
Editorial

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Dr. Patricia Ordóñez de Pablos is a Professor in the Department of Business Administration and Accountability at the Faculty of Economics of the University of Oviedo (Spain). Her teaching and research interests focus on the areas of strategic management, knowledge management, intellectual capital measuring and reporting, organisational learning and human resources management. She is the Executive Editor of the *International Journal of Learning and Intellectual*, the *International Journal of Strategic Change Management* and the *International Journal of Chinese Culture and Management*.

Dr. Zhongkai Xiong is a Professor of Management in the School of Economics and Business Administration at Chongqing University, China. He has been a Visiting Scholar at the University of California at Berkeley for four years. He has research interests that cover supply chain management, inventory, operational management, advertising and dynamic pricing. He is the author of two book chapters and published in several international journals (such as *Management Science*, the *Journal of the Operational Research Society* and the *International Journal of Control*), articles and about 50 national journal articles.

China is not the only fast-growing emerging economy that is making waves around the world. China's current economic growth rate is approximately 9% annually, which is impressive economically. Its contribution to the global Gross Domestic Product (GDP) growth since 2000 has been almost twice as large as that of the next three biggest emerging economies (India, Brazil and Russia) combined. Some even refer to China as the mother of emerging markets and transition economies.

Directly or indirectly, the Chinese economy has influenced interest rates, prices for raw materials and wages in the established Western economies. Currently, China is the most Research and Development (R&D)-intense of the emerging market countries and is the seventh out of all the countries in the world. Its economic power is exemplified by the fact that it is expected to be the fifth largest source of outward foreign direct investment during 2004–2007. Working with Chinese firms has become a reality for a majority of the managers in Western countries. With its high growth rate, the presence and impact of the Chinese economy will only become larger.

With China's importance on a global scale set to grow faster than ever, this special issue, titled 'Business culture and management in China', offers a unique window to observe the state-of-the-art of management and culture that will chart the course of the future in this region of the world. In particular, as Professor Zhongkai Xiong says, to understand the mysterious Chinese business culture has become one of the most important tasks for multinational companies who want to have a share of the huge Chinese market. For this reason, this special issue also provides some topics that discuss the Chinese business culture of *guanxi*.

The word *guanxi* (pronounced as 'gwan-shee') is a combination of two Chinese characters: *guan* and *xi*. 'Guan' means door or gate. 'Xi' means tie up. It generally refers to relationships or social connections based on mutual interests and benefits. In the most general sense, *guanxi* simply means relationships (Lytras and Ordóñez, 2008).

This special issue is formed by eight interesting papers that address key issues in understanding Chinese culture and management. In the paper 'The impact of the distributors' HRM on the performance of manufacturer-distributor partnerships', Wang *et al.* analyse how the Human Resource Management (HRM) of distributor companies impacts on the performance of manufacturer-distributor partnerships in the Chinese context. The case study shows the importance of the HRM of the distributors in the performance of Sino-Finnish partnerships. The recruitment and retention of technical personnel are critical factors in HRM, as well as difficulties in the performance of partnerships because of knowledge accumulation through the technical

personnel. The manufacturers can contribute to the performance improvement of the partnerships through training collaboration to improve the human resource practices of distributor companies.

The next paper is 'Managing technology transfer in multinational corporations' by Lai and Chao. They state that the capabilities of technology transfer within organisations are the strategic elements of competition in today's competitive environment. Technology transfer can be considered a profitable activity for both the technology transferor and receiver. In the early 1990s, facing the rapid growth of global competitions, the US Multinational Corporations (MNCs) were actively searching for opportunities of product outsourcing technology transfer to Asian countries, particularly in the Greater China region. The authors of the paper examine the impact of cross-cultural issues on managing technology transfer from the USA to the Greater China region and presents a validated model for the project managers who manage projects of technology transfer in MNCs.

In the paper 'Going global, crossing cultures: intercultural management in Chinese enterprises', Jungbluth addresses the important issue of intercultural management in Chinese international companies, with a major focus on the mergers and acquisitions in Germany. With an increasing number of Chinese enterprises investing abroad, the need for intercultural competences becomes an issue that obviously has to be approached by these firms. Investments abroad require especially careful preparation, as the experience of many Western companies struggling to set foot in foreign countries shows. The author of this paper analyses the problems of the Chinese firms in Germany by investigating the consulting opportunities for the Chinese investors planning to go abroad and by evaluating the Chinese academic materials on intercultural problems.

In the paper 'The impact of Chinese culture on the service contribution in European manufacturing companies', Gebauer *et al.* state that very few Chinese subsidiaries of European manufacturing companies are reported as making profits. The majority find it extremely difficult to transfer their traditional business model to China. According to the business model, the European manufacturing companies generate a major share of their total value proposition through services. The main reason stems from the problems associated with managing the service business in the context of Chinese culture. The present article analyses these effects and offers some guidance for managers seeking to increase the service contribution in the Chinese subsidiaries of European manufacturing firms.

In the paper 'Exploring guanxi and cultural barriers: a perspective from the Taiwanese SMS investors in China', Shiau *et al.* examine some nuanced cultural differences and their ramifications within a large Chinese region. In particular, they address how the notion of guanxi has been restructured since 1949, the time when Taiwan and China were separated. Over decades, while mainland China went through the upheaval of the Chinese Cultural Revolution and became increasingly liberalised in the late 1980s, the ruling authorities of Taiwan followed Confucianism to claim its legitimacy over Chinese culture and democratised rapidly. Through ethnographic interviews with Taiwanese small and middle-sized business investors who failed and withdrew, Shiau and his colleagues examine how some widely ignored cultural barriers may prevent Taiwanese investors from thriving.

Wang and Xie, in their paper 'Comparative studies on organisational learning culture in Chinese native enterprises' states that the concepts of a learning organisation and organisational learning and their applications to business organisations in the Western context have been addressed and discussed for more than a decade, but these constructs are underresearched in China. While China's economy is rapidly developing, management and organisational studies tend to borrow theories and concepts developed in Western countries, especially those based on well-refined theoretical foundations and empirical methodologies. In the paper, Wang and Xie address the paucity that exists in examining the learning organisation culture and its applicability in the People's Republic of China.

In the paper 'The impact of national and organisational cultures on intergroup coordination in software development in mainland China: a qualitative analysis', Yuan *et al.* address the impact of national culture and organisational culture on the intergroup coordination success factors (knowledge sharing, communication, mutual support and stakeholder commitment) through a qualitative analysis of the semistructured interviews conducted in mainland China. The authors draw on a multiple case study of five different-sized Chinese software companies to identify the common patterns of national cultural impact across the cases, as well as the differences generated due to different organisational cultures. They conclude that collectivism and face concern have the most salient impact on these factors. Uncertainty avoidance and power distance also have a slight impact.

Finally, in the last paper, 'Leadership effectiveness in the Chinese enterprises: the roles of Chinese leadership and employee's individual orientation', Chen *et al.* say that Chinese leadership literature offers inconsistent findings on the moderating effects of employees' compliance in the relationship between authoritarian leadership and the employees' effectiveness. Their study examines how the interaction effect of authoritarian leadership and compliance is dependent on the employees' guanxi orientation. The results show that authoritarian leadership \times compliance \times guanxi orientation have a significant interaction in the prediction of the employees' job performance. Specifically, for high guanxi-orientation employees, the positive relationship between authoritarian leadership and performance is stronger when the compliance is higher.

Finally, before closing this foreword to the special issue, we would like to invite all of our colleagues interested in intellectual capital measuring and reporting and knowledge management to attend two important events in 2008. The first would be the 1st Athens World Summit on The Knowledge Society, to be held in Athens, Greece, on 26–28 September 2008. There will be special tracks for these topics, as well as Best Paper Awards.¹ Additionally, the Macao Summit 2008 (Macao, September 2008) will have special tracks on intellectual capital and knowledge management.² See you soon in Athens and Macao!

Reference

Lytras, M.D. and Ordóñez de Pablos, P. (Eds.) (2008) *IT China Handbook*, Springer.

Notes

1 <http://knowledge-summit.org>

2 www.macaosummit2008.com