

**Exploration of the pre-export behaviour of the
Chinese family owned medium sized enterprise
(FMEs) - The role of 'guanxi'**

Zhi Song

M. Business (Research) (International Business)

Submitted in fulfilment requirement for the degree of
Masters of Business (Research)

In the School of Advertising, Marketing and Public
Relations

QUT Business School

Queensland University of Technology

2017

Exploration of the pre-export behaviour of the Chinese family owned medium sized enterprise (FMEs) - The role of 'guanxi'

Supervisor:

Associate Professor Rumintha Wickramasekera, Queensland University of Technology, School of Advertising, Marketing and Public Relations.

Dr. Stephen Cox, Queensland University of Technology, Higher Degree Research Studies

Statement of Original Authorship:

The work contained in this thesis has not been previously submitted to meet requirements for an award at these or any other higher education institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made

Signature: QUT Verified Signature

Date: August 2017

Acknowledgements:

My deepest gratitude goes first and foremost to Associate Professor Rumintha Wickramasekera and Dr. Stephen Cox, my supervisors, for their constant encouragement and guidance. Both my supervisors have walked me through all the stages of writing this thesis. Without their consistent and illuminating instruction, this thesis could not have attained its present phase.

Second, I would like to express my heartfelt gratitude to Mrs. Fan, the Owner/Manager of Company Alpha; Mrs. Wang, the Owner/Manager of Company Beta; Mrs. Sun, the Owner/Manager of Company Cherry; Mr. Chen, the Owner/Manager of Company Delta, Mr. Zhang, the Owner/Manager of Eta; Mr. Zhou, the Owner/Manager of Fig; Mr. Wang, the Owner/Manager of Company Gamma; Mr. Wu, the Owner/Manager of Company Honey; Mr. Huang, the Owner/Manager of Company Ivy; Mr. Zhou, the Owner/Manager of Company Jelly; Mr. Yang, the Owner/Manager of Company Kangaroo and Mr. Su, the Owner/Manager of Company Lion, who were willing to participate in my semi-structured interviews, which were very useful and helpful for the collection of data in my research project.

In addition, I would like to express my deep gratitude to a professional editor, Dr. Bill Wrigley, who provided copyediting and proofreading services for my thesis, according to the guidelines laid out in the university-endorsed national 'Guidelines for editing research theses'.

Last, my thanks goes to my beloved family for their loving consideration and great confidence in me all through the period of writing my dissertation. I also owe my sincere gratitude to Doctor Ingrid Wang (QUT) and Doctor Li Bai (QUT) who gave me their help and time in listening to me and helping me to review my interview protocol. Thank you all so much once again!

Abstract

A number of international business researchers have proposed that networks play an increasingly important role in a firm's internationalisation process. However, few studies have focused on the pre-export behaviour of Chinese family owned firms, and how they use networks to enter foreign markets.

This study aimed to investigate the influence of Chinese 'guanxi' networks ('social relationships or personal networks') on the pre-export behaviour of Chinese family owned, medium sized enterprises (FMEs), and the specific resources and knowledge the 'guanxi' networks provide for Chinese FMEs in order to facilitate their internationalisation process.

The proposed framework of this study took into consideration the uniqueness of Chinese family firms. In addition, Chinese researchers have proposed that the 'guanxi'-related social network could facilitate the early internationalisation process of small to medium sized firms in both home and foreign markets. In contrast to many American and Australian family owned firms, in China the family and the business are inseparable.

Therefore, the purpose of this research was to advance understanding of the role of 'guanxi' in the pre-export behaviour of the Chinese family owned medium sized firms during the internationalisation process, in order to answer the overarching research question of how and why the 'guanxi' influence the pre-export behaviour of the

Chinese FMEs. As a result, four propositions were constructed to address the principal research question:

Proposition 1: The internal and external pull and push factors trigger a firm owner's thinking/planning regarding internationalisation

Proposition 2: The mechanism of mutual benefits embedded in the concept of 'guanxi' is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign markets

Proposition 3: The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future

Proposition 4: The Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/*Qinren*, familiar people/*Shuren* and unfamiliar business partner(s)/*Shengren* by utilising 'guanxi'

These propositions were investigated with regard to the thinking/planning of internationalisation by the Chinese FMEs, as well as the degree to which the proposed theoretical frameworks developed for this study explained the pre-export behaviour of the Chinese FMEs. Empirical testing involved in-depth, semi-structured interviews with 12 managers/owners of Chinese medical FMEs, who had experience of the pre-export stage of the internationalisation process.

This study found that there were four factors that influenced the pre-export behaviour of the Chinese FMEs: the triggers of internationalisation; the mechanism of mutual benefits of 'guanxi'; the mechanism of investment of 'guanxi'; and the role/characteristics of 'guanxi'

Appropriate and accurate foreign market knowledge is very important for managers in increasing market familiarity with the foreign and home markets and facilitating the firm's pre-export behaviour. Additionally, the results of this study contribute to the literature finding that 'guanxi':

can be utilised by firm owners to justify the reliability of new 'guanxi' in order to ensure the authenticity of the foreign market knowledge and information the owner gained from the new 'guanxi';

can improve the transparency of information the owner collects from business partners, and it can act as a guide to facilitate the planning of internationalisation by the owners;

can be utilised by the owners/managers as a tool to recognise the quality and authenticity of information they gained from business partners'

can be utilised by the owners/managers as employment guidance to assist the firm's owner to employ the appropriate people with internationalisation knowledge in relation to building the firm's management structure;

can be utilised by owners/managers as a tool to collect, screen and confirm international business opportunities in order to facilitate internationalisation planning.

This research empirically confirmed the extant research that family is the origin of 'guanxi' in China, which could significantly influence the pre-export behaviour of the Chinese FMEs during the planning stage for the internationalisation process of the firm, which differentiates the FMEs within the Chinese cultural context and FMEs within the Western cultural context.

Table of Contents

1.1 Introduction.....	15
1.2 Research problem overview.....	17
1.2.1 Research question and research issues	18
1.3 The definition of the family owned firm	19
1.4 The definition of the Chinese medium sized enterprises (MEs)	20
1.4.1 The Chinese medical industry	21
1.5 Research justification	22
1.5.1 Academic justification	22
1.5.2 Practical justification	23
1.6 Objective of the study	23
1.7 Research contributions	24
1.7.1 Contribution to theory	24
1.7.2 Contribution to practice.....	25
1.8 Methodology.....	25
1.9 Thesis structure	27
1.10 Definitions of key terms	29
1.11 Delimitations.....	32
1.12 Conclusion	32
2.1 Introduction.....	34
2.2 The characteristics of family owned firms.....	35
2.2.1 The characteristics of “the two institutional system” of the family business	36
2.3 The decision to internationalise	37
2.3.1 The decision making process to internationalisation.....	39
2.4 Internationalisation process theory	42
2.4.1 Wiedersheim-Paul et al. (1978) pre-export model.....	43
2.4.2 The Uppsala internationalisation process model (U-model).....	44
2.4.3 The 2009 version of the Uppsala model and the network perspective	53
2.4.4 The relationship between the RBV and the Western/Chinese network perspective	54

2.5 The characteristics and mechanism between Chinese ‘guanxi’ network and Western network	57
2.5.1 The characteristics of the Western network perspective	57
2.5.2 The mechanisms of the Western network perspective	59
2.5.3 The characteristics of ‘guanxi’	62
2.5.4 The mechanisms of the Chinese ‘guanxi’	69
2.5.5 The similarities and differences between the Western network perspective and the Chinese ‘guanxi’	74
2.5.6 The similarities and differences of mechanism between the Western network perspectives and Chinese ‘guanxi’	77
2.6 Literature gap	80
2.7 Theoretical framework	81
2.8 Conclusion	83
3.1 Introduction	85
3.2 Research paradigm	85
3.3 Qualitative case study methodology	87
3.4 The criteria to evaluate the quality of realism research	87
3.5 Sampling strategy and issue of accessibility	90
3.5.1 The sample selection method	91
3.5.2 The case selection	92
3.6 Semi-structured interviews	94
3.6.1 Design of interview protocol	94
3.7 Expert panel review of the interview protocol	99
3.8 Case study data analysis	100
3.9 Limitations of case study methodology	101
3.10 Ethical clearance	102
3.11 Conclusion	103
4.1 Introduction	105
4.2 Within case analysis	105
4.3 Cross-case Analysis	109
4.3.1 Proposition 1 (related to the trigger of internationalisation, see Section 2.3 and Figure 2.6)	

.....	110
4.3.2 Proposition 2 (related to the mechanism of mutual benefits of ‘guanxi’, see Section 2.5.4, Table 2.3 and Figure 2.6)	125
4.3.3 Proposition 3 (related to the mechanism of investment of ‘guanxi’, see Section 2.5.4, Table 2.3 and Figure 2.6)	141
4.3.4 Proposition 4 (related to rapidly and efficiently accessing resources, and gaining internationalisation knowledge by utilising ‘guanxi’, (see Sections 2.5.3 and 2.5.4, Tables 2.2 and; 2.3, and Figure 2.6)	153
4.4 Conclusion	165
5.1 Introduction	166
5.2 Discussion of the components of theoretical framework	166
5.2.1 The internationalisation decision (Pre-export behaviour)	167
5.2.2 Proposition 1 (P1): The internal and external pull and push factors trigger a firm owner’s thinking/planning regarding internationalisation	168
5.2.3 Proposition 2 (P2): The mechanism of mutual benefits embedded in the concept of ‘guanxi’ is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign market	169
5.2.4 Proposition 3 (P3): The mechanism of investment embedded in the concept of ‘guanxi’ explains how Chinese FMEs accumulate ‘guanxi’ in order to redeem their investment in the future	170
5.2.5 Proposition 4 (P4): Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/Qinren, familiar people/Shuren and unfamiliar business partner(s)/Shengren by utilising ‘guanxi’	170
5.3 Research question conclusions and theoretical framework	172
5.3.1 Conclusion of the research question	176
5.4 Implications for theory	177
5.4.1 The triggers of internationalisation	177
5.4.2 The mechanism of mutual benefits of ‘guanxi’	177
5.4.3 The mechanism of investment of ‘guanxi’	178
5.4.4 The role/characteristics of ‘guanxi’	178
5.4.5 Conclusions for the implication for theory	179
5.5 Contributions to practice	181
5.6 Limitations	181
5.7 Future directions for research	182
Appendix A: Interview protocol (The English Version)	206
Appendix B: Interview protocol (The Chinese version)	209

Appendix C: The data collection from interview protocol for each firms	211
4.2.1 Case 1: Alpha	211
4.2.2 Case 2: Beta	217
4.2.3. Case 3: Cherry.....	222
4.2.4 Case 4: Delta	225
4.2.5 Case 5: Eta	231
4.2.6 Case 6: Fig.....	237
4.2.7 Case 7: Gamma.....	243
4.2.8 Case 8: Honey	248
4.2.9 Case 9: Ivy.....	251
4.2.10 Case Ten: Jelly	255
4.2.11 Case 11: Kangaroo	259
4.2.12 Case 12: Lion.....	264
Appendix D: Research paradigm	273
Appendix E: The criteria to evaluate the quality of realism research	276
Appendix F: Prior theory in case study research	280
Appendix G: The definition of different type of case study	282

LIST OF TABLES:

CHAPTER 1:

Table 1.1: The criteria of the Chinese medium sized enterprises (MEs)

CHAPTER 2:

Table 2.1: Overview of the principal internationalisation drivers/triggers

Table 2.2: the similarities between the Western network perspective and the Chinese 'guanxi' in the RBV

Table 2.3: The similarities and differences of characteristics between the Western network perspective and the Chinese 'guanxi'

Table 2.4: The similarities and differences in the mechanisms between the Western network perspective and the Chinese 'guanxi'

CHAPTER 3:

Table 3.1: Criteria for judging the quality of realism research

Table 3.2: Developed interview protocol questions for propositions

Table 3.3: The limitation of case study methodology

CHAPTER 4:

Table 4.1: The summary of the within-case analysis

Table 4.2: Developed interview protocol question for proposition 1

Table 4.3: The distribution of internationalisation triggers of firms

Table 4.4: Developed interview protocol question for proposition 2

Table 4.5: The distribution of the benefits by the firm and their friends/business partners

Table 4.6: Developed interview protocol question for proposition 3

Table 4.7: The distribution of responses for the 'guanxi' investment mechanism

Table 4.8: Developed interview protocol question for proposition 4

Table 4.9: The summary of responses of interview question 6, 9 and 10

CHAPTER 5:

Table 5.1: The unexpected findings in relation to 'guanxi'

Table 5.2: Key theoretical contributions

LIST OF FIGURES:

CHAPTER 2:

Figure 2.1: Mapping of the literature

Figure 2.2: The pre-export model

Figure 2.3: The theoretical and operational level of Uppsala internationalisation model

Figure 2.4: The 2009 version of Uppsala internationalisation model

Figure 2.5: The quality of 'guanxi' network

Figure 2.6 The proposed theoretical framework

CHAPTER 3:

Figure 3.1: Basic types of designs for case studies

CHAPTER 5:

Figure 5.1: The theoretical framework

Figure 5.2: The revised theoretical framework

Figure 5.3: The internationalisation triggers and the pre-export behaviour of the Chinese FMEs

Figure 5.4: The mechanism of mutual benefits of 'guanxi' and the pre-export behaviour of the Chinese FMEs

Figure 5.5: The mechanism of investment of 'guanxi' and the pre-export behaviour of the Chinese FMEs

Figure 5.6: The role/characteristics of 'guanxi' and the pre-export behaviour of the Chinese FMEs

Chapter 1: Introduction

1.1 Introduction

Family-owned medium-sized enterprises (FMEs) play a significant role in most economies, including China's economy, in which FMEs constitute 89% of the country's enterprises, 38% of GDP, 55% of exports and 80% of job opportunities (CCICED, 2014; NBSC, 2013). In addition, the internationalisation of FMEs can add further benefits to both the firm and the country via access to additional country markets by increased profits, employment and hedging against domestic market constraints.

Prior to further discussion it is important to define a FME. As argued by Handler (1989, p.39) "defining the family owned firm is the first and most obvious challenge facing family business researchers". For the purpose of this research, Litz's (1997, p.75) and Westhead and Cowling's (1999, p.42) definition has been utilised: "that family owned firms are where one or more family members hold the majority of ownership rights, but members of the family also work with the management team."

One of the earliest, and one of the most influential internationalisation models, is the Uppsala model (U-model), introduced by Johanson and Vahlne (1977). Based on behavioural theory (Cyert & March, 1963) and Penrose's (1950) theory of growth, the U-model refers to 'the firm's gradual acquisition, integration and use of knowledge about foreign markets and operations' (Johanson & Vahlne, 1977, p.23).

Contemporary research into born global and international new ventures (Madsen 2013) has identified the importance of network connections between firms and individuals as an important factor in the internationalisation process. As a result, when Johanson and Vahlne revisited the U-model in 2009 (Johanson & Vahlne, 2009) they incorporated a network perspective into their revised model.

Within the unique Chinese business culture, the equivalent to a business network is the 'guanxi' network. In China, the owner/manager of family firms use their family based personal relationships ('guanxi') to connect with their business partners, because they consider the 'guanxi' network more trustworthy and credible. 'Guanxi' is more than having access to a network: the unique characteristics of 'guanxi' may provide network participants with resources and knowledge, and help establish mutual obligations and long-term relationships that can span several generations. Within the internationalisation context, 'guanxi' can provide business owners with foreign market knowledge and access to their partner's resources during the pre-export stage to help reduce the psychic distance.

Given the limited theoretical and empirical investigations into the pre-export behaviour of Chinese FMEs and the ways in which 'guanxi' networks assist in the internationalisation process of such firms and given the importance of Chinese FMEs to the Chinese economy, and more recently the global economy, research into the pre-export behaviour and internationalisation of such firms is a worthy endeavour. An

overarching research question can be framed as, *“How and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs?”*

Chapter 1 provides a brief overview of this study. Section 1.2 highlights the research problem and addresses the related theories for this project. The main research question and four research propositions are highlighted in section 1.2.1. Section 1.3 provides a definition of the Chinese MEs and a comparison between the definition of Chinese MEs and MEs in other countries, such as within the OECD countries. An overview of the Chinese medical industry and the reasons for choosing this industry is presented in section 1.3.1. Section 1.4 discusses the academic and practical justification for undertaking this project. Furthermore, section 1.5 explains the main objective of this study. Section 1.6 provides the theoretical and practical contributions of the study, accompanied by a brief overview of the research methodology in section 1.7. The structure of this thesis is illustrated in section 1.8. The list of definitions and key terms used in this project is provided in section 1.9, followed by the delimitations of this study in section 1.10.

1.2 Research problem overview

Over the past three decades, a number of international business researchers proposed that networks play an increasingly important role in a firms’ internationalisation process. In addition, pioneering international business researchers such as Wiedersheim-Paul, Welch, and Olson, (1978) highlighted the importance of studying the firm’s pre-export behaviour. While many subsequent researchers followed their

suggestion, few have focused on the pre-export behaviour of firms in emerging markets (Ahmed, Julian & Mahajar, 2008) and how they use networks to overcome the barriers of psychic distance, access resources and gain foreign market knowledge when they first consider internationalisation (Tan, Brewer, & Liesch, 2007, 2008, 2010; Zhou, Wu & Luo, 2007)

1.2.1 Research question and research issues

Zhou, et al, (2007) proposed that ‘guanxi’-related social network could facilitate the early internationalisation process of SMEs in both home and foreign markets. The present study investigated how and why the Chinese ‘guanxi’ networks influence the pre-export behaviour of Chinese family owned medium sized enterprises (FMEs) and the specific resources and knowledge that the ‘guanxi’ networks provide for Chinese FMEs in order to facilitate pre-export behaviour during their internationalisation process.

Therefore, the overarching research question, *“How and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs?”* was formulated for research.

As a result, four propositions were constructed to address the principal research question:

Proposition 1: The internal and external pull and push factors trigger a firm owner’s thinking/planning regarding internationalisation

Proposition 2: The mechanism of mutual benefits embedded in the concept of ‘guanxi’ is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign markets

Proposition 3: The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future

Proposition 4: The Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/*Qinren*, familiar people/*Shuren* and unfamiliar business partner(s)/*Shengren* by utilising 'guanxi'

The following section defines the Chinese FMEs by using the size, number of employees, total assets and total revenue, as there is no universal definition of firm size.

1.3 The definition of the family owned firm

As argued by Handler (1989, p.39) “defining the family owned firm is the first and most obvious challenge facing family business researchers”. For the purpose of this research, Litz’s (1997, p.75) and Westhead and Cowling’s, (1999, p.42) definition has been utilised; ‘that family owned firms are where one or more family members hold the majority of ownership rights, but members of the family also work with the management team.’

1.4 The definition of the Chinese medium sized enterprises (MEs)

The number of MEs in China has increased rapidly since the economic reforms of the early 1980s, which contributed to a more market-based economy. However, what constitutes MEs in China, as elsewhere is ill defined.

Table 1.1 provides the criteria for defining a Chinese Medium Sized Enterprise (MEs) in accordance with the Small to Medium sized enterprises Promotion Law (SME promotion law of China, 2003). In contrast, OECD countries have utilised the total business revenue and/or total assets of a firm to define MEs. Usually in OECD countries, MEs employ fewer than 400 employees with a maximum of about 500 (OECD, 2008).

For this study, the definition of the Chinese MEs in accordance with the Small to Medium sized enterprises Promotion Law (SME promotion law of China, 2003) is adopted.

Table 1.1: The Criteria of the Chinese Medium Sized Enterprise (MEs)

Size Category	Industries	Employment-based	Total assets	Business revenue
Small	Industry	< 300	<¥ 40million	< ¥ 30million
	Construction	< 600	<¥ 40million	<¥ 30million
	Wholesale	<100		<¥ 30million
	Retail	<100		<¥ 10million
	Transport	<500		<¥ 30million
	Post	<400		<¥ 30million
	Hotel & restaurant	<400		<¥ 30million
Medium	Industry	300- 2000	¥ 40million-400million	¥ 30million-300million
	Construction	600-3000	¥ 40million-400million	¥ 30million-300million
	Wholesale	100-200		¥ 30million-300million
	Retail	100-500		¥ 10million-150million
	Transport	500-3000		¥ 30million-300million
	Post	400-1000		¥ 30million-300million
	Hotel & restaurant	400-800		¥ 30million-150million

Note: SME meet one or more of the conditions. ME should meet three conditions, the others are SE.

Source: SME promotion law of China,2003.

Based on this law, which the “industry” component under the size category of medium in the Table 1.1, ME in China is defined as a firm with 300 to 2000 employees, total assets of RMB 40 million to RMB 400 million and annual business revenue of RMB 30 to 300 million.

In relation to ownership, in China, from 1949 until the reforms during the Deng Xiaoping era, in the early 1980s, private sector firms did not officially exist (Chen, 2000). Most MEs were town and village enterprises (TVEs) with ownership vested in people’s communities. In many instances, these MEs were collectively owned and managed by the relevant government department (Chen, 2000). However, the number of collectives have steadily declined since the 1990s as an outcome of economic reforms (Chen, 2000), and the number of family owned and operated firms have increased. Therefore, the focus of this study is on MEs that are family owned and operated given their increasing importance.

1.4.1 The Chinese medical industry

There are approximately 848,448 enterprises in the Chinese medical industry and 42,291 are medium sized enterprises, with FMEs accounting for 16,591 (BSC, 2016).

The Chinese medical industry was selected for this study for two reasons. Firstly, the potential economic growth, and the revenue generating ability of the Chinese medical industry remain strong (BSC, 2016). The Chinese medical market experienced double-digit growth for the period 2010-2016 (BSC, 2016). In general, there is greater

potential for participation in interviews and surveys by managers within successful industries.

Secondly, the Chinese medical industry operates in a relatively homogeneous environment, thus giving the ability to focus on more internal firm-specific factors and minimise the impact of the plethora of uncontrollable external factors (Amine & Cavusgil, 1986) in the influence of the pre-export behaviour of Chinese FMEs by utilising ‘guanxi’

1.5 Research justification

The decision to examine *“How and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs?”* within the Chinese medical industry is dependent on the following academic and practical justification

1.5.1 Academic justification

The academic justification for this project arises from the limited number of studies in the area of the pre-export behaviour of Chinese FMEs (Olson & Wiedersheim-Paul, 1978; Caughey & Chetty, 1994; Caliskan, et al, 2006; Tan et al, 2007; Casillas, et al, 2010) and the dearth of studies examining the role of ‘guanxi’ in the pre-export behaviour of FMEs as identified in Chapter 2. A review of current literature suggests that this study has the potential to contribute to the literature on how and why ‘guanxi’ influences the pre-export behaviour of the Chinese FMEs (Zhou, Wu & Luo, 2007).

1.5.2 Practical justification

China's economic environment has changed significantly since the Asian financial crisis during the 1990s (Hilgers, 2008). For example, family owned medium sized enterprises are playing a very important role in the economic vitality of the Chinese economy. As a result, the Chinese government created the SME department within the State Economic and Trade Commission to formulate government policies to encourage and assist the development of FMEs, with an emphasis on assisting the internationalisation of FMEs (BSC, 2002; Chen, 2000). However, there has been limited empirical research in the field of pre-export behaviour of Chinese FMEs (Liu, Xiao & Huang, 2008; Wei & Marjorie, 2008; Zhuang et al, 2007; Zhuang & Xi, 2004) to base their policy frameworks on. Therefore, the findings of this study may assist export promotion agencies, such as the State Economic and Trade Commission in better formulation of export promotion policies for FMEs.

1.6 Objective of the study

The primary objective of this research is to investigate the identified gap in the literature related to the internationalisation process and the role of 'guanxi' in the pre-export behaviour of the Chinese FMEs, and to synthesise the theoretical framework to determine how and why the 'guanxi' influences the pre-export behaviour of Chinese FMEs. To accomplish the objective, this study:

- Reviewed existing internationalisation theories, focusing especially on the literature related to family businesses, theories related to the trigger of

internationalisation, network perspective/theories and theories related to ‘guanxi’;

- Proposed a theoretical framework for the role of ‘guanxi’ influence on the pre-export behaviour of Chinese FMEs to overcome the identified literature gap;
- Empirically tested the proposed theoretical framework based on the data collected in the semi-structured interview protocol in the context of the Chinese medical industry

1.7 Research contributions

‘Guanxi’ not only played an important role in doing business in China, but it also significantly influenced the pre-export behaviour of Chinese FMEs examined in this study. It was a crucial aspect when the owner/manager of the firms planned for their firm’s internationalisation. Therefore, this research has implications both for theoretical and practical contributions. These contributions are discussed in Sections 1.7.1 and 1.7.2

1.7.1 Contribution to theory

There are two major contributions by this study to theory. Firstly, this study confirmed the proposition of Zhou et al (2007) that the ‘guanxi’ -related social network could facilitate the early internationalisation process of SMEs in both home and foreign markets. Secondly, the theoretical framework for this study based on a synthesis of the 2009 version of the Uppsala model (Johanson & Vahlne, 2009) and the ‘guanxi’ network perspective from the study by Zhou et al (2007) (see Section

2.4.2.4 and Tables 2.2 and 2.3) was empirically tested based on 12 case studies. The findings empirically tested and broadened the understanding of ‘guanxi’ and its mechanisms in the pre-export behaviour of Chinese FMEs.

The results of this study found support for the important role played by ‘guanxi’ in the internationalisation process of Chinese FMEs, including their pre-export behaviour.

‘Guanxi’ networks played a pivotal role in providing a trigger for the internationalisation process; facilitating a mechanism of mutual benefits and the mechanism of investment of ‘guanxi’ (like banking goodwill for future use). In addition, ‘guanxi’ played a significant role in giving access to resources internationalisation knowledge in a timely, effective and efficient manner.

1.7.2 Contribution to practice

This study provides firms with a theoretical and empirically supported framework to explain how ‘guanxi’ influenced the pre-export behaviour of the family based medium sized firm within the Chinese medical industry. More specifically, this study may help Chinese FMEs with guidelines for enforcing the most appropriate ‘guanxi’ in order to facilitate thinking/planning of the internationalisation process of their firms and for further internationalisation processes.

1.8 Methodology

This research incorporates a qualitative multiple case study design for the primary research question (Creswell, 2003; Ghauri, 2004; Yin, 2009). In general, international

business is constantly unstable and changes over time and can only be predicted in part (Maeschan-Piekkari & Welch, 2004). Therefore, a holistic case study methodology is appropriate for this complexity of international business by “providing rich and thick descriptions” (Gummesson, 2007).

In each of the 12 cases, in-depth, semi-structured interviews were conducted with the owner/manager who was the most responsible for internationalisation decisions to draw an understanding in relation to the four research propositions of this study (Ghauri, 2004; Yin, 2003). According to the in-depth nature, each of the 12 interviews can be classified as a single case study (Yin, 2003). Furthermore, semi-structured interviews are flexible, thus giving the researcher the ability to discuss and modify questions, and to pursue any unexpected findings that may emerge due to the lack of literature on the role of ‘guanxi’ in the pre-export behaviour of Chinese FMEs (Ghauri, 2004; Silverman, 2010).

The data collected from the multiple holistic cases was assessed through a series of analytical techniques. However, there are two major types of analytical techniques. Yin (2009) illustrated one type involving five analytical techniques involved in case study data analysis. These are pattern matching, explanation building, time-series analysis, logic models and cross-case synthesis. Alternatively, Amaratunga and Baldry (2001) and Eilsenhardt (1989) explained that analytical techniques should include within-case analysis, cross-case analysis and explanation buildings. This study

applied the second type of analytical techniques for the case study data analysis for the following reasons.

Firstly, a within-case analysis provided a descriptive analysis of individual cases for this study, where every case in this research was considered an individual entity and unique patterns prior to cross-case analysis were identified (Eisenhardt, 1989; Perry, Reige & Brown, 1998). Therefore, the within-case analysis acted as a foundation in order to prepare for the subsequent cross-case analysis. Furthermore, as data collection and analysis must be interrelated from the very first case of this study in case study research, within-case analysis must occur immediately after data collection from each case (Ghauri, 2004; Silverman, 2010).

Secondly, cross-case analysis was then utilised to make cross-case comparisons based on the pattern of code/dimension in relation to the analytical framework developed for each research proposition of this study, which gave the research an analytical sophistication (Eisenhardt, 1989; Perry et al., 1998). Finally, this cross-case analysis and the patterns of code/dimension identification within the analysis will assist in building an explanation of the pre-export behaviour of the Chinese FMEs (Amaratunga & Baldry, 2001).

1.9 Thesis structure

This study was constructed in accordance with Perry's (2012) paper, which described the sequence of a research thesis. This thesis comprises five chapters:

Chapter 1: Introduction

Chapter 2: Literature review

Chapter 3: Methodology

Chapter 4: Analysis of data

Chapter 5: Conclusions and implications

Chapter 1 offered a brief overview of the main research problem and research issues in this study, and also highlighted the academic and practical justification, and research contribution to both theory and practice for this study. This was followed by the key research objectives, definitions of pertinent terms and the delimitations of this research.

Chapter 2 provides a literature review on the family business, the internationalisation trigger, the Uppsala internationalisation model, the network theory/perspective and theories related to ‘guanxi’, and the application of these theoretical frameworks in the field of the pre-export behaviour of Chinese FMEs.

Chapter 3 provides a valuation and justification of the ‘qualitative case study methodology’. Moreover, the appropriateness and feasibility of the qualitative case study methodology for this study is systematically explained.

Chapter 4 provides and coordinates the findings from the 12 interviews selected for investigating the Chinese medical FMEs. Furthermore, the proposed theoretical

framework of the pre-export behaviour of Chinese FMEs, developed from Chapter 2, is finalised and highlighted.

Finally, Chapter 5 provides a discussion of the research findings, their implications, the key limitations and the recommendations for future research.

1.10 Definitions of key terms

This section provides a brief overview of the key terms utilised throughout this thesis

CMC: The Chinese Medical City

Internationalisation: a process of increasing involvement of enterprise in the international market (Johanson & Vahlne, 1990).

Medium sized enterprise (ME): ME in China is defined as a firm with 300 to 2000 employees, annual revenue of RMB 40 million to RMB 400 million and sales of RMB 30 to 300 million (SME promotion law of China, 2003).

The Uppsala internationalisation model: As Johanson and Vahlne (1977) explained for the U-model, “the internationalisation of the firm is an incremental process owing to the progressive reduction of psychic distance through managers’ gradual accumulation of knowledge of foreign markets”.

The network theory/perspectives: Johansson and Vahlne (2006) indicated that the network perspective could be identified by either the concept of social capital (Nahapiet & Ghoshal, 1998) or the concept of mutual commitments (Morgan & Hunt,

1994). However, the concept of social capital was developed by Nahapiet and Ghoshal (1998) as “networks of strong, crosscutting personal relationships developed over time that provides the basis for trust, cooperation and collective actions”. The concept of mutual commitments has a similar viewpoint as the concept of social capital, which focused on the development of relationship commitment; business to business network and trust (Morgan & Hunt, 1994). Thus, the personal network, business network and trust are the foundations for the network perspectives.

Theories related to the ‘guanxi’ (cultural issues): within the Chinese cultural and business environment ‘guanxi’ and ‘guanxiwang’ are important. Moore (2005) defines ‘guanxi’ as:

‘Guanxi’ is a Mandarin Chinese term which literally translates into ‘social relationships or personal network’, and is one of the essential ways of getting things done in traditional Chinese society. To build up good guanxi, you do things for people such as give them gifts, take them to dinner, or grant favours. Conversely, you can also “use up” your guanxi with someone by calling in favours owed. Once a favour is done, an unspoken obligation exists. Maybe because of this, people often try to refuse gifts, because, sooner or later, they may have to repay the debt. However the bond of guanxi is rarely acquitted, because once the relationship exists, it sets up an endless process that can last a lifetime.”

The concept of ‘guanxiwang’ refers to the interpersonal relationship networks. Compared with the ‘guanxi’, the ‘guanxiwang’ is broader and wider, that is, the ‘guanxi’ only refers to a one to one relationship, but ‘guanxiwang’ refers to one to many, or many to many relationships. For instance, in relation to the growth of the FMEs’ business and their operational ages, the longer the business operates, the more relationships there will be and the diversity of the relationship networks will increase. For example, the network of an old business would be like ‘deeply rooted trees’ with many branches and solid/entrenched relationships.

Qinren: family members

Shuren: familiar people

Shengren: unfamiliar people

International market mode of entry: Once a firm decides to enter a foreign market, the question arises as to the best mode of entry (Hill, Cronk & Wickramasekera, 2014). There are five different modes of entry discussed in this section, which the SMEs can use to enter the foreign market: export, international licensing, international franchising, turnkey project and foreign direct investment.

Export

- Indirect export: occurs when a firm sells its product to a domestic customer, which in turn exports the product, in either in its original or modified form
- Direct export: involves sales to customers outside the firm’s home country

1.11 Delimitations

This section states the boundary of this research. The first delimitation is that the project only studies Chinese medical FMEs, which is, a geographical, industrial and enterprise size (medium sized enterprise) delimitation. Welch and Luostarinen (1993) implied that inward activities are equally important as outward activities, and both international activities ought to be included in international operations, that is, the inward activities (for example, importing) and outward activities (for example, exporting) may overlap in this study. Thus, the second delimitation of this research is that the project only concentrates on the outward international activities in the context of the Chinese FMEs in order to investigate the role of ‘guanxi’ in their pre-export behaviour. The third delimitation is that the study only focuses on the pre-export stage of the firm, rather than on the whole internationalisation process of the Chinese FMEs, as suggested by the Uppsala internationalisation model. The fourth delimitation is that the research only focuses on the Chinese ‘guanxi’ network, therefore, any non-‘guanxi’ network would not be focused on in this research. Any focus exceeding this boundary falls beyond the scope of this study.

1.12 Conclusion

This chapter addressed the key elements of this research project. The major research question and four research propositions were outlined to determine how and why the ‘guanxi’ influences the pre-export behaviour of Chinese FMEs. In contrast to the definition of Chinese MEs and the MEs in other countries, particularly OECD

countries, the unique characteristics of the Chinese MEs were presented followed by an overview of the Chinese medical industry and the reasons for choosing this type of industry for investigation in this study. The academic and practical justifications for this research were explained, followed by a brief explanation of the objective and the contributions to the study of the related theories and practices in this project. The appropriate research methodology was also assessed in this chapter. Finally, the delimitations were discussed to create a boundary for this research.

Chapter 2 Literature Review

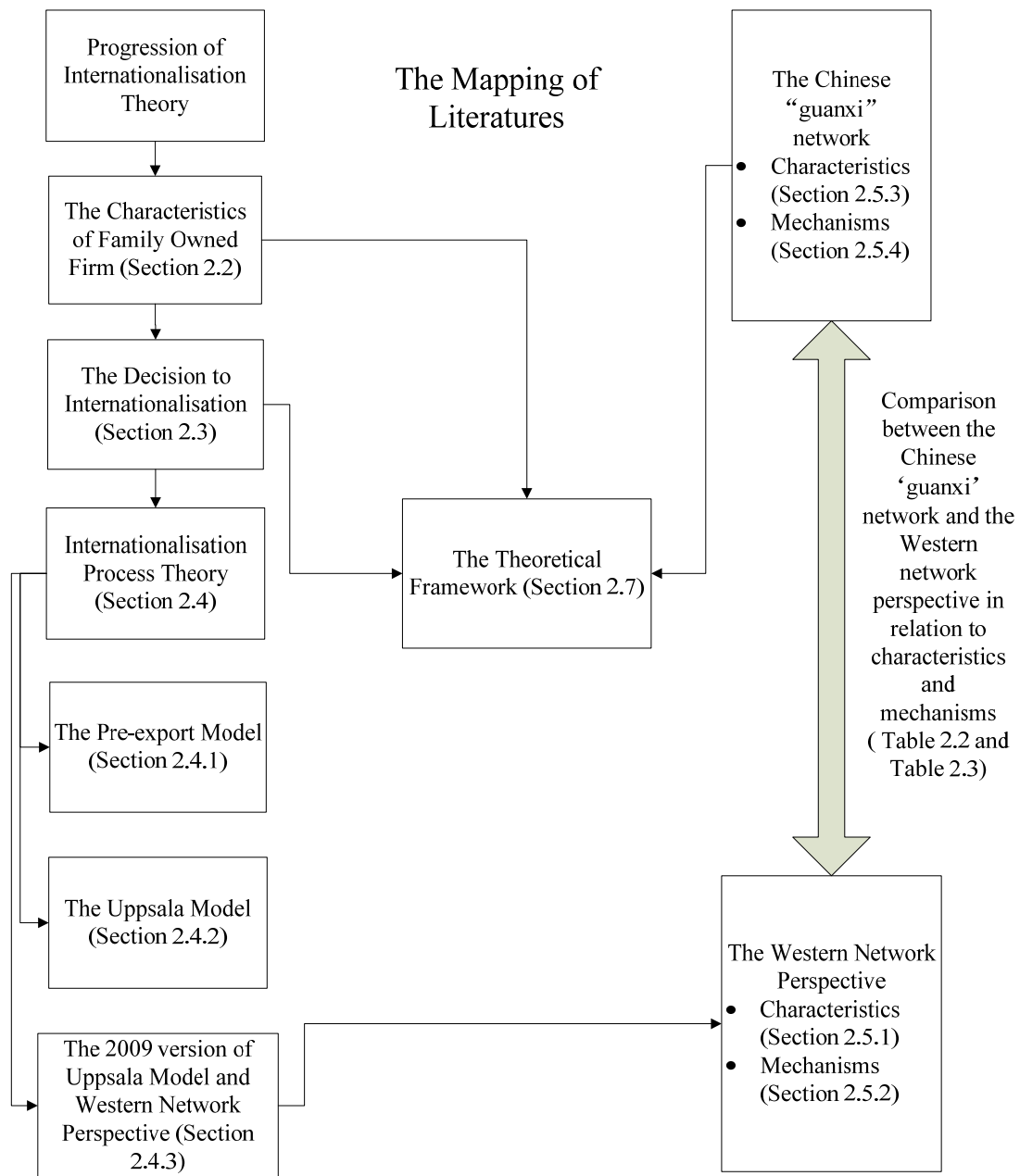
2.1 Introduction

This chapter provides a critique of internationalisation theories and the theories related to ‘guanxi’ in relation to the pre-export behaviour of Chinese FMEs.

The aim of Chapter 2 is to identify the gaps within the literature (see Section 2.10) in relation to the pre-export behaviour of Chinese FMEs, and discuss how the ‘guanxi’ network influences the pre-export behaviour of such firms based on a comparison between the ‘guanxi’ network and Western network (non-‘guanxi’ network) (see Sections 2.8 and 2.9).

By synthesising the literature, in relation to the Chinese ‘guanxi’ network with the Uppsala model, a proposed theoretical framework is presented in Section 2.7. An outline of the structure of the literature is presented in Figure 2.1.

Figure 2.1 The mapping of literature



Source: developed for this research

2.2 The characteristics of family owned firms

Within the last decade, research into family businesses has received a major boost based on the studies of Tagiuri and Davis (1982); Lansberg (1983) and Gersick et al. (1997) who indicated that the unique characteristics of the family firm are “a combination of two institutional systems; the family and business”. Such

characteristics provide an important theoretical base in order to investigate the features of Chinese FMEs in this study, which could significantly influence their pre-export behaviour.

2.2.1 The characteristics of “the two institutional system” of the family business

This section provides an explanation of the two institutional systems of the family firm, the family and the business, based on the studies of Tagiuri and Davis (1982); Lansberg (1983), and Gersick et al. (1997).

Many studies focusing on family firms have highlighted the distinctive characteristics of the “contextual hybrid” and the “two institutional systems” that influence the structure of ownership and business management strategies in family businesses (Gersick et al., 1997; Lansberg, 1983; Liang, Wang & Cui, 2013; Naldi et al., 2007; Tagiuri & Davis, 1982; Trostel & Nichols, 1982)

For Western family firms, these two institutional systems should be separate, because if the two systems mix, the “structure of ownership” might influence the “business management strategies” and can lead to an inappropriate decision (Gersick et al., 1997; Naldi et al, 2007; Trostel & Nichols, 1982). However, from the perspective of Chinese family firms, these two institutional systems are inseparable, and must be working simultaneously for appropriate decision making (Liang et al 2013).

A review of literature suggested that in relation to the family business, there is little separation between the “family” and the “firm” in the Chinese context, because the

firm can access ‘guanxi’ from the family in order to access resources, and rapidly gain foreign market knowledge/information from the ‘guanxi’ network. However, in the Western business environment, generally due to legalisation and cultural matters support the perspective that the “family” and the “business” should be separate (Gersick, et al., 1997; Naldi et al., 2007; Trostel & Nichols, 1982) in order to keep family firms running properly. However, under the unique Chinese context, “family” and “business: are inseparable because the family is the origin of the “guanxi” network (Zhuang et al., 2007; Zhuang, Xi & Tsang, 2010), and Chinese ‘guanxi’ acts as the glue in order to tie these two institutional systems together and make them work appropriately during the pre-export stage (see Section 2.7).

After reviewing the literature in relation to the characteristics of family firms, the following section discusses the factors that trigger the thinking/planning process of the owners/managers of the family firm towards internationalisation.

2.3 The decision to internationalise

From a manager’s perspective, the internationalisation of the firm is one of the most difficult decisions (Knight & Kim, 2009). The complexities and risks of international operations are more challenging for MEs than for large firms, due to the constraints of financial and tangibles resources (Knight & Kim, 2009).

However, Aharoni (1999), Jenster and Jarillo (1994), Hutchinson et al. (2007) and Welch and Luostarinen (1993) argued that it is important to understand the different

stimuli in relation to triggering the internationalisation processes of firms. These driving forces can influence the owners' / managers' decisions to internationalise their firms. These studies have led to questions about the main internal drivers influencing the decision to initiate the internationalisation process and how this process is maintained and implemented (Knapp & Kronenberg, 2013). In this context, to understand the internationalisation processes of MEs, Welch and Luostarinen (1993, p.161) first explained that “the variety of unique causative elements as well as bearing the impact of any general ongoing influential factors” that arise and lead to this decision. According to Aharoni (1999) the initiating forces leading to the decision to internationalise are mainly internal, such as the characteristics of the product or the manager, and/or external factors stemming from the firm's environment, such as the ‘band wagon’ effect or the strong competition from abroad, among many others. Furthermore, Aharoni (1999) argued that the firm's internationalisation needs some strong forces or some drastic experience that triggers and pushes the organisation into this new path towards internationalisation.

However, the decision-making process of owners/managers towards internationalisation, involves different influential factors (internal or external) (Hutchinson et al., 2007) in order to the triggers of planning/thinking to internationalisation (Aharoni, 1999; Welch & Luostarinen, 1993). Simultaneously, the firm has to decide the path and strategies it should adopt for early international

activities. The decision of the firm to internationalise is discussed in the following sections.

2.3.1 The decision making process to internationalisation

Table 2.1 shows the overview of internationalisation drivers/triggers that managers noted that according to the studies of Czinkota and Ronkainen (1995, 836), Albaum *et al.* (1995, 31), Crick (2007, 13); Dunning (1993) and Chen and Chen (2004, 311):

‘The driving forces of internationalisation are factors motivating the internationalisation process within medium-sized enterprises and are either internal or external stimuli, or can be seen as the result of a reactive or proactive behaviour’.

Czinkota and Ronkainen (1995); Albaum *et al.* (1995) and Crick (2007) explained that the internal motives refer to factors potentially within a firm’s control, while external concerns originate from outside a firm’s direct control,. However, reactive motives refer to internal or external pressures (push factors) which force the firm to respond, while proactive motives are based on the firm’s interest in exploiting unique competencies or market possibilities (pull factors).

Table 2.1: Overview of the principal internationalisation drivers/triggers

	Internal	External
Proactive (pull factors)	<ul style="list-style-type: none"> ● Growth and profit purpose ● Managerial urge (change agent) ● Technology advantage and/or unique product ● Marketing advantage ● Economies of scale 	<ul style="list-style-type: none"> ● Foreign market opportunities ● Change agent ● Strategic resource
Reactive (push factors)	<ul style="list-style-type: none"> ● Overproduction ● Excess capacity of resource 	<ul style="list-style-type: none"> ● Competitive pressures ● Small domestic market ● Saturated or declining domestic market

Note: Adapted from Czinkota and Ronkainen (1995, p.836), Albaum et al. (1995, p.31), Crick (2007, p.13), Dunning (1993, p.285), Chen and Wu (2004, p.587)

Table 2.1 also presents the driving forces that motivate a firm's internationalisation process. Growth and profit purpose, managerial urge and risk diversification are the internal pull factors, while exploitation of foreign market opportunities, change agents, and the seeking of strategic resources are the external pull factors (Albaum *et al.*, 1995). Moreover, the strategic resources are sometimes intangible, which help to improve the firm's competitive advantages (Dunning, 1993). The unique intellectual property, such as patents, technological know-how, and the key foreign market information and knowledge in relation to developing comparative advantages are different types of strategic resources (Dunning, 1993). These triggers often occur by acquiring the assets of foreign corporations (Dunning, 1993). According to Dunning (1993, p.179) the main motive for this trigger is 'to either sustain or strengthen the competitive position, or weaken the competitors.'

However, the internal push factors are focused on the overproduction and excess capacity of a firm's resources -- a situation in which the actual production of the firm's products is less than what is achievable or optimal. This often means that the demand for the product is below what the business could potentially supply to the market (Czinkota & Ronkainen, 1995). The external push factors include the competitive pressures the firm faces in the domestic market, the small domestic market that the firm is involved in and saturated or declining domestic market demand that the firm suffers (Czinkota & Ronkainen, 1995; Albaum *et al.*, 1995; Crick, 2007).

Thus, these internal or external push factors can lead firms seek of opportunities in the foreign market in order to expand their own market.

Change agents act as triggers to pursue an internationalisation strategy (Calof & Beamish, 1995; Knight & Liesch, 2002). Furthermore, it is management's role as a change agent to understand opportunities in foreign markets (Wright *et al.*, 2007; Crick & Spence, 2005; Caliskan *et al.*, 2006; Freeman & Cavusgil, 2007). A firm's owner decided to move towards internationalization often occurs during business travels or through the access to information that leads management to believe that such opportunities in foreign markets exist (Czinkota & Ronkainen, 1995; Calof & Beamish, 1995; Chetty & Campbell-Hunt, 2003; Hutchinson *et al.*, 2007). Czinkota and Ronkainen (1995) have argued that managers who have spent time abroad, have learned foreign languages (Knowles *et al.*, 2006), or who are particularly interested in foreign cultures are likely to recognise whether international marketing opportunities are appropriate for their firm (Freeman & Cavusgil, 2007). However, studies from Pinho (2007); Brouthers and Nakos (2005); Katsikea and Skarmeas (2003); and Freeman and Cavusgil (2007) have shown that managerial and owners' characteristics can act as important drivers in the internationalisation process of small to medium-sized enterprises and medium-sized enterprises. Some of the characteristics identified are demographic, such as the manager's age and education level, while some are aspects of international exposure such as time spent living overseas and frequency of business trips overseas. Some characteristics reflect knowledge of international business, such as the level of familiarity with the culture of foreign markets, managers'

international business practice and international transaction experiences (Fletcher, 2001; Chetty & Campbell-Hunt, 2003; Pinho, 2007).

The change agent factors have two components: the internal and external pull. The internal pull change agent refers to a managerial urge that comes from inside the firm, in which it is management's role to understand opportunities in foreign markets (Wright *et al.*, 2007; Crick and Spence, 2005; Caliskan *et al.*, 2006; Freeman and Cavusgil, 2007). The external pull factors are stimuli from outside the firm that can stimulate the firm's owner to consider internationalisation as a way to respond to the external stimuli. For example, an external change agent can receive government support, which facilitates and supports the firm to consider internationalisation. As Anderson (1993) and Johanson and Vahlne (1990) stated, the reason a firm decides to internationalise is due to the high level of domestic market competition which slows or stagnates the growth of the firm, and drives it to seek more attractive and profitable markets. As such, this leads to the first proposition

Proposition 1: The internal and external pull and push factors trigger a firm owner's thinking/planning regarding internationalisation

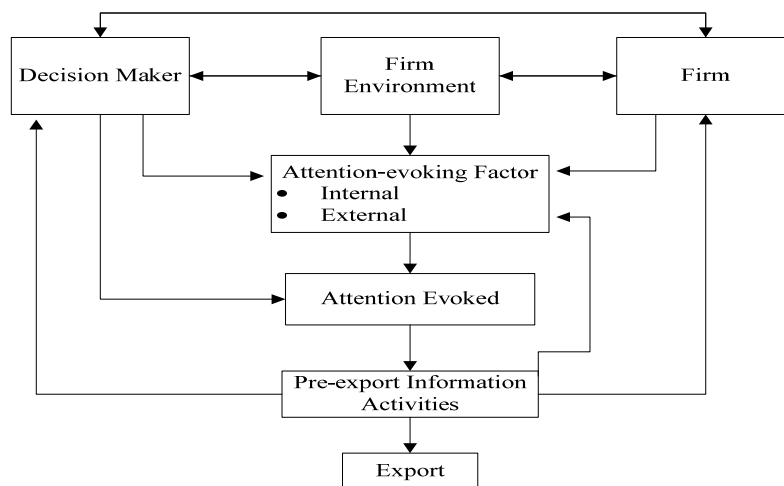
2.4 Internationalisation process theory

The following sections discuss the mainstream internationalisation process theories in order to investigate how these theories relate to the role of the network perspective and the 'guanxi' in the pre-export behaviour of Chinese FMEs, which includes

Wiedersheim-Paul et al.'s (1978) pre-export model and the 1977-1978 and 2003 versions of the Uppsala model.

2.4.1 Wiedersheim-Paul et al. (1978) pre-export model

Figure 2.2: the pre-export model



Source: Adapted from Wiedersheim-Paul et al. (1978)

In the late 1970s, Wiedersheim-Paul et al. (1978) developed the earliest and most influential model that helped to explain the pre-export behaviour of a firm. According to Leonidou (1998) who investigated Wiedersheim-Paul et al.'s (1978) study, the core perspective related to the internationalisation decision made by the firm is “the role of stimuli factors which provide the information input that drive a firm’s international expansion by acting as the ‘motives, incentives, triggering cues or attention evokers” (p. 43).

Wiedersheim-Paul et al. (1978) and Leonidou (1998) stated that the stimuli could be classified into internal and external, where the internal stimuli are the characteristics of a firm, for example, the growth and profit purpose of the firm. Wiedersheim-Paul et

al. (1978, p.55) also stated that the external stimuli comprise five factors: “fortuitous order from foreign customers, market opportunities, competition, economic integration and government stimulus measures”. These external stimuli are not only critical for a firm’s pre-export preparation but they are also the keys to drive the firm towards further development in the international market (Bilkey, 1978; Dichtl, Leibold, Koglmayr, & Muller, 1984; Leonidou, 1995; Morgan & Katsikeas, 1997).

Although the pre-export model introduced by Wiedersheim-Paul et al. (1978) provided an exploratory and conceptual review about the early stage of the internationalisation of firms, their study has received very limited empirical support (Thomas & Araujo, 1985).

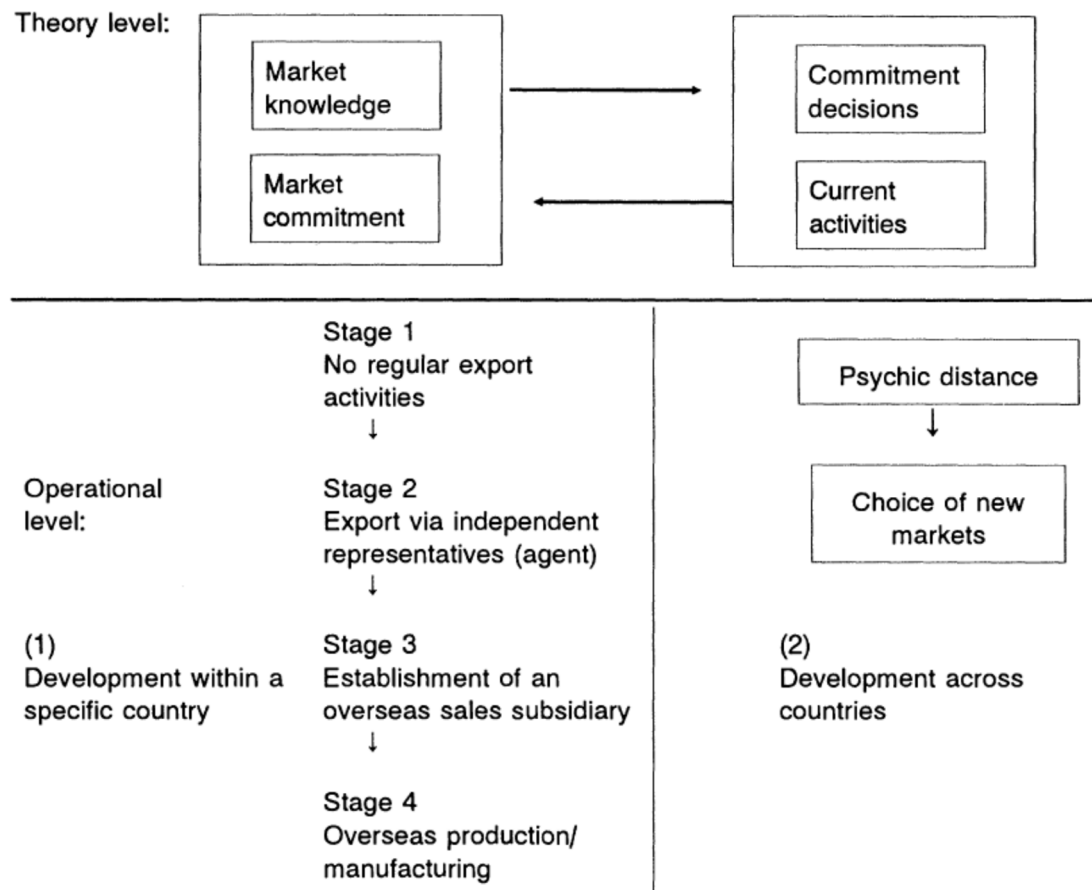
2.4.2 The Uppsala internationalisation process model (U-model)

The previous section discussed the pre-export model related to the early stage of a firm’s internationalisation. However, in order to gain a deeper understanding of the role of “guanxi” in the pre-export behaviour of Chinese FMEs, the following section discusses two versions of the Uppsala model. (U-model).

The U-model describes internationalisation as an incremental process where firms reduce uncertainty through knowledge gained from activity in the foreign market (Johanson & Wiedersheim-Paul, 1978; Johanson & Vahlne, 1977). Even though there are various versions of the U-model, the importance is the difference in the treatment of networks in the two models.

2.4.2.1 The 1977 version of Uppsala model

Figure 2.3: The theoretical and operational level of the Uppsala Internationalisation Model



Source: Anderson (1993), Johanson and Vahlne (1977)

The U-model, which was one of the first and one of the most influential process models, was introduced by Johanson and Wiedersheim-Paul (1975) and further developed by Johanson and Vahlne (1977). Drawing on the behavioural theory of the firm (Cyert & March, 1963) and Penrose's (1959) theory of the growth of the firm, the U-model concentrates on the firm's "gradual acquisition, integration and use of knowledge about foreign markets and operations" (Johanson & Vahlne, 1977, p.29).

The emphasis of the model is on the interaction between learning knowledge about

foreign markets and operations on the one hand and an increasing commitment to international business on the other (Johanson & Vahlne, 1990, 2003). Basic assumptions of the model include the lack of knowledge about foreign markets and operations which is a significant obstacle to pre-internationalisation / internationalisation and that such knowledge can be acquired primarily through experience from operating in foreign markets. Moreover, the 1977 version of the model views the liability of foreignness as being related to a lack of knowledge; through the process of internationalisation firms learn to reduce their liability.

The U-model is dynamic, meaning that the output of one cycle of events constitutes the input for the next. The model identifies state and change aspects of internationalisation. State aspects include the resources committed to foreign markets, knowledge about them, and their operations. Change aspects refer to the performance of current business activities and decisions about resource commitment (Johanson & Vahlne, 1977).

The left column of theory level in Figure 2.3 shows the “state” aspects of the U-model, namely “market knowledge” and “market commitment”, which represents the extent of the internationalisation of the company (Johanson & Vahlne, 1977). The right column of theory level in Figure 2.3 shows the “change” aspects, namely “commitment decisions” and “current activities” which represents changes in the firm’s internationalisation process and how it is undertaken (Johanson & Vahlne, 1977).

As illustrated in Figure 2.3, the model assumes that the state of internationalisation (comprising market knowledge and market commitment) affects perceived opportunities and risks, which, in turn, influences commitment decisions and current activities. Current activities and commitment decisions also have an effect on knowledge about and commitment to the market (Johanson & Vahlne, 1977).

However, the concept of the establishment chain is the significant theoretical base of the U-model (Johanson & Wiedersheim-Paul, 1978; Johanson & Vahlne, 1977), which suggests that a firm will change the form of its operations in a foreign market as it learns more about that market. The U-model specifically suggests that a firm will begin by exporting to a psychically close foreign market, and will then establish a marketing subsidiary and finally will start foreign production.

However, the key concept of the U-model is that it contributes to a better understanding of pre-export behaviour of the Chinese FME and psychic distance. The following section discusses the results of subsequent studies on psychic distance.

2.4.2.2 Psychic Distance

One of the most important key concepts of the U-model is that it contributes to a better understanding of pre-export behaviour of the Chinese FME and psychic distance. However, since its introduction, the definition of psychic distance remains ambiguous.

For the purposes of this research, and drawing on the vast body of literature on the topic (Barkema, Bell & Pennings, 1996; Chetty & Campbell-Hunt, 2004; Child, Ng, & Wong, 2003; Evans & Mavondo, 2002; Evans, Treadgold, & Mavondo, 2000; Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975; Lee, 1998; Nordstrom & Vahlne, 1994; O'Grady & Lane, 1996; Pedersen & Petersen, 2004) the review of the research suggests the following about psychic distance:

- Psychic distance interferes with the flow of information between a firm and a foreign market and disturbs a firm's learning and understanding about that market.
- Psychic distance is cognitive and, therefore, varies among people and firms, especially Chinese firms (Liu & Wang, 2012; Xu & Shi, 2014).
- The factors that influence psychic distance are diverse but generally relate to differences between a firm's home and host environments.

An adaptation and extension of Griffith and Dimitrova's (2014) definition of psychic distance seems to best capture all of the relevant element states above. For this study Griffith and Dimitrova's (2014) definition has been marginally altered by placing emphasis on the firm's perception of differences between the home and host country rather than on the differences themselves. It is the perception of differences that create psychic distance in the first instance (Griffith & Dimitrova, 2014). For the purposes of the present study, psychic distance is defined as

“a firm’s degree of uncertainty about a foreign market resulting from that present barriers to learning about the foreign market and operating there.” (Griffith & Dimitrova, 2014, p.55)

However, literatures in relation to internationalisation, the Born Global (BG) and International New Venture (INV) suggest that some firms do not follow the incremental sequential process of internationalisation of entering the psychically closed market first, then entering a more distant country (Knight & Cavusgil, 2004; Knight, Madsen & Servais, 2004; Oviatt & MacDougall, 1994). Some researchers have used the terminology Born Global (BG) and International New Venture (INV) interchangeably (Roudini, Mohd & Osman, 2012; Keupp & Gassmann, 2009), However, in a recent study (Madsen, 2013), there are similar results in relation to overall patterns of internationalisation between BG and INV, but “they classify individual firms quite differently” (Madsen, 2013, p.65). In terms of this research, BG and INV were treated the same. The characteristics of BG firms are that they “began exporting, on average, just two years after their inception and achieved approximately 76% of their gross revenue through exports” (Rennie, 1993, p.45). The born global firms have successfully competed with larger multinational companies in similar business fields, and also established their businesses in different geographic areas during the process of internationalisation (Knight & Cavusgil, 2004; Oviatt & McDougall, 1994). The BG firm can survive in the competition because of “quality and value created through innovative technology and product design” (Rennie, 1993) and by being close to customers “by understanding and satisfying

their needs better than anyone else in the world” (Rennie, 1993, p.47). Furthermore, Cavusgil (1994) summarised five key features that can lead the BG firms to be successful in the international market:

- BG companies normally compete in niche markets; they are very flexible and move fast.
- Specific expertise to satisfy customised product requests from new customers.
- Advances in technology, process and cost reduction help to reduce the minimum order quantity to suppliers, and are more cost efficient than multinational companies.
- Advances in communication technology, which encourages and facilitates managers in SMEs/MEs to work across the national border.
- Advantages of small to medium sized companies as quicker response time, flexibility and adaptability.

A similar approach can be found in Oviatt and McDougall’s (1994) study where SMEs/MEs were named as International New Ventures (INV). Oviatt and McDougall (1994, p.51) defined the INV as a “business organisation that from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”.

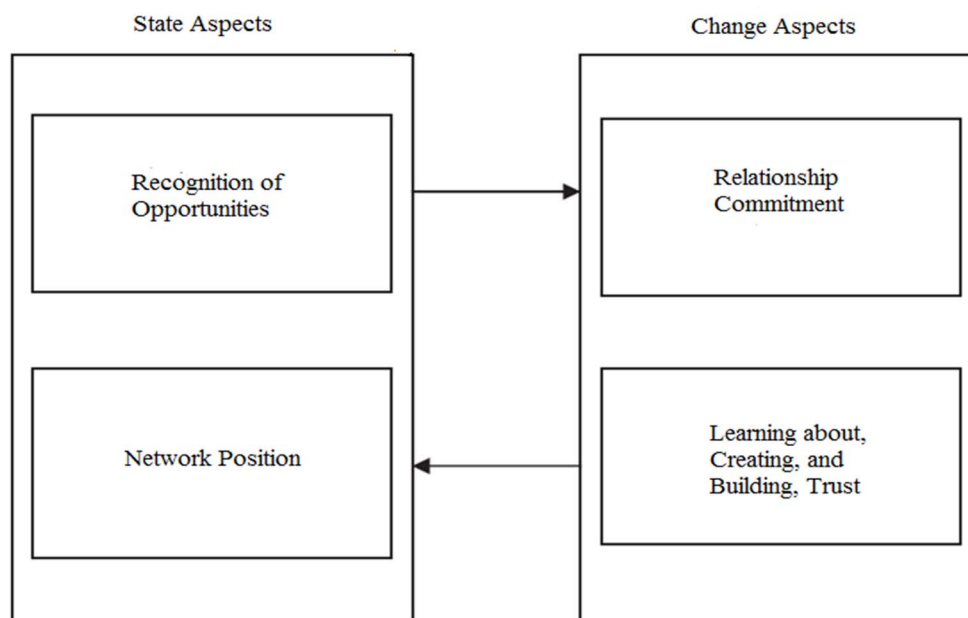
Therefore, according to literatures in relation to BG and INV, the effect of psychic distance could be less important than before, where firms go through the incremental sequential process to internationalisation and seek the geographically and culturally

closed country as the primarily considered market for entry. Nowadays, the internationalisation of firms is much more focused on the increase of market familiarities and opportunities between the home and foreign markets in order to consider the appropriate market to enter for rapid internationalisation. (Freeman, Hutchings, & Chetty, 2012; Ojala, 2015)

2.4.2.3 The 2009 version of the Uppsala model

The 1977 version of the U-model did not consider the importance of networks during the internationalisation process of the firm. The following section discusses the 2009 version of the U-model, which incorporates networking.

Figure 2.4: The 2009 version of the Uppsala internationalisation model



Source: Johanson and Vahlne (1990, 2003, 2009)

During the 1990s and 2000s, Johanson and Vahlne (1990, 2003, 2009) updated the U-model that they introduced in 1977, because of concurrent changes in business

practice and further theoretical research findings. Johansson and Mattsson (1988) argued that companies were dependent on resources that other firms controlled, and through a position within a network, they could get right of entry to these resources as well as acquire knowledge of the market through interaction within networks. This research finding shows that a firm's internationalisation process would not necessarily be captured by an incremental process.

In order to get shared benefits between companies in their network, these firms must have a mutual interest in creating and maintaining relationships within the networks (Johansson & Vahlne, 2003). According to “influenced by the market as the network view” (Johanson & Mattsson, 1987, p. 39), the modified U-model becomes a “*business network internationalisation process model*” (Johanson & Vahlne, 2009, p.1422). Thus, the modified U-model has the following new characteristics: firstly, the state aspects of market knowledge are reinforced by the recognition of opportunities, which is a characteristic that is an important driver of the internationalisation process (Johanson & Vahlne, 1990, 2003, 2009) (see Figure 2.4). Secondly, the state aspects of market commitment are complemented by network position, given that the process of internationalisation now takes place by establishing a position within a foreign business network, for example, through a joint venture or franchising with foreign companies (Johanson & Vahlne 1990, 2003, 2009) (see Figure 2.4). Thirdly, the changing aspects of commitment decisions are replaced by relationship commitment (Johanson & Vahlne 1990, 2003, 2009) (see Figure 2.4). Fourthly, the current activities that were used to illustrate the internationalisation

process are complemented by learning about, creating, and building trust (Johanson & Vahlne 1990, 2003, 2009) (see Figure 2.4). The modified U-model not only demonstrates that the internationalisation of a firm has become an important element in the foreign business network that the firm is targeting, but also that further internationalisation of the firm takes place by complementing the current position of the company in the foreign business network.

2.4.3 The 2009 version of the Uppsala model and the network perspective

As the previous section explained, the 2009 version of the U-model considers the importance of the network in the firm's internationalisation. However, this model may not function properly for the family owned MEs in China, the world's second largest economy. In the Chinese cultural context, the unique network approach is significantly influenced by individuals' daily lives and the business environment in China, which is referred to as the 'guanxi' network approach. In order to investigate the pre-export behaviour of Chinese family owned MEs, the 'guanxi' network is the most significant element in the pre-export behaviour that needs to be considered.

Other than the U-model, a more recent stream of international business research, which is the network perspective of internationalisation, draws on theories of resource dependency (Baack, Dow, Parente & Bacon, 2015; Pfeffer, 1981; Pfeffer & Salancik, 1978) and social information exchange (Cook & Emerson, 1978; Griffith & Dimitrova, 2014; Mathews et al, 2016; Willer & Anderson, 1981). The network perspective is aimed at increasing understanding of the internationalisation process

(Blankenburg, 1995). It can be viewed as both an alternative or complementary model to the traditional Uppsala internationalisation process model. The network perspective does not reverse the idea of psychic distance or the incremental nature of internationalisation. However, it posits that the process is much more complex and less structured than previously implied (Bell, 1995; Griffith & Dimitrova, 2014; Mathews & Healy, 2011). The process models concentrate on the characteristics of individual firms while the network perspective highlights the context in which a firm operates. If process models are viewed as an “internally-driven approach to internationalisation” (Coviello & Munro, 1997, p.370) based on cognitive learning and competency development, then the network perspective is best viewed as focusing on the external drivers of the process (Vahlne & Johanson, 2013).

This study focuses on the Chinese ‘guanxi’ network literature in relation to the pre-export behaviour of Chinese FMEs. The following sections discuss the relationship between the network perspective and the resource based view (RBV).

2.4.4 The relationship between the RBV and the Western/Chinese network perspective

The RBV is a significant theoretical framework in the area of international business studies which was developed to understand a firm’s competitive advantage and its sustainability over time (Barney, 1991; Barney et al, 2001). According to Barney's (1991) study, the RBV refers to the firm’s resources and capabilities. The evidence from Barney's (1991) study indicates that there are four characteristics within a firm’s resources and capabilities that involve value, rareness, imperfect immutability and

imperfect sustainability. All of these characteristics are related to the competitive advantage of that firm. Within internationalisation research, these are predicted to facilitate or contribute towards the internationalisation theory.

A firm's resources are composed of tangible and intangible assets (Wenerfelt, 1984; Zahra and Dass 1993; Hall, 1992). The tangible assets include the material and funds of the firm in order to run the business, however, the intangible assets which related to the market, comprise information, knowledge, network relationships. (Witt and Mayer, 2010). Capability is defined as the ability of a firm to utilise resources in order to create a competitive advantage (Grant, 1991; Andersen and Kheam, 1998; Almor and Hashai, 2004).

As the RBV indicates, the pre-internationalisation decisions a firm makes depend on its resources and capabilities; the more resources and ability a firm has to convert these resources to a competitive advantage, the more confident it is about internationalisation. However, if the firm does not have critical resources and foreign market information and knowledge, it can utilise network connections with business partners to access these resources. For example, a firm's network not only contributes to the critical resources to facilitate its pre-export behaviour, it is also a significant tool that can used to connect with other business partners in order to access more resources and knowledge.

As Table 2.2 presents, there are some similarities between the Western network perspectives and 'guanxi' network in the RBV. Both networks types are not only a

vital resource for the firm, but they are also the significant network resource facilitating the firm's pre-export behaviour. This kind of network in both the West and in China could be formed formally and informally to facilitate the pre-export stage. Because both Western and Chinese firms have a joint interest in creating and maintaining relationships within the networks, after the network is formed, a firm could get important resources and foreign market knowledge by connecting with other firms who have these resources (Johanson & Mattson, 1988; Johanson & Vahlne, 2003, 2009, 2013).

Table 2.2: the similarities between the Western network perspective and the Chinese 'guanxi' in the RBV

The similarities between the Western network perspective and the Chinese 'guanxi' in Resource-based View (RBV)	
Western network perspective	Chinese 'guanxi'
<p>Resource (RBV) (Barney, 1991; Grant, 1991; Andersen & Kheam, 1998; Almor & Hashai, 2004; Petraf, 1993; Johanson & Vahlne, 1990; 2003)</p> <ul style="list-style-type: none"> • "The unique capabilities and resources can lead to the competitive advantage over competitors" (p.7) The network connection of a firm with business partners can be used as a "bridge" in order to connect with other networks in the foreign market 	<ul style="list-style-type: none"> • 'Guanxi' is an resource (Network perspective + RBV) • Networking • Knowledge • The 'guanxi' network had already existed during the domestic market focused stage and is consolidated and well-established over a long period of time (Zhou et al, 2007; Zhuang & Xi, 2004)

Notes: adapted from Barney, (1991); Grant, (1991); Andersen and Kheam, (1998); Almor and Hashai, (2004); Petraf, (1993); Johanson and Vahlne, (1990, 2003); Zhou et al, (2007); Zhuang and Xi, (2004)

The above discussion has focused on the relationship between the RBV and the Western/Chinese network perspective, the following sections discuss the similarities and differences between the Western network perspective and the Chinese 'guanxi' network.

2.5 The characteristics and mechanism between Chinese ‘guanxi’ network and Western network

2.5.1 The characteristics of the Western network perspective

There are three major characteristics of the Western network perspective. Firstly, in recent decades, networks have been increasingly considered an important type of business resource required for a firm to internationalise (Johanson & Vahlne, 2013).

Johanson and Vahlne (2013, p.195) stated that:

"network relationship knowledge is part of market knowledge that is based on experience from current business activities, or current business interaction. The relationships of a firm can be used as bridges to other networks. These relationships can help the firm in getting inside networks in foreign countries".

Johanson and Vahlne (1990) assumed that direct or indirect network connections exist between firms and the networks in the foreign market, which can be important for firms both in the stage of pre-internationalisation and in the further steps of entering new markets.

The second characteristic of the Western network perspective refers to the network as the resource to facilitate the pre-internationalisation process. This perspective suggests that a firm's network of formal and informal relationships will result in and shape internationalisation opportunities by providing access to resources, mitigating knowledge asymmetries, bestowing legitimacy and attenuating psychic distance. It is

proposed that networking on all managerial levels influences the internationalisation process, as does networking outside the firm (Blankenburg, 1995; Ojala & Tyrvainen, 2010). Similar to the process models, the network approach views internationalisation as a dynamic process in which the firm considers and reconsiders its actions as conditions change. The network perspective speculates that a firm's progress and route towards internationalisation is largely dependent on its current network positions (Axelsson & Johanson, 1992; Johanson & Vahlne, 2009, 2013). In this way, the perspective acknowledges an element of chance in internationalisation; the external drivers of the process are largely beyond the firm's control. However, the first two characteristics of Western networks are the same as the Chinese 'guanxi' based network, where both networks are not only the vital resource for the firm, but they are also the significant network resource highlighted in Resource Based View (RBV) (see Section 2.4.4) to facilitate the pre-export behaviour of the firm.

The third relevant characteristic of the Western network is a low level of mutual benefits and "reciprocity" (Johanson & Vahlne, 1990; Wang, 2007) compared with the high level of "reciprocity" within the Chinese 'guanxi' (Wang, 2007). Based on the different cultural backgrounds between the West and China, Western managers are more individualistic than the Chinese collectivism (GLOBE, 2010) which leads them to focus on short-term benefits rather than the Chinese focus on long-term benefits (GLOBE, 2010).

2.5.2 The mechanisms of the Western network perspective

Having previously discussed the characteristics of the Western network perspective, the following section explains the formal and informal mechanisms of the Western network perspective.

There are two mechanisms of the Western network perspective specified in the literature that influence the pre-export behaviour of a firm, a formal business mechanism and an informal social mechanism. The formal business network mechanism consists of formal relationships with suppliers, customers, and competitors, and these networks have received the most attention in international business studies (Blankenburg-Holm, Eriksson, & Johanson, 1996; D’Cruz & Rugman, 2006; Forsgren, Holm, & Johanson, 2005; Johanson & Mattsson, 1987, 1988; Johanson & Vahlne, 2003, 2006, 2009, 2013; Mathews, et al, 2016). The mechanism in the formal business network reflects the network position that the firm has already obtained and the firm utilises this network position in order to recognise the opportunity to export. Furthermore, a significant function of the formal network mechanism is its use by firms to connect with business partners within business networks to exchange market knowledge, information and access to resources that partner firms control, the more knowledge and information that a firm shares with these partners, the more that psychic distance can be reduced (Riapple & Riapple, 2015; Ruzzier, Hisrich & Antoncic, 2006). The business network mechanism also involves network ties that are path dependent (Vahlne & Johanson, 2013). The ties of a firm

are dependent on its past behaviour (domestic market experience) and network locations and future ties can be influenced by current behaviour (pre-export behaviour).

The informal social network mechanism that includes family, friends and ethnic groups is also affected by a firm's pre-internationalisation process (Chen & Chen, 2004; Presutti, Boari, & Fratocchi, 2007; Yli-Renko, Autio, & Tontti, 2002). However, the mechanism of informal social networks has been under-represented in network perspective research to date. Despite its importance in the Western network perspective, the informal social networks have not received as much emphasis as 'guanxi' in the pre-export stage of Chinese firms. The mechanism of the informal business network progresses as the firm looks to position itself within the business network through the interpersonal connections with friends and familiar business partners. The purpose of the network positioning of the Western family firm is to collect the initial market information to facilitate and prepare for the pre-export activities (Ojala, 2009; Pinho & Martins, 2010; Whitelock, 2002). However, the ability of social network mechanisms based on family relationships to facilitate pre-export behaviour of firm is limited. Johanson and Vahlne (2003) found that the personal networks of key decision makers played a vital role in determining the first and second foreign markets their case study firm entered. In the pre-export stage, a personal relationship that developed through more than a decade of professional interaction and cooperation resulted in increased market knowledge and a reduction in uncertainty and perceived risk (psychic distance). In the second market entry, whilst

the choice of the market was prompted by two international clients, market entry was facilitated by a personal friend who negotiated access to key networks in the host country.

The mechanism of informal social networks differs from formal business networks in that it is informal and exists at the individual rather than the firm level and most importantly, the informal networks act in a supportive role for the formal business network during the pre-export stage of firm (Johanson & Vahlne, 2003; Vahlne & Johanson, 2013). In contrast with the 'guanxi' network, the informal network in the Western context may not pass to the next generation of the family business, whereas 'guanxi' relationships are usually passed down to the next generation (Gersick et al, 1997). For this reason, social network mechanisms are unique to each individual and tend to prove purposeful ex-post rather than ex-ante related to the pre-export behaviour of the firm (Chetty & Campbell-Hunt, 2003, 2004; Griffith & Dimitrova, 2014). Unlike formal business networks where firms can learn knowledge from each other simultaneously, informal social networks do not play a primary role in knowledge sharing (Chetty & Campbell-Hunt, 2003). Griffith and Dimitrova's (2014) and Johanson and Vahlne's (2013) findings indicated that informal social network ties provide access to new networks more efficiently than formal business networks by 'unlocking doors' and helping to establish trust much easier in an informal way than in the formal business environment, both in the firm by providing credibility and 'reputation by association' and in the market by providing reassurance and comfort.

2.5.3 The characteristics of ‘guanxi’

Having discussed both the characteristics and mechanisms of Western network perspectives and the definition of the Chinese ‘guanxi’ network, this section explains the unique characteristics of the Chinese ‘guanxi’ network.

The unique network approach in China refers to ‘guanxi’ (personal connection) which is a critical factor in successfully doing business there. However, the studies of Luo and Tung (2007), Hwang (1987) and Zhuang, Xi & Tsang (2010) explained that, according to the influence of Confucian culture in China, the origin of ‘guanxi’ mainly came from family ties. The significant evidence of Luo and Tung (2007, p.489) was that the “reciprocity in the Chinese culture, that a cause-and-effect relationship, and the morally binding and is related to the element of trust”. However, this kind of “trust” has always occurred between family members and the close friends of family members. As Luo and Tung (2013, p.490) stated “whenever a favour is obtained, there is an obligation to return it in order to maintain the reputation and face”. Therefore, the ‘guanxi’ can be explained as the family based and most trustworthy networks in the Chinese context. However, Luo (2000, p.45) provided an alternative concept of ‘guanxi’ which was “a concept about interpersonal connections which implies continued exchanges of favours”. Despite the importance of ‘guanxi’ in the Chinese business environment, very little is known from the Western literature about the various characteristics of ‘guanxi’.

Based on recent studies in the Chinese literature, there are six characteristics of 'guanxi'. The first is *reciprocity*. The norm of reciprocity is universal (Bernard & Jensen, 1997; Wang 2007). Nevertheless, in China "reciprocity" refers to a high degree of consciousness as well as its tremendous influence in social institutions (Wang, 2007; Ministry of Justice of China, 2010). An old Chinese idiom is the best evidence: "a drop of favour received, repay in pour." The Chinese have a strong sense of reciprocity for the sake of developing 'guanxi' and saving face for themselves as well. Sometimes "reciprocity" refers to utilitarianism which is perceived to be unethical. 'Guanxi' is a mixture of *ganqing* (sentiments) and *renqing* (favours), which in China bond two people together, irrespective of the type of 'guanxi'. Therefore, 'guanxi' is sometimes unethical because it "helps" individuals to prevail on others, by calling on them for a favour or service (Wang, 2007). Given this code, the Chinese are ready to do others favours for the sake of potential 'guanxi' or establishing face in typical Chinese society. Disobeying the principle of reciprocity and refusal to return a favour will likely result in a person being viewed as untrustworthy (Lin, 2010; Lin & Si, 2010). Unlike Western reciprocity, the Chinese do not encourage an immediate discharge of reciprocity (Lin, 2010), because it may give him/her an impression that one does not want to keep 'guanxi'. However, this unique characteristic of 'guanxi' also refers to a particular "reciprocity" and "obligation" with long-term 'guanxi' accumulation by a mixture of *ganqing* (sentiments) and *renqing* (favours). The "interest" investment to the 'guanxi' receiver by the 'guanxi' giver acts as a resource to be accumulated for long periods of time without calling for a payback. Furthermore,

this accumulated “interest” is redeemed by the giver in a specific situation, and, the receiver is obligated to repay even more than the “total interest” they received.

Secondly, ‘guanxi’ is the *credit guarantee* in Chinese business culture (Park & Luo, 2001; Zhuang & Xi, 2004). For several reasons, China’s legal system is incomplete, and therefore cannot provide an appropriate reputation in order to secure commercial activities. Even if the buyer and the seller sign a contract, this contract is not binding because defaults can occur. To seek the credibility of the exchange of goods necessary people have to find another way. For example, with ‘guanxi’ for “insiders”, the level of trust is always high and, something easy to talk about. For “outsiders”, however, ‘guanxi’ means there is lack of trust, and need for more caution (Park & Luo, 2001; Zhuang & Xi, 2004; Zhuang, Xi & Tsang, 2010).

Thirdly, ‘guanxi’ involves a *mutual benefits/obligation network* (Park & Luo, 2001, Zhuang & Xi, 2004; Zhuang, Xi & Tsang, 2010). The starting point of ‘guanxi’ for Chinese people is always their close family members in order to advance the way the ‘guanxi’ continues to expand the network of relationships. With this near and far “structure” of interpersonal networks, doing business in a network of reciprocal obligation often has a very high level of efficiency (Zhuang et al, 2007; Zhuang & Xi, 2004)

Fourthly, ‘guanxi’ represents *long-term interests* (Park & Luo, 2001; Zhuang & Xi, 2004). In the Chinese context, ‘guanxi’ is much stronger and needs more accumulated time to be consolidated than the Western network, which is based on interpersonal

interactions with reciprocal obligation (Bian & Ang, 1997). Chinese people need ‘guanxi’ to provide credit guarantees when they do business. However, to establish a good ‘guanxi’ requires the test of time, and therefore, doing business with the Chinese is always more difficult at the beginning, but as long as the satisfied interpersonal relationship builds up, then, with a relationship of mutual trust, doing business in China in the future becomes much easier. “This makes the Chinese people pay more attention to long-term benefits of doing business, in order to not care about the long-term interests can sometimes be immediate benefits” (Zhuang et al, 2007, p.12; Zhuang & Xi, 2004, p.18).

Fifthly, ‘guanxi’ is the best *buffer to minimize conflict and strengthen interaction* (Zhuang et al, 2007; Zhuang & Xi, 2004). “Trade friction is inevitable, but between ‘insiders’, trade friction is easy to solve; a meal together, talking things over and mutual understanding and the problem is solved” (Zhuang et al, 2007; Zhuang & Xi, 2004).

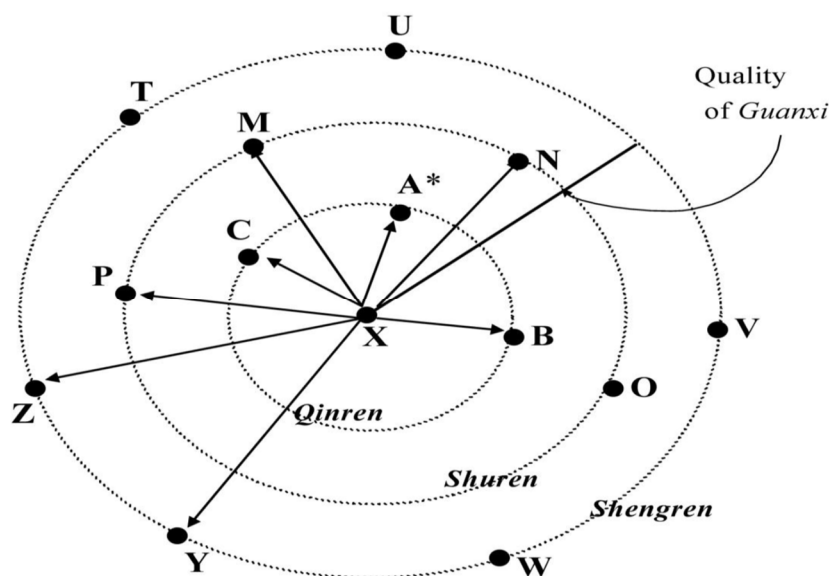
Finally, the ‘guanxi’ network is the combination of *three different layers*: family members (Qinren); familiar people (Shuren) and unfamiliar people (Shengren) which are explained in the following sections.

2.5.3.1 The three layers of the ‘guanxi’ network

In the Chinese context, the ‘guanxi’ network comprise three layers: family member/Qinren (core layer), familiar people/Shuren and unfamiliar people/Shengren (see Figure 2.5). According to the Chinese scholars Fu et al (2006), the quality and

quantity of information received by person X (the middle point) will differ based on the layers of ‘guanxi’ ties. Figure 2.5 demonstrates that point X represents the owner of the firm, points A, B and C represent the family member/Qinren of person X, points P, M, N and O represent the familiar people/Shuren that person X knows and with whom ‘guanxi’ has already been consolidated, and points U, T, Z, Y, W and V indicates the unfamiliar people/Shengren, such as the business partners of person X. However, the distance between X and A is the shortest, which refers to the highest level of quality and quantity of information that person X obtains from a family member/Qinren. The medium distance, between X and P, reflects the medium level of quality and quantity of information that person X gathers from familiar people/Shuren, and the longest distance, between X and Z, displays the lowest level of quality and quantity of information that person X learns from unfamiliar people/Shengren.

Figure 2.5: The quality of guanxi network



Note: Fu et al (2006, p.285)

Figure 2.5 shows the layers of the ‘guanxi’ networks. It represents how the ‘guanxi’ networks develop in the different layers and the relevant quality and quantity of knowledge and resource the owner/manager can access. In addition, it indicates the range of the network connections that he/she could link to family member/Qinren; familiar people/Shuren and unfamiliar people/Shengren in order to access the resources and foreign market knowledge and to smooth the pre-export stage of the firm as these resources and knowledge are not available within the firms.

2.5.3.2 The layer of family member (Qinren)

As Zhuang et al, (2010) and Hwang (1987) explained, the origin of ‘guanxi’ comes from the family, which is “generally a relatively permanent and stable social relationship” (Hwang, 1987, p.965). However, this layer of ‘guanxi’ always represents the very high level of mutual benefits and obligation between people who are involved in the family business (Fu et al., 2006). In traditional Chinese society, the family refers to the most important layer of ‘guanxi’ for an individual. Hwang (1987, p.960) stated that “a typical Chinese family usually encompasses the multiple functions of economy, religion, education, and recreation, so that it can meet most of an individual’s needs” within the family, and this factor is also significant for a family owned firm because the ‘guanxi’ acts as the glue to pull family members together and increase the cohesiveness of the firm. Therefore, the family layer mainly applies to family members and other close relatives, who are expected under the rule to fulfil the needs of the family and other family members in the Chinese FMEs.

Because the family members/Qinren are the primary layer of ‘guanxi’ of the owner/manager of the firm, he/she can access financial resources and gain foreign market knowledge and information rapidly from them in order to facilitate the pre-export behaviour of the firm.

2.5.3.3 The layer of familiar people (Shuren)

In contrast with the family layer, the layer of familiar people/Shuren of ‘guanxi’ represents the medium level of mutual benefits and obligations within the family business (Fu et al, 2006; Zhuang, Xi & Tsang, 2010). This layer of ‘guanxi’ is stable because close friends have always been the one of the most trustworthy relationships among Chinese business networks. In the Chinese context, the close friend’s relationship can be upgraded to a close relationship between two families. This ‘guanxi’ network is not only consolidated over a long time period of ‘guanxi’ accumulation, but also the owner/manager of the firm can utilise this ‘guanxi’ to assist the firm to access the resources and internationalisation knowledge from friends. If his/her friends do not have the resources or knowledge that the firm requires, they will do what they can to network with other firms who have these resources and knowledge to help the family firm to access these resources. Because this ‘guanxi’ relationship is highly consolidated, both the resources and knowledge that the firm accesses will have a relevant and high level of quality and quantity.

2.5.3.4 The layer of unfamiliar people (Shengren)

The third layer of 'guanxi' networks represents the lowest level of mutual benefits and obligations among the three layers in the 'guanxi' relationships. This type of 'guanxi' network sometimes acts as a complementary network for the previous two 'guanxi' relationships when the family firm needs to gather more knowledge and resources that are only available outside the "family member and familiar people circle". (Fu et al, 2006, p.290)

2.5.4 The mechanisms of the Chinese 'guanxi'

Having explained the six characteristics of the 'guanxi' network, this section focuses on the two significant mechanisms of the 'guanxi', which includes "mutual benefits" and "investment".

According to the Chinese scholars Luo (1997, 2000) and Yang (1994), the two important mechanisms of 'guanxi' are mutual benefits (reciprocity) and investment. However, in the Chinese context, the words "reciprocity" and "mutual benefits" have the same meaning and can be used interchangeably. Furthermore, as Zhuang and Li (2015) have defined, "reciprocity" or "mutual benefits" are overriding principles in 'guanxi'. Zhuang and Li (2015) explained the 'mutual benefits' mechanism as 'don't accept gifts if you can't reciprocate. There are expectations based on resources, and people will be disappointed if there is no reciprocity. When expectations differ, there is friction" (Zhuang & Li, 2015, p.12).

The mutual benefits mechanism of ‘guanxi’ mainly refers to the **mutual exchange of favours** between individuals and firms based on the long-lasting ‘guanxi’, such as the exchange of foreign market knowledge/information in order to exchange relevant financial or non-financial benefits based on ‘guanxi’. This mechanism facilitates the pre-export behaviour of firms, which increases market familiarity between the home and foreign markets, because firms can gain the foreign market knowledge/information directly from their business partner/friends, and their business partner/friends are always willing to exchange favours for them based on ‘guanxi’. (Luo, 1997, 2000; Yang, 1994; Zhuang et al, 2010; Zhuang & Li, 2015). From this discussion the following proposition can be derived:

Proposition 2: The mechanism of mutual benefits embedded in the concept of 'guanxi' is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign markets

Another **mechanism of ‘guanxi’ is “investment” which refers to an individual who makes financial or non-financial “investments” for friends/business partners** based on ‘guanxi’ when their friends/business partner experience difficult times. As the repayment for this “investment”, the former look for a similar or even more return from the latter in the future. However, the owner “investment” of “interest” to friends/business partners and not calling for immediate repayment, but accumulating this “investment” in order to seek future returns if specific difficulties occur for the firm are the key features of this mechanism (Chen, 2000;Luo, 1997,

2000; Zhuang & Li, 2015). From this discussion the following proposition can be derived:

Proposition 3: The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future

There are two differences between the mechanism of mutual benefits and investment of 'guanxi', the main one being the **time lag**. The mechanism of mutual benefits is the exchange of favours between two parties that happens approximately at the same time, for example, once the firm has accessed critical resources or received foreign market knowledge/information from friends/business partners. Through mutual benefits, the former provide the latter with financial or non-financial benefits as an exchange for the knowledge and resources they receive from friends/business partners. In contrast to the mutual benefits mechanism of 'guanxi', the investment mechanism is the time lag that occurs between the investment and repayment of interest of 'guanxi'. That is, the owner does not call for repayment from friends/business partners immediately after the owner provides financial or non-financial investment for them, but the owner accumulates this "interest" and calls for its repayment as he/she needs it in the future.

The second difference between the two mechanisms is based on the **different purpose**. The main purpose of the **investment mechanism of 'guanxi' is to consolidate the 'guanxi' with friends/business partners**, but the **mutual benefits mechanism of 'guanxi' is based on the existing 'guanxi' in order to exchange**

favours. Because the existing ‘guanxi’ is consolidated over long periods of time and from the trustworthiness of ‘guanxi’ between the owner and his/her friends/business partners, the benefits of the critical resource or foreign market knowledge/information which the owner obtains from them has a high quality and it is very difficult to obtain for the people who are outside of ‘guanxi’.

According to the main purpose of the investment mechanism of ‘guanxi’, the financial or non-financial investment the firm makes in their friends/business partners is different from the mutual benefits of ‘guanxi’. For example, the difference between financial cooperation from the mutual benefits mechanism of ‘guanxi’ and financial support from friends/business partners from the investment mechanism of ‘guanxi’, where the financial cooperation between the owner and friends/business partners creates a joint investment, both parties invest a certain amount of funds into the business to enhance collaboration and help each other to grow. However, the financial support from the investment mechanism of ‘guanxi’ is the financial support (loan) the owner received from friends/business partners. The repayment of investment depends on the financial support (loan) the owner provided to friends/business partners who suffered financial difficulties at a previous time. Therefore, after the financial support is made between the owner and friends/business partners, the ‘guanxi’ between them is more consolidated than before.

The second example is the difference between the foreign market knowledge/information the firm learned from friends/business partners and the

mechanisms of mutual benefits and investment of 'guanxi'. According to the mutual benefits mechanism of 'guanxi', the foreign market knowledge/information the owner learns from friends/business partners is based on the mutually beneficial exchange of favours. The owner gains foreign market information/knowledge from friends/business partners and, as a mutual benefit, the owner provides them with a commission or shares his/her own foreign market knowledge/information as the exchange of favours with them. However, according to the investment mechanism of 'guanxi', the foreign market information/knowledge from friends/business partners provided to the owner is the non-financial repayment of investment for the owner who provided financial or non-financial support for them previously. The owner may lack knowledge of the particular foreign market targeted for entry during the period of internationalisation preparation. Therefore, the owner can request the relevant foreign market knowledge and information as the repayment of the 'guanxi' investment from friends/business partners in order to make it easier for him/her to enter into the foreign market and facilitate the pre-export behaviour of the firm.

The previous section explained the two major mechanisms of 'guanxi'. The next section compares the characteristics between these two network perspectives to gain a deeper understanding of the similar and different characteristics between the Western network perspective and the Chinese 'guanxi'.

2.5.5 The similarities and differences between the Western network perspective and the Chinese ‘guanxi’

Table 2.3 explains the similarities and differences between the Western network perspective and the Chinese ‘guanxi’

Table 2.3: The similarity and difference of characteristics between the Western network perspective and the Chinese ‘guanxi’

The characteristics of Western network perspective and the Chinese ‘guanxi’	
Western network perspective	Chinese 'guanxi'
<p>"Reciprocity" (Johanson & Vahlne, 1990; Tsang, 1998; GLOBE, 2010)</p> <ul style="list-style-type: none"> ● Relevant low degree of mutual benefits and "reciprocity" ● Individualism ● Short-term interest 	<p>"Reciprocity" (Tsang, 1998; Ministry of Justice of China, 2010)</p> <ul style="list-style-type: none"> ● Mainly family based and with a very high level of family obligations towards the firm ● High level of mutual benefits and "reciprocity" ● Collectivism ● Immediate call for repayment of interest not encouraged, and long-term orientation. The unique characteristic of "reciprocity" and "obligation" in the Chinese context, which acts as a "bank" that accumulates and reserves the large amount of "interest" which is provided by the 'guanxi' giver to the receiver through continued "investment" of interest for a very long period of time. When the 'guanxi' giver wishes to redeem this "investment" for a specific purpose, the receiver is obligated to repay even more than the "total interest" he/she received, compared with the Western network perspective ● Sometimes unethical (Wong, 2007; Seung & Luo, 2001) <p>Credit guarantee (Zhuang et al, 2007; Zhuang & Xi, 2004)</p> <p>Mutual benefits/obligation network (Zhuang et al, 2007; Zhuang & Xi, 2004)</p> <p>Long-term interests (Zhuang et al, 2007;</p>

	<p>Zhuang & Xi, 2004)</p> <p>Buffer to minimise conflict and strengthen interaction (Zhuang et al, 2007; Zhuang & Xi, 2004)</p> <p>The three layers of 'guanxi' (See Figure 2.4)</p> <ul style="list-style-type: none"> ● Family members/<i>Qinren</i> (very high level of mutual benefits and obligation) ● The familiar people of family members/<i>Shuren</i> (medium level of mutual benefits and obligation) ● The unfamiliar people of family members/<i>Shengren</i> (low level of mutual benefits and obligation)
--	--

Source: developed for this research

From the above discussion of the six characteristics of ‘guanxi’ from the Chinese literature, it is evident that ‘guanxi’ has unique characteristics compared with the Western network perspective. According to the evidence provided from Luo’s (2000) study, “‘guanxi’ is personal, reciprocal and more long-term orientated” than the small to medium degree of reciprocity and short-term orientated Western networks (Park & Luo, 2001, p.460; Zhuang & Xi, 2004, p.5). One of the most unique characteristics of ‘guanxi’ in contrast with the Western network perspective is that it is a **completely informal personal relationship**, as ‘guanxi’ is defined as a relationship “between two individuals, which clearly shows that ‘guanxi’ is personal” (Park & Luo, 2001, p. 467), and this relationship lasts for a long period of time, even past the next generation of these two individuals or their family businesses (Park & Luo, 2001). Furthermore, ‘guanxi’ is the “kind of relationship which requires the exchange of **‘personalised favours’**” and is an important factor in ensuring a credit guarantee (Lee et al, 2007, p.42). In addition, ‘guanxi’ is more **long-term orientated** and can be

the buffer to minimise conflict with networks in the West. Li and Wright (2000) and Zhuang and Li (2015) explained that individuals who are involved in ‘guanxi’ are more likely to look for future gains and care more about minimising any foreseeable conflict than individuals who are involved in Western networks. However, Li and Wright (2000, p.369) stated that ‘guanxi’ is usually ‘not established for immediate gain’, but based on the mutual recognition between individuals in the networks. This makes ‘guanxi’ very significant in the pre-export stage of the firm in China, because Chinese firms need to ensure the quality of information/resource that they gain in the long-term, the possible conflicts that they may face and ways to minimise these conflicts, which reflects the major difference between the Western network perspective and ‘guanxi’ in the Chinese context. As Zhuang et al (2007) explained, “good ‘guanxi’ is the most trustworthy and most vital factor to do business in Chinese business environment” (好关系是最值得信任也是至关重要的成功点) (Zhuang et al, 2007, p.9). The present study is focused on the Chinese FMEs pre-export behaviour. Therefore, because the Western network approach is not applicable in the high-context Chinese business environment, the ‘guanxi’ network is the primary network approach utilised in this study.

However, the last significant difference between ‘guanxi’ and the Western network perspective is that the former has a combination of different layers, but there is limited evidence that supports the argument that the Western network perspective has layers. The wide choice of different layers of ‘guanxi’ makes it easier for the decision maker

in the Chinese FMEs to connect with business partners through these different layers, compared with the less layered Western network perspective.

The previous section explained the similar and different characteristics between the Western network perspective and the Chinese ‘guanxi’. To gain a deeper understanding of the mechanisms of the Western network perspectives and the Chinese ‘guanxi’, the similarities and differences are compared in the next section.

2.5.6 The similarities and differences of mechanism between the Western network perspectives and Chinese ‘guanxi’

Table 2.4 explains the similarities and differences between the mechanism of the Western network perspectives and the Chinese ‘guanxi’

Table 2.4: The similarities and differences in the mechanisms between Western network perspectives and the Chinese ‘guanxi’

The mechanism of Western network perspective and the Chinese ‘guanxi’		
Level of formability	Western network perspective	The Chinese ‘guanxi’
Formal	<p>The formal business network mechanism (Riagle & Riagle, 2015; Ruzzier, Hisrich & Antoncic, 2006; Vahlne & Johanson, 2013)</p> <ul style="list-style-type: none"> ● formal relationship connection ● exchange market knowledge, information and access to resources that partner firm controls ● reduced psychic distance ● Business network ties are path dependent. The current ties of a firm are dependent on its past behaviour (domestic market experience) and network locations and future ties are influenced by current behaviour (pre-export behaviour). 	
Informal	The informal social network	Mutual benefit (Luo, 1997, 2000; Yang,

	<p>mechanism (Whitelock, 2002; Ojala, 2009; Pinho & Martins, 2010; Griffith & Dimitrova, 2015)</p> <ul style="list-style-type: none"> ● The informal network is not constant in the different generations of the family business ● A firm looking for a position in the foreign business network ex-post rather than ex-ante related ● Does not play a primary role in knowledge sharing ● Helps to establish trust, both in the firm by providing credibility and ‘reputation by association’ and in the market by providing reassurance and comfort 	<p>1994; Park & Luo, 2001; Zhuang & Li, 2015)</p> <ul style="list-style-type: none"> ● Informal ● exchange of market related information and knowledge and accesses resources from business partners ● facilitates the pre-export stage of the firm ● minimises the psychic distance <p>Investment (Luo, 1997, 2000; Chen, 2000; Zhuang & Li, 2015)</p> <p>"investment" of "interest" in other partners and not calling for immediate repayment, but accumulates this "interest" for future returns if specific difficulties occur.</p>
--	---	--

Source: developed for this research

In contrast to the mechanisms of the Western network perspective, the ‘guanxi’ only focuses on the informal family based network mechanisms and this relationship remains constant. Keeping a long-lasting ‘guanxi’ is based not only on mutual benefits in the business, but also on the repayment of personalised favours in the business. However, the fundamental difference between the Western network perspective and ‘guanxi’ in order to reduce psychic distance is that the Western network perspective has both formal business and informal social network mechanisms; and the formal business network mechanisms play more important roles than the informal social network mechanisms in order to reduce psychic distance in the family business, whereas the reduction of psychic distance in ‘guanxi’ only relies on the informal mechanism.

However, it must be acknowledged that there is a possibility that the firm could build their ‘guanxi’ via formal business relationships, and then, develop their informal

'guanxi' based on the formal business relationship. This possibility will be explored during the interview process, however is not a core aspect of this study.

After comparing the similarities and differences between the Western networks and Chinese 'guanxi' in both networks' characteristics and mechanisms (see Tables 2.3 and 2.4), it could be argued that the 'guanxi' is more than just a network in the Chinese business environment and society. The most significant difference between 'guanxi' and the Western network is that the former is much more advantageous than the latter (see Tables 2.3 and 2.4). Other than building trust to access resources and gain foreign market knowledge/information from new business partners in the foreign business network as the Western network does, the ability to access resources and gain foreign market knowledge/information of 'guanxi' is faster, more stable and more reliable than the Western network because it has already existed and been consolidated over a long period of time, which means that there is an appropriate amount of trust and accumulated "interest" that already exists. When firms redeem this "interest", they efficiently and effectively gain the foreign market knowledge/information and access resources from their trustworthy business partners (see Tables 2.3 and 2.4). From this discussion the following proposition can be derived:

Proposition 4: The Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/*Qinren*, familiar people/*Shuren* and unfamiliar business partner(s)/*Shengren* by utilising 'guanxi'

2.6 Literature gap

The previous review of the literature is relevant to the pre-export model, U-models, the trigger of internationalisation and the similarities and differences between Western networks and the Chinese ‘guanxi’ in the pre-export behaviour of the Chinese FMEs. In contrast to Australian family owned firms, in China, the family and the business are inseparable and few studies have supported the Chinese family firm as an objective entity. The research gap identified that there are very few studies that have explained the pre-export behaviour of firms (Olson & Wiedersheim-Paul, 1978; Caughey & Chetty, 1994; Caliskan, et al, 2006; Tan et al, 2007; Casillas, et al, 2010), especially those of Chinese FMEs and the utilisation of ‘guanxi’ to facilitate the pre-export behaviour of these firm (Zhou, Wu & Luo, 2007).

This study argues that the emphasis on the role of ‘guanxi’ in Chinese FME’s pre-export behaviour not only offers an important theoretical contribution to the ‘guanxi’ network and the mechanisms of ‘guanxi’, but also addresses a significant research gap of how ‘guanxi’ facilitates the pre-export behaviour of the Chinese FMEs (Zhou, Wu & Luo, 2007).

In the Chinese context, the ‘guanxi’ is the key stimulus in influencing the pre-export behaviour of Chinese FMEs. With limited resources and market related knowledge in contrast with large MNCs, and without ‘guanxi’ the pre-internationalisation process of such a firm is likely to be delayed or difficult in China.

2.7 Theoretical framework

To address the literature gap identified from the literature review undertaken in the previous section, a theoretical framework was developed (see Figure 2.5). Researchers both in the West and in China have suggested that there are very few studies that have explained the pre-export behaviour of firms (Olson & Wiedersheim-Paul, 1978; Caughey & Chetty, 1994; Caliskan, et al, 2006; Tan et al, 2007; Casillas, et al, 2010), especially Chinese FMEs and the utilisation of ‘guanxi’ to facilitate the pre-export behaviour of such firms is also very limited (Zhou et al, 2007).

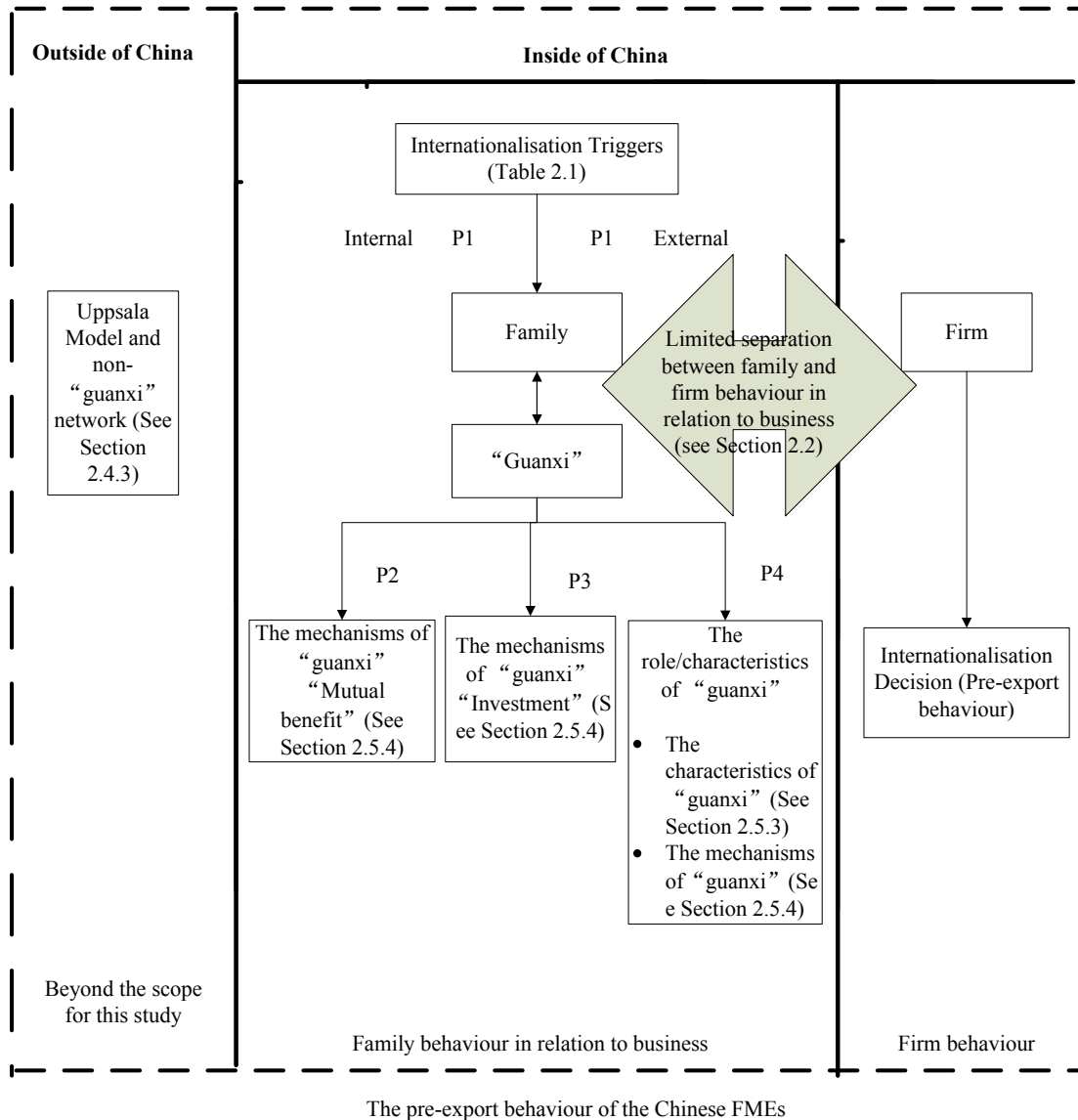
The discussion on the pre-export behaviour of Chinese FMEs (Sections 2.2 to 2.5), indicated that the pre-export component of the 2009 Uppsala models views networks as a key trigger of internationalisation. It was established that Western network perspectives and the Chinese ‘guanxi’ networks are critical for the study of the pre-export behaviour of Chinese FMEs. In summary, the theoretical framework for this study is based on a synthesis of the 2009 version of the Uppsala model (Johanson & Vahlne, 2009) and the ‘guanxi’ network perspective from the study by Zhou, Wu and Luo (2007) (see Section 2.4.2.4 and Tables 2.3 and 2.4). Furthermore, the triggers of internationalisation, the theories related to the Chinese ‘guanxi’ network and the resource based view (RBV) are believed to have significant impact on the pre-export behaviour of the Chinese FMEs. This is because, within the Chinese cultural context, the ‘guanxi’ network is more than a network, it is a combination of resources and networks. Moreover, ‘guanxi’ is also an important component within the construction

of the unique Chinese business cultures, which highlights the difference from the Western business cultures. This unique Chinese business culture is considered to be the turning point in explaining how and why the pre-export behaviour of Chinese FMEs is different from Western FMEs.

From this evaluation of the theoretical framework, an overarching research question can be stated to address the gap identified within the literature review:

“How and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs?”

Figure 2.6: The proposed theoretical framework



Note: P: proposition

Source: developed for this research

2.8 Conclusion

Chapter 2 presents a brief review of some important literature that includes the pre-export model, the triggers of internationalisation, the Uppsala model, Western network perspectives (non-‘guanxi’ network) and the Chinese ‘guanxi’ network. This

literature review assists in the establishment of a theoretical framework for this research, and four propositions have been established. Furthermore, from the evaluation of the relevant internationalisation literature and cultural issues, a literature gap was identified which suggested further investigation of the pre-export behaviour of the Chinese FMEs. A qualitative research methodology of relevant case studies of the Chinese FMEs is discussed in Chapter 3 with the methodology. Chapter 4 outlines the results of the analysis of the data collected from the semi-structured interviews.

Chapter 3 Research Methodology

3.1 Introduction

The previous chapter provided a review and evaluation of literatures related to the pre-export behaviour of Chinese FMEs and identified some research gaps within the literature. This chapter explains the research methodology used in the study. As identified in this chapter, the most appropriate scientific research paradigm of the four was adopted for treating the research problem of this study, that is, the realism paradigm which is outlined in Section 3.2. The qualitative case study methodology was considered the appropriate research framework for this project, as outlined in Section 3.3. Section 3.4 discusses the criteria to evaluate the quality of realism research. Section 3.5 describes the sampling strategy and the issue of accessibility selection comprising the sampling process and case selection. The design and expert panel review of the interview protocol are explained in Sections 3.6 and 3.7, respectively. The case study data analysis is explained in Section 3.8 and the limitations of the qualitative case study methodology are discussed in Section 3.9, followed by an explanation of the ethical clearance of this project in Section 3.10.

3.2 Research paradigm

According to Taylor, Kermode, and Roberts (2007), a research paradigm is “a broad view or perspective of something” (p.12). Furthermore, Weaver and Olson’s (2006) definition of research paradigm reveals how research could be affected and guided by

a certain paradigm by stating that, “paradigms are patterns of beliefs and practices that regulate enquiry within a discipline by providing lenses, frames and processes through which an investigation is accomplished” (p. 461).

The scientific research ‘paradigm’ is either explicit or implicit for the researcher who works within it (Healy & Perry, 2000; Perry, Riege, & Brown, 1998). A ‘paradigm’ “represents a world view that defines, for its holder, the nature of the world, the individual’s place in it, and the range of possible relationships to that world and its parts” (Guba & Lincoln, 1994, p.107). There are four scientific paradigms within the literature, positivism, critical theory, constructivism and realism/post-positivism (see Table 1 in Appendix D) (Guba & Lincoln, 1994; Healy & Perry, 2000; Perry, 1998; Perry et al., 1998). According to the literature, these four scientific paradigms comprise of three elements: ontology, epistemology and methodology (Guba & Lincoln, 1994; Perry et al., 1998). A researcher’s beliefs with regards to the nature of reality (ontology) and how knowledge about reality is derived from within the paradigm (epistemology) drive the research methods (methodology) (Guba & Lincoln, 1994; Healy & Perry, 2000; Perry, Riege, & Brown, 1999). Therefore, it has been suggested that the choice of paradigm must precede the choice of method (Guba & Lincoln, 1994), and so it is critical for the researcher to identify the most appropriate paradigm to be utilised in the research (Gummesson, 2000). The ‘realism’ or post-positivism paradigm was considered the most appropriate for the research of the firm’s pre-export behaviour research.

The full justification for the use of realism paradigm is provided in Appendix D.

3.3 Qualitative case study methodology

This study utilises a ‘qualitative’ multiple-case study methodology to assist in the development of a holistic perspective of the role of ‘guanxi’ in the pre-export behaviour of Chinese FMEs (Creswell, Hanson, Clark, & Morales, 2007; Ghauri, 2004; Perry et al., 1998; Yin, 2009). Qualitative case study research is an approach in which the researcher investigates either a “bounded system” (a single case) or “multiple bounded systems” (multiple cases) via detailed, in-depth data collection from multiple sources to provide a ‘holistic view’ of a contemporary issue or phenomenon (Creswell, 2007; Ghauri, 2004; Perry et al., 1999; Yin, 2009). The primary aim of qualitative case study research is not to determine the frequency of a phenomenon (quantitative approach), but to explore the ‘meaning’ of a phenomenon by studying it within its social ‘context’ (Amaratunga & Baldry, 2001; Marschan-Piekkari & Welch, 2004; Parkhe, 1993; Perry et al., 1998). Whereas the primary focus in the qualitative research is on words rather than numbers, which allows an in-depth analysis of meaning.

3.4 The criteria to evaluate the quality of realism research

This research has been conducted within the realism paradigm as discussed above. However, because a paradigm is a world view that spans ontology, epistemology and methodology, the calibre of scientific research within a prototype has to be evaluated by its own paradigm’s criteria (Healy & Perry, 2000). The six criteria used to judge

the validity and reliability of qualitative research within this paradigm were utilised at each stage of the research process. These criteria that evaluated the quality of the 12 cases studies in this realism research are from the combination of Healy and Perry (2000) and Yin (2009) (see Table 3.1). The six criteria, comprising ontological appropriateness, contingent validity, multiple perceptions of participants and of peer researchers, methodological trustworthiness, analytic generalisation and construct validity are fully discussed in Appendix E along with the appropriate techniques used by the researcher to best satisfy them in this research. However, the criterion of analytic generation is discussed below.

Positivist researchers refer to ‘statistical reliability’ (Yin, 2009). However, realism researchers are more concerned with ‘analytic generalisation’ which involves building, confirming and disconfirming elements of theory prior to such statistical generalisation (as shown in Table 3.1) (Healy & Perry, 2000; Perry, 1998; Perry et al., 1998).

To establish analytical generalisation, the research propositions derived from the literature review prior to data collection were firstly identified, and then designed an interview protocol in order to provide data that would either confirm or disconfirm the theoretical framework (see Figure 2.6) (Healy & Perry, 2000; Yin, 2009).

Table 3.1: Criteria for judging the quality of realism research

Healy and Perry, 2000			Yin, 2009	
Quality Criteria	Brief description of criteria for this realism	Case study techniques within this realism	Criteria for judging the quality of case	Case study tactic

	research	paradigm	study	
Ontology Ontological appropriateness	Research problem deals with complex social science phenomena involving reflective people (Magee, 1985)	Selection of research problem, for example, it is a how and why problem		
Contingent validity	Open ‘fuzzy boundary’ system (Yin, 1994) involving the generative mechanism rather than direct cause-and -effect	Theoretical and literal replication, in-depth questions, emphasis on “why” issues, description of the context of the cases	Internal validity: (for explanatory or causal studies only and not for descriptive or exploratory studies): seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships	<ul style="list-style-type: none"> • Do pattern matching • Do explanation building • Address rival explanations • Use logic models
Epistemology Multiple perceptions of participants and of peer researchers	Neither value-free nor value-laden, rather value-aware	Multiple interviews, supporting evidence, board questions before probes, triangulation. Self-description and awareness of own values. Published reports for peer review		
Methodology Methodological trustworthiness	Trustworthy – the research can be audited	Case study database, use in the report of relevant quotations and matrices that summarise data, and of descriptions of procedures like case selection and interview procedure	Reliability: demonstrating that the operations of study – such as the data collection procedures – can be repeated, with the same results	<ul style="list-style-type: none"> • Use case study protocol • Develop case study database
Analytic generalisation	Analytic generalisation (that is, theory)	Identify research issues before data collection, to	External validity: defining the domain to which a	Use replication logic in multiple-case

	building) rather than statistical generalisation (that is, theory-testing)	formulate an interview protocol that will provide data for conforming or disconfirming theory	study's findings can be generalised	studies
Construct validity	How well information about the constructs in the theory being built are measured in the research	Use of prior theory, case study database, triangulation	Construct validity: Identifying correct operational measures for the concepts being studied	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key information review draft case study report

Source: Healy and Perry (2000, p. 122); Yin (2009, p. 41)

3.5 Sampling strategy and issue of accessibility

Accessing data from China is difficult, especially data about family owned firms.

These difficulties occur because of the relevant and low level of trust towards “outsiders” in Chinese cultural context. Therefore, the method used in this study to access these Chinese FMEs was based on the ‘guanxi’ network from the author’s relative, who had a long term informal, personal connection with the owners of 12 firms in this study. The owners were mostly the classmates of the author’s relative at his university or friends that the owner introduced to the author’s relative. Although utilising the informal, personal connection to access the sample for this study may have led to researcher bias (Shadish et al, 2002), under the unique Chinese culture, it would have been extremely difficult to recruit participants for this study without this access.

3.5.1 The sample selection method

The sample was selected according to three criteria for Chinese FMEs in the medical instrument industry. First, FMEs had to be Chinese family-owned and not foreign-owned or non-family-owned. Second, the FMEs had to be independent and have their head offices in Taizhou China Medical City (CMC). The CMC enabled the researcher to have repeated access to participants, thus facilitating data collection in a timely manner. Also, because the Chinese medical instrument industry in Taizhou industrial zones operates in a relatively homogeneous business environment, the influence of the overabundance of usually uncontrollable external factors could be minimised (Silverman, 2010). Third, the FMEs had to have taken initial steps to internationalise their business, or shown a willingness for international expansion.

Sample size

Eisenhardt (1989) explained that between 4 and 10 cases should be obtained for a qualitative method involving case studies: “with more than ten cases, it quickly becomes difficult to cope with the complexity and volume of data.” Because of the difficulty in accessing data from China, the sample size of this study was based on the ‘guanxi’ connection between a relative of the author and the owners of Chinese FMEs, thus, the 12 cases were considered reasonable and could provide analytical generalisability and reliability for this study. Miles and Huberman (1994) proposed a maximum case study limit of 15 cases due to complexities of data management.

Empirically, the concurrent SME/ME internationalisation studies have utilised mixed

method approaches that included case study method ranging from two (Ruokonen et al, 2008) to 21 cases (Crick, 2009). Therefore, there are no exact guidelines for the appropriate number of cases to be included. As Romano (1989, p.149) suggested, “the literature recommending the use of case studies rarely specify how many cases should be developed, and the decision is left to the researcher”. This study involves 12 interview-based cases to elaborate the relevant issues needed to investigate the main research issues (Perry, 1998).

3.5.2 The case selection

The main research question in this study examined “*How and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs?*” As Yin (2009), Creswell and Miller (2000), and Babbie (1995) suggested, responding to the “how and why” research question favours the use of case studies. This study incorporated a multiple case study methodology, which was consistent with Yin’s (2009) type three methods of “multiple holistic case designs” as opposed to single embedded case study (see Figure 3.1). A multiple case study may provide valuable data-rich information (Dyer Jr & Wilkins, 1991), however, single case studies are incapable of generating ‘analytic generalisability’, an essential quality criterion in realism research (Healy & Perry, 2000; Parkhe, 1993). Yin (2003) categorised case studies as explanatory, exploratory, or descriptive. He also differentiated between single, holistic case studies and multiple-case studies; the full discussion in relation to reason for the selection of the multiple case studies is in Appendix G.

Figure 3.1: Basic types of designs for case studies

	Single Case Design	Multiple Case Design
Holistic (Single-unit of analysis)	Type One	Type Two
Embedded (Multiple units of analysis)	Type Three	Type Four

Source: Yin (2009, p.46)

The 12 cases were selected by holistic one unit of analysis for the proposal of the internationalisation processes of Chinese FMEs (Yin, 2009). All selected cases were from within the Chinese medical industry. However, a review of the extant literature suggested that the present study was the first to investigate the pre-internationalisation process of Chinese medical FMEs. The selection of this industry was significant for two reasons. Firstly, in contrast to the characteristics of medium sized enterprises (MEs) in Australia, the MEs in China have achieved a rapid and sustained increase of growth in the past two decades since the Chinese government implemented the “open door” policy in the early 1980s (Chen, 2000). Secondly, because the Chinese medical industry operates in a relatively homogeneous business environment, the influence of the overabundance of usually uncontrollable external factors could be minimised (Clark & Battaglone, 2008). However, the highly concentrated internal market for medical products in China has led to a high level of competition, which has resulted in a significant decline in the selling price of medical products within the Chinese domestic market that has led to an unfavourable profit margin among these Chinese MEs (Chen, 2000). Therefore, these barriers act as catalysts to push the Chinese

medical FMEs to go abroad to seek a broader market than in China, and set up export activities in a foreign country as a way to internationalise (Chen, 2000).

3.6 Semi-structured interviews

In each of the 12 cases, in-depth, semi-structured interviews were conducted with the owner/manager most responsible for internationalisation decisions to obtain data for the four research propositions of this study (Ghauri, 2004; Yin, 2003). According to the in-depth nature, each of the 12 interviews was classified as a single case study (Yin, 2003). Furthermore, semi-structured interviews are flexible, thus giving the researcher the ability to discuss and modify questions to pursue any unexpected findings that may arise during the interview, due to the lack of literature pertaining to the role of 'guanxi' in the pre-export behaviour of Chinese FMEs (Ghauri, 2004; Silverman, 2010).

3.6.1 Design of interview protocol

The interview protocol for the study is presented in Appendix A. The interview protocol was utilised to help focus the answers of the interviewees to the four research issues of the study (Perry, 1998), and consisted of a combination of open- and closed-ended questions and probes; which helped to avoid leading the interviewees (Carter, 1999). This semi-structured interview protocol focused on the 12 Chinese medical FMEs, where the 12 managers to be interviewed are very busy, and they prefer interviews with the combination of closed and open-ended questions to purely open-ended questions in order to save time. Each question in the interview protocol

explored the four research propositions and was generated from the theoretical framework (see Section 2.10) (see Table 3.2).

Table 3.2: Developed interview protocol question for proposition (see Appendices A and B)

Research Questions from Interview Protocol	B Q1	B Q2	B Q3	B Q4	B Q5	C Q6	C Q7	C Q8	C Q9	C Q10	C Q11	C Q12	D Q13	D Q14	D Q15	D Q16	D Q17
P1	*	*															
P2								*			*						
P3							*										
P4						*			*	*							

Note:

Proposition 1: The internal and external pull and push factors trigger a firm owner’s thinking/planning regarding internationalisation

Proposition 2: The mechanism of mutual benefits embedded in the concept of ‘guanxi’ is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign markets.

Proposition 3: The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future

Proposition 4: The Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/*Qinren*, familiar people/*Shuren* and unfamiliar business partner(s)/*Shengren* by utilising 'guanxi'

Source: developed for this research

Part A of the interview protocol obtains background information of the firms and the interviewee, that is, the person who was most responsible for these firms’ decisions towards internationalisation. However, there were two questions in Part A that needed to be specifically explained, involving the interviewee’s role in the firm and the

domestic business market composition. The role of the interviewee in the firm could be significant for the decision making towards internationalisation of the firm, and an interview with this interviewee could obtain deeper information about the pre-export behaviour to this study. The question called “domestic business market composition, “referred to the domestic business combination of the FMEs in China. According to Benito, Petersen, and Welch (2009) the uniqueness of the business market combination of the firm could reflect how the firm deals with the legal regulation and customer segmentation within the area in which the firm operated. However, based on the promotion law of China (2003), the FMEs’ business market combination is an important indicator of the firm’s attitudes towards the international market.

Parts B to D of the interview protocol were structured according to the four propositions of this study (see Table 3.2).

Part B of the interview protocol was based on the Proposition 1, which referred to the internal and external pull and push factors which triggered thinking/planning the internationalisation for the firm by the owner (see Table 3.2 and Figure 2.6).

- Questions 1 and 2 in Part B were designed to collect the trigger and intention of the firm to start to consider internationalisation as their pre-export behaviour and the strength of their intentions.

Part C of the protocol was based on Propositions 2, 3 and 4 (see Table 3.2 and Figure 2.6), and was designed to collect information about how the ‘guanxi’ network assisted

the Chinese FMEs to learn foreign market information/knowledge, access resources from business partners and reduce psychic distance in order to facilitate the pre-export behaviour of the firm (Chen & Chen, 2004; Chen & Wu, 2011; Fan, 2002; Fu, et al, 2006; Hwang et al, 2008; Lin, 2010; Luo, 1997, 2000; Park & Luo, 2001; Siu & Bao, 2008; Tsang, 1998; Wang, 1997; Yang, 1994; Zhuang & Li, 2015)

- Questions 8 and 11 in Part C focused on Proposition 2 to evaluate the mechanism of ‘guanxi’ mutual benefit from the two perspectives. The first perspective (Question 8) considered whether the more ‘guanxi’ networked the firm was, the more mutual benefits that the firm could share with business partners. The second perspective (Question 11) was whether the mechanism of mutual benefit of ‘guanxi’ could increase market familiarities between the home and foreign country in order to facilitate the thinking/planning of internationalisation of the Chinese FMEs. (see Table 3.2 and Figure 2.6).
- Question 7 emphasised Proposition 3, which was how the firm’s owner invested in ‘guanxi’ with their business partners and without call for immediate repayment from ‘guanxi’, but accumulated this “interest” to seek future returns if specific difficulties occurred in order to assist/facilitate planning/thinking of internationalisation of the firm (see Table 3.2 and Figure 2.6).
- Questions 6, 9 and 10 were based on the Proposition 4 that Chinese FMEs could efficiently access resources and rapidly gain internationalisation

knowledge from their business partner (s) by utilising ‘guanxi’ (see Table 3.2 and Figure 2.6).

- Question 6 was developed to help understand the role that ‘guanxi’ played for the firm and how important the ‘guanxi’ was during the thinking/planning of internationalisation of the firm.
- Questions 9 and 10, were developed to focus on how the different levels of ‘guanxi’ could influence the quality of resource access, foreign market information and knowledge learned by the firm in relation to its pre-export behaviour.

Part D of the interview protocol was developed to understand the family business structures of the firm (Klein, Astrachan & Smyrnios, 2005; Chrisman, Chua, & Sharma, 2005; Gersick et al, 1997; Habbershon, Williams & MacMillan, 2003; Lansberg, 1983; Liang, Wang & Cui, 2013; Naldi et al., 2007; Tagiuri & Davis, 1982; Trostel & Nichols, 1982)

- Questions 13 and 14 in Part D sought to understand the family business structure of the Chinese FMEs and how this structure influenced the pre-export behaviour during the thinking/planning of internationalisation of the firm.

- Questions 15 to 17 in Part D were based on the F-PEC perspective in order to understand how the power, experience and family culture influenced the pre-export behaviour of the firm.

The final question of the interview protocol, Question 18 was a general question to close the interview. This question was included in order to let the interviewees make any other comments by themselves in relation to the internationalisation of their firm that could assist the researcher to gain some extra information about the pre-export behaviour of the firm (Marschan-Piekkar & Welch, 2004; Perry, 2012; Yin, 2009).

3.7 Expert panel review of the interview protocol

The interview protocol developed for this study comprised two versions: the Chinese version and the English version. Because the interviewees were 12 Chinese managers who were responsible for the internationalisation decisions in their family owned medical MEs, the Chinese version of the interview protocol was required (see Appendix B). All the information and data gathered from the semi-structured interviews was transferred from Chinese into English to conduct the analyses, thus, the English edition of the interview protocol is also needed for academic purposes.

This interview protocol was reviewed by two experts from two universities, who were lecturers in the area of international business/economics. One of the experts was from an Australian university, who reviewed the English translation of the interview protocol, and another expert was from a Chinese university, who reviewed the

Chinese edition of the interview protocol. The role of the expert review was to ensure that the questions within the interview protocol effectively concentrated on their respective construct, thus improving construct validity (Silverman, 2010; Yin, 2009). The expert panel was asked to provide written feedback based on the understandability and validity of each question. Based on the written feedback from the experts, one close-ended question was considered ineffective and needed to be improved, and two questions from Part C needed to be translated appropriately from the English version to the Chinese version of interview protocol in order to catch the major information from interviewees about their ‘guanxi’ network.

The final version of the interview protocol comprised 18 questions as the core elements of the protocol through Parts B to D. Moreover, Parts A and E were complementary components, which included the company’s background information and general questions to close the semi-structured interview (see Appendix A).

3.8 Case study data analysis

A series of analytical techniques were used to investigate the data from multiple holistic cases. There are two major types of analytical techniques from two different perspectives. Yin (2009) illustrated five analytical techniques involved in case study data analysis, which are pattern matching, explanation building, time-series analysis, logic models and cross-case synthesis. Alternatively, Amaratunga and Baldry (2001) and Elsenhardt (1989) explained that analytical techniques should include within- and

cross-case analysis and explanation buildings. This study will apply the second type of analytical techniques for the case study data analysis.

Within-case analysis provides a descriptive analysis of individual cases for this study, where every case in this research is considered an individual entity and unique patterns prior to cross-case analysis are identified (Eisenhardt, 1989; Perry et al., 1998). Therefore the within-case analysis acted as a foundation for the subsequent cross-case analysis. Furthermore, because data collection and analysis need to be interrelated from the first case of this study in case study research, within-case analysis of each case occurred immediately after data collection (Ghauri, 2004; Silverman, 2010).

Cross-case comparative analysis was then utilised based on the pattern of code/dimension in relation to the analytical framework developed for each research proposition of this study, which gave the research an analytical sophistication (Eisenhardt, 1989; Perry et al., 1998). Finally, this cross-case analysis and the patterns of code/dimension identification within assisted in building an explanation of the pre-export behaviour of the Chinese FMEs (Amaratunga & Baldry, 2001).

3.9 Limitations of case study methodology

The reason for selecting the multiple-case study methodology for this study has been justified previously (see Section 3.5.2). However, there are some limitations within the case study methodology (Amaratunga & Baldry, 2001; Yin, 2009). Therefore, it is important to mention the key limitations and criticisms of the case study methodology

in this study so as to provide the researcher with a basis for mitigating their effects (Perry, 1998). A summary of the limitations of the case method for this research is provided in Table 3.3.

Table 3.3: The limitation of case study methodology

Limitation	Resolution
Provides little or no basis for traditional ‘statistical generalisation’, a criticism that reflects widespread confusion as to the purpose of case study research (Amaratunga & Baldry, 2001; Parkhe, 1993; Tsoukas, 1989; Yin, 2009).	<ul style="list-style-type: none"> ● Build theory ● Achieve an external validity of ‘analytic generalisation’ as opposed to statistical generalisation (Eisenhardt, 1989; Parkhe, 1993).
Lack of ‘scientific rigour’ (Amaratunga & Baldry, 2001; Yin, 2009)	<ul style="list-style-type: none"> ● A broad knowledge of the subject area ● The ability to appropriately frame questions (Denzin & Lincoln, 2008a, 2008b).
Can occasionally lead to complex, all-encompassing theories at the expense of parsimony (Eisenhardt, 1989; Parkhe, 1993)	This study utilised an expertly revised interview protocol and cross-case analysis that was extracted from the data (Eisenhardt, 1989).

Source: developed for this research

By understanding and addressing the above key limitations of the case study methodology, the quality of the results obtained from the case study can be increased.

The following section explains the ethical clearance for this study.

3.10 Ethical clearance

As this research project involved human participants, a research proposal outlining the intended research was submitted to the University Human Research Ethics Committee (UHREC). The ethics statement was approved by the Queensland University of Technology (QUT) Faculty of Business Research Advisor as it conformed to the requirements of the National Statement of Ethical Conduct in Human Research.

The ethics approval number of this research project is: 1400001009

The nature, purpose and outcome of the research was provided in a clear format to all participants either at the initial phone contact or via the email for the study introductions, and at the beginning of the interview. Participation in this research project was entirely voluntary, and all respondents were advised that they had the right to withdraw from this study without comment or penalty at any time. They were also informed that if they withdrew, any identifiable information already received from them would be destroyed. Furthermore, the outcome of the semi-structured interviews was seen to indicate the participant's willingness to participate in the project.

All respondents were advised that all data gathered in the interview from them would remain confidential, and any information that could be utilised to identify the company's name or any other relevant information would be removed from the final research project in order to achieve anonymity and only aggregated data was published. All responses were securely stored in a locked cabinet at the university that could only be accessed by the primary researcher. Moreover, all respondents were also informed that a summary of the results of the study would be made available at the completion of the study.

3.11 Conclusion

This chapter has offered an explanation of the most pertinent scientific research paradigm of the four scientific paradigms that applied in this study: the realism

paradigm. Based on the realism paradigm, the qualitative case study methodology had been selected and utilised in this project to deal with the four research propositions.

The four research propositions were derived from the main research question generated from Chapter 2. After the brief discussion of the suitable methodological framework of this project, there followed a commentary of the appropriate criteria for evaluating the quality of qualitative case study research within the realism paradigm.

The rest of the sections continued to discuss the case selection process, the number of cases selected, the sampling collection method, the design of interview protocol and the data analysis of the selected cases. For the purpose of improving the quality and effectiveness of the interview protocol, it included the expert panel review of the interview protocol in this chapter. The key strengths and limitations of the qualitative case study methodology were also shown in this chapter to provide the researcher with a basis for mitigating and understanding their effects (Perry, 1998; Yin, 2009).

Finally, the ethical clearance in relation to this study was addressed.

Chapter 4: Analysis of the case study data

4.1 Introduction

As previously demonstrated in Section 3.3 of Chapter 3, this research will utilise ‘qualitative case study methodology’ to assess the applicability of the proposed synthesised model of internationalisation. The method of data collection will be via in-depth semi-structured interviews to gain a holistic description of the international process of firms. In Chapter 4, the data gathered from the in-depth semi-structured interview of the managers who were most responsible for the decision to internationalise from 12 Chinese family owned medical firms will be analysed. The data analysis processes utilised both within- and cross-case analysis (Amaratunga & Baldry, 2001; Eisenhardt, 1989). Section 4.2 utilises within-case analysis to examine the data collected from the 12 interviews, and Section 4.3 utilises cross-case analysis to analyse the information gathered from the 12 managers who are most responsible for the decisions relating to pre-export behaviour of their respective firms.

4.2 Within case analysis

Within-case analysis, in case study research, is the in-depth exploration of a single case as a standalone entity, which provides further credibility to the richness of the data (Eisenhardt, 1989, p.540). Within-case analysis involves an intimate familiarity with a particular case in order to discern how the processes that are divulged in that

case support, refute, or expand a theory that the researcher has selected or the propositions that the researcher has derived from a review of the literature and experience with the phenomenon under study (Amaratunga & Baldry, 2001; Eisenhardt, 1989). In addition, the unique patterns of each case that emerge in the process of within-case analysis, attempt to generalise patterns across cases and also accelerate the cross-case comparison (Amaratunga & Baldry, 2001; Eisenhardt, 1989; Perry, 1998).

In this study, the individual within-case analyses were categorised based on case code, age of the firms, types of products, percentage of market share and annual revenue in the Chinese currency (RMB), and firm description as summarised in Table 4.1.

However, to ensure the confidentiality of the firms involved, some information provided in Table 4.1 and in the within-case analyses may have been slightly altered or omitted.

Table 4.1: The summary of the within-case analysis

Cases code	Age of the firm (yrs)	First overseas market	Type of products	% of market share	Annual Revenue (RMB)
Case 1 Alpha	20	Japan	Chinese traditional medicines and traditional medical instruments.	D: 60% O: 40%	20 million
Case 2 Beta	10	African market	X-Ray film processor tabletop.	D: 65% O: 35%	50 million
Case 3 Cherry	19	Germany	Heartbeat monitor and Syringe pump.	D: 55% O: 45%	80 million
Case 4 Delta	16	Japan	Propolis products	D: 62% O: 48%	80 million
Case 5 Eta	16	Nigeria	Ventilator for ICU.	D: 65% O: 35%	90 million
Case 6 Fig	5	The U.S.	Electrosurgical unit and Suction pump.	D: 30% O: 70%	120 million
Case 7 Gamma	16	Japan	Patient Monitor (anaesthesia) and Anaesthesia trolley (anaesthesia machine with ventilator and monitor).	D: 65% O: 35%	80 million
Case 8	14	European and the U.S. market	Colonoscope	D: 50% O: 50%	90 million

Honey					
Case 9 Ivy	16	The U.S. market	Heartbeat monitor and an Electrosurgical unit	D: 40% O: 60%	120 million
Case 10 Jelly	16	European and the U.S. market	Colonoscope and Ventilator.	D: 30% O: 70%	147 million
Case 11 Kangaroo	15	The middle-east market	Electrosurgical unit and Chinese traditional medicines.	D: 35% O: 65%	200 million
Case 12 Lion	17	France	Chinese traditional medicines	D: 45% O: 55%	220 million

Note: D= domestic market; O= overseas market; RMB= Renminbi (Yuan)

Source: developed for this research

Table 4.1 illustrates that all cases selected for this study were family owned medium sized enterprises. Three of the firms (Cases 2, 6 and 11) had been in business for between 5 and 15 years, and the remaining cases had been in business for between 16 and 20 years. For the first overseas market, four of the firms (Cases 1, 4, 7 and 11) focused on the Asian market, two (Cases 2 and 5) emphasised the African market, and the remaining cases in the sample focused on the U.S. and the European markets. Two of the firms' (Cases 1 and 12) products were Chinese traditional medicines and medical instruments, however, the remaining 10 firms' products were medical instruments.

In relation to market share, domestic vs. international, the proportion of overseas sales ranged from 30% to 70%.

While, the annual revenue data obtained for Case 1 Alpha does not accord with the definition of a Chinese medium size firm, it meets all other criteria for a medium sized enterprises, and it was retained for analysis in this study

4.3 Cross-case Analysis

The within-case analysis of gathered data in Section 4.2 provides the overview for cross-case comparisons of identified patterns (Eisenhardt, 1989; Perry, 1998). A cross-case analysis of collected data is now conducted to give this research a more analytical sophistication and encourage the researcher to look past initial impressions, in turn giving more meaning to results (Eisenhardt, 1989). Furthermore, premature

and untrue biases will also be counteracted by making cross-case comparisons (Patton & Applebaum, 2003; Perry, Riege, & Brown, 1998).

This study utilised analytical coding techniques to address the data collected from the in-depth semi-structured interviews in three stages (Corbin & Strauss, 1990). In the first step, a line-by-line open coding of the text from each participant’s interview was applied that labelled and categorised the data (Corbin & Strauss, 1990). The next step involved a content analysis within the case study that was utilised to examine the frequency of themes on a question-by-question basis (Ghauri, 2004). Thirdly, the interview protocol questions that pertained to the particular research issue were labelled, thus, facilitating examination of the main research question in this study.

Introduction to case discussion

In order to maintain the richness of responses provided by the respondent, direct quotes translated from Chinese are used to enhance the discussion.

4.3.1 Proposition 1 (related to the trigger of internationalisation, see Section 2.3 and Figure 2.6)

Table 4.2: Developed interview protocol question for Proposition 1 (see Appendix A) (see Table 3.2)

Research Questions from Interview Protocol	B Q1	B Q2	B Q3	B Q4	B Q5	C Q6	C Q7	C Q8	C Q9	C Q10	C Q11	C Q12	D Q13	D Q14	D Q15	D Q16	D Q17
P1	*	*															

Note:

Proposition 1 (P1): The internal and external pull and push factors trigger a firm owner’s thinking/planning regarding internationalisation

The questions used from the interview protocol were:

Q1. What made you start to consider the internationalisation of your firm and why?

Q2. What are your intentions toward thinking/planning internationalisation of the firm, and how strong are these?

Source: developed for this research

Proposition 1 incorporated the concept of the triggers of internationalisation. To address Proposition 1, questions one and two were utilised in the interview protocol.

The purpose of these questions was to collect the information of the FMEs about their intentions and considerations towards internationalisation based on the triggers of internationalisation (Aharoni, 1999; Hutchinson et al, 2007; Jenster & Jarillo, 1994; Knight & Kim, 2009; Welch & Luostarinen, 1993).

Triggers for internationalisation for each case were identified, and then each trigger was coded along two dimensions. The first dimension coded triggers as proactive (pull) or reactive (push) factors. The second dimension reflected whether the trigger was based on factors under the firm's direct control, that is, internal factors, or external factors outside its direct control. Growth and profit purpose, managerial urge and marketing advantage are the internal pull factors, while exploitation of foreign market opportunities and change agents were the external pull factors (Albaum et al., 1995). The change agent factors had two components, the internal and external pull factors. The internal pull change agent referred to managerial urge and it came from within the firm, which was the role of the management of the firm to understand opportunities in foreign markets (Caliskan et al., 2006; Crick & Spence, 2005; Freeman & Cavusgil, 2007; Wright et al, 2007) The external pull change agent factors

were stimuli from outside the firm that stimulated its owner to consider internationalisation as the way to respond to this outside stimuli. For example, an external change agent can be government support that facilitates and supports the firm to consider internationalisation. However, the internal push factors were focused on the overproduction and excess capacity of resources of the firm (Czinkota & Ronkainen, 1995). The external push factors included competitive pressure the firm faced in the domestic market, the small domestic market in which the firm was involved and the saturated or declining domestic market demand that the firm suffered (Albaum et al.,1995; Crick, 2007; Czinkota & Ronkainen, 1995). Thus, these internal or external push factors could lead to the seeking of opportunities in the foreign market in order to expand their own market.

Table 4.3: The distribution of internationalisation triggers of firms

	Internal	External
Proactive (pull factors)	<ul style="list-style-type: none"> ● Growth and profit purpose (Beta, Eta, Jelly) ● Managerial urge (change agent) (Eta, Fig, Ivy) ● Marketing advantage (Jelly, Kangaroo) 	<ul style="list-style-type: none"> ● Foreign market opportunities (Cherry, Honey) ● Change agent (Delta) ● Strategic resource (Delta, Fig, Kangaroo)
Reactive (push factors)	<ul style="list-style-type: none"> ● Overproduction ● Excess capacity of resource 	<ul style="list-style-type: none"> ● Competitive pressures (Alpha, Gamma, Ivy, Lion) ● Saturated domestic market (Eta, Lion)

Source: developed for this research

Quadrant 1: internal, proactive pull triggers

There were five firms involved in this quadrant. The main internal pull factors they focused on were the growth and profit purpose (three firms), the factor of managerial

urge (three firms) and the factor of technology advantage and/or unique product (two firms).

Growth and profit purpose (Beta, Eta and Jelly)

The growth and profit purpose was the strongest trigger leading the firm to seek international sales as a potential source of higher profit margins rather than only focusing on the domestic market.

Beta claimed that the firm sought profit from international markets to accumulate financial resources from the selling of products to the African market to prepare for further internationalisation.

Beta:

因为我们公司目前做的是一些仿制国外药品的产品。而通过仿制去研发我们自己的产品是我公司国际化进程的一部分。而另一部分我们就是通过仿制药品来保证我们利润源的稳定，这样有利于我们去积蓄资本为进一步的国际化做准备。比如我们会首先选择非洲的一些国家作为我们国际化的首选，然后在未来我们会继续向欧美市场发展

“Well, our intention is very strong as we are currently engaged in modelling foreign pharmaceutical products. To engage in research and development of our own products through modelling is part of the internationalisation process of our company. Moreover, we can ensure stability of our profit source by modelling of the medicines through selling to the African market, which will help us accumulate capital to get ready for further internationalisation. For example, some African countries became

the first choice of our internationalisation, followed by continuing to develop the European and American markets in the future.”

However, both Eta and Jelly cases stated that international sales could ultimately facilitate them to overcome the most difficult period during their early stage of development and sustain employees within the firm.

Eta:

我们公司最初的意图是要去度过公司的初期阶段可以说是我们最艰苦的时期，说白了就是员工需要养活，所以我们就把目光从国内市场放到了国外市场，当然我们国际化的意图是很强烈的啦

“Our initial purpose of the company was to get through the start-up stage, which was the toughest period for us. Honestly speaking, we had to provide for the staff. So we shifted our vision from the domestic market to the overseas markets. So far our company has already survived the start-up and most tough stage. With the support of overseas markets and accumulation of capital, our intention might change, but our “going global” approach will never change, obviously; our intention towards internationalisation is very strong.”

Managerial urge (internal change agent) (Eta, Fig and Ivy)

The internal change agent is the role of the management of the firm to understand opportunities in foreign markets (Caliskan et al., 2006; Crick & Spence, 2005; Freeman & Cavusgil, 2007; Wright et al, 2007). Czinkota and Ronkainen (1995) argued that managers who have spent time abroad, have learned foreign languages

(Knowles et al., 2006), or are particularly interested in foreign cultures are likely to recognise whether international marketing opportunities would be appropriate for their firm (Freeman & Cavusgil, 2007).

Eta, Fig and Ivy explained that the decision they made towards internationalise was based on their owner's personal overseas study and experience of living in foreign countries. The familiarity in relation to the foreign country triggered the owner to seek to internationalise their firm towards that foreign market.

Eta:

首先来说，我们公司的国际化更多是我个人的因素，因为我有在国外 8 年的留学经历。然而，我通过朋友的介绍，还有我自身的留学经历，发现了很多海外市场的商机。而且我发现如果我们公司走出去的话，所产生的效益要远远高于只着重于国内市场的比例。再有一点就是，我对我们公司在市场上的定位，这个定位也是会影响公司国际化的，就是把企业未来的着重点慢慢的从国内市场转移到海外的市场，因为海外市场可以说是能决定公司未来几十年发展的，如果不能打开国际市场的话，那就等于给我们自己的企业放上了发展的天花板，不管你在国内做的再好，没有海外市场的企业是不健全的，一旦国内市场出现什么波动，那么海外市场就可以为我们公司做一个补充

“Firstly, to internationalise our company is basically my intention, as I have eight years of overseas study experience in the UK, my positioning of the company on the market would also affect the company's internationalisation. The positioning is to gradually shift the future focus of the company from the domestic market to the

overseas market, for example, the Nigerian market, as the overseas market can determine the company's development in the next few decades. If we can't establish our international market, it's almost like putting a ceiling against the growth of our company. A company cannot be perfect without having an overseas market no matter how well it performs in its own country. When fluctuation strikes the domestic market, the overseas market can serve as a supplement for our company."

The marketing advantage (Jelly and Kangaroo)

The third internal pull trigger resulted from the different products of the Chinese FMEs which provided the firm's products with an international market advantage.

The quality products the firm owned and the low availability of them in the international market triggered it to seek sale of their product to the international market or cooperate with foreign business partners with their unique product.

However, both Jelly and Kangaroo stated that their products had highly competitive advantages in the domestic market and a high level of potential competitive advantage in the international market. The products from Jelly and Kangaroo were not only independently developed by themselves, but both firms also owned the intellectual property of their products compared with other similar domestic or international firms.

Kangaroo

我们公司国际化的原因有两点。第一点是一个内因，是一个更大市场的需求，虽然我们产品在国内市场的潜力很大，但是在国际上我们的产品竞争优势也是很大的，这个主要的原因是因为我们的这个产品是自主研发的，本公司自己持

有产权。另外目前在国际市场上，与其他国家的产品相比，我们产品的性能质量方面并不比他们差，而我们的成本又更有优势。再就是在有些国家，这种产品的覆盖率还没有完全达到，比如说中东地区。所以这也是为什么我们把第一个海外市场选择在中东的原因

“The first reason was the internal one. We have demands from a bigger market. Although our products have great potential in the domestic market, they also have a great competitive advantage internationally. This is mainly because our products were independently developed, and we own the property rights. Moreover, in the current international market, our products can match products from other countries in terms of performance and quality, but we have the advantage of cost. Furthermore, in some countries such as those in the Middle East, the market coverage of this kind of product is not yet achieved. That is why we chose the Middle East as our first overseas market.”

Conclusion

According to the analysis of the internal pull quadrant, two firms of Eta (growth and profit purpose, and managerial urge) and Jelly (growth and profit purpose, and marketing advantage), had multiple triggers in the quadrant, and the remaining firms in this quadrant had only one trigger.

Quadrant 2: external, proactive pull triggers

There were five firms involved in external pull trigger quadrant and the factors included foreign market opportunities (two firms), change agent (one firm) and strategic resources (three firms).

Foreign market opportunities (Cherry and Honey)

The foreign market opportunities acted as stimuli that the owner/manager of the firm was likely to use to consider internationalising his/her firm based on the adequate resources he/she had to respond to these opportunities.

Both Cherry and Honey stated that the trigger that stimulated them to internationalise toward the foreign market was based on their market opportunity awareness through the ‘guanxi’ between their owner and business partners.

Honey

在我朋友的引荐下，我和美国的一家公司有了业务上的往来，我们建立关系最初的时候是因为有供应和需求，比如说我有我的产品，他有他的市场，他需要这样的产品，或者说我们有特定的技术，这个技术在他的市场有一个特定的应用，第一个来说就是因为有关系和需求，也就是说我们有产品对方有需求，这是我们的第一步，也是和对方建立一个最起点的合作基础，当然我们国际化的意图是很强烈的

The foreign market demand/opportunity for Honey’s products triggered this firm towards internationalisation based on an introduction from the owner’s friend. As the owner explained:

“My friend introduced me to an American firm, and I had gradually built a business relationship with that firm. First of all, we formed a ‘guanxi’ at the very beginning

because there was supply and demand between the American firm and my firm. I have the products; they have a market; they needed my products or our particular technology that has a specific application in their market. So there were the 'guanxi' and the demand. We have the products and they have the demand, and that was our first step which was to establish an initial foundation for cooperation with them, and my intention towards internationalisation is certainly very strong."

Change agent (Delta)

The analysis showed that there was an external change agent factor that stimulated the firms to consider internationalisation.

This external agent came from the efforts of the Chinese government, as China joined the WTO in 2001.

Delta

最重要的是在我的公司创始的时候，就已经有了国际化的想法啦，因为国际化是一个趋势嘛，中国自从加入 WTO 之后，其实就已经是国际化的一部分了，你不想国际化也不行啊，因为时代在推着你往前走，不进则退嘛

"Most importantly, we were thinking of internationalisation when the company was first founded, because internationalisation was a trend. Since China joined in WTO, it has already become part of the internationalisation. Internationalisation is no longer avoidable as you are pushed forward by the era. Go forward, or else you'll be left behind."

Strategic resources (Delta, Fig and Kangaroo)

Strategic resources are intangible resources dealing with the technology and core competence of the company (Dunning, 1993). However, the stimuli from the triggers of strategic resource either sustain or strengthen the competitive advantage of the firm in both the home and foreign markets, or weaken the current or potential competitors.

Delta, Fig and Kangaroo stated that the seeking of new technology and successful internationalisation experiences from foreign business partners were the main triggers that led them to consider internationalisation as a way to improve the competitive advantage of their firms.

Delta

比如我之前也到过一些企业进行一些接触，通过朋友的介绍嘛，尤其是跟日本的一家保健品企业进行一些沟通，首先就是学习人家这些先进的技术，包括国际化的理念和经验，当条件达到一定的程度的时候，我们就开始和日本这家企业合作，去打开当地的市场，这样不但可以开拓我们公司的视野，而且还可以在合作的过程中学习到别人先进的经验。这就是我为什么会考虑国际化的原因，就是我们去学习国外一些成功企业的经验，然后用这些经验去提高和壮大自己，然后我们以后再走出去就会方便很多，比如我在日本这家企业学习到的先进的蜂胶提取技术，一些好的公司管理模式和企业组织文化，然后运用到我们自己的公司的身上，那么我们就会有很大的提高，为将来进一步的国际化做一个好的铺垫，所以我们国际化的意愿是很强烈的

“I used to have contacts with some companies through the introduction of my friends, particularly some communications with a company dealing with health products in Japan. At first, we were learning about their advanced technologies including ideas and experiences related to internationalisation. When we reached a certain level, we started to collaborate with this Japanese company to open up the local market, which not only enabled us to broaden our horizon, but at the same time allowed us to learn from others’ advanced experience in our cooperation. That’s why I considered internationalisation. We can learn from the experiences of some successful companies abroad, and utilise these experiences to help ourselves improve and grow, then it will be much easier for us to go global later on. For example, I have learned the advanced propolis extract technology, as well as some good corporate management models and corporate culture from this Japanese company, and then applied them to our company. This would help us improve dramatically and lay a good foundation for our further internationalisation in the future, therefore, our intention towards internationalisation is very strong.”

Conclusion

According to the analysis of the external pull quadrant, one firms of Delta (change agent and strategic resources) had multiple triggers in the quadrant, and the remaining firms in this quadrant had only one trigger. However, the firm that had multiple triggers can lead them to more opportunities in order to collect strategic resources and

internationalisation knowledge from friends/business partners than the firm which had one trigger.

Quadrant 3: internal, reactive push triggers

None of the firms were found in the internal push triggers quadrant.

Conclusion

Because none of the firms are involved in this quadrant, the internal push triggers had a neutral effect on the pre-export behaviour of the Chinese FMEs in this study.

Quadrant 4: external, reactive push triggers

Of the five Chinese FMEs in the external push triggers quadrant, four emphasised the competitive pressure and two focused on the saturated domestic market.

Competitive pressure (Alpha, Gamma, Ivy and Lion)

Competitive pressure is one of the most significant reactive triggers that can push a firm to seek expansion towards international markets as an alternative to reducing the competitive pressure from domestic competitors.

Alpha, Gamma, Ivy and Lion stated that they realised that highly competitive behaviours, including highly competitive price campaigns, within the Chinese market would limit their firm's ability to further develop, therefore, the international market would be an alternative to reduce that pressure.

Alpha

由于国内缺乏知识产权的保护，所以我的产品经常被仿冒，这给我的公司造成了很大的影响，不仅仅是产品形象受到了影响而且我的营业额也下降了很多所以我的国际化的意愿是很强烈的

“The competition arose, in part, because of the lack of intellectual property protection legislation in China. The product image and revenue generation ability of my firm was damaged by others who plagiarised my product, and also sold at a lower price than me in order to gain the market share in the traditional Chinese medicines and instruments in the Chinese market, therefore, my intentions towards internationalisation are certainly very strong.”

The saturated domestic market (Eta and Lion)

The saturated domestic market is the second important external push trigger that can drive a firm to seek international markets in order to achieve its future sustainable growth because the domestic market of the specific industry is too saturated and highly competitive to sustain adequate economies of scale and scope of the firm.

Both Eta and Lion stated that the domestic market was not only highly competitive for them to develop, but it was also saturated and could not appropriately sustain their business in the future. Internationalisation could provide a better opportunity for the owner to sell their products to a foreign business partner's home market based on the internationalisation knowledge and information gained from this business partner.

Lion

至于是什么原因让我开始考虑国际化的，我是这样认为的，国内的市场毕竟是有限的，因为我们这个医药行业的竞争太强，还有就是，如果我只是专注于国内的市场而不向国外市场进发的话，那么我的这个企业今后的发展必然是会减慢的

“As to what made me start considering internationalisation, in my opinion, the domestic market is limited after all, as the competition in our pharmaceutical industry is very intense, and if we only focus on the domestic market without progressing into the overseas market, my company will slow down in future development.”

Conclusion

The case analysis of the triggers within the external push quadrant showed that Lion had multiple triggers to lead the firm towards internationalisation (competitive pressure and a saturated domestic market) while the other four firms (Alpha, Eta, Gamma and Ivy) in this quadrant had only one trigger (competitive pressure or a saturated domestic market).

Throughout the previous findings of Proposition 1, evidence confirmed firstly that the concept of internationalisation triggers explained how the Chinese FMEs followed the driving forces of internationalisation when they started to consider how to internationalise their firms (see Tables 4.2 and 4.3). The driving forces of internationalisation were factors motivating the internationalisation process within the MEs and are either internal or external stimuli, or could be seen as the result of a

reactive or proactive behaviour (Albaum et al, 1995; Crick 2007; Czinkota & Ronkainen, 1995).

4.3.2 Proposition 2 (related to the mechanism of mutual benefits of ‘guanxi’, see Section 2.5.4, Table 2.3 and Figure 2.6)

Table 4.4: Developed interview protocol question for Proposition 2 (see Appendix A) (see Table 3.2)

Research Questions from Interview Protocol	B Q1	B Q2	B Q3	B Q4	B Q5	C Q6	C Q7	C Q8	C Q9	C Q10	C Q11	C Q12	D Q13	D Q14	D Q15	D Q16	D Q17
P2								*			*						

Note:

Proposition 2 (P2): The mechanism of mutual benefits embedded in the concept of 'guanxi' is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign market

The questions used from the interview protocol were:

Q8. Do you think the greater number of ‘guanxi’ network ties you have, the more benefits (critical resource, foreign market knowledge and information) you can gain for internationalisation of your firm? Please specify.

Q11. How and why do you utilise ‘guanxi’ to overcome foreign market uncertainty in order to facilitate the internationalisation planning of the firm?

Source: developed for this research

Proposition 2 incorporated the concept of the mechanism of mutual benefits embedded in ‘guanxi’ (Luo, 1997; 2000; Yang, 1994; Zhuang & Li, 2015). The purpose of these questions in this section was to collect the information on the mutual benefits received by both the firm and the friends/business partners of the firm, and how this mechanism could increase market familiarity between the local and foreign

markets for the Chinese FMEs in order to facilitate their pre-export behaviour (Luo, 1997, 2000; Yang, 1994; Zhuang & Li, 2015).

Table 4.5 shows the summarised response from the 12 Chinese FMEs based on the two types of firm benefits and two types of friends/business partner benefits. The mechanisms of mutual benefits of ‘guanxi’ for each case were identified, and then coded along two dimensions. The firm benefits dimension coded the benefits the firm earned from friends/business partners through ‘guanxi’ and the friends/business partner’s benefits dimension was coded as the benefits received by friends/business partners from the firm through ‘guanxi’. The first type of firm benefit was the critical resource the firm accessed from their friends/business partners from ‘guanxi’ which included the internationalisation experience, and the ‘guanxi’ resource and market channel.

The second type of firm benefit was foreign market knowledge and information the firm learned from friends/business partners through ‘guanxi’. The first type of friends/business partner benefits was the financial benefits they earned from the firm, which included commission and financial cooperation. The second type reflected the non-financial benefits the friends earned from the firm, which involved a share of the foreign market knowledge and information.

Table 4.5: The distribution of the benefits by the firm and their friends/business partners

The mechanism of ‘guanxi’: Mutual Benefits	
The firm benefits	The friends / business partners benefits

Type 1: Critical resource	<ul style="list-style-type: none"> ● Internationalisation experience (Beta, Eta, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion) ● Market channel (Eta) ● ‘Guanxi’ resource (Beta, Delta) 	<ul style="list-style-type: none"> ● Commission (Alpha, Beta, Cherry, Eta, Fig, Gamma, Ivy, Jelly) ● Financial cooperation (Delta, Honey, Kangaroo, Lion) 	Type 1: Financial Benefits
Type 2: Foreign market information and knowledge	<ul style="list-style-type: none"> ● Foreign market information and knowledge (Alpha, Beta, Cherry, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion) ● Increase of market familiarity (Alpha, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion) 	<ul style="list-style-type: none"> ● Foreign market information and knowledge share (Beta, Delta) 	Type 2: Non-financial Benefits

Source: developed for this research

Type 1 firm benefits: the critical resource

The critical resource refers to the tangible financial or non-financial resource and intangible knowledge-based resources that provide the firm with a competitive advantage in order to facilitate the internationalisation preparation of the firm. The internationalisation experience, the market channel and ‘guanxi’ resources that the firm can access from friends/business partners belongs to the intangible knowledge-based critical resource category in this research.

The difference between the critical resources and the Type 2 firm benefits (foreign market knowledge and information) is that after the firm accessed the critical resource, especially the internationalisation experience and market channel from friends/business partners, these critical resources were utilised immediately within the business, because the internationalisation experience and market channel the firm accessed from friends/business partners were based on friends/business partners’

successful experience, and could be utilised directly without delay. In contrast to the foreign market knowledge and information the firm learned from friends/business partners in the Type 2 firm benefits, the foreign market knowledge and information the firm learned from friends/business partners needs time to be understood by the firm and then applied to foreign market knowledge and information into the firm. The time lag would occur between understanding the knowledge and applying the knowledge into the business. There were 10 firms involved in the Type 1 firm benefits; and the critical resources they accessed included internationalisation experience (eight firms); market channel (one firm) and 'guanxi' resource (two firms).

Internationalisation experience (Beta, Eta, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion)

The first type of critical resource the firm accessed from friends/business partners was the internationalisation experience. This accessed experience helped guide the firm effectively and efficiently towards international markets.

Beta, Eta, Gamma, Honey, Ivy, Jelly, Kangaroo and Lion stated that the trusted friends and business partners who had internationalisation experience could provide the relevant amount of foreign market knowledge and information to assist them in selecting the appropriate market to enter based on the current situation of the company.

Beta

"并且我们在进入国际化的准备过程中，通常会先选择一个有过国际化经验的合作伙伴共同研发，从中获取相关信息可能会更直接有效一些。

"In our preparation for internationalisation, firstly we would usually choose a business partner with experience in internationalisation to conduct joint research and development. The relevant information acquired from this is more direct and effective."

Market channel (Eta)

The market channel was the second critical resource the firms could access from friends/business partners, which referred to the international market channel that was accessed to sell their products in preparation to internationalise in the future.

Eta

Eta stated that the owner utilised 'guanxi' with his friend who acted as an intermediary and provided Nigerian market information and knowledge to him in order to increase the owner's Nigerian market familiarity and facilitate Eta's internationalisation process. In addition, with the permission of the owner's friends, he could utilise his friend's international channel to sell products to the Nigerian market.

这个中间人，就是我通过关系找到的一家国企的负责人，他们公司主要是做对外贸易的，我们正是使用和他的关系和他们国际化的渠道，以便使我们的产品顺利的进入非洲市场, 同时他也给我提供了大量的非洲市场的信息。所以说这个中间人，在我们公司国际化的进程中起到了一个承上启下的作用，可以说是连接我们公司和非洲市场的纽带

“The intermediary I mentioned earlier is an executive of a state-owned company I found through ‘guanxi’. That company is mainly engaged in foreign trade. We were just using our ‘guanxi’ with them and their channels of internationalisation to enable our products to successfully enter the African market. So the intermediary has been a direct link in our progress of internationalisation, and the link between our company and the African market.”

‘Guanxi’ resource (Beta, Delta)

The third critical resource the firm could access from friends/business partners was the ‘guanxi’ resource, which reflected the particular interpersonal relationship networks the firm accessed from the ‘guanxi’ networks built up with friends/business partners. However, the owner could utilise their friends/business partners’ ‘guanxi’ networks in order to facilitate the internationalisation for his/her own firm.

Both Beta and Delta stated that, the ‘guanxi’ networks they accessed from friends/business partners were a critical resource, as the ‘guanxi’ networks established by the friends/business partners involved the people who had the same regional cultural background within a similar industry in the regional area. These people actively helped each other, and believed if they helped others today they would gain more in the future.

Delta

就是我们当地做这个生意的人都很抱团，大家彼此之间都特别的信任对方，而在这个团体中，大家互相帮助啊，比如调货啊，调资金啊，提供信息还有经验

啊，都很方便，一个电话一打，很快所有的事情和困难都会处理好，他这个资源调动能力是非常的强的，非常灵活的，我们在这个团体呢互相帮助，使这个团体更加的紧密

“That is to say, our local business owners are closely bonded and they trust each other. In the ‘guanxi’ group, we help each other in dispatching goods, mobilising capital, providing information and experience etc. It is quite convenient. All matters and difficulties can be resolved with just one call. They have very strong and flexible capacity to mobilise resources. They help each other in the group, which makes the group more closely tied. As a result, most resources of my business come from this group.”

Conclusion

According to the data analysis of the Type 1 firm benefits, two firms, Beta (Internationalisation experience and ‘guanxi’ resource) and Eta (Internationalisation experience and market channel) could access multiple critical resources from friends/business partners. However, the remaining eight firms in the Type 1 firm benefits accessed one critical resource from friends/business partners.

Type 2 firm benefits: Foreign market information and knowledge

Foreign market knowledge and information played a significant role during the pre-export stage of the Chinese FMEs, which not only improved the firms’ understanding of the foreign markets in preparing for internationalisation, but it also increased the familiarity between the home and foreign markets for the firm by reducing the

uncertainty of the owners about entering the foreign market. There were 11 firms involved in the Type 2 firm benefits relating to the foreign market knowledge and information.

Foreign market knowledge and information (Alpha, Beta, Cherry, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion)

The case analysis found that there were three types of foreign market knowledge and information the firm earned from friends/business partners, which included target customer segmentation, potential competitor competitive advantage of the firm in that foreign market, and local legislation and entry requirements the owner needed in order to plan the internationalisation of the firm.

Alpha, Beta, Cherry, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo and Lion stated that the trusted friends/business partners who had internationalisation experience could provide the relevant amount of foreign market knowledge and information to assist them to select the appropriate market to enter based on the current situation of their firm.

Alpha (target customer segmentation, potential competitor / potential competitive advantage)

"我收集海外市场的信息大多是通过朋友。因为我有很多朋友是在日韩这些国家做生意的，他们可以给我提供相关信息。另外就是通过与海外合作伙伴合作的过程中，由他们给我提供一些信息。我所获得的信息一般是进入市场的准入许

可政策，以及在该市场我产品目标消费人群的规模，还有就是在该市场我产品可能存在的竞争对手和竞争优势

“I collected information on overseas markets mostly through my friends as I have many friends doing business in Japan and South Korea who can provide me with relevant information. Moreover, my overseas partners provided me with some information while we were doing business together. The information I got was generally about market access permit policies, the scale of the target customer groups of our products in those markets, as well as possible competitors and the competitive advantages of our products in those markets.”

Gamma (Legislation and entry requirement)

关于这个问题呢，我是这样认为的。比如我在选择第一个海外市场的时候就遇到了很多的问题，而其中最大的问题是，我不知道应该去选择哪个市场让我的公司来国际化，因为不熟悉对方的市场和法律法规，虽然在网看到了很多有关海外市场的条文，但是到底是一个什么样的情况，我是不了解的，这应该算是不确定因素。但是在我一筹莫展的时候，我的一个在非洲做生意的朋友给我提供了很多重要的非洲尤其是肯尼亚的市场的信息，还有他在这个市场总结的国际化知识，我通过这个朋友对这个市场有了一个比较深入的了解

“In regards to this question, we ran into a lot of issues when choosing our first overseas market. The biggest issue was that I had no idea which market should be chosen for the internationalisation of my company. We are not familiar with foreign market and legislations. Even though we read many articles on the internet about

legislation and entry requirement, I still did not know what they were like. It should be one of the uncertain factors, but when I was unable to find a way, a friend who was doing business in Africa gave me lots of important market information about Africa, in particular about the market in Kenya, as well as the knowledge he acquired about internationalisation in that market. I obtained a better understanding of that market through this friend.”

The increase of market familiarity (Alpha, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion)

The uncertainty of the owner of the firm can be referred to as a set of factors “preventing and disturbing the flow of information between the firm and the market, including differences in language, culture, political systems, level of education or level of industrial development” (Johanson & Vahlne, 1990, p.21). As long as the foreign market knowledge and information is accumulated, there would be an increase in market familiarity between the home and the foreign markets for the owner, and the uncertainty would be reduced.

Alpha, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo and Lion stated that the more foreign market knowledge and information learned by the owner from friends/business partners through ‘guanxi’, the more there was understanding in relation to that foreign market, and that the uncertainty about the market will be gradually reduced.

Lion

从我的角度来说，海外市场的不确定因素就是我心里的一种不安全感，这种不安全感来自于我对这个市场的不熟悉，还有来自这个国家和我们国家的文化差异造成的。比如像我之前提到过得，我的第一个海外市场，法国，因为第一，我对这个国家的药品准入法则不熟悉，我不知道该做哪些准备去进入到这个市场中去，第二，就是我所收集到的信息不对称，这都是因为我对这个市场不了解造成的，像信息不对称的问题，也许就是文化上的差异，我在国内做药品生意很多年了，好多中国人固有的做生意的观念已经形成了，但是法国人做生意的观念和我们又不一样了，人家认为这样做是对的，你认为这样做不对，矛盾就会形成，就会在心里产生不安全感。那么怎样去消除这种不安全感呢，就是要多多收集有关法国这个市场的信息，那么让不认识的人去做又不放心，那么只能通过亲戚朋友这些信得过的人为我去收集和辨别信息了，信息掌握的多了，对这个市场的情况了解的透彻了，这种不安全感自然而然的就消除了，所以关系是无时无刻的在伴随我们企业的国际化的

“Personally speaking, the uncertainties in overseas markets provoke a sense of uncertainty in me, which results from my unfamiliarity with the market, and the cultural differences between the two countries. As I mentioned earlier, our first overseas market is France. Firstly, I was unfamiliar with the access rules of medicines in this country, and I didn't know what preparations I should make in order to enter the market. Secondly, the information we collected was asymmetrical which was as a result of my unfamiliarity with the market. Maybe the issue of asymmetrical information was due to cultural differences. I have been running the pharmaceutical business in China for many years, and many Chinese have formed a stereotyped

concept about doing business, but the business concepts of the French people would be different from ours. Contradictions might occur when your ideas clash with the others, and then a sense of insecurity might arise in your mind. Then how can we dispel the sense of insecurity? Well, we need to collect more information about the French market. You would not trust the people you don't know to do this, thus you have to rely on your relatives and friends whom you trust to collect and distinguish information. The moment when you have gained more information and had a more thorough understanding about the market, the sense of insecurity will naturally disappear. So 'guanxi' exists in our process of internationalisation at all times."

Conclusion

According to the data analysis of the Type 2 firm benefits, there were nine firms (Alpha, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion) that stated that they had not only learned foreign market knowledge and information from friends/business partners through 'guanxi', but that the foreign market knowledge and information they gained could also increase their market familiarity with the home and foreign markets. However, there were two firms (Beta and Cherry) in this Type 2 firm benefits that demonstrated that their foreign market knowledge and information was learned from friends/business partners through 'guanxi'.

Type 1 Friends/business partners benefits: Financial benefits

There were 12 firms involved in the financial benefits for friends/business partners where eight firms were in the category of commission, and four firms were in the financial cooperation category.

Commission (Alpha, Beta, Cherry, Eta, Fig, Gamma, Ivy, Jelly)

The commission is the direct financial benefits that the friends/business partners gain from the firm during the provided the firm with firm for critical resource and foreign market knowledge and information.

Alpha, Beta, Cherry, Eta, Fig, Gamma, Ivy and Jelly stated that they would provide a commission to their friends/business partners at different percentages directly from their profit made by utilising the resources and foreign market knowledge/information provided by friends/business partners.

Alpha

另外我认为，通过朋友去收集信息，这个信息的准确度是直接跟利益挂钩的，比如我会主动的把我所得利益的两成给他，这都是不用说的，如果我们的目标利益一致，那么共享的资源信息可信任度是相对非常大

“In addition, I think the accuracy of the information collected through friends is directly linked to interests. For example, I contributed 20% of my profit to these friends who provided valuable information to me. If our target and interests are consistent, the credibility of the shared resources and information would be relatively high.”

Financial cooperation (Delta, Honey, Kangaroo, Lion)

Financial cooperation is the indirect financial benefit embedded in the mechanism of mutual benefits; the friends/business partners gain benefits from the firm during their cooperation in exchange for providing the owner with critical resources and foreign market knowledge and information.

Delta, Honey, Kangaroo and Lion stated that the financial cooperation between them and their friends/business partners was created through a process called joint investment in which both the owner and friends/business partners invested a certain amount of funds into the business to enhance collaboration and help each other to grow.

Kangaroo

当我们和当地的企业确认这种合作伙伴关系的时候，我们都会拿出一部分资金用于共同合作，双方差不多都拿出 1 千万人民币左右，我们会给他们留出一些让他们眼前一亮的这种利润空间，然后就是建立这种互助互利的关系了

“When we established a business partnership with local companies, each of us contributed 10 million Chinese Yuan for mutual loan into the business as the way of financially cooperating. We can give them a margin that will interest them, and then we can establish a ‘guanxi’ of mutual help and mutual benefit to help each other to grow.”

Conclusion

According to the data analysis of the Type 1 friends/business partners benefits, there were eight firms (Alpha, Beta, Cherry, Eta, Fig, Gamma, Ivy and Jelly) that stated that they utilised the commission as a direct financial benefit for their friends/business partners who had provided them with critical resources and foreign market knowledge/information. However, the other four firms (Delta, Honey, Kangaroo and Lion) stated that financial cooperation would be the alternative for them and their friends/business partners, so that not only could this cooperation help each of them to grow, but it could also improve the mutual trust of their ‘guanxi’

Type 2 friends/business partners benefits: non-financial

There were two firms (Beta and Delta) involved in the non-financial benefit for friends/business partners. There was only one category in this type of benefits, involving the foreign market knowledge and information share.

Sharing foreign market knowledge and information (Beta and Delta)

The foreign market knowledge and information shared between the firm and friends/business partners is an important non-financial benefit from which the firm’s friends/business partners can gain. This helps the bidirectional learning of the foreign market knowledge and information for both the firm and its friends/business partners.

Both Beta and Delta stated that the share of their own foreign market knowledge and information with friends/business partners was the best way to improve ‘guanxi’ between them and their friends/business partners.

Beta

我们和台湾还有香港的这些合作伙伴都是常来常往的，咱们中国人不是常说来而不往非礼也嘛，所以我不仅会跟朋友分享我所获得有关欧美市场的资源，而且也会拿出 5% 利润给他们作为回报，所以我们之间的关系也保持的不错

“In order to maintain a mutual benefit to our ‘guanxi’, I will not only share information about the European and American market with my friends but I also contributed 5% of my profit with them as well. As a Chinese saying goes, ‘It’s impolite to not reciprocate’, so we have maintained a pretty good relationship.”

Conclusion

According to the data analysis of the Type 2 friends/business partners benefits, there were two firms (Beta and Delta) that stated that in order to maintain mutual benefits of ‘guanxi’, the firm shared their own foreign market knowledge and information with their friends/business partners as it was the best way to improve and maintain ‘guanxi’

Evidence from the qualitative analysis relating to Propositions 2, indicated that the concept of the mutual benefits embedded in ‘guanxi’ increased the market familiarity between the local and foreign markets for the Chinese FMEs to facilitate their pre-export behaviour. This mechanism of ‘guanxi’ mainly referred to the mutual exchange of favours and created mutual benefits between individuals and firms based on its long-lasting nature, such as the exchange of knowledge and the benefits from this knowledge. However, this mechanism could facilitate the pre-export stage of the firm, which could increase market familiarity of the home and foreign markets, because

they could gain foreign market knowledge/information directly from their business partner/friends, and their business partner/friends were always willing to exchange favours with them based on ‘guanxi’. (Luo, 1997, 2000; Yang, 1994; Zhuang, Xi & Zhou, 2007; Zhuang & Li, 2015)

4.3.3 Proposition 3 (related to the mechanism of investment of ‘guanxi’, see Section 2.5.4, Table 2.3 and Figure 2.6)

Table 4.6: Developed interview protocol question for Proposition 3 (see Appendix A) (see Table 3.2)

Research Questions from Interview Protocol	B Q1	B Q2	B Q3	B Q4	B Q5	C Q6	C Q7	C Q8	C Q9	C Q10	C Q11	C Q12	D Q13	D Q14	D Q15	D Q16	D Q17
P3							*										

Note:

Proposition 3 (P3): The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future

The question used from the interview protocol to measure Proposition 3 was:

Q7: How do you “invest” ‘guanxi’ to your business partners for the development and internationalisation planning of your firm and why was this done in that way?

Source: developed for this research

Proposition 3 incorporated the concept of investment embedded in ‘guanxi’ (Luo, 1997, 2000; Yang, 1994; Zhuang & Li, 2015). The purpose of this question was to collect information on how and why the firm’s owner “invested” in ‘guanxi’ with their business partners and the delay for repayment from ‘guanxi’, and accumulated this “interest” to seek the future returns from friends/business partners if specific

difficulties occurred in order to facilitate planning/thinking of internationalisation of the firm (Luo, 1997, 2000; Yang, 1994; Zhuang & Li, 2015).

Table 4.7 displays the responses from the 12 Chinese FMEs based on the two types of ‘guanxi’ investment and two types of redeemable benefits from ‘guanxi’ investment.

The mechanism of ‘guanxi’ investment for each case was identified, which was then coded according to two dimensions. The ‘guanxi’ investment dimension coded the investment of ‘guanxi’ by the firm with friends/business partners and the redeemable benefits from the ‘guanxi’ investment dimension was coded as the benefits redeemed by the firm from friends/business partners through ‘guanxi’. The first type of ‘guanxi’ investment was the financial investment the firm made with its friends/business partners which included financial support for friends/business partners, the distribution of benefits among friends/business partners and giving them financial gift.

The second type of ‘guanxi’ investment was non-financial investment by the firm with friends/business partners that involved an emotional investment the owner made

The first type of redeemable benefit from ‘guanxi’ investment was financial benefits the firm earned from friends/business partners, which included financial support. The second type of redeemable benefit from ‘guanxi’ investment referred to the non-financial benefits the firm earned from friends/business partners involving the foreign market knowledge and information gained from its friends/business partners through ‘guanxi’ investment.

Table 4.7: The distribution of responses for the ‘guanxi’ investment mechanism

The mechanism of 'guanxi': Investment			
The 'guanxi' investment		The redeemable benefits from 'guanxi' investment	
Type 1 Financial investment	<ul style="list-style-type: none"> ● Financial support for friends/business partners (Jelly, Kangaroo) ● The distribution of financial benefits among friends/business partners (Ivy) ● Financial gift (Eta, Lion) 	<ul style="list-style-type: none"> ● Financial support from friends/business partners (Gamma, Jelly) 	Type 1: Financial benefits
Type 2: Non-financial investment	<ul style="list-style-type: none"> ● Emotional investment (Alpha, Beta, Delta, Fig, Gamma, Ivy, Jelly, Kangaroo, Lion) 	<ul style="list-style-type: none"> ● Foreign market information and knowledge (Beta, Delta, Eta, Fig, Gamma, Ivy, Kangaroo, Lion) 	Type 2: Non-financial benefits

Source: developed for this research

Type 1 'guanxi' investment: Financial

There were five firms involved in the financial type of 'guanxi' investment, of which two firms (Jelly and Kangaroo) provided financial support to friends/business partners, one firm (Ivy) distributed benefits among friends/business partners and two firms (Eta and Lion) gave a financial gift.

Financial support for friends/business partners (Jelly, Kangaroo)

The firm provided financial support to friends/business partners, which refers to the first 'guanxi' investment method embedded in the financial investment utilised by the firm in relation to accumulated 'guanxi' for future redemption.

Both Jelly and Kangaroo stated that the financial support for friends/business partners who suffered financial shortages was the best opportunity for them to accumulate the 'guanxi' between the firm and friends/business partners.

Jelly

再就是做人嘛，一定要知恩图报，有来有往这样才能把这段关系给维持下去，比如之前我帮过一个关系特别好的朋友的大忙，就是他缺差不多 20 万去购买一批原材料，我知道了之后就无偿的借给了他

“To be a well behaved person in the ‘guanxi’ network, the repayment of ‘guanxi’ investment from others is an essential factor in order to maintain the ‘guanxi’ as well as to maintain a good reputation of myself. For example, I lent around 200000 Chinese RMB to my best friend in order to help him to purchase raw material for production, as he needed this amount of money very urgently because of the lack of funds.”

The distribution of financial benefits to friends/business partners (Ivy)

The firm took the initiative and distributed financial benefits in appropriate ways to friends/business partners which was the second ‘guanxi’ investment method that was embedded in the financial investment utilised by the owner of the firm to maintain and accumulate ‘guanxi’ for future redemption.

Ivy stated that “investing” into ‘guanxi’ was based on mutual benefits being distributed in the most appropriate way with an honest attitude to treat each other with respect to maintain and accumulate ‘guanxi’ with his friends.

Ivy

有关这个问题我想举个我亲身经历的例子，我们和合作伙伴共事的时候主要是以利益为纽带把大家联系在一起的，换句话说，就是这个蛋糕怎么切的问题。

如果我们都很努力的去做自己的事业，那么这个蛋糕就会变的更大一些。我们之间的利益分割也会相对更多一些。但是不管是那种形式的合作，都是会有矛盾的。至于我们如何去相互理解和包容，去缓解这个矛盾，就要看我们能不能站在对方的立场上去考虑问题。也就是说，怎样通过关系把我们之间的这种合作搞得更和谐一些。而我们的核心不是如何投入和付出，应该是利益如何分配，怎么分配让大家都开心。我认为这是很重要的。所谓的付出就是一个合理的利益分配方案还有我们坦诚的合作态度

“I would like to reflect on my own experience. When we were working with our business partners, we were linked together mainly by our bounded interests. In other words, it’s about how you cut the cake. If we are all striving to do our own business, the cake will be bigger, and there will be more interest divisions between us. But there will be contradiction no matter what the form is of the cooperation. As to how we comprehend, tolerate and ease the contradiction, it depends on whether we could stand in each other’s shoes. In other words, how can we make our cooperation more congruent through ‘guanxi’? Our core issue is not about how to invest or contribute to ‘guanxi’, it’s more about how to distribute profits, and what kind of distribution can make everyone happy. I believe this is important. The so-called contribution refers to a reasonable profit distribution scheme and our sincere approach to cooperation.”

Financial gifts (Eta, Lion)

The owner's presentation of financial gifts to friends/business partners was the third 'guanxi' investment method embedded in the financial investment category by the Chinese FMEs that was utilised to maintain and accumulate 'guanxi' with friends/business partners in China.

Both Eta and Lion stated that providing gifts for friends/business partners was the common methods to invest into 'guanxi'.

Lion

我们对合作伙伴前期关系上的隐形投入非常的大，比如法国的合作伙伴来我们公司来考察，他们的差旅费都是我们付的，他们来的时候都是公务舱，他们来这里住的宾馆都是最好的，而且等他们考察结束回去的时候都是有礼物送给他们的 (50,000)，一直到我们确立合作伙伴关系，我们整体上在关系投入上的付出接近 1500 万人民币。我们以这种形式付出，一个是为了体现出我们公司在合作上的诚意，我们愿意为了维护好合作伙伴关系去全力的付出

“We made a great deal of invisible investments in the early ‘guanxi’ with our business partners. For example, when our French business partners came to visit our company, we paid for their travel expenses. They flew here in business class, and stayed in the best hotels in town. And we gave them ‘financial gifts around 50,000 RMB’ before their return at the end of their visit. This lasted until we had established our partnership, with the total investment in ‘guanxi’ reaching almost 15 million RMB. We invested in this way, firstly to show our sincerity in the cooperation and willingness to make every effort to maintain our partnership.”

Conclusion

According to the data analysis, five of the seven firms were involved in the Type 1 ‘guanxi’ investment. Two firms (Jelly and Kangaroo) chose financial support to friends/business partners as the method to invest ‘guanxi’, two firms (Eta and Lion) selected financial gift giving as the investment method and one firm (Ivy) chose the distribution of financial benefits to friends/business partners as the financial investment into ‘guanxi’.

Type 2 ‘guanxi’ investment: Non-financial

There were nine firms involved in the Type 2 ‘guanxi’ investment; all of these nine firms belonged to the emotional investment category in the non-financial investment of ‘guanxi’.

Emotional investment (Alpha, Beta, Delta, Fig, Gamma, Ivy, Jelly, Kangaroo, Lion)

Emotional investment was one of the most important non-financial ‘guanxi’ investment methods utilised by the Chinese FMEs. Other than financial investment, the positive emotional investment between the owner of the firm and friends/business partners was not only the ways they exchange business ideas, but it was also the way ‘guanxi’ was maintained and accumulated between them.

Alpha, Beta, Delta, Fig, Gamma, Ivy, Jelly, Kangaroo and Lion stated that private emotional contact with friends/business partners was necessary to keep friendships over a long period of time and the appropriate way to invest into ‘guanxi’.

Alpha

我和合作伙伴之间进行关系上的投入和付出主要是情感上的交流。比如说大家有共同的兴趣爱好和价值观，以这个为基础进行交流，也就是说我不是去找关系，而是发现关系。对于你提的问题中的一点，我是这样认为，为了某种利益去对这段关系进行投入和付出，这种关系是不稳固的，也许会随着共同利益的消失而结束。而我自己的观点是，关系是要建立在双方品行的认知上和互相信任的基础上的，也就是知恩图报，比如之前你在我一段困难时期帮助过我，那我现在已经渡过难关了，在以后只要你需要我的时候，我一定会竭尽全力的去帮助你，而这种关系上的付出不是金钱能够买的到的，这更多的是一种情感上的积淀，是一种互相之间的认知

“The main investment and efforts are emotional communication. For instance, we may share the same interests and values, and we communicate on this basis. That is, we are not seeking ‘guanxi’, but discovering it. To get to the point of your question, my view is that if the investment and efforts are intended for some kind of interests, the ‘guanxi’ will be unstable and may end when the common interests disappear.”

“In my opinion, ‘guanxi’ should be built on an understanding of each other’s conduct as well as the basis of mutual trust. In other words, be grateful and repay the grace. For instance, if you have helped me when I was in trouble, and now I have pulled

through, I will try my best to help you if you need me. This kind of investment in 'guanxi' is not something you can buy, but more of an emotional deposit and mutual understanding."

Conclusion

The data analysis of the Type 2 non-financial investment 'guanxi' investment showed that nine out of 12 firms emphasised the positive emotional investment as the main way to invest and accumulate 'guanxi' with friends/business partners.

Type 1: The redeemable benefits from 'guanxi' investment: financial

There were two firms (Gamma and Jelly) involved in the category of financial support gained from friends/business partners.

Financial support from friends/business partners (Gamma, Jelly)

The financial support the firm accessed from friends/business partners was the significant benefit that the firm could earn from their friends' business partners' repayment of 'guanxi' investment.

Both Gamma and Jelly stated that they would try to help friends as much as they could to reduce the impact of difficulties friends/business partners may suffer.

However, in times when the owner needed help, their friends/business partners would provide the same effort to help him as the 'guanxi' repayment.

Gamma

我的另一种关系的投入方式是，我会尽可能的为我的朋友们提供帮助，不管是业务上的还是生活上的，而且我这样去做完全就是出于我们之间的私交特别的好，也不要去他们马上去回报我，但是到了我需要帮助的时候，就比如说我在打开新加坡时候遇到了很大的困难，结果就是我之前帮过的一个朋友为我提供了不仅是资金上差不多有 2 千万的低偿还率的借款的支持

“My other way of investing in ‘guanxi’ is by doing what I can to help my friends whether that is with doing business or with everyday living. I do it completely out of our good personal relationship. I don’t expect them to repay me immediately, but when I do need help, for example, when I was having great difficulty with opening up the Singapore market, a friend that I once helped out provided me with financial support; around a 20 million Chinese RMB low interest repayment personal loan.”

Conclusion

According to the data analysis of the Type 1: redeemable financial benefits from the ‘guanxi’ investment. There were two firms (Gamma and Jelly) that benefited from this financial support that friends/business partners provided to them, which were the significant redeemable benefits the firm earned from the ‘guanxi’ investment in order to facilitate their pre-export behaviour.

Type 2: The redeemable benefits from ‘guanxi’ investment: non-financial

There were eight firms involved in the redeemable, non-financial benefit from ‘guanxi’ investment, with the foreign market information and knowledge provided by

friends/business partners for the firms being the most significant non-financial benefit to facilitate their pre-export behaviour.

Foreign market information and knowledge (Beta, Delta, Eta, Fig, Gamma, Ivy, Kangaroo, Lion)

The foreign market information and knowledge the firm learned from friends/business partners was one of the most important non-financial benefits from the redemption of the ‘guanxi’ investment.

Beta, Delta, Eta, Fig, Gamma, Ivy, Kangaroo and Lion stated that the problem they often faced was the lack of foreign market knowledge and information about the international market they targeted, therefore, the foreign market information and knowledge the firm earned from their ‘guanxi’ investment not only improved their understanding of the foreign market, but also increased their chances of success in that foreign market.

Lion

我们以这种形式付出，一个是为了体现出我们公司在合作上的诚意，我们愿意为了维护好合作伙伴关系去全力的付出，第二个就是为了在以后的合作中大家可以比较坦诚的交换资源和信息，建立彼此之间的信任，更好的去维持合作伙伴关系。因为对我们来说，现在最缺的还是有关法国市场的信息了，而法国的合作伙伴他们对他们自己国际的市场的了解肯定要比我们多得多，得到一个重要的信息，就可以把产品做得更好

“We invested in this way, firstly to show our sincerity in the cooperation and willingness to make every effort to maintain our partnership. Secondly, we invested in this way to ensure we could exchange information and resources in good faith in our future cooperation, and build mutual trust in order to maintain our partnership in a better way. To us, what we are most short of currently is information about the French market, and our French partners would definitely have much better knowledge about their own international market than us. Some important information acquired may lead to better positioning of our products in the French market.”

Conclusion

According to the data analysis of the Type 2: redeemable, non-financial benefits from the ‘guanxi’ investment. There were eight firms (Beta, Delta, Eta, Fig, Gamma, Ivy, Kangaroo and Lion) that benefited when friends/business partners provided them with foreign market information and knowledge, which were the significant redeemable benefits they earned from their ‘guanxi’ investment in order to facilitate their pre-export behaviour.

The previous data in relation to Proposition 3 showed that the concept of the mechanism of investment embedded in ‘guanxi’ indicated that the ‘guanxi’ investment of the owner in friends/business partners was either emotional or financial in order to accumulate ‘guanxi’ with them for its future redemption.

Moreover, according to the data collected from the interviewees, the evidence of ‘guanxi’ investment indicated that it would facilitate the firms’ thinking/planning for

their internationalisation, indicating that as long as the ‘guanxi’ was accumulated by ‘guanxi’ investment, the ‘guanxi’ would gradually become consolidated and strengthen the trustworthiness between the owners and their friends/business partners. When difficulties arose throughout the thinking/planning of the internationalisation process by the owner, they could call for redemption of ‘guanxi’ from their friends/business partners who could provide them with either internationalisation knowledge (foreign market knowledge and information) or financial support in order to facilitate the pre-export stage in their internationalisation process.

4.3.4 Proposition 4 (related to rapidly and efficiently accessing resources, and gaining internationalisation knowledge by utilising ‘guanxi’, (see Sections 2.5.3 and 2.5.4, Tables 2.2 and; 2.3, and Figure 2.6)

Table 4.8: Developed interview protocol question for Proposition 4 (see Appendix A) (see Table 3.2)

Research Questions from Interview Protocol	B Q1	B Q2	B Q3	B Q4	B Q5	C Q6	C Q7	C Q8	C Q9	C Q10	C Q11	C Q12	D Q13	D Q14	D Q15	D Q16	D Q17
P4						*			*	*							

Note:

Proposition 4 (P4): Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/Qinren, familiar people/Shuren and unfamiliar business partner(s)/Shengren by utilising 'guanxi'

The questions used from interview protocol were:

Q6. What role does the ‘guanxi’ play during the consideration of internationalisation for the firm? How and why is the ‘guanxi’ important during the thinking/planning of internationalisation for the firm?

Q9. What are the resources, foreign market knowledge and information that you can get from your qinren/shuren/shengren business partner for the internationalisation planning of your firm?

Q10. Do you think the different levels of ‘guanxi’ ties from Q9 may affect the quality and amount of resources, foreign market information and knowledge exchange for thinking/planning of internationalisation of the firm? Please specify.

Source: developed for this research

Proposition 4 incorporated the characteristics of ‘guanxi’ (see Section 2.9.3) and the mechanisms of ‘guanxi’ (see Section 2.9.4). The aim of question six was to delve deeper into the role that ‘guanxi’ played for the firm and how and why the ‘guanxi’ was important during their thinking/planning of internationalisation. Question nine was developed to collect information related to the kinds of resources, foreign market knowledge and information the owner could obtain from different layers of ‘guanxi’ (family members/qinren, familiar/shuren and unfamiliar people/shengren). The purpose of question 10 was to collect information in relation to question nine such as how the different layers of ‘guanxi’ may have affected the quality and quantity of resource, and foreign market knowledge and information the owners obtained from ‘guanxi’.

Table 4.9 summarises the responses from the 12 Chinese FMEs based on interview questions 6, 9 and 10 of Proposition 4 coded within two dimensions of the layers of ‘guanxi’, and the type of resource accessed through each layer. The layers of ‘guanxi’ involved three components: family members/Qinren, familiar people/Shuren and unfamiliar people/Shengren. The second dimension consisted of the main types of resources accessed during the internationalisation preparation as previously presented in Propositions 2 and 3: financial resources, foreign market knowledge and information, and ‘guanxi’ resource. The far right-hand column of Table 4.8 reports

whether there was a difference between the layers with respect to the quality and quantity of resources accessed using ‘guanxi’ ties (Qinren/Shuren/Shengren).

Table 4.9: The summary of responses of questions 6, 9 and 10

The layers of 'guanxi'					
Dimension of 'guanxi'	The role of 'guanxi' (resource type)	Family member (Qinren)	Familiar people (Shuren)	Unfamiliar people (Shengren)	Difference between family member, familiar and unfamiliar people
	Financial	Alpha, Cherry, Eta, Ivy, Kangaroo, Lion	Beta, Delta		
	Foreign market information and knowledge	Kangaroo	Alpha, Cherry, Delta, Eta, Fig, Gamma, Honey, Ivy, Kangaroo, Lion	Fig, Kangaroo, Lion	
	'Guanxi' resource	Alpha, Cherry, Lion	Beta, Delta, Eta, Honey		
No Difference					Alpha, Beta, Delta, Honey, Ivy
Strong Difference					Eta, Gamma, Jelly, Kangaroo, Lion

Source: developed for this research

The layers of ‘guanxi’

In the Chinese context, the ‘guanxi’ network comprises three layers: family members/Qinren, familiar/Shuren and unfamiliar people/Shengren.

The layer of family members/Qinren (Alpha, Cherry, Eta, Ivy, Kangaroo, Lion)

As Kao (1993) and Tsang (1998) explained, the origin of ‘guanxi’ comes from the family, which is generally a relatively permanent and stable social relationship. However, this layer of ‘guanxi’ always represents the very high level of mutual benefits and obligation between people who are involved in the family business. In traditional Chinese society, the family is deemed the most important primary group for an individual.

Alpha, Cherry, Eta, Ivy, Kangaroo and Lion stated that it was family members who were positioned at the core of the ‘guanxi’ of the owner, who had provided important financial support, ‘guanxi’ resource and foreign market knowledge/information to the firm during the early stages of their internationalisation preparation.

Eta (financial support/resource)

"我可以从亲人那里获得我的发展资源，因为在公司创建初期是非常缺乏这些资源的，包括人脉资源还有经济上的支持差不多有三千万的样子”

“I could acquire development resources from my family or relatives, because our company was short of these resources during the very early stage of internationalisation planning of my firm, including ‘guanxi’ resources and financial support around 30 million Chinese RMB.”

Kangaroo (foreign market information/knowledge) (foreign market information/knowledge in Proposition 2: mutual benefits)

从我的经验出发，从国际化的初期阶段来讲，我的信息和资源主要来自于自己的亲人和大学时交到的朋友，我们会经常把我们的产品给他们讲，因为我们对当地的信息啊，比如说市场准入的信息以及当地市场是怎么样的了解的没有这么深，恰恰呢，我的父亲还有我的朋友以前有个国际化的经验，那么我就可以通过他们的经验对当地的市场有这么一个初步的了解

“From my experience, at the initial stage of internationalisation, my information and resources mainly came from my family. We would often talk to them about our products because our understanding of the local information, such as information on market access and what the local market is like, is not as thorough as theirs. It just so happens that my father has had experiences in internationalisation so I could form an initial understanding of the local market through his experiences.”

Alpha (‘Guanxi’ resource) (Critical resource in Proposition 2: mutual benefits)

"我们公司之所以可以进入到药城，主要还是要靠我父亲的关系，比如泰州当地的一名政府官员就是我爸多年的好友，在他的帮助和担保下，我们公司才顺利的拿到了进入药城的批文，因为进入药城的环节是很苛刻的，因为进入的话是可以享受到很多国家的帮扶协助的，比如三年之内不需要付任何的房租和税啊，而且药城还为我提供了一个可以和有国际化经验的大公司认识的平台，因为药城本身就是一个孵化器嘛”

“Because of my father’s ‘guanxi’, my company has been able to enter into the China Medical City (CMC). A government official from Taizhou, who is my father’s old friend, provided help and guarantees that my company could successfully reach the requirement in order to enter CMC. As the CMC itself is an incubator for the small and medium sized enterprises, it provides government support and assistance policies in order to support the firms inside the CMC, so the entry requirement of CMC is very difficult to achieve. Since we entered into CMC, we have enjoyed government support including zero rental and income tax payments within three years, and the CMC also provided a platform for us to gain internationalisation experience from large companies in China.”

As the quote from Alpha indicates, its owner accessed resources through the family, and in turn, the resources were ultimately accessed through the owner’s relative “second layer” of ‘guanxi’. This result showed that while the immediate family was the most important, it may not holds the resources, but that via the family’s ‘guanxi’ networks, a much broader, more potent set of resources could be accessed.

The layer of familiar people/Shuren (Alpha, Beta, Cherry, Delta, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion)

In contrast to the ‘guanxi’ family layer, the layer of family people/Shuren represents the middle level of mutual benefits and obligations within the family business. This layer of ‘guanxi’ is stable because friendships have often been the most trustworthy relationship among the Chinese business networks, for example, childhood friends of the owner.

Alpha, Beta, Cherry, Delta, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo and Lion stated that by utilising ‘guanxi’ they could not only access financial and ‘guanxi’ resources from close friends, but they could also gain foreign market knowledge and information rapidly from them.

Beta (financial resource) (Financial benefits in Proposition 3: investment)

因为我们刚开始准备国际化的时候，最大的问题就是缺乏资金，所以我通过和台湾香港的朋友那里协商，然后他们帮我筹措到了差不多 1 千万人民币的资金，因为大家都是多年的朋友嘛，所以他们给我要的偿还利率非常的低，比起银行来那是低太多了，这在很大程度上缓解我们公司在国际化问题上的燃眉之急

“One of the biggest problems for us was the lack of funds, because we were just beginning to prepare for the internationalisation at that time. Based on consultation with my friends in Taiwan and Hong Kong, they assisted me with 10 million Chinese RMB of financial support with a very low rate of interest repayment compared with the Bank. The funds I received from friends largely alleviated the financial pressure of my firm.”

Eta (foreign market knowledge and information) (Critical resource in Proposition 2: mutual benefits)

而熟人，就是我那些同学同事，你也知道在中国这种环境下，你想做生意都需要熟人帮你介绍或者担保的。而且你还可以通过那些有过国际化经验的熟人朋友，去获悉他

们所在海外市场的信息，知识，准入法则和有多少潜在的竞争者等等。这些是对我公司国际化有很大借鉴意义的

“For the acquaintances, namely my schoolmates or colleagues, as you know under the current environment in China, you will need an introduction or guarantee from acquaintances if you wish to do business. You can also acquire the information, knowledge, access regulations and potential competitors in the Nigerian market etc. that they know about the overseas markets through acquaintances or friends with experiences in internationalisation. This will be a significant reference for our internationalisation.”

Delta (‘guanxi’ resource) (Critical resource in Proposition 2: mutual benefits)

就是我们国际化的时候还是离不开中国的传统文化，比如一些门派，像我们做保健品的基本都围绕在一些在这个行业德高望重的人的身边，通过这个门派的关系圈去发展，我所知道的门派就不止十几家，而且带有地域性的特质，比如我们徽商啊，就是我们当地做这个生意的人都很抱团，大家彼此之间都特别的信任对方，而在这个团体中，大家互相帮助啊，比如调货啊，调资金啊，提供信息还有经验啊，都很方便，一个电话一打，很快所有的事情和困难都会处理好，他这个资源调动能力是非常的强的，非常灵活的，我们在这个团体呢互相帮助，使这个团体更加的紧密。所以我做生意的资源大部分来自这个门派，不管是在哪儿做生意，团体里都会有一个牵头的人，他会把这个地区的各种信息都搞清楚，只要我们跟在后面投资，大家一起做就好了，而且都会有很大的收益，我觉得这可能是我们这个地方特有的，是一种中国特色吧

“Our internationalisation is inseparable from traditional Chinese culture, such as different cliques. Companies engaged in health products like us, often stick around respected people of the industry, and they develop through the ‘guanxi’ circle of their clique. I know more than a dozen cliques, featuring regional characteristics, such as Anhui merchants. That is to say, our local business owners are closely bonded and they trust each other. In this group, we help each other in dispatching goods, mobilising capital, providing information and experience etc. It is quite convenient. All matters and difficulties can be resolved with just one call. They have a very strong and flexible capacity to mobilise resources. They help each other in the group, which makes the group more closely tied. As a result, most resources of

my business come from this group. Wherever the businesses are, the group will have a leader, who will find out all the information about the local area. We only need to follow the leader when making investments. It is great when everyone is working together, and they can all achieve great outcomes. I think it's unique here which is part of Chinese characteristics.”

The layer of unfamiliar people/Shengren (Fig, Kangaroo, Lion)

The third layer of ‘guanxi’ networks involving unfamiliar people/Shengren represents the lowest level of mutual benefits and obligations among the three layers of ‘guanxi’ relationships. This layer can sometimes act as a complementary ‘guanxi’ for the other two ‘guanxi’ relationships when the family firm need to gather more knowledge and resources that are only available outside the “family circle”, for example, relationships with classmates, that the owner built up during the time when he/she was studying, and his/her relationship with business partners.

Fig, Kangaroo and Lion stated that the foreign market information and knowledge the owner learned from business partners helped to facilitate the internationalisation planning of their firm.

Lion (Foreign market information and knowledge) (Non-financial benefits in Proposition 3: investment)

生人方面就是法国的合作伙伴了，我们虽然是通过朋友介绍认识的，可认识之前我们是生人，对不对，可由于合作关系的存在，我们的利益是捆绑在一起的，所以为了大家共同的利益，他们也会随时给我们提供当地市场的信息，比如产品的生产规范啊等等

“In terms of unfamiliar people, well, it mainly refers to our French partners. Though we were introduced to each other by friends, we were strangers before that, right? But our interests are bounded together due to the existence of our cooperation, so they would provide

information on the local market including product specifications etc. to us at any time for the benefit of our common interest.”

The difference in the quality and quantity of financial resource, ‘guanxi’ resources and foreign market information/knowledge the firm received from family members/qinren, familiar/shuren and unfamiliar people/shengren.

The quality and quantity of the financial and ‘guanxi’ resources and foreign market knowledge / information received by the owner may be affected by the different intimacy level of the owner’s ‘guanxi’ ties with family members/Qinren, familiar/Shuren and unfamiliar people/Shengren.

Alpha, Beta, Delta, Honey and Ivy stated that there were no differences between the different levels of ‘guanxi’ ties in relation to the quality and quantity of resources they received, but Eta, Gamma, Jelly, Kangaroo and Lion stated that there were strong differences.

Beta (No difference)

关系的疏近程度会不会影响贵公司的国际化规划，这个我们还真是没有实例来说明这个问题
“In terms of whether the intimacy level of ‘guanxi’ can affect the company’s planning for internationalisation, we don’t have actual examples to elaborate on this question.”

As the owner of Beta indicated in the above quotation, his firm could access resources through each layer of ‘guanxi’ with no impact in relation to the quality and quantity of the resources it received, which may be because the firm could access a similar quality and quantity of resource from each layers of ‘guanxi’.

Eta (Strong difference)

这是肯定会有影响的。因为这种亲疏关系一定会对我公司收集的信息有影响。比如亲人，是不管在任何时候都会最大限度的支持你的。但是熟人就未必了，可能更多是来自经验上的支持

“Yes, the intimacy will definitely affect the information collected by our company. For example, family and relatives will give you maximum support at any time, but it may not be the case for acquaintances as their support might be more about experiences.”

As the quotation from Eta indicates, the intimacy level between the three layers of ‘guanxi’ could impact on the quality and quantity of the resources accessed by the owner of Eta through different layers of ‘guanxi’ ties, while, the closer the ‘guanxi’ tie, the higher the quality and quantity of resources the firm could access and vice versa.

Conclusion

According to the data analysis of the layers of ‘guanxi’, there were six firms (Alpha, Cherry, Eta, Ivy, Kangaroo, Lion) that believed that the layer of family members/Qinren was very important and the major source for access financial resource, ‘guanxi’ resource and gaining foreign market information/knowledge to support that during its early stage of internationalisation planning. Also, there were 12 firms (Alpha, Beta, Cherry, Delta, Eta, Fig, Gamma, Honey, Ivy, Jelly, Kangaroo, Lion) that claimed that the layer of familiar people/Shuren was the second most important source of resource for gaining foreign market information and knowledge and accessing financial resources from friends in order to support their thinking/planning of internationalisation. There were three firms (Fig, Kangaroo and Lion) that stated that the layer of unfamiliar people/Shengren was very important in relation to collecting foreign market information and knowledge from business partners in order to assist them in internationalisation preparation. Furthermore, five firms (Alpha, Cherry, Eta, Ivy, Kangaroo) believed that both the layers of family members and familiar people are very important for them in accessing resources and gaining foreign market information/knowledge towards their thinking/planning for internationalisation. Two firms (Kangaroo and Lion) stated that all three layers of ‘guanxi’ were very important for them in order to access

resources and gain foreign market information/knowledge towards thinking/planning for their internationalisation.

However, among the differences between three layers of 'guanxi', there were five firms (Alpha, Beta, Delta, Honey, Ivy) that claimed that there was no difference in the quality and quantity of resources they gathered between the three layers of 'guanxi'. Five firms (Eta, Gamma, Jelly, Kangaroo, Lion) believed that the different intimacy levels between the three layers of 'guanxi' had an impact on the quality and quantity of resources they received; in that the closer the 'guanxi' tie, the higher the quality and quantity of resources the firm could access and vice versa. There were two firms (Cherry and Fig) that did not respond to this question.

Throughout the data analysis in relation to Proposition 4, the evidence initially indicated that the 'guanxi' played an important role during the internationalisation planning of the firm in order to efficiently access resources, and gain internationalisation knowledge rapidly from family members/Qinren, familiar/Shuren and unfamiliar/Shengren business partner(s) by utilising 'guanxi', which ultimately reflected on the outcomes from the mutual benefits and investment mechanism of 'guanxi'. (see Propositions 2 and 3).

The data analysis in relation to the intimacy level between the layer of family members/Qinren, familiar/Shuren and unfamiliar people/Shengren was evident from the data analysis which indicated that the two layers of family members/Qinren and familiar people/Shuren were the main sources for the owners of the firm in accessing financial resource, 'guanxi' resource and gaining foreign market information/knowledge.

The evidence also indicated that the level of the intimacy layers of 'guanxi' ties could affect the quality and quantity of resources the firms received. Five firms believed that there was a strong difference between the different layers of 'guanxi', while another five firms claimed

there was no difference between the different layers and the remaining two firms did not respond.

However, there is no evidence in the sample utilised for this study to indicate that firms build their 'guanxi' via formal business relationships, and then, firms develop their informal 'guanxi' based on that formal business relationship. However, given the exploratory nature of this study, it is suggested that further research be carried out based on a larger sample.

4.4 Conclusion

This chapter provided an assessment of the outcomes of the analysis of the data collected from the semi-structured interviews of the managers/owners of 12 firms in the Chinese medical industry who were responsible for the decision to internationalise. Section 4.2 provides the results of the within-case analysis for each firm. Section 4.3 provides a cross-case analysis of the four propositions and makes a comparison and evaluation of the propositions. Chapter 5 will provide a discussion and conclusion of the data analysis related to the four propositions and the main research question of this study.

Chapter 5: Discussions and Conclusion

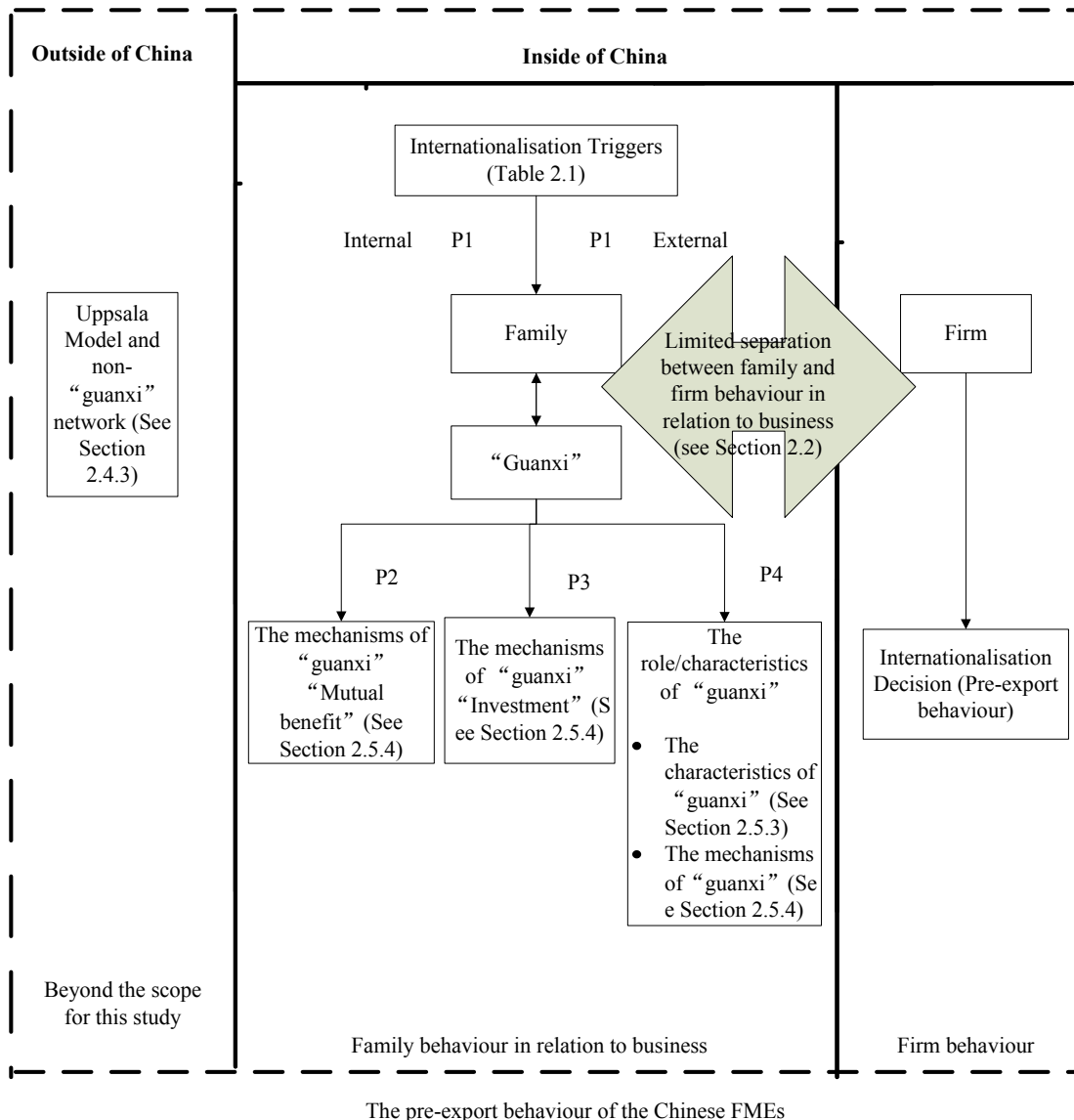
5.1 Introduction

This chapter offers discussion and conclusion of this study's key results based on the data gathered and analysed in both components of the theoretical framework and the four propositions identified in Chapter 2. The components of the theoretical framework that include the four research propositions are discussed in Section 5.2. The discussion of the overarching research problem and the revised theoretical framework is discussed and conclusions are drawn in Section 5.3. Section 5.4 examines the contribution by this research to practice. Section 5.6 provides a discussion of the limitations of this study, while Section 5.7 provides future directions for research.

5.2 Discussion of the components of theoretical framework

This section provides an overview and test of the major findings of this research in relation to the proposed theoretical framework (see Figure 5.1).

Figure 5.1: The theoretical framework



Note: P: Proposition

Source: developed for this research

5.2.1 The internationalisation decision (Pre-export behaviour)

Within the context of the academic literature on ‘guanxi’, this research examined in detail the role of ‘guanxi’ in the pre-export stage of the internationalisation process within the Chinese medical industry. The purpose of this study was to advance knowledge of how and why the ‘guanxi’ influences the pre-export behaviour of the Chinese FMEs. This study builds on the work by Zhou, Wu and Luo (2007), who studied the ‘guanxi’ utilised by the Chinese firms, when there was limited exploration of research into the internationalisation process of SMEs.

5.2.2 Proposition 1 (P1): The internal and external pull and push factors trigger a firm owner's thinking/planning regarding internationalisation

According to the literature, the motivating factors (see Section 2.3.1) for seeking internationalisation of firms are either internal or external stimuli, or can be seen as the result of a reactive or proactive behaviour (Albaum et al, 1995; Crick, 2007; Czinkota & Ronkainen, 1995). Czinkota and Ronkainen (1995), Albaum et al. (1995) and Crick (2007) explained that the internal motives refer to factors potentially within a firm's control, while external factors concern factors originating from outside a firm's direct control. Reactive motives refer to internal or external pressures (push factors) which force the firm to respond, while proactive motives are based on the firm's interest in exploiting unique competences or market possibilities (pull factors).

The findings indicated that the Chinese FMEs followed the theories related to the driving force of internationalisation that triggered their thinking/planning for internationalisation. Results showed that the internal pull factors that triggered the firms to thinking/planning for internationalisation were the growth and profit purpose, managerial urge and marketing advantage, and that the external pull factors were the exploitation of foreign market opportunities, change agents and seeking strategic resources. However, the competitive pressure from the domestic market was the main driving force that triggered the firms towards the thinking/planning of internationalisation. The change agent factors had two components of the internal and external pull change agents. The internal pull change agents refers to the managerial urge from inside the firm, which is the role of the management of the firm to understand the opportunities in foreign markets (Caliskan et al., 2006; Crick & Spence, 2005; Freeman & Cavusgil, 2007; Wright et al, 2007). The external pull change agent factors are stimuli from outside the firm, that can stimulate the owner to consider

internationalisation as a way to respond to these outside stimuli. For example, the external change agent could be government support that facilitates and supports the firm to consider internationalisation (see Section 4.3.1).

5.2.3 Proposition 2 (P2): The mechanism of mutual benefits embedded in the concept of 'guanxi' is the key mechanism utilised by Chinese FMEs to increase the market familiarities between local and foreign market

The mutual benefits mechanism of 'guanxi' mainly refers to the mutual exchange of favours between individuals and firms based on the long-lasting 'guanxi', such as the exchange of foreign market knowledge/information in order to obtain the relevant financial or non-financial benefits from each other based on 'guanxi' (Luo, 1997, 2000; Yang, 1994; Zhuang & Li, 2015).

The evidence from the case analysis in this research indicates that the mechanism of mutual benefits embedded in the concept of 'guanxi' is the key mechanism utilised by Chinese FMEs to increase market familiarity with the local and foreign markets which could significantly influence the pre-export behaviour of Chinese FMEs. Evidence from the findings indicates that the mutually benefit mechanism mainly refers to the mutual exchange of favours between the two parties. The results show that, the owner's friends/business partners provided them with foreign market information and knowledge and in return received financial or non-financial benefits. This mechanism allowed the FME owner to gain the foreign market knowledge/information directly from their business partner/friends, and their business partner/friends were willing to exchange favours with them based on 'guanxi' (see Section 4.3.2).

5.2.4 Proposition 3 (P3): The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future

The literature pertaining to the investment mechanism of 'guanxi' refers to owners who make financial or non-financial "investments" for friends/business partners based on 'guanxi' when their friends/business partners are in difficult times. The owners look for similar or even more return from their friends/business partners in the future as a repayment of this "investment". However, the key feature of this mechanism is that the owner invests with "interest" in friends/business partners and does not call for immediate repayment, but accumulates this "interest" in order to seek future returns if specific difficulties occur for the firm. (Chen, 2000; Luo, 1997, 2000; Zhuang & Li, 2015).

The outcome of the case studies suggested that the Chinese FMEs accumulated 'guanxi' for future redemption by seeking either internationalisation knowledge or financial support from friends/business partners (see Section 4.3.3). Evidence showed that the emotional communication and financial support the owner invested for friends/business partners are the main methods that firms utilised to invest into 'guanxi'. However, this investment is redeemed by the FME owners mainly through accessing internationalisation knowledge and financial support from friends/business partners, which are the essential resources that Chinese FMEs need for the internationalisation thinking/planning

5.2.5 Proposition 4 (P4): Chinese FMEs can efficiently access resources, and rapidly gain internationalisation knowledge from their family member(s)/Qinren, familiar people/Shuren and unfamiliar business partner(s)/Shengren by utilising 'guanxi'

The findings of this study suggested that the 'guanxi' plays a vital role in the pre-export stage of internationalisation for Chinese FMEs. Chinese FMEs can efficiently access resources and

gain internationalisation knowledge rapidly from their family members/*Qinren*, and familiar/*Shuren* and unfamiliar people/*Shengren* by utilising 'guanxi' to facilitate the firm's pre-export behaviour. (See Section 4.3.4) Evidence from the case studies indicates that the family members'/*Qinren* layer is the first important source for Chinese FMEs in accessing financial resources, 'guanxi' resources and in gaining foreign market knowledge and information. The familiar people/*Shuren* layer is the second most important source for Chinese FMEs for accessing financial resources and foreign market knowledge and information. (See Section 4.3.4)

The unexpected findings from the responses shows the unanticipated function of 'guanxi' during the planning/thinking of internationalisation of firms (see Table 5.1). The unexpected functions of 'guanxi' not only facilitated the pre-export behaviour of Chinese FMEs, but it also improved the probability of success and viability of the internationalisation process of the firms in the overseas markets. The full discussion of the unexpected finding of 'guanxi' is available in Appendix C.

Table 5.1: Unexpected findings in relation to 'guanxi'

	The unexpected findings in relation to 'guanxi' (The function of 'guanxi')
Case 1 Alpha	The firm's owner utilised 'guanxi' to justify the reliability of new 'guanxi' in order to ensure the authenticity of the foreign market knowledge and information the owner gained from the new 'guanxi'.
Case 3 Cherry	The firm's owner utilised 'guanxi' to improve the transparency of information he/she collected from business partners, and it can act as a guide to facilitate the planning of internationalisation by the owners
Case 6 Fig	The owners/managers utilised 'guanxi' as a tool to recognise the quality and reality of information he/she gained from business partners'
Case 10 Jelly	The owners/managers utilised 'guanxi' as employment guidance to assist him/her to employ the appropriate people with internationalisation knowledge in relation to building the management structure of the firm
Case 11	The owners/managers utilised 'guanxi' as a tool to collect, screen and confirm the international business opportunities in order to facilitate the

Source: developed for this research

5.3 Research question conclusions and theoretical framework

The research question for this study was *“How and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs?”*

Based on the previous discussions of the research findings, the triggers of internationalisation, the role / characteristics of ‘guanxi’, and its mechanisms of mutual benefits and investment are the four major factors that can influence the pre-export behaviour of Chinese FMEs.

Anderson (1993) and Johanson and Vahlne (1990) stated that the purpose of the firm towards internationalisation comes from the high level of domestic market competition which slows or stagnates the growth of the firm, driving it to seek more attractive and profitable markets. Therefore, based on the findings of this study, the internal and external driving forces/triggers of internationalisation explained the reasons that the firm sought the international market to expand their current market share and increase their profitability.

The ‘guanxi’ played a vital role in the internationalisation planning of the Chinese FMEs, according to the findings of the present study (see Section 4.3.4). Not only could the owner efficiently access resources from the layers of family members/Qinren and familiar people/Shuren of ‘guanxi’ (see Section 4.3.4) during the early stage of internationalisation planning, but he/she could also gain internationalisation knowledge rapidly from these two layers to reduce the uncertainty in relation to the foreign market and facilitate his/her thinking/planning of internationalisation (see Section 4.3.4). In addition, the unexpected findings in relation to the ‘guanxi’ shown in Table 5.1, provides evidence that the functions of ‘guanxi’ were the significant factors embedded in the role and characteristics of ‘guanxi’,

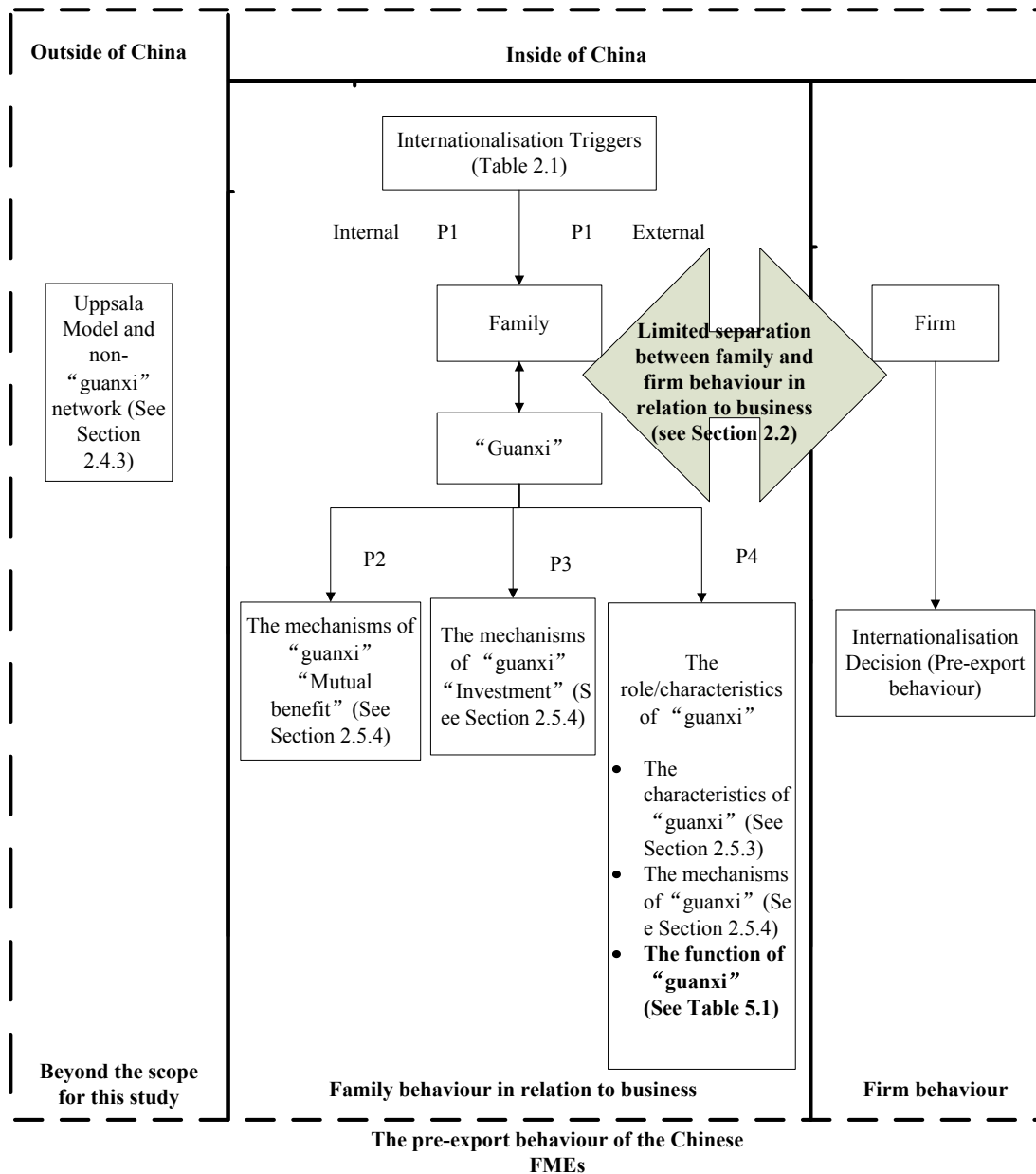
which could not only facilitate the pre-export behaviour of the Chinese FMEs, but also increase the viability of the firms during their internationalisation process.

The mechanism of mutual benefits embedded in the concept of ‘guanxi’ was the key ‘guanxi’ mechanism that the owners of the Chinese FMEs utilised to learn the internationalisation knowledge provided by friends/business partners with the financial or non-financial benefits as the exchange of favours in relation to the target foreign market in order to increase familiarity between local and foreign markets.

According to the findings from this study, the mechanism of investment embedded in the concept of ‘guanxi’ explained the way the owner of the Chinese FMEs invested in ‘guanxi’ through emotional investment and financial support for friends/business partners which was the method to accumulate ‘guanxi’ with them so as to seek future redemption of financial and non-financial resources in order to facilitate the planning of internationalisation for their firms (see Section 4.3.3).

Based on the results of the research in relation to propositions discussed previously, the proposed theoretical framework in Chapter 2 was revised (see Figure 5.2). The key components included in the revised theoretical framework and the relationship between them are reviewed individually below. Moreover, a brief discussion of the impact of the four externalities on the revised theoretical framework, which includes the triggers of internationalisation, the mechanisms of mutual benefits and investment of ‘guanxi’ and the role and characteristics of ‘guanxi’, is also provided.

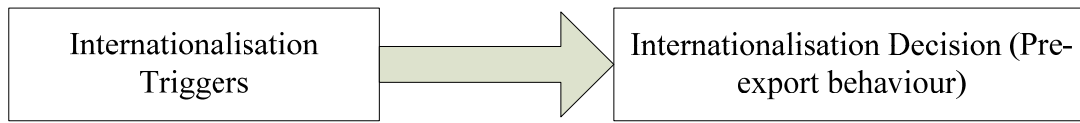
Figure 5.2: The revised theoretical framework



Source: developed for this research

The internationalisation triggers and the Internationalisation decision (Pre-export behaviour) (see Figure 5.3). According to the previous analysis of Proposition 1 of this study (see Sections 4.3.1 and 5.2.2), it was found that the internationalisation triggers can have an impact on the pre-export behaviour of the Chinese FMEs. Therefore, a unidirectional relationship is proposed between the internationalisation triggers and the pre-export behaviour of the Chinese FMEs in the theoretical framework.

Figure 5.3: The internationalisation triggers and the pre-export behaviour of the Chinese FMEs

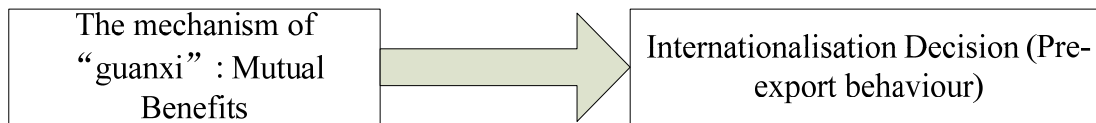


Source: developed for this research

The mechanism of mutual benefits of ‘guanxi’ and the internationalisation decision

(Pre-export behaviour) (see **Figure 5.4**). Throughout the analysis of Proposition 2 (see Sections 4.3.2 and 5.2.3), it was found that the mechanism of mutual benefits of ‘guanxi’ had an impact on the pre-export behaviour of the Chinese FMEs. Therefore, a unidirectional relationship is proposed between the mechanism of mutual benefits of ‘guanxi’ and the pre-export behaviour of the Chinese FMEs in the theoretical framework.

Figure 5.4: The mechanism of mutual benefits of ‘guanxi’ and the pre-export behaviour of the Chinese FMEs

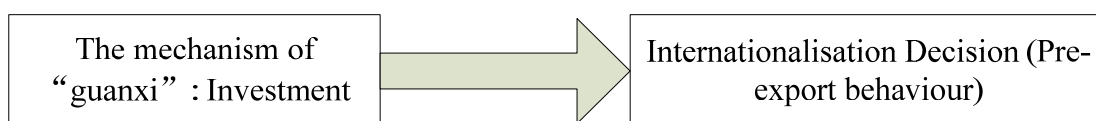


Source: developed for this research

The mechanism of investment of ‘guanxi’ and the internationalisation decision (Pre-

export behaviour) (see **Figure 5.5**). Based on the analysis of Proposition 3 (see Sections 4.3.3 and 5.2.4), it was found that the mechanism of investment of ‘guanxi’ had an impact on the pre-export behaviour of the Chinese FMEs. Therefore, a unidirectional relationship is proposed between the mechanism of investment of ‘guanxi’ and the pre-export behaviour of the Chinese FMEs in the theoretical framework.

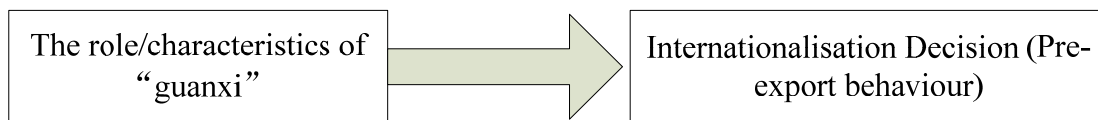
Figure 5.5: The mechanism of investment of ‘guanxi’ and the pre-export behaviour of the Chinese FMEs



Source: developed for this research

The role/characteristics of ‘guanxi’ and the internationalisation decision (Pre-export behaviour) (see Figure 5.6). According to the previous analysis and discussion of Proposition 4 (see Sections 4.3.4 and 5.2.5), it was found that the role/characteristics of ‘guanxi’ could have an impact on the pre-export behaviour of the Chinese FMEs. Therefore, a unidirectional relationship is proposed between the role/characteristics of ‘guanxi’ and the pre-export behaviour of the Chinese FMEs in the theoretical framework.

Figure 5.6: The role/characteristics of ‘guanxi’ and the pre-export behaviour of the Chinese FMEs



Source: developed for this research

5.3.1 Conclusion of the research question

This study was based on a conceptualisation by Zhou et al, (2007) pertaining to the role of ‘guanxi’ in the internationalisation processes of SMEs, who suggested that the ‘guanxi’ - related social network could facilitate the early internationalisation process of the SMEs in both the home and foreign markets. The aim of this research was to empirically confirm or disprove their proposition, and then, provide a brief explanation and discussion of the role of ‘guanxi’ in the pre-export behaviour of the Chinese FMEs. Based on the case studies of the 12 Chinese FMEs, this study confirmed, and added to the proposition of Zhou Wu and Luo (2007) Therefore, a revised theoretical framework is proposed (see Figure 5.1 and the repeat in Figure 5.2 but with “the function of ‘guanxi’” in bold) to provide further understanding of the role of ‘guanxi’ in the pre-export behaviour of the Chinese FMEs. This research has successfully built upon the current, limited literature pertaining to the role of ‘guanxi’ in the pre-export behaviour of the Chinese FMEs.

The following section discusses the implication for theories in relation to this study.

5.4 Implications for theory

The findings from this study and the consequent implications have an impact on the theories pertaining to the triggers of internationalisation, the mechanisms of mutual benefits and investment of ‘guanxi’ and the role/characteristics of ‘guanxi’. The examination of these theories based on the findings of this study are discussed in the following section.

5.4.1 The triggers of internationalisation

Knight and Kim (2009) stated that the internationalisation of the firm is one of the most difficult decisions from a manager’s perspective. The complexities and risks of international operations are more challenging for FMEs than for large firms, due to constraints of substantial financial and tangibles resources (Knight & Kim, 2009).

The findings in this research confirmed that the Chinese FMEs followed the theories related to the triggers of internationalisation contributing to the thinking/planning of internationalisation, which could significantly influence the pre-export behaviour of the Chinese FMEs (see Section 5.2.2).

5.4.2 The mechanism of mutual benefits of ‘guanxi’

The evidence from the case analysis in this research confirmed that the mechanism of mutual benefits embedded in the concept of ‘guanxi’ was the key mechanism utilised by Chinese FMEs to increase the market familiarity of the local and foreign markets which could significantly influence the pre-export behaviour of the Chinese FMEs. Evidence from the findings indicated that the owners who utilised the mutually beneficial way mainly refer to the mutual exchange of favour between the two parties. For example, the owner’s friends/business partners provided him/her with foreign market information and knowledge and in return financial or non-financial benefits from the owner of the Chinese FMEs (see

Section 4.3.2). This mechanism allowed the owner of the firm to gain the foreign market knowledge/information directly from their business partner/friends, and their business partner/friends were willing to exchange favours with him/her based on ‘guanxi’ (see Sections 4.3.2 and 2.8.4).

5.4.3 The mechanism of investment of ‘guanxi’

The mechanism of ‘guanxi’ indicated that the owner invested with “interest” in friends/business partners and did not call for immediate repayment, but accumulated this “interest” in order to seek future returns from them if specific difficulties occurred for the firm (Chen, 2000; Luo, 1997, 2000; Zhuang & Li, 2015).

The findings in this study confirmed that the mechanism of investment of ‘guanxi’ mainly involved emotional investment and financial support that the owner of the Chinese FMEs utilised to accumulate ‘guanxi’ with friends/business partners as the owner would look for relevant foreign market information and knowledge and also financial support as ‘guanxi’ redemption from their friends/business partners in the future as the repayment of the ‘guanxi’ investment, which could significantly influence and facilitate the pre-export behaviour of the Chinese FMEs (see Sections 4.3.3 and 2.8.4).

5.4.4 The role/characteristics of ‘guanxi’

The findings from this study confirmed that the role/characteristics of ‘guanxi’ could significantly influence the pre-export behaviour of the Chinese FMEs. Therefore, by utilising ‘guanxi’, the Chinese FMEs could not only very efficiently access financial resources and ‘guanxi’ resources from both family members/Qinren and familiar people/Shuren, but also gain the foreign market information and knowledge rapidly from both them. The appropriate and accurate foreign market knowledge was very important for managers in increasing

market familiarity with the foreign and home markets and facilitating the pre-export behaviour of the Chinese FMEs (see Section 4.3.4).

5.4.5 Conclusions for the implication for theory

In conclusion, it was firstly found that the ‘guanxi’ played a vital role in significantly influencing the pre-export behaviour of the FMEs within the Chinese medical industry. Second, a review of the existing literature in relation to the pre-export model and internationalisation theories confirmed the proposition of Zhou et al, (2007) that existing pre-export models have limited ability to explain the pre-export behaviour of the Chinese FMEs. That is, The FMEs within the Chinese cultural context were found to behave differently from the FMEs within the Western cultural context (Zhou et al, 2007; Zhuang, Xi & Tsang, 2010. Thirdly, the synthesised theoretical framework empirically tested in this study using the 12 exploratory case studies (see Section 2.4.2.4 and Tables 2.3 and 2.4) confirmed and expanded on the study of Zhou et al, (2007), and showed that the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs. As a result, the data empirically confirmed and broadened the understanding of ‘guanxi’ and its mechanisms in the pre-export behaviour of the Chinese FMEs. Based on the evidence found in this study, the triggers of internationalisation, the mechanisms of mutual benefits and investment of ‘guanxi’, and the role/characteristics of ‘guanxi’ were the main theoretical factors to explain how and why does the ‘guanxi’ influence the pre-export behaviour of the Chinese FMEs. The key theoretical contributions are summarised in Table 5.2.

Table 5.2: Key theoretical contributions

Theory/Proposition	Implication	Contribution / Confirmation
The trigger of internationalisation	Firms follow the concept of the internationalisation trigger when they react to internal and external	Confirmed

<p>Proposition 1: The internal and external pull and push factors trigger a firm owner's thinking/planning regarding internationalization</p>	<p>stimuli</p> <p>See Sections 2.3.1; 4.3.1 and 5.2.2</p>	
<p>The mechanism of mutual benefits of 'guanxi'</p> <p>Proposition 2: The mechanism of mutual benefits embedded in the concept of 'guanxi' is the key mechanism utilized by Chinese FMEs to increase the market familiarities between local and foreign markets</p>	<p>The mechanism of mutual benefits of 'guanxi' can increase familiarities between local and foreign markets in order to facilitate the pre-export behaviour of that firm</p> <p>See Sections 4.3.2; 2.5.4 and 5.2.3</p>	<p>Contribution</p>
<p>The mechanism of investment of 'guanxi'</p> <p>Proposition 3: The mechanism of investment embedded in the concept of 'guanxi' explains how Chinese FMEs accumulate 'guanxi' in order to redeem their investment in the future</p>	<p>The investment mechanism of 'guanxi' was critical in explaining the investment method the owner of the firm utilised in order to consolidate the 'guanxi' with friends/business partners</p> <p>See Sections 2.5.4; 4.3.3 and 5.2.4</p>	<p>Contribution</p>
<p>The role/characteristics of 'guanxi'</p> <p>Proposition 4: The Chinese FMEs can efficiently access</p>	<p>The 'guanxi' played a significant role which not only facilitated the owner of the Chinese FMEs in order to access resources and learn internationalisation knowledge rapidly in an effective and efficient way, but also facilitated the pre-export behaviour of the Chinese FMEs</p> <p>See Sections 2.5.3; 2.5.4; 2.5.5; 2.5.6; 4.3.4 and 5.2.5</p>	<p>Contribution</p>

resources, and rapidly gain internationalization knowledge from their family member(s)/ <i>Qinren</i> , familiar people/ <i>Shuren</i> and unfamiliar business partner(s)/ <i>Shengren</i> by utilizing 'guanxi'		
--	--	--

Source: developed for this research

5.5 Contributions to practice

The findings from this research suggested that the unique interpersonal network of ‘guanxi’, could significantly influence the pre-export behaviour of the Chinese FMEs during their internationalisation process. This was because of the unique business cultural background and the network relationship based characteristics of doing business (see Section 5.8). The contribution of this study to the practice of this study provides firms with a theoretical and empirically supported framework to explain how ‘guanxi’ can influence the pre-export behaviour of the family based medium sized firms within the Chinese medical industry. More specifically, this study could help the Chinese FMEs to develop guidelines for seeking the most appropriate ‘guanxi’ for them in their thinking/planning of the internationalisation process and for further internationalisation processes.

As the contributions to practice have been outlined, the limitations of this research project will be evaluated next.

5.6 Limitations

There are two main limitations pertaining to this research. Firstly, this study incorporated qualitative research, which by its characteristics could not attain ‘statistical generalisability’. As the result of the small-sized case study sample, in which 12 interviewed firms provided

the answers to the questions in the semi-structured interview protocol, this research comes with 'replication logic' and not a 'sampling logic'. However, the aim of this project was to build a theoretical framework and then reach an external validity of 'analytic generalisation', rather than 'statistical generalisation' (Elsenhardt, 1989; Parkhe, 1993).

The second limitation of this project was that the data from the case studies were collected from a single industry within China. The advantage of this is that it provides a degree of experimental control. However the results drawn from these case studies may not provide a broad view of the global inferences desired (Amaratunga & Baldry, 2001).

5.7 Future directions for research

Because of the limitations of this study, its research findings can be seen as exploratory.

There are two major suggestions for future research based on the results of this study. Firstly, replication and/or cross-validation are needed for rigorous statistical testing and confirmation of the study's proposed theoretical framework (Yin, 2009; Elsnhardt, 1989). This study explored the influence of 'guanxi' on the pre-export behaviour of the Chinese FMEs, but because of its limitations, the proposed theoretical framework needs to be verified using a larger number of firms from diversified industries in China. Secondly, according to the limited responses in relation to the management structure of Chinese FMEs, a better understanding of this management structure could emerge from future research.

6.0 References

Abramson, N.R. & Ai, J.X. (1997, November/December). Using guanxi-style buyer-seller relationships in China: reducing uncertainty and improving performance outcomes. *The International Executive*, 39 (6), pp. 765-804.

- Acedo, F., & Hones, M. (2007) Speed of internationalization and entrepreneurial cognition: insights and a comparison between international new venture, exporters and domestic firms, *Journal of World Business*, 42 (3), 236-252
- Adler, P. & Kwon, S. W. (2002). Social capital: prospects for a new concept. *Academy of Management Review*, 27 (1), pp. 17–40.
- Agndal, H. & Chetty, S. (2007), “The impact of relationships on changes in internationalisation strategies of SMEs”, *European Journal of Marketing*, Vol. 41 No. 11/12, pp. 1449-1474.
- Aharoni, Y. (1999), “*The foreign investment decisions process*”, in P. J. Buckley and P.N. Ghauri (Ed.), *The Internationalisation of the Firm: A Reader*, Second Edition, Cengage Learning Business Press, pp. 3-13.
- Ahmed, Z. U., Julian, C. C, & Mahajar, A. J., (2008). Export barriers and firm internationalization from an emerging market perspective, *Journal of Asian Business Studies*, Vol. 3, No. 1, pp.1-31
- Ai, J. (2006). Guanxi networks in China: its importance and future trends. *China & World Economy*, 14 (5), pp. 115-118.
- Albaum, G., Strandskov, J., Duerr, E., & Dowd, L. (1995), *International marketing and export management*, Addison-Wesley Publishing Company, Inc., Harlow.
- Almor, T and Hashai, N, (2004). The competitive advantage and strategic configuration of knowledge intensive, small and medium sized multinationals: a modified resource-based view. *Journal of International Management*, 10(4): 479-500
- Alston, J. (1989). Wa, guanxi, and inwa: Managerial principles in Japan, China, and Korea. *Business Horizons* (32), pp. 26–31.
- Amaratunga, D., & Baldry, D. (2001). Case study methodology as a means of theory building: Performance measurement in facilities management organisation. *Work Study*, 50(3), 95-105.
- Amaratunga, D., Baldry, D., Sarshar, M., & Newton, R. (2002). Quantitative and qualitative research in the built environment: Application of “mixed” research approach. *Work Study*, 51(1), 17-31
- Amine, S, Cavusgil, T. (1986). Export marketing strategies in the British clothing industry, *European Journal of Marketing*, Vol. 20, No. 7, pp.21-33
- Andersen, O. and Kheam, L. S. (1998). Resource-based theory and international growth strategies: an exploratory study. *International Business Review*, 7(2): 163-184
- Anderson, O. (1993). On the internationalisation process of firms: A critical analysis. *Journal of International Business Studies*, 24(2), 209-231

- Antoncic, B., & Hisrich, R.D. (2000). Intrapreneurship modeling in transition economies: A comparison of Slovenia and the United States. *Journal of Developmental Entrepreneurship*, 5(1), 21-40
- Aronoff, C. E. & Ward, J. L. (1997). *Preparing your Family Business for Strategic Change*. Family Business Leadership Series, 9. Marietta, GA: Business Owner Resources
- Autio, E., & Sapienza, H. (2000). Effects of Age at Entry, Knowledge Intensity, and Imitability on International Growth. *Academy of Management Journal* 43, 909-924.
- Axelsson, B. & Johanson, J. (1992). *Foreign market entry: the textbook vs the network view*. In B. Axelsson & G. Easton (Eds.) *Industrial Networks: A New View of Reality*. London: Routledge.
- Baack, W. D., Dow, D., Parente, R., and Bacon, D. (2015). Confirmation bias in individual-level perceptions of psychic distance: An experimental investigation. *Journal of International Business Studies*. Vol. 46, No. 8, pp. 938-959
- Babbie, E. (1995). *The Practice of Social Research* (7th ed). Belmont, CA: Wadsworth
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17, pp. 99-120.
- Barkema, H. G., Bell, J., & Pennings, J. (1996). Foreign entry, cultural barriers, and learning. *Strategic Management Journal*, Vol. 17, pp. 151-166
- Bell, J. (1995). The internationalisation of small computer software firms: A further challenge to “stage” theories. *European Journal of Marketing*, 29(8), 60-75
- Benito, G., Petersen, B., & Welch, L. (2009) Towards more realistic conceptualization of foreign operation modes. *Journal of International Business Studies*, 40(9), 1455-1470
- Bernard, A., & Jensen, J. B. (1997) Exceptional exporter performance: cause, effect, or both. *Journal of International Economics*, 47, 1-25
- Bianco, M., Bontempi, M. E., Golinelli, R., & Parigi, G. (2012). Family firms’ investments, uncertainty and opacity. *Small Business Economics*. Advance online publication
- Bian, Y., & Ang, S. (1997). Guanxi networks and job mobility in China and Singapore. *Social Forces*, 75(3): 981-1005
- Bilkey W. J., and Tesar G. (1977). The export behaviour of smaller sized Wisconsin Manufacturing firms. *Journal of International Business Studies*, Summer: 93-98.
- Birley, S., Cromie, S., & Myers, A. (1991). Entrepreneurial networks: their emergence in Ireland and overseas. *International Small Business Journal*, 9 (4), 56-74.
- Blankenburg, D. (1995). Network approach to foreign market entry. In Wilson, D.T and Moller, K. (Eds), *Business Marketing: An Interaction and Network Perspective*, Kluwer Academic Publishers, Dordrecht

Blomstermo, A., & Deo Sharma, D., (2003). *Learning in the internationalisation process of firms*. Edward Elgar Publishing

Boisot, M., & Meyer, M. (2008). Which way through the open door? Reflections on the internationalization of Chinese firms. *Management and Organization Review*, 4, 349-365.

Bradley, F (1995) *International marketing strategy*, 2nd Edition, Prentice Hall, London
Brewer, P.A. (2007). Operationalising psychic distance: A revised approach. *Journal of International Marketing*, 15(1): 44-66

Brouthers, L. & Nakos, G. (2005), “The role of systematic international market selection on small firm’s’ export performance”, *Journal of Small Business Management*, Vol. 43 No. 4, pp. 363-381.

Buckley, P.J. & Casson, M.C. (1976) *The future of the multinational enterprise*, Homes & Meier: London

Bureau Statistics of China (2003), *The SME promotion law of China*, Beijing

Bureau Statistics of China (2015), *The statistics of the compound annual growth rate of all SMEs in all business types in China*, Beijing. Retrieved from:
http://www.stats.gov.cn/tjsj/zxfb/201311/t20151128_471306.html

Bureau Statistics of China (2016), *The overview of the medical industry in China*, Beijing

Burt, R. (2000). The network structure of social capital. *Research in Organizational Behaviour*, 22, pp. 345-423.

Burt, R. S. (1992). *Structural holes: The social structure of competition*. Cambridge: Harvard University Press.

Byrd, W.A., (1990). Rural industrialization and ownership in China. *Comparative Economic Studies* 32 (1), 73–107.

Caliskan, A., Joern, A., Meijnen, M., von Moers, F. & Schapmann, F. (2006), “The first steps of internationalisation of SMEs: serendipitous or intentional?”, *International Journal of Globalisation and Small Business*, Vol. 1 No. 3, pp. 301-318.

Calof, J., Beamish, P. (1995) Adapting to Foreign Markets: Explaining Internationalisation, *International Business Review*, Vol. 4: 115-131

Carlock, R.S. & Ward, J.L. (2001). *Strategic planning for the family business: Parallel planning to unify the family and business*. Houndsmill, NY: Palgrave.

Carson, D., Gilmore, A., & Rocks, S. (2004). SME marketing networking: a strategic approach. *Strategic Change*, 13, 369-382

Casillas, J. C., Acedo, F. J., & Barbero, J. L. (2010). Learning, unlearning and internationalisation: Evidence from the pre-export phase, *International Journal of Information Management*, Vol.30, No.2, pp.162-173

Castillo, J., & Wakefield, M. W. (2006). An exploration of firm performance factors in family businesses: Do families value only the “bottom line”? *Journal of Small Business Strategy*, 17(2), 37-51

Caughey, M. and Chetty, S. (1994). Pre-Export Behaviour of Small Manufacturing Firms in New Zealand, *International Small Business Journal*, 12(3), pp. 62-68

Caves, R.E. (1996), *Multinational Enterprise and Economic Analysis*, 2nd Edition. Cambridge; Cambridge University Press

Cavusgil, S.T. (1980). On the internationalization process of firms. *European Research*, 8(6): 273-281.

Cerrato, D., & Piva, M. (2012). The internationalization of small and medium-sized enterprises: The effect of family management, human capital and foreign ownership, *Journal of Management and Governance*, 16, 617-644

Chen, N. X., (2000), *The Development and Trend of China's Small and Medium Enterprises*, 1st Edition, Beijing: Democracy and Construction Publishing Company

Chen, X. & Wu, J. (2011). Do different guanxi types affect capability building differently? A contingency view. *Industrial Marketing Management*, 40, pp. 581-592.

Chen, X.P.& Chen, C.C. (2004). On the intricacies of the Chinese Guanxi: a process model of guanxi development. *Asia Pacific Journal of Management*, pp. 305-324.

Chen, Y. C. (2014). “Ten development opportunities faced by SMEs”, *Northern Economy and Trade*, Vol. 7, 1-2 (陈永昌, (2014), 中小企业面临的十大发展机遇, 北方经贸 7, 1-2,)

Chetty, S., & Holm, D. B. (2000). Internationalisation of small to medium-sized manufacturing firms: A network approach. *International Business Review*, 9(1), 77–93.

Chetty, S.K. & Campbell-Hunt, C. (2003), “Paths to internationalisation among small-to medium-sized firms: a Global versus Regional Approach”, *European Journal of Marketing*, Vol. 37 No. 5/6, pp. 796-820.

Child, J., & Rodrigues, S. (2005). The internationalization of Chinese firms: A case for theoretical extension? *Management and Organization Review*, 1(3): 381-410.

Child, J., & Yan Y (2001), National and Transnational Effects in International Business: Indications from Sino-Foreign Joint Ventures, *Management International Review*, 41(1) 53-75

Child, J., Ng, S. H., & Wong, C. (2002). Psychic distance and internationalisation: Evidence from Hong Kong firms. *International Studies of Management & Organisation*, 32(1), pp.36-56

China Council for International Cooperation on Environment and Sustainable Development (CCICED) (2014). Recommendations of the CCICED to the Government of China. *CCICED Phase 3 Second Meeting*, 30 October–1 November, Beijing, China

Chrisman, J. J., Chua, J. H., & Sharma, P. (2005). Trends and directions in the development of a strategic management theory of the family firm. *Entrepreneurship Theory and Practice*, 29, 555-575.

Churchill, Jr. G. A. (1991) *Marketing Research: Methodological Foundation*, Dryden Press: Chicago

Clark, T., & Pugh, D. S. (2001). Foreign country priorities in the internationalization process: A measure and an exploratory test on British firms. *International Business Review*, 10(3), 285–303

Cook, K. S, and Emerson, R. M, (1978). Power, Equity and Commitment in Exchange Networks. *American Sociological Review*, Vol.43, No.5, pp.721-739

Corbin, J, & Strauss, A. (1990). Grounded theory research: procedures, canons, and evaluative criteria, *Qualitative Sociology*, Vol. 13, No.1, pp. 3-21

Coviello, N.E., & McAuley, A. (1999). Internationalisation and the smaller firm: A review of contemporary empirical research. *Management International Review*, 39(3): 223-256.

Coviello, N.E., & Munro, H. (1997). Network relationships and the internationalization process of small software firms. *International Business Review*, 6(4): 361-386.

Creswell, J. W and Miller, D. L (2000). Determining validity in qualitative inquiry. *Theory into Practice*, 39(3), 124-131

Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed method approaches* (2nd ed.). California: Sage Publications.

Creswell, J. W., Hanson, W. E, Plano, L. C, & Morales, A, (2007). Qualitative research designs: Selection and implementation, *Journal of Counselling Psychologist*, Vol. 35, No. 2, 236-264

Crick, D (2007), “UK SMEs’ motives for internationalising: Differences between firms employing particular overseas market servicing strategies”, *Journal of International Entrepreneurship*, Vol. 5 No. 1/2, 11-23.

Crick, D. (2009). The internationalization of born global and international new venture SMEs. *International Marketing Review*, Vol. 26, No. 4/5, pp. 453-476

Crick, D. & Spence, M. (2005), “The internationalization of ‘high performing’ UK high-tech SMEs: a study of planned and unplanned strategies”, *International Business Review*, Vol. 14, No. 2, pp. 167-185.

Cyert, R., & March, J. (1963). *A behavioural theory of the firm*. Englewood Cliffs, NJ: Prentice-Hall

Czinkota, M. R. & Ronkainen, I. A. (1995), *International Marketing*, 4th ed., Harcourt Brace & Company, Forth Worth, TX.

Czinkota, M.R. (1982). *Export Development Strategies*. Preager, New York, USA.

Czinkota, M.R., and Ronkainen, I.A. (1995). International Business and Trade in the Next Decade: Report from a Delphi Study. *Journal of International Business Studies*, Vol.28, No.4, pp.827-844

Daily, C. & Dollinger, M. (1992). An empirical examination of ownership structure in family and professionally managed firms, *Family Business Review* Vol. 2: 117–136.

Daily, C. & Dollinger, M. (1993). Alternative methodologies for identifying family-versus non family-managed businesses, *Journal of Small Business Management* Vol. 3: 188-193

Danco, L. (1975). *Beyond Survival*, Cleveland, OH: Center for Family Business

Davies, H., Leung, T.K.P., Luk, S.T.K. & Wang, Y.H. (1995). The benefits of Guanxi-The value of relationship in developing the Chinese market. *Industrial Marketing Management* (24), pp. 207-214.

Davis, D (2000) *Business Research for Decision Making*, Fifth Edition ed, Duxbury Press: Belmont

D’Cruz, J, & Rugman, A. (2006). Multinationals as flagship firms: Regional Business Networks. *Oxford University Press*, London

Dekker, P. & Uslaner, E. M. (2001). *Social capital and participation in everyday life*. London: Routledge.

Denzin & Y.S. Lincoln (Eds.), *Handbook of qualitative research* 1st Edition, Thousand Oaks: SAGE Publications

Dichtl, E., Leibold, M., Koglmayr, HG., & Mueller, S (1984). The export-decision of small and medium sized firms: A review, *Management International Review*, 49-60

Dinda, S. (2008, October). Social capital in the creation of human capital and economic growth: A productive consumption approach. *Journal of Socio-Economics* , 37 (5), pp. 2020-2033.

Donckels, R. & Fröhlich, E. (1991). Are family businesses really different? European experiences from STRATOS. *Family Business Review*, 4(2), 149-160.

- Dow, D. & Karunaratna, A. (2006). Developing a Multidimensional Instrument, *Journal of International Business Studies* 37, 578–602.
- Dow, D. (2008). Factors influencing managerial perceptions of psychic distance. *European International Business Academy*, Tallinn
- Du, D. B. & Li, X. L. (2012) “The study on the management mode of SMEs”, *The Journal of China Small and Medium Sized Enterprise*, Vol. 6, 69-70 (杜德斌, 李晓兰, (2012) 中小企业管理模式研究, 中国中小企业期刊, 6, 69-70)
- Du, D. B. (2013) “the characteristics of family owned SMEs”. *Commercial Times*, Vol. 8, 143-164 (杜德斌, (2013) 家庭型中小企业特点, 商业时代, 8, 143-164)
- Dubois, A., & Gadde, L-E. (2002). Systematic combining: An abdlicative approach to case research. *Journal of Business Research*, 55(7), 553-560
- Dunning, J. (1993). *Multinational Enterprises and the Global Economy*. Harlow: Addison-Wesley.
- Dunning, J.H.& Kim ,C. (2007). The cultural roots of guanxi: an exploratory study. *The World Economy* , pp. 329-341.
- Dyer, Jr, W. G., & Wilkins, A, L (1991). Better stories, not better constructs, to generate better theory: A rejoinder to eisenhardt, *Academy of Management Review*, Vol. 16, No. 3, 613-619
- Eden, L. & Miller, S.R. (2004). Distance matters: Liability of foreignness, institutional distance and ownership strategy. Bush School Working Paper # 404
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, 14(4), 532-550
- Eisenhardt, K. M. (1991). Better stories and better constructs: The case for rigor and comparative logic. *Academy of Management Journal*, 16(3), 620-627
- Eisenhardt, K. M., & Graebener, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 25-32
- Ellis, P.D. (2008). Does psychic distance moderate the market size-entry sequence relationship?. *Journal of International Business Studies*, 39:351-369
- Eriksson, K., Johanson, J., Majkgard, A., & Sharma, D. D. (1997). Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*, 28(2), 337-360
- Evans, J., & Mavondo, F., (2002). Psychic distance and organisational performance: an empirical examination of international retailing operations, *Journal of International Business Studies*, 33(3), 515-532

- Evans, J., Treadgold, A., & Mavondo. (2000). Explaining export development through psychic distance, *International Marketing Review*, 17(2), 164-169
- Fan, J. B (2014). “The study of small and medium sized enterprise in North China”, *Northern Economy and Trade*, Vol. 8, 75-79 (范江波, (2014) 中国北方中小型企业研究, 北方经贸, 8, 75-79)
- Fan, Y. (2002, October). Questioning guanxi: definition, classification and implications. *International Business Review*, 11 (5), pp. 543-561
- Flecher, R. (2001), “A holistic approach to internationalisation”, *International Business Review*, Vol. 10 No. 1, pp. 25-49.
- Ford, D., Gadde, L.-E., Ha kansson, H., & Snehota, I. (2003). *Managing Business Relationships* 2nd Edition. Chichester, UK: Wiley
- Forsgren, M. (1989), *Managing the Internationalization Process – The Swedish Case*, London: Routledge
- Forsgren, M. (2002). The concept of learning in the Uppsala internationalization process model: A critical review. *International Business Review*, 11, 257–277.
- Forsgren, M., Holm, U, & Johanson, J (2005). Managing the Embedded Multinational: A Business Network View, *Uppsala University Press*, Sweden
- Freeman, S. & Cavusgil, S.T. (2007), “Toward a typology of commitment states among managers of born-global firms: a study of accelerated internationalisation”, *Journal of International Marketing*, Vol. 15 No. 4, pp. 1-40.
- Freeman, S. Hutchings, K. & Chetty, S. (2012). Born-Globals and Culturally Proximate Markets. *Management International Review*, 52(3), 425-460
- Fu, P.P., Tsui, A.S.& Dess, G.G. (2006, March). The dynamic of guanxi in Chinese high-tech firms: implications for knowledge management and decision making. *Management International Review*, 46, pp. 277-305.
- Gankema, H.G., Snuif, H.R., & Zwart, P.S. (2000). The internationalization process of small and medium-sized enterprises: An evaluation of stage theory. *Journal of Small Business Management*, 38(4): 15-27.
- George, G., Wiklund, J., & Zahra, S. A. (2005). Ownership and the internationalisation of small firms. *Journal of Management*, 31, 210-233
- Gersick, K., Davis, J., McCollom Hampton, M. & Lansberg, I. (1997). *Generation to Generation*, Boston, MA: Harvard Business School Press.
- Ghauri, P. (2004). Designing and conducting case studies in international business research. In R. Marschan-Piekkari & C. Welch (Eds.), *Handbook of qualitative research methods for international business* (pp. 109-124). Cheltenham, UK: Edward Elgar

Glaser, B., & Strauss, A. (1967). *The discovery of grounded theory: Strategies of qualitative research*. London: Wiedenfield and Nicholson

GLOBE (Global Leadership and Organisational Behaviour Effectiveness), (2010). *Culture, Leadership, and Organisation: The GLOBE study of 62 Societies*. Thousand Oaks, CA: SAGE

Godfrey, P.C. & Hill, C.W. (1995), "The problem of unobservables in strategic management research", *Strategic Management Journal*, 16, 519-533.

Gomez-Mejia, L. R., Makri, M., & Larraza-Kintana, M. (2010). Diversification decisions in family-controlled firms, *Journal of Management Studies*, 47, 223-252.

Gomez-Mejia, L. R., Takacs-Haynes, K., Nunez-Nickel, M., Jacobson, K. J. L., & Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly*, 52, 106-137.

Granovetter, M. (1985). Action and social structure: The problem of embeddedness. *American Journal of Sociology*, 91(3): 481-510.

Grant, R. (1991). The resource-based theory of competitive advantage: implication for strategy formulation. *California management Review*, 33 (3), pp.114-135

Graves, C., & Thomas, J. (2006). Internationalization of Australian family businesses: A managerial capabilities perspective. *Family Business Review*, 19, 207-224

Griffith, D and Dimitrova, B, (2014) Business and Cultural Aspects of Psychic Distance and Complementarity of Capabilities in Export Relationships. *Journal of International Marketing*, Vol.22, No.3, pp.50-67

Guba, E. G., & Lincoln, Y.S. (1994). *Competing paradigms in qualitative research*. In U.K.

Gummesson, E. (2000). *Qualitative methods in management research* 2nd Edition. Thousand Oaks: SAGE Publication

Gummesson, E. (2007). Case study research and network theory: bird of a feather. *Qualitative Research in Organisations and Management: An International Journal*, 2 (3), 226-248

Guo, C., & Miller, J.K. (2010, March 30). Guanxi dynamics and entrepreneurial firm creation and development in China. *Management and Organization Review* , pp. 267-291.

Guo, X. (2001). Dimensions of guanxi in Chinese elite politics. *The China Journal* , 46 (4), pp. 69-90.

Hahti, A., Madupu, V., Yavas, U., & Babakus, E. (2005). Cooperative strategy, knowledge intensity and export performance of small and medium sized enterprises. *Journal of World Business*, 40 (2), 124-138

- Habbershon, T. G., & Williams, M. L. (1999). A resource based framework for assessing the strategic advantages of family firms. *Family Business Review*, 12, 1-22.
- Habbershon, T. G., Williams, M. L., & MacMillan, I. C. (2003). A unified systems perspective of family firm performance. *Journal of Business Venturing*, 18(4): 451-465
- Håkansson, H. & Snehota, I. (2006). No business is an island: The network concept of business strategy. *Scandinavian Journal of Management*, 22 (3), pp. 256-270.
- Håkansson, H., & Ford, D. (2002). How should companies interact in business networks? *Journal of Business Research*, 55: 133-139
- Håkansson, H., & Snehota, I. (1995). *Developing Relationships in Business Networks*. Routledge, London, UK.
- Hall, R. (1992). The Strategic Analysis of Intangible Resource. *Strategic management Journal*, Vol. 13, No.2, pp.135-144
- Handler, W. (1989) "Succession in Family Firms: A Mutual Role Adjustment Between Entrepreneur and Next-Generation Family Members." *Entrepreneurship: Theory and Practice*, 15(1), 37-51
- Harris, R., Martinez, J. and Ward, J. (1994). Is strategy different for the family-owned business? *Family Business Review* VII2: 159–174.
- Healy, M. & Perry, C. (2000). Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm. *Qualitative Market Research*, 3(3), 118-126
- Hennart, J. E., (1982). *A theory of multinational enterprise*. Ann Arbor: University of Michigan Press
- Herriott, R. E., & Firestone, W. A. (1983). Multisite qualitative policy research: Optimizing description and generalizability. *Educational Researcher*, 12, 14–19
- Hesse-Biber, S. N., & Leavey, P. (2006). *The practice of qualitative research*. SAGE Publication. Thousand Oaks. California
- Hill, C., Cronk, T. & Wickramasekera, R. (2014) *Global Business Today*. 3rd Edition. Sydney, New South Wales: McGraw-Hill Education.
- Hilgers, T. (2008). Causes and consequence of political clientelism: Mexico's PRD in comparative perspective. *Latin American politics and Society*, 50(4): pp.123-153
- Hoang, H. & Antoncic, B. (2003). Network-based research in entrepreneurship: A critical review. *Journal of Business Venturing*, 18, pp. 165-187.
- Hu, J. & Stanton J. (2011, May). A study of how mainland Chinese small and medium privately owned businesses engage in networking. *Industrial Marketing Management*, 40 (4), pp. 534-539.

- Hutchings, K. & Weir, D. (2006, January–February). Guanxi and Wasta: A Comparison. *Thunderbird International Business Review* , 48 (1), pp. 141–156.
- Hutchinson, K., Alexander, N., Quinn, B. & Doherty, A.M. (2007), “Internationalisation motives and Facilitating Factors: Qualitative Evidence of Smaller Specialist Retailers”, *Journal of International Marketing*, Vol. 15 No. 3, pp. 96-122.
- Hwang, D.& Staley, A. (2005). An analysis of recent accounting and auditing failures in the United States on U.S. accounting and auditing in China. *Managerial Auditing Journal* , 20 (3), pp. 227-234.
- Hwang, D.B., Golemon P.L., Chen, Y., Wang, T.S. and Hung, W.S. (2008, Spring). Guanxi and business ethics in Confucian society today: an empirical case study in Taiwan. *Journal of Business Ethics* , 89, pp. 235-250.
- Hwang, KK (1987), "Face and Favor: The Chinese Power Game," *American Journal of Sociology*. January , pp. 944-974.
- Ishman, M.D., Pegels, C. C., & Sanders, G. L.(1994) A window on information systems technology in China, *Journal of Strategic Information Systems*, 3(4), 299-311
- Jacobs, J. (1979). A preliminary model of particularistic ties in Chinese political alliances: kan-chi'ing and kuan-hsi in a rural Taiwanese township. . *The China Quarterly* , 79, pp. 237–273.
- Jacobs, J. (1982). The concept of guanxi and local politics in a rural Chinese cultural setting . In *Social Interaction in Chinese Society*. in S. Greenblatt, R.Wilson, and A. Wilson (eds.): Praeger Publisher.
- Jasson, H., & Sandberg, S., (2008). Internationalisation of Small and Medium Sized Enterprises in the Baltic Sea Region. *Journal of International Management*. 14. 65-77.
- Jenster, P.V. & Jarillo, C. (1994), *Internationalizing the Medium-sized Firm*, Handelshøjskolens Forlag, Copenhagen.
- Johanson, J & Vahlne, J.E. (2006). Commitment and opportunity development in the internationalisation process: A note on the Uppsala internationalisation process model. *Management International Review*, Vol. 46 No. 2, pp. 165-78
- Johanson, J. & Vahlne, J.E. (1977) The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8, 25–34.
- Johanson, J. & Vahlne, J.E. (1990) The Mechanism of internationalization. *International marketing review*, 7(4). 11-24
- Johanson, J. & Vahlne, J.E. (1992). Management of foreign market entry. *Scandinavian International Business Review*, 1(3), 9-27

- Johanson, J. & Vahlne, J.E. (2003). Business relationship learning and commitment in the internationalization process. *Journal of International Entrepreneurship*, 1(1) 83-101
- Johanson, J. & Vahlne, J.E. (2009) The Uppsala internationalization process model revisited: From liability of foreignness to liability of ownership. *Journal of International Business Studies*, 40(1), 1411-1431
- Johanson, J. & Vahlne, J.E. (2010). Markets as networks: Implication for strategy-marking. *Journal of Academy of Marketing Science*, 1-8
- Johanson, J. & Vahlne, J-E. (2013). The Uppsala model on evolution of the multinational business enterprise – from internalization to coordination of networks. *International Marketing Review*, 30 (3), 189-210
- Johanson, J. & Wiedersheim-Paul, F. (1978). The internationalization of the firm-four Swedish cases. *Journal of Management Studies*, 12(3), 305-323
- Johanson, J., & Mattsson, L. (1987). International relation in industrial system: A network approach compared with transaction-cost approach. *International Studies of Management & Organisation*, 17(1), 34-48
- Johanson, J., & Mattsson, L. G. (1988). Interorganisational relations in industrial systems: A network approach. In N. Hood, & J. E. Vahlne (Eds.), *Strategies in global competition*. London: Croom Helm.
- Johanson, J., & Sharma, D. D. (1987). Technical consultancy in internationalisation'. *International Marketing Review*, 4, 20–29.
- Johanson, M., & Kao, P. T., (2010) Networks in internationalisation. *Progress in International Business*, 5(1), 119-142
- Johnston, W. J., Leach, M. P., & Liu, A. H. (1999). Theory testing using case studies in business-to-business research. *Industrial Marketing Management*, 28(3), 201-213
- Jones, M. & Dimitriatos, P. (2004) *Emerging Paradigms in International Entrepreneurship*. Edward Elgar, Cheltenham
- Katsikeas, E. & Skarmeas, D. (2003), “Organisational and managerial drivers of effective export sales organisations”, *European Journal of Marketing*, Vol. 37 No. 11/12, pp. 1723-1745.
- Kerlinger, F. N., & Lee, H. B., (2000). *Foundations of behavioural research*, 4th Edition, Holt, New York: Harcourt College Publishers
- Keupp, M & Gassmann, O. (2009). The past and the future of international entrepreneurship: A review and suggestions for developing the field, *Journal of Management*, Vol.35, No.3, pp.600-633

- Klein, S., Astrachan, J., & Smyrnios, K. (2005). The F-PEC scale of family influence: construction, validation and further implication for theory. *Entrepreneurship Theory and Practice*, Vol. 29, No. 3, pp. 321-339
- Knight, G. A. & Kim, D. (2009), "International business competence and the contemporary firm", *Journal of International Business Studies*, Vol. 40 No. 2, pp. 255-273
- Knight, G. A. & Liesch, P.W. (2002), "Information internalisation in internationalising the firm", *Journal of Business Research*, Vol. 55 No. 12, pp. 981-995.
- Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organisational capabilities, and the born global firm. *Journal of International Business Studies*, 35, 124–141
- Knight, G.A., & Cavusgil, S.T. (1996). The born global firm: A challenge to traditional internationalization theory. *Advances in International Marketing*, 8:11-26.
- Knowles, D., Mughan, T. & Lloyd-Reason, L. (2006), "Foreign languages use among decision-makers of successfully internationalised SMEs, Questioning the language-training paradigm", *Journal of Small Business and Enterprise Development*, Vol. 13 No. 4, pp. 620-641.
- Kogut, B. & Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3): 411-432
- Kogut, B. & Zander, U. (1993), Knowledge of the firm and the evolutionary theory of multinational corporation. *Journal of International Business*, 24, 625-645
- Lansberg, I. S. (1983). Managing human resources in family firms: The problem of institutional overlap. *Organisational Dynamics*, Summer, 39-46
- Lee, A. S. (1998). A scientific methodology for MIS case studies. *MIS Quarterly*, 13(1), 33-50
- Lee, E. Y.-C. & Anderson, A. R. (2007). The role of guanxi in Chinese entrepreneurship. *Journal of Asia Entrepreneurship and Sustainability* , 3 (3), pp. 38-51.
- Lee, M.Y. & Paul, E. (2000, January-February). Insider-outsider perspectives of guanxi. *Business Horizons* , pp. 25-30.
- Lee, P.K.C. & Humphreys, P.K. (2007, April). The role of Guanxi in supply management practices. *International Journal of Production Economics* , 106 (2), pp. 450-467.
- Leonidou, L.C., & Katsikeas, C.S. (1996). The export development process: An integrative review of empirical models. *Journal of International Business Studies*, 3d Quarter: 517-551
- Li, J., & Wright, P. (2000). Guanxi and the realities of career development: a Chinese perspective, *Career Development International*, Vol.5, No.7, pp.369-378
- Li, L., Li, D., & Dalgic, T. (2004). Internationalisation process of small and medium-sized enterprises: Toward a hybrid model of experiential learning and planning. *Management*

International Review, 44: 93-116

Liamputtong, P., & Ezzy, D. (2005). *Qualitative research methods* (2nd ed.). South Melbourne: Oxford University Press

Liang, X., Wang, L., & Cui, Z. (2013) “Chinese Private Firms and Internationalisation: Effects of Family Involvement in Management and Family Ownership”, *Family Business Review*, Vol. 27(2), 126-141

Liao, J.W. & Welsch, H. (2003, Spring). Social capital and entrepreneurial growth aspiration: a comparison of technology- and non-technology-based nascent entrepreneurs. *The Journal of High Technology Management Research*, 14 (1), pp. 149-170.

Lin, H. (2002). *WTO and the Transformation of SMEs*. Beijing: Economic Management Press.

Lin, H. (2003). Problems faced by SMEs in their development, *China Social Science (中国社会科学院期刊)*, No. 2. 123-136

Lin, L. (2010). Cultural and Organizational Antecedents of Guanxi: The Chinese Cases. *Journal of Business Ethics*, 99 (3), pp. 441-451.

Lin, X. (2003). Policy of perfecting the indirect finance environment of private enterprises. *Research on Quantity Economy and Technique Economy*, No. 5. 212-223

Litz, R.A. (1997). The family business: Toward definitional clarity, *Family Business Review* 8(2): 71–81

Liu, W. & Wang, Z. S (2012). “The innovation mode of SMEs”, *Commercial Times*, Vol. 7, 10-13 (刘薇, 王宗水, (2012), 商业时代, 中小型企业创新模式研究, 7,10-13)

Liu, X., Xiao, W., & Huang, X. (2008). Bounded entrepreneurship and internationalisation of indigenous Chinese private-owned firms. *International Business Review*, 17, 488–508

Liu, Y., Lin, W.-T., & Cheng, K.-Y. (2011). Family ownership and the international involvement of Taiwan’s high-technology firms: The moderating effect of high-discretion organizational slack. *Management and Organization Review*, 7, 201-222.

Lou, Y. (1997; 2000), Guanxi: Principles, philosophies and implications, *Human Systems Management* **16** 43–52.

Lou, Y., & Tung, R. L. (2007). Introduction. International expansion of emerging market enterprises: A Springboard Perspective. *Journal of International Business Studies*, 38(4), 481–498.

Luo, Y. & Tao, Z. (2010, May). Determinants of entrepreneurial activities in China. *Journal of Business Venturing*, 25 (3), pp. 261-273.

Luo, Y. (1997). Guanxi and performance of foreign invested enterprises in China: an empirical inquiry. *Management International Review*, 37 (1), pp. 51-70.

- Luo, Y. (2000). Guanxi, Principles, Philosophies, and Implications. *Human System Management*, Vol.16, pp.43-51
- Luo, Y., & Chen, M. (1997). Does Guanxi influence firm performance? *Asia Pacific Journal of Management*, 14, 1–16.
- Luo, Y., Xue, Q., & Han, B., (2010). How emerging market government promote outward FDI: Experience from China. *Journal of World Business*, 45(1), 68-79
- Madsen, T. K. (2013). Early and rapidly internationalising ventures: Similarities and differences between classifications based on the original international new venture and born global literatures, *Journal of International Entrepreneurship*, 11(1), 65-79
- Madsen, T. K., & Servais, P. (1997). The internationalisation of born global: an evolutionary process? *International Business Review*, 6(6), 561-583
- Mahoney, D., Trigg, M., Griffin, R., & Pustay, M., (1998). *International Business: A Managerial Perspective* (2 Ed. Vol. 1). Melbourne: Longman
- Markusen, J. R., Melvin, J. R., Kaempfer, W. H., & Maskus, K. E. (1995). *International Trade: Theory and evidence*. McGraw-Hill Inc, New York
- Marschan-Piekkari, R., & Welch, C. (Eds.). (2004). *Handbook of qualitative research methods for international business*. Northampton, Massachusetts: Edward Elgar Publishing Limited.
- Marshall, C., & Rossman, G. B., (1999), *Designing qualitative research*, 3rd Edition. SAGE Publications
- Martinsons, M. G., & Westwood, R. I.,(1997). Management information system in the Chinese business culture: An explanatory theory. *Information & Management* 32(5), 215-228
- Mathews, S., Constanza, B., Keith, P., Healy, M., & Wickramasekera, R (2016). Internet marketing capabilities and international market growth. *International Business Review*, 25(4), pp.820-830
- Maylor, H. & Blackmon, K. (2005) *Researching Business and Management: A Roadmap for Success*, Basingstoke: Palgrave Macmillan
- Merriam, S. B. (1988), *Case Study Research in Education: a Qualitative Approach*, Jossey-Bass Publications, San Francisco
- Meyer, K., & Skak, A. (2002). Networks, serendipity and SME entry into Eastern Europe. *European Management Journal*, 20(2), 179-188
- Miles, M. B., & Huberman, M. A., (1994). *Qualitative analysis: An expanded sourcebook*, 2nd Edition. Thousand Oaks, CA: SAGE
- Miles, R. E. & Snow, C. C. (1978). *Organisational Strategy, Structure and Process*, New York: McGraw-Hill.

Ministry of justice of China, (2010). The effect of 'Reciprocity' in China, *Ministry of justice of People's Republic of China Press*

Moller, K. & Halinen, A. (1999). Business Relationships and Networks: Managerial Challenge of Network Era. *Industrial Marketing Management*, 28, 413-427

Moore, C. (2004) In Other Words: "A Language Lover's Guide to the Most Intriguing Words Around The World." New York: Walker and Co.

Morgan, R. & Hunt, S. (1994). The Commitment: Trust Theory of Relationship Marketing. *Journal of Marketing*, 58(3), 20-38

Morgan, R. E., & Katsikeas, C. S., (1997) Theories of international trade, foreign direct investment and firm internationalisation: A critique. *Management Decision*, 35 (1), 68-78

Morse, J. M., & Richards, L. (2002). *Read me first for a use guide to qualitative methods*. SAGE Publications, California, USA

Muchinsky, P. M. (2003). *Psychology applied to work*, 7th Edition. Belmont, CA: Thomson
Nahapiet, J. & Ghoshal, S. (1998). Social capital, intellectual capital and the organizational advantage. *Academy of Management Review*, 23 (2), pp. 242–266.

Naldi, L., Nordqvist, M., Sjoberg, K. & Wiklund, J. (2007). Entrepreneurial orientation, risk taking and performance in family firms, *Family Business Review* 20(1): 33–47.

National Bureau Statistics of China (NBSC), (1998) *China Statistical Yearbook 1998*. Beijing: China Statistical Press

National Bureau Statistics of China (NBSC), (1999) *China Statistical Yearbook 1999*. Beijing: China Statistical Press

National Bureau Statistics of China (NBSC), (2001) *China Statistical Yearbook 2001*. Beijing: China Statistical Press

National Bureau Statistics of China (NBSC), (2013) *China Statistical Yearbook 2013*. Beijing: China Statistical Press

Nieto, M., & Pérez, W. (2000). The development of theories from the analysis of the organisation: Case studies by the patterns of behaviour. *Management Decision*, 38(10), 723-733.

Nordstrom, K., & Vahlne, J. E., (1994). Is the globe shrinking? Psychic distance and the establishment of Swedish sales subsidiaries during the last 100 years. In M. Landeck (Ed.), *International trade: Regional and global issues*: 41-56. New York: St Martin's Press

O'Grady, S. & Lane, H.W. (1996). The Psychic Distance Paradox. *Journal of International Business Studies*, 27(2): 309-317

Ojala, A. & P. T. inen (2008). "Market entry decisions of US small and medium-sized software firms." *Management Decision* 46(2): 187.

- Ojala, A. (2009). Internationalization of knowledge-intensive SMEs: The role of network relationships in the entry to a psychologically distant market. *International Business Review*, 18 (2009), 50-59.
- Ojala, A. (2015). Geographic, cultural, and psychic distance to foreign markets in the context of small and new ventures. *International Business Review*, 24(5), 825-835
- Ojala, A., & Tyrainen, P. (2007). Market entry and priority of small and medium sized enterprises in the software industry: An empirical analysis of cultural distance, geographic distance and market size, *Journal of International Marketing*, 15(3), pp.123-149
- Olson, H. & Wiedersheim-Paul, F. (1978), Factors affecting the pre-export behaviour of non-exporting firms, in Ghertman, M., & Leontiades, J. (eds), *European Research in International Business*, New York, pp.283-305
- Oviatt, B. M., & McDougall, P. P. (1997). Challenges for internationalization process theory: The case of international new ventures. *Management International Review*, 37(2): 85–99.
- Oviatt, B.M., & McDougal, P.P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies*, 25(1): 45-64.
- Park, S.H. & Luo, Y.D. (2001). Guanxi and organizational dynamics: organizational networking in Chinese firms. *Strategic Management Journal* , pp. 455-477.
- Parkhe, A. (1993). ‘Messy’ research, methodological predispositions, and theory. *Academy of Management Review*, 18(2), 227-268
- Patton, E., & Applebaum, S. H. (2003). The case for case studies in management research. *Management Research News*, 26(5), 60-71
- Pedersen, T. & B. Petersen (1998), Explaining Gradually Increasing Resource Commitment to a Foreign Market, *International Business Review*, 7 (3), 483-501.
- Penrose, E.T. (1950). *The theory of the growth of the firm*. Oxford university press: New York
- Perry, C. & Coote, L. (1994), Processes of case Research methodology: tool for management development? Paper presented at the Australia and New Zealand Academy of Management (ANZAM) Conference, Victoria University of Wellington, Wellington, New Zealand.
- Perry, C. (1998) A structure approach to presenting theses: Notes for students and their supervisors. *Australasian Marketing Journal*, 6 (1), 63-86
- Perry, C. (1998). Processes of a case study methodology for postgraduate research in marketing. *European Journal of Marketing*, 32 (9), 785-802
- Perry, C., Riege, A., & Brown, L. (1998). *Realism rules OK: Scientific paradigms in marketing research about networks*. Paper presented at the Australia and New Zealand Marketing Academy, Dunedin, New Zealand.
- Perry, C., Riege, A., & Brown, L. (1999). Realism’s role among scientific paradigms in marketing research. *Irish Marketing Review*, 12(2), 16-23

Petraf, A (1993). Barriers to the advanced pf organisational science, *The Academy of Management Review*, Vol.18, No. 4, pp.559-620

Pfeffer, J. (1981). *Power in Organisation*, Boston, Pitman

Pfeffer, J. and Salancik, G. R. (1978). *The external control of organization: a resource dependence perspective*, Harper & Row, New York

Pinho, C. J. & Martins, L. (2010). Exporting barriers: insights from Portuguese small-and medium-sized exporters and non-exporters. *Journal of International Entrepreneurship*, 8: 254-272

Pinho, J.C. (2007), "The impact of ownership – Location-specific advantages and managerial characteristics on SME foreign entry mode choices", *International Marketing Review*, Vol. 24 No. 6, pp. 715-734.

Presutti, M., Boari, C, & Fratocchi, L, (2007). Knowledge acquisition and the foreign development of high-tech start-ups: A social capital approach, *International Business Review*, 16(1), 23-46

Putnam, R. (2004, March). Blowing together. *The Organization for Economic Cooperation and Development Observer* , pp. 14-16.

Quan, Y. (2001). Access to the WTO and internationalisation strategy of Chinese companies. *Enterprise Studies*, 8, 12–24.

Reid, S.D. (1981). The decision-maker and export entry and expansion. *Journal of International Business Studies*, 12: 101-112.

Rennie, M. W (1993). Born Global, *McKinsey Quarterly*, No. 4, pp.45-55

Rialpe, A & Riaple, J. (2001) "Conceptual frameworks on SMEs; internationalisation: Past, present and future trends of research" Reassessing the internationalisation of the firm, Vol.11, p.49-78

Romano, J, P. (1989). Bootstrap and randomisation tests of some nonparametric hypotheses. *Ann Statist*, 17(1): 141-159

Roudini,A, Mohd, H, & Osman, M. (2012). The Role of International Entrepreneurship Capability on International Performance in Born Global Firms, *iBusiness*, 4: 126-135

Ruokonen, M., Litvin, M., & Aarvak, T. (2008). Taxonomy of the bean goose-pink-footed goose. *Molec. Phylogen, Evol.* 48: 554-562

Ruzzier, M., Hisrich, D. & Antoncic, B (2006), SME internationalization research : past, present and future, *Journal of Small Business Enterprise Development*, 13, 4, 476-497

Saunders, M., Lewis, P., & Thornhill, A. (2003). *Research methods for business students* (3rd ed.). London: Prentice Hall.

- Schweizer, R., Vahlne, J.-E. & Johanson, J. (2010). Internationalisation as an Entrepreneurial Process. *Journal of International Entrepreneurship*, 8(4), pp. 343–370.
- Sciascia, S., & Mazzola, P. (2008). Family involvement in ownership and management: Exploring nonlinear effects on performance. *Family Business Review*, 21, 331-345
- Seung, P., & Luo, Y., (2001). Guanxi and organizational dynamics: organizational networking in Chinese firms. *Strategic Management Journal*, 22(5), pp. 455-477
- Shadish, W. R, Cook, T. D and Campbell, D. T., (2002). *Experimental and quasi-experimental designs for generalized causal inference*. Belmont, CA: Wadsworth Cengage Learning
- Sharma, D and J. Johanson, 1987. Technical Consultancy in Internationalisation. *International Marketing Review*, 4, (Winter) 20-29.
- Sharma, D. D., & Blomstermo, A. (2003). The internationalization process of born globals: A network view. *International Business Review*, 12 (6) 739-754.
- Sharma, P., Chrisman, J. J., & Chua, J. H. (1997). Strategic management of the family business: Past research and future challenges, *Family Business Review* 10(1): 1–36.
- Shaughnessy, J. J., Zechmeister, E. B., & Zechmeister, J. S. (2003). *Research methods in Psychology*, 6th Edition. New York: McGraw Hill.
- Shenkar, O. (2001). Cultural distance revisited: Towards a more rigorous conceptualisation and measurement of cultural differences. *Journal of International Business Studies*, 32(3): 519-535
- Shi, J. (Ed.). (2006). *Report on the development of China's private economy*. Beijing: Economic Science Press
- Siggelkow, N. (2007). Persuasion with case studies. *Academy of Management Journal*, 50(1), 20-24.
- Silverman, D. (2005). *Doing qualitative research*, 2nd Edition. Thousand Oaks, California: SAGE Publications Ltd.
- Silverman, D. (2010). *Doing qualitative research: A practical handbook*, 3rd Edition. Thousand Oaks: SAGE Publications.
- Simon, A., Sohal, A., & Brown, A. (1996). Generative and case study research in quality management. Part I: Theoretical considerations. *International Journal of Quality & Reliability Management*, 13(1), 32-42.
- Siu, W. S., & Bao, Q. (2008). Network strategies of small Chinese high-technology firm: A qualitative study. *Journal of Product Innovation Management*, 25(1), 79-102
- Sobh, R., & Perry, C. (2005). Research design and data analysis in realism research. *European Journal of Marketing*, 40, 1194-1209

Sousa, C. & Bradley, F. (2006) Cultural Distance and Psychic Distance: Two Peas in a Pod? *Journal of International Marketing*: 14(1) 49-70

Spector, P. E. (2005). *Industrial & organizational psychology: Research and Practice*, 3rd Edition. New York: John Wiley & Sons, Inc

Stone-Romero, E. F. (2002). *The relative validity and usefulness of various empirical research designs*. In S. G. Rogelberg (Ed.), *Handbook of research methods in industrial and organizational psychology* (pp. 77-98). Cambridge, MA: Blackwell

Stuart, I., McCutcheon, D., Handfield, R., McLachlin, R., & Samson, D. (2002). Effective case research in operations management: A process perspective. *Journal of Operations Management*, 20(5), 419-433.

Styles, C., & Ambler, T. (1994). Successful export practice: The UK experience. *International Marketing Review*, 11 (6), 23–47.

Suaréz-Ortega, S.M. & Alamo-Vera, F.R. (2005), “SMEs internationalisation: firms and managerial factors”, *International Journal of Entrepreneurial Behaviour and Research*, Vol. 11 No. 4, pp. 258-279.

Sullivan, D., & Bauerschmidt, A. (1990). Incremental internationalisation: A test of Johanson and Vahlne’s thesis. *Management International Review*, 30(1), 9-30

Szeto, R. & Wright, P.C. (2006). Business networking in the Chinese context: Its role in the formation of guanxi, social capital and ethical foundations. *Management Research News*, 29 (7), pp. 425-438.

Tagiuri, R., & Davis, J. A. (1982). Bivalent attributes of the family firm. Working paper. Cambridge, MA: Harvard Business School. Reprinted in (1996), *Family Business Review* 9(2): 199–208.

Tan, A., Brewer, P. & Liesch, P. (2007) Before the first export decision: Internationalisation readiness in the pre-export phase. *International Business Review*, 16, 294-309

Taylor, B., Kermode, S., & Roberts, K. (2007). *Research in Nursing and Health Care: Evidence for Practice*, (3rd ed.) Sydney: Thomson.

Thomas, M., & Araujo, L. (1985). Theories of export behavior: A critical analysis, *European Journal of Marketing*, Vol.19, No. 2, pp.42-52

Trostel, A. and Nichols, M, (1982). Privately-Held and Publicly-Held Companies: A comparison of strategic choice and management processes. *Academy of Management Journal*, 25, 47-62

Tsang, E. W. K., (1998). Can guanxi be a source of sustained competitive advantage for doing business in China? *Academy of Management Executive*. 12(2), pp.64-73

- Tsoukas, H. (1989). The validity of idiographic research explanations. *Academy of Management Review*, 14(4), 551-561
- Tung, R. & V. Worm. (2001). Network capitalism: the role of human resources in penetrating the China market. *International Journal of Human Resource Management* 12(4), 517-534.
- Vahlne, J.-E. & Ivarsson, I. (2014). The globalization of Swedish MNEs: Empirical evidence and theoretical explanations. *Journal of International Business Studies*, 45(3), pp. 227- 247.
- Vanhonacker, W. R. (2004). Guanxi Networks in China: How to be the spider, not the fly. *The China Business Review*, 48-53
- Voss, C., Tsikriktsis, N., & Frohlich, M. (2002). Case research in operations management. *International Journal of Operations & Production Management*, 22(2), 195-219
- Wang, C. L. (2007). Guanxi vs. relationship marketing: Exploring underlying differences. *Industrial Marketing Management*, 36, 81–86.
- Wang, C. L., Siu, N., & Barnes, B. (2008). The significance of trust and renqing in the long-term orientation of Chinese business-to-business relationships. *Industrial Marketing Management*, 37, 819–824.
- Wang, Y.H.& Tam,J.L.M. (2000). Mapping relationships in China: guanxi dynamic approach. *Journal of Business & Industrial Marketing* , 15 (0885-8624), pp. 57-70.
- Ward, J. L. (1988). The special role of strategic planning for family businesses, *Family Business Review* 1(2): 105–117
- Weaver, K., & Olson, J. K. (2006). Understanding paradigms used for nursing research. *Journal of Advanced Nursing*, 53(4), 459-469
- Weerawardena, J., Mort, G., Liesch, P., & Knight, G (2007) Conceptualising accelerated internationalization in the born global firm: A dynamic capabilities perspectives, *Journal of World Business*, (42), 294-306
- Welch, C. & Paavilainen-Mäntymäki, E. (2014). “Putting Process (Back) In: Research on the Internationalisation Process of the Firm”, *International Journal of Management Review*, 16, 2-23
- Welch, L. S. & Luostarinen, R. (1993), “*Internationalisation: evolution of a concept*”, in Buckley, P.J. and Ghauri, P.N. (Eds.), *The Internationalisation of the Firm: A Reader*, Academic Press, London, pp. 155-171.
- Wenerfelt,B (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, Vol.5, No. 2, pp.171-180
- Westhead, P., & Cowling, M. (1999). Family firm research: The need for a methodological rethink, *Entrepreneurship: Theory and Practice* 23(1): 31–56.

- Wei, H, & Marjorie, A, L. (2008). China's outward foreign direct investment, *Business Horizons*, Vol. 51, No. 6, pp.485-491
- Whitelock, J (2002). Theories of internationalisation and their impact on market entry. *International marketing Review*, Vol. 19, No.4, pp.342-347
- Wiedersheim-Paul, F., Welch, L. S., & Olson, H. C. (1978). Before the first export order: A behavioral model. Working paper no. 10, November.
- Wilkinson, I., & Young, L. (2004). Improvisation and adaptation in international business research interviews. In R. Marschan-Piekkari, & C, Welch, *Handbook of Qualitative Research Method for International Business* (p. 207-223). Edward Edger, Cheltenham UK; Northampton, MA, USA
- Willer, D and Anderson, B. (1981). *Networks, Exchange and Coercion*. Elsevier/Greenwood: New York.
- Wilson, J. & Brennan, R. (2010). doing business in China: is the importance of guanxi diminishing? *European Business Review* , 22 (6), pp. 652-665.
- Witt, B & Mayer, R (2010). *Strategy: Process, Content, Context: an international perspective*, Cengage Learning, EMEA
- Witt, B and Mayer, R. (2010) *Strategy Synthesis*, London
- Wong, C. L. (2007). Guanxi vs relationship marketing, exploring underlying differences. *Industrial Marketing Management*. 36(1), pp. 81-86
- Wright, M., Westhead, P. & Ucbasaran, D. (2007), "Internationalisation of Small and Medium-sized Enterprises and International Entrepreneurship: A Critique and Policy Implications", *Regional Studies*, Vol. 41 No. 7, pp. 1013-1029.
- Wright, M., Westhead, P. & Ucbasaran, D. (2007), "Internationalisation of Small and Medium-sized Enterprises and International Entrepreneurship: A Critique and Policy Implications", *Regional Studies*, Vol. 41 No. 7, pp. 1013-1029.
- Xiang, H. (1999). Establishing credit guarantee system for SMEs loan, *China Township Enterprises*, No.7. 113-126
- Xu, L. H & Shi, F. Y. (2014). "FDI and the exploration the process of internationalization of SMEs". *Northern Economy and Trade*, Vol. 6, 7-10 (徐凉红, 施凡毅 (2014) FDI 与中小企业国际化进程探索, 北方经贸, 6, 7-10)
- Yang, M (1994), *Gifts, Favors and Banquets: The Art of Social Relationships in China* (Ithaca, NY: Cornell University Press).
- Yang, W. Z (2002) "How family business internationalise", *Journal of Chinese Entrepreneurs*, Vol. 8, 103-108 (杨伟忠, (2002) 家族企业如何走向国际化, 中国企业家, (8) 103-108)

- Yao, J. (1999). The research and practice to the service center of SMEs in Shanghai. *SMEs in China*, No.11. 232-245
- Yeung, I.Y.M. & Tung, R.L. (1996). Achieving business success in Confucian societies: the importance of guanxi. *Organizational Dynamics*, 25 (2), pp. 54–65.
- Yin, R. K. (2003). *Case study research: Design and methods*, 3rd Edition. Thousand Oaks: SAGE Publications
- Yin, R. K. (2009). *Case study research: Design and methods*, 4th Edition. Thousand Oaks, California: SAGE Publications
- Yli-Renko, H., Autio, E, & Tontti, V, (2002). Social capital, knowledge, and international growth of technology-based new firm, *International Business Review*, Vol. 11, No. 3, pp. 279-304
- Zahra, S. A and Dass, R (1993). Innovation strategy and financial performance in manufacturing companies: An empirical study. *Production and operations management*, 2(1), 15-37
- Zahra, S. A. (2003). International expansion of U.S. manufacturing family businesses: The effect of ownership and involvement. *Journal of Business Venturing*, 18, 495-512
- Zahra, S. A., Neubaum, D. O., & Naldi, L. (2007). The effects of ownership and governance on SMEs' international knowledge-based resources. *Small Business Economics*, 29, 309-327.
- Zain, M. & Ng, S.I. (2006). The Impacts of Network Relationships on SMEs' Internationalisation Process. *Thunderbird International Business Review*, 48(2), 183–205.
- Zhou L., Wu, W., & Luo, X. (2007). Internationalization and the performance of born-global SMEs: the mediating role of social networks. *Journal of International Business Studies*, 38 (4) 673-91.
- Zhu, Y., Bhat, R.,& Nel, P (2005) Building business relationships: a preliminary study of business executives' views, *Cross Cultural Management: An International Journal*, 12(3), 63 – 84
- Zhuang, G J., & Xi, Y. (2004) “The Guanxi and the Chinese marketing Channel”. *Journal of Management Science in China*, 7 (6) (庄贵军，席西民 (2004) 中国营销渠道中私人关系对渠道权力使用的影响，管理科学学报，第7卷第6期)
- Zhuang, G J., Xi, Y M., & Zhou, L (2007) “Power, Conflict and Cooperation: the impact of personal Guanxi in a Chinese Marketing Channel.” *Journal of Management Sciences in China*, 20 (3). (庄贵军，席西民，周筱莲 (2007) 权力，冲突与合作，中国营销渠道中私人关系的影响作用，管理科学，第 20 卷第 3 期)
- Zhuang, G. J., Xi, Y., & Tsang, A. (2010). Power, conflict, and cooperation: The impact of guanxi in Chinese marketing channels. *Industrial Marketing Management*, 39 (1): 137-149

Zhuang, W & Li, W (2015) "the strengths and limitations of "guanxi", Journal of Social Science of China, 23(1). (庄文& 李伟(2015) "关系的利与弊" 中国社会科学院期刊, 第 23 卷第 3 期)

Appendices

Appendix A: Interview protocol (The English Version)

The interview protocol of the Chinese medical FMEs

Part A

Information about the interviewee

Q1. Age (approximately): _____ Gender: Male Female

What is your highest educational level _____

Q2. What is your role in the company and why is it important for the internationalisation of the firm

Q3. How long have you worked at the firm

Q4. How long in your current position in this firm

Information about the firm

Q5. How long has your firm has been involved in the medical instrument industry ?

Q6. How many employees in this firm? (full time equivalent)

Q7. What are the major product(s) of the business?

Q8. Which segmentations of customers does your firm focus on

A. B2B B. B2C C. C2C And Why

Q9. What's your domestic businesses market composition

Especially, inside the province _____%, outside the province _____% (SME Promotion Law of China, 2003; Benito, Petersen & Welch, 2009)

Part B

Internationalisation planning/activities of the firm (non- "guanxi") (Johanson & Vahlne, 1977; 1990; 2009; Johanson & Wiedersheim-Paul, 1975)

Q1. What made you start to consider the internationalisation of your firm and why?

Q2. What are your intentions toward thinking/planning internationalisation of the firm, and how strong are these?

Q3. What do you consider your first international market should be? And why target this market?

Q4. Had you already possessed or gathered any foreign market knowledge about any international market? Please specify the type of knowledge you were aware of or gathered

Q5. How did you gain the foreign market information and why was it important for internationalisation thinking/planning of your firm?

Part C

The "guanxi" network (Fan, 2002; Chen & Chen, 2004; Lin, 2010; Chen & Wu, 2011; Siu & Bao, 2008; Hwang et al., 2008; Luo, 1997; 2000; Yang, 1994; Zhuang & Li, 2015; Fu et al, 2006; Kao, 1993; Tsang, 1998; Luo, 1997; 2000; Yang, 1994; Brown, 1991; Jensen, 1997; Wong, 1997; Park & Luo, 2001; Hwang et al., 2008)

Q6. What role does the "guanxi" play during the consideration of internationalisation for the firm? And how and why are the "guanxi" important during the thinking/planning of internationalisation for the firm?

Q7. How do you "invest" guanxi to your business partners for the development and internationalisation planning of your firm and why was this done in that way?

Q8. Do you think the greater number of "guanxi" network ties you have, the more benefits (critical resource, foreign market knowledge and information) you can gain for internationalisation of your firm? Please specify.

Q9. What are the resources, foreign market knowledge and information that you can get from your qinren/shuren/shengren business partner for the internationalisation planning of your firm?

Q10. Do you think the different levels of guanxi ties from Q9 may affect the quality and amount of resource, foreign market information and knowledge exchange for thinking/planning of internationalisation of the firm? Please specify.

Q11. How and why do you utilise "guanxi" to overcome foreign market uncertainty in order to facilitate the internationalisation planning of the firm?

Q12. How and why can guanxi networks provide competitive advantages for the internationalisation planning of your firm in the foreign market?

(Note:

- Critical resources: Such as government support, tangible and intangible resource from business partners
- Critical foreign market information and knowledge: such as information and knowledge about foreign markets, target customer segmentation etc.)
- Qinren business partner (strong guanxi ties, such as family members and relatives)
- Shuren business partner (medium-strong guanxi ties, such as familiar persons)
- Shengren business partner (weak guanxi ties, such as unfamiliar persons)

Part D

Family business structure(Naldi *et al.*, 2007; Tagiuri & Davis, 1982; Lansberg, 1983; Gersick *et al.*, 1997; Trostel & Nichols, 1982; Liang, Wang & Cui, 2013)

Q13. What is the business management structure of your firm? Please specify.

Q14. Who makes the major decisions about the directions that the firm takes? (Is this person different from the person deciding internationalisation of firm?)

F-PEC perspective(Astrachan, Klein & Smyrnios, 2005; Habbershon, Williams, & MacMillan, 2003; Chrisman, Chua & Sharma, 2005)

Power

Q15. How is the ownership share distribution in the firm (such as the percentage of ownership distributed for each family member in the firm) and why it is important for the internationalisation of the firm?

Experience

Optional question for the generation of manager:

Q16. How is your business experience and network transmitted to the next generation? And why is it done?

Family Culture

Q17. Could you explain how your family values/commitment influences the internationalisation thinking/planning of your firm?

Ending Question:

Q18. Do you have any other comments in relation to the internationalisation process of your firm?

Appendix B: Interview protocol (The Chinese version)

采访稿

Part A

被采访人信息

Q1. 年龄_____ 性别: 男 女

您的最高学历_____

Q2. 您在贵公司的职务是什么? 这个职务为什么对贵公司的国际化很重要?

Q3. 您在贵公司工作多久了?

Q4. 您在贵公司任现职多久了?

被采访公司信息

Q5. 贵公司在医疗器械这个领域经营了多久了？

Q6. 贵公司有多少全职员工？

Q7. 贵公司有哪些主要产品？

Q8. 贵公司业务主要面对哪些客户群

A. B2B B. B2C C. C2C

请简明扼要的讲一下选择这个选项的理由

Q9. 贵公司在国内市场份额的组成情况，省内___%，省外___%

Part B

贵公司对于国际化的规划和采取的行动

Q1. 是什么原因让您开始考虑贵公司的国际化问题呢？

Q2. 您对贵公司国际化的意图是什么，有多强烈？

Q3. 您有没有考虑过贵公司的第一个海外市场是哪里？为什么要瞄准这个市场？

Q4. 贵公司是不是了解或有没有收集过海外市场的有关的信息？请说明一下了解或收集了哪些信息

Q5. 贵公司是怎样获得海外市场的信息的，这些信息对贵公司的国际化规划都有什么重要作用？

关系

Q6: 您认为“关系”在贵公司考虑国际化问题时扮演了一个什么样的角色？您认为“关系”为什么对贵公司的国际化（规划）很重要？如何重要？

Q7: 您是怎样为了企业的发展以及公司的国际化规划对合作伙伴关系进行投入（付出）的？为什么要以这种形式呢？

Q8: 您是否认为您的关系网越宽广，就可以从中获得更多利益（重要的发展资源，有关海外市场的信息及知识）以便贵公司的国际化发展？请说明一下

Q9: 您可以从亲人、熟人和生人（生意伙伴）那里获得什么样的重要发展资源，以及有关于海外市场的信息和知识去帮助贵公司的国际化规划？请说明一下

Q10: 您认为在问题 9 中关系的疏近程度会不会影响贵公司国际化规划/考虑所需重要的发展资源，海外市场信息及知识的交换的质量和数量呢？请说明一下

Q11: 您是为为什么以及怎样利用关系去降低海外市场存在的不确定因素以便贵公司进行国际化规划？

Q12: 人际关系网为什么以及怎样能够为贵公司的国际化（规划）提供竞争优势？

家族企业的企业结构

Q13. 贵公司的企业管理结构是怎样的？请讲述一下

Q14. 谁是贵公司的决策负责人（贵公司的决策负责人和贵公司的国际化决策负责人是同一人吗）

F-PEC perspective

Power

Q15. 贵公司的股份所有权是怎样分配的？这种股权分配为什么对公司的国际化有着重要作用？

Experience

备选问题：如果公司的决策者不是公司的第一代

Q16. 您是怎样将贵公司的管理经验和关系网交接给公司的接班人的？为什么进行这种交接？

Family Culture

Q17. 请您说明一下您的家族价值观是怎样影响贵公司的国际化规划的？

结束问题

Q18. 关于贵公司的国际化进程，您还有没有其他要说的呢？

Appendix C: The data collection from interview protocol for each firms

4.2.1 Case 1: Alpha

Description:

The Alpha is a family owned medium sized medical enterprise established in 1996 with two offices in Taizhou and Lanshou. The primary products of Alpha include Chinese traditional medicines and traditional medical instruments.

In 2016, the firm markets approximately 60% of the products within the domestic market, and 40% on exports to Japan. The firm employs 167 full time employees. It has around 20 million RMB of revenue. The international portion of its revenue contributes approximately 40% of the total revenue.

4.2.1.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

4.2.1.1.1 Trigger: (external push factor)

由于国内缺乏知识产权的保护，所以我的产品经常被仿冒，这给我的公司造成了很大的影响，不仅仅是产品形象受到了影响而且我的营业额也下降了很多 所以我的国际化的意愿是很强烈的

The above responses are the indication of a trigger of internationalisation for Alpha.

In early 2013, the owner of the Alpha realised that highly competitive behaviours including highly competitive price campaigns within the Chinese market would limit the firm's ability to further develop. As the owner described that:

"The competition arose, in part, because of the lack of intellectual property protection legislation in China, the product image and revenue generation ability of my firm was damaged by others who plagiarised my product, and also sold at a lower price than me in order to gain the market share in the traditional Chinese medicines and instruments in the Chinese market, therefore, my intentions towards internationalisation are certainly very strong."

4.2.1.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.1.2.1 The mechanism of "guanxi": mutual benefits

"我收集海外市场的信息大多是通过朋友。因为我有很多朋友是在日韩这些国家做生意的，他们可以给我提供相关信息。另外就是通过与海外合作伙伴合作的过程中，由他们给我提供一些信息。我所获得的信息一般是进入市场的准入许可政策，以及在该市场我产品目标消费人群的规模，还有就是在该市场我产品可能存在的竞争对手和竞争优势，这样才能最大限度的降低我对这个市场的不确定因素。另外我认为，通过朋友去收集信息，这个信息的准确度是直接跟利益挂钩的，比如我会主动的把我所得利益的两成给他，这都是不用说的，如果我们的目标利益一致，那么共享的资源信息可信度是相对非常大的。再一个途径就是我自己亲自去实地考察，从而收集一些相关信息"

我在刚开始建立关系网的时候，当然是要走宽的路线，然后我会使用我现有的关系去甄别我所建立的一些新的关系。从中选出哪些关系是对我国际化最有用的。所以说我不否认关系网越宽越好，但是到最后有用的关系就那么几个

The above response is an indication of mutual benefits mechanism from "guanxi".

As the owner explained that the trusted friends and business partners who had had internationalisation experience provided the relevant amount of foreign market knowledge and information to assist Alpha to select the appropriate market to entry based on the current situation of the company. Alpha's owner chose "guanxi" as a way to collect foreign market information instead of collecting it by himself because the owner decided the information from friends' internationalisation experience would increase his familiarity with foreign markets. Due to the high level of familiarity with Japanese market information and knowledge gained from friends through "guanxi", Alpha was very confident towards internationalisation to Japan and this also reduced the level of uncertainty of that market for the owner.

"I collected information on overseas markets mostly through my friends as I have many friends doing business in Japan and South Korea who can provide me with relevant information. Moreover, my overseas partners provided me with some information while we were doing business together. The information I got was generally about market access permit policies, the scale of the target customer groups of our products in those markets, as well as possible competitors and the competitive advantages of our products in those markets. That information ultimately reduced my uncertainty towards that market. Another way was for me to conduct my own site investigation and thereby collect relevant information."

The owner also described that the mutual benefits embedded in "guanxi" could increase the accuracy of information and knowledge gained from friends.

"In addition, I think the accuracy of the information collected through friends is directly linked to interests. For example, I contributed 20% of my profit to these friends who provided valuable information to me. If our target and interests are consistent, the credibility of the shared resources and information would be relatively high."

我在刚开始建立关系网的时候，当然是要走宽的路线，然后我会使用我现有的关系去甄别我所建立的一些新的关系。从中选出哪些关系是对我国际化最有用的。所以说我不否认关系网越宽越好，但是到最后有用的关系就那么几个

As the owner explained that the wider the "guanxi", the better for the internationalisation process of the firm, but after the owner was screening the new "guanxi" with existing "guanxi", he kept the most useful "guanxi" for the thinking/planning of internationalisation for Alpha. The owner described that:

"When I first started to build a network of "guanxi", of course I took an extensive approach. Then I used the existing "guanxi" to screen some of the new "guanxi" I built by choosing the most valuable ones for our internationalisation. I won't deny that in terms of a network of "guanxi", the more extensive it is, the better, but in the end only some "guanxi" will be useful."

4.2.1.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.1.3.1 The mechanism of "guanxi": Investment

“我和合作伙伴之间进行关系上的投入和付出主要是情感上的交流。比如说大家有共同的兴趣爱好和价值观，以这个为基础进行交流，也就是说我不是去找关系，而是发现关系。对于你提的问题中的一点，我是这样认为，为了某种利益去对这段关系进行投入和付出，这种关系是不稳固的，也许会随着共同利益的消失而结束。而我自己的观点是，关系是要建立在双方品行的认知上和互相信任的基础上的，也就是知恩图报，比如之前你在我一段困难时期帮助过我，那我现在已经渡过难关了，在以后只要你需要我的时候，我一定会竭尽全力的去帮助你，而这种关系上的付出不是金钱能够买的到的，这更多的是一种情感上的积淀，是一种互相之间的认知”

The above response is an indication of mechanism of investment embedded in "guanxi".

Effort and investment in the "guanxi" is a key factor for the Alpha. "Guanxi" is an essential factor for the development of business in both Chinese and foreign markets, but the private emotional contact is necessary to keep friendships over a long period of time. The owner described that:

"The main investment and efforts are emotional communication. For instance, we may share the same interests and values, and we communicate on this basis. That is, we are not seeking "guanxi", but discovering it. To get to the point of your question, my view is that if the investment and efforts are intended for some kind of interests, the "guanxi" will be unstable and may end when the common interests disappear. "

The unique characteristics of "reciprocity" and "obligation" in the Chinese "guanxi" context act as a "Bank" that accumulates and reserves the large amount of "interest" provided by the owner of Alpha to his friends through continued "investment" of interest for a very long period of time. When the owner of Alpha considers to redeem this "investment" for accessing resources and asking for foreign market knowledge and information to facilitate the internationalisation of Alpha, his friends are obligated and repay even more than the "total interest" they received in order to obligate the "guanxi" between them.

"In my opinion, "guanxi" should be built on an understanding of each other's conduct as well as the basis of mutual trust. In other words, be grateful and repay the grace. For instance, if you have helped me when I was in trouble, and now I have pulled through, I will try my best to help you if you need me. This kind of investment to "guanxi" is not something you can buy, but more of an emotional deposit and mutual understanding."

4.2.1.4 Proposition 4: The Chinese FMEs could efficiently access resources and gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.1.4 The role of "guanxi": "guanxi" resource:

4.2.1.4.1 The gateway to enter the Chinese Medical City (CMC) and financial resource (family member circle)

"我们公司之所以可以进入到药城，主要还是要靠我父亲的关系，比如泰州当地的一名政府官员就是我爸多年的好友，在他的帮助和担保下，我们公司才顺利的拿到了进入药城的批文，因为进入药城的环节是很苛刻的，因为进入的话是可以享受到很多国家的帮扶协助的，比如三年之内不需要付任何的房租和税啊，而且药城还为我提供了一个可以和有国际化经验的大公司认识的平台，因为药城本身就是一个孵化器嘛

亲人一定是那个给予你支持最大的人，我的主要的资源，比如经济上的，都是我的父亲给的差不多有三千万

The above response from the interviewee is an indication of "guanxi" resource (The gateway to enter the Chinese Medical City (CMC)).

The China Medical City (CMC) is highly supported by the local Chinese government in order to increase the speed of growth and internationalisation by providing the relevant resource to support and facilitate the small to medium sized enterprises to internationalisation and further development. However, the requirement for entry is very difficult for the firms. As Alpha was a medium sized firm with limited resource, if Alpha could enter into the CMC, it would make development of Alpha much easier than the others firms who were operated outside the CMC. As the owner described that:

"Because of my father's "guanxi", my company has been able to enter into the China Medical City (CMC). A government official from Taizhou, who is my father's old friend, provided help and guarantees that my company could successfully reach the requirement in order to enter CMC. As the CMC itself is an incubator for the small and medium sized enterprises, it provides many government supports and assistance policies in order to support the firms inside the CMC, so the entry requirement of CMC is very difficult to achieve. Since we entered into CMC, we have enjoyed the government support including zero rental and income tax payments within 3 years, and the CMC also provided a platform for us to learn internationalisation experience from large companies in China"

亲人一定是那个给予你支持最大的人，我的主要的资源，比如经济上的，都是我的父亲给的差不多有三千万

However, the main financial resource which the owner accessed is from his father in order to support the internationalisation preparation of Alpha, the owner described that:

"My main resources, such as financial resources around 30 million Chinese RMB, were given to me by my father"

4.2.1.4.2 The "guanxi" itself is a resource

"对于关系我是这样认为的。中国有句古话说，人多好办事。也的确是这样，就我自己的亲身体会而言，如果你处在一个关系圈中，那么你做起生意来就顺，像我们做中药的，从产品的生产，质检以及最后的审批，都是一环扣一环的。如果你没有关系的话，可以说是很难走通。相反则一切都会非常顺畅。关系在国际化中扮演的角色是一个敲门砖，就比如我之前所说的信息收集，大部分就是通过我现有的关系去实现的。换句话说，关系就是个工具，它本身不仅是资源也是为我在生意过程中可以用来创造价值的"

The above responses from the interviewee is the indication of "guanxi" itself is a unique resource.

The "guanxi" is the essential factor embedded in the Alpha's business, not only is the "guanxi" itself an important resource, but it made the business run very smoothly when Alpha dealt with business partners. The owner described that:

"My view on "guanxi". There's a Chinese saying, "Many hands make light work". It's true indeed. From my personal experience, if you are in a circle of "guanxi", your business will run smoothly. Just like in our business of traditional Chinese medicine, everything is connected, from production, quality control to final approval. If you don't have "guanxi", it will be very difficult to succeed. Otherwise everything will be smooth. "Guanxi" is like a stepping stone to internationalisation. Take for example what I said earlier about information collection, most of the information was acquired through existing connections. In other words, "guanxi" is a tool that is not only a resource but also can be used to create value when doing business."

4.2.1.5 The unexpected finding in relation to "guanxi"

The owner utilised existing "guanxi" to justify the reliability of the foreign market knowledge and information provided to the owner from "guanxi".

在这里我想着重来讲一下如何去辨别关系的真伪，因为我觉得关系的真伪应该是最大的不确定因素，那么信息是靠什么去辨别呢，就是要靠我们目前所处的关系是怎么样的。打个比方，如果我和合作伙伴之间的利益关系是共同的，是一个合作共赢的关系，我们合作的目的是为了赚市场的钱，那么这个关系就是可靠的。也就是说，从这个关系中我所获得的信息是相对准确的，因为这是以双赢为目的的。但是如果这个关系是单赢的，比如和对方合作，对方不是想赚市场的钱，而是通过一些手段去赚我的钱的话，那么我们之间的关系就是不稳固的，这段关系是会随着这个利益的结束而结束的，那么我在这个关系中所获得的信息是很难被信任的。因为他们会以给出不对称的市场信息去欺骗我

The above response is the indication of how the owner utilised "guanxi" to justify the reliability of foreign market information and knowledge he learned from friends.

The "guanxi" played a vital role in Alpha's internationalisation, the owner not only learned reliable foreign market information and knowledge much faster from experienced friends through "guanxi" than by himself, but "guanxi" could also help Alpha to justify the reliability of information and knowledge the owner gained from friends and business partners.

There are two methods utilised by the owner through "guanxi" to justify information. As described by the owner, the first method is to justify the authenticity of information provided by "guanxi":

"I would like to emphasize how to identify whether a "guanxi" is genuine or not, as I believe this is the biggest uncertainty of "guanxi". So what can we rely on to distinguish information? It depends on the "guanxi" we currently have. For example, if I share a common interest in the "guanxi" with my business partners, it will be a "guanxi" of win-win cooperation. The purpose of our cooperation is to make money from the market. Then the "guanxi" is reliable. In other words, the information I get from this "guanxi" is relatively accurate as it is for a win-win solution."

The second method described by the owner is to justify the fake information provided by "guanxi":

"But if this "guanxi" is a win-lose relationship, for example, when you cooperate with another party, whose goal was not to make money from the market, but to make money from me by some tricks, then our "guanxi" won't be stable, and it will end as the interests disappear. Therefore, the information obtained from this "guanxi" is hardly trustworthy, as they might deceive me with irregular market information."

4.2.2 Case 2: Beta

Description:

The Beta is a medium sized medical instrument enterprise established in 2006 with one office in Taizhou. The main products of Beta is X-Ray film processor tabletop.

In 2016, the firm's emphasis is on both the Chinese domestic market (65%) and African market (35%). The company currently employs 200 full time employees, the revenue is currently around 50 million RMB. The international proportion of business revenue has been 35% recently.

4.2.2.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

4.2.2.1.1 Trigger: (internal pull factor)

"我们做医药行业，尤其是化学试剂方面本身就是按照国际化的标准，虽然之前国家对这个标准有过修改，但是现在我们公司用的这个国家标准是真正意义上的国际化标准。应该说我们和国际产品的标准距离相差不大。正是因为这样才让我有信心去考虑公司国际化的问题，而且我的国际化意愿是很强烈的"

因为我们公司目前做的是一些仿制国外药品的产品。而通过仿制去研发我们自己的产品是我公司国际化进程的一部分。而另一部分我们就是通过仿制药品来保证我们利润源的稳定，这样有利于我们去积蓄资本为进一步的国际化做准备。比如我们会首先选择非洲的一些国家作为我们国际化的首选，然后在未来我们会继续向欧美市场发展。一方面我们继续进行我们新产品的研发，另一方面就是我们对质量产品的跟进也是非常严格的。当然其中也少不了我们跟工业园区内外的一些企业的合作，包括技术以及经验上的共享。这些都是我们通过园区的关系实现的"

The above responses from interviewee are the indication of trigger of internationalisation.

In 2010, the reform of legislation and quality standards from the medical department of China, provided that the standard and quality of medical products should reach the international standard in accordance with WTO requirement in order to improve the quality level of the medical industry as whole in China. This reform triggered the Beta seeking international partners to cooperate to improve the quality and standard of products of the firm to reach relevant international quality standards. However, the Beta experienced two stages of reform in order to reach the requirement of the Medical Department. The first stage was for the firm to model on the product using a technically advanced European firm to improve the current technique of production and applied that technique into Beta's products and also accumulated financial resource from the selling of products in the domestic market to prepare for the internationalisation. The second stage was the firm utilised the "guanxi" network from both CMC and the owner of Beta in order to seek international collaboration. As the owner described that:

"Firstly, we are engaged in the pharmaceuticals industry. In particular, chemical agents that follow international standards. Although standards have previously been adjusted in China, the national standards our company currently applies are truly of international standards. You can say that the standard of our products is not far off international product standards. That's why we are confident enough to consider internationalisation of the company."

"Well, our intention is very strong as we are currently engaged in modelling foreign pharmaceutical products. To engage in research and development of our own products through modelling is part of the internationalisation process of our company. Moreover, we can ensure stability of our profit source by modelling of the medicines, which will help us accumulate capital to get ready for further internationalisation. For example, some African countries became the first choice of our internationalisation, followed by continuing to

develop the European and American markets in the future. On one hand, we will continue the research and development of our new products; and on the other hand, we are extremely strict with the follow-up of our quality products. Well, of course this can't be done without our cooperation with some companies in and outside the industrial park. This includes technology and experience sharing, which is achieved through our relationship with the CMC. "

4.2.2.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.2.2.1 The mechanism of "guanxi": mutual benefits

"并且我们在进入国际化的准备过程中，通常会先选择一个有过国际化经验的合作伙伴共同研发，从中获取相关信息可能会更直接有效一些。另一方面我们会通过自己的关系和人脉去了解非洲市场的相关信息。比如我们已经通过我们在台湾和香港的一些有过非洲国际化经验的合作伙伴那里得到了很多有关非洲市场的信息，我们和台湾还有香港的这些合作伙伴都是常来常往的，咱们中国人不是常说来而不往非礼也嘛，所以我不仅会跟朋友分享我所获得有关欧美市场的资源，而且也会拿出 5% 利润给他们作为回报，所以我们之间的关系也保持的不错"

而且最重要的是，我的朋友也会把他们的关系介绍给我，让我拓宽自己的关系网，所以关系网越宽广就可以获得更多的信息和资源，不过我认为这些关系是需要付出时间和精力来维系的，而且是一个相对的

The above responses are the indication of mutual benefits mechanism embedded in "guanxi".

The Beta's owner utilised "guanxi" to gain foreign market information and knowledge from the experienced friends from Hong Kong and Taiwan in a mutually beneficial way in order to increase market familiarity of foreign markets.

"In our preparation for internationalisation, firstly we would usually choose a business partner with experience in internationalisation to conduct joint research and development. The relevant information acquired from this is more direct and effective. On the other hand, we would learn about the African market through our own "guanxi" and interpersonal connections. For example, we have acquired lots of information on the African market through our partners in Taiwan and Hong Kong that have experience in internationalisation in Africa. And with their permission, we can also use their channels to access the African market. Our relationship with our partners in Taiwan and Hong Kong is a mutual one. In order to maintain mutual benefit to our "guanxi", I will not only share the information about the European and American market with my friends but I also contributed 5% of my profit with them as well. As a Chinese saying goes, "It's impolite to not reciprocate", so we have maintained a pretty good relationship."

As the owner illustrated, he could utilise the current "guanxi" with Taiwan and Hong Kong's friends as a resource to expand the existing "guanxi" network through friends introducing

him to friends' friends and friend's business partners in the overseas market in order to gain more foreign market knowledge and information, therefore, the owner believed that the wider the "guanxi", the easier to do business in home and foreign markets.

"And most importantly, my friends will introduce their "guanxi" to me, and let me broaden my existing "guanxi" network. The broader the network is, the more information and knowledge we can get. But I think it takes time and effort to maintain the "guanxi", and it is a relative term."

4.2.2.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.2.3.1 The mechanism of "guanxi": Investment

我们现在主要的交流就是跟我的同学，互相交换一下思想啊，信息之类的，我倒是没有觉得有什么疏跟近的区别，因为在我们的那个年代，好多人毕业了之后就出国了，比如我刚才所说的在台湾和香港的合作伙伴，都是我在上海医科大学时的同学，当时我们的关系就非常的好，这么多年我们也一直没有中断过联系，一直有接触，所以在生意方面，他们还是挺支持我的，尤其是在技术方面，因为我和我的这些同学以前都是搞技术的出身嘛，所以在仿制技术和创新技术这块我们的合作还是比较多的。怎么说呢，未来我还是更倾向与去利用这些关系去进一步发展我的企业，不管是走出去也好，还是科研也好

The above responses are the indication of the mechanism of investment embedded in "guanxi".

The owner of Beta utilised the "investment" mechanism from "guanxi" in order to maintain and reserve "guanxi" for future redemption.

The owner of Beta was shown that the way to invest into the "guanxi" between him and friends, is keeping the long-term emotional communication and mutually beneficial way of cooperation with each other since they graduated from university. As owner explained, they had very consolidated "guanxi" when they were studying at university. However, many of the owner's friends went abroad when graduated from university, and the two most trusted friends went to Taiwan and Hong Kong. As the owner described that:

"Currently I mainly exchange views with my old schoolmates on our thoughts and information etc. I didn't notice much difference in the intimacy level, as back in our days, many people went abroad after graduation. For example, my business partners in Taiwan and Hong Kong I mentioned earlier were both my schoolmates when I was studying at Shanghai Medical University. At that time, we maintained a good friendship, and for so many years our contact never stopped, and we have always stayed in touch. Therefore, they have been very supportive for me in business, particularly in technology. As these schoolmates of mine and I have a technology background, we had lots of collaborations in modelling technology and innovative technologies. How shall I put it? I intend to utilise these "guanxi"

in the future to further develop my company, whether or not for it to go abroad or focus on research."

4.2.2.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.2.4.1 The role of "guanxi": financial and "guanxi" resource: (familiar people circle)

因为我们刚开始准备国际化的时候，最大的问题就是缺乏资金，所以我通过和台湾香港的朋友那里协商，然后他们帮我筹措到了差不多 1 千万人民币的资金，因为大家都是多年的朋友嘛，所以他们给我要的偿还利率非常的低，比起银行来那是低太多了，这在很大程度上缓解我们公司在国际化问题上的燃眉之急。再有就是，我们已经通过我们在台湾和香港的一些有过非洲国际化经验的合作伙伴那里得到了很多有关非洲市场的信息，而且经过他们的同意，我们也可以使用他们的渠道去进入非洲的市场，当然了，我们和台湾还有香港的这些合作伙伴都是常来常往的，咱们中国人不是常说来而不往非礼也嘛，所以我们之间的关系也保持的不错，而且我也知道他们给了我很大的帮助，当然不能让人家白帮忙嘛，我差不多拿出来我利润的 5% 给他们，这样以后见面才好说话嘛。

The above responses from the interviewee are the indication of the "guanxi" resource.

The owner explained he could utilise the "guanxi" to very efficiently access financial resource, gain foreign market knowledge and information rapidly with other business partners based on introductions by Taiwan and Hong Kong's friends.

As the owner explained that by utilising "guanxi", he could not only obtain 10 million Chinese RMB as loans with lower level of interest repayment than commercial Banks from both friends from Taiwan and Hong Kong and business partners, but he could also use his friends existing international business channels to sell products to Africa as a trial in order to learn and practice foreign market information and knowledge. As repayment for "guanxi" the owner utilised, he shared approximately 5% of profit from exports with Taiwan and Hong Kong business partners as a mutually beneficial way to maintain and invest into "guanxi" to keep a long-lasting "guanxi" relationship with his friends.

"By the way, the one of the biggest problems for us was the lack of funds, because we were just beginning to prepare for the internationalisation at that time, based on consultation with my friends in Taiwan and Hong Kong who assisted me with 10 million Chinese RMB of financial support with very low rate of interest repayment compared with the Bank. The funds I received from friends largely alleviated the financial pressure of my firm. Moreover, we would learn about the African market (potential competitors and entry requirements) through our own "guanxi" and interpersonal connections. For example, we have acquired lots of information on the African market through our partners in Taiwan and Hong Kong that have experience in internationalisation in Africa. And with their permission, we can also use their channels to access the African market. Our relationship with our partners in Taiwan and

Hong Kong is a mutual one. In order to maintain mutual benefit to our "guanxi", I will not only share the information about the European and American markets with my friends but I also contributed 5% of my profit with them as well. As a Chinese saying goes, "It's impolite to not reciprocate", so we have maintained a pretty good relationship."

4.2.3. Case 3: Cherry

Description:

The Cherry is a medium sized medical instrument enterprise established in 1997 with two offices in Taizhou and Hangzhou. The primary products of Cherry include a Heartbeat monitor and Syringe pump.

In 2016, the firm markets approximately 55% of the products within the domestic market, and 45% products export to Germany. The firm employs 500 full time employees, and has around 80 million RMB of revenue. The international portion of its revenue contributes approximately 45% of the total revenue of the firm.

4.2.3.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

4.2.3.1.1 Trigger (External pull factor)

我们国际化的意图是很强烈的，我们有意向去收购或者以合资的方式去和国外的公司合作，不仅从我们现有的技术平台，可能还有一些其他的技术领域上，我们去和国外的企业进行合作。比如我们的第一大股东也是我们的总裁，周总，他占有我们公司34%的股份，而且他还是浙江大学的教授，有过海外留学的经历，比如他曾经在德国留过学，他会给我们提供一些有关德国市场的信息(目标人群，潜在的竞争者等)，通过他自己的一些关系网，比如他在德国留学时的同学朋友啊之类的，怎么说呢，我觉得不管在哪里做生意，关系都是很重要的，哪里都离不开关系的支持

The above responses are the indication of the trigger of internationalisation.

The trigger which stimulated Cherry to internationalisation toward the German market is based on the market opportunity awareness through the owner's overseas study and work experience, and also the foreign market information and knowledge learned from "guanxi". As the owner explained:

"Our intention towards internationalisation is very strong, we intend to collaborate with foreign companies through acquisition or joint venture. We are looking for cooperation with foreign companies both in the area of our existing technological platforms and potentially in some other technical fields. For example, President Zhou, our major shareholder and president of our company, holds 34% of the company's shares. He is also a professor of Zhejiang University with overseas study experience. He has previously studied in Germany, and he would provide us information about the potential competitors and the demand for our products in relation to the German market through his "guanxi" such as schoolmates and

friends he had when he was studying in Germany. For me, "guanxi" is very important wherever you are doing business, and it is something we can't do without."

4.2.3.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.3.2.1 The mechanism of "guanxi": mutual benefits

我会提供一些有关德国市场的信息，比如有哪些竞争者啊，准入的法律法规啊，通过自己的一些关系网，比如在德国留学时的同学朋友啊之类的，这些信息对于我们了解德国市场都是很有帮助的，作为对朋友的回报呢，我会拿出营业额的 5%给朋友，怎么说呢，我觉得不管在哪里做生意，关系都是很重要的，哪里都离不开关系的支持

The above responses are the indication of the mechanism of mutual benefits embedded in "guanxi".

The owner explained he could gain German market information and knowledge from friends in Germany, the information was about the segmentation of markets and customers and the information about local competitors through "guanxi" in order to increase the familiarity in relation to the German market In return for friends providing this information, he contributed 5% of profits to them in order to maintain the mutual benefit of "guanxi". The owner described that:

"I would provide us information about the potential competitors and the demand for our products in relation to the German market through my "guanxi" such as schoolmates and friends I had when I was studying in Germany. In return for the information I received from friends, I contributed 5% of profits to friends in order to maintain the mutual benefits of that "guanxi".

4.2.3.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.3.3.1 The mechanism of "guanxi": Investment

The owner did not respond to this section.

4.2.3.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.3.4.1 The role of "guanxi": "guanxi" resource: (family member and familiar people circle)

关系对我来说，其实是一种隐形的资本，由于关系的存在，大家互相之间了解信任对方，在信任度上，在大家彼此交往的隐形成本上，应该会对信息获取，尤其是在效率方面会有很大的帮助。比如我们的第一大股东也是我们的总裁，周总，他占有我们公司 34%的股份，而且他还是浙江大学的教授，有过海外留学的经历，比如他曾经在德国留过学，而且他的家人现在也在德国生活，比如他为了和他在德国的朋友组建合资企业这种进入模式的时候，他的家人差不多给了他 2 千万人民币的样子，而且他会给我们提供一些有关德国市场的信息，比如有哪些竞争者啊，准入的法律法规啊，通过他自己的一些关系网，比如他在德国留学时的同学朋友啊之类的，怎么说呢，我觉得不管在哪里做生意，关系都是很重要的，哪里都离不开关系的支持

The above responses from interviewee are the indication of the role of "guanxi": "guanxi" resource

The owner of Cherry explained that "guanxi" is the invisible asset and resource to himself, because of the existence of "guanxi", the degree of mutual understanding and trustworthiness between the owner and his friends/family members are much higher than the others with less "guanxi" connections. Therefore, the owner believed that utilising "guanxi" to access financial resource or learn foreign market information and knowledge would be very effective and efficient. There are two ways that the owner used "guanxi" to access resource and gain foreign market knowledge and information. Firstly, owner accessed financial and "guanxi" resource from both family members and trusted friends who were studying and working with the owner for over ten years in Germany. The financial resource he accessed from family member's business included 200 million Chinese yuan of funds in order to support Cheery to joint venture with another medium sized firm in Germany, which was run by his friends. The "guanxi" resource utilised by the owner provided by friends is the fastest way to obtain all of the relative requirements in order to reach the joint venture accordance with the legal standards of the German government.

"As far as I'm concerned 'guanxi' is an invisible asset to me. Due to the existence of "guanxi", people get to know and trust one another. Trust, as the invisible cost of mutual contact and should be of great help in information acquisition, particularly in its efficiency. For example, President Zhou, our major shareholder and president of our company, holds 34% of the company's shares. He is also a professor of Zhejiang University with overseas study experience. He has previously studied in Germany, and he would provide us information about the potential competitors and the demand for our products in relation to the German market through his "guanxi" such as schoolmates and friends he had when he was studying in Germany. My father who provided me with financial support around 20

million Chinese yuan in order to support my firm to collaborated with another medium sized firm in Germany, which is run by my friends."

4.2.3.5 The unexpected finding in relation to "guanxi"

The owner utilised "guanxi" to improve information transparent

而对于我们这种公司而言，关系可能更多的应该，一方面应该是说这个信息的来源问题，可能由于现在互联网的发展，信息可能比较多样，但是真假难辨，需要关系去辨别，另一方面，由于关系的存在，大家互相之间了解信任对方，在信任度上，在大家彼此交往的隐形成本上，应该会对信息获取，尤其是在效率方面会有很大的帮助，隐性成本的问题，比如大家在一起谈判，合作都会比较顺畅和谐，当然我们并不急于套现，像我们这种公众型公司，比如对应你家族企业的问题。然后呢，就是因为关系的存在，我所获得的信息相对来说更加透明，比如之前的一些国外投资机构或者投资人啊，他要想投资我们这家企业，需要有种种途径来和我们找关系，首先要和我们接上，再就是通过建立的关系来增加对我们的了解度，因为每家企业都需要来做一个调查，虽然这些公司可以在我们的公司网站上看到一些信息的披露，但是如果通过关系，那么就会更加的透明一些，如果这样看的话，那么关系对于公司的国际化也好，对于资源共享或者信息收集和分析也好都是特别重要的

The above responses reflect how the "guanxi" could improve information transparency for the Chinese FMEs.

As the owner explained, one of the important functions of "guanxi" is to increase the mutual understanding with business partners and improve information transparency during the internationalisation process of the firm. The owner illustrated that:

"As far as my company concerned, due to the existence of "guanxi", the information I obtained is relatively more transparent. Take the previous foreign investment institutions or investors as an example. If they want to invest in our company, they need to seek "guanxi" with us through various channels. They need to contact us first to have a better understanding about us by establishing "guanxi", because every company would need to undergo an investigation. Though these companies can read the information disclosed on our website, the information will be more transparent through "guanxi". If this is how we see it, "Guanxi" is particularly important for our internationalization and resource sharing as well as information collection and analysis."

4.2.4 Case 4: Delta

Description:

The Delta is a family owned medium sized health medicines enterprise established in 2000 with one office in Taizhou. The primary products of Delta include royal jelly and propolis capsules.

In 2016, the firm markets approximately 62% of the products within the domestic market, and 48% products export to Japan. The firm employs 350 full time employees, and has around 80 million RMB of revenues. The international portion of its revenue is contributed approximately 48% of the total revenue of the firm.

4.2.4.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

比如我之前也到过一些企业进行一些接触，通过朋友的介绍嘛，尤其是跟日本的一家保健品企业进行一些沟通，首先就是学习人家这些先进的技术，包括国际化的理念和经验，当条件达到一定的程度的时候，我们就开始和日本这家企业合作，去打开当地的市场，这样不但可以开拓我们公司的视野，而且还可以在合作的过程中学习到别人先进的经验。这就是我为什么会考虑国际化的原因，就是我们去学习国外一些成功企业的经验，然后用这些经验去提高和壮大自己，然后我们以后再走出去就会方便很多，比如我在日本这家企业学习到的先进的蜂胶提取技术，一些好的公司管理模式和企业组织文化，然后运用到我们自己公司的自己身上，那么我们就会有很大的提高，为将来进一步的国际化做一个好的铺垫，所以我们国际化的意愿是很强烈的。最重要的是在我的公司创始的时候，就已经有了国际化的想法啦，因为国际化是一个趋势嘛，中国自从加入 WTO 之后，其实就已经是国际化的一部分了，你不想国际化也不行啊，因为时代在推着你往前走，不进则退嘛

The above response from interviewee refer to the internationalisation trigger to the firm.

There are two triggering factors which lead the firm towards internationalisation internally and externally.

4.2.4.1.1 Trigger (internal pull factor)

The internal pull trigger, seeking strategic resource from the firm to pull the owner towards internationalisation of the firm. As owner of Delta explained, in order to prepare for internationalisation of Delta, Delta joint ventured with a Japanese propolis firm in the Chinese market, recommended by friends, to learn the advanced propolis extraction technology, the corporate governance and corporate culture. This was applied to Delta in order to improve the competitive advantage and further development ability of the firm. The owner described that:

"I used to have contacts with some companies through the introduction of my friends, particularly some communications with a company dealing with health products in Japan. At first, we were learning about their advanced technologies including ideas and experience related to internationalisation. When we reached a certain level, we started to collaborate with this Japanese company to open up the local market, which not only enabled us to broaden our horizon, but at the same time allowed us to learn from others' advanced experience in our cooperation. That's why I considered internationalisation. That is, we can learn from the experiences of some successful companies abroad, and utilise these experiences to helps us improve and grow. Then it will be much easier for us to go global

later on. For example, I have learned the advanced propolis extract technology, as well as some good corporate management models and corporate culture from this Japanese company, then applied them to our company. And this would help us improve dramatically and lay a good foundation for our further internationalisation in the future, therefore, our intention towards internationalisation is very strong. "

4.2.4.1.2. Trigger (external pull factor)

The external pull trigger was that internationalisation is a trend for Chinese firms, as China joined WTO in 2001. The owner described that:

"Most importantly, we were thinking of internationalisation when the company was first founded, because internationalisation was a trend. Since China joined in WTO, it has already become part of the internationalisation. Internationalisation is no longer avoidable as you are pushed forward by the era. Go forward, or else you'll be left behind."

4.2.4.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.4.2.1 The mechanism of "guanxi": mutual benefits

就是我们国际化的时候还是离不开中国的传统文化，比如一些门派，像我们做保健品的基本都围绕在一些在这个行业德高望重的人的身边，通过这个门派的关系圈去发展，我所知道的门派就不止十几家，而且带有地域性的特质，比如我们徽商啊，就是我们当地做这个生意的人都很抱团，大家彼此之间都特别的信任对方，而在这个团体中，大家互相帮助啊，比如调货啊，调资金啊，提供信息还有经验啊，都很方便，一个电话一打，很快所有的事情和困难都会处理好，他这个资源调动能力是非常的强的，非常灵活的，我们在这个团体呢互相帮助，使这个团体更加的紧密。所以我做生意的资源大部分来自这个门派，不管是在哪儿做生意，团体里都会有一个牵头的人，他会把这个地区的各种信息都搞清楚，只要我们跟在后面投资，大家一起做就好了，而且都会有很大的收益，我觉得这可能是我们这个地方特有的，是一种中国特色吧，这是怎么产生的呢，我举个例子吧，比如在同学或者朋友里面，大家关系都非常好，但是里面有一个组织能力特别强的人，像是有带头大哥这种性质的，他把大家聚拢在一块儿，有什么商机大家一起分享，有什么困难大家一起解决，那么一个人的困难很大，但是分散在这个圈子里就很小了，这样久而久之，这样的关系一代代的往下传，就变成我们现在这样的门派了，在国外可能就不会有这样的情况吧

The above responses are reflecting the mechanism of mutual benefits embedded in "guanxi".

As the owner explained, he could very efficiently learn the accurate foreign market knowledge and information in order to increase the familiarity of that market based on the mutual benefits with other friends and business partners who joined in the regional "guanxi" community. According to the traditional Chinese culture, the local "guanxi" community are

the very special "guanxi" group established by the people who had the same regional cultural background within the similar industry in the regional area. Those people actively help each other in the community, because they are united as one and concentrate efforts on helping each other in the community, and they believe if they help others today they will gain more in the future. The characteristics of that special community included the high level of mutual trust, the very efficient resource transfer and information share ability. However, in order to learn the internationalisation knowledge about the distribution of customers, the potential demand of Delta's products and potential competitors in the Japanese market, the owner shows that the mutual benefits is the key to a win-win situation for him and others within the community. After the owner gained the knowledge from others, and he needed to share some valuable information or knowledge to repay the business partners who needed that specific knowledge in that community. The owner described that:

"Our internationalisation is inseparable from traditional Chinese culture, such as different cliques. Companies engaged in health products like us, often stick around respected people of the industry, and they develop through the "guanxi" circle of their clique. I know more than a dozen cliques, featuring regional characteristics, such as Anhui merchants. That is to say, our local business owners are closely bonded and they trust each other. In this group, we help each other in dispatching goods, mobilising capital, providing information and experience etc. It is quite convenient. All matters and difficulties can be resolved with just one call. They have very strong and flexible capacity to mobilise resources. They help each other in the group, which makes the group more closely tied. As a result, most resources of my business come from this group. Wherever the businesses are, the group will have a leader, who will find out all the information about the local area. We only need to follow the leader when making investments. It is great when everyone is working together, and they can all achieve great outcomes. I think it's unique here which is part of Chinese characteristics. But how does it happen? I'll give you an example. Among a group of old schoolmates or friends with a solid relationship, there will be someone with very strong leadership and organisational skills, like the role of a "big brother", who brings people together to share business opportunities and overcome difficulties together. A difficulty may be huge for one person, but it will become very small when it is distributed among a circle of people. And over time this relationship is passed on from one generation to another, turning into different cliques like what we have now. Maybe this never happens overseas."

4.2.4.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.4.3.1 The mechanism of "guanxi": Investment

我觉得就是常来常往吧，而且我也在和朋友们去积极的寻求一些国际化的机会，比如我们和韩日的一些企业经常的进行一些交流，让我的朋友去邀请这些在韩国和日本做的比较不错的企业，大家坐下来聊聊，交换一下彼此的想法，由于我的朋友是属于中间人的性质嘛，双方都比较信任，那么对方就会比较放心的来和我们交流经验啊，然后呢，我们会继续和日韩这些企业保持一个比较好的关系，就是常走动一下

The above responses from the interviewee are the indication of mechanism of investment embedded in "guanxi".

As the owner explained, the main method to invest in and maintain "guanxi" is keeping in contact with friends and business partners within the "guanxi" community in order to exchange ideas and update internationalisation knowledge about each other. As the owner described that:

"I think it's important to remain frequent mutual contacts. I am also working with my friends to actively look for opportunities for internationalisation. For example, we often exchange with some South Korean and Japanese companies, by asking my friends to invite some successful Japanese and South Korean companies to get together and exchange our ideas. As my friend acts like an intermediary who is trusted by both sides, they would feel at ease when exchanging experiences with us, then, we would continue to maintain a good relationship with these Japanese and South Korean companies by keeping regular contact."

4.2.4.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.4.4.1 The role of "guanxi": "guanxi" resource (overlapped with mutual benefits) (familiar people circle)

就是我们国际化的时候还是离不开中国的传统文化，比如一些门派，像我们做保健品的基本都围绕在一些在这个行业德高望重的人的身边，通过这个门派的关系圈去发展，我所知道的门派就不止十几家，而且带有地域性的特质，比如我们徽商啊，就是我们当地做这个生意的人都很抱团，大家彼此之间都特别的信任对方，而在这个团体中，大家互相帮助啊，比如调货啊，调资金啊，提供信息还有经验啊，都很方便，一个电话一打，很快所有的事情和困难都会处理好，他这个资源调动能力是非常的强的，非常灵活的，我们在这个团体呢互相帮助，使这个团体更加的紧密。所以我做生意的资源大部分来自这个门派，不管是在哪儿做生意，团体里都会有一个牵头的人，他会把这个地区的各种信息都搞清楚了，只要我们跟在后面投资，大家一起做就好了，而且都会有很大的收益，我觉得这可能是我们这个地方特有的，是一种中国特色吧

The above responses are the indication of the role of "guanxi": "guanxi" resource

As the owner explained, the regional "guanxi" community provided him with a very strong resource where he could very efficiently access financial or "guanxi" resource and learn the internationalisation knowledge rapidly in order to facilitate the pre-export behaviour of Delta and prepare for internationalisation.

According to the owner that special "guanxi" community is based on the regional traditional Chinese culture within a specific province of China established by the people who had same cultural background in the regional area, and every community had a prestige leader to be the

core of that community. Under his leadership, everyone in this community are united as one and they concentrate their effort on actively helping each other in the community.

Therefore, the fund transfer and internationalisation knowledge share ability is very strong in the community. Because owner's father was the one of the members in the community, he invited owner of Delta to join into that community as well.

If the owner suffered difficulties such as the lack of funds and shortage of internationalisation knowledge related to the specific foreign market, he could post his difficulties during the annual meeting hosted by the leader of the community. If any firms in the community had extra financial resource and internationalisation knowledge, they could transfer the funds and share their knowledge with Delta in order to assist the owner to overcome the difficulties based on the mutually beneficial arrangement. As repayment in order to maintain the position in that community, the owner of Delta would also need to transfer extra funds and share knowledge to other firms who needed this to overcome difficulties. All of the procedures are organised and managed by the leader.

For example, the Delta lacked the funds had a shortage of Japanese market knowledge about internationalisation towards Japan. After he posted this information during the annual meeting, he accessed enough funds from ten firms within the community and gained accurate Japanese market knowledge about distribution of customers, the potential demand of Delta's products and potential competitors in order to prepare for internationalisation of Delta. As repayment of "guanxi" for the community, he transferred the extra working capital for another three firms and shared Delta's internationalisation knowledge with another two firms, who posted the requirements within the community. The owner described that:

"Our internationalisation is inseparable from traditional Chinese culture, such as different cliques. Companies engaged in health products like us, often stick around respected people of the industry, and they develop through the "guanxi" circle of their clique. I know more than a dozen cliques, featuring regional characteristics, such as Anhui merchants. That is to say, our local business owners are closely bonded and they trust each other. In this group, we help each other in dispatching goods, mobilising capital, providing information and experience etc. It is quite convenient. All matters and difficulties can be resolved with just one call. They have very strong and flexible capacity to mobilise resources. They help each other in the group, which makes the group more closely tied. As a result, most resources of my business come from this group. Wherever the businesses are, the group will have a leader, who will find out all the information about the local area. We only need to follow the leader when making investments. It is great when everyone is working together, and they can all achieve great outcomes. I think it's unique here which is part of Chinese characteristics"

4.2.4.4.2 The role of "guanxi": The method to collect foreign market information and knowledge (familiar people circle)

我觉得我们公司更多还是从熟人那里，就是朋友，同事和同学那里获得一些知识和信息吧，比如像其他公司成功国际化的案例，他们是如何用什么方式走出去的，以及当地的一些有关的准入法规啊，目标客户群啊，这些都有借鉴的意义的，这个都是需要

通过关系这个渠道来获得的，说到资源呢，我认为这种关系本身就是一种资源，或者说是无形的资源吧

The above responses are the indication of the method to collect foreign market information and knowledge by the owner through the circle of familiar people, such as friends, colleagues and schoolmates. The owner described that:

"I think our company collects more knowledge and information in relation to foreign market from our friends, colleagues and old schoolmates. Information such as success stories of other companies in internationalisation, ways on how to go global, and the local access regulations, the target customer segmentations etc., can be used as reference, and can only be acquired through the channel of "guanxi". Speaking of resources, I think "guanxi" itself is a type of resource, or an invisible resource."

4.2.4.5 The unexpected finding in relation to "guanxi"

The owner utilised "guanxi" as the guidance for the planning of internationalisation

关系呢对我来说，或者是咱们中国人所讲的是一个机缘吧，就是人和人之间有一个自然而然的一个了解的过程，从刚开始的时候的戒备心理，到以后大家敞开心扉去交流，这是需要一定的积累的，然后慢慢建立起信任后才能实现的，如果你已经有关系在里面做铺垫的话，比如你和我之间有一个共同信任的朋友，那么这个过程就会变得更快一些，所以说关系在我公司的国际化规划中有这么一个引导的作用会增加一些合作的机会，让我可以不让弯子就可以快速的找到我所必须的像信息啊，资源之类的

The above responses from the interviewee are the indication of the guidance role of "guanxi" during internationalisation planning. The owner described that:

"Guanxi" is like an opportunity referred to by us Chinese, it is a natural process for people to understand each other, from taking precautions at the beginning to later opening up your heart to communicate with others. It will take some time to accumulate, and gradually build up the trust before "guanxi" is established. If you already have some "guanxi" as a basis, for example, you and I have a common friend whom we both trust, then the process can be much faster. Therefore, "guanxi" played the guidance role in our company's planning for internationalisation, which will increase cooperation opportunities, and allow us to quickly find the required information or resources etc. without taking the wrong path."

4.2.5 Case 5: Eta

Description:

The Eta is a medium sized medical instrument enterprise established in 2000 with two offices in Taizhou and Shanghai. The primary product of Eta is Ventilator for ICU.

Nowadays, the firm markets approximately 65% of the products within the domestic market, and 35% products export to Nigeria. The firm employs 400 full time employees, and has

around 100 million RMB of revenues. The international portion of its revenue is contributed approximately 35% of the total revenue of the firm.

4.2.5.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

首先来说，我们公司的国际化更多是我个人的因素，因为我有在国外 8 年的留学经历。所以说像我们这种公司尤其是做商业的，都必须是国内与国际兼顾，不能只做国内市场。现在中国市场的大趋势是普遍的产能过剩，如果我们公司仅仅把目光投在国内市场上，是很难做到可持续性发展的。然而，我通过朋友的介绍，还有我自身的留学经历，发现了很多海外市场的商机。而且我发现如果我们公司走出去的话，所产生的效益要远远高于只着重于国内市场的比例。再有一点就是，我对我们公司在市场上的定位，这个定位也是会影响公司国际化的，就是把企业未来的着重点慢慢的从国内市场转移到海外的市场，因为海外市场可以说是能决定公司未来几十年发展的，如果不能打开国际市场的话，那就等于给我们自己的企业放上了发展的天花板，不管你在国内做的再好，没有海外市场的企业是不健全的，一旦国内市场出现什么波动，那么海外市场就可以为我们公司做一个补充。第三点呢就是，我们公司最初的意图是要去度过公司的初期阶段可以说是我们最艰苦的时期，说白了就是员工需要养活，所以我们就把目光从国内市场放到了国外市场，当然我们国际化的意图是很强烈的啦

The above responses from the interviewee are the indication of internationalisation trigger of the firm.

There are three triggering factors that lead the owner progress to internationalisation of Eta.

4.2.5.1.1 Trigger (internal push factor)

The first trigger is the excess capacity of resource in the Chinese domestic market, especially the medical industry in China, which lead Eta to seeking more opportunities in the foreign market than the domestic market. As the owner explained, if the firm only focused on the domestic market, this would limit the firm itself in order to achieve sustainable development. However, based on the "guanxi" and 8 years of overseas study and work experience of the owner who discovered many opportunities in overseas market, the owner explained that the benefits generated from internationalisation of the firm are much higher than if only focused on the domestic market, which pushed the owner towards overseas market. The owner described that:

"Firstly, to internationalise our company is basically my intention, as I have eight years of overseas study experience. Currently the general trend of the Chinese market features over capacity. If our company only focuses on the domestic market, it'll be hard to achieve sustainable development. But I have discovered lots of business opportunities in the overseas markets through introduction of my friends and my own overseas study experience. And I also realised that, if our company goes global, it will achieve much better results than what we could otherwise achieve by solely focusing on the domestic market."

4.2.5.1.2 Trigger (Internal pull factor)

The second trigger is the strategic market positioning of the firm planned by the owner is slowly transferred from domestic market to overseas market. As the owner described, the strategic market positioning will affect the internationalisation process in the long run, because the overseas market can be determined in the following few decades of the development of Eta. If Eta could not access the international market, this would set up a ceiling for the further development of the firm, once the unforeseeable fluctuation occurred in the domestic market, the overseas market could be the supplementary source of revenue for Eta. The owner described:

"Secondly, my positioning of the company on the market would also affect the company's internationalisation. The positioning is to gradually shift the future focus of the company from the domestic market to the overseas market, as the overseas market can determine the company's development in the next few decades. If we can't establish our international market, it's almost like putting on a ceiling against the growth of our company. A company cannot be perfect without having an overseas market no matter how well it performs in its own country. When fluctuation strikes the domestic market, the overseas market can serve as a supplement for our company"

4.2.5.1.3 Trigger (internal pull factor)

The third trigger of internationalisation for Eta is the firm needed to overcome the most difficult period during the early stage of Eta. The reason to seek overseas markets was the firm needed to make profit in order to sustain employees, the sale of products towards foreign markets ultimately facilitated Eta to get through that difficult period. The owner explained that:

"Thirdly, our initial purpose of the company was to get through the start-up stage, which was the toughest period for us. Honestly speaking, we had to provide for the staff. So we shifted our vision from the domestic market to the overseas markets. So far our company has already survived the start-up and most tough stage. With the support of overseas markets and accumulation of capital, our intention might change, but our "going global" approach will never change, obviously, our intention towards internationalisation is very strong."

4.2.5.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.5.2.1 The mechanism of "guanxi": mutual benefits

这个中间人，就是 I 通过关系找到的一家国企的负责人，他们公司主要是做对外贸易的，我们正是使用和他的关系和他们国际化的渠道，以便使我们的产品顺利的进入非洲市场，同时他也给我提供了大量的非洲市场的信息。所以说这个中间人，在我们公司

国际化的进程中起到了一个承上启下的作用，可以说是连接我们公司和非洲市场的纽带，可是呢，作为中间人来说，我是需要给他提供佣金的，咱们中国人不是常说亲兄弟还有明算账嘛，我差不多拿出来第一次贸易所得的 20%作为佣金给中间人，这样常来常往，以后有需要的时候才好找人家。

再就是认识的朋友越多，关系网越密切，那么你得到的信息不但是多样化的，而且还是可以被信任的。这样有关海外市场的一些不确定因素，比如让我更好的了解海外市场啊等，我都可以及时得到朋友的信息，从而避免一些风险

The above responses are the indication of mechanism of mutual benefits embedded in "guanxi".

As owner explained, his experience, which he utilised "guanxi" with his friend who acted as an intermediary and provided Nigeria market information and knowledge to him in order to increase the owner's Nigeria market familiarity to facilitate the internationalisation process of Eta. In addition, with the permission of owner's friends, the owner could utilise the international channel from his friends in order to sell products to the Nigerian market. As mutual benefit, the owner paid 20% of revenue from the first international trade as commission to his friend in order to maintain the "guanxi" with friends.

"The intermediary I mentioned earlier is an executive of a state-owned company I found through "guanxi". That company is mainly engaged in foreign trade. We were just using our "guanxi" with them and their channels of internationalisation to enable our products to successfully enter the African market. So the intermediary has been a connection link in our progress of internationalisation, and the link between our company and the African market. As the role of intermediary of my friends, and I need to provided him with around 20% of my first international trade revenue as the commission, I paid to him this amount of commission which not only the way to maintain our "guanxi" but obey the mutually benefits of "guanxi" for us as well."

The owner explained that, the more friends he had, the more information and knowledge he can learn from those friends in order to reduce the market uncertainty. The owner described that:

"A Chinese saying goes, "At home you can rely on your parents, and outside on your friends." It is true that the more people you know, the easier things will be. Among all the friends we know, you never know that one day one of them might provide me with some knowledge on overseas markets, which could facilitate the internationalisation of my company to a certain extent. On the other hand, the existence of the network of "guanxi" may also help us to get better understanding about foreign market, because the more people you know, the more channels you'll have, which may help you avoid some unnecessary steps."

4.2.5.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.5.3.1 The mechanism of "guanxi": Investment

我觉得是这样的，首先我们会通过关系去彼此了解对方，只有大家互相摸个底才能为以后的合作打下一个良好的基础，然后我们会请这个中间人来我们公司进行实地考察，可以让他有一个实际的印象，因为我们毕竟是他们公司的产品输出方。再就是，我们可以通过这个中间人的关系，邀请到尼日利亚卫生部的官员来我们企业做一个实地考察，让他们了解到我们的公司是有能力达到尼日利亚的标准的。当然了，在这个过程中我们去陪中间人吃饭，送礼那都是必须的。因为在中国，这就是一种关系投入的方式。

The above response from interviewee are the indication of mechanism of investment embedded in "guanxi".

As the owner described, hosting a dinner and providing gifts for either business partners or intermediaries are necessary methods in order to invest into "guanxi". There are two steps for the "guanxi" investment explained by owner. The first step was the owner and potential business partners utilised "guanxi" through an intermediary friend to get to know each other, which in turn increased mutual understanding between them and prepared a stable foundation for future cooperation. The second step was the owner invited the intermediary friend to visit Eta in order to provide more information about Eta to potential business partners in Nigeria. After the intermediaries visited, the owner invited Nigerian business partners to visit Eta, and let them know more details about Eta capability, and what kinds of standards the Eta needed to meet in order to enter into Nigeria based on the foreign market knowledge and information learned. During the process, both intermediary friends and business partners visited Eta, the owner hosted several meals with them and also provided gifts for them for the purpose of "guanxi" investment.

"Firstly, we learned about each other through "guanxi". A good foundation for future cooperation required us to make a thorough investigation on each other. Then we invited the intermediary to pay a site visit to our company so that he/she could have an actual impression on us, as we are the product exporter for his company. In addition, through the "guanxi" of the intermediary, we invited officials from the Ministry of Health in Nigeria for a site visit to our company so that they would realise that our company had the ability to reach the standards in Nigeria. And of course, we had to have dinner with the intermediary or give him some presents in this process, because In China, this is a "guanxi" investment."

4.2.5.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.5.4.1 The role of "guanxi": "guanxi" resource: (familiar people circle)

我认为关系在我们公司国际化的规划中扮演了一个很重要的角色。我的第一个海外市场是非洲的尼日利亚，因为我们的产品物美价廉，当地人可以买的起。而且药瓶出口非洲，当地政府的门槛低，有利于我们进入。而且通过我朋友的介绍，我得到了一个重要信息，就是尼日利亚是整个非洲的药品中转站。由于是中转站，就存在着大量的商机。比如说我们公司在考虑非洲市场的时候，就是先通过关系找一个了解非洲市场的中间人，当然这个人是我们非常信任的，由他给我们提供一些有关非洲市场的信息等，因为就我们公司自己而言，我们对非洲市场不是那么了解，所以很难收集到一些有用的信息。而我所说的这个中间人，就是我通过关系找到的一家国企的负责人，他们公司主要是做对外贸易的，我们正是使用和他的关系和他们国际化的渠道，以便使我们的产品顺利的进入非洲市场。所以说这个中间人，在我们公司国际化的进程中起到了一个承上启下的作用，可以说是连接我们公司和非洲市场的纽带。

The above responses from the interviewee are the indication of the role of "guanxi": "guanxi" resource

As the owner described, "guanxi" played a very important role towards the internationalisation of Eta. The owner explained that:

"I think "guanxi" played a very important role in the internationalisation plan of our company. For example, when we began to consider the African market, we found an intermediary who is familiar with the African market through our network, and of course we trusted the person, and this is someone we really trusted. He provided us with some information about the African market as our company was unfamiliar with the African market, and it was difficult for us to collect useful information. The intermediary I mentioned earlier is an executive of a state-owned company I found through "guanxi". That company is mainly engaged in foreign trade. We were just using our "guanxi" with them and their channels of internationalisation to enable our products to successfully enter the African market. So the intermediary has been a connection link in our progress of internationalisation, and the link between our company and the African market."

4.2.5.4.2 The role of "guanxi": Financial resource and the resource of foreign market knowledge (family member and familiar people circle)

我可以从亲人那里获得我的发展资源，因为在公司创建初期是非常缺乏这些资源的，包括人脉资源还有经济上的支持差不多有三千万的样子。而熟人，就是我那些同学同事，你也知道在中国这种环境下，你想做生意都需要熟人帮你介绍或者担保的。而且

你还可以通过那些有过国际化经验的熟人朋友，去获悉他们所在海外市场的信息，知识，准入法则和有多少潜在的竞争者等等。这些是对我公司国际化有很大借鉴意义的

The above responses from the interviewee are the indication of the role of "guanxi": Financial resource and the resource of foreign market knowledge

As the owner described, the family members who are positioned in the core of the "guanxi" of the owner had provided the important financial support to Eta during the early and difficult stage of development of the firm. The owner explained that:

"The three kinds of people are all very important to me. For example, I could acquire development resources from my family or relatives, because our company was short of these resources when it was first established, including "guanxi" resources and financial support around 30 million Chinese RMB. For the acquaintances, namely my schoolmates or colleagues, as you know under the current environment in China, you will need introduction or guarantee from acquaintances if you wish to do business. You can also acquire the information, knowledge, access regulations and potential competitors in Nigerian market etc. that they know about the overseas markets through acquaintances or friends with experiences in internationalisation. This will be a significant reference for our internationalisation."

4.2.6 Case 6: Fig

Description:

The Fig is a medium sized medical enterprise established in 2011 with one office in Taizhou, and one overseas office in Boston, the U.S. The products of Fig include Electosurgical unit and Suction pump.

In 2016, the firm markets approximately 30% of the products within the domestic market, and 70% products export to the U.S. market. The firm employs 300 full time employees, and has around 120 million RMB of revenues. The international portion of its revenue is contributed approximately 70% of the total revenue of the firm.

4.2.6.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

通过 personal relationship 来了解其他在美国公司的信息技术，以及借鉴对方的经验，尤其是研发，因为我们自身的研发还是有限的，需要通过这么一种国际上的合作来达到，而且通过关系网我也可以了解到美国的一些中小型企业他们的技术他们的经验是不是可以对我有所帮助，因为毕竟我们是同时面对的中国和美国两个市场，所以我们的国际化意图是强烈的。当然，我们也有机会和美国和中国的大公司进行一些合作，因为同时这些大公司可能也在寻找机会和相关的技术，那么我们的技术能不能为他们所用

主要是我在美国有这样一种感觉，我接触到的一些中小型企业，他们有很好的技术，但是由于他们缺乏关系渠道，所以很难找到市场，正好我们公司就很好的利用了这一

点，我们通过我们自己的关系渠道去获取他们的技术，用关系和自己所掌握的资源去对他的技术进行筛选和评估，然后放在中国市场上去做，这些都是我的理念，虽然不一定正确，但是我自己是学药的嘛，这个领域是我熟悉的，那么我就把这个方面做好，而不是什么都想去涉猎

The above responses are referring to the internationalisation trigger of the firm.

There are two triggers that led Fig to seeking internationalisation.

4.2.6.1.1 Trigger (internal pull factor)

The first trigger was based on the owner's personal reason. As owner described, he is an American-Chinese, and had over 20 years of living and working experience in the U.S., therefore, the strategic positioning of the firm is internationalisation towards the U.S. market because of the familiarity with that market when the Fig was established. The owner described that:

"Through the personal relationship, we were able to learn about the information technology in other US companies and to learn from their experiences, particularly in research and development. As our research and development are limited, we have to get it via international cooperation. Through the network of "guanxi", I can also find out if the technologies and experiences of small to medium businesses can be of help to me. After all, we are targeting both the Chinese and US markets, obviously, our intention towards internationalisation is strong. Sure enough, we also have opportunities to collaborate with big companies in both the United States and China, because these big companies might be looking for opportunities and relevant technologies as well, and they might use our technologies."

4.2.6.1.2 . Trigger (internal pull factor)

The second trigger is the owner is seeking the strategic resources from the American business partners, for example, the advanced technology for the products innovation. Since the establishment of Fig, the major disadvantage of the firm was lack of product innovation ability in order to make the product with more competitive advantage in both American and Chinese markets than the other competitors. However, with living experience in the U.S., the owner was aware that some of the American SMEs hold the intelligence of advanced products production technology. This intelligent was not further developed due to the lack of "guanxi" in order to discover the market in which the products could be selling. Therefore, the owner brought this technology from this SMEs through "guanxi" and also utilised "guanxi" to evaluate the feasibility about this technology's saleability in both American and Chinese markets, and then applied that into Fig's production, which made the products with more competitive advantages over the others in both markets. The owner described that:

"Well, in the USA, I have this feeling that some of the small to medium businesses I have come in contact with have excellent technologies, but they lack channels of "guanxi", so it's very difficult for them to find a market. So our company can use that to our advantage. We can acquire their technologies through our channels of "guanxi", select and assess their technologies by our "guanxi" and the resources we have, and then put them onto the Chinese

market. If we can't absorb the technologies that a company has on our own, we can do it by international cooperation. These are all my theories, though not necessarily correct because my studies were related to medicine which is what I'm familiar with. So I'll ensure that I do well in this specific field rather than trying to do everything."

4.2.6.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.6.2.1 The mechanism of "guanxi": mutual benefits

我想在降低市场的不确定上关系是有一定作用的，比如我可以通过关系去获得这个市场的准入许可上的一些法律法规。因为很多相关的知识是很难通过公司自己去收集，所以通过关系，熟人的经验我们可以得到比较准确的信息。而这些信息最终是否可以被我公司使用，还是需要通过关系去甄别，当然了当我获得利益的时候我也会拿出一部分和我的朋友分享的。我想这点就应该是关系的魅力所在吧

The above responses are the indication of mechanism of mutual benefits embedded in "guanxi".

The owner explained that he could gain the foreign market information and knowledge in relation to the entry requirements and legislation of the foreign market in order to reduce the uncertainty of that market. As a return for friends who provided such information and knowledge to him, the owner shared part of profits to those friends in order to commit to the mutual benefit of "guanxi". The owner described that:

"I think "guanxi" has a certain effect on reducing uncertainty about the market. For example, I can get to know some legislation and regulations on access permits for a particular market. A lot of relevant knowledge is very difficult to collect on your own, so through "guanxi", we can get more accurate information by the experiences of acquaintances. We still need to use "guanxi" to identify whether this information can ultimately be used by my company. As to maintain the mutually beneficial of "guanxi" between my friends and I, I would always contributed the part of profits to friends who provided me with the useful internationalisation information and knowledge. I think this is where the charm of "guanxi" lies."

4.2.6.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.6.3.1 The mechanism of "guanxi": Investment

因为关系的付出和维持这个无关对错，他就像一个人的 personality 一样，我个人不太喜欢交际，我更喜欢这种常来常往，你要是等到有事的时候去找人，那就太晚了，但

要是你是抱着某种目的去找人或者维持关系的话，我想那很难生效，因为大家都很聪明，你好多年不跟人家联系了，突然打电话去联系，那么人家肯定能够察觉到你有什么事需要帮忙，我更注重的是一种关系的积累吧，而且对不同的人方法也不一样，对方也不一样，比如我有的朋友就不喜欢你有事没事给他发微信打电话，这反而会让对方产生反感，相反，有的朋友就喜欢你有事没事给他发微信聊聊天之类的，这样他觉得你是很在乎他的，但是最重要的一点是，我跟朋友们交往还是更多的建立在彼此的相互尊重欣赏上，这是个基础，在这样一个基础上去打交道就方便多了，而且我们之间的关系不但会更好，还会上升到双方家人之间也能成为朋友，这样我们之间的关系就更亲密了

The above responses from the interviewee are the indication of the mechanism of investment embedded in "guanxi".

As the owner explained the "guanxi" investment method which he utilised is based on the long-term emotional communication with friends as a way to accumulate "guanxi" between them. Mutual appreciation is the key to investing into "guanxi", for example, the owner would utilise "wechat" to constantly communicate with his friends. In return, his friends would feel they were being respected by the owner, therefore, the "guanxi" would be gradually accumulated, which not only could be redeemed in the future if the unforeseeable difficulties happened in Fig's business, but made the "guanxi" even more consolidated. If the difficulties already happened upon Fig, and owner suddenly increased the frequency of communication with his friends, the owner may not receive any helps from friends, because there is not enough "guanxi" investment accumulated based on the owner's experience. The owner described that:

"Well, there is no right or wrong about investment in and maintenance of "guanxi". It's like a person's personality. I personally don't like networking. I prefer frequent mutual contacts. If you only contact people when you are in trouble, it will be too late. Also, if you contact people or maintain a "guanxi" for a certain purpose, I don't think it will work. People are smart. If you haven't contacted them for many years and call them out of the blue, they will know that you need help. What I value more is the accumulation of "guanxi", which varies from person to person. For example, some of my friends don't like it when you send them WeChat messages or call them whenever you like; they would resent it. On the other hand, some friends like it when you do something like that, which makes them feel that you care about them. Most importantly, my relationship with friends is based more on mutual respect and appreciation. That is the basis. It will be easier to interact with people on this basis. Furthermore, not only will our "guanxi" improve, our families might even become friends. In this way, our "guanxi" will become more intimate".

4.2.6.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.6.4.1 The role of "guanxi": The method to collect foreign market information, knowledge and resource (familiar and unfamiliar people circle)

我们公司的文化是由两个部分组成，一个是中国的传统文化，公司绝大部分员工都是中国人，而在美国的公司，也是由中国人和美国人组成，第二个呢，我已经在美国生活了几十年，我的思维和行为方式又美国化了，所以这个公司由中美两种文化构成，至于你问的如何收集海外信息，因为我有在美国的关系，这是我特有的获得信息的渠道，可以让我获得各个方面的信息吧，因为我是做生物医药的，主要是技术信息和产品信息，这些信息主要是我从美国通过自己的关系网获得的，但是呢，我所做的药是在中国生产，那么有一些相关的法律法规的信息是通过我在中国的关系网获得。

在美国我们可以说是全方位的去收集信息，比如可以通过美国的 FDA，比如可以通过人脉去寻找信息，而且还可以通过人脉去购买一些信息源，这都是可以的。我们可以通过多种渠道去收集信息，当然在中国收集相关信息就更发达了，因为没有什么相关的知识产权的保护，人们也没有这方面的概念，所以信息是海量的，而且有关一些公司的机密的信息，都可以通过关系来找到，主要是公司需要这些信息，所以都可以通过关系去找，而且确实都可以找得到，甚至可以直接通过关系向政府去购买，这完全是合法的。

The above responses are the indication of the role of "guanxi": The method to collect foreign market information, knowledge and resource.

The Fig is composited by two parts, the Chinese company, which mainly employed the Chinese employees, the American company, which is composited by mainly the American employees and a small part of Chinese employees. Despite the 20 years of U.S. living experience of the owner, where he lived as an American, the way of doing business by owner is still under the Chinese way because of the deeply rooted Chinese culture in his mind. As owner described he had built a strong "guanxi" network in both the U.S. and China, a unique method to collect market related information and knowledge, for example, the information about potential competitors and the distribution of customer demand. As the biomedical products are the major products of Fig to sell, the main product technical information and American market information the owner gained is through "guanxi" from his American friends, however, as the production facilities are located in China, then the relevant laws and information about regulation the owner obtained is through "guanxi" from Chinese friends.

For purpose of information collection, the owner could utilise "guanxi" to gain information from a variety of channels. As the owner explained, he could access all-round market and technical information through "guanxi" from American SMEs, or through "guanxi" to buy the market related information and advanced production technology from the firm who holds the intelligent property but lack of market to sell. However, the owner also could gain the

enormous amount of market related information from China through “guanxi”. As the lack of intelligent property protection mechanism in China, the information collection is very effective through “guanxi”, not only the secrecy of core competitive advantage production technology from other Chinese firms but the information can be brought from government officials by utilising “guanxi”. After the appropriate amount of information and knowledge from both American and Chinese markets was gathered, the owner could apply this knowledge into Fig, in order to innovate the products and gain the competitive advantages in both market.

"Our corporate culture consists of two parts. One of them is Chinese traditional culture. Most employees in the company are Chinese, and the employees working in our company in the USA consist of Chinese and Americans. Secondly, I've been living in the USA for many decades, so both my way of thinking and behaviours are Americanised. So our company consists of Chinese and American cultures. As for the question you asked about collection of overseas information, since I have "guanxi" in the USA, it is my special channel for acquiring information which allows me to obtain all kinds of information. As I am in the business of biopharmaceuticals, the information is mainly about technology and products, potential competitors and the target customer segmentation which I acquire through my own network of "guanxi" in the USA. However, the medicines we make are produced in China, so there are some relevant information on the laws and regulations acquired from my network of "guanxi" in China"

"In the USA, we practically collect information from all sources. For example, we can search for information via the FDA in the USA or via our connections. You can also buy some information via your connections. All of these are possible. Of course, collection of relevant information is even more developed in China, because there is no relevant protection of intellectual property, and people don't have such a concept. So the information is massive, and you can also get confidential information of some companies via "guanxi". You can even buy the information from the government via "guanxi". It's totally legal."

4.2.6.5 The unexpected finding in relation to "guanxi"

The owner utilised "guanxi" to recognised the quality and reality of information

等信息收集之后，怎么样去分析信息，那是同样的重要，哪些信息是有用的，那才是关键的，这是没办法用电脑去分析的，是需要通过一个是我们自己的知识自己积累的经验去判断，一个就是通过关系去核实和评估这些信息。比方说有些公司或者个人有些专利，不管是由谁或者哪个政府机构授权的，只有这个专利可以为我所用，这个专利才能是有价值的，而这个过程对我们来说是个很大的挑战，是需要我们去评估的。

The above responses from the interviewee are referring to the role of “guanxi”: The method to recognised the quality and reality of information

As owner described, information and knowledge verification is a very significant function of “guanxi” after the information and knowledge has been collected. An enormous amount of market and technical related information and knowledge is gathered by the owner, the next step is to verify and evaluate the information and knowledge in order to determine which information is needed and reliable for Fig to apply. As the owner explained, it is not adequate

to use computer software to evaluate the feasibility in order to apply the information to Fig, for example, you can't use computer software to determine if a patent can be used or not. However, in order to verify the information, the owner utilised "guanxi" and experience to judge, therefore, after the information is approved through owner's "guanxi", which many of owner's friends believe this information or patent is feasible, then the gathered information would be applied for Fig for improvement, otherwise, this information can be verified as useless information, and the owner will ignore that. Nevertheless, as the owner experienced, the process of verification was a great challenge for Fig, but they had to verify the gathered information before it could be applied to Fig.

"We can collect information through various channels, but after the information has been collected, analysis is equally important. The key is what information is useful. They can't be analysed by a computer. We have to determine it with our own knowledge and experiences, or verify and evaluate the information through our "guanxi". For example, some companies or individuals have patents. Regardless of which government agency granted them, a patent is valuable to me only if I can use it. The process is a big challenge for us, which we need to assess."

4.2.7 Case 7: Gamma

Description:

The Gamma is a medium sized medical instrument enterprise established in 2000 with one office in Taizhou. The primary products of Gamma include Patient Monitor (anaesthesia) and Anaesthesia trolley (anaesthesia machine with ventilator and monitor).

In 2016, the firm markets approximately 50% of the products within the domestic market, and 50% products export to African market. The firm employs 400 full time employees, and has around 100 million RMB of revenues. The international portion of its revenue is contributed approximately 50% of the total revenue of the firm.

4.2.7.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

4.2.7.1.1 Trigger: (external push factor)

我考虑国际化的原因很简单，就是因为我的产品在国内做的不是太理想，一个是因为同行竞争太激烈，再就是我的产品被同行仿冒的太厉害了，所以我就有了把产品卖到国外去的考虑，当然我的国际化意图也很强烈

The above responses from the interviewee are the indication of internationalisation trigger of the firm.

The owner of the Gamma realised that the market share of Gamma is seriously reduced due to a decrease in the demand in domestic market caused by two issues. The first is the highly competitive pressure from competitors, the second is the products of Gamma are plagiarised

by competitors which seriously damage the image and selling performance of Gamma. Therefore, the seeking of opportunities in the foreign market become the trigger to push the internationalisation of Gamma. As the owner explained, finding the overseas market is an appropriate alternative to overcome the market limitation problem in the domestic market. The owner described that:

"The reason I considerate internationalisation of my firm is very simple, because my sales in China are not good. One reason is too much competitive pressure in the Chinese market, another reason is my products are always plagiarised by the others, so I need to sell my products in the overseas as alternative, and my intention towards internationalisation is also strong."

4.2.7.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.7.2.1 The mechanism of "guanxi": mutual benefits

关于这个问题呢，我是这样认为的。比如我在选择第一个海外市场的时候就遇到了很多的问题，而其中最大的问题是，我不知道应该去选择哪个市场让我的公司来国际化，因为第一个原因是我们和国外的文化有很大的差异，第二个是不熟悉对方的市场和法律法规，虽然在网上看到了很多有关海外市场的条文，但是到底是一个什么样的情况，我是不了解的，这应该算是不确定因素。但是在我一筹莫展的时候，我的一个在非洲做生意的朋友给我提供了很多重要的非洲尤其是肯尼亚的市场的信息，还有他在这个市场总结的国际化知识，我通过这个朋友对这个市场有了一个比较深入的了解，作为对这个朋友的回报，我拿出盈利的5%给他，这样以后才好说话吗

所以说你下一个问题就很明显了，当然就是关系网越宽广，就可以获得更多的发展所必须的资源和信息去发展我公司的国际化啦，这是毋庸置疑的。而我们公司对发展国际化的理念就是要多多的去交朋友，也许交到的朋友不可能马上为公司介绍到新的合作伙伴，但是在不久的将来很有可能这个新交到的朋友，这个新发展到的关系就能为公司提供商机，其实我们广交朋友的期望就是做一个人脉关系的储备

The above responses from the interviewee are the indication of the mechanism of mutual benefits embedded in "guanxi".

As the owner described the uncertainties which he faced during the selection of the first overseas market. The uncertainties included the cultural differences between the domestic market and foreign market, and being unfamiliar with the legal and political requirements in order to enter into the foreign market. Even though the owner had been looking for the legal and political requirements of foreign markets online, he still could not get the main points from the information he gathered from foreign websites. Therefore, these two factors became the uncertainties that obstructed the internationalisation process of Gamma. By utilising "guanxi", the owner's friend provided some important African market information in relation to the Kenyan market, and that information provided the owner with more in-depth

understanding about the Kenyan market, which ultimately reduced the uncertainty in relation to that market. As the return for "guanxi", the owner contributed 5% of his profit to this friend in order to maintain their "guanxi".

As the owner explained:

"In regards to this question, we ran into a lot of issues when choosing our first overseas market. The biggest issue was that I had no idea which market should be chosen for the internationalisation of my company. The first reason was that there is a huge cultural difference between China and foreign countries. Secondly, we are not familiar with their market and legislations. Even though we read many articles on the internet about overseas markets, I still did not know what they were like. It should be one of the uncertain factors. But when I was unable to find a way, a friend who was doing business in Africa gave me lots of important market information about Africa, in particular about the market in Kenya, as well as the knowledge he acquired about internationalisation in that market. I obtained a better understanding of that market through this friend. In order to kept mutually beneficial way and maintain the "guanxi" between my friend and I, I contributed 5% of profit to this friend in order to improve our "guanxi"

As the owner explained, the wider the "guanxi", the more foreign market information he can learn in order to facilitate the internationalisation process of the firm, moreover, the broader the "guanxi", the more friends the owner could meet in order to preserve the "guanxi" for future of the firm. The owner described that:

"With a wider network of "guanxi", of course we can get more resources and information required to expand the internationalisation of my company. There is no question about that. Our company's concept of expanding internationalisation is to make more friends. Perhaps a friend we have made might not introduce new business partners to us right away, but this new friend, who is a new "guanxi" that we have developed, might be able to provide us with business opportunities in the near future. The fact is that we make a lot of friends in the hope of creating a "guanxi" reserve"

4.2.7.3. Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.7.3.1 The mechanism of "guanxi": Investment

我跟国外的合作伙伴合作的时候，我们主要是以以诚相待的方式去和合作，以共赢为前提进行的，然后呢以利益交换的方式去建立起长期的关系。但是呢，我和这些国外的合作伙伴建立起业务，主要是靠我的朋友作为中间人来为我介绍的，当然了，我也为我介绍合作伙伴的朋友去提供一些其他我所知道的他需要的合作伙伴，以这样一种形式就是我们互相去介绍潜在的合作伙伴给对方，大家相互之间谁都不要吃亏，有生意大家一起来做

我的另一种关系的投入方式是，我会尽可能的为我的朋友们提供帮助，不管是业务上的还是生活上的，而且我这样去做完全就是出于我们之间的私交特别的好，也不要让他们马上去回报我，但是到了我需要帮助的时候，就比如说我在打开新加坡时候遇到了很大的困难，结果就是我之前帮过的一个朋友为我提供了不仅是资金上差不多有 2 千万的低偿还率的借款的支持，而且还给我介绍了一个新加坡当地的合作伙伴，让我可以顺利的走进新加坡的市场

The above responses from the interviewee are referring to the mechanism of mutual benefits and mechanism of investment embedded in "guanxi".

According to the owner's experience, the introduction of potential business partners to each other through "guanxi" and sharing of the foreign market information and knowledge to each other through "guanxi" is the best mutually beneficial way to not only to increase the familiarity between local and foreign markets to the owner himself and friends in the "guanxi" network, but the best way to invested into "guanxi".

As the owner described, treating friends and business partners with all sincerity, cooperating with business partners and friends to the premise of win-win situations and the mutually beneficial exchange of interest with friends in order to invest into "guanxi" to maintain a long-term relationships with friends are the three keys for Gamma towards "guanxi" investment. The owner's friends always played a role of middleman to introduce foreign business partners and share the latest foreign market information and knowledge with the owner in order to facilitate the internationalisation process of Gamma. As repayment for "guanxi", the owner has also played a role as middleman to introduce potential business partners and share his foreign market information and knowledge to his friends as well, therefore, both parties would not suffer as both of them treat each other with respects. The owner described that:

"I think when I work with foreign business partners, we would follow the principle of treating each other with sincerity and seeking win-win solutions. Then we would build our long-term "guanxi" by the exchange of interests. But the business I have established with these foreign partners mainly relied on my friends as a middleman to introduce me to them. Sure enough, I would introduce these friends to other partners whom I know they require. In this way, we would introduce potential partners to each other, so no one would lose. This is my way of investing in "guanxi"."

The second way the owner invested into "guanxi" is he will try to help friends as much as he can, both in business and daily life who suffer difficulties. As the owner described, "guanxi" investment in that way is based on amicable personal relationship, and does not call for the immediate repayment of "guanxi" from friends. However, in times when the owner needs help, his friends will provide the same effort to help him as the "guanxi" repayment. For example, the owner encountered great difficulties when he tried to enter into the Singapore market, the problem suffered by the owner was lack of financial resource and the customer segmentation and potential competitors information in that market. The owner's friends realised the owner's difficulties, and not only provided 20 million Chinese yuan with very low level of interest personal loan to the owner, but introduced a local Singaporean business partners to the owner in order to provide the most needed knowledge and information to owner. This made the Gamma internationalisation happen rapidly, with the help of that

friend, the Gamma had overcome the difficulties and smoothly entered into the Singapore market. The owner described that:

"My other way of investing in "guanxi" is by doing what I can to help my friends whether with doing business or with everyday living. I do it completely out of our good personal relationship. I don't expect them to repay me immediately, but when I do need help, for example, when I was having great difficulty with opening up the Singapore market, a friend that I once helped out not only provided me with financial support around 20 million Chinese RMB low interest repayment personal loan, but also introduced me to a local partner in Singapore, allowing me to successfully enter the Singaporean market."

4.2.7.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.7.4.1 The role of "guanxi": The method to collect foreign market information and knowledge (familiar people circle)

因为肯尼亚市场相对欧美市场来讲是一个比较低端的市场，而且还是一个对普通药品需求量相当大的市场，由于我们在国内多年的做普药的经验，我们的产品相对当地的市场来说已经达到了一个比较高甚至已经超过了当地的产品水准，所以说我们的产品在当地是会有很大的市场竞争力，当然啦，我的这个朋友是我大学时的同窗，我们的关系一直以来都非常的不错，所以他提供给我的信息可信赖程度是相当的高的，所以我就结合我们公司自身的状况再加上朋友给我提供的信息，我就试探性的走入到肯尼亚这个市场中去，结果就是越发展越好，在肯尼亚市场的成功不但为我的公司累积了国际化的经验而且也为我们打开欧美市场增加了信心。所以关系在我们公司国际化的位置可以说是举足轻重的也是我们公司非常重要的发展资源

The above responses are the indication of the role of "guanxi": The method to collect foreign market information and knowledge.

The most important Kenyan market information that the owner obtained from a friend through "guanxi", was the products of Gamma had potential competitive advantage in the Kenyan market as the product quality standard of Gamma exceeds the quality standard of the requirement in the Kenyan market. As owner described, the information which a friend provided to him was accurate and trustworthy based on the long-term "guanxi" relationship since they meet in the university. Dependent on the current situation of Gamma and the information learned from friend, the Gamma tentatively entered into the Kenyan market, the outcome of that international business is well developed, and getting better and better. Moreover, the successful internationalisation process of Gamma in the Kenyan market has not only has accumulated the internationalisation experience of owner, but also increased the confidence of the owner towards European and American markets for the future internationalisation. Therefore, the owner explained that:

"Compared with European and US markets, Kenya is a low-end market, which has huge demands for common medicines. As we have many years of experience in producing common medicines in China and the standard of our products have reached a higher level beyond that of the local products there, our products will be highly competitive in that market. Also, this friend was my schoolmate at college, and we have been good friends all along, so the information he gave me was highly credible. So with the status quo of our company and the information my friend gave me, I tried to enter the market in Kenya. The result was that our business kept growing. Our success in Kenya not only helped us accumulate experiences in internationalisation, it also gave us more confidence in opening up the European and US markets later on. Therefore, "guanxi" has played a significant role in our company's internationalisation. It's also an extremely important development resource for our company."

4.2.8 Case 8: Honey

Description:

The Honey is a medium sized medical instrument enterprise established in 2002 with one office in Taizhou. The products of Honey include Electrosurgical unit and Colonoscope.

In 2016, the firm markets approximately 50% of the products within the domestic market, and 50% of products export to the European and American markets. The firm employs 300 full time employees, and has around 90 million RMB of revenue. The international portion of its revenue contributes approximately 50% of the total revenue of the firm.

4.2.8.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

4.2.8.1.1 Trigger (external pull factor):

在我朋友的引荐下，我和美国的一家公司有了业务上的往来，我们建立关系最初的时候是因为有供应和需求，比如说我有我的产品，他有他的市场，他需要这样的产品，或者说我们有特定的技术，这个技术在他的市场有一个特定的应用，第一个来说就是因为有关系和需求，也就是说我们有产品对方有需求，这是我们的第一步，也是和对方建立一个最起点的合作基础，当然我们国际化的意图是很强烈的

The foreign market demand/opportunity for the products of Honey triggered the firm towards internationalisation based on an introduction from the introduce by owner's friend. As the owner explained:

"My friend introduced me to an American firm, and I had gradually built a business relationship with that firm. First of all, we formed a "guanxi" at the very beginning because there was supply and demand between the American firm and my firm. I have the products; they have a market; they needed my products or our particular technology that has a specific application in their market. So there were the "guanxi" and demand. We have the products

and they have the demand, and that was our first step which was to establish an initial foundation for cooperation with them, and my intention towards internationalisation is certainly very strong"

4.2.8.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity

4.2.8.2.1 The mechanism of "guanxi": mutual benefits

当然当我们之间的合作进一步加深之后，建立起来的就信任，等互信建立起来之后，我们就不仅仅停留在之前的产品对采购这样的一个关系上，那我们会把双方的资源结合起来，加大一些合作，或者说我们可以互相帮助对方去成长。这就是说我们从公司对公司，点对点，然后等互信建立起来之后，我们有一个更加深入的对接，当然在合作过程中我也会去学习他们的国际互经验和海外市场的信息，这样就可以更好的加强对海外市场的了解

The above responses from interviewee are reflecting the mechanism of mutual benefits embedded in "guanxi".

As the owner explained, the mutual benefits between Honey and business partners was based on the mutual trust during the long-term "guanxi" and collaboration over time. The owner claimed that he learnt the internationalisation experience and foreign market information and knowledge from business partners in order to increase familiarity with the foreign market during collaboration with business partners.

"As our cooperation extends, we will build up trust. After mutual trust is established, our "guanxi" will not just remain like the previous relationship of products and buyer. We will combine the resources of both parties and expand our cooperation, and we can help each other to grow. This means we started with a company-to-company or point-to-point relationship, but our "guanxi" became more consolidated after our mutual trust was established. However, in order to increase the familiarity of the overseas market of my firm, I needed to learn foreign market knowledge and information from business partners' internationalisation experience during collaboration."

4.2.8.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.8.3.1 The mechanism of "guanxi": Investment

The interviewee did not respond this section.

4.2.8.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.8.4.1 The role of "guanxi": "guanxi" resource: (familiar and unfamiliar people circle)

做任何事情都离不开关系的，不管说是在哪里做事情都一样，人与人的关系也好，公司对公司的也好，都是离不开的，对于我们公司来讲，关系对于国际化是非常的重要的，比如简单来说，我们公司现在覆盖的市场有欧洲和美国啊。首先来说国际化不是点对点的这样的一个买卖，需要公司和公司之间先要建立一个关系网，比方说我们的技术人员和对方的技术人员首先要有一个交流，我们的质量对对方的质量，我们的销售对对方的采购，甚至对对方的决策层这样，可以说越是大的业务越要有一个大而密切的这样一个关系网络的交流。关于关系对公司国际化的影响，尤其是关系背后的一些关系，比如说我们可以从中获得的一些资源，可能是信息或者技术资源，也可能是客户和市场资源，都需要通过关系去获取

The above responses from the respondent are an indication of the role of "guanxi": guanxi resource

The owner explained that the "guanxi" played an extremely important role in the firm towards internationalisation.

The main source of potential business partners of Honey all came from the "guanxi" resource. The owner described that the information the owner collected in relation to the internationalisation is based on the introduction and communication with friends and current business partners. The business partners or friends who held the resource about collaboration opportunities with potential business partners and potential customers in the foreign market introduced this resource for Honey through "guanxi". Moreover, another resource that Honey's friends hold is the internationalisation experience, and the owner could learn this experience from friends in order to facilitate the internationalisation process of the firm.

"Whatever you do, you cannot do it without "guanxi" anywhere. "Guanxi" between people or companies is indispensable. For our company, "guanxi" is crucial for internationalisation. For example, our company has expanded to the European and US markets. Firstly, internationalisation is by no means a point-to-point transaction, but requires a network of "guanxi" to be established between the companies. For example, our technical staff and their technical staff need to communicate with each other first, and our quality control staff and theirs, our sales staff and their purchasing staff, and even both decision makers should communicate with each other too. You can say that the larger the business is, the larger and more intimate network of "guanxi" is required for the communication. In regards to the impact of "guanxi" on corporate internationalisation, especially with the "guanxi" behind "guanxi", you have to go through "guanxi" to acquire, for example, some resources which might be information or technical resources, or perhaps client or market resources."

4.2.8.4.2 The role of "guanxi": The method to collect foreign market information and knowledge (familiar people circle).

我们公司都是通过熟人或者生意上的合作伙伴，单纯的对亲人我们一般没有业务往来，而对于公司的国际化我们都是通过业务上相关的伙伴进行交流的，比如说这样生意上的伙伴他所掌握的一些资源，他所认识的一些客户啊，都是通过这样一种形式进行介绍的，还有的就是通过这些伙伴去学习他们的经验，比如有些伙伴他们自己是有过国际化经验的，就是他们的公司已经走出去了。比如说我们的公司在欧洲或者在美国，我们的公司怎么样去了解有关于公司的业务我们都是需要这些生意伙伴来介绍的，还有他们的经验可以传授给我们，然后就是通过这些伙伴我们可以去了解当地的一些法规和政策上的要求，还有一些关于专业知识上的一些要求，不仅仅是在专业上的，比如说在整个当地行业上，他们都能给我们帮助，这个对于我们来讲是非常有用的。还有就是在这个市场上做生意一个经验上的分享，这个对于我来讲都是比较重要的，不管是亲人，熟人或者生人

The above responses are an indication of the role of "guanxi": The method to collect foreign market information and knowledge

The owner also utilised "guanxi" to learn the foreign market information and knowledge from friends and business partners but not from family members. This information was in relation to the professional, regulation and political requirements in order to enter the European and American markets. As the owner described that:

"Our company mainly goes through familiar people or business partners - we don't really do business with family members. In regards to our company's internationalisation, we would always communicate with relevant business partners. For example, our business partners might have some resources, or know some clients that they would introduce to us. We can also learn from their experiences. For example, some partners have experience in internationalisation. Their companies have already gone global. For example, for our company in Europe or the USA, we need these partners. They also have experiences they can share with us. Through these business partners, we can learn about the local legislation and policy requirements as well as the professional knowledge required, not only about the profession. For example, they can help us understand the whole local industry, which is very useful to us. They can also share experiences about doing business in those markets, which are very important to me, regardless of whether they are family member, familiar or unfamiliar people".

4.2.9 Case 9: Ivy

Description:

The Ivy is a medium sized medical instrument enterprise established in 2000 with one office in Taizhou, and one overseas office in the Washington D.C, the U.S. The products of Ivy include a Heartbeat monitor and an Electosurgical unit.

In 2016, the firm markets approximately 40% of the products within the domestic market, and 60% of products export to the American market. The firm employs 300 full time employees, and has around 120 million RMB of revenue. The international portion of its revenue is contributed approximately 60% of the total revenue of the firm.

4.2.9.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

我们国际化的意图是很强烈的，其实我们公司在成立的时候就有了国际化这个考虑，因为我是一位美籍华人教授，所以第一个海外市场就选择在了美国，毕竟在美国得到的信息也好，资源也好都是很利于企业发展和国际化的，所以我们的定位一开始就是国际化。而且我们这种国际化是很具有战略眼光的，比如说哪些有关的市场信息还有哪些市场需要什么样的产品，我们前期都做了一个比较好的了解。我们当然是想打开国际市场。毕竟像我们这种中小型企业在国内的大环境中发展的不是那么顺畅。这就是我们考虑国际化的原因

The above responses from the interviewee are an indication of the internationalisation trigger of the firm.

There are two internationalisation triggers of Ivy.

4.2.9.1.1 Trigger (internal pull factor)

The first is dependent on the personal reasons of the owner who is American-Chinese, and has several years of study and working experience in the U.S., therefore, is familiar with the U.S. market and the strategic positioning of Ivy during the establishment of internationalisation towards the American market. As the owner explained that:

"Our intention towards internationalisation is very strong, we started considering internationalisation when our company was first established, because the largest shareholder of our company is Neptunus Pharm. Also as our founder is a Chinese American professor, we chose the USA as our first overseas market. After all, the information and resources he obtained from the USA were very helpful to the company's development and internationalisation, thus our positioning from the very beginning is internationalisation. The internationalisation has a strategic vision. We also had a good understanding about relevant market information and what products certain markets need etc. at the early stage. It's why we considered internationalisation."

4.2.9.1.2 Trigger (external push factor)

The second trigger is because the firm is medium sized, the development of the firm in the domestic market is not very smooth due to limited resource and limited competitive ability compared with the large firms and State Owned Enterprises (SOEs).

4.2.9.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.9.2.1 The mechanism of "guanxi": mutual benefits

我不否认关系网对生意开拓的重要性。这是一个非常重要的东西，一定要有一个非常宽阔的关系网，才能让你的生意做的更好

我会通过他自己的关系去收集，在美国的成功企业的案例和经验。这些方面我们一直都在关注。另外一点就是，我们对国内那些做出口或者国际化比较成功的企业，也一直都有关注。我们会通过研讨会的形式进行交流。再就是通过我们已经建立的良好私人关系，进行进一步的交换意见，以便获得他们对海外市场的了解和收集的信息，比如有多少竞争者还有目标消费人群，这样可以帮助我们提高对海外市场的了解，一旦其中的一些知识可以为我们所用并且产生利润的时候，我也会拿出一部分利润和给我提供信息的朋友分享，这样不仅可以有利于维持我们的关系，而且也为日后从朋友那里获得有关海外市场的知识做好了铺垫，咱们中国有句老话不是说滴水之恩当涌泉相报嘛。这对我们公司国际化都是非常有用的。

The above responses are an indication of mechanism of mutual benefits embedded in "guanxi".

As the owner explained, the "guanxi" is very important to support his business development, the broader the "guanxi", the easier to do business.

There are three ways the owner utilised "guanxi" to collect market relevant information and knowledge. The first which the owner collect knowledge by utilising his American "guanxi" from the successful American firms' internationalisation experience in order to analyse and apply into Ivy. The second way is the owner gathered knowledge by utilising his Chinese "guanxi" from successful Chinese firms' internationalisation experience as those firms had already been "walked into overseas market". The third way is the owner learnt internationalisation knowledge based on "guanxi" from friends who had successful internationalisation experience in the overseas market, this information and knowledge in relation to the foreign market could increase the familiarity of the foreign market for Ivy. Once this information has been converted into revenue, the owner would share part of the profits with friends from "guanxi" as a mutually beneficial way to maintain their "guanxi". The owner explained that:

"I won't deny the importance of the network of "guanxi" for business development. It is something of great importance. You must have a broad network of "guanxi" to boost your business. I would gather information through my own "guanxi" about the stories and experiences of successful companies in the USA. These are what we have been focusing on. Furthermore, we have also been paying close attention to some domestic companies that are successful in export or internationalisation. We would exchange with each other in the form of seminars. Also we would further exchange ideas through the good personal relationship we have established in order to get the information they have acquired and collected on

overseas markets, for example, the potential competitors in the U.S. market and our target customer segmentations. If the internationalisation knowledge they provided to us could generate profits, I would contribute the part of my profit to those friends or business partners who provided me with this useful information and knowledge as mutually beneficial way, which not only to maintain our "guanxi", but I can continually to receive information from my friends in order to increase the familiarity of the overseas market in the future. As the old Chinese said that "you give me a drop of water, and I return a spring of water to you in the future".'

4.2.9.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.9.3.1 The mechanism of "guanxi": Investment

有关这个问题我想举个我亲身经历的例子，我们和合作伙伴共事的时候主要是以利益为纽带把大家联系在一起的，换句话说，就是这个蛋糕怎么切的问题。如果我们都努力的去为自己的事业，那么这个蛋糕就会变的更大一些。我们之间的利益分割也会相对更多一些。但是不管是那种形式的合作，都是会有矛盾的。至于我们如何去相互理解和包容，去缓解这个矛盾，就要看我们能不能站在对方的立场上去考虑问题。也就是说，怎样通过关系把我们之间的这种合作搞得更和谐一些。而我们的核心不是如何投入和付出，应该是利益如何分配，怎么分配让大家都开心。我认为这是很重要的。所谓的付出就是一个合理的利益分配方案还有我们坦诚的合作态度

The above responses from the interviewee are referring to the mechanism of investment embedded in "guanxi".

The method the owner utilised to "invest" into "guanxi" is based on the mutual benefits distributed in the most appropriate way with the honest attitude to treat each other with respect in order to maintain and accumulate "guanxi" between him and friends. The owner not only merely "invested", but put more effort into their common interests in order to generate more benefits for them to share. As the owner described that:

"I would like to reflect on my own experience. When we were working with our business partners, we were linked together mainly by our bounded interests. In other words, it's about how you cut the cake. If we are all striving to do our own business, the cake will be bigger, and there will be more interest divisions between us. But there will be contradiction no matter what the form is of the cooperation. As to how we comprehend, tolerate and ease the contradiction, it depends on whether we could stand in each other's shoes. In other words, how can we make our cooperation more congruent through "guanxi"? Our core issue is not about how to invest or contribute to "guanxi", it's more about how to distribute profits, and what kind of distribution can make everyone happy. I believe this is important. The so-called contribution refers to a reasonable profit distribution scheme and our sincere approach to cooperation."

4.2.9.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.9.4.1 The role of "guanxi": "guanxi" resource: (family member, familiar and unfamiliar people circle)

我们的发展资源主要来源于几个方面，一是我和我的研发团队的学术资源。第二，我们母公司也就是我父亲的公司给我们提供的资金资源差不多有三千多万的样子。最后是我们个人关系的资源，主要来自于同学朋友合作伙伴这样一个圈子里的资源

The above responses from the interviewee are reflecting the role of "guanxi": "guanxi" resource.

There are three "guanxi" resources that support the Ivy to access financial resource and gain internationalisation knowledge. The first is the academic resource in order to improve the quality and technical standard of products for Ivy, this resource comes from the owner and his R&D group. The second is the financial resource in order to support the internationalisation activities of Ivy, this comes from owner's father's firm, and provided Ivy with approximately 30 million Chinese yuan to support the development of Ivy in the U.S. market. The third is the internationalisation knowledge and information resource, mainly from the owner's "guanxi". The internationalisation knowledge the owner learnt included the potential competitors in the U.S. market and the collaboration opportunities with American firms who had the new products that Ivy was interested in.

"Our resources for development mainly come from the following sources: firstly, academic resources from our company president and his R & D team; secondly, the financial resources from our parent company which is my father's firm, and my father provided me with around 30 million Chinese yuan to support the developing of my firm in the U.S. market; and finally, resources from our own 'guanxi', mainly from the circle of friends, schoolmates or business partners."

4.2.10 Case Ten: Jelly

Description:

The Jelly is a medium sized medical instrument enterprise established in 2000 with one office in Taizhou. The products of company include Colonoscope and Ventilator.

In 2016, the firm markets approximately 30% of the products within the domestic market, and 70% on export to European and American markets. The firm employs 220 full time employees, and has around 147 million RMB of revenue. The international portion of its revenue is contributed approximately 70% of the total revenue of the firm.

4.2.10.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

说到为什么要国际化，因为通过我们自己的创新，使得这个产品有了很大的改进，在我朋友和导师的建议下，我就开始考虑把我的技术专利卖到国外去，而且第一个就是美国的市场，因为这不但是可以为我们公司提供很好的收益，同时把产品卖到国外去也会让我们有更多的民族自豪感。而第二个海外市场，其实是建立在我朋友在非洲成功国际化的经验上的，我们选择的是非洲，因为我们不但有高级别的创新产品，也有普通的创新产品，而且普通的创新产品是适合于大规模生产的，比如说一些医疗器械啊，还有刚感染的药啊，因为非洲的一些国家对这种物美价廉的药和医疗器械需求量极大，所以我们就抓住了这个契机，开始往非洲大量的出口，所以国际化可以很好的养活我们这个企业，养活我们这些员工，当然我们国际化的意图是很强烈的

The above response is an indication of internationalisation trigger for Jelly.

There are two triggers that led the Jelly to seek internationalisation.

4.2.10.1.1 Trigger (internal pull factor)

The first trigger is the innovation ability of Jelly. The owner described, to the high level of product innovation ability, this made an overall improvement in the quality standard and provided the competitive advantage of the products to reach an international standard. As the demand from the domestic market did not require such highly innovated products, the domestic market is limited for Jelly. Therefore, the owner started to consider selling the patents of products to the overseas market. The owner explained that:

"As for the question of why we want to internationalise, it is because through our own innovation, a product has been greatly improved, thus I began to consider selling my patent overseas, and the first market was the USA. This will not only provide our company with good returns, it will also give us a sense of national pride by selling products overseas."

4.2.10.1.2 Trigger (internal pull factor)

The second trigger for internationalisation is Jelly could generate a significant amount of profit to support the firm for further development and sustain the employees.. The owner described:

"The second overseas market we chose was Africa, because not only do we have high-end innovative products, we also have common ones such as medical devices and medicines for infections which are suitable for mass production. Some African countries have huge demands for these inexpensive and good quality medicines and medical devices. Therefore, we seized the opportunity and began exporting to Africa in large quantities. Therefore, internationalisation can sustain our company and our employees very well, so our intention towards internationalisation is certainly very strong"

4.2.10.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.10.2.1 The mechanism of "guanxi": mutual benefits

因为我们主要是做药品创新，然后再把专利卖到国外的市场，或者是与欧美的合作伙伴一起来合作，到目前为止，我们的产品创新工艺基本上都可以申请全球专利，而且最幸运的是跟我们合作的教授有过在美国还有在荷兰的留学经历，而且这个教授是我以前的老师，所以她不但在产品的技术上可以给我支持，而且非常熟悉欧洲和美国的市場，同时也给我提供了很多有关欧美市场的知识和信息，让我可以很快的了解当地市場的情况，这要比我自己去收集这些信息要快而且准，比如当地市場环境怎么样，客户的潜在需求量，还有和我们竞争的企业有哪些之类的，所以一般我向她提出的问题，她都能给我最佳的答复，作为回报呢，我会拿出利润的 5%作为分红给她，因为她帮助我很多嘛，给她一些分红也是应该的

The above response is an indication of mutual benefits mechanism from "guanxi".

The owner gained market related information from friends in a mutually beneficial way in order to increase the foreign market familiarity. As the owner described, the main purpose of Jelly was to sell the patents of innovated products to the foreign markets or collaborate with foreign business partners in the foreign market with their innovated products. The majority of foreign market information and knowledge the owner learnt was from her friend who was the owner's supervisor during study in the university. With the cooperation of her previous supervisor, who not only supported the owner in the innovative production technology, but also provided the owner with very rich market related information and knowledge in relation to the U.S. and European markets as the owner's supervisor is very familiar with those two markets based on study and working experience in both the U.S. and Netherlands. The owner explained that:

"We are focusing on medicines that are sold overseas but not yet in China, and innovating by learning from those examples. So far, basically all of our work can be used to apply for global patents. The most fortunate thing is that the professor working with us has experiences studying in the USA and the Netherlands, and she used to be my teacher. Therefore, not only can she support me in product technology, she is also very familiar with European and US markets, providing me with a lot of information and knowledge about those markets, such as local market environment, the target customer segmentations and potential competitors in that market. Generally when I ask her a question, she has always been able to give me the best answer. As she used to be my teacher at the university, we have a solid relationship."

Because of the information and knowledge in relation to the U.S. and European markets learnt by the owner, this increased the U.S market familiarity of Jelly. As a mutual benefit with "guanxi", the owner provided 5% from her profits as dividend to her supervisor as return. The owner described that:

"In order to appreciate assistance and accurate market information that my supervisor provided to me, as the return, I had contributed 5% of my profit to her as dividend."

4.2.10.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.10.3.1 The mechanism of "guanxi": Investment

怎么说呢，在关系投入方面我还是比较看重和朋友之间的情感上的交流，再就是做人嘛，一定要知恩图报，有来有往这样才能把这段关系给维持下去，比如之前我帮过一个关系特别好的朋友的大忙，就是他缺差不多20万去购买一批原材料，我知道了之后就无偿的借给了他，这不我的公司在国际化的时候遇到了同样的缺乏资金的问题，结果他问都没问就借给了我30多万帮我度过了难关，所以如果以后他再需要帮助的时候，我还是会继续帮助他的，同样他也会这样帮助我的

The above response is an indication of investment mechanism of "guanxi".

The emotional contact and repayment of the "guanxi" debts with friends is the main way that the owner invested into "guanxi". As the owner described that:

"As far as I'm concerned with the "guanxi" investment, the emotional communication is very important between my friends and I. To be a well behaved person in the "guanxi" network, the repayment of 'guanxi' investment from the others is an essential factor in order to maintain the 'guanxi' as well as maintain a good reputation of myself. For example, I lent around 200000 Chinese RMB to my best friend in order to help him to purchase raw material for production, as he needed this amount of money very urgently because of the lack of funds. However, during the period of internationalisation of my firm, and I faced the similar problem as my friend had before, which I had lack around 300000 RMB in order to enter the U.S. market. As soon as my friend known my problem, he also lent me the amount of money I needed without asking any questions. Therefore, if he need my help in the future, I would do my best to help him, simultaneously, he will also help me as I help him in the future."

4.2.10.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

The owner responses are not included in proposition 4 but in the following section.

4.2.10.5 The unexpected finding in relation to "guanxi"

The unique "guanxi" resource:

当然关系也是很重要的，可是光有关系没有技术也是不行的。相对于关系来说，我个人认为人脉是比较重要的，对于公司国际化来说，关系也是比较重要的，因为我们需要用有国际化知识的人才去架构这个企业。但是什么样的人才才是我需要的呢，那么就必须通过我的关系网去印证了。

The above response from the interviewee is an indication of the unique resource provided by "guanxi".

As the owner explained, the "guanxi" is not only a very important resource to her business, but the "guanxi" played a significant role in order to build the management structure of Jelly to facilitate internationalisation by employed people who had the internationalisation knowledge. The owner described that:

"I think it varies from company to company. For innovative companies like ours, technology still comes first. Of course, "guanxi" is also very important, but "guanxi" without technologies won't work. In comparison to "guanxi", I think interpersonal connections are more important. In terms of corporate internationalisation, "guanxi" is also important because we need to employ people with knowledge on internationalisation to set up the company. So what kind of people do I need? This requires verification through my network of "guanxi"."

4.2.11 Case 11: Kangaroo

Description:

The Kangaroo is a medium sized medical enterprise established in 2001 with three offices in Taizhou, Guangzhou and Beijing. The products of firm include Electrosurgical unit and the Chinese traditional medicines.

In 2016, the firm markets approximately 35% of the products within the domestic market, and 65% products on export to the middle-East market. The firm employs 355 full time employees, and has around 200 million RMB of business revenue. The international portion of its revenue is contributed approximately 65% of the total revenue of the firm.

4.2.11.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

我们公司国际化的原因有两点。第一点是一个内因，是一个更大市场的需求，虽然我们产品在国内市场的潜力很大，但是在国际上我们的产品竞争优势也是很大的，这个主要的原因是因为我们的这个产品是自主研发的，本公司自己持有产权。另外目前在国际市场上，与其他国家的产品相比，我们产品的性能质量方面并不比他们差，而我们的成本又更有优势。再就是在有些国家，这种产品的覆盖率还没有完全达到，比如说中东地区。所以这也是为什么我们把第一个海外市场选择在中东的原因。另一点是外因。就是我们国家医药行业在技术方面跟发达国家还有一定差距，所以我们国际化

也是为了开拓自己的眼界，更快速的学习这个先进技术，以缩小和他们的差距，所以我们国际化的意图是很强烈的

The above responses from interviewee is an indication of trigger towards internationalisation.

In early 2010, the owner of the Kangaroo decided to seek internationalisation of the firm based on two reasons: the internal and external reasons.

4.2.11.1.1 Trigger (internal pull factor)

Internal reason, the highly competitive advantage of products in the domestic market and high level of potential competitive advantage of their products in the international market (Middle East market). The owner described that:

"There are two reasons why our company pursued internationalisation. The first reason was the internal one. We have demands from a bigger market. Although our products have great potential in the domestic market, they also have a great competitive advantage internationally. This is mainly because our products were independently developed, and we own the property rights. Moreover, in the current international market, our products can match products from other countries in terms of performance and quality, but we have the advantage of cost. Furthermore, in some countries such as those in the Middle East, the market coverage of this kind of product is not yet achieved. That is why we chose the Middle East as our first overseas market."

4.2.11.1.2 Trigger (external pull factor)

The external reason, the technical distance between their product and the developed countries' product, the internationalisation is the method utilized by the interviewee to improve their products in both domestic and international markets. The owner explained that:

"The second reason was the external one. Our country still lags behind developed countries in terms of technology in the pharmaceutical industry. Therefore, our internationalisation is for us to expand our horizons and learn the advanced technologies more quickly to narrow the gap, and our intention of internationalisation is very strong"

4.2.11.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.11.2.1 The mechanism of "guanxi": mutual benefits

当我们和当地的企业确认这种合作伙伴关系的时候，我们会给他们留出一些让他们眼前一亮的这种利润空间，然后就是建立这种互助互利的关系了，其中包括当地市场信息的交流啊等等，比如我们产品的市场潜力有多大，有多少潜在的竞争对手等等，这些信息都有利于我去增加对海外市场的了解的。还有就是让合作伙伴知道你和我合作是

有钱赚的，而我和你合作是为了通过你现有的渠道把我的产品卖到更多的市场，以这样一种双赢的方式去巩固我们之间的关系，再就是学习当地企业的国际化经验。由于这个国外的公司是通过我一些信得过的朋友介绍的，所以我所得到的信息应该还是比较准确的，当然和这家公司负责人的私人关系更加需要去建立，去经营，以便保障我们日后的持续的合作伙伴关系。当然啦，关系越宽，我能够获得的信息就更多了

The above response from the interviewee is an indication of the mechanism of mutual benefits embedded in "guanxi".

As the owner explained, the mutual benefits is key not only to make a win-win situation between Kangaroo and business partners but also the way to learn the reliable and accurate internationalisation knowledge from business partners in order to increase the market familiarity between the Chinese and middle-East market. The perspective of the owner towards "guanxi" is the broader the "guanxi" the more information the owner could collect. The owner described that:

"When we establish a business partnership with local companies, we can give them a margin that will interest them, and then we can establish a "guanxi" of mutual help and mutual benefit, which includes exchanging local market information, for example the potential demand of our products in the local market and how many potential competitors in the local market. These information will increase the familiarity of local market of my firm. In addition, I allow my business partners to know that they can make a profit working with me, and that my purpose of working with them is to sell my products in more markets through their existing channels, and so we consolidate our "guanxi" by this win-win situation. Another one is by learning from the experiences of local businesses in internationalisation. As I was introduced to this overseas company by some trustworthy friends, the information I acquired should be accurate. Of course, I have to establish and develop personal "guanxi" with the executives of the company so that we can ensure that our partnership will continue into the future. So obviously, the wider the "guanxi" I had, the more information I can obtained."

4.2.11.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.11.3.1 The mechanism of "guanxi": Investment

我们对关系的投入方法是我们会投入相应的资源，不管是资金啊，人力物力，把和重要朋友的关系变成一个强紧的强关系，比如我们现在收购这个巴西的公司就是在朋友的建议下，当然不是单纯的购买这个公司，而是全面的接管他的关系网啊，产品的经销渠道之类的。对于这个市场把控来说，我们需要朋友作为媒介把和合作伙伴的关系上升到一个强紧密的关系，因为我们很看重巴西这个市场，而我们的合作伙伴呢，他会对当地产品申报手续啊，在当地的的关系啊，还有他的推广能力都对我们国际化有很大的帮助。

The above response is an indication of "guanxi" investment mechanism embedded in "guanxi".

As the owner explained, he "invested" an appropriate amount of funds to his important friends in exchange for the recommendations from those friends to facilitate the internationalisation process of Kangaroo by acquisition of a Brazilian firm. The owner did not advise the period he provided this "investment" to "guanxi". Rather than investing in order to redeem it later, it is more likely the owner redeemed the "guanxi investment" immediately. The owner described that:

"We have many ways of investments. The first was the acquisition of the Brazilian company. Of course, we didn't simply buy the company; we also fully took over its network of "guanxi" such as product distribution channels. In regards to market control, we have to take the "guanxi" of business partners to a level that is strong and close because we value the Brazilian market. Our business partner is a great help to us with the local application procedures for the products and local "guanxi" as well as the marketing capacity. For example, we would make what used to be two independent entities into one tighter entity. We would invest corresponding resources such as capital, human resources and material resources and "guanxi" to make this "guanxi" a strong alliance"

4.2.11.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

4.2.11.4.1 The role of "guanxi": "guanxi" resource: (family member and familiar people circle)

从我的经验出发，从国际化的初期阶段来讲，我的信息和资源主要来自于自己的亲人和大学时交到的朋友，我们会经常把我们的产品给他们讲，因为我们对当地的信息啊，比如说市场准入的信息以及当地市场是怎么样的了解的没有这么深，恰恰呢，我的父亲还有我的朋友以前有个国际化的经验，那么我就可以通过他们的经验对当地的市场有这么一个初步的了解，然后呢，我们的亲戚朋友还会帮我们去收集，筛选和确认信息还有就是提供发展资源，最重要的就是经济上的支持，比如我父亲给了我3百万用于支持公司的国际化，那么对市场的机会还有一些产品技术方面的信息，都可以通过我已经有的这些强关系，亲人朋友，这些在国内来讲都是一些强关系，去获得，而从强关系中获得的信息一般都是相当准确的，可以去降低我对这个市场的不确定因素。所以在国际化初期，尤其是我们想把我们的产品卖出去或者引进国外的一些先进的不管是管理理念也好还是产品技术也好，都是非常的重要的

The above response from the interviewee is an indication of role of "guanxi": "guanxi" resource.

As the owner explained, "guanxi" not only played an important role in the internationalisation process of Kangaroo, but also as resource to provide financial support and reduce the market

uncertainty for the owner in order to facilitate the internationalisation process of Kangaroo. The owner described that:

"From my experience, at the initial stage of internationalisation, my information and resources mainly came from my family and friends from my university years. We would often talk to them about our products because our understanding of the local information, such as information on market access and what the local market is like, is not as thorough as theirs. It just happens that my father and my friends have had experiences in internationalisation. So I could form an initial understanding of the local market through their experiences. My family and friends would help us collect, select and verify information, as well as provide development resources and, most importantly, financial support, for example, my father gave me 3 million Chinese RMB in order to support the internationalisation process of my firm. As for information on market opportunities and product technologies, I could acquire them through my existing strong "guanxi" with family and friends. These are some of the strong "guanxi" in China, and the information you get from strong "guanxi" is generally very accurate, hence my uncertainty about the market can be reduced. Thus at the beginning of internationalisation, "guanxi" is very important for us especially because we want to sell our products, or introduce advanced management concepts or product technologies from overseas."

4.2.11.4.2 The role of "guanxi": the method to collect foreign market knowledge and information (familiar and unfamiliar people circle)

还有就是我们的股东里面，有很多人都是有个海外留学和工作经验的，他们在海外还有一些社交圈，而这些对我们来说也是一个了解海外市场的关系资源。再就是我们通过亲戚朋友的关系去帮助我们跟一些国外的大企业进行一个以中国市场换技术的合作，毕竟我们的产品在一些发达国家的市场的产品竞争力相对较一些，但是像国外的一些大企业，包括罗氏，西门子之类的企业，他们的产品在这个世界上目前都处于一个比较领先的状态，那么我们的产品要想有市场的竞争力，就必须去学习他们的技术以及他们一些比较成熟的经验，这也是一个我们和这些大企业资源共享的一个契机，当然中国市场很大，在这个市场如果有我们的关系，他们可能会更快的走进来，而我们可以为他们提供这样一个发展的平台，作为交换，我们可以去学习他们产品的技术和经验，这样去不断的完善我们自己的产品，这样对我们自己以后走出去也是大有好处的，是公司的长远利益

The above response from the interviewee is an indication of how the owner utilised "guanxi" to collect foreign market knowledge and information.

As the owner explained, he utilised "guanxi" to plan for the strategy in relation to "swap" production technology and internationalisation knowledge from large foreign firms and provide the appropriate Chinese market for those firms to develop. However, this "guanxi" strategy has not only improved the production technology for Kangaroo in order to increase the competitive advantage of the firm, but facilitate the internationalisation process of Kangaroo in the long-term as well. The owner described that:

"Many of our shareholders have had overseas study or work experience. They still have some social networks aboard which are also resources of "guanxi" for us to learn about overseas markets. With the help of the "guanxi" of our relatives and friends, we can collaborate with big overseas companies in the form of offering the Chinese market in exchange for their technologies. After all, our products are relatively less competitive in some developed countries, whereas big companies overseas such as Roche Group and Siemens have world-leading products. So for our products to be competitive in the market, we have to learn from their technologies and long-term experiences. This is also an opportunity for us to share resources with these big companies. Of course, the Chinese market is huge. If they have our "guanxi" in this market, they will probably enter the market more quickly. We can provide them with such a development platform and, in exchange, we can learn from their technologies and experiences in their products, and continuously improve our own products in this way. This will greatly help us go global in the future, and is for the long-term benefit of the company."

4.2.11.5 The unexpected finding in relation to "guanxi"

The owner utilised "guanxi" to collect, screen and confirm the international business opportunity in order to facilitate the internationalisation planning of the firm.

关系在我们国际化的进程中，扮演了一个寻找机会，确认机会这样一个非常重要的角色

The above responses are an indication of the unexpected finding in relation to "guanxi".

The 'guanxi' played an important role in order to collect, screen and confirm opportunities during the internationalisation process of my firm through relatives and friends".

4.2.12 Case 12: Lion

Description:

The Lion is a medium sized medical enterprise established in 1999 with one office in Taizhou. The primary products of Lion company include Chinese traditional medicines and Colonoscope.

In 2016, the firm markets approximately 45% of the products within the domestic market, and 55% products on export to France. The firm employs 500 full time employees, and has around 220 million RMB revenues. The international portion of its revenue is contributed approximately 55% of the total revenue of the firm.

4.2.12.1 Proposition 1: The internal and external pull and push factors triggered thinking/planning the internationalisation for the firm by the owner.

我们最早考虑国际化的时候，其实是有着一个特别的契机的，在十几年前吧，有一家日本做药品的企业想要到中国来发展这么一个事情，由于这家日本公司缺乏关系，就

是和当地的政府也好，和当地的合作伙伴也好，出现了一个沟通不顺的情况，因为中日两国有历史的原因，所以当地的合作伙伴给他们提供的信息是一个非常不对称的信息，导致他们对当地市场环境的一个误判，最后这家日本企业在中国的国际化最终以失败告终。但是在看到同行失败的同时，我们也用他们失败的经验为我们自己的企业总结了很多以后国际化的时候需要注意的事项。

那么第二点呢，因为药品是一种特殊商品嘛，所以我们也积极的去提高我们自己的药品质量和产品的品质，目前在做的就是我们通过关系与在国内的外资企业建立联系，是一家法国的公司，然后通过和外资企业合资的形式去学习他们的药品生产规范和技术，以及他们的国际化经验，还有他们也会传授给我们一些他们所了解到的他们国家市场的信息，然后以这些外资企业为我们在他们国家市场的突破口，去把我们的产品卖到他们的市场中去，到现在为止整个我们的产品已经基本达到了国际上所认可的质量标准。至于是什么原因让我开始考虑国际化的，我是这样认为的，国内的市场毕竟是有限的，因为我们这个医药行业的竞争太强，还有就是，如果我只是专注于国内的市场而不向国外市场进发的话，那么我的这个企业今后的发展必然是会减慢的，中国现在已经不是以前那个闭关锁国的年代了，中国市场也是国际市场的一部分，所以走出去是个大趋势，如果只专注与国内市场，那么注定我们的眼光将会是短浅的。可是目前国际化的现状是，如果只靠我们自己企业现有的资源去国际化，那么困难是相当的大，只有和合作伙伴，尤其是和在国内外资企业这种合作伙伴，大家携手一起国际化的话，那么相应的像资金资源我们都可以和合作伙伴分担，走出去的时候也简单了一些。

我们考虑国际化的第三个因素呢，我们的产品在国内来说市场相对狭隘，因为国内的知识产权保护意识比较差，我们的产品经常被同行仿冒，这个极大的伤害了我们产品的形象和 sales，所以我们国际化的意愿是很强的

The above responses from interviewee is an indication of internationalisation trigger of the firm.

There are three triggers that led the owner to seek internationalisation.

4.2.12.1.1 Trigger (internal pull factor)

The first trigger is the unsuccessful internationalisation experience of a Japanese firm learnt by owner because of the lack of "guanxi" in China of that firm. The owner described that:

"There was in fact a special opportunity when we first started to consider internationalisation. Over 10 years ago, a pharmaceutical company in Japan wanted to expand to the Chinese market. As the Japanese company lacked "guanxi", it encountered great difficulties in communicating with the local government and their business partners. Due to historic reasons between China and Japan, the information provided by their local business partners was not symmetrical, which led to their misjudgement of the local market environment, and ultimately resulted in failure of the Japanese company in its internationalisation approach in China. Whilst witnessing the failure of our peers, we drew

from their experience of failure, and summarised various issues that require attention in the future internationalisation of our company"

4.2.12.1.2 Trigger (external push factor)

The second trigger is the limitation of the domestic market for Lion to develop. Internationalisation could provide a better opportunity for the owner to sell their products to foreign business partner's home market based on the internationalisation knowledge and information gained from that business partner. The owner explained that:

"At the same time, since China joined the WTO, we saw many foreign companies beginning to invest and look for business partners in China and some even merged local companies in China to establish their own companies in order to access the Chinese market. Therefore, I think China is also part of internationalisation. Our first step is to run business successfully in China. Currently, the overall performance of our company in the domestic market in China is quite good. Secondly, as medication is a special commodity, we are actively engaged in improving the quality of our medicines and other products. What we are doing now is to build a relationship with a foreign-invested company in China through our "guanxi". It is a French company. Then we established a joint venture with the foreign-invested company, and we learned from their medicine manufacturing standards and technologies as well as their experiences in internationalisation. They also passed on to us the market information of their country they have acquired. Then we used these foreign-invested companies as our breakthrough point to the market of their country, to sell our products to their market. To this date, all our products have basically reached internationally-recognised quality standards. As to what made me start considering internationalisation, in my opinion, the domestic market is limited after all, as the competition in our pharmaceutical industry is very intense, and if we only focus on the domestic market without progressing into the overseas market, my company will slow down in the future development. Today, China is no longer closing its doors as it used to be, and the Chinese market is also part of the international market. Therefore, going global will be a general trend. We will be deemed as being short-sighted if we only focus on the domestic market. But the current situation of internationalisation is, if we only rely on the existing resources of our company itself to pursue internationalisation, it will be very challenging. Only by working with our business partners, especially the foreign-invested companies in China in pursuing internationalisation, we are able to share relevant resources, including financial resources, with our business partners, making it much easier to go global."

4.2.12.1.3 Trigger (external push factor)

The third trigger is the lack of intellectual property protection in China, the product image of the firm is always damaged by others who plagiarise the products of Lion. As the owner described that:

"Our products are relatively restrained in China due to the poor awareness of intellectual property protection in the country. Our products are often counterfeited by our peers, which has greatly damaged our product image and sales in the Chinese market, so our intention towards internationalisation is very strong"

4.2.12.2 Proposition 2: The mechanism of mutual benefits embedded in the concept of "guanxi" is the key mechanism utilised by Chinese FMEs to increase the international market familiarity.

4.2.12.2.1 The mechanism of "guanxi": mutual benefits

我们公司一共有两种途径去获得海外市场的信息，比如我们产品的市场潜力还有多少潜在的竞争者之类的，一个是通过我在国外的亲戚朋友去帮我收集，这个我在之前的问题已经提到过了，再就是通过合作伙伴来帮我获得信息，合作伙伴这个比较好理解，因为和他形成了这种利益共同体的关系，就是一荣俱荣一损俱损嘛，他收集到了有用的信息，然后把这个信息变成商业上的利益，那对大都是有好处的嘛。这些信息对我分析和进入海外市场都是至关重要的，一个可以起到对公司的国际化的指导作用，再一个就是，如果在这些信息中发现了哪些我们国际化准备过程中的不足，我们也可以相应的对公司国际化规划作出相应的调整

我认为呢，这个关系网在国际化初期的时候当然是越宽越好，因为这样你通过这些关系网就可以去获得海量的不同渠道的信息，不一定哪一个信息就可以让你眼前一亮，为走出去打开一个突破口，但是到了真正进入到海外市场，就是国际化的时候，你的关系网也随着时间而慢慢沉淀，变成了一个小而强的强化关系网，剩下的也许就是那么几个最值得你信赖的人，但是他们给你提供的信息，资源往往是最准确也是最丰富的

从我的角度来说，海外市场的不确定因素就是我心里的一种不安全感，这种不安全感来自于我对这个市场的不熟悉，还有来自这个国家和我们国家的文化差异造成的。比如像我之前提到过得，我的第一个海外市场，法国，因为第一，我对这个国家的药品准入法则不熟悉，我不知道该做哪些准备去进入到这个市场中去，第二，就是我所收集到的信息不对称，这都是因为我对这个市场不了解造成的，像信息不对称的问题，也许就是文化上的差异，我在国内做药品生意很多年了，好多中国人固有的做生意的观念已经形成了，但是法国人做生意的观念和我们又不一样了，人家认为这样做是对的，你认为这样做不对，矛盾就会形成，就会在心里产生不安全感。那么怎样去消除这种不安全感呢，就是要多多收集有关法国这个市场的信息，那么让不认识的人去做又不放心，那么只能通过亲戚朋友这些信得过的人为我去收集和辨别信息了，信息掌握的多了，对这个市场的情况了解的透彻了，这种不安全感自然而然的就消除了，所以关系是无时无刻的在伴随我们企业的国际化的

The above responses from interviewee is an indication of mechanism of mutual benefits embedded in "guanxi".

There are two ways that the owner explained he utilised the "guanxi" to learn foreign market information and knowledge to increase the market familiarities between local and foreign markets in the mutually beneficial way. The first is the owner collected market related information and knowledge from his relatives who lived in overseas. As the mutual benefit, he would spend more time in the emotional investment with relatives. The second is the

market related information and knowledge the owner gathered provided by business partners. During the collaboration between Lion and the business partner, there is a very close mutual benefits between them. When the information the owner collected from business partner is converted into commercial benefits, then, the owner will share the benefits with business partners in a mutually beneficial way. As the owner described that:

"Our company has two channels to acquire information about overseas markets in relation to the potential demand of our products in the local market and the number of potential competitors in the local market. Firstly, my relatives and friends abroad would help me as I mentioned earlier. Another channel is our business partners, which is easy to understand as we have formed a relationship with them as an entity of common interests, and we are bound together for prosperity or loss. When they have collected valuable information, they will turn it into commercial interests that are beneficial for both of us. This information is crucial for me in analysing and accessing overseas markets as it can guide the internationalisation of the company, and if we have discovered any insufficiencies in the information during the preparation process of our internationalisation, we can make adjustments to our internationalisation plan accordingly."

我认为呢，这个关系网在国际化初期的时候当然是越宽越好，因为这样你通过这些关系网就可以去获得海量的不同渠道的信息，不一定哪一个信息就可以让你眼前一亮，为走出去打开一个突破口，但是到了真正进入到海外市场，就是国际化的时候，你的关系网也随着时间而慢慢沉淀，变成了一个小而强的强化关系网，剩下的也许就是那么几个最值得你信赖的人，但是他们给你提供的信息，资源往往是最准确也是最丰富的

As the owner explained that the wide "guanxi" networks are essential during the thinking/planning of internationalisation for the firm, because the wider the "guanxi", the more information he can collect in order to increase the familiarity of that market. As long as the firm gets involved in internationalisation, there will only be few of the most useful "guanxi" left, which would provide the most accurate and rich information to facilitate the internationalisation process of the firm. The owner described that:

"In my opinion, at the beginning of the internationalisation, of course the broader the network of "guanxi" is, the better, because in this way you can acquire an enormous amount of information from different channels - through these networks of "guanxi". You never know what information might suddenly enlighten you, and become a breakthrough for the company to go global. But after it has physically entered the overseas market, and at the time of the internationalisation, your network of "guanxi" will gradually settle down with time, turning into a small but very strong network of "guanxi". What is remaining is perhaps a few of your most trustworthy friends, but the resources and information provided by them tend to be the most accurate and diversified."

从我的角度来说，海外市场的不确定因素就是我心里的一种不安全感，这种不安全感来自于我对这个市场的不熟悉，还有来自这个国家和我们国家的文化差异造成的。比如像我之前提到过得，我的第一个海外市场，法国，因为第一，我对这个国家的药品准入法则不熟悉，我不知道该做哪些准备去进入到这个市场中去，第二，就是我所收集到的信息不对称，这都是因为我对这个市场不了解造成的，像信息不对称的问题，

也许就是文化上的差异，我在国内做药品生意很多年了，好多中国人固有的做生意的观念已经形成了，但是法国人做生意的观念和我们又不一样了，人家认为这样做是对的，你认为这样做不对，矛盾就会形成，就会在心里产生不安全感。那么怎样去消除这种不安全感呢，就是要多多收集有关法国这个市场的信息，那么让不认识的人去做又不放心，那么只能通过亲戚朋友这些信得过的人为我去收集和辨别信息了，信息掌握的多了，对这个市场的情况了解的透彻了，这种不安全感自然而然的就消除了，所以关系是无时无刻的在伴随我们企业的国际化的

From the perspective of owner towards market uncertainty, the cultural differences between China and a foreign country are the biggest factor. The more information collected by the owner from existing "guanxi", the market uncertainty will be gradually reduced. The owner described that:

"Personally speaking, the uncertainties in overseas markets are a sense of uncertainty in me, which resulted from my unfamiliarity with the market, and the cultural differences between the two countries. As I mentioned earlier, our first overseas market is France. Firstly, I was unfamiliar with the access rules of medicines in this country, and I didn't know what preparations I should make in order to enter the market. Secondly, the information we collected was asymmetrical which was as a result of my unfamiliarity with the market. Maybe the issue of asymmetrical information was due to cultural differences. I have been running the pharmaceutical business in China for many years, and many Chinese have formed a stereotyped concept about doing business, but the business concepts of the French people would be different from ours. Contradictions might occur when your ideas clash with the others, and then a sense of insecurity might arise in your mind. Then how can we dispel the sense of insecurity? Well, we need to collect more information about the French market. You would not trust the people you don't know to do this, thus you have to rely on your relatives and friends whom you trust to collect and distinguish information. The moment when you have gained more information and had a more thorough understanding about the market, the sense of insecurity will naturally disappear. So "guanxi" exists in our process of internationalisation at all times."

4.2.12.3 Proposition 3: The mechanism of investment embedded in the concept of "guanxi" explains the method that Chinese owners of FMEs accumulate "guanxi" for future redemption from their business partners.

4.2.12.3.1 The mechanism of "guanxi": Investment

我们对合作伙伴前期关系上的隐形投入非常的大，比如法国的合作伙伴来我们公司来考察，他们的差旅费都是我们付的，他们来的时候都是公务舱，他们来这里住的宾馆都是最好的，而且等他们考察结束回去的时候都是有礼物送给他们的，一直到我们确立合作伙伴关系，我们整体上在关系投入上的付出接近 1500 万人民币。我们以这种形式付出，一个是为了体现出我们公司在合作上的诚意，我们愿意为了维护好合作伙伴关系去全力的付出，第二个就是为了在以后的合作中大家可以比较坦诚的交换资源和信息，建立彼此之间的信任，更好的去维持合作伙伴关系。因为对我们来说，现在最

缺的还是有关法国市场的信息了，而法国的合作伙伴他们对他们自己国际的市场的了解肯定要比我们多得多，得到一个重要的信息，就可以把产品做得更好

The above response is an indication of the mechanism of investment embedded in "guanxi".

As the owner explained, the way he used to invest into "guanxi" with business partners was the "invisible" investment. The owner spent around 15 million RMB for the French business partner in order to build "guanxi" with them. The payment covered all the flight for business partner, the top class hotel for them when they visited Lion in China and, after the business investigation of Lion by business partner, the owner provided a gift for them. As the owner explained, he utilised this "invisible" investment, to show not only their good faith for cooperation with the French business partner, but the future redemption with the business partner in order to access resources, market related information and knowledge from the business partner. The owner described the bigger shortage of Lion was the information and knowledge in relation to French markets, however, the French business partner had all of the information that Lion needed, and the owner hoped to gather this information through "guanxi" investment. As the owner described that:

"We made a great deal of invisible investments in the early "guanxi" with our business partners. For example, when our French business partners came to visit our company, we paid for their travel expenses. They flew here in business class, and stayed in the best hotels in town. And we gave them gifts before their return at the end of their visit. This lasted until we have established our partnership, with the total investment in "guanxi" reaching almost 15 million RMB. We invested in this way, firstly to show our sincerity in the cooperation and willingness to make every effort to maintain our partnership. Secondly, to ensure we could exchange information and resources in good faith in our future cooperation, and build mutual trust in order to maintain our partnership in a better way. To us, currently what we are most short of is information about the French market, and our French partners would definitely have much better knowledge about their own international market than us. Some important information acquired may lead to better position of our products."

4.2.12.4 Proposition 4: The Chinese FMEs could efficiently access resources, gain internationalisation knowledge rapidly from their family member(s), familiar and unfamiliar business partner(s) by utilising "guanxi".

关系作用是相当的大的，因为各方面的关系都很重要，无论是和亲戚朋友的关系还是和合作伙伴的关系也好

我是这样认为的，从亲人那里获得更多的是经济上的支持，比如我父亲对我的支持差不多有2到3百万，还有他会把他的一些关系交给我，帮我的公司去发展，这也是一种资源。但是从熟人和生人那里获得的海外市场的信息是最多的，比如有关法国的市场的关键信息，就是我在德国留学时的老同学提供给我的，包括市场准入许可的信息和其他竞争者的信息，而且他还通过他自己公司国际化的经验来为我们规划和建议国际化的流程，可以说帮助很大。生人方面就是法国的合作伙伴了，我们虽然是通过朋友介绍认识的，可认识之前我们是生人，对不对，可由于合作关系的存在，我们的利

益是捆绑在一起的，所以为了大家共同的利益，他们也会随时给我们提供当地市场的信息，比如产品的生产规范啊等等。所以我们公司就可以通过我们所掌握的关系提供的资源，进行一个资源总和，然后规划出最适合我们自己的国际化道路

The above responses from interviewee are the indication of the role of "guanxi".

4.2.12.4.1 The role of "guanxi": financial and "guanxi" resource access from relatives (Family member cycle)

Most of financial resource the owner had come from his father's support, around 2 to 3 million RMB in order to support the early stage of internationalisation of Lion. However, the owner also access "guanxi" resource from his father in order to facilitate the development of firm, not only in the domestic market, but the internationalisation of Lion. The owner described that:

"Guanxi" played a very important role in this as all aspects of "guanxi" are quite important, be it the "guanxi" with relatives and friends, or the "guanxi" with business partners."

"Well, I think what I could get from family and relatives is mainly financial support, for example, my father provided me with around 2 to 3 million Chinese RMB in order to support the internationalisation of my firm. But he also gave me some of his "guanxi" to help my company grow further. It's also a resource."

The role of "guanxi": foreign market information and knowledge access from friends (Familiar friends cycle)

As the owner explained, the most valuable information and knowledge in relation to the French market was provided by his old friend he met when they studied in Germany. The market relevant information and knowledge the owner learned from his friend included the entry requirements in order to enter French markets and the information in relation to the potential competitors in the medical industry in the French market with Lion. As the owner's friend had already accumulated appropriate knowledge in relation to internationalisation, the owner not only learnt knowledge from his friend's internationalisation experience, but his friend also assisted him in thinking/planning the internationalisation for Lion as well. The owner described that:

"But I acquired most information on overseas markets from our familiar and unfamiliar people. For example, the key information on the French market including information on market access and other potential competitors, was provided by an old schoolmate of mine when I was studying in Germany. He also helped us plan and advise the process of internationalisation with his own experience in internationalisation. You can say that it was of great help."

The role of "guanxi": foreign market information and knowledge access from business partner (unfamiliar people, the French business partner)

As the owner explained, even though the French business partner the Lion incorporated with was introduced by his friend, there is mutual benefits in the collaboration between Lion and the business partners. In order to reach the mutual benefits, the French business partner also

provided the market related information and knowledge to Lion, for example, the quality standard and the production standard in order to reach the requirement of French standard. In order to facilitate the internationalisation of Lion, the owner comprised both resources from his friend and the business partner in order to create an appropriate plan to guide the internationalisation process for Lion. The owner described that:

"In terms of unfamiliar people, well, it mainly refers to our French partners. Though we were introduced to each other by friends, but we were strangers before that, right? But our interests are bounded together due to the existence of our cooperation, so they would provide information on the local market including product specifications etc. to us at any time for the benefit of our common interests. Therefore, our company can combine all the resources provided by our "guanxi, and then map out the most suitable path for our internationalisation."

Table 5.1: the unexpected finding in relation to "guanxi" (summarised from above analysis)

	The unexpected findings in relation to 'guanxi' (The function of "guanxi")
Case 1 Alpha	The firm's owner utilised 'guanxi' to justify the reliability of new 'guanxi' in order to ensure the authenticity of the foreign market knowledge and information the owner gained from the new 'guanxi';
Case 3 Cherry	The firm's owner utilised 'guanxi' to improve the transparency of information he/she collected from business partners, and it can act as a guide to facilitate the planning of internationalisation by the owners;
Case 6 Fig	The owners/managers utilised 'guanxi' as a tool to recognise the quality and reality of information he/she gained from business partners'
Case 10 Jelly	The owners/managers utilised 'guanxi' as employment guidance to assist he/she to employ the appropriate people with internationalisation knowledge in relation to building the management structure of the firm;
Case 11 Kangaroo	the owners/managers utilised 'guanxi' as a tool to collect, screen and confirm the international business opportunities in order to facilitate the internationalisation planning of the firm.

Source: developed for this research

Appendix D: Research paradigm

According to Taylor, Kermode, and Roberts (2007), a research paradigm is “a broad view or perspective of something”. Furthermore, Weaver and Olson’s (2006) definition of research paradigm reveals how research could be affected and guided by a certain paradigm by stating, “paradigms are patterns of beliefs and practices that regulate enquiry within a discipline by providing lenses, frames and processes through which an investigation is accomplished”.

A central issue for researchers is not linked up to the choice of methodologies, but related to the acknowledgement of the research paradigms (Perry & Sobh, 2005). A methodology is simply one of the three components of a paradigm that researchers either explicitly or implicitly work within; a paradigm includes the other elements of ontology and epistemology (Guba & Lincoln, 1994). Essentially, ontology is “reality”, epistemology is the relationship between that reality and the researcher, and methodology describes the techniques used by the researcher to discover that reality (Guba & Lincoln, 1994). Therefore, a paradigm is an overall conceptual framework within which a researcher may work. Essentially, a paradigm can be regarded as the “basic belief system or worldview that guides the investigator” (Guba & Lincoln, 1994). The four different scientific paradigms – positivism, realism, constructivism and critical theory are summarised in Table 1.

Table 1 The four scientific paradigms

Paradigm				
Element	Positivism	Constructivism	Critical Theory	Realism
Ontology	Reality is real and apprehensible	Multiple local and specific “constructed” realities	“Virtual” reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallised over time	Reality is “real” but only imperfectly and probabilistically apprehensible and so triangulation from many sources is asked to attempt to realize it
Epistemology	Findings true researcher is objective by viewing reality through a “one-way mirror”	Created findings researcher is a “passionate participant” within the world being investigated	Value mediated findings researcher is a “transformative intellectual” who changes the social world within which participants live	The findings probably true researcher is value-aware and needs to triangulate any perceptions he or she is collecting
Common Methodologies	Mostly concerns with a testing of theory. Thus mainly quantitative	In-depth unstructured interviews, participant observation, action research,	Action research and participant observation	Mainly qualitative methods such as case studies and convergent interviews

	methods such as: survey, experiments, and verification of hypotheses	and grounded theory research		
--	--	------------------------------	--	--

Source: adapted from Sobh and Perry (2005)

Firstly, positivists assume that natural and social sciences measure independent facts about a single apprehensible reality composed of discrete elements whose nature can be recognised and categorised (Guba & Lincoln 1994; Tsoukas 1989). The proposal of the research investigation often includes the measurement and analysis of causal relationships between variables that are uniform across time and context. (Perry, Riege & Brown, 2010). However, the data and its analysis are value-free and the size and import of data does not change because they are being kept. That is, researchers view the world through a ‘one way mirror’ (Guba & Lincoln 1994).

Nevertheless, this positivist view is inappropriate when applied as the paradigm for a social science phenomenon like the pre-export behaviour of the Chinese FMEs, which involves cultural issues and real-life experiences. This is because treating respondents as independent objects “ignores their ability to reflect on problem situations, and act upon this” (Robson, 1993). That is, positivists divide themselves from the world they study, while researchers within the three other paradigms acknowledge that they possess to take part in real-world life to some extent, and to better understand and extract its properties and features (Denzin 1983; Gilmore & Carson, 1996).

Secondly, constructivism, adopts a relativism ontology (Perry, 1997; Yin, 2009). From a constructivist’s viewpoint, truth is a construction which refers to a particular belief system held in a special context (Perry, 1997). Similar to critical theory, constructivism demands the political orientations and values which lie behind a finding or result. Researching this created knowledge depends on the communication between interviewers and respondents, that is, the researcher has to be a “passionate participant” during their field work (Guba & Lincoln, 1994).

This constructivist paradigm may be appropriate for some social science research, for example, religion, beauty or the others. Yet, it is seldom suited for business research, especially the international business, because the approach excludes concerns about the clearly real economic and technological dimensions of business (Hunt, 1991).

Thirdly, critical theory, assumes apprehensive social realities, incorporating historically situated structures. Critical theory researchers aim at critiquing and transforming social, political, ethnic, economic, cultural and gender values (Perry, 1997; Yin, 2009). The relative research investigation is often long-term ethnographic and historical fields of organisational operations and social organisations. Assumptions are essentially subjective and therefore knowledge is grounded in social and historical routines and is therefore valued-dependent and not value-free (Guba & Lincoln 1994).

This epitome is not a suitable paradigm for international business research unless the researcher proposes to be a “transformative intellectual” who liberates people from their historical mental, emotional and societal constructions, because most of international

business research aims at understanding the procedures of the decision makers rather than modifying them or their approaches to strategy formulation (Guba & Lincoln, 1994).

The fourth paradigm of realism is more appropriate for international business research than the three above for this project, this study utilises realism paradigm as the main research paradigm. This character of research prototype is based on searching, albeit necessarily imperfectly, towards an understanding of the vulgar reality of an economic system in which many people work independently (Perry, 1997; Yin, 2009). The supporters of realism paradigm believe that there is a “real” world to see even if it is only imperfectly and probabilistically apprehensible (Godfrey & Hill 1995; Guba & Lincoln 1994; Tsoukas 1989; Merriam 1988).

Perception is not reality as constructivists and critical theorists might aver, or else, a perception for realists is a window onto reality from which a photograph of reality can be triangulated with other perceptual experiences (Perry, 1997; Yin, 2009). Constructivists and critical theorists believe there are many realities, while realism paradigm considers there is but one reality, even if several perceptions of that reality must be triangulated to obtain a better impression of it (Godfrey & Hill 1995; Guba & Lincoln 1994; Tsoukas 1989; Merriam 1988) (Figure 3.1).

Within the realism paradigm discussed above, the qualitative multiple case study research methodology appears to be particularly appropriate for international business research which focuses on the pre-export behaviour of the Chinese FMEs (Perry 1998; Yin 1994; Perry & Coote 1994). This case study research methodology is based on semi-structured interviews within 12 cases conducted using set questions in an interview protocol.

Appendix E: The criteria to evaluate the quality of realism research

The six criteria, including Ontological appropriateness, contingent validity, multiple perceptions of participants and of peer researchers, methodological trustworthiness, analytic generalisation and construct validity, are detailed in the following:

Ontological appropriateness - The ontology of realism assumes that the research is dealing with complex social phenomena involving reflective people (Magee, 1985). Ontological appropriateness is the first criteria that the qualitative case studies must gratify. Thus, the study needs to be sure the correct world is being investigated (Healy & Perry, 2000). In contrast, positivism operates in the objective world one and constructivism operates in the subjective world two, "the world three consists of the independent creations of the minds or living creatures, that is, it is the world of ideas, art, science, language, ethics, institutions. . . ." (Healy & Perry, 2000; Magee, 1985). Furthermore, this study satisfies the ontological appropriateness, because the research is mainly dealing with the process of internationalisation of Chinese FSMEs, that is, a how and why research problem is required to obtain an independent insight on this complex social phenomena from reflective people (Healy & Perry, 2000).

Contingent validity (Internal validity) - The second criteria for estimating the quality of realism research "contingent validity" refers to the truth of generative mechanisms and the environments or contexts upon which they are contingent (Healy & Perry, 2000). The contingent validity proposed by Healy and Perry (2000) is also interacting with the internal validity criterion introduced by Yin (2009). To address this criterion, the researcher will need to ask in-depth questions with their interviewees. The questions they ask derived from the exploratory how and why the research problem proposed, and use replication logic to ensure contrasting and similar examples are caught so that the biased analyses are avoided (Amaratunga & Baldry, 2001; Silverman, 2010; Yin, 2009).

Multiple perceptions of participants and of peer researchers - The third criterion relates to epistemology and relies on multiple perceptions about the single reality (Healy & Perry, 2000). These multiple perceptions involve triangulation of various data sources, and of several peer researchers' interpretations of those triangulations (Heal & Perry, 2000). However, the strategy of triangulations could be used more effectively and efficiently to reduce the threat of researcher bias which impacted on the internal validity of the study (Maxwell, 1996; Yin, 2009; Silverman, 2010). The researcher bias that Creswell and Miller (2000); Maxwell (1996) proposed is that every investigator will have some kind of bias that need not be racial, ethnical, gender linked, or cultural. The bias could be simply promoting one theory over other or neglecting to interview some kinds of offenders (Maxwell, 1996; Yin, 2009). However, the most appropriate method to reduce this threat, is to utilise the triangulation strategy. The concept of triangulation involves locating an unknown point from two or more known points (Maxwell, 1996; Yin, 2009; Silverman, 2010). However, in qualitative research, by using interviews, theory, previous research literature, personal observations, and other data, findings can be compared to determine the validity of a certain theme or category that used a multitude of sources to explain an event. Through this, the findings become more valid than explaining an event from a single case study or observation (Creswell & Miller, 2000; Maxwell, 1996).

To insure that a holistic viewpoint of the process of internationalisation of Chinese FSMEs is being satisfied, this researcher will conduct several independent face-to-face interviews with different interviewees; therefore, triangulate this data with relevant theory (Perry, Riege & Brown, 1998; Silverman, 1995; Yin, 2009).

Methodological trustworthiness (Reliability) - The fourth criterion is the methodological trustworthiness which refers to ability of research to be audited by developing a case study database and by the use of quotations in the written report (Healy & Perry, 2000). To satisfy the methodological trustworthiness with the inquiry project, the researcher will build up the case study database to help further researchers with the direction for the future investigations (Teale, 1999). A case study protocol for the interviews for this study will be used (Amaratunga & Baldry, 2001).

Analytic generalisation (External validity) - The fifth criterion is analytic generalisation, that is, the theory building (Yin, 1994). The realism research must be primarily theory-building, instead than the testing of the applicability of a theory to a population, which is the main concern of positivism (Healy & Perry, 2000; Yin, 2009). Realism researchers do not propose this theory testing should not be practiced, they just say that the theory has to be established, and confirmed or disconfirmed, before its generalisability to a population is tested (Healy & Perry, 2000). To address the analytic generalisation, firstly, the researcher should identify research issues generated from the literature prior to data collection. Secondly, the investigator has designed an interview protocol to supply data that would either confirm or disconfirm the theoretical framework generated in Chapter two (Healy & Perry, 2000; Yin, 2009).

Construct validity - The sixth and final criterion is construct validity. Construct validity of realism research is similar to the construct validity of positivism research, which refers to how well informed about the constructs in the theory being built are measured in the research (Healy & Perry, 2000). Construct validity is one of the most significant scientific advances of modern measurement theory and practices (Kerlinger & Lee, 2000). The important point about construct validity that sets it aside from other types of validity is its preoccupation with theory, theoretical constructs, and scientific empirical research, calling for the testing of hypothesised relations (Kerlinger & Lee, 2000). In this project, the prior theory resultant from the parent disciplines, which consists of firm based internationalisation theory, network perspective and cultural issues were triangulated (Perry, Riege & Brown, 1998). That is, this research project achieves an appropriate level of construct validity by triangulating all relevant data (Amaratunga & Baldry, 2001; Yin, 2009). Secondary research data concentrates on the characteristics of internationalisation processes of Chinese FSMEs, and then collated with the data collected from primary research (Amaratunga & Baldry, 2001; Yin, 2009)

Table 1: Criteria for judging the quality of realism research

Healy and Perry, 2000			Yin, 2009	
Quality Criteria	Brief description of criteria for this realism research	Case study techniques within this realism paradigm	Criteria for judging the quality of case study	Case study tactic
Ontology:	Research	Selection of		

Ontological appropriateness	problem deals with complex social science phenomena involving reflective people (Magee, 1985)	research problem, for example, it is a how and why problem		
Contingent validity	Open ‘fuzzy boundary’ system (Yin, 1994) involving the generative mechanism rather than direct cause-and -effect	Theoretical and literal replication, in-depth questions, emphasis on “why” issues, description of the context of the cases	Internal validity: (for explanatory or causal studies only and not for descriptive or exploratory studies): seeking to establish a causal relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships	<ul style="list-style-type: none"> • Do pattern matching • Do explanation building • Address rival explanations • Use logic models
Epistemology : Multiple perceptions of participants and of peer researchers	Neither value-free nor value-laden, rather value-aware	Multiple interviews, supporting evidence, board questions before probes, triangulation. Self-description and awareness of own values. Published reports for		

		peer review		
Methodology: Methodological trustworthiness	Trustworthy – the research can be audited	Case study database, use in the report of relevant quotations and matrices that summarise data, and of descriptions of procedures like case selection and interview procedure	Reliability: demonstrating that the operations of study – such as the data collection procedures – can be repeated, with the same results	<ul style="list-style-type: none"> • Use case study protocol • Develop case study database
Analytic generalisation	Analytic generalisation (that is, theory building) rather than statistical generalisation (that is, theory-testing)	Identify research issues before data collection, to formulate an interview protocol that will provide data for confirming or disconfirming theory	External validity: defining the domain to which a study's findings can be generalised	Use replication logic in multiple-case studies
Construct validity	How well information about the constructs in the theory being built are measured in the research	Use of prior theory, case study database, triangulation	Construct validity: Identifying correct operational measures for the concepts being studied	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key information review draft case study report

Source: Healy and Perry (2000, p. 122); Yin (2009, p. 41)

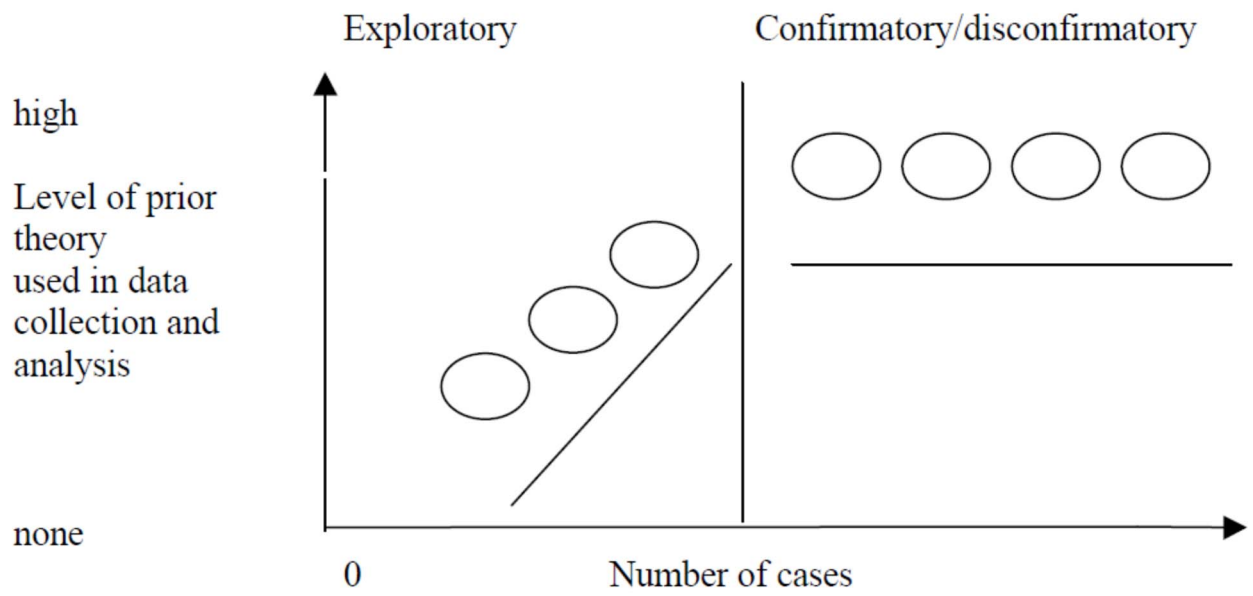
Appendix F: Prior theory in case study research

The inductive nature and three key reasons for taking a qualitative case study methodology of case study research has been explicated above, but some prior theory can have a pivotal function of the design of the case study and analysis of its data (Yin, 2003; 2009; Silverman, 2005). Pure induction might prevent the researcher from benefiting from existing theory, but pure deduction might prevent the development of new and useful theory. Thus Parkhe (1993) argues that “both extremes are untenable and unnecessary” and that the cognitive operation of ongoing theory advancement requires “continuous interplay” between the two.

Figure 3.1 demonstrates these differences between induction and deduction in case study research, between the “indigenous concepts” of the data and the “sensitising concepts” from prior theory which the analyst brings to the research (Patton, 1990). The left-hand side of Figure 3.1 shows the “exploratory” approach (Yin, 1994) to case study research. The graph on the left-hand side of the Figure 3.1 is almost purely inductive, with very little prior theory (Yin, 2009). Data collection and analysis of the case study on the left-hand side are informed by preliminary concepts from that case and by prior theory in the literature which can “enfold” the data from these exploratory case interviews (Eisenhardt, 1989). The disadvantage of this left hand side’s relatively inductive approach is that all cases cannot be compared with others because there are different interview questions for each case, and the researcher runs the risk of “discovering” existing theory and therefore not making a contribution to the researcher’s body of knowledge (Perry, 1998).

The right hand side of Figure 3.1 illustrates the preferred position of “confirmatory” case research (Miles & Huberman, 1994; Yin, 1994). The aim of this type of research is to confirm or disconfirm elements of the prior theory, rather than to develop theory as the left hand side’s proposes to do (Yin, 1994). The prior theory is generated from the literature or from some exploratory cases; only one interview protocol is used for all these right hand side cases to facilitate cross-case analysis (Perry, 1998).

Figure 3.1: A comparison of two case study research positions: a purely exploratory, inductive position (Left hand side) and preferred, confirmatory/diconfirmatory position (Right hand side)



Source: Perry (1998)

Appendix G: The definition of different type of case study

Figure 3.3: Basic types of designs for case studies

	Single Case Design	Multiple Case Design
Holistic (Single-unit of analysis) Embedded (Multiple units of analysis)	Type One	Type Two
	Type Three	Type Four

Source: Yin (2009, p.46)

Table 3.3: The definition of different type of case study

Case study type	Definition
Explanatory	This type of case study would be used if you were seeking to answer a question that sought to explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies. In evaluation language, the explanations would link program implementation with program effects (Yin, 2003).
Exploratory	This type of case study is applied to explore those situations in which the intervention being evaluated has no clear, exclusive set of outcomes (Yin, 2003).
Descriptive	This type of case study is practiced to identify an intervention or phenomenon and the real-life context in which it occurred (Yin, 2003).
Multiple-case study	A multiple case study enables the researcher to explore differences within and between cases. The goal is to replicate findings across cases. Because comparisons will be made, it is imperative that the cases are chosen carefully so that the researcher can predict similar results across cases, or predict contrasting results based on a theory (Yin, 2003).

Source: Yin (2003)

As the Table 3.3 shows that, multiple cases study are a more powerful in relation to build, confirm and disconfirm theory than the others, because multiple case study permit ‘extension’ and ‘replication’ (Eisenhardt, 1989, 1991). ‘Extension’ refers to the use of multiple cases to build and create more elaborate theory as different cases often emphasise complimentary aspects of a phenomenon (Eisenhardt, 1991, p. 620).