

The evolution of Corporate Reputation Management in Chinese Logistics Market

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Abstract

The idea of a value chain was first suggested by Michael Porter (1985) to depict how customer value accumulates along a chain of activities that lead to an end product or service. Porter describes the value chain as the internal processes or activities a company performs “to design, produce, market, deliver and support its product.” He further states that “a firm’s value chain and the way it performs individual activities are a reflection of its history, its strategy, its approach to implementing its strategy, and the underlying economics of the activities themselves.” These are generally also the line activities of the organization. They include: inbound logistics—material handling and warehousing; operations—transforming inputs into the final product; outbound logistics—order processing and distribution; marketing and sales—communication, pricing and channel management; and service—installation, repair and parts.

Keywords: Value chain, corporate reputation, logistics, value, market, industry, economics.

Introduction

According to Shank and Govindarajan, the industry value chain starts with the value-creating processes of suppliers, who provide the basic raw materials and components. It continues with the value-creating processes of different classes of buyers or end-use consumers, and culminates in the disposal and recycling of materials. A good corporate reputation is “a top-level factor for achieving sustained competitive advantage for the organization” (Sanchez and Sotorrio, 2007, p. 337) to bring about benefits of demanding a higher price premium for company offerings. Company reputation serves as a signal for the underlying quality of a firm’s products and services; the payment of lower prices in its purchases due to lower contracting and monitoring costs; attracting more qualified people in the labor market because of the association of good corporate reputation with high self-esteem; greater loyalty from employees because employees prefer working for high-reputation firms; greater loyalty from customers because customers value associations and transactions with high-reputation firms (Roberts and Dowling, 2002).

The concept of corporate reputation has attracted the attention of companies and scholars during the past few years. Clive (1997, p. 19) argues that the subject of corporate reputation used to hardly make a list of subjects for a top management before 1997. He adds that with a presence of several driving forces like people’s hunger for information or an economic competition, the significance of corporate reputation is changing rapidly (Clive, 1997, p. 19). Despite the increasing momentum of the corporate reputation concept, Barnett et al. (2006, p. 26) argue that the commonly agreed definition is lacking.

In early literature, Fombrun and Riel (1997, p.5) argued that corporate reputations remained relatively understudied; they attributed this lack of a systematic attention of corporate reputation to diversity of relevant academic literatures. In their research, Fombrun and Riel (1997, p. 5) analyzed the diversity of academic disciplines

that actively contribute to knowledge in this area, whether grounded in strategic management, an organization theory, economics, marketing, communications, accounting or finance.

Aim of research

The aim of the study is to prove the prominent role of corporate reputation on Chinese market.

Problem of research

Due to a lack of deep mutual understand between Sino-European business cultures mainly in relations of corporate reputation behavior , doing international trade in Chinese Logistics Market

Purpose of research

To create scientific model of China Corporate Reputation on Chinese Logistics Market

Tasks of research

1. Scientific theoretical literature analysis
2. Scientific empirical observations creation

Object of research

Corporate Reputation on Chinese Logistics Market

Basic hypothesis

Corporate reputation management plays a prominent role on Chinese logistics market, resolving different miscommunication aspects doing Sino-European trade relations globally

Methods of research: comparative scientific literature, comparative scientific observation

Expected result of scientific article

There are created model for international business negotiation communication, between Sino and European relations

Literature Review

1. 1 The basis of theory of value in economics

The history of economic thought can be studied with many purposes. One may trace the effects of contemporary economic and social conditions on economic theory or rather more bravely-the effects of economic theories on economic and social developments. One may study the history to find the original discoverers of theories, spurred on by the dream of new Cantillons; or one may compare the economics of the great economists with that of the rank and file, as a contribution to the structure and process of intellectual change. Or one may, and most often does, simply set forth the major steps in the development of a branch of economic theory, hoping that it can be justified by its contribution to the understanding of modern economics.

The word value, it is to be observed, has two different meanings, and sometimes expresses the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that object conveys. The one may be called "value in use"; the other, "value in exchange." The things which have the greatest value in use have frequently little or no value in exchange; and on the contrary, those which have the greatest value in exchange have frequently little or no value in use. The objective classical theory of value dates from the mid- to late seventeenth century, reflecting increased interest in the production of commodities and reduced emphasis on the circumstances of their exchange. It was the cornerstone of classical political economy (Dobb 1973; O'Brien 2004).

1. 2 The major values on which the Chinese culture rests upon

While China is home to the world's oldest and most continuous culture, it has also been subject to massive institutional changes since the nation-wide establishment of the Communist regime in 1949. It is indicative that Hickson and Pugh (1995) chose to subtitle their review of the field 'The Impact of Societal Culture on Organizations around the Globe'. Even before Hofstede's seminal work (1980), international studies of organization generally regarded culture as the key explanatory factor for cross-national differences, as reviews

such as Roberts (1970) make clear. Key institutions are the state, the legal system, the financial system and the family. In turn the norms and rules of such systems impact importantly on corporate and managerial behaviour. It has to be admitted that although the institutional perspective draws on a long sociological tradition, there is still not much agreement about, or understanding of, the processes whereby institutions are formed and in turn impact on organizations (Tolbert and Zucker 1996). There is, however, more consensus about the potential analytical power that the perspective offers.

In China, for example, the foundation of Chinese respect for hierarchy and the family social collective is based upon the relational norms expounded by Confucius and legal codes such as those developed during the Tang Dynasty² (Gernet, 1982). This institutionalized relational logic has shaped a society whose transactional order rests on social obligation to higher authority and to the family rather than on rules oriented to protecting the individual. Chinese capitalism is seen to be intrinsically different from Western capitalism because of this contrast in institutional framing over a long period of time (Gerth and Mills, 1946; Weber, 1964). The hierarchical and collective orientation it has produced has become today commonly regarded as an inherent characteristic of Chinese culture. As 'same culture, different system' examples like Mainland China and Hong Kong illustrate, the impact of institutional differences is sufficient for Hong Kong managers to regard managing operations in the Mainland as problematic (Child et al. 2000).

1.3 Divergent perception of value on Chinese vs. European markets

One of the most striking features in world economic history is the divergence in relative living standards and productivity levels that emerged in the late 18th century with the onset of the Industrial Revolution. Many economists believe that the break from millennia of economic stagnation to modern growth is closely related to the availability of market-supporting institutions and the widespread presence of markets for economic transactions. Efficient markets permit the gains from the specialization of labor and increasing returns to be realized. In addition, free markets are evidently also a key channel that permits innovations to be transformed into productivity and output growth and to find its best use, creating gains not only from static efficiency, but also from a self-regenerating process of innovation and invention (Baumol, 2002). Empirical studies of contemporary cross-sectional growth seem to confirm that a country's stance towards openness is positively correlated with subsequent growth (Frankel and Romer (1999).

According to Douglas North and Robert Paul Thomas, the west succeeded in overcoming the institutional blockages, weak property rights, and other barriers that caused economies throughout history to become lodged in places where incentives could not flow towards specialization and division of labor (North and Thomas, 1973).

The last three decades also saw a transformation from a command-based economy to a more decentralized and market-based system. The priority accorded to industry stunted services development—particularly in productivity terms—while the emphasis on physical investment constrained investment in human capital (Bosworth and Collins 2008). While the traditional driving forces of growth are far from exhausted, many signs suggest that they are likely to gradually weaken over time (Eichengreen, Park, and Shin 2011). Yet workers will become more productive as the physical and human capital stock per worker continues to rise. These demographic changes should have a sizable impact on the rate of potential growth (Cai and Lu 2013). In addition, China's expanding education system and large supply of workers with science and engineering skills bode well for the future (Schellekens 2012a).

In addition, China is expected to upgrade its technological capabilities by fostering a learning and research environment that encourages new ideas and lateral thinking and gradually making the pursuit of innovation more sensitive to market signals, with the government playing a more facilitating role (Schellekens 2012a).

1.4 The determinants of growth and the structure of Chinese logistics market

China started its reform and open policy in 1978. Since then, the country has been transforming itself from a centrally planned economy to a market economy. The concept of 'logistics' was imported into China in the 1990s. Since then, logistics in China has witnessed a huge growth along with its fast-growing economy. Logistics in China has accelerated since China's entry to the WTO in November 2001. Prior to China's entry, foreign logistics participations were regulated in most logistics sectors. Chinese logistics industry had been divided into sub-sectors where logistics activities were strictly regulated. After entry to the WTO, China has committed to a deadline to open its logistics markets. Many foreign logistics companies have established joint ventures with domestic

logistics companies in the first several years of China's accession to the WTO and gradually changed their status to wholly foreign-owned companies. For instance, the world's four largest courier service providers, DHL, FedEx, UPS, and TNT chose Sinotrans, which is the largest Chinese logistics company, as their Joint Venture (JV) partner in 1986, 1986, 1996, and 1988 respectively. While by 2005, UPS, TNT and FedEx all terminated their JV's with Sinotrans, by the end of 2006, UPS became a fully-owned company in China through the buyout of its JV Sinotrans's customers.

The first group came from former subsidiaries of relevant ministries, for instance, Sinotrans came from the Ministry of Foreign Trade. The second group is made up of the foreign logistics companies such as DHL.

1.5 The development of value chains and partnership on logistics market

A value chain is the disaggregating of a firm into its strategically relevant activities for the purpose of understanding the behavior of costs as well as the existing and potential sources of differentiation. The concept has been extended beyond individual organizations. The industry wide synchronized interactions of those local value chains create an extended value chain, sometimes global in extent. Capturing the value generated along the chain is the new approach taken by many management strategists.

Creating value in any stage of a virtual value chain involves a sequence of five activities:

- Gathering
- Organizing
- Selecting
- Synthesizing
- Distributing information.

The value stream customer has certain desires, and the value stream consists of work activities dedicated to serving that customer. Value streams and their customers cannot be separated: The focus on customer gives the value stream its purpose. Value Stream: An end-to-end collection of activities that create a result for a customer, who may be the ultimate customer or who may be an internal "end user" of the value stream.

The value stream has a clear goal: to satisfy or to delight the customer. Value streams differ from functions in that a value stream is a cycle of activity that begins with a specified event and ends when a specified output is produced.

1.6 The relation of corporate reputation to image, identity and organizational culture

Corporate reputation is not a newborn issue neither in academic world nor practice. The term has evolved with the passage of time to become a strategic and intangible corporate asset and it has been used in daily life, business, and politics, etc. for a very long time. Reputation matters and it explain why customers choose company product or service in preference to competitors offering. It makes the difference between success and failure. Nevertheless, the events of the past decade – reputational crisis of well-known organizations (for instance, the fall of Arthur Andersen in 2002), the demise of huge corporations, such as Enron, due to fraudulent practices, rising sophistication of stakeholders, globalization and information flows, changing business and competitive environment, growing demand for corporate transparency and social responsibility, etc. – encouraged renaissance of caring and striving for good reputation. The first fundamental academic book on corporate reputation was published by Fombrum, in 1996 and can be considered to be a starting point in the development of reputation management as a separate academic discipline and research field (Fombrum, 1996). Corporate reputation is a concept with exceptional multidisciplinary richness, which brought about increase in the number of scholars researching corporate reputation as well as growing sophistication in definition of corporate reputation. Corporate reputation essentially relate to –competition or comparing a company (its past actions, performance results, etc.) with its rivals. In order word, corporate reputation represents a company's status among employees and external stakeholders compared to its rivals (Fombrum, 1996, 2001).

Methodology

Guanxi:

Also, a good establishment and maintenance of guanxi are perceived as Chinese art of relation management. Unlike the western interpretation of relationship, Chinese guanxi is different from it in several ways:

Seen from the core basis of these two concepts, western culture perceives and explains relationship (personal and social) based on social exchange theory, which emphasizes a balanced model between giving and receiving. In this sense, western understanding of relationship is fundamentally predicated on a just and equitable status which led by rational calculation; whereas in China, guanxi basically comes from Confucian theory, and forms the practice of its ideology.

Turning to the perspective of code of conduct, western society build up interpersonal relationships on the basis of a mutual reciprocity system, people exchange reciprocity mutually and therefore strengthen relations in turn ;however, in Chinese culture and society, people pay tremendous attention on the obligation caused by guanxi, unlike western social exchange theory's emphasis on mutual and equal reciprocity of emotion and favor, Chinese people tend to focus more on the afterwards obligatory commitment entailed by the application of guanxi in an unequal way, once individual falls or gets involved in guanxi web, he or she must assume the responsibility and obligation in responding to the favor from the others in the guanxi web;

Renqing:

As we have already discussed about the concept of guanxi in Chinese culture, it becomes inevitable to understand another two key elements of renqing and mianzi which are embedded and shaped by Chinese guanxi and playing such an essential role in it. In this part, we will mainly focus on the definition of renqing. Compared with guanxi, renqing tend to include both of the personal and social characteristics. In order to give a comprehensive understanding of renqing, it is going to explore and define it from its three meanings in Chinese culture:

From a very fundamental and traditional level, renqing indicates the personal and emotional responses of one who is facing different situations of the day-to-day life. It has been written in Li-Ji that the so-called renqing contains happiness, anger, sadness, fear, love, hatred, and desire; they are all acquired as the person was born. One would be identified as sophisticated in renqing provided he or she is fully equipped with empathy.

Mianzi:

If we consider renqing as an important medium of social exchange for establishing and sustaining guanxi in Chinese culture, then mianzi would be an indicator of how much social guanxi and power an individual could yield and manipulate within Chinese society. One of the other essential elements in Chinese culture, mianzi connotes one's social status or prestige, obtained through successfully performing certain social role (s) that is(are) publicly recognized by other members of the society. The derivative concept "face work" indicates the presentation of self-image management, and aims at shaping and infusing a favorable impression into other people's minds. It is widely acknowledged that people could read and infer a person's social position and prestige in one's social network by perceiving how much his or her mianzi is, from which people could have a rough or sometimes a pretty accurate idea of individual's a) status gained by personal qualities of knowledge, strength, ability, and so on; b) position obtained through social or non-personal factors of wealth, authority, social connections, etc .

Ji:

This Chinese word is Ji. Of total thirteen chapters contained in his Art of War. Sun Tzu begins with the Chapter of li in which the art of war is pictured as "the art of deception". However, the word

li which forms part of the title of Sun Tzu's very first chapter was not introduced in its original form in any official foreign translations which can be traced by the author. Although the Art of War was first published in the In Chinese, Ji means (1) to count, compute, calculate, number (as a verb); (2) meter, gauge (as a noun); and (3) idea, ruse, stratagem, plan (as a noun)¹ . The English translation of li in the various available English versions of Art of War is found divergent among translators. For example, li is translated as "estimates" and "strategy" by Griffith, and as "estimation", "strategy", "tactics", and "strategic plan" by Sawyer. Recently, Ji was formally translated into English as Stratagem and into German as Strategeme by several scholars in connection with their introduction to the West of a compendium of ancient Chinese wisdom entitled The Thirtv-Six Stratagems (36 li).

Bao:

Yang Liansheng is one of the first scholars to study bao (pao) 14 related to social exchange and social relations in the 1950s. Yang L. found a good starting point for understanding the Chinese meaning of reciprocity from the Confucian classic the Book of Rites and in common sayings. They touch upon the quality of return, e.g. to

recompense injury with kindness or injury, and quantity in exchange relationships, e.g. a person should return either lots more or nothing, or a little bit more, or the same amount of things to those people who have helped or presented gifts to him, etc. This treatment of exchange relationships can be more or less fitted into Sahlins's reciprocity typology. Yang L. lists *bao*'s wide range of meanings: report, respond, repay, retaliate, and retribution, response, return, etc., and claims that *bao* as a verb refers to the action of exchange, and that *bao* is also a basis of social relations and principle of reciprocity. However, I will argue that *bao* is not a proper Chinese term for reciprocity.

Chaxugeju:

Based on Chinese classic texts and villagers' everyday life in Yunnan Province, Fei Xiaotong established the existence of ego-centered social relationships of *chaxugeju*. This notion is a figure of speech for Chinese social structure which involves certain principles. On the one hand, Fei explains that Chinese social structure looks like the picture created by throwing a stone into a pond.

An individual's ego is at the centre of his social world, and all other people have different distances around him. Social relationships (*shehui guanxi*) are a network (*wangluo*) formed by increasable personal connections (*siren lianxi*). On the other hand, Fei explains that the *xu* of *chaxugeju* is based on Confucius' *lun*, which relates to ten types of relationships. Fei claims the starting point of a moral system in *chaxugeju* is to cultivate oneself according to *li* and the whole set of personal relationships maintained by *de*. In other words, restraint, by self-cultivation (*keji xiushen*) based on *li*, is the most important principle to build up one's personal networks (*siren guanxi*). Fei also compared *li*, *de* and law in people's life.

Yuan and fu:

Fei introduced two related terms *xueyuan* (ties of blood, consanguinity and blood relationships) and *diyuan* (people born in the same land) in studying rural Chinese society. They correspond to *xueyuan shehui* (blood and marriage tied society) and *xiangtu shehui* (native and popular society). They formed personal networks: *xueyuan* for relationships based on ties of blood, *qinyuan* for kinship relationships, *diyuan* for fellow-townsmen relationships, *yeyuan* for colleagues' relationships and *youyuan* for friendship etc. The Chinese version of Buddhism accepted the idea that people should deal with relationships according to *lunli*. He claims that the Chinese have a strong sense of fatalism, which is expressed as *yuan* in interpersonal relationships. According to Yang G., there are five direct sources of *yuan* in people's everyday life in traditional society. They are the gods or immortals descending to the world, the transfer of evil spirit and fraud, reincarnation and transmigration, retribution of good and evil, and design by the nether world. They are an attributional process in establishing relationships, an acquaintance process as soon as there is contact, defence mechanism after the relationship fails, defensive rationalization in maintaining relationships, and self-fulfilling prophecy.

Bao (pao):

Yang L. found a good starting point for understanding the Chinese meaning of reciprocity from the Confucian classic the Book of Rites and in common sayings. They touch upon the quality of return, e.g. to recompense injury with kindness or injury, and quantity in exchange relationships, e.g. a person should return either lots more or nothing, or a little bit more, or the same amount of things to those people who have helped or presented gifts to him, etc. This treatment of exchange relationships can be more or less fitted into Sahlins's reciprocity typology. Yang L. lists *bao*'s wide range of meanings: report, respond, repay, retaliate, and retribution, response, return, etc., and claims that *bao* as a verb refers to the action of exchange, and that *bao* is also a basis of social relations and principle of reciprocity.

Yang L.'s discussion of different kinds of *bao* from Confucius leads to two extreme ends. One is *bao'en* (pay a debt of gratitude) to the five most respectable persons. They are heaven (*tian*), earth (*di*), one's Lord (*jun*), one's parents (*qin*) and one's master (*shi*); because one owes them so much that it is beyond one's power to return it, so one is obligated to be respectful and grateful to them. Another is *baochou* (revenge, avenge) for the above special relations.

Hufui:

They are *huizeng* (return), *yibei hucheng* (address to each other between different generations), *quanli yiwu duideng guanxi* (rights and obligations on a reciprocal basis), *pingdeng huhui* (balanced reciprocity), *yuanshishi*

wuwu jiaohuan (generalised reciprocity), and budengjia jiaohuan (negative reciprocity). Instead of huhui Wang Mingming also uses huhui jiaohuan for reciprocity and gaihua jiaohuan for Mauss's generalised exchange. Strangely enough, Wang did not mention at all Sahlins's different types of reciprocity in his general introductions of anthropology and his related studies of social support. In Yan Yun xiang's Chinese version of *The flow of gifts*, reciprocity was used in two ways. On the one hand, it has been translated as huhuan or huhui when it was associated with bao which is consistent with Yan's understanding that bao is the Chinese expression for reciprocity. On the other hand, Sahlins's generalized reciprocity, balanced reciprocity, and negative reciprocity have been translated as yiban huhui, junheng hu hui, and fouding xing hu hui, and the unbalanced reciprocity as feijunheng hu hui. Hu hui (mutually beneficial) is still a Chinese expression for reciprocity in exchange relationships.

Discussion

Naturalistic observation (i.e. unstructured observation) involves studying the spontaneous behavior or Chinese company managers in natural surroundings. The researcher simply records what they see in whatever way they can. There are involved method of sampling instantaneous (target time). Observational study qualitative research method based on case of Chinese company, acquisition of information from primary source, to collect and record data. There is data collecting during the scientific activity. Scientific method based on observational study of nature to formulate and test hypothesis. This observational study involve the recording of data via the use of scientific instruments. In observational study of case company composed of age 30 years workers, investigator observe subjects of Chinese corporate reputation and measure variables of interest. There is essential to analyze, interpret and record the observation.

1. Company case naturalistic observation

Corporate reputation refers to the enterprise's stakeholders, namely, shareholders, managers, employees, customers, suppliers, distributors, competitors, government, media, local communities and enterprise's past behavior, and the stakeholders' satisfaction with the needs and expectations, and comprehensive evaluation of enterprise future development plan, etc. Corporate reputation is an important intangible asset of enterprises. Good corporate reputation can effectively improve the competitiveness of the enterprise, such as retaining customers, attracting various talent, improve morale, attract investors, have greater influence on suppliers and distributors, to reduce the transaction cost, to set up the barriers to market entry and so on. However, a large number of facts indicate that no matter which country or region, no matter the size and length of the enterprise, no matter what industry it is engaged in, the construction of corporate reputation will not be easy. The above characteristics are related to the construction process of corporate reputation and its basic laws. It is generally believed that it takes a long time to build an enterprise reputation and its special path dependence:

First, the formation of corporate reputation is based on corporate citizenship behavior. Different corporate citizenship behavior performance each are not identical, good corporate citizenship behavior can realize the social performance of economic benefits at the same time, in a social performance at the same time, make the enterprise to obtain financial profit.

Second, the construction process of corporate reputation can be divided into planning, organization, leadership and control. Decision making is the essence of management work, and the building of reputation depends on the correct decision of the enterprise.

Third, enterprises have different construction goals in different stages of development. For example, in the start-up period, enterprises generally use the media more and raise their visibility. In the long term, it is generally committed to improve the quality of products and services and enhance reputation

Fourth, enterprise reputation construction is a system engineering, which follows the "bucket principle" or "short board theory". Enterprise management behavior to shareholders, managers, employees, customers, suppliers, distributors, competitors, government, media, local communities and other stakeholders, if the enterprise obtained from each stakeholder support, then establish a good reputation for us; If a group of stakeholders strongly objects to an enterprise's decision, the reputation of the enterprise must be affected. In addition, there is dynamic interaction between stakeholders, which can also affect the reputation of enterprises.

Fifth, good reputation once established, will become the enterprise safety net and opportunity platform. The safety net can help companies weather the crisis, and the opportunity platform can help businesses expand their living and development space. Both "safety net" and "opportunity platform" can help enterprises to achieve better

economic performance, while economic performance will generate positive feedback and further consolidate corporate reputation.

2. Company case naturalistic observation

Companies are more likely to adopt a technology which is able to provide better performance and higher economic gains than the other technologies. Relative advantage is positively related to the adoption of innovation. Potential organizational benefits of green practices include reduced energy and natural resource consumption, reduced waste and pollutant emission, improved environmental and financial performance, and greater responsiveness to social environmental expectation.

How the new technology fits in with the operational knowledge that a company already possesses is an important factor that influences technical innovation. Compatibility is the degree to which an innovation is perceived as being consistent with the existing values, experiences, and needs of the firms. In order to lessen possible objection against the diffusion of a new technology, a company will be more likely to adopt the new technology that is more compatible with the company's current operational knowledge. Compatibility is also relevant to green practice adoption. As several green practices are additions to companies' current technologies and processes, adopting green practices is not a single event but can be described as a process of knowledge accumulation and integration. Green practices will be more easily diffused within a company when the practices are more compatible to the company's current technologies and processes.

A company is apt to advance technical innovation when knowledge is shared easily within the organization. Efficient knowledge sharing can lead to better innovative capabilities in terms of higher order learning and, consequently, improve organizational performance including environmental management effectiveness. Complexity is the degree to which an innovation is perceived to be difficult to understand and use. It will increase the difficulty in knowledge transfer and innovation diffusion, and is usually hypothesized to be negatively related to innovation adoption. A technology with high complexity contains a lot of tacit knowledge that requires laborious efforts to learn and diffuse. The difficulty in learning and sharing tacit technological knowledge makes it relatively difficult to adopt the complex technology. Green practices incorporate both tacit and explicit knowledge. The tacit knowledge may be inherent in identifying sources of pollution, reacting quickly to accidental spills, and proposing preventive solutions. It leads to the complexity of the green practices and, consequently, makes it difficult to learn and diffuse the green practices within the company.

Organizational factors are commonly analyzed in research on technical innovation and environmental management. A variety of organizational characteristic variables such as quality of human resources, top management's leadership skills, organizational support, organizational culture, and organizational size have been discussed on their influences on technical innovation and environmental strategy. In general, sufficient organizational resources and qualified organizational learning capabilities are two relevant organizational characteristics advancing technical innovation as well as environmental performance and green practice adoption. Therefore, this study focuses mainly on the organizational support, quality of human resources, and company size because they are organizational resource-related variables widely analyzed in research on technical innovation and environmental management.

The extent to which a company supports employees using a particular technology or system will influence technical innovation. Providing incentives for innovation adoption and ensuring the availability of financial and technical resources for innovation have positive effects on the adoption of technical innovation. For the development of environmental management, organizational support is essential because the resources required for adopting green practices will be more easily available and the employees will be motivated to implement green behavior. Above all, the top management plays an important role in organizational support. Many green practices require the collaboration and coordination of different departments and divisions during adoption. In order to ensure successful implementation, green initiatives are usually endorsed and encouraged from the top management.

3. Company case naturalistic observation

Guanxi, refers to connections 'defined by reciprocity and mutual obligation. Ideally... supported by a sense of goodwill and personal affection. Guanxi has its origins in the Confucian philosophy, which permeates Chinese society and emphasizes relationships of benevolence toward others and order in the relationships with the state. The eight traditional Confucian virtues include loyalty, filial piety, benevolence, love, trust, justice, harmony

and peace and by drawing on them, classified guanxi relationships, in three sets: family, connections by nature such as geography, school or work- place and acquired relationships. Among four key success factors that they identified, guanxi relationships based on informal interaction patterns was deemed critical.

Having interviewed approximately 50 senior executives in context, their data illustrates that with some of the foreign companies operating in China there is a degree of calculation, formulation and strategic intent to developing guanxi networks, even though, illustrated, some rushed in the Chinese market in the 1990s and failed to foresee the importance of guanxi for their business.

For research purposes, the importance of understanding the possible relationships between CR and guanxi stems from the similarities and differences 'between' the two concepts. First, both concepts are forms of social capital operating at different levels of analysis, the individual versus the organization, namely therefore, one could reasonably argue that personal connections may under certain conditions lead to the development of CR and/or that CR can facilitate personal connections. But, beyond the different levels of analysis there is at least one more major difference between guanxi and CR. As maintain, guanxi is 'a particularistic personal connection between two individuals,' whereas CR is 'the overall estimation in which a particular company is held by its various constituents'. In other words, guanxi is a particularistic, personal relationship, whereas CR is an impersonal, general one. So, one might argue that to some extent guanxi and CR represent alternative paths to commercial success, which might somewhat explain why according to a recent survey the priorities of Chinese CEOs are 'noticeably different from those of their US and European equivalents'.

The research potential of the relationships between CR and guanxi can be illustrated by the following questions, some of which are addressed by papers in this issue. For example, how can business organizations use guanxi to build, maintain, or even repair their CR. Given that guanxi is an individual social asset, can it be turned into an organizational one, and, if so under what conditions. Can Chinese businesses use the guanxi of their employees to build a reputation outside China. Can Western companies entering China with an internationally established CR use their reputation to make up for deficiencies in the social network of their employees. Are there aspects of developing guanxi that fundamentally enhance or de- grade reputation and vice versa. Under what conditions are the two (guanxi and reputation) similar and under what conditions are they quite different. Does size and organizational complexity play a role in this respect.

4. Company case naturalistic observation

Compared with developed countries, E-business logistics in China started late and cannot meet the requirement of the development of e-business in infrastructure, theoretical study and human resources. Some problems have already constrained the development of e-business logistics in China. Analysis is made in terms of government, society and businesses.

Currently, many legal regulations in China concerning e-business logistics are non-professional, lack of a complete set of technological standards and logistics terms are not sufficient for the development of E-business. Moreover, there are many regulations on the certification imposed by the Ministry of Commerce and Traffic Ministry and many government departments are intervening logistics work simultaneously. Some local government set barriers in transportation, tax and business in order to protect the interests of local logistics businesses. As a result, the E-business logistics work has been seriously impeded.

Over years, China has seen progress in logistics facilities, such as transportation, warehousing, communications and handling, however, generally speaking, it is lagged behind, especially for short of hub facilities to link different ways of transportation and transportation systems and for scarcity of construction input for service facilities. These factors working together affected the coordinative development of E-business logistics system. But in China, its sales are lagged behind Carrefour or other retailers due to the underdeveloped transportation network in China, which cut down a lot of its third profit and finally affects its sales profit while the fact is that its success relies on its unique distribution system, which relies a lot on smooth transportation.

On the part of businesses, mutual reliance and promotion between e-commerce and logistics are not universally acknowledged, with many delivery delays or misdeliveries. As a result, its advantages of being fast and effective are seriously damaged. On the other hand, government departments have little knowledge of E-business logistics and it's hard to form a unified strategy because E-business involves such aspects as facilities, technical equipment,

industry policy, investment and funding, taxes and transportation standards, which are unluckily run by different government departments.

E-business logistics is cross-field and interdisciplinary, covering theoretical logistics, E-business theory, Internet technology and management, marketing, economics and psychology as well. It is demanding for personnel concerned. And our country cannot satisfy the need in this regard.

While many new theories, new ideas and technologies have been brought up worldwide, China is still lagged behind, without a publicly acknowledged understanding of these studies and applications. And E-business logistics personnel, theoretical or professional, are freshman in this regard. It takes time and absorption for them to understand relevant new theories and technologies, such as integrated chain supply management, automated warehouse, automatic sorting system and JIT.

5. Company case naturalistic observation

Doing business in mainland China is a popular topic in current management books and expat manuals boasting of tips and tricks to ensure successful business deals for businesspeople who enter China with great hopes and expectations.

Rationality and secularism meet with collectivism, familism and Confucianism in China. The upsurge of foreign direct investment in China during the 1990s and the emergence of more and more Sino-foreign joint ventures have raised concerns about management, organizational culture and corporate identity. From a Western perspective, many publications testify to the different-ness of China and the Chinese in general and of doing business in China in particular.

However hard Western businesspeople may try to acquire an understanding of cultural norms and values to be successful in China, the accumulation of a good network to provide access to Chinese bureaucratic power is difficult to accomplish without the relevant connections built on trust and patronage. The lessons for Western managers to learn are manifold. They have to dismiss the idea that trust has to be based on calculation of economic costs and benefits and on shared business strategies and management styles. They also have to dismiss the idea that affection-based trust has to be rejected as 'unprofessional'. They have to accept that formal contracts are no guarantee for the implementation of an agreement and that patronage relations are discreditable and remnants of an era prior to the advent of capitalism and the modern nation state. Recent analyses of organizational relationships in the global economy have claimed that in international ventures a growth of networks can be witnessed, networks which are based on ethnic affiliation, and that cultural responsiveness constitutes a business strategy of increasing importance. In this respect it seems obvious that Westerners face a structural disadvantage vis-à-vis some of their Asian competitors when it comes to establish rapport with the Chinese.

Ethnic Chinese businesses in particular, organized in 'bamboo-networks', are regarded as the spearheads of Asia's economic growth as well as a major global force. As the story goes, the large Chinese diaspora living in Southeast Asia and in ethnic Chinese communities scattered all over the world enjoys special privileges when it comes to business ventures in China. After all, being descendents of Chinese migrants, they not only look Chinese, but they can also be expected to speak Mandarin or at least one of the many Chinese dialects, maintain connections with their ancestral village and be familiar with or at least sensitive to Chinese ways of doing business. Indeed, the image of the networking, family-based, flexible overseas Chinese business has become a trope in the literature on transnational relations in contemporary Southeast Asia and beyond.

6. Company case naturalistic observation

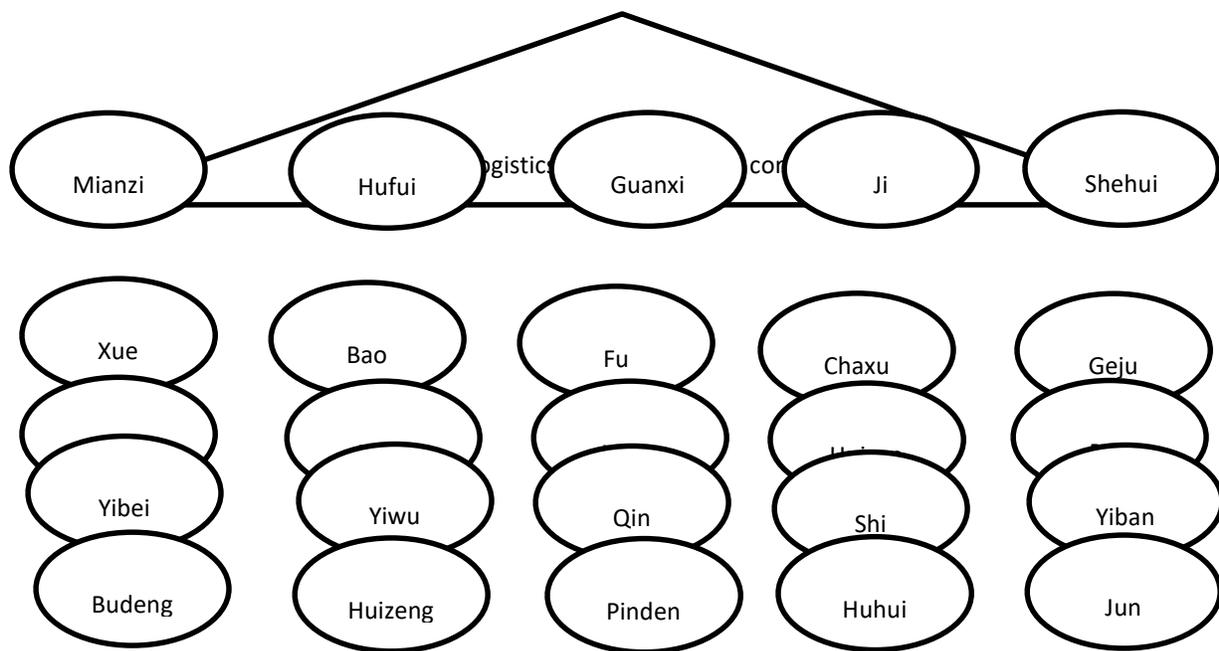
Social network refers to the stable relationship formed by social individual member's interaction, and focuses on the interaction and contact between people, and social interaction will influence people's social behavior. Social network theory has been widely applied in the enterprise field since the 1990s, and various social cooperation networks have emerged. In logistics service outsourcing, the logistics service integrator (LSI) and functional logistics service providers (FLSPs) form the logistics service supply chain, in which the LSI integrates service capabilities from multiple FLSPs to provide integrated logistics services for customers (such as manufacturing companies). In general, there are usually multiple FLSPs for one LSI. After obtaining customer demand, the LSI assigns the orders to many FLSPs according to the demand, and finally the FLSPs provide complete logistics service capabilities to finish the logistics service, thus forming a network of logistics service supply chain.

Logistics service supply chain is a typical social cooperation network. For example, YTO Express of Tianjin, a branch of YTO Express in north China, integrates 42 FLSPs in Tianjin, which provides service capabilities such as warehousing, transportation and other human handling to help YTO Express of Tianjin finish customer's logistics service demand from all the 31 provinces and autonomous regions in China. During the cooperation of the LSI and FLSPs, the LSI's rational allocation of orders is one of the important decisions in supply chain network management. When faced with multiple FLSPs, the LSI knowing how to allocate the orders rationally is a key to ensuring long-term stability of supply chain operations.

However, from the view of practice, service orders allocation decisions are often faced with updated service needs in the service supply chain network. Allocating the orders with demand update seems much more difficult. On the one hand, changes in the total number of allocated orders will result in the order being re-allocated, causing changes in order allocation results. On the other hand, the second order allocation will result in a quantity difference from the first allocation. Due to the FLSPs' fairness preference behavior, the difference in order allocation will directly affect the FLSPs' utility function, thereby affecting the decision-making of the FLSPs. FLSP's unfair preferences exist in practice. The allocation process after demand updating must take fairness factor into account. Therefore, two key factors must be considered in order allocation: demand updating and FLSPs' fairness preferences. Without considering these two factors, LSIs are affected.

Result analysis and Discussion

The scientific Chinese management philosophic theorem model of corporate reputation based on Chinese logistics market



Conclusion

Based on theoretical and empirical research, author has created, the scientific philosophic theorem model of corporate reputation in value chain management on Chinese logistics market. There is presented a base of Chinese corporate reputation and value chain management as composing whole structure of Chinese business philosophical harmony has always been a highly valued virtue. Harmony is at the core of Chinese traditional business culture. Equilibrium and harmony were highly valued by Chinese corporate reputation. "Pursuing harmony" refers to moderation, fitting, balance and harmony. Chinese harmony is based of these principal factors as guanxi, renqing, mianzi, ji, bao (pao), chaxugeju, yuan and fu, huhui. And There are presented of first level components reflecting Chinese corporate reputation as Budeng, Huizen, Pinden, Huhui, Jun and others. 5 diferent levels of concluding corporate reputation and value chain management relation reflecting China's logistics market.

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