An Exploration of Interpersonal Relationships in Two Taiwanese Computer Firms

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This study provides a fuller description of some of the ways businesspeople relate to each other and their customers in Taiwan. Through ethnographies and extended interviews, relationship patterns in two Taipei computer companies are shown to be influenced by Chinese traditions which view human emotion and orders of relationship as the basis of society. Taiwanese employees, particularly salespeople, are shown as adept at fusing functional and emotional elements to flexibly manage interpersonal relationships in complex and dynamic Taiwanese social, political, and economic contexts. It is concluded that relationships, as social resources, manifest themselves in various levels of business conduct, influencing the functioning of Taiwan firms in the modern business environment.

KEY WORDS: Chinese relationships; business; Taiwan; effects of culture.

INTRODUCTION

For practical and theoretical reasons, cultural differences in business contexts have consistently been a focus of human attention. If a business does not understand cultural differences, it may fail because of the most seemingly insignificant cultural elements. Practical concerns such as these lead to this question: how does culture organize business activity and relationships?

From this perspective, observed business patterns in a given culture are manifestations of deep-rooted beliefs and unique conceptions about the world as a whole and about relations among human beings, influenced through distinctive historical contexts and cultural traditions. Hence, to understand relationships in business, one must first link business activity to

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the overall patterning of the culture in which it occurs. Moreover, since culture does not exist in a vacuum but is actualized in members' everyday activities, one needs to have an understanding of how members of a given culture's business community choose to enact their patterns of interaction.

In this paper, a more complete description of internal and external business relationships in Taiwan is provided. Findings are based on ethnographic studies of idiosyncratic but highly successful business relationships in two computer firms in Taipei. Specifically, the means by which Chinese in Taiwan use emotional and functional elements of relationships as social resources to conduct business are explored. The study concludes that relational patterns observed in the two firms result from Chinese cultural traditions successfully applied to modern business contexts.

This general goal is achieved in three stages. First, Taiwan's business environments are depicted in light of its current economic, political, and social circumstances. Second, Chinese patterns of interpersonal relationships are investigated to determine how such patterns shape Taiwanese business conduct. Third and finally, data collected from the two computer firms are analyzed.

THE BUSINESS ENVIRONMENT IN TAIWAN—AN OVERVIEW

Economic affairs cannot be considered simply as matters of commerce, but rather should be explored along with other features of social life, such as politics. This principle is particularly applicable in Taiwan, whose economy has been thoroughly transformed from its former agricultural base to its present service orientation, with unparalleled distribution of wealth across a broad spectrum of its society (Cheng, 1994, p. 116). The change in Taiwan's economy is both the result and cause of concurrent changes in its social, political, and cultural systems.

The Political Context

Taiwan is a small island (about 14,000 square miles) in the South China Sea. A Chinese country for most of its history, after the war of 1894–95, Taiwan was ceded to Japan by the Ch'ing Dynasty (Hsu, 1990). After the defeat of Japan in World War II, in 1945, Taiwan was restored to the Chinese Nationalists. Since the Communist Party had claimed power on the Mainland, the leader of the Nationalists, General Chiang Kai-Shek, in 1949 moved from the Mainland to Taiwan, set up a Chinese government, and declared occupation of mainland China by the communists illegal. Since that time, the rivalry between the People's Republic of China (the

Mainland) and the Republic of China (Taiwan) has defined the context in which Taiwanese conduct business activities.

Throughout its half century of rivalry with the Mainland, Taiwan's economy has grown ever stronger, but its political power has suffered severe setbacks. In 1971, the PROC took over Taiwan's seat in the United Nations General Assembly and the Security Council (Hsieh, 1985), ending a 30-year tradition under which Taiwan had been regarded as the only legitimate Chinese government. In 1979, Taiwan's status worsened when the United States extended diplomatic recognition to the PROC, cutting formal ties with Taiwan. For many years, Taiwan has lived in fear of attack from Mainland Chinese, and from 1949 to 1979 was constantly threatened with military invasion (Harding, 1994). Although recent years have seen dramatic fluctuations in the relationship between the ROC and PROC (Morgan, 1993), the problem of the "two Chinas" has long been an unresolved issue for scholars of international politics and law (Chen & Reisman, 1972).

The Economic Context

Taiwan's ambiguous political status has given its recent economic successes a distinctive flavor. As a small island heavily dependent on exports, Taiwan is particularly susceptible to political relations between the PROC and other countries. Since Taiwan still prohibits businesses from dealing directly with mainland China, the bulk of investment and trade with the PROC has been mediated by Hong Kong (Clough, 1994, p. 217). Since fewer than a dozen countries maintain formal diplomatic ties with Taiwan, its business conduct has been necessarily indirect and circumscribed.

Despite the convoluted political and business environments in which Taiwan operates, together with its tiny geographical size, Taiwanese have transformed the country into a strong international economic entity. "Taiwan has been able to achieve rapid economic growth combined with balanced income distribution; a successful transition from an agricultural to an industrial economy without serious labor conflict; a high degree of economic stability without serious inflation or unemployment; and financial solvency without foreign debt" (San, 1994, p. 69). Perhaps because of the wide distribution of its economic resources among most of its population (Cheng, 1994), Taiwan has also developed a strong consumer demand sector.

Taiwan's economic success has moved it from its status as a primarily agricultural economy, to an industrial, and finally to a service orientation. In 1965, agricultural products accounted for nearly one-quarter of Taiwan's gross domestic product (GDP); by 1989, that figure had plummeted to a mere 4.4%. At the same time, industry's share of GDP rose from 27% in

1965 to 47.6% in 1986. By 1987, the service sector—including commerce, trade, transportation, finance, business, consumer services, medical services, education, and tourism (Leu, 1990)—had begun to accelerate, quickly surpassing the industrial sector (Wang & Hsueh, 1990). By 1989, 44% of the labor force were employed in the service sector and three-quarters of new businesses were service-oriented (Leu, 1990). As will become clear in the analysis of data, the service orientation of Taiwan's economy significantly defines management strategies employed by its companies.

The Social Context

Because service emphasis is new to Taiwan's business environment, incorporating new ideas is expected to improve current operations. To compete with one another, businesspeople must now address issues of company structure, facilities, production, planning, and corporate efficiency, a marked change from the needs of the traditional Taiwanese business environment, dominated by small family-owned and/or -operated businesses related to agriculture (Leu, 1990).

Increasingly, moreover, workers have been expected to become more satisfied, businesses to improve in efficiency, and education to grow to meet the demands for worker training. As Wang and Hsueh (1990) put it, "With increased employees in this area, people will have a louder voice about working conditions and benefits" (p. 12). Emphasis is now placed on keeping employees up-to-date by enriching their skills and knowledge (Chang, 1990). Accompanying this change in work environments has been redistribution of employee skills (Wang & Hsueh, 1990).

Companies have also changed the way they deal with customers. Customers now demand higher-quality products, more appealing atmosphere in building design, and more sophisticated service. Media coverage focuses on lifestyle issues, such as food, finance, real estate, transportation, and the environment (Leu, 1990). As Wang Tsoyung, economics professor at National Taiwan University (quoted in Leu, 1990), puts it, "Good service doesn't just mean smiling brightly or bowing low to the customers. It means finding out what customers need and then satisfying them" (p. 9).

Economic transformation, concurrent with changes in Taiwan's political status, also requires transformation in the country's traditional Chinese values. New ideas, sought out to meet the demands for service industry improvement, have had to be assimilated with Chinese traditions. Since changes in Taiwan are more than merely financial adaptations, the question confronting social analysts is to discover how Taiwan transforms its cultural contents to adapt to economic success in the service sector, while being constrained by its unique political status. How traditional Chinese cultural

patterns in interpersonal relationship influence Taiwanese business is taken up in the next section.

THE IMPACT OF CULTURE—PATTERNS OF RELATIONSHIPS IN TAIWANESE BUSINESS

Taiwan, with its unique historical background as well as its ongoing struggle to be the only legitimate Chinese country, embraces and promotes Chinese culture. Some of the most important aspects of Chinese cultural life concern the ways in which interpersonal relationships are conceived and regulated. These elements form what has been designated by many as the Chinese humanistic spirit (Chan, 1967; Cheng, 1987). Chinese believe that interpersonal relationships are the basis upon which the universe is understood; hence, relationships have both practical and epistemological implications.

The Chinese attitude toward relationships colors business conduct, influencing interaction between subordinates and supervisors, customers and clients, and so on. In the following, an overview of Chinese relationships is provided through explaining Chinese philosophical traditions, as well as how emotional and functional elements in Chinese views of interaction shape business relationships. These descriptions will lay the groundwork for later analysis of the two Taipei computer firms.

An Overview of Chinese Relationships

Chinese patterns of interpersonal relationships are informed primarily by its native philosophical traditions, including Confucianism, Buddhism, and Taoism. The various treatments of human interaction in each of these three traditions results in different, though integrated, conceptions of interpersonal relationships. Together, the three traditions orchestrate a distinctive overall cultural pattern unique to the Chinese people.

Confucianism views interpersonal relationships as the central place where an individual acquires humanity (Tu, 1985). Self may not be defined by itself alone, but rather is situated between people. *Jen* (human-heartedness), the cardinal virtue of Confucianism, "is the manifestation of the genuine nature, acting in accordance with propriety (*li*), and based upon sympathy for others" (Fung, 1983, p. 69), as well as "love of others" (p. 70). This emphasis upon others comes from one's genuine emotional concern for fellow humans (Liang, 1964). To have emotion is the core quality which regulates human relations. Through analogical thinking, one relates to others by acquiring appropriate norms and conduct regarding interpersonal interaction.

Traditionally, Chinese have placed particular emphasis on how one's behavior toward others should align with different orders of relationship. Confucius saw relational distinction as the natural expression of human emotion, in that one is most closely attached to the family, with family relationships gradually expanding to include nonfamily relationships. Depending on the closeness or distance of a given relationship, relational partners experience different degrees of emotion, and therefore exhibit different give-and-take behaviors. As LaBarre (1946a) describes it, "[Confucianism's] concern for proper parent–child, husband–wife, and sibling relationships grew and extended itself to a profound preoccupation with interpersonal relationships: man and man, ruler and subject, man and the ancestral gods" (p. 226). Rooted in Confucian philosophy, Chinese relationships are often described as hierarchical, in that rights and obligations for different roles are often clearly defined.

This view of different orders of relationships also permeates Buddhist and Taoist philosophies. Buddhism, and, to a lesser extent, Taoism, sees the universe as continually evolving from the interplay among many levels of causation and endless patterns of interrelationships through coordination and concurrence. Hence, all material manifestations are said to be merely temporary. The self, according to these views, does not exist independently, but is instead possible only through relationship to others. According to Buddhism, one's acts generate *karma*, a blanket responsibility accumulated through many lifetimes (Fung, 1983; Nakamura, 1976; Niwano, 1980). *Karma* conditions one's circumstances, marking different degrees of involvement in various relationships as manifestations of decisions from one lifetime to another. While Buddhism does not view different orders of relationships as the basis of society (as Confucianism does), it nevertheless recognizes the special character (depth, involvement, and content) of each particular relationship, because each relationship is said to possess its own distinctive karmic character.

Because so much attention is paid to interpersonal relationships in Chinese philosophy, Chinese cultural life is often viewed as a complex web of relations. Fei (1948) refers to Chinese patterns of relationship as "different orders of architecture": the innermost circle of one's interpersonal connections are typically family members, and as the circle extends further, nonkin relations come to be included. Chinese relationships are like the network of ripples generated when a stone is cast in the water—the individual is the center, and the outwardly moving circles represent an ever-expanding series of interpersonal connections (Fei, 1948). This tendency to make distinctions among different types of relationships explains why Chinese relationships are often described as particularistic (Jacobs,

1979; LaBarre, 1946a,b; Nathan, 1976), as contrasted with universalistic perspectives which view all relationships as more or less equal.

The existence of "different orders of architecture" in part explains an observation, often voiced by scholars, that social factions in Chinese life are produced and magnified by personal connections, family or otherwise. In a study of two Taiwanese villages, Pasternak (1972) notes that a conflict between two Chinese individuals can radiate out to involve two groups of people merely because each person has an interpersonal network of his or her own.

Although family ties are the core of Chinese relationships, Chinese social activity encourages development of connections in all areas of human experience (Silin, 1972). As Fried (1974) notes, there are times when kinship relations simply are not enough to satisfy individual need—at such times, one may call on nonkin for help (Fried, 1974, p. 230), even though these ties may be established to nourish or defend close relatives (Jacobs, 1979). Moreover, while kinship relations are defined by blood, nonkinship relations can often be established by appropriate mutual exchange (Fried, 1974) or through existing relationships. For example, Nathan (1976), in his account of political factionalism from the last Ching to early Republican period, notes nine types of "particularistic dyadic relations" built up through various connections (p. 48).

Kinship ties are emphasized, not through exclusion, but inclusion, of nonkin relations. Fei's (1948) analysis of the Chinese character for family, *chia*, shows Chinese relational flexibility, starting from the family: " 'Inside our *chia*' can refer to my wife, 'door of *chia*' can refer to all my uncles and cousins, and 'people of my own *chia*' can include any one who I want to include in my circle, whom I want to express closeness to. The scope of what constitutes 'people of our own *chia*' varies according to different times and places" (p. 24).

The foregoing explains in part Fried's (1974) argument that, to understand the Chinese family, one must study relationships beyond the family: "The complex design of Chinese society becomes more comprehensible when systematic study of extra-familial relations is added to the research on Chinese familial organization. Nonkin forces are diverse. They ramify through the entire social structure and furnish the links between kin-based activity and movements in the larger civil areas of society" (p. 230). To Chinese, both family relationships and other relational ties are important to achieving one's personal goals; thus, Chinese relationships ought not to be characterized as "familial" (Liang, 1964). This principle is most clearly evident in the ways Chinese use the emotional factors of any given relationship to achieve functional goals. As will be evident, this feature of Chinese culture allows Taiwan's businesspeople a greater repertoire of resources to deal with day-to-day business problems.

Functional and Emotional Dimensions of Chinese Business Relationships

Business in Taiwan is conducted at the nexus of emotional and functional elements inherent in Chinese relationships (Shenkar & Ronen, 1987). According to Hsiang (1974), faced with a choice between reason and emotion, Chinese always side with emotion. Because of this preference, Chinese must utilize emotion to help them achieve their instrumental goals.

To see how emotion facilitates interpersonal exchange, one must first understand the concept of *kuan-hsi*. Literally, the Chinese term *kuan-hsi* refers to "relation" or "relationships." However, Chinese have also interpreted this concept in a utilitarian manner to mean not only "relation," but also relationship as a resource which can be utilized to help one achieve one's goals (Chang & Holt, 1991). Among those connected by kinship networks, relationships (*kuan-hsi*) are extraordinarily important, literally constituting the means by which one can function in society (Yang, 1945; Fried, 1974). *Kuan-hsi* functions as a convenient linguistic label for Chinese to describe the importance and utilitarian value of their interpersonal relations: when there is *kuan-hsi*, it is easier to get things done because relationship often must be acknowledged in and of itself.

For Chinese, the degree of *kuan-hsi* (or depth of relation) one has for another often determines the range of interpersonal behavior appropriate to a given relationship (Hwang, 1988). The closer the *kuan-hsi* one shares with the other, the greater and more available the range of behavior. In the more positive manifestations of relational networks, those within a set of *kuan-hsi* interconnection are provided a particular sense of warmth, knowing they can always find shelter in the relationships. More negatively, however, *kuan-hsi* allows people to manipulate relationships in order to satisfy personal desires, often at the expense of the public good.

Kuan-hsi functions in all areas of Chinese social life, leading to specialized vocabulary relating *kuan-hsi* to social activity. One such special term is *kan-ch'ing* (emotion) which refers to the emotional basis of non-kinship relations needed by those who have to function outside their kinship network. Fried (1974) describes how *kan-ch'ing* can be used in a business context to establish instrumental relationships:

> Under the old, pre-inflation, credit system of buying there was a frequent development of something approaching friendship between a merchant and a steady customer, . . . [making] possible a number of deepening contacts which preceded the simple ties of trade and which now might become permanent, thus extending the mutual exchange of help in the placement and security of related individuals or friends and the exchange of credit or other facilities. (p. 190)

Fried's use of the term "deepening contacts" implies that emotion is the real basis for commercial transactions. Indeed, if based purely on ex-

change, Chinese functional relationships would be impossible. Even relationships yielding contracts must be preceded by establishment of contact and involvement, to lay emotional groundwork for subsequent commercial transaction (Fried, 1974; Jacobs, 1979).

Fried's observations are based on work in Mainland China, but his conclusions are equally true of Taiwan, where business is generally conducted only with those with whom one is already acquainted (DeVos, 1989). Similar patterns were observed by Silin (1972) in Hong Kong: "Daily contact in the market and the repeated exchange of small favors can foster the mutual confidence between two unrelated people that provides the basis for more intimate association" (pp. 339–340). Silin explains,

> When trading relationships exist between two people not linked by traditionally sanctioned solidarities, the individuals concerned simply claim to share *kan-ch'ing*, or rapport . . . . Such relationships are frequently established on the basis of mutual compatibility and often involve greater personal warmth than those among kinsmen . . . . The level of confidence, if not emotional rapport, implicit in the concept of good *kan-ch'ing* also exists between those already sharing other bonds who have become close trading associates . . . . [O]nce a trading relationship is formed, it is to the advantage of both parties to perpetuate it, since each receives concessions he would not otherwise obtain. (p. 340)

Although business activity does not depend simply upon the extent to which the parties share *kan-ch'ing*, emotion may still be used when necessary: "When someone does invoke *kan-ch'ing*, the other party feels obliged to make greater concessions than would be normal. Consequently, people refrain from speaking of special bonds unless they expect losses in a transaction" (Silin, 1972, p. 342). When emotional concern is present in a relationship, rights and obligations of interactants can be redefined.

Emotion enables relationships to be made functional. Many commentators have remarked the close integration between the seemingly incompatible aspects of emotionality and practicality in Chinese relationships. As Jacobs (1979) notes,

> . . . *[K]an-ch'ing* occurs when people work together and cooperate. With the existence of *kan-ch'ing*, there are no disputes or fights. But *kan-ch'ing* . . . is necessary for more than just peace; it is essential to successfully carry out any activity . . . . Without *kan-ch'ing* one cannot do things . . . . In other words, the concept of "utilization" (*li-yung*) implies the existence of *kan-ch'ing*. As one younger leader explained, "Of course one can use *kan-ch'ing*. If *kan-ch'ing* cannot be used it isn't *kan-ch'ing*!" (p. 263)

Although *kan-ch'ing* means "emotion," it implies "utilization." In fact, Chinese often find it difficult to separate emotional and utilitarian aspects of relationship. Emotion is actualized through the practical support and help of other people.

A concept similar to *kan-ch'ing* is *jen-ching*, which means "human emotion" or "human feeling." While *kan-ch'ing* is emotional concern defined

between relational partners, *jen-ching* represents empathy for other people in general, regardless of the quality (such as depth) of a particular relationship. While *kan-ch'ing* varies from one relationship to another, *jen-ching* is seen as a requirement for a member to participate in society. An example is cited in Silin's (1972) study of a Chinese market in Hong Kong where business relations are usually compounded with social relations:

> Any employee who receives an invitation to a wedding or other ritual affair is obliged to accept. Those who fail to perform socially prescribed duties, both ritual and commercial, will be judged lacking in *jen-ch'ing*, or human feelings . . . incapable of participating in society. The judgment carries with it strong moral overtones that delineate the environment in which interpersonal relations are conducted among people working in the market. (p. 337)

Like *kan-ch'ing*, *jen-ch'ing* can be used to negotiate interactant rights and obligations. Because showing concern is important, "human emotion" is sometimes used to excuse preferred treatment toward relational partners (Hwang, 1988, 1989; King, 1989).

That emotional and utilitarian aspects of Chinese relationships coexist so closely may explain why Chinese prefer to deal with people and not issues. Whether a given issue is important is often defined relative to a unique relational context. When one has true emotional concern for another, one is expected to support that person in the future. Integration of emotional and instrumental features of relationships is particularly important to Taiwanese business, an area in which Taiwanese have successfully used their unique view of relations to achieve remarkable economic success.

ANALYSIS OF RELATIONSHIP PATTERNS IN TWO TAIWANESE COMPUTER COMPANIES

Despite the complexity of its current circumstances, Taiwan businesses have transformed its economy, moving from agricultural to service orientation, while respecting Chinese cultural traditions, and functioning within unpredictable political contexts. One reason Taiwan has managed this change successfully is its integration of emotional and functional aspects of business relationships. To illustrate, consider the cases of two computer companies, Ta Chuan and Ta Yu (not their real names).

Ta Chuan Company

Ta Chuan is a successful (1991 revenues totaling about U.S. $12 million), medium-sized company with 22 employees in Taipei and five in a branch office in the southern city of Kaoshiung. Ta Chuan handles mainframe computers, with most of its customer base in governmental units or

major industrial sectors. Ta Chuan has five departments: financial administration, customer engineering, systems engineering, research and development, and sales. Each department has a manager, from one to five subordinates, and a single clerical assistant. Over the five departments are the Deputy General Manager, General Manager, and Chairperson. Except for the Chairperson, one employee in the financial administration department, one employee in customer engineering, and an assistant in research and development, all employees in the Taipei office were interviewed in December 1991 and January 1992.

Because of Ta Chuan's well-defined organizational structure, each employee has formally proscribed responsibilities related primarily to previous educational experience, particularly (with one exception) computer technicians who come from university computer science programs. The five departments cooperate but do not overlap (however, Financial Administration is in charge of all assistants). This formal structure can also be observed in the internal hierarchies of individual departments. Even in a department with as few as three people, distinctions among the manager, subordinates, and clerical assistant are clearly defined. With only a few exceptions, the channel of communication goes from employees to department manager, and from manager to Deputy General Manager, General Manager, and Chairperson.

Ta Chuan's financial well-being depends heavily on the activity of its sales representatives, and its salespeople in turn greatly depend on the service and maintenance functions provided by other departments. As a result, sales occupies the most important position among the five departments. Emphasis on sales is also shown by the fact that both the Deputy General Manager and the General Manager had extensive sales experience during the time they worked for the parent company that originally provided capital for the formation of Ta Chuan. There is no question that administrators were appointed to their positions primarily because of their outstanding performance in sales, their excellent interpersonal connections, their ability to take charge of the fledgling company, and their educational background. Among subunits, the sales department has the closest and most direct connections with upper level management.

Ta Chuan's structure clearly marks distance between its employees. Apart from sales (whose employees engage in extensive interaction), Ta Chuan employees seldom interact with one another outside work. Except for one or two relationships with close colleagues in the same department, social interaction among employees is rare.

One important feature of Ta Chuan's operations is the manner in which it recruits its employees. Many employees noted that the niche for mainframe computers in Taiwan's markets is fairly narrow, limiting the

number of potential positions. Moreover, there are in Taiwan's higher educational system few schools which have computer science programs. There have thus been developed a number of different means for identifying potential employees. As these are discussed, note the coexistence of both functional and emotional elements in the cultivation of contacts.

Salespeople and technicians are hired primarily through company members' personal connections. Those who majored in computer science introduce their classmates, friends from college or the military, co-workers in other companies, and persons in other types of relationships. At least 60% of Ta Chuan employees were introduced by classmates and others employed by the company. Another source of Ta Chuan employees is other corporations. When Ta Chuan negotiates business deals, there are opportunities to observe employees in other firms. If they prove competent, Ta Chuan may invite them to apply. If no candidates can be solicited by these means, Ta Chuan recruits from reputable computer science programs at Taiwan universities.

An example will illustrate the potential complexity of the recruitment process. One of the sales representatives with an extremely good network of connections had been hired through a complicated process: his former boss knew the Ta Chuan Chairperson very well, and hence asked if he would be willing to work for the company. Not wishing to cause his former boss to lose face (a concern for human emotion), he joined Ta Chuan, where his outstanding circle of connections has helped the company achieve an impressive record of sales.

When Ta Chuan wants to recruit new employees, it typically avoids advertising the position, but rather asks current employees to recommend appropriate candidates from their circle of connections. From Ta Chuan's perspective, it is appropriate to use print advertisements to recruit for positions such as clerical assistant or accountant, but not for computer technicians who must be well-trained and reliable. For the latter positions, the introducer will assume more responsibility for observing the performance of the hired employee he or she introduces.

This situation is dramatically different from the case in Western countries, where the primary evidence of qualification often consists of certifications (test scores, letters of recommendation, licenses, diplomas, and so on) which can be characterized as relatively impersonal. Chinese companies, on the other hand, place far more trust in those who are introduced personally to the company. While it is true that Western companies also prefer employees to be introduced by those they know, it is important to note the distinction: in Chinese companies, the introducer assumes a burden of responsibility to oversee the actual performance of the hired employee. This means that, should the hired employee fail to

perform adequately, the introducer will feel intensely embarrassed and is likely to be called upon to intercede as mediator on the company's behalf as a way of rectifying the situation created by the employee's problematic performance.

Ta Chuan has shown recent interest in promoting closer contact among its employees by sponsoring afternoon basketball games. Despite early success in providing a relaxing environment for interaction, the games became tainted by intercompany rivalries as Ta Chuan's customers, as well as competing computer companies, have increasingly brought business into the games. Some employees said that the basketball court no longer presented an opportunity to exercise and relax but rather had become another arena for business. On the other hand, playing basketball still presents opportunities to draw business partners closer by paving the way for future interaction ("we met on the court, so we already know each other").

As in many Chinese firms, Ta Chuan adopts a quasi-family orientation to show concern for its members. Two examples confirm this point. First, the marriage of an employee is announced by the member attaching a "red invitation" to the company's bulletin board. The company in turn prepares for the employee a "red envelope" (containing a handsome sum of money to be presented at the wedding dinner). However, "red envelopes" are expected only from kin and others close to the celebrants; by performing this activity, the company symbolically assumes the role of close relational partner.

A second indication of Ta Chuan's family orientation is the "guarantee form" applicants must complete prior to working in the company. The form stipulates that the guarantors signing it will compensate any company loss incurred through the employee's activities. Hence, the guarantor must be well-established. Although guarantee forms in some cases have become largely a formality, they are always required and the signed document is legally binding. Ta Chuan requires two guarantors, and most employees ask their more affluent relatives to sign for them.

One's family members guarantee the person's performance at the company, who in turn may guarantee another person he or she introduces to the company. The social practice of guarantee, whether formal or otherwise, lends a distinctive flavor to Ta Chuan: the interconnectedness is cemented through the multiplicity of acts of guaranteeing. With each successive guarantee, relations are enriched and given substance by the fact that others in the company are responsible for the actions of each of the employees. The day-to-day activities of Ta Chuan and other Chinese companies are thus grounded in a stable and consensual approach to the maintenance and evolution of interpersonal networks.

Given the primary activity of Ta Chuan—selling mainframe computers to military and industrial users—it would be difficult to overstate the importance of customer relations as a key to company success. Therefore, to establish with customers connections based on human emotion is indispensable to selling computer products and services. To see how emotion works in what at first might seem a purely instrumental relationship, it will be useful to elaborate a central metaphor for Ta Chuan and other Taiwan companies—that interacting with customers is like making friends.

Salespeople were unanimous in their view that the customer is "like a friend." There is more, they said, to doing business than knowing and selling the product: one must consider the customer's character, and to do that, one must be sensitive to emotional elements in the transaction and to the functions such emotions provide. "If you have sincerity," one salesperson said, "[customers] definitely will treat you like a friend. Whether you can conduct the business is another issue. If today I talk to you only for the purpose of doing business, I think it is unlikely that our business will be successful. If today I talk to you because I want to make friends with you, . . . then you might have a better chance to succeed."

The key to understanding the friendship metaphor is to be found in the salesperson's comment that there is "a better chance to succeed." Interaction between customer and salesperson should go further than the level of simple commercial transaction, for practical as well as emotional reasons. If a business opportunity does not develop, one must remain friends in case another opportunity arises in the future. This "future opportunity" includes both future cases controlled by the customer and cases involving the customer's own customer–friends.

The business dealing is not considered merely a one-time event, but rather a moment in an ongoing process of give-and-take, similar to relations among friends in nonbusiness settings. While any one given transaction may be beyond the customer–friend's control, he or she will work hard to ensure that other cases that are under his or her control will result in a more favorable outcome for the company, primarily because of the relational obligation which accompanies friendship. As one respondent explained, "Because he knows there will be other cases . . . 'I cannot help you with this order today; someone took the order away. But next time I definitely will give it to you.' "

Even if customer–friends have no more profitable transactions at their own companies, they still can, and often do, introduce other customers who present better opportunities to conclude a business deal satisfactorily. One interviewee explains, "Because I have good relations with him [the customer], he will tell me about his friends' needs. So I will have a chance to introduce this product [to his friends]." Indeed, in the event that one is

unable to order from the friend–salesperson, one will be *even more* likely to feel obligated to secure other customers and thereby fulfill the relational responsibilities toward the sales representative. In the complex web of Chinese obligations and counterobligations, the customer–friend may even assume the role of company representative, serving as "intermediary" between the salesperson and a third party. Although customer–friends of course have no formal obligation to the company, because of their connection with the sales representative, they take on the burden of finding customers for the company!

By defining the customer–salesperson relationship as "friendship," one can avoid focusing only on immediate, tangible elements. It is neither a purely economic calculation ("if I don't get business from you, there is no need for me to contact you any more"), nor a purely professional attitude ("relationship does not matter, it is the transaction that counts"), but rather a combination of the personal and the professional.

The idea of the customer–friend gives rise to another characteristic feature of Chinese business relationships: the salesperson assumes a special responsibility toward the client. Interviewees said that most customers, on finding problems with a product, call the sales representative rather than maintenance: "Any kind of problem, big or small, they will look for you." If a defect is discovered, the salesperson must arrange repair or introduce an engineer to the customer prior to repairing the machine. Thus, the attention which must be paid to the customer–friend's relationship compels changes in the structure of organizational responsibilities.

For the customer, calling the salesperson to solve a problem is like calling a friend for help, as opposed to calling a "stranger" in maintenance. The burden assumed by the salesperson should be seen as an indication of client trust. As one sales representative put it, "The customer trusts you, so he goes through you to contact the maintenance person, and then the salesperson will do the service. . . . It is more secure to go through you . . . [the customer] only needs to make one phone call."

Hence, the company's methods for handling business—through functional channels of communication and formal division of responsibility among departments—must also reflect emotional concern. Although the salesperson's job does not officially involve arranging for maintenance to repair machines, and although the company might prefer the maintenance department to handle directly problems with company products, given the tie between salesperson and customer, it often becomes necessary for the salesperson to render such services. In fact, the salesperson may even be obligated to accompany the repair person on follow-up calls the first few times the customer needs assistance. It would be grossly inappropriate, respondents warned, if sales representatives were simply to tell the customer

to call someone else in the maintenance department, because this would be seen as a symbolic rejection of the relationship, leading the customer to reject this salesperson in future dealings:

> . . . If you call me today, and I say, "You should contact someone for this problem," then he will not have a good impression of you. [They will think that] you are the one who sold me the machine, you should handle this problem for me . . . if you go to visit the customer and tell them, "If you have any problems, please contact so-and-so," they will never make the phone call . . . . You don't have to take care of the problem any more. You don't have the business any more, either!

However, for salespeople, this does not simply mean assuming an extra burden. Indeed, complaints directed toward the salesperson imply continuation of the relationship. "From the salesperson's viewpoint, for this kind of thing, he will neither reject nor refuse," one interviewee explains. "When [the customer] asks you for everything, that means a continuous relationship, its development, and the continuation of the business"—as a result, "The customer only needs to look for you [the salesperson]; s/he does not have to worry about so many different things."

One unique way Taiwanese have of handling the relationship is to transfer or pass it from the sales department to the engineering department, thereby lessening the salesperson's burden. One interviewee considered this the ideal situation; he explains somewhat humorously how he transfers the relationship:

> . . . Before the machine is installed, I will take engineers with me to install [it] for them, and introduce them to each other. If it is software installation, I will introduce them, too. Next time he has a problem and calls me, I will check to see whose problem it is and take the person with me . . . . The best situation is, when he fixes the machine, I wait there. If he [the engineer] needs more time, if he needs to come again the next day, I will tell the customer, "He will come here again tomorrow, please pick him up [for me]." And I don't have to come the next day . . . . This is because the salesperson can only handle more basic technical issues. But when the customer talks with maintenance people about hardware and software, he will feel like he learns a lot. And my own people will feel they are very respected. Then they will get along with each other very well, and then I can run away!

At least three important aspects must be considered in this process of relationship transfer. First, although salespeople may only be able to handle very basic technical issues, it is a good idea for them to be present when the engineer fixes the machine, because the salesperson is the one with a connection to the customer. Second, under this arrangement, the salesperson is able to introduce the engineer to the customer, thereby shaping their relationship. Third, once the tie between customer and engineer has been built—that is, when relationship transfer is complete—the salesperson is free to "run away" from the relational obligations he or she has assumed.

For the connection between engineer and customer to be built, the engineer must change his/her habitual task orientation and assign more im-

portance to traditional Chinese concerns for interpersonal relationships: "If he [the engineer] only comes there to fix the machine, and after he fixes the machine, he simply says, 'Hello,' signs his name and leaves, then of course nobody will call him. But if he has a better ability in interacting with people, then people will of course change their focus of attention toward him and call him directly." The key issue here is clearly the relationship. Once the connections between customer and salesperson, as well as customer and engineer, are established, customers are then free to call either person to help solve problems. By having both salespeople and engineers develop a relationship with the customer, the client's sense of security (emotion) is deepened.

That a relationship between customer and engineer is established does not mean the original tie with the salesperson is dissolved. In fact, even if customers feel comfortable contacting the maintenance department, they may still lodge complaints with the salesperson. This complex of relationships is particularly valuable in conflicts between customer and engineer, with the salesperson assuming the role of mediator:

> Most engineers are very direct in their talk. Today he goes to the customer's place to see what is wrong with the equipment, and discovers that [someone] unplugged the machine. He [might] scold the customer [for being] stupid. Of course, the customer will get angry. Under these circumstances, after the maintenance people come back, the customer may call the sales department to complain. Then we need to deal with it.

Repairing equipment is not simply a matter of correcting technical problems. If the customer is interested only in getting the machine fixed, once the job is done, there would be no need to complain to the salesperson. But because the relationship is seen as more like a friendship, even technical problems must be resolved in accordance with the comparatively greater emotional content found in friendships. The contents of the "friendship" are demonstrated in effort expended by the salesperson to arrange for an engineer to fix the machine, effort spent in transferring the relationship, and effort involved in listening to any complaints the customer might have after the sale.

The sales department does more than simply sell products: it is also responsible for developing relationships between salespeople and customers, and further, between customers and other company personnel. Beyond the purchase of the product, other factors must be taken into account: the trustworthiness of the salesperson in providing a quality product for the client, integration of products into the client's business, assistance in solving problems after the sale, and degree of sincerity in pre- and postsale interaction between salesperson and client. One should not forget that the salesperson–customer friendship is driven by emotion, placing the relation-

ship well beyond the boundary of "business as business." Although on a surface level, relationships may seem instrumental, respondents without exception emphasized the care and concern that characterize all their sales relationships. Neither the emotional nor the utilitarian features of sales transactions can survive without the influence of the other. These factors make successful interaction more a matter of selling the company than selling one's own personal appeal.

Constrained by the emotion inherent in Chinese relationships, Ta Chuan salespeople—and other employees as well—go to great lengths to let it be known that they retain continuing interest in customer satisfaction. If personal time and attention are not given Chinese customers, they take their business elsewhere. Maintaining contact is viewed as a positive way to perpetuate relationships and thus avoid offending customers by pushing them off to other departments. Interviewees unanimously stress the importance of emotion in relationships with customers: it is literally the basis on which business succeeds or fails. That Taiwan's economic development depends so heavily on its service orientation has only made successful incorporation of emotional and functional elements in human relationships the more important.

Respondents insisted vehemently that interpersonal connections between company representatives and customers does not appear as if by magic, but must be worked at through repeated conversation and other social activities. To ensure customers are satisfied, salespeople follow up the initial purchase with frequent visits. Contact between people is the main basis upon which further relationship (and hence further commercial activity) is established. This recalls an idea introduced earlier: Fried's (1974) notion of "deepening contact" in which "actual" trade is preceded by frequent interaction among those involved in commercial transactions.

Because exchange-based relationships with little emotional content are difficult to conceive in Chinese business, social activities are an integral part of doing business. The idea that the salesperson–customer relationship should approximate friendship, coupled with the need for frequent contact, may in part explain why dining is so central to business in Taiwan, particularly in the initial period during which a working relationship with the client is formulated. As one respondent put it, "It is easier to negotiate the relationship [at dinner], even though you never discuss business at the dinner table." To spend money at expensive restaurants is a sign of a developed society, but inviting out people to eat, and only to eat, reflects traditional Chinese hospitality.

Moreover, depending on the relational positioning of interactants, it is necessary to acknowledge different degrees of face needs among participants. These concerns dictate, for example, upper management's choice of

restaurant (the higher the position of the invited person, the better the restaurant), other people who attend (does one invite only the person who handles the case, or the person and his or her superiors?), who extends the invitation (the salesperson, or his or her supervisor), how often interactants need to dine (meal invitations may be extended before a contract is awarded, to "pull" the relationship, and afterward in appreciation)— these and other factors need to be taken into account so that the situation can be managed smoothly.

Social activities can range from making a phone call, to visiting a company, to playing golf or other sports together, to arranging a multicourse formal dinner at an expensive restaurant. According to interviewees, calling customers is a routine feature of organizational life, whereas arranging dinner is used strategically to "deepen" the relationship. For example, a salesperson may meet three or four times to eat, drink, or go out singing with the customer at a *karaoke* bar. Only after the salesperson has gained the trust of the customer through forming a relationship can business be appropriately introduced.

Social activities are also required when a supervisor "passes" to a sales representative a relationship he or she has with a customer. Based on the supervisor's introduction, the customer accepts the representative as legitimate, exactly as occurs when company members introduce their friends to work in the company. However, although the relationship between the customer and the sales representative is assumed, as one respondent noted, the salesperson is not excused from further action. Indeed, the sales representative usually expends more care on an established relationship to ensure that a good opportunity is not wasted:

> In fact, the relationship from the company can only protect your entry, it makes the entry easier. It means that your first visit [to the customer] will be easier than other salespeople's [would be] . . . . After the salesperson has taken the case, it is not easy for him to maintain [it] . . . . I cannot make any mistake. If you do it right, there will be no reward, but if you do it wrong, . . . because today I give you such a good relation and you destroy it, [then] your sin is even more serious.

Ta Chuan conducts its business through relationships that are like friendships. A single phrase—"control your interpersonal relationships"— occurred repeatedly in interviewee responses and therefore can be assumed to be an important issue in Ta Chuan's business environment. One respondent noted that Ta Chuan is able to open channels for human resources because its employees have already established good relations, while another remarked how developing good interpersonal relationships with clients often results in business deals. These emphases demonstrate that employees are constantly aware of relationships and must work to keep

circles of connections flourishing through monitoring the status of ongoing relationships and keeping firm control over their course of development.

Beyond relationships with customers, other aspects of Ta Chuan's activities—such as co-worker relations, the role of family members as guarantors, organizational members as introducers, and so on—are also influenced by relational issues. A flexible web of interpersonal connections is created, within which Ta Chuan members define their organizational lives. The ingroup–outgroup distinction that characterizes the Chinese interpersonal world is not defined by the existence of a fixed ingroup (such as family) that others cannot penetrate, but by the fact that such an "ingroup" can be extended into different shapes, different degree of extension, and different levels of utility (Fei, 1949; Fried, 1974).

Ta Yu Company

In some respects, the Ta Yu company embodies stereotypes about "traditional" Chinese commercial organization: Ta Yu is a small, family-owned company with two supervisors and five subordinates. Unlike Ta Chuan (which handles mainframe computers), Ta Yu sells personal computers to small business owners and individuals in the Taipei metropolitan area. None of Ta Yu's employees has had formal educational training in computers. However, they have learned to handle the computer business either from earlier employment, or through subscribing to and studying computer magazines and journals. In addition, Ta Yu's employees teach themselves the mechanics of assembly and repair by working on computers in a study/activity room where many different personal computers are available. Predictably, there is little explicit distinction among job responsibilities at Ta Yu; apart from the firm's accountant and one of the supervisors (who also holds a degree in accounting), Ta Yu employees are all simultaneously technicians and sales representatives motivated by a strong "do-it-yourself" ethic.

That Ta Yu is owned by a married couple makes a statement about the complexity of Chinese kinships and friendships. Prior to taking over Ta Yu, the owners had a shoe-repair business co-owned with a friend, Mr. Wu (not his real name). At that time, Mr. Wu's wife's brother and his friend owned Ta Yu. The couple were persuaded to take over the Ta Yu company and left the shoe repair business. After taking charge of Ta Yu, the couple realized that the company suffered from serious financial burdens, which the accountant/supervisor attributed to misplaced trust in Mr. Wu.

The employees of Ta Yu were involved with each other in various ways before joining the firm. First, Mr. Wu's wife's brother still works at the company. Second, two employees from the shoe repair business had followed the couple when they took over Ta Yu. Third, one of these two employees

introduced a friend to work at Ta Yu. The only employee without a previous special connection to other employees is the accountant, who was recruited through newspaper advertising. As in the case of Ta Chuan, Ta Yu's functioning is defined by its idiosyncratic patterns of relationships.

Because of their uniquely intertwined relationship histories, Ta Yu employees share strong emotional ties, particularly between management and subordinates. Both the manager-owner-boss (his fictitious name will be Mr. Wang) and his employee (fictitious name, Mr. Lin) reported an incident in which Mr. Lin wanted to quit his job, but Mr. Wang asked him to stay by appealing to human emotion. Here, too, however, emotion and level of relationship mediated the transaction. Mr. Lin reflected for more than 2 months before he felt comfortable talking to his manager about leaving, since Mr. Wang had always been especially nice to him. Wang told Lin to think it over. Then, one night Wang visited Mr. Lin's home, bringing gifts, and asking him to stay on in consideration of their many years working together. Mr. Wang also asked Lin's sister (an intermediary Wang knows personally) to convince her brother to stay. At the time of this research, Mr. Lin still wanted to quit, yet influenced by the burden of emotion, he said he would be very unlikely to bring up the issue again, at least not before another 2 months had passed. Mr. Lin eventually left the company 2 months after the interview occurred.

Ta Yu employees, like the employees at Ta Chuan, do not engage in extensive social activity with each other. However, the small size of the company, together with the nature of their business—which depends on self-initiated learning activity—leads to the cementing of relationship through close contact after regular business hours.

Unlike Ta Chuan, when recruiting people to work in Ta Yu, the managers prefer newspaper advertisements. The problem, however, is that, given the small computer market, this method seldom provides qualified and reliable candidates. Moreover, some applicants care little about their ability to work but insist upon various rights before starting their employment. Hence, as is the case with Ta Chuan, finding people through employees' introduction is the predominant mode. Such a method not only brings more qualified and reliable people, but those so introduced are less likely to ask for favorable treatment before taking up employment. While the introducer assumes the burden of overseeing an applicant's quality, the applicant in turn trusts the introducer's understanding of Ta Yu. If the introduced worker turns out not to be a good employee, the introducer may feel personally obligated to the company.

Initiation of family members into companies is not due simply to traditional Chinese relational patterns, but also to the fact that businesses often use family members as employee guarantors. As with Ta Chuan, on

joining Ta Yu, employees ask another person to sign a "guarantee form" promising that if the employee violates company rules, the guarantor will compensate the company for any losses. Given their function--to compensate company loss--guarantors must own property, have good reputations, be reliable, and be willing to attest to the prospective employee's work habits. Employees usually ask family members (often elders with established reputations and material worth) to sign. Given the potential burden, even an employee's best friends are unlikely to serve as guarantor. All Ta Yu employees used family members as guarantors. Although there has been no case where Ta Yu has sued a guarantor for damages, inclusion of family into company activities seems inevitable--if not employees, family members are included through acting as guarantors.

If Ta Chuan operates according to a root metaphor of friendship, Ta Yu conducts its business according to a metaphor of sincerity. Like those in Ta Chuan, Ta Yu employees place a great deal of emphasis on sincerity as a guiding principle for managing the company. This emphasis is also confirmed by a statement on the company's employment application form: "Please fill out this form honestly, because it represents the sincerity you have toward this company." Not only is one required to be sincere toward the company's customers, one also needs to show sincerity toward the company itself.

Ta Yu's employees--who, it must be remembered, both sell computers and perform several other duties--typically are not required to establish relationships with customers as deep as those of Ta Chuan's sales representatives, either before or after commercial transactions. In any case, the two companies' customers are very different. Ta Yu's typical transaction is a one-time purchase of a personal computer yielding small to medium profits. As one Ta Yu employee wryly commented, there seems little need to invite clients to dinner, since the potential profit would not even cover the dining expense. However, the fact that customer relationships extend only to one deal makes sincerity the more important. Even though little profit is made, customers must be provided with accurate information and after the deal is over, guaranteed maintenance.

The fact that Ta Yu is so loosely organized leads to individuated customer-salesperson relations. Since all employees are simultaneously in sales and maintenance, they choose to enact business relationships in different ways and to different degrees. Some allow themselves greater flexibility providing service after the sale--for example, by allowing comparatively greater human emotion to dictate providing extra services--while others take a less involved, more functional approach that clearly defines the contents of a sales contract as not including extra services.

While Ta Chuan's customers come from well-established interpersonal networks, Ta Yu customers are created from various sources. They can be introduced by other customers, business associates, or employees' families and friends, or contacted through telephone calls by sales representatives.

Connections engineered through the mediation of previous satisfied customers represent more than merely casual and passive responses to inquiries from friends; more than 50% of Ta Yu's customers were introduced by previous customers. Since Ta Yu sells personal computers, customers are unlikely to make many repeated purchases. After these "one-shot" transactions, relationships with previous customers are maintained, not because they may purchase more computers, but because they are likely to refer other customers to Ta Yu.

Frequently, such transactions serve as a means through which new customers are allowed to negotiate the contents of a business deal. Negotiations can be undertaken by previous customers on behalf of their friends—"I have someone who wants to buy a computer . . ."—or by potential customers themselves—"I was introduced to this company by so-and-so . . . ." One Ta Yu supervisor explained that in such circumstances, the company will invariably offer some discount to new customers as a gesture to appreciate and acknowledge the relationship with their previous customers. If successfully managed, the situation will prove favorable to all three parties involved: the old customer's face is honored by Ta Yu, the new customer gets a discount which leads him or her to trust in Ta Yu, and Ta Yu wins a new customer. Moreover, since the old customer is doing Ta Yu a favor, Ta Yu will reciprocate by introducing other customers.

Friendship implies that one should not take advantage of the other; hence, despite the fact that some reasonable profit is to be expected, to offer a discount is to reaffirm a previous relationship's special character through its extension to other transactions. However, subtlety is needed to manage the extent of discount (a utilitarian concern) in light of relational basis (an emotional concern). There are times when new customers will think that, because they were introduced by faithful customers, they deserve more discount than Ta Yu can offer. In such a situation, one supervisor explained, they would try to communicate with the new customers first. They would then ask the old customer to mediate. If these efforts still fail, they will weigh the relative importance of relations with both the old and the new customers, against the profits they might have made, to decide whether to agree to the terms of the negotiation. Relational issues are an integral part of business dealings in Ta Yu.

Beyond the connections made by old customers, connections can also be built by other business contacts. Ta Yu employees have many friends and family, as well as business associates, who own their own firms. The

business associates frequently introduce their customers to each other. In one instance, Ta Yu's supervisors introduced at least three customers--including Ta Yu's previous computer buyers, and the supervising couple's friends and relatives--to an office furniture company owned by their friend's in-laws. As a result, the furniture company's customers (as well as its employees' friends) will be referred to Ta Yu when they need personal computers. Asking the help of one's acquaintances in building up a network of connections is very common in Taiwan's business world, not only facilitating the process but also providing supplementary advantages such as a discounted price. Mutual support and help among acquaintances is also common in Taiwan's business community. As the old Chinese saying expresses it (in typically agricultural terms), "Don't let the rich water run on someone else's field."

Friends and family contacting Ta Yu nearly always operate under two assumptions: (1) if someone is going to profit from their purchase, they would rather it be people they know than strangers; and (2) in appreciation of the customer's kindness in helping the salesperson make profits, service from acquaintances should be more reliable and purchase price less expensive. This process of helping out one's own people and in turn being treated well by them is consonant with traditional Chinese emphasis on orders of relationship—acquaintances and strangers must not be treated the same, and they are not to be accorded the same degrees of emotion. This process allows the emotional tie to function as a resource for both relational partners simultaneously.

A more troublesome situation arises when the friends and family of Ta Yu employees become customers. In Chinese societies, to manage the conflation between personal and professional relationships requires great delicacy and subtlety. The problem is that such customers can--and frequently do--presume on the closeness of their connection by asking too much of the salesperson. Since they feel that they are doing the salesperson a favor, relationally close customers also tend to ask for a return, by demanding immediate repair service ("a true friend would come fix this right away"), free computer lessons ("if you're my friend, you would teach me how to use this computer free of charge"), or low prices ("from my friends, I would get a cheaper price than I'd get from a stranger"). If customers see these requests not being met, they may think they are being taken advantage of, their reasoning being that, if not for the relationship, they might have purchased the computer elsewhere.

To be skilled in handling myriad intrinsic layers of relationships is essential to doing business in Taiwan. One respondent noted the importance of finding a middle point from which friends can be accommodated, yet at the same time financial profit assured. The best way to do this, the re-

spondent insists, is to clarify the situation at the outset: "If my friends buy something from me, I will tell them that I made some money from them, although not very much. Why do I make money from them? Because our company has costs and I have to maintain the quality of the products I sell to them."

Others have different ways to deal with this troublesome situation. Almost all of Ta Yu's employees reported having trouble with relationally close customers. One salesperson said he tells friends and relatives to purchase computers from another company, thereby sparing himself the trouble of owing the customer a great deal of emotion for little profit: "And if you have difficulties, you can call me and I will tell you what you should do. I might even go to the store to argue [your case] for you. Because now I am standing on your side, rather than your opponent's." Regardless of how each individual employee chooses to deal with this situation, the same rules cannot be applied to business transactions, irrespective of relational context; contexts cannot be the same because relationship quality is never the same. It is not merely a question of what one is selling, but of who one sells to.

Indeed, obtaining business deals through interpersonal connections is a feature common to Chinese organizations. This should not be seen simply as favoritism: there are burdens as well as privileges associated with such exchanges. In fact, some respondents disdain such "privileges" because they do not want the accompanying relational burdens. The frequently taken-for-granted assumption that there is an inseparable connection between particularism and favoritism apparently cannot be applied to Chinese business.

A range of Ta Yu's operational features are colored by Chinese concern for relational issues: the reason the couple took over the company; the composition of its workforce; the means of getting new employees and new customers; and the negotiations with its customer-friends/family members. Although Ta Yu is a family-owned company, to describe it as "familial" is not to say that family members are protected by the organization, but that members act like a family by following or speaking about emotions among co-workers and customers. It is within this relational system that Ta Yu managed its operations in order to survive in a very competitive market.

TA CHUAN AND TA YU—COMMON CULTURAL THEMES

Despite differences in the two computer companies in terms of organizational structure, market, products, sales, and employees, they have a

great deal in common. Three common themes about interpersonal relationships emerge from this research.

Emotion and Function Are Kept in Proportion. Although emotion has traditionally been held to be the basis of Chinese relationships, in the business world, superficial emotional involvement is often proportionate to the functions a given relationship may provide. When relationships are functionally meaningful—particularly when financial profit is involved—depth of emotional involvement can never be overemphasized. On the other hand, when a relationship involves little potential for profit, it is unnecessary to maintain superficial emotional involvement.

Establishing Relationships is a Gradual and Enduring Process. It is not the Chinese way to enter hastily into a relationship. Instead, relationships must be nurtured gradually through ongoing care and concern. Only after care has been made evident can commercial transactions proceed. Likewise, following a transaction, some lingering sense of familiarity or emotion must be continued. This understanding, summed up in the evocative phrase, "We know each other," is a sociocultural mechanism which allows business to be transacted.

Connections Can Be Useful As Well As Burdensome. In Chinese cultures, any given relationship has the potential to mediate another relationship. Thus, there is a distinct difference between a business deal conducted with someone with whom one is unacquainted, as compared to business with someone introduced by someone else. Simply by going through a connection, one may get a discount. Thus, it is never too troublesome to ask an intermediary to contact the company. Such intermediaries, as noted previously, could be professional acquaintances such as business associates, or private acquaintances such as friends or family members.

On the other hand, these connections can be burdensome. Because the nature of the relationship redefines the meaning of any business, parties involved are required to show greater degrees of trust for each other. This trust implies that one ought not to dicker too much about price, particularly when the other party states, in effect, "Since you are my friend's friend, I will discount the price." In such cases, one must trust the salesperson to use his or her discretion to determine the appropriate discount.

CONCLUSIONS

As shown in both computer companies, one's connections can be used by others, and can be extended or augmented. Kin and nonkin are blended to create an extensive multilayered network of relations that is oriented both toward function and emotion. Because the Chinese system of relations

is as it is, one can, simply through the act of making a declaration, ensure a connection for another, from which still other connections can be further established. The Chinese relationship network sets up different constraints on interaction among its members, making it difficult for the individual to initiate action without acknowledging the different layers of relationships, while at the same time providing unique resources for them to operate on. Unlike some Western countries in which one's connections tend to be self-created and maintained, Chinese connections are far more flexible and functionally oriented. In cultures other than Chinese, the flexibility that allows one to move through various layers of relationship is simply not as accessible.

Throughout this paper, it will doubtless have been observed that, despite the clearly idiosyncratic nature of Chinese business, its actual practices may not seem to be that different from similar practices in other cultures. As is evident from respondent comments, Chinese businesspeople in Taiwan entertain clients, deal with customer complaints, play golf, go out to eat, do follow-up calls with their customers, search for qualified job applicants, and so on.

The key to the difference between these specific activities in Taiwan and in other cultures is to be found through considering the systemic nature of business practice. Taking a systems approach (Katz & Kahn, 1964) to analyzing Taiwan's business climate, one finds it necessary to consider the interdependence of all elements in the system. Unique qualities in any one given element affects all other elements. Therefore, practices which may seem "the same" as in other cultures are in fact different because of how they relate to, and are affected by, other elements in the cultural system. The real secret to understanding business practices in other cultures that may at first seem exotic or even bizarre is to realize that a given practice cannot be judged in the absence of other elements of the culture. Instead, by considering a given practice as part of a system, one may have the luxury of viewing both as unique and common to human experience.

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