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Susanna Xu
University of Bath

Joe Nandhakumar
University of Bath

Christine Harland
University of Bath

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ENACTING E-RELATIONS WITH ANCIENT CHINESE MILITARY STRATAGEM

Susanna Xin Xu, Joe Nandhakumar, and Christine Harland

School of Management

University of Bath

Bath, UK

X.S.Xu@bath.ac.uk j.nandhakumar@bath.ac.uk

C.M.Harland@bath.ac.uk

Abstract

This study investigates the dynamics of forming organizational relationships enabled by the application of emerging information technology within a large, newly formed Chinese telecom enterprise. It aims to understand the formation process of e-relations in the wider network context. An interpretive case study approach is adopted, which involved the collection of qualitative data through semi-structured interviews and observations. This paper illustrates the importance of culture in shaping e-relations within the network context. It concludes that “the 36 Ji,” ancient Chinese stratagems relating to the Chinese cultural context, help to improve our understanding of the various ways to manage e-relations in Chinese-based businesses.

Keywords: Chinese culture, telecom industry, use of e-technology

Introduction

Competition is increasingly recognized as an important element of strategic planning (Brown 2001; Cox 1995; Marken 1996; Oral and Kettani 1998; Porter 1990). Organizations are restructuring, outsourcing, reengineering, subcontracting and forming alliances with business partners (Marken 1996) in order to survive in today’s fierce competitive global environment. The world is increasingly interconnected in terms of its economic, political, and cultural life (Walsham 2000, p. 291). The interactions between competition and globalization foster worldwide networking among organizations (Oral and Kettani 1998). This considerable change influences the nature of relationships.

Since implementing economic reforms in 1978, China is becoming more open to the outside world (She and Yu 1993), showing notable economic growth for the past two decades (Wu 2000). Emerging information technologies capable of delivering efficient customer service (Brohman et al. 2005) present a great potential for services in China. The new era of digital economy in China is leading to a demand for telecom services (Chen 1993; She and Yu 1993). The reforms in China’s telecom industry have enabled the industry to introduce competition in value-added markets and to promote the rapid development of the entire industry. Many firms are racing to reestablish and maintain their connections with existing customers and to develop relationships with new customers (Chen and Popovich 2003).

Increasingly, global organizations are seeking to form business relationships with Chinese partners. These relationships enable the organizations to grow but are also a constraint on their development and activities (Ford et al. 2002). Moreover, the impact of IT on global competition is transforming networked organizations. However, there are only a few large-scale, in-depth case studies on IT-enabled business relationship management (Kim et al. 2002; Yao et al. 2002), and even fewer on global information systems in developing countries (Shoib and Nandhakumar 2003). The management of business relationships in Chinese-based businesses varies from Western countries (Pang et al. 1998). The Chinese cultural context is not well represented in the literature. This lack of knowledge is a limitation for Western organizations to build IT-enabled business relationships with Chinese enterprises. This paper seeks to address this limitation by presenting the findings from an in-depth case study on the dynamics

of e-relationships in a large, newly formed Chinese telecom enterprise, TelcoX (pseudonym). The study focuses on the implementation and use of a customer service system (CSS) and the organizational relationships enabled by the CSS (or e-relations).

Organizational Relationships

As discussed above, competition and globalization are closely connected to one another. Companies working in global markets are still required to deal with the uniqueness of local conditions. For Western companies, a better understanding of how to do business and establishing relationships with Chinese firms is required.

From an IS perspective, despite the recognition of the importance of the wider organizational and human issues associated with the organizational relationships and e-technology implementation, many of the current studies still ignore aspects beyond the technological issues. These studies attempt to identify factors leading to the success or failure of enterprise-wide system implementation (Aladwani 2001; Dong 2000; Holland and Light 1999; Nah et al. 2001; Shanks et al. 2000) or propose new models to confirm e-technology as one solution for organizational formation and transformation (Al-Mashari 2000; Holland and Light 1999; Kelly et al. 1999).

A growing body of organizational studies with different perspectives has contributed to the explanation and analysis of organizational relationships (Grandori and Soda 1995; Oliver 1990). Many of the earlier studies with an economics point of view are based on transaction cost economics (Williamson 1975) and resource-based theory (Barney 1991). Different conceptual models are developed and suggested as different ways for the management of business relationships (Cousins 2002; Lamming et al. 1996). However, Cousins (2002) argues that a relationship should be viewed as an intra- and interorganizational process, referred to as a *quasi firm* (Blois 1972) sitting between two organizations (see Ford et al. 2002; Lamming 1993). Therefore, it is essential to develop a conceptual framework that focuses on the dynamics of organizational relationships and the transformation process. To compare studies on IT development at the level of local and global as well as in Western and non-Western countries, Giddens (1990) provides a theoretical view of *high modernity*. He argues that trust, which is traditionally secured by a community, tradition, and kinship, is increasingly vested in abstract capacities that are characteristic of a modern institution (i.e., in the West). This view would help to explain the role of Western institutional trust to facilitate the stretching of e-relations across undefined spans of time-space. While trust vested in institutions seems to contribute to the formation of e-relations in the West, it is not clear what helps in the formation of e-relations with China in the global market. The remainder of this paper will explore this issue in more detail. The next section will provide a review of China's social and cultural contexts.

Chinese Cultural Values

Many Chinese cultural values have come from the teachings of Confucius (Alon and Lu 2004; Leung 2004). These teachings stress the importance of both the followers and the leaders. Chinese management philosophy centers on people (Bond 1991; Bond and Hwang 1986). Since Confucius codified societal rules, values, and hierarchical structures during the 6th century B.C., Chinese culture has stressed the importance of social order in terms of harmony, hierarchy and development of moral potential and kinship. The codified ties of individual, family, and society define a person's proper place and position in any given hierarchy and the responsibilities these imply. More importantly, a significant aspect of China is its long national culture history in which one specific Chinese premise from the ancient statecraft of the Warring States era seems to influence Chinese people on handling their business. Unfortunately, lessons from Chinese statecraft about dealing with business partners are little known in the West. The analysis of the case study illustrates that these lessons were implicit in every interaction process of business activities and were embedded in the Chinese contexts (i.e., cultural and technological structures). To understand what helped TelcoX develop their business relationships, the 36 stratagems, laid out by the most famous ancient Chinese military strategist, Sun Tzu, in *The Art of War*, offer a useful theoretical lens (Walsham 1993) for interpreting the case study and structuring the analysis.

The 36 Stratagems, in Chinese, the 36 *Ji* (see Table 1), a 2-300-year-old Chinese treatise on warfare compiled in that historical era, comprises ancient Chinese military strategies and tactics for triumph and survival. According to Ghauri and Fang (2001), these stratagems can be understood as carefully devised Chinese schemes dealing with various situations for gaining psychological and material advantage over one's adversary. The 36 *Ji* is a unique collection of ancient Chinese proverbs that describe some of the most cunning and subtle strategies ever devised. It is regarded as an outstanding military classic because of its emphasis on deception as a military art. These proverbs describe not only battlefield strategies, but also tactics used in psychological warfare to undermine both the enemy's will to fight and his sanity. It focuses on military organizations, leadership, battlefield tactics, and the use of deception, subterfuge, and hidden tactics to achieve military objectives. As shown in Table 1, various stratagems

Table 1. The 36 Ancient Chinese Stratagem (adapted from Ghauri and Fang 2001, p. 311)		
In English		In Chinese
The first category: When commanding superiority		
Stratagem 1	Cross the sea by fooling heaven	<i>Man Tian Guo Hai</i>
Stratagem 2	Besiege Kingdom Wei to rescue Kingdom Zhao	<i>Wei Wei Jiu Zhao</i>
Stratagem 3	Kill with a borrowed knife	<i>Jie Dao Sha Ren</i>
Stratagem 4	Relax while the enemy exhausts himself	<i>Yi Yi Dai Lao</i>
Stratagem 5	Loot a burning house	<i>Chen Huo Da Jie</i>
Stratagem 6	Make a feint to the East while attacking the West	<i>Sheng Dong Ji Xi</i>
The second category: For confrontation		
Stratagem 7	Create something out of nothing	<i>Wu Zhong Sheng You</i>
Stratagem 8	Pretend to take path A while secretly taking path B	<i>An Du Chen Cang</i>
Stratagem 9	Watch the fires burning from across the river	<i>Ge An Guan Huo</i>
Stratagem 10	Conceal a dagger in a smile	<i>Xiao Li Cang Dao</i>
Stratagem 11	Sacrifice the plum tree for the peach tree	<i>Li Dai Tao Jiang</i>
Stratagem 12	Lead away a goat in passing	<i>Shun Shou Qian Yang</i>
The third category: For attack		
Stratagem 13	Beat the grass to startle the snake	<i>Da Cao Jing She</i>
Stratagem 14	Borrow a corpse to return the soul	<i>Jie Shi Huan Hun</i>
Stratagem 15	Lure the tiger out of the mountains	<i>Diao Hu Li Shan</i>
Stratagem 16	Snag the enemy by letting off the hook	<i>Yu Qian Gu Zong</i>
Stratagem 17	Cast a brick to attract a piece of jade	<i>Pao Zhuan Yin Yu</i>
Stratagem 18	Catch the ringleader to nab the bandits	<i>Qin Zei Qin Wang</i>
The fourth category: In confused situations		
Stratagem 19	Remove the firewood from under the cooking pot	<i>Fu Di Chou Xin</i>
Stratagem 20	Muddle the water to catch the fish	<i>Hun Shui Mo Yu</i>
Stratagem 21	The golden cicada sheds its shell	<i>Jin Chan Tuo Qiao</i>
Stratagem 22	Shut the door to catch the thief	<i>Guan Men Zhuo Zei</i>
Stratagem 23	Befriend distant states while attacking the nearby ones	<i>Yuan Jiao Jin Gong</i>
Stratagem 24	Borrow the safe passage to conquer the kingdom Guo	<i>Jiao Dao Fa Guo</i>
The fifth category: For gaining ground		
Stratagem 25	Replace the beams and pillars with rotten timber	<i>Tou Liang Huan Zhu</i>
Stratagem 26	Point at the mulberry tree but curse the locust tree	<i>Zhi Sang Ma Huai</i>
Stratagem 27	Play dumb while remaining smart	<i>Jia Chi Bu Dian</i>
Stratagem 28	Take away the ladder after the ascent	<i>Shang Wu Chou Ti</i>
Stratagem 29	Deck the tree with bogus blossoms	<i>Shu Shang Kai Hua</i>
Stratagem 30	The guest becomes the host	<i>Fan Ke Wei Zhu</i>
The sixth category: In desperate straits		
Stratagem 31	The beautiful woman stratagem	<i>Mei Ren Ji</i>
Stratagem 32	The empty city stratagem	<i>Kong Cheng Ji</i>
Stratagem 33	The counter-espionage stratagem	<i>Fan Jian Ji</i>
Stratagem 34	The self-torture stratagem	<i>Ku Rou Ji</i>
Stratagem 35	The interrelated stratagem	<i>Lian Huan Ji</i>
Stratagem 36	Running away is the best stratagem	<i>Zou Wei Shang Ji</i>

of six categories for different purposes are featured. With a tremendous influence on a long-lasting cultural tradition shaping Chinese business behavior and social systems, many people continue to turn to these stratagems in doing their businesses. The application of the 36 *Ji* in today's business environment helps to produce and reproduce the emerging international, social, cultural, and industrial contexts. This paper draws on these wisdoms as a theoretical lens to interpret the formation of e-relations within and outside TelcoX. Many of the proverbs are based on events that occurred during China's Warring States Era (403–221 B.C.).

Cultural Studies in Information Systems

Culture plays a crucial role in the management of business relationships. The idea that organizations do business differently as a result of their different cultures explains why the interactions and business relationships between organizations have different consequences. Therefore, a better understanding on the role of culture and its influences on the management of business relationships becomes vital.

The concept of culture, borrowed from anthropology, is increasingly used and developed in studies on organizations (Gregory 1983; Hofstede 1991; Kluckhohn 1951; Pettigrew 1979; Smircich 1983; Walsham 2002). In recent years, culture has been defined in many ways by social scientists. Hofstede (1980, p. 25) condenses the definition of culture to “the collective programming of the mind which distinguishes the members of one human group from another.” This view of culture, although popular in the management literature, has been criticized as being rather crude and simplistic by IS researchers. Walsham (2002) argues that Hofstede-type studies offer a static view of culture and do not provide analytical devices for studying cross-cultural contradictions nor do they provide any description of cultural heterogeneity and its impact on IS. In other words, culture should be viewed as dynamic and emergent. The existing culture in a context is a mixture of the various cultures and/or the result of different cultural conflicts. Therefore, Walsham focuses on the link between structural contradiction and conflict, cultural heterogeneity, and the dynamic and emergent nature of culture. His work presents the structurational analysis for providing a deeper examination of cross-cultural working and IS. This theoretical approach offers a new way for studying cultural issues in the field of IS that is increasingly used in the more globalize world.

By drawing on Giddens' structuration theory (Giddens 1976, 1982), this view regards social structure as rules and resources recursively implicated in social reproduction. Structuration theory offers a notion that social structure is being drawn on by human actions and interactions, while the actions of humans in social contexts produce and reproduce the social structure (Jones and Nandhakumar 1993). The dynamic view of culture as offered by structuration theory is particularly helpful in our study. The paper draws on both structuration theory (the dynamics view of culture) and Chinese cultural values (the 36 *Ji*) as sensitizing concepts (Walsham 1993) to analyze the detailed work patterns in Chinese cultural contexts, to understand the dynamics and emergence of culture, and to gain a better understanding of the interactions between human action and social structures.

Research Approach

This study employed an interpretive case study approach (Klein and Myers 1999; Orlikowski and Baroudi 1991; Walsham 1993). It mainly focused on the customer service department (CSD) and also pursued some practices of national and TelcoX's corporate cultures that have emerged under these particular circumstances. Data collection involved semi-structured interviews of key players and observations of main customers and suppliers of TelcoX. A total of 39 interviews, 60 to 90 minutes in length, were conducted in 7 organizations with managers representing various processes including customer service management, information system management, and fulfilment and procurement management. The research commenced in the summer of 2002; most of the interviews were tape-recorded, transcribed, and then translated into English for analysis. The functions represented by those interviewed included customer service, service operation, network management, accounting, product development, and project procurement (see Table 2). They were the main actors and key members involved in the new system adaptation and related business operation processes. Informal conversations and discussions with the interviewees and other staff of the companies were held during each visit. The lead researcher regularly visited TelcoX twice a week. These visits varied in duration; sometimes lasting the entire day and other times 2 to 4 hours in duration.

The daily work and activities in the office were observed before, during, and/or after each interview. The lead researcher observed employees' interactions and tried to “enter the world of organizational members” during their work as well as during breaks. She spent hours observing employees' communications via telephone, e-mail systems, CSS, as well as other IS. She also tried to have conversations and informal talks when observing employees who were talking to each other. Sometimes, she joined employees' coffee and lunch breaks. Occasionally, she went to TelcoX's office during weekends when employees needed to work overtime.

Firms	TelcoX	Suppliers	Customers
Positions of Interviewees and Number of Interviews	Directors (10) Senior Managers (9) Managers (6) General Managers, Regional Office, CSSD (3) Senior Manager, Regional Office, CSD (1)	Directors (2) Senior Managers (3)	Directors in China (2) Director in UK (1) Senior managers in UK (2)
Total number of semi-structured interviews	29	5	5

We also use field notes (e.g., interview notes, observation notes, and conversation summaries), documents (e.g., e-mails, internal training materials, and internal operation documents) as well as related materials (e.g., posters, brochures, and news from websites) to verify the collected data, gain more details, and gather behind the scenes information in TelcoX’s wider network context.

Data Analysis

As a native Chinese, the lead researcher’s social background was a critical resource, making the sense-reading easier during the data analysis. The analysis of the data involved a critical examination of large amounts of qualitative data through reading and rereading interview transcripts, field notes, and documents while simultaneously allowing the concepts to emerge from the empirical data. During the early stages of this research, the process of data collection, coding, and analysis were preceded iteratively and were more open-ended. Later, it was directed by the emerging themes and concepts. This iteration between data and concepts came to an end when enough themes and associated concepts were identified. The data analysis ended when the new data and additional analysis could not discover any new category. The themes and concepts identified in these procedures of data analysis represent sense-giving and sense-reading (Polanyi 1969) of the formation process of e-relations within this network context. In role of the theoretical lens—both structuration theory (Giddens 1976, 1982) and the 36 *Ji* (Chinese cultural values)—were used as sensitizing concepts. (A synthesized framework was developed with the findings and is shown later in Figure 2).

Case Description

TelcoX, one of the largest telecom carriers in China, provided a full spectrum of services and solutions to meet the broadband telecom needs of businesses and individuals. Founded in mid-1999 and with regional offices in main cities such as Beijing Shanghai, Shenzhen, and Hong Kong, TelcoX was poised to benefit from the rapid growth of China’s telecom and Internet sectors. It had merged with another large Chinese state-owned telecom company in 2002. A subsidiary of TelcoX established in late 2003 provided comprehensive services to international carriers and enterprises outside of China. This subsidiary executed TelcoX’s national strategy of global expansion and formed joint ventures and partnerships with foreign companies. TelecoX’s customer service department (CSD) was providing all product users with pre- and post-sale customer services and support.

Call Center Design

Customer services and support in CSD was a complex activity. Call center operation was one of CSD’s primary responsibilities. At that time, call center services had been outsourced. Customer calls went to a given number and then customer service representatives (CSRs) in that call center transferred those calls that could not be handled to CSD. That meant CSD carried out the problem management once the calls were transferred. With stand-alone computer support and simple applications, CSD people recorded customer calls and did their own calls analysis.

With increasing demands for services from customers, TelcoX came to realize that the existing customer service model should be replaced by a new one based on the idea of customer relationship management (CRM). In early 2001, the CSD director

initiated the idea of a distributed call center with the support of TelcoX’s vice president. The proposed system, then called the customer service system (CSS), was developed for tracking customer calls and providing better services and support to all of TelcoX’s product users. The new CSS supported more than 30 call centers and subcenters in main cities and branch offices all over China.

Emergence of Interorganizational Relationships

Two American companies, Supplier 2 and Supplier 3 (see Figure 1), were selected as CSD’s new system providers as they met criteria set out by the CSD. Besides system support, the CSRs, who communicate with customers directly, played a very important role in the call center. When dealing with customers’ complaints and solving their problems, CSRs were required not only to promote their services but also to identify new business opportunities. It was believed that only qualified people with certain knowledge and quick reactions as well as insights could meet these requirements, which differed from those in former call centers. These CSRs were trained with CRM ideas and advanced systems. Employing people was not a core business of TelcoX, hence Supplier 1 was chosen for call center outsourcing services. As an American joint venture company, Supplier 1 was regarded as the first and the largest call center outsourcing provider with experience recruiting in China. TelcoX paid for their outsourcing services without needing to become involved in recruitment.

In addition to those enterprises with nation-wide businesses in China, such as the banking, finance, stock market, and insurance sectors, some international telecom carriers (e.g., Customer 1, see Figure 1) expanding their businesses in China also treated TelcoX as an important business partner, rather than simply as a service provider. This was considered as a unique cooperation different from traditional models. Figure 1 illustrates the external e-relations that gradually formed at TelcoX.

Emergence of Intra-Organizational Relationships

The use of CSS and the needs of TelcoX’s customers seemed to have determined the internal job flows and work processes. To implement the new system, CSD people were involved in customer surveys and knowledge search. From these searches, they found explanatory implementation in Western companies and adopted the concepts and operations to their local context. At the same time, managers were concerned about the impacts the new system might have for reallocating jobs and work processes. To set up a new call center and manage the impacts, they formed a team and did a concrete analysis of the current situation. By working on call center design and accumulating knowledge and experience, CSD managers set their targets and made internal

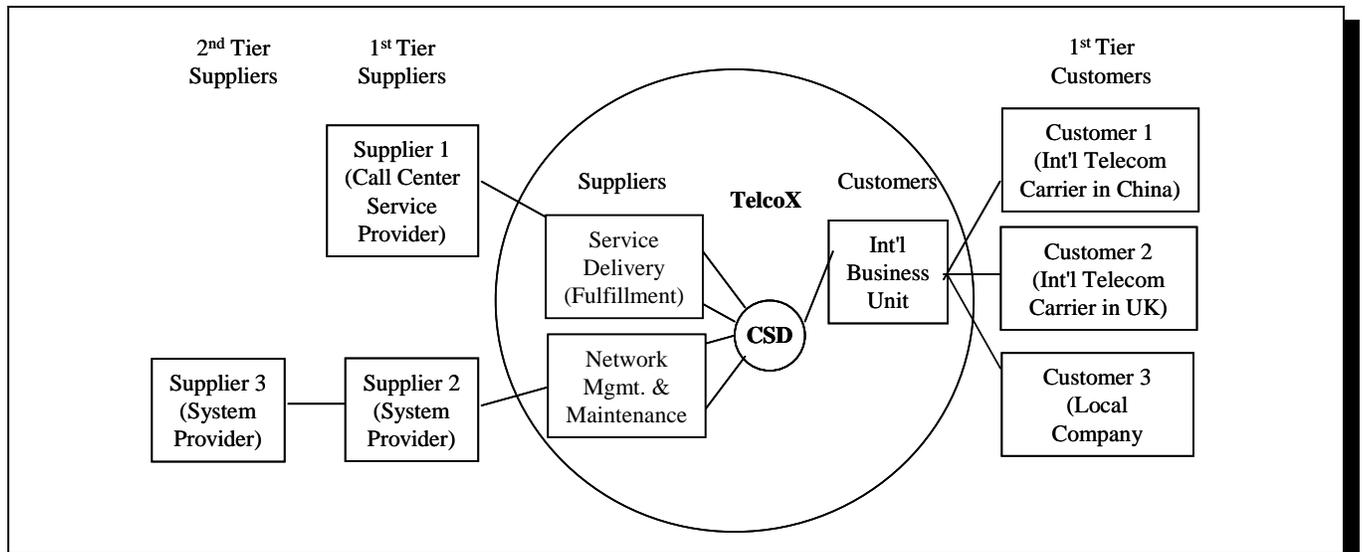


Figure 1. Emergence of E-Relationships of TelcoX

standards as call center operation guidelines for improving customer service quality. Being oriented toward cooperative business relationships, TelcoX senior managers had to formulate strategies for internal business conduct guidelines. Finally, the new work process required the service delivery department, cooperating with CSD, to fulfill business requirements mandated by the international business unit, who took care of large accounts and telecom carriers. The network management and maintenance department was responsible for supporting information networks and for any technical problems. Thus, people who had clear job allocations and responsibilities built up their relationships in a process of cooperation. The internal relationships are also shown in Figure 1.

Analysis and Discussion

The case description provides an overview of the emergence of intra- and interorganizational relationships in TelcoX. In our analysis, we interpret the behaviors reported in the case study using our theoretical lens (i.e., the 36 *Ji* and structuration theory) and hence the analysis is data-driven. The selection of different stratagems to interpret the data depends on the type of behaviors we identified from case study companies.

Existing Culture, Technology, and Relationships

TelcoX was founded by bodies that are affiliated with the Chinese government and its regional structure provided a degree of decentralization for operating units that is not common for typical Chinese businesses as described by Redding (1984) and Whitley (1992). There were no non-Chinese staff working in this organization, but senior managers came from various backgrounds. A few of them had experience working in the West or in foreign enterprises. For those people, *ownership* was emphasized and Western professional work styles were adopted. Some of the managers had been working in Chinese state-owned enterprises (SOEs) for many years, so they were used to following the typical Chinese working style: members exist as a network of relationships and normally conduct work activities together, although individual work tasks are differentiated (Pang et al. 1998). That style emphasizes collectivism, which projects a preference for group decision-making and relationships. In Hofstede's (1991) empirical work the Chinese economy ranked highly on "power distance" that reflects the willingness of subordinates to depend on the decisions and instructions of their superiors.

Thus, the daily working life in TelcoX was characterized by people with different previous working styles and individual preferences, which guided employees in taking action from different perspectives, in different ways, and in different directions. However, as the development of business relationships in recent years and the enhancement on awareness of the potential market in China, the traditional Chinese working style is changing gradually. The old practices of building relationships based on many years of previous contact are different from that prevailing in China now. The new practice of establishing relationships emerged in some new Chinese enterprises such as TelcoX.

Emerging TelcoX's Corporate Culture, E-Technology, and E-Relationships

TelcoX's headquarters was located in the Beijing Economic Technological Development Area, a national top-priority development area approved by the Chinese central government. A number of multinational companies also invested heavily in this area. This office location boasts a preferential policy for both the national economic development area and the national high technology industry park where the industrial structure is dominated by high-tech pillar industries such as IT. This industrial structure was a special one with new management systems in line and with international practices, an important new base for economic development in Beijing. When entering TelcoX's office building, one finds the office layout similar to that of most Western companies, where an open workspace can be used by several people, with semi-private offices for senior managers or executives. Employees work and contact each other without geographical distance. In this open business environment, all of the jobs can be done with both intentional and unintentional supervision. This design is quite different from traditional Chinese SOEs, where different functions or departments are located in different rooms. Leaders have their own offices. Doors to those offices imply organizational hierarchy, seemingly creating barriers or distances for communication between different working levels. This new structure is establishing an emerging cultural context for TelcoX to conduct its business activities.

As a variety of individual cultural backgrounds existed at TelcoX (although they were originally Chinese), there were different understandings about customer service as well as different working styles to handle customer issues. One of the CSD managers described a situation in which he managed his business relationships. This action could be interpreted as the application of one stratagem of the 36 *Ji*.

“Besiege Kingdom Wei to rescue Kingdom Zhao (Wei Wei Jiu Zhao)”

I joined TelcoX and took this job since last year [2002]. Our jobs are to handle customers' inquiries and complaints every day. Once, we got a very serious customer complaint and almost everyone got to know that complaint caused a big trouble. One of the CSD members was responsible for that and he finally managed it, but he complained that the customer was too picky, utterly unreasonable.

This particular manager felt that he had no chance to talk with the member although he understood it was not a very professional way to do his job. This manager agreed that it depended on the business case. Different managerial skills were needed for different employees and are aimed at different problems. In general, they would like to use their words and behaviors to influence their members. This manager also gave the following description on his experiences of his feeling and behavior during his work:

I'd like to guide my members by my words and actions; not giving orders, not criticism, and not coaxing.... sometimes, they don't think they are unprofessional ways. The most important thing for me is to calm down and then find solutions....In other words, I try to be a professional in this field first; that helps me to keep a cool head instead of being impatient or being disappointed or even getting angry. In that way, under that condition, I solved many problems.

We interpret these actions as the application of stratagem 2: “Besiege Kingdom Wei to rescue Kingdom Zhao (Wei Wei Jiu Zhao)” by CSD leaders in handling their relationships with subordinates. This is analogous to Sun Tsu's extremely vivid image that if one wants to straighten out the flue and the tying of knots in a cord, one can use one's fingers to untie it slowly, but cannot get hold of one's fist to thrash. To mediate the disputes, one can only talk or persuade. In this way, CSD leaders learned how to analyze and solve problems, to discover the sources and find solutions, as well as to overcome difficulties by themselves.

“Point at the mulberry tree but curse the locust tree (Zhi Sang Ma Huai)”

This highly recognized way, discussed earlier in TelcoX, can also be interpreted as the application of the 26th stratagem which is in the fifth category in the 36 *Ji* for gaining ground. Stratagem 26, “Point at the mulberry tree but curse the locust tree (Zhi Sang Ma Huai),” is adopted suitably in managing subordinates. It originally means that commanders should pay equal attention to benevolence and prestige when managing their troops. This idea emphasizes that a commander must care about his troop and regard them like a beloved son. It may cause troops to be willing to die in battle together with the commander.

However, it was not simply an assignment, but a tough job for CSD's leaders to influence others in doing business in professional ways. To exercise their leadership effectively, managers needed to take actions and to lead their team members once everything had been clarified with or without the support of upper-level managers. This was seen as necessary guidance for some employees who had been working in traditional Chinese SOEs. They were used to relying on the support of higher-level managers (e.g., agreement, approval, etc.) for accomplishing most of their work assignments. Importantly, fulfilling working passions were considered to be the main motivation for CSD's leaders to influence others to face problems positively and to accomplish their tasks professionally. These actions also occurred across other departments in TelcoX. Not only did this provide opportunities for team members to add value to themselves by creating new ideas, but also influenced the traditional working styles of those employees who were uncomfortable in expressing their personal views and who always sought group opinions.

Under inspirational leadership, employees were able to express their personal opinions freely. Many such situations were observed in TelcoX, where employees came to their leaders and had a talk during or even after business hours. It was not rare to see that telephone conversations between leaders and members were taking place over weekends. Also, leaders received many e-mails from their members. As employees were treated as one of the most important resources in TelcoX instead of belonging to the company, these actions were well-accepted for guiding employees in handling business issues. Consequently, these actions and interactions helped to create a cooperative business environment for employees, which also contributed to TelcoX's emerging corporate culture and e-relationships. The following analysis provides more detail on how TelcoX's managers developed their business relationships in different situations.

**“Remove the firewood from under the cooking pot (Fu Di Chou Xin)” and
“The guest becomes the host (Fan Ke Wei Zhu)”**

With the CRM idea and CSS support, the business achievements they made can be understood as leaders' utilization of stratagems 19 and 30 for managing their business relationships. Stratagem 19, “Remove the firewood from under the cooking pot (Fu Di

Chou Xin),” is a psychological tactic to attack the enemy’s weaknesses. It originally means that in the pot water ebullition depends on the strength of the fire under the pot; fire, however, needs a continuous supply of wood to keep burning at a constant temperature. In the context of TelcoX’s business, it refers to anything the leaders do to interfere continuously with the day-to-day operations and interactions that may win their business. The 30th stratagem, “The guest becomes the host (*Fan Ke Wei Zhu*),” further confirmed this idea when managing their business relationships in TelcoX. Its principle is that in order to take advantage, one must change the passive situation to initiative domination.

It can be seen that these actions taken by CSD managers led to business performance improvement. A report to China’s telecom industry noted that one of the CSD managers was awarded the title of “The Youngest Professional Manager” and TelcoX’s call center had won the title of “The National Best Call Center” in 2003. The director of the CSD won the award of “Best Professional Manager” in 2004. Clearly, these actions helped CSD as well as TelcoX to positively gain an advantage in this global competitive environment.

“Snag the enemy by letting off the hook (*Yu Qin Gu Zong*)”

In this study, it can be seen that TelcoX’s position in China’s telecom industry provided many opportunities to cooperate with others. To develop and maintain its relationships, leaders’ actions can be understood as the application of one of the wisdoms, stratagem 16: “Snag the enemy by letting them off the hook (*Yu Qin Gu Zong*).” This wisdom holds an ancient view that one should find an appropriate method to pursue the enemy. The CSD director reported,

Sometimes, our suppliers ignore service quality due to short-term benefit. For example, how to give good quality responses to different kinds of inquires from customers? The unprofessional responses may lead to customer dissatisfaction, and will even damage TelcoX’s reputation. In that case, we usually review all of these procedures with our suppliers and clear up the two parties’ responsibilities, and then see if we can build a new cooperative relationship. We will continue our relationship if we both think something can be improved. If we find that some regulations and/or rules set up at the beginning of our cooperation cannot be followed, we need to report to senior management and suggest business units terminate this relationship.

“Befriend distant states while attacking the nearby ones (*Yuan Jiao Jin Gong*)”

Similarly, stratagem 23, “Befriend distant states while attacking the nearby ones (*Yuan Jiao Jin Gong*),” also refers to a political strategy that general headquarters and even the country’s highest leaders adopt. Its principle is to demoralize enemy alliances. Here, it can be understood as the application in TelcoX to manage its peer-peer, leader-follower, supplier-customer relationships. It enhanced TelcoX’s leaders’ sense of responsibility and ownership, which was very important for developing and maintaining healthy business relationships in the future. These actions can also be found in Customer 1 when building relationships with TelcoX. We interpreted Customer 1’s actions as drawing on stratagem 18, presented next.

“Catch the ringleader to nab the bandits (*Qin Zei Qin Wang*)”

As can be seen, TelcoX was a well-known and expanding Chinese company under the leadership of its CEO. Customer 1 selected TelcoX with high expectations and treated it as an important business partner, not only as a supplier in China. This action can be understood as the use of stratagem 18, “Catch the ringleader to nab the bandits (*Qin Zei Qin Wang*).” The 18th stratagem originally meant that in the war one troop can gain lots of benefits by defeating their enemy. But, if they are just satisfied with small victories, they will miss the opportunity to win the big ones. This idea in the military is used to defeat enemy troops and disintegrate them thoroughly. In other words, if one wants to win a war, one must capture the enemy troop’s leader and destroy its headquarters. This study clearly showed that Customer 1 “captured” TelcoX’s CEO and senior management for establishing relationships, which would be the first step for its big win. The senior project director of Customer 1’s Beijing office explained:

We also had some negotiations with other local companies first but we found that their [the local company’s] old working styles are difficult to change. Finally we decided to cooperate with TelcoX. Although it is a newly formed enterprise, plain and small, it is a promising company with a new working style under its CEO and senior management leadership,

The data analysis from the 36 *Ji* indicates that the implementation of CSS in TelcoX helped to form and transform e-relations. By drawing on structuration theory (Giddens 1976, 1982), two interacting elements shaping the formation and transformation of

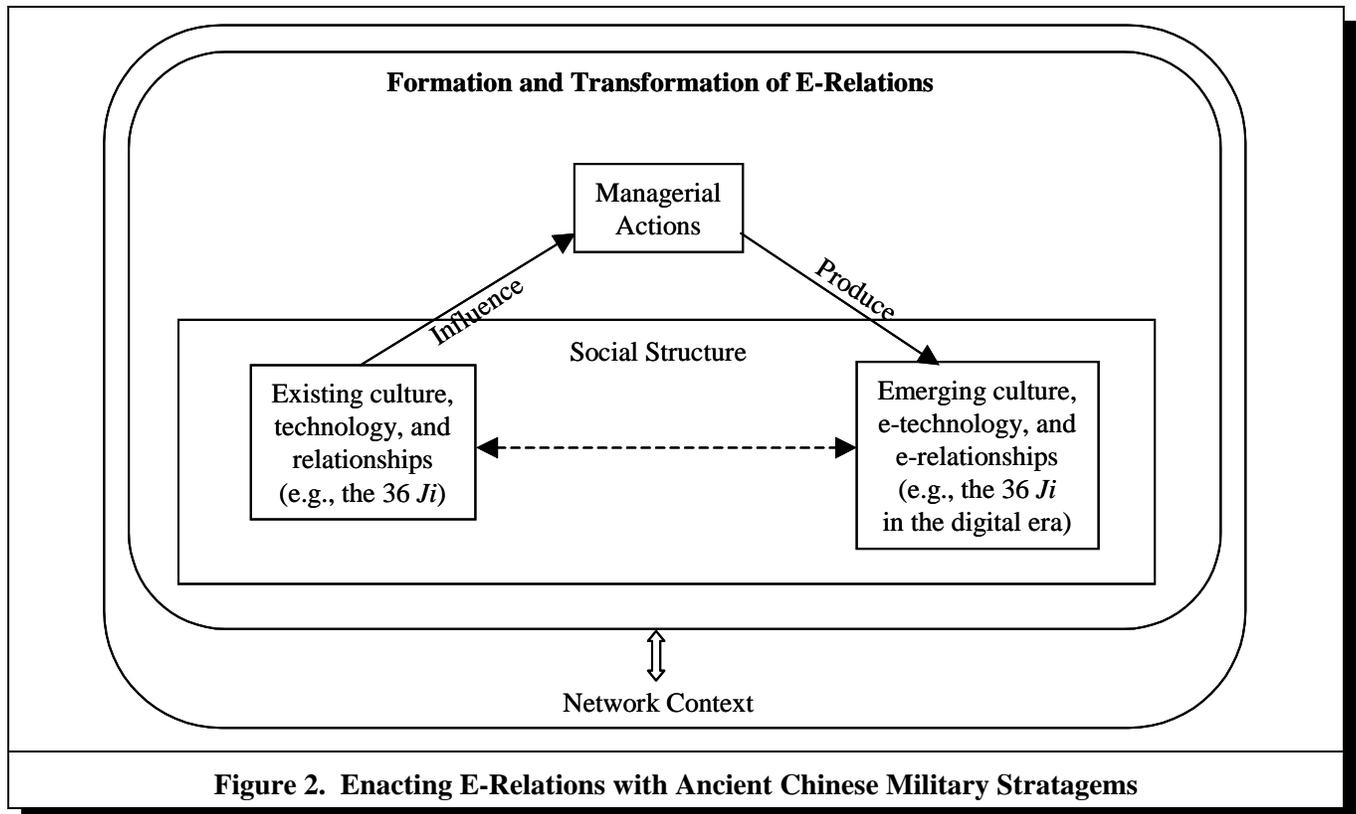


Figure 2. Enacting E-Relations with Ancient Chinese Military Stratagems

e-relations in the network context of TelcoX were identified: managerial actions and social structures. Managerial actions were perceived as planned and unplanned actions taken by managers involved in their leadership behaviors and organizational interactions. Social structures included both technologies-in-use (e.g., use of CSS that enabled and constrained interactions) and social, cultural and industrial contexts that was reinforced and transformed by such interactions. Use of CSS by CSD people in TelcoX provided a new set of features that both enabled and constrained managers' actions for forming of e-relations. As illustrated in Figure 2, this process of e-relations formation and transformation can be seen as circuits of interactions between managerial actions and social structures (e.g., the 36 Ji and the 36 Ji in the digital era). It helps to gain a better understanding on the interactions between human action and social structures.

The existing culture (e.g., the 36 Ji) influenced managerial actions in forming and transforming e-relations. For example, as discussed above, Customer 1 was drawing on “Catch the ringleader to nab the bandits (*Qin Zei Qin Wang*),” which helped to establish a cooperative organizational relationship with TelcoX. This relationship was enabled by the application of CSS in TelcoX. We term it an *e-relationship* in this study. In turn, managerial actions drawing on the 36 Ji and these e-relationships established in the emerging context helped to reinterpret the 36 Ji in the cultural and technological context. This also produced the emerging cultural and technological structures (e.g., the 36 Ji in digital era). As these e-relationships were enacted in the emerging structures by managerial actions (e.g., managers were drawing on the 36 Ji to manage their organizational relationships), at the same time, these actions were shaped by these constitutions (e.g., the 36 Ji were applied in the digital era for doing business, simultaneously the particular business environment constrained managerial actions; as a result, these actions were shaped by this wider context).

Conclusion

This study focuses on the dynamics of forming and transforming e-relations with a Chinese telecom enterprise by using an interpretive case study approach. It illustrates that the 36 Ji, ancient Chinese stratagems relating to the Chinese cultural context, could provide a way of interpreting and understanding the various ways in managing e-relations in Chinese-based businesses. Our theoretical conceptualization of the enacting e-relations with ancient Chinese military stratagems in TelcoX represents circuits

of interactions between managerial actions and cultural contexts (the 36 *Ji* and the 36 *Ji* in digital era), and the particular cultural and technological context within which the interactions take place. Reciprocal interactions offer insights into the cultural issues; e-technology-in-use within the wider network context and emerging business interactions played key roles in shaping the e-relations. The findings indicate that new Chinese telecom enterprises seem to have a higher tolerance for cultural differences and a willingness to accept alternative viewpoints, but when different national and industrial factors are taken into account, wide variations exist in developing and maintaining business relations. In particular, the key variation with respect to e-relations is rooted in the Chinese cultural norms of the 36 *Ji*, which have an important impact on the success of the telecom enterprises in the ever-changing Chinese environment. A better understanding of Chinese business culture will not only help many Western companies enter the rapidly emerging Chinese market, but also enable China's telecom industry and companies to make significant changes in the near future (Xu 2004). The understanding generated in this paper is particularly valuable for the process of Western organizations forming alliances with Chinese enterprises (Xu and Nandhakumar 2003).

With the rapid change of China's social, economic, and industrial structures, emerging structures may be changing. These may not be identical in industries and organizations, but do offer an empirically supported perspective for understanding the formation and transformation of e-relations in a particular cultural context. The empirical understanding generated in this context has implications for managing organizational interdependency of IT-enabled business relations. For managers, these insights open up cultural aspects of relationships and suggest that the emergence of different cultural norms may accompany the enactment of e-relations.

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