China, meeting with strangers is always accompanied with suspicion and mistrust. In business, trust comes with a trusted relationship. Chinese people develop their trust by a trusted business partner who introduce them to people whom they can trust. Chinese business people do not directly say no, but are likely to change the subject, become silent, or ask another question. Only native Chinese interpreters are good at reading tone, facial expressions and body language (Graham & Lam, 2003). The intermediary intervenes and helps not because of language interpretation, but the cultural interpretation.

The challenge for the third party. Experience of developed countries show that trade intermediary functions as the agent to provide packaging, transportation, brand management, value-added services in international trade (Palmer, bailey & Faraj, 2000). These functions help achieve manufacturing brands incubation and promotion. However, due to the limited strength of Chinese trading intermediaries, most foreign trade manufacturers still follow the requirements of the foreign sourcing procurement organization, and then resell to foreign customers. Trade intermediary agents fail as a manufacturer in the world in building a business network, exploring the international market in the course of the initiative, and guiding the structural adjustment of Chinese export commodities based on overseas demand. The ability to build its own brand is still very limited.

Chinese trade intermediaries have not formed a long-term cooperation with manufacturers. The short-term interests between the two cannot achieve value-added products in the circulation process, a long-term brand promotion has not been achieved. Although some trade intermediaries have begun to pay attention to cultivate long-term brand through cooperation with manufacturers' orders and register its own brand in domestic and international trademark, Chinese trade agencies has not yet formed their own brand with international influence.

Development of information technology has brought great challenges and opportunities to the intermediaries. The traditional function of middlemen weakens, but strengthen the pivotal role of information communication.

Summary

This paper examines the personal values and corporate values of two cultures, and how these values affect the relationships between Chinese and American Business people; with a further analysis of the need for a third party. The inquiries on perceptions of businessmen from China and America offers a vivid picture of the similarities and differences of communication which affects the process of production, operation and management of their businesses. Business culture is created with the enterprise features of the material and spiritual wealth and includes business environment, products, entrepreneurship, ethics, and values. The core values of businessmen produce a profound economic and social effect and these values are also the foundational factors for businesses to build their domestic or international relationships.

Limitations

This study explores the values of Chinese manufacturers and American distributors and how personal and cultural values affect their relationships and business transactions. Researchers also discovered the needs and challenges for the third party intermediaries. Theoretical insights and practical strategies are offered in the discussion. However, the limitations to the present study do exist.

First, due to participant characteristics, the questionnaire has two language versions. The Chinese version was offered to the Chinese participants for a better understanding. There is not as many translation issues with the American participants. However, English is the researcher's second language, making the questionnaire design sometimes misunderstood by American participants. This affected the quality of the results.

Second, nine valid questionnaires from both American and Chinese businessmen were used to do the analysis. Although the sample size is suitable for a qualitative pilot study (van Teijlingen & Hundley, 2001), a larger number of participants would allow for more data which would further enhance the effectiveness of the results. More findings and themes may emerge with a larger number of participants.

Third, anonymous methods was used to collect the data. All the data may entirely dependent on self-reports of the participants. Hence, the accuracy of the reported data can always be questioned because the participants answering the questionnaire may not have been directly involved in the intercultural communication, or may not understand the details of the interaction. The other restriction is ensuring the consistency of the participants' honest responses. The

questionnaire has some open-ended questions such as "from your organization's standpoint, what are the three things you value most to build relationships with your suppliers?", and "what do you think your suppliers value most in your relationships with them?" Some of the participants gave detailed descriptions, while others gave one value instead of three.

Fourth, participants' answers on the modified individualism-collectivism scale about attitude is based on personal experience. There are always differences in the interpretation of the same question in the data collection process. The accuracy of the responses and the accuracy of the study can always be doubted. Moreover, some of the participants missed one or two questions in the scale which confounded the data analysis. The instructions for using the modified individualism-collectivism scale were to add the scores of each answer and then do a comparison between them. "The higher the score is, the more collectivistic the culture is" (Cai et al., 2000, p. 593). Since the participants did not each answer all the questions on the scale of measurement, the researcher was left with an uneven number of responses to compare; as a result, these were put into fraction form (Table 4.3). The results of this effort did not show a match with the prediction of limitations for the INDCOL scale used in this study.

Last, participants were chosen from different companies in various locations; the research focused on American and Chinese companies and their managers. However, since this analysis concerned a small sample, it is not possible to generalize it to all American business people. Similarly, it is also impossible to summarize the characteristics of all the Chinese businessmen by the small sample size.

Recommendations for future research

Despite these limitations, the study's context is valuable. Instead of studying the broad

relationships between suppliers and customers, this study specifically examined the Chinese

manufacturers and American distributors in the textile industry. Further research could

contributed to other theories on the subject. Morgan and Hunt (1994) theorized that "the

presence of relationship commitment and trust is central to successful relationship marketing, not

power and its ability to 'condition others'"(p. 22). They came up with the Commitment-Trust

Theory of relationship marketing which is another suitable theory to examine this topic.

Data for this study was interpreted using the methodology of a pilot qualitative research.

Future research using quantitative methods could further explore the same elements of this study.

The open-ended questions brought some qualitative answers to the study. However, it also

caused omissions and partially answered questions. Quantitative research is regarded as a tool

within the classic scientific paradigm. Absolute data, such as digital data, is collected in

quantitative research. It then could be checked as precisely as possible. There are many

principles in quantitative research which help promote neutrality.

Successful business is the result of negotiation. In the intercultural context, Chinese

businessmen and American businessmen go through numerous negotiations to achieve an

agreement. Kersten and Vetschera (2002) studied the Internet-based communication and tried to

analyze the negotiation process. They found that "cultural differences exist in the way

negotiators approach the negotiation, particularly in the expectations they form before actual

bargaining begins" (p. 426). Because of differences due to cultural perceptions, some

negotiations must involve the help of an interpreter. Some valuable areas for future study are the negotiation style of the two parties, these negotiation styles with the involvement of an interpreter, and the decision-making process.

This study offered several strategies for both parties to have a better understanding of each other. The implementation of these strategies turns the plan into action and achieves the goal in the process. Companies have a strategic plan which is a written document outlining corporate goals. However, the realization of the goal is the implementation process. Further research on assessment of the strategy implementation and the evaluation of the performance would bring more valuable findings.

Big Data is a marketing term and "shorthand for advancing trends in technology that open the door to a new approach to understanding the world and making decisions" (Lohr, 2012, p.11). In a world full of data, researchers with analytical expertise are in great need. During the World Economic Forum in 2012, Big Data was recognized as "a new class of economic asset", the same as "currency or gold" (Lohr, 2012, p.11). The value of data is obvious. However, for international trading enterprises and international marketing studies, how the Big Data affected business transactions, principles used to monitor and analysis the Big Data, and the effectiveness and benefits of the results should all be taken into consideration in future studies.

The term "intermediary" refers to all types of intermediaries such as importing and exporting agents, financial support representatives, shipping agencies, logistics companies and information exchange platforms. Further research could narrow down the relationships between each of these.

Understanding the Chinese business culture cannot be achieved overnight or understood in isolation. Viewing historical and practical perspectives help to understand the changes occurring in the Chinese business culture and its environment. The nation's cultural values have changed and are still changing. China's reformation and open door to the west has reshaped its value system. America's political decisions are also changing the social landscape. Future research needs to study the evolution of culture, and each individual value within the system. Culture is an important variable to consider in order to explain the differences in management behavior or organizational systems, but culture is not the only factor. Other factors such as political and economic structure are equally important. These affect a nation's culture at different levels and are affected by the culture.

Conclusion

Most definitions imply that relationship marketing is a process. All activities that are used in marketing have to be geared towards the management of this process. The process moves from identifying potential customers to establishing a relationship with them, in addition to maintaining the relationship that has been established. Good references and favorable word of mouth reports, either by the supplier, the customer, or by any other party in a network of relationships, could enhance the business relationship.

The primary relationship is the one between a supplier or provider of goods or services and buyers and users of those goods or services. Relationship marketing is first and foremost geared towards the management of this relationship. However, in order to facilitate it, other stakeholders in the process may have to be involved. If marketing is to be successful, other

suppliers, partners, distributors, financing institutions, the customers' customers, and sometimes even political decision-makers may have to be included in the management of the relationship in a network of relationships.

Chinese and American companies are part of the development of a global economy. Chinese enterprises can learn advanced management methods from American companies in the process of reformation and opening up. Traditional Chinese and American business cultures and economic models directly affect the way companies conduct business. The two parties' understanding of each other will set up a platform to initiate trust.

The field of corporate cultural analysis has traditionally relied on a western perspective. The term relationship marketing has its roots in the American tradition. This paper adds an eastern perspective to the two cultures and an understanding of the term "relationships" in the business setting. This study broadens the discussions on relationship marketing in the communication field.

Cultural values reflect some of the businessmen's philosophy of living in recent generations. People's perceptions are constantly changing. However, the core values of the people form the cultural value, and these pass down through the generations. The inquiries into different cultural values not only help people understand each other at a deeper level, but also bring mutual respect. This also helps western and Chinese negotiators cooperate more effectively and mutually maximize profit margins.

As an important part of international trade and the modern service industry, the third party intermediary has specialized features which help manufacturers develop the international

market, and enhance brand value. The third party intermediary helps extend the industrial chain

and discover the master value chain of higher value. However, this study found that Chinese

trading intermediaries are limited in their competitive strength and fall into low-level repetitive

competition. The third party intermediary has not been able to play an active role in the

promotion of foreign trade transformation and upgrading. Therefore, the intermediary should be

committed to enhance trade strength, explore the international market, add on brand value, and

provide personalized services to enable the coordinated development of services and

manufacturing.

Modern Chinese and American business cultures are characterized by traditional cultural

patterns and the cultural environment. Cultural values decisively influence the emergence and

development of the modern business. Both American and Chinese civilizations have given rise to

corporate cultures and social norms. Cultural values play a direct role in influencing and in

restricting corporate culture, as well as impacting the social structure.

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Appendix A

Interview Questions (For Manufacturers)

I.   General factory Information
1.   Size of factory/division (based on sales)_____
2.   Specialization(the products)_____
3.   Market (America only, or include other countries)
4.   What is your job description/title_____
II.   Specific customer oriented questions
1.   In your personal life, rank the values below from 1 to 10. 1 is most valuable and 10 is least valuable.

Trust	Independence	Belief	Creativity	Stability
Flexibility	Family	Happiness	Money	Success

2.   If you did not find your answer in the list, what is your answer? _____
3.   From your standpoint, what are the three things you value most to build relationships with your customers?

_____

4.   What do you think your customers value most in your relationship with them?

_____

5.   Do you seek help from a third party or have staff overseas to keep up with your relationships with your customers? (YES/NO)
6.   If the answer for No. 5 is yes, which party will you go to or how you keep in touch with your coworkers? Describe briefly the process you go through to keep in touch with them.

_____

7. Seven points likert Scale

1. It is enjoyable to meet and talk with my neighbors regularly

2. I would not let my neighbors borrow things from me or my family

3. Neighbors should greet each other when they come across each other

4. I am not interested in knowing what my neighbors are really like

5. Married people should have time alone every day undisturbed by their spouses

6. If a person is interested in a job about which the spouse is not very enthusiastic, the person should apply for it anyway

7. It is better for a husband and wife to have their own bank accounts than to have a joint account

8. It is desirable that a husband and wife have their own set of friends instead of having only a common set of friends

9. When I am among colleagues/classmates, I think I should do my own thinking without minding about them

10. A person ought to help a colleague at work who has financial problems.

11. In most cases to cooperate with a coworker whose ability is lower than one's own is not desirable as doing the thing alone

Appendix B

Interview Questions (For Distributers)

III. General company Information

1.   Size of company/division (based on sales)_____

2.   Specialization (the products)_____

3.   Suppliers (China only, or include other countries)

4.   What is your job description/title _____

IV. Specific supplier oriented questions

1.   In your personal life, rank the values below from 1 to 10. 1 is most valuable and 10 is least valuable.

| Trust | Independence | Belief | Creativity | Stability |
| Flexibility | Family | Happiness | Money | Success |

2.   If you did not find your answer from the list, what is your answer? _____

3.   From your organization's standpoint, what are the three things you value most to build relationship with your suppliers?

_____

4.   What do you think your suppliers value most in your relationships with them?

_____

5.   Do you find help from a third party or have staff oversea to keep up your relationships with your suppliers? (YES/NO)

6.   If the answer for No. 5 is yes, which party will you go to or how you keep in touch with your coworkers? Describe briefly the process you go through to keep in touch with them.

_____

7. Seven points likert Scale

1. It is enjoyable to meet and talk with my neighbors regularly.

2. I would not let my neighbors borrow things from me or my family.

3. Neighbors should greet each other when they come across each other.

4. I am not interested in knowing what my neighbors are really like.

5. Married people should have time alone every day undisturbed by their spouses.

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7. It is better for a husband and wife to have their own bank accounts than to have a joint account.

8. It is desirable that a husband and wife have their own set of friends instead of having only a common set of friends.

9. When I am among colleagues/classmates, I think I should do my own thinking without minding about them.

10. A person ought to help a colleague at work who has financial problems.

11. In most cases to cooperate with a coworker whose ability is lower than one's own is not desirable as doing the thing alone.

Appendix C
CONSENT FORM

You are invited to be in a research study of how culture and value differences between you and your business partner overseas affect your longtime relationship and economic benefits. The businesses in this study are Chinese Manufacturers and American Distributers. You were selected as a possible participant because you belong to one of the two parties. I ask that you read this form and ask any questions you may have before agreeing to be in the study.

This study is being conducted by Ran An in Communication studies master program.

Background Information:
The purpose of this study is to examine how the culture differences and values affect the longtime relationship and economic benefits in the past five years.

Procedures:

If you agree to be in this study, I would ask you to do the following things:
1. Please complete the questionnaire which consist of four general questions and seven specific Cultural and relational questions.
2. It will take 10 minutes to finish the questionnaire.

Risks and Benefits of being in the Study:

The risks of this research are no more than the participants would encounter in everyday life. There are no direct and instant benefits to participation. However, for future research and business cooperation, the benefits to participation are numerous. The findings are promoting a better understanding of cultural difference and gaining the collaborations of businesses. It also offers insights of the strategies that help with building long lasting business relationships.

Compensation:
There is no compensation for this questionnaire.

Confidentiality:
The records of this study will be kept private. In any sort of report I might publish, I will not include any information that will make it possible to identify a subject. Research records will be stored securely and only the researcher will have access to the records.
The entire data will be password protected. No one will access the data but the researcher. The data will be erased once the three year time period for maintaining the data is up.

Voluntary Nature of the Study:

Participation in this study is voluntary. Your decision whether or not to participate will not affect your current or future relations with Liberty University. If you decide to participate, you are free to not answer any question or withdraw at any time without affecting those relationships.

Contacts and Questions:
The researcher conducting this study is Ran An. You may ask any questions you have now. If you have questions later, you are encouraged to contact her at ran@liberty.edu
Faculty Advisor: Dr. Angela Widgeon at amadema@liberty.edu

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher, you are encouraged to contact the Institutional Review Board, 1971 University Blvd, Suite 1837, Lynchburg, VA 24515 or email at irb@liberty.edu.

IRB Code Numbers: 1687.100713

Appendix D
同意书

这份研究是关于您和您的企业的海外合作伙伴之间的文化和价值的差异如何影响你的长期关系和经济利益的调查研究。本研究的企业都是中国制造商和美国经销商。因为你属于双方中的一方，所以您被选定作为一个可能的参与者。请您阅读以下说明，这帮助我们解答您在问卷中遇到的问题。

这项研究是为研究员安冉的传播学硕士课程开展的。
背景资料：
本研究的目的是探讨文化差异和价值观如何影响在过去五年的长期关系和经济利益。

程序：
如果您同意参与这项研究，我想请你完成以下内容：
1 。请填写调查，包括四个一般性问题和七个特定的文化和关系问题。
2 。调查需要 10 分钟完成。

风险和研究中存在的好处：
这项研究的风险不超过参与者将在日常生活中遇到的问题。
虽然参与没有直接和即时的好处。然而，对于未来的研究和业务合作，参与的好处是多方面的。调查结果是促进更好地理解文化差异，并获得企业的合作。它还提供了帮助建立持久的商业关系战略的建议。

补偿：
有这个调查没有任何补偿。

保密性：
这项研究的记录会被密码保密，在任何类型的报告中将不包括任何个人信息。研究记录将被安全地存储，只有研究人员将有机会获得此记录。没有其他人会访问这些数据，三年时间后此数据将被删除。

该研究的自愿性质：
参与这项研究是自愿的。你的决定是否参与，不会影响您与学校与美国企业的关系。如果您决定参加，你可以自由地不回答任何问题或随时退出。

联系方式和问题：
研究人员安冉的联系方式：ran@liberty.edu
指导老师：安吉拉.维金博士 amadema@liberty.edu

如果您对本研究有任何问题或疑虑，想联系其他的研究员，我们鼓励您联系机构审查委员会 1971 大学大道，林奇堡，弗吉尼亚州 24515 或 IRB@liberty.edu.

IRB 代码编号： 1687.100713

CONSENT FORM

You are invited to be in a research study of how culture and value differences between you and your business partner overseas affect your longtime relationship and economic benefits. The businesses in this study are Chinese Manufacturers and American Distributers. You were selected as a possible participant because you belong to one of the two parties. I ask that you read this form and ask any questions you may have before agreeing to be in the study.

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If you agree to be in this study, I would ask you to do the following things:
1. Please complete the questionnaire which consist of four general questions and seven specific Cultural and relational questions.
2. It will take 10 minutes to finish the questionnaire.

Risks and Benefits of being in the Study:

The risks of this research are no more than the participants would encounter in everyday life. There are no direct and instant benefits to participation. However, for future research and business cooperation, the benefits to participation are numerous. The findings are promoting a better understanding of cultural difference and gaining the collaborations of businesses. It also offers insights of the strategies that help with building long lasting business relationships.

Compensation:
There is no compensation for this questionnaire.

Confidentiality:
The records of this study will be kept private. In any sort of report I might publish, I will not include any information that will make it possible to identify a subject. Research records will be stored securely and only the researcher will have access to the records.
The entire data will be password protected. No one will access the data but the researcher. The data will be erased once the three year time period for maintaining the data is up.

Voluntary Nature of the Study:

Participation in this study is voluntary. Your decision whether or not to participate will not affect your current or future relations with Liberty University. If you decide to participate, you are free to not answer any question or withdraw at any time without affecting those relationships.

Contacts and Questions:

The researcher conducting this study is Ran An. You may ask any questions you have now. If you have questions later, you are encouraged to contact her at ran@liberty.edu

Faculty Advisor: Dr. Angela Widgeon at amadema@liberty.edu

If you have any questions or concerns regarding this study and would like to talk to someone other than the researcher, you are encouraged to contact the Institutional Review Board, 1971 University Blvd, Suite 1837, Lynchburg, VA 24515 or email at irb@liberty.edu.

IRB Code Numbers: 1687.100713

I.   General factory Information 基本工厂信息
1.   公司规模 （基以销售额）Size of factory/division (based on sales)_____
2.   公司行业 Specialization (the products)_____
3.   市场 Market_____
4.   您的职位是什么？What is your job description/title_____
5.   In your personal life, how your rank the values below.
6. 在您的个人生活中，请为以下的价值观排序。1 是您最注重的，10 是您最不注重的。
1 最注重 Value most2   3   4   5   6   7   8   9   10 最注重 Value least

信用 Trust	
灵活性 Flexibility	
独立 Independence	
家庭 Family	
信仰 Belief	
幸福感 Happiness	
创造力 Creativity	
金钱 Money	
稳定性 Stability	
事业成功 Success	

7. 除了上述价值观，您还有其他注重的价值么？
7. If you did not find your answer in the list, what else do you value? _____

8. 站在您企业的角度，如果有三个价值观促成您的您的美国客户的长期合作，您希望您的美国客户具有什么样的三种品质。

8. From your organization's standpoint, what are the three things you value most to build relationships with your American customers?

_____

9. 您认为您的美国客户如果确定和您长期合作，他/她最看重的是什么？

9. What do you think your American customers value most in your relationship with them?

_____

10. 您寻求第三方服务公司，或有海外雇员来保持与您客户的联系么？（是/否）

10. Do you seek help from a third party or have staff overseas to keep up with your relationships with your customers? (YES/NO)

11. 如果您上一题回答有，那是哪一种，您怎么保持与他们的联系。

11. If the answer for No. 10 is yes, how you keep in touch with them?

_____

12. 请仔细阅读下面的语句，并做出选择。

从 A. 非常同意，B. 同意，C. 有些同意, D. 不确定, E. 不太同意, F. 不同意，G. 非常不同意中选择您的答案

12. Read the sentence below and choose your answer for A. Strongly agree B. Agree C. Agree somehow D. Not sure E. Disagree somehow F. Disagree G. Strongly disagree

1. 与我的邻居定期交谈是愉快和满足的。

1. It is enjoyable to meet and talk with my neighbors regularly.

2. 我不希望邻居向我或我的家人借东西。

2. I would not let my neighbors borrow things from me or my family.

3. 邻里之间见面应该互相问候。

3. Neighbors should greet each other when they come across each other.

4. 我对我的邻居真正喜欢什么没有兴趣。

4. I am not interested in knowing what my neighbors are really like.

5. 结婚的人每天应该有独处的时间，不被配偶打扰。

5. Married people should have time alone every day undisturbed by their spouses.

6. 如果有一个自己很感兴趣，但配偶不感兴趣的工作，我会申请。

6. If a person is interested in a job about which the spouse is not very enthusiastic, the person should apply for it anyway.

7. 夫妻双方应该各有一个独立账户而不是有一个联名户头。

7. It is better for a husband and wife to have their own bank accounts than to have a joint account.

8. 丈夫和妻子应该各有自己的朋友圈，而不是只有一群共同朋友。

8. It is desirable that a husband and wife have their own set of friends instead of having only a common set of friends.

9. 当我和同事或朋友在一起的时候，我相信我应该独立思考而不必考虑别人。

9. When I am among colleagues/classmates, I think I should do my own thinking without minding about them.

10. 同事有经济困难，我应该帮助他。

10. A person ought to help a colleague at work who has financial problems.

11. 大多数情况下，我希望独自工作而不是和一个能力比我差的人一起工作。

11. In most cases to cooperate with a coworker whose ability is lower than one's own is not desirable as doing the thing alone.