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**15th Annual Conference of the Association for Chinese Economic
Studies Australia, Melbourne, Australia 2-3 October 2003**

Offer of Paper

Dear Dr Lilai Xu

please find following an abstract of the paper I offer to present at the 15th Annual Conference of the Association for Chinese Economic Studies.

Title

***'Guanxi Neglect in South-West China: The Demise of an International
Management Contract'***

Abstract

In deep south-west China, the hotel business environment has changed significantly in recent years. China's opening up has encouraged an outbreak of new hotel construction and penetration by international investors hoping to cash in on the number of domestic and international tourists that will follow.

Within existing hotels at the management and organisational level, employees have at times experienced cultural conflict in adapting from the former Chinese relationship

(guanxi) based methods of hotel management to the new more competitive, efficient and capitalistic western management methods. In attempting to facilitate this difficult transition not all reforms and operations have been successful.

This paper covers the establishment of a joint venture (JV) between the Roaring Dragon Hotel (a formerly Chinese managed Hotel in South West China) and the international Notlih hotel management company and the effect this management transition had on the Hotels employees. This paper includes the description and analysis of the sensitive negotiations that took place to establish the JV, the take over process, the work place transition, and the eventual collapse of the management JV between these two parties.

As a result of this management failure and others, debate and questions remain as to whether or not the process of globalisation is good or evil in this part of the world.

With the theme of this conference being China in the New Era this paper is relevant in the fields of Management Processes, Social Conflicts, Structural Changes and Privatisation of Enterprises.

About Stephen Grainger

Stephen is nearing the completion of his PhD entitled “*organisation guanxi in China’s Hotel sector*” and has focussed his research on the effect south west China’s adaptation to a market economy is having on the cultural phenomenon of *guanxi* .

Stephen has recently lectured in Foundations of Asian Business & Asian Business Context at UWA, in International Management & Strategic Management for the Yunnan Institute of Trade and Finance in Kunming (PRC), in his own course entitled ‘Inspired by China’ in the private sector, and in Business Communication & International Management for Curtin University of Technology.

Stephen is a regular visitor to China and his work has been published in Beijing, Hong Kong and New York. He has presented papers at management conferences in Beijing, Kunming, Sydney, and Seattle and has worked extensively with Hilton Hotel’s in China. He is currently the Managing Director of the consultancy *UniBiz Australia*.

Yours sincerely

Stephen Grainger

PhD candidate, Bach. App. Sc. (Mathematics), Dip. Ed. MBA