



East African Journal of Business and Economics

ejbe.eanso.org

Volume 5, Issue 1, 2022

Print ISSN: 2707-4250 | Online ISSN: 2707-4269

Title DOI: <https://doi.org/10.37284/2707-4269>

ENSO

EAST AFRICAN
NATURE &
SCIENCE
ORGANIZATION

Original Article

“Eastern Guanxi” and “Western Relationship Marketing” Cultures Meet in Tanzania Business Environment.

Samuel Hudson Mrisha^{1*}

¹ Mzumbe University P. O. Box 1. Mzumbe, Morogoro, Tanzania.

* ORCID: <https://orcid.org/0000-0001-7083-0841>; Correspondence email: samrisha@mzumbe.ac.tz.

Article DOI: <https://doi.org/10.37284/eajbe.5.1.595>

Date Published: ABSTRACT

25 March 2022

Keywords:

*Relationship Marketing,
Guanxi,
Business Environment,
Tanzania,
China*

Relationship marketing (RM) is a widely applicable concept in the corporate world. Recently, the Chinese version of RM called guanxi has also gained considerable attention from practitioners and business stakeholders. However, research on the interaction of the two concepts is quite under-researched, particularly in developing countries. This article intends to fill this gap by exploring the application of relationship marketing and guanxi concepts in the Tanzanian business environment and how the concepts have changed the Tanzanian business environment. Findings indicate that China is utilizing guanxi and is gaining the upper hand over the counterparts who are using relationship marketing. China through guanxi has managed to penetrate the Tanzanian market to become the dominant trading partner surpassing the western superpowers.

APA CITATION

Mrisha, S. H. (2022). “Eastern Guanxi” and “Western Relationship Marketing” Cultures Meet in Tanzania Business Environment. *East African Journal of Business and Economics*, 5(1), 99-112. <https://doi.org/10.37284/eajbe.5.1.595>

CHICAGO CITATION

Mrisha, Samuel Hudson. 2022. ““Eastern Guanxi” and “Western Relationship Marketing” Cultures Meet in Tanzania Business Environment”. *East African Journal of Business and Economics* 5 (1), 99-112. <https://doi.org/10.37284/eajbe.5.1.595>

HARVARD CITATION

Mrisha, S. H. (2022) ““Eastern Guanxi” and “Western Relationship Marketing” Cultures Meet in Tanzania Business Environment”, *East African Journal of Business and Economics*, 5(1), pp. 99-112. doi: 10.37284/eajbe.5.1.595.

IEEE CITATION

S. H. Mrisha, ““Eastern Guanxi” and “Western Relationship Marketing” Cultures Meet in Tanzania Business Environment”, *EAJBE*, vol. 5, no. 1, pp. 99-112, Mar. 2022.

MLA CITATION

Mrisha, Samuel Hudson. ““Eastern Guanxi” and “Western Relationship Marketing” Cultures Meet in Tanzania Business Environment”. *East African Journal of Business and Economics*, Vol. 5, no. 1, Mar. 2022, pp. 99-112, doi:10.37284/eajbe.5.1.595.

INTRODUCTION

The first marketing classes were taught at the University of Michigan in 1902 (Bartel, 1976). After eight decades since the start of marketing courses, the term relationship marketing (RM) was born. The term relationship marketing (RM) was formally introduced into the literature in 1983 by Berry (Berry, 1983). However, ideas about RM had widely existed before the term was first popularized by Berry (McGarry, 1950). Some scholars have argued that the heritage of marketing and RM is closely attributed to the economics (Alderson, 1958; Palmatier, 2008). Currently, RM has materialized to become one of the prime mantras in the field of business (Palmatie et al., 2005; Hunt et al., 2006; Sheth et al., 2015; Zhang et al., 2016; Kotler et al., 2021). The dominant philosophies that prevailed in the 1920s and 1950s including the production and sales philosophy are now outdated. The production philosophy focused on manufacturing products in hopes that customers would buy the products that were readily available, whereas the sales philosophy mainly focused on using aggressive advertising and sales promotion techniques to sell the products. However, the relationship marketing (RM) philosophy believes in the importance of establishing and nurturing mutual trading relationships between buyers and sellers (Zinkhan, 2002; Zhang et al., 2016; Grönroos, 2017). Therefore, various businesses across the world have realized the importance of establishing long term relationships with their customers

Similarly, in the business sphere, the Chinese form of relationship marketing known as “guanxi” is gaining traction (Wang, 2007). Guanxi is made up of two characters: *guan* (gate) and *xi* (connection). As a result, in order to connect to networks, one must pass through the gate. Because of its complex and ubiquitous character, there is no commonly accepted definition of Guanxi (Chen, 2006). However, guanxi differs from RM in the following ways; relationship marketing involves forming relationships at an organizational level, whereas

guanxi goes further to include personal relationships (Morgan & Hunt, 1994).; Guanxi originates from China which is a low trust society; thus, trust is only to family and immediate family (particularism). Whereas relationship marketing originates from western societies whereas trust is very high; thus, there is a need for only contracts to guide the relationship (Fukuyama, 1995); relationship marketing model is built by trust and commitment, whereas guanxi is built upon by ‘xinyong’, (xinyong is an oral commitment rather than legal contracts which are a centrepiece in relationship marketing) (Morgan & Hunt, 1994; Wang, 2007). Finally, the last difference is in the fact that guanxi possesses *renqing*, which is absent in relationship marketing models (*Renqing* entails favour exchanges that adhere to particular social norms and behavioural regulations.)

The understanding of both guanxi and relationship marketing is paramount because management practices differ across cultures and it is quite important to accommodate the foundations of guanxi in relationship marketing so as to ensure the effectiveness of forming relationships across different cultures (Hofstede, 1992). Despite their differences, both Guanxi and relationship marketing have gained prominence due to the observation that transaction costs escalate the cost of doing business. Thus, having business relationships with the buyer or seller can tremendously lower the cost of doing business and improve quality (Ndubisi, 2004; Hunt et al., 2006; Wan & Ng, 2013; Sheth et al., 2015; Grönroos, 2017; Kotler et al., 2021). Furthermore, competition has immensely grown in the past few decades and companies prefer to retain their customers, as it is now widely known that the cost of getting a new customer is far higher than retaining the customer that you already have (Rosenberg & Czepiel, 1984; Oliver, 1999; Sheth et al., 2015; Gilboa et al., 2019). Moreover, the emergence of knowledgeable customers who are aware of the competitors offering is also another key reason why most organizations have chosen to

emphasize relationship-building practices in their operations (Sheth *et al.*, 2015). However, in most scenarios, the reduction in transaction costs has been the main motive to utilize RM and Guanxi.

The change in trend for most of the organizations to shift from transactional approaches of conducting business into more relationship-based approaches is criticized by some researchers. For instance, Kumar and Reinartz (2005) assert that most of the companies utilizing relationship marketing (RM) programs are ignorant on how to properly monitor and evaluate the programs; also, many companies have abandoned RM programs after continuous poor results and, the few companies that are enjoying the fruits of RM programs are not able to pinpoint the exact factors causing success for their programs. For instance, Kotler *et al.* (2021) observed that marketers are accused of consuming big budgets but still struggle with low efficiency and effectiveness. Some other scholars are concerned that the RM programs cannot stand on their own in influencing consumer behaviour (Zineldin, 2000; Ryals & Payne, 2001; Zinkhan, 2002). This situation raises a great controversy to organizations in developed countries which are accused of overspending up to 12 billion USD annually in retention programs at the expense of acquisition programs, and also for organizations in developing countries that are trying to encompass relationship marketing programs in their operations (Reinartz *et al.*, 2005; Correia *et al.*, 2013; Zhang *et al.*, 2016). On the other hand, guanxi is also accused on the grounds of fostering bias in the selection of business projects and also it is strongly associated with corruption activities. Similarly, it can be observed that the way the companies within a nation operate their business is closely associated with how the government operates. Thus, Asian companies and governments can be associated with Guanxi and Europe and USA can be associated with RM.

Over the course of years, Tanzania has had interaction in business with the western and eastern societies, and the challenges of incorporating the

concept of guanxi and relationship marketing are prevalent. Despite the existing challenge of familiarity and merging of the two concepts whilst interacting with the two societies, this area of study has received less interest from researchers, necessitating the need of this article which will shed light on the grey area of literature, as the findings from the eastern and western environment are not applicable in the African narrative (Luo & Kumar, 2013; Netzer *et al.*, 2008). The choice of incorporating business exchanges between Tanzania is a logical choice, as China is one of the leading trading partners with Tanzania. Hence, the study will investigate the guanxi concept in Tanzania and China business relationships, relate with the application of RM used by the western nations and gauge the performance.

METHOD

This study utilized a desk review methodology, whereas various documents were investigated and a qualitative design was used to gauge the influence of Chinese Guanxi over the application of relationship marketing strategies from the western countries. Various cases were investigated and the findings are presented in the next sections.

RELATIONSHIP MARKETING VERSUS GUANXI

The applicability of RM and Guanxi in Tanzania based on the comparison criteria of guanxi and relationship marketing adapted from Ambler (1994), Arias (1998), Björkman and Kock (1995), Davies *et al.* (1995), Flambard-Ruad (2005), Geddie *et al.* (2005), Gummesson (1996), and Yau *et al.* (2000).

Network Type

Guanxi is strongly associated with personal social networks, whereas relationship marketing focuses more on business relationships. The manifestation of these concepts can be seen in the way the Chinese

have operated in Tanzania and the way the western nations using RM have operated.

Guanxi Social Network Building- Relationship between Tanzania and China

Military, Political and Economic Relationship between Tanzania and China

Bailey (1975) reports Tanganyika to be the tenth African state to recognize China (PRC) in 1961, soon after her independence. Thereafter, the Chinese Embassy was opened in Dar es Salaam. Similarly, China provided military aid to Zanzibar to facilitate the Zanzibar revolution in 1964. Tanganyika and Zanzibar under the leadership of Nyerere and Karume united in 1964 to form the United Republic of Tanzania. Hence, the political affiliations between Tanzania and China can be traced since independence. On the same note, China was the first country to publicly accept Tanganyika's call for military aid following the mutiny in 1964. This act marked the emergence of China to take an active part in providing military support to the Tanzania Police and Military forces. Similarly, the relationship between Tanzania and China grew due to Nyerere's (First Tanzania President) desire to reduce reliance on Britain and obtain a neutral position in world affairs.

President Nyerere visited China for the first time in 1965 and was pleased by the country's achievements, signing a Treaty of Friendship and Trade Agreement on occasion. The Chinese Commercial and Commercial Mission in Dar es Salaam was established in 1966, further highlighting the two nations' growing economic connections. In 1967 an agreement was signed between three countries, i.e., China, Tanzania, and Zambia. The Agreement was for China to finance and build TAZARA (Tanzania and Zambia Railway) and in terms of financing in Africa, this was their most expensive project. Correspondingly, China overthrew Canada and became the largest supplier of military equipment to the Tanzanian

army in 1970. Similarly, China became the largest bilateral source of development aid to Tanzania

Meetings between Tanzania and China

Ties between Tanzania and China are visible in several meetings between the counterparts. High profile meetings between the two countries dignitaries suggest that there is deep relationship ties between the countries and the meetings are one form of establishing guanxi. For instance, President Hu Jintao highlighted this in February 2009, as did President Xi Jinping, who picked Tanzania as his second nation to visit after taking the presidency in March 2013. (His first stop was Russia)

2009 Meeting

President Hu Jintao of China met with Tanzanian President Jakaya Mrisho Kikwete in Dar es Salaam on February 15, 2009. President of China stated that:

"...China is ready to deepen pragmatic cooperation and consolidate traditional friendship with Tanzania in order to raise bilateral friendly cooperative relations to a higher level and jointly open a bright future for bilateral relations... Tanzania is an ancient and good ally of China, and the two peoples share a deep historic connection that was forged and nurtured by previous generations of both nations' leaders.... Despite changes in the international arena, China-Tanzania ties have developed in a sound and smooth way since the two countries forged diplomatic ties in 1964...The two sides have shown mutual understanding, trust and support for each other and conducted fruitful cooperation in economy, culture, education and public health with close cooperation in international affairs... (Chinese Embassy Website, 2009).

On a similar note, the President of Tanzania said:

“... China’s success has helped Africa to strengthen its confidence of getting rid of poverty and achieving development by embarking on its own road... Tanzania appreciates the generous assistance and support offered by China for a long time ...Tanzania would like to work with China to cement cooperation in trade, investment, finance, agriculture, education, public health and infrastructure...” (Chinese Embassy Website, 2009)

2013 Meeting

On February 25, 2013, Tanzanian President Jakaya Kikwete met with Chinese Vice Foreign Minister Zhai Jun in Dar es Salaam, and the Chinese Vice Foreign Minister said:

“...Tanzania is an all-weather friend of China. Created and fostered by the older generations of leaders of the two countries, China-Tanzania relations have been deeply rooted in the hearts of both peoples and have yielded fruitful results for the benefit of the two peoples. China deems Tanzania an important partner in Africa and is willing to work together with the Tanzanian side to further promote their traditional friendship in the new situation, strengthen solidarity and cooperation and build China Tanzania relations into a model of China-Africa relations for the new era...” (Chinese Embassy Website, 2013).

Correspondingly, the President of Tanzania President said:

“...Tanzania and China enjoy profound traditional friendship and the relationship with China is a priority of Tanzania’s diplomatic relations...” (Chinese Embassy Website, 2013)

2014 Meeting

The President of Tanzania Jakaya Mrisho Kikwete visited China in 2014 for the third China-Tanzania Investment Forum in Beijing. When delivering the keynote speech, the President of Tanzania said,

“...If you want to go quickly, go alone, but if you want to go far, go together...” (Chinese Embassy Website, 2015).

The Chinese officials pointed out that:

“...China chooses Tanzania as among three countries in Africa that will act as models for China’s investment programs on the continent. The other two are Ethiopia and Mozambique. Under the five years programme hundreds of businesses and billions of dollars will take partnership to a new level of cooperation to create 500 Chinese industries in Tanzania. The program, that would turn Tanzania into a Chinese industry hub, will see 100 industries established in a year, boosting the country’s manufacturing output, which at the moment ranks as the top foreign revenue earning sector” (Chinese Embassy Website, 2015).

These meetings paint a compelling picture of the existence and influence of Chinese Guanxi between the two parts. The meetings are building upon the existing relationship that existed and are paving the way for the growth of the relationship. It is evident that Tanzania, Mozambique, and Ethiopia have a special circle with China with which no other African country can enter; this is a strong manifestation of guanxi at a national level.

Relationship Marketing – Business Relationships

Shifting to the existence of RM practices in business operations in Tanzania, we can recall that in 2019 there was a tax dispute between the Acacia Gold Mine (AGM) and the Government of Tanzania. In this scenario, we can relate the Acacia Company to belong to the Western nation and thus it adopts the RM strategies (Reuters Staff, 2019). Tanzanian authorities had issued a demand for \$190 billion in unpaid taxes on gold producer Acacia. The demand came after government-appointed committees determined that the company was operating unlawfully and underreporting its gold exports. The reaction of Acacia in resolving this tax dispute is a

typical experience of relationship marketing and the dispute mechanisms used by companies utilizing the RM concept. Normally, companies utilizing RM resort to courts to solve their disputes, and since the relationship between the two sides is merely business, then whatever dispute can be solved by paying some money and business continues as usual, with no harm being done among the two sides. This is what exactly transpired in the Acacia case, the resolution was a tax arrangement comprising of a \$300 million payment to settle outstanding tax and other issues, the easing of a concentrate export prohibition, and a 50-50 split of future mining economic advantages Reuters Staff, 2019). With this outcome, it is an evident application of RM principles and dispute resolution mechanisms which is usually in courts and everything can be calculated in monetary terms because the nature of the relationship is a business relationship.

Calculative versus Affective Commitment

The next distinction between Guanxi and RM in Tanzania is the element of commitment. The exchange partners in relationship marketing, according to Flambard-Ruaud (2005, p. 59), are economically and impersonally invested in the relationship, resulting in “calculative commitment” based on costs and rewards. Customers are more loyal to a company if they feel it can provide them with greater value (Mowday et al., 1979). As a result, in relationship marketing, trade partners’ role expectations are more apparent than in Guanxi (Flambard-Ruaud, 2005). On the other hand, exchange partners in guanxi, on the other hand, are emotionally and individually invested, resulting in affective commitment. Their position is more ambiguous than in relationship marketing, and it entails reciprocal favours, mutual protection, and social status enhancement (Flambard-Ruaud, 2005).

With these types of commitments, it is typically clear as to why the majority of major tenders including the building of National Stadium,

Standard Gauge Railway and Ubungu interchange are won by Chinese companies rather than American companies. The reason could be attributed to the fact that Tanzania is deeply embedded in the Chinese guanxi relationships and some of the projects are offered to Chinese companies out of reciprocal favours. The absence of guanxi between the Western nations and Tanzania has resulted in very few projects being offered to the companies from the west. In the majority of cases, the western companies are engaged in circumstances/areas where the Chinese firms have a lesser competency. So, it is evident that RM has a calculative commitment which has a lesser influence in attracting another business transaction, whereas guanxi has a stronger influence in attracting future business encounters due to the exchange of reciprocal favours that is a dominant aspect in guanxi.

Open versus Closed Systems

Relationship marketing, according to Wang (2007, p. 83), has a universalistic aspect, in which the “network is relatively accessible to any” trade partners as long as the rules of the game are followed”. Most Western civilizations are characterized by a high level of trust, in which individuals put their faith in each other. Even though they are not related by blood, they have a tendency to trust each other (Fukuyama, 1995). Guanxi, on the other hand, is a network of social interactions (Ambler, 1994; Björkman & Kock, 1995; Davies et al., 1995) that are typically based on a shared history, such as originating from the same neighbourhood, working together, or having similar interests. or having links to one’s family (Björkman & Kock, 1995). Chinese society is a complex one. Trust is exclusively granted to direct or extended family members in low-trust society members of the family (Fukuyama, 1995). The Chinese culture has a tendency for people to be divided into two groups: in-group and out-group boundaries. Firms can make a gradual transformation through building guanxi. To create long-term, deep connections, you must

transition from outsider to insider status. As a result, guanxi has an elite group of members (Haley & Tan, 1996).

To illuminate the concept of Guanxi and RM in the investment decisions of China and western countries, we can trace a pattern of Guanxi and RM, respectively. For instance, a trend of Chinese investments in Africa has been focused on rebuilding the ancient Maritime Silk Road (MSR) into a contemporary 21st Maritime Silk Road

Initiative (MSRI) and adding some few countries which were not part of the original ancient Maritime Silk Road as shown in *Figure 1* below. African countries with the Belt and Road Initiative (BRI) project are part of a guanxi network and those which have no projects are outside the guanxi network. The guanxi network in the aspect of BRI is to work together with China and further the Chinese agenda in the aspect of trading by facilitating the availability of Chinese manufactured products and simplifying the raw material collection.

Figure 1: Chinese Projects in Africa.

Nations	Projects	Explanation	Investment
Ethiopia	Addis Ababa Port of Doraleh in Djibouti	The railway crosses 752 km and cuts the travel time between Addis and the Port of Doraleh from three days to just 12 h	\$2.49 billion
Chad	China-Sudan Railway	A 1344-km railway being constructed in three phases and will also connect the two countries with Cameroon	\$5.6 billion
Congo DRC	Infrastructure for Mines Barter Deal	The deal was to develop the mine fields in Mashamba and Dima basins and Kolwezi	\$7.16 billion
Kenya	Standard Gauge Railway	A 609-km railway linking Mombasa's port to the capital Nairobi (completed on 31 May 2017)	\$3.8 billion
Mozambique	Mphanda Nkuwa Dam and Hydroelectric station project	Offer 1500 megawatts of power to national electricity grid, and includes construction of Moamba major Dam to supply drinking water to residents of Maputo	\$3.1 billion
Nigeria	Coastal Railway	1,402-km railway to connect Lagos with Calabar (to east), passing through 10 states and connecting cities with oil-rich Niger-Delta states	\$12 billion
Nigeria	Dangote Cement PLC. Expansion	Dangote Cement Plc. Expansion in Nigeria, and into Ethiopia, Kenya, Zambia, Senegal, Mali Cameroon and Ivory Coast. A boost to cement production of 25 mn tonnes and taking production to over 70 mn tonnes per year	\$4.3 billion
South Africa	Modderfontein New City Project	A housing and entertainment precinct being built in outer Johannesburg, South Africa's largest city	\$7 billion
Sudan	Port Sudan Khartoum Railway	The project was completed in 2012 and it connects Port Sudan to the nation's capital, Khartoum in a 762 km of railway	\$1.38 billion
Tanzania	Bagamoyo Port	20 million (annual) container ports, which would be the largest East African port. This would be connected to a railway corridor and sit next to a new industrial zone. Shrouded in uncertainty	\$7 billion
Ethiopia	Grand Ethiopia Renaissance Dam	Hydroelectric power of an average output of 39,000 megawatts per year. The project is expected to be completed by 2025	\$100 billion

Source: Mail and Guardian (2015).

However, in the case of RM, you will find out that companies are attracted to resources, notwithstanding where they are available. RM is not solely relying on previous relationships; even if none of the relationships exists but the resources are available, then RM permits operations to take place. For instance, Petra Diamond is an American Company that typically employs RM and CSR to enter into any territory where minerals (diamonds)

exist. Hence, RM permits an open system as opposed to guanxi which has a closed system.

Through the open and closed system by RM and Guanxi, one can point out that RM leaves the allocation of capital to the hands of demand and supply and it can be closely associated with capitalism, whereas in guanxi, capital allocation is biased and greatly influenced by previous interactions, this can also be associated with a controlled economy or and socialism as the

allocation of capital is affected by other factors other than the maximum return. In this aspect, RM tends to be more effective than guanxi. However, if guanxi is modernized and new relationships are established in situations where existing relationships are ineffective, then the limitation of guanxi can be eliminated.

Superiority of Guanxi

Over the course of years, it has been evident in Tanzania that Guanxi has been more influential than RM. This can be seen in the way that China has been able to overtake the western nations to become the dominant trading partner with Tanzania. Furthermore, the mushrooming number of contracts awarded to Chinese firms over the declining number of contracts offered to western nation companies is another indicator of the superiority of guanxi. For instance, the number of foreign contracts obtained by Chinese businesses in Tanzania increased from US\$ 0.3 billion in 2003 to US\$ 1.7 billion in 2013, according to data from the Chinese Ministry of Commerce. According to the Tanzania Ministry of

Finance, Chinese loan disbursements increased from US\$ 299 million in 2010 to US\$ 743 million in 2012, and US\$ 1.4 billion in 2015; the total disbursement from 2010 to 2015 was over US\$ 8.3 billion, and the China Exim Bank and Beijing’s ZTE made a US\$ 300 million loan to finance projects in Tanzania during the same period. According to Jean-Pierre Cabestan and Jean-Raphael Chaponniere, co-authors of a recent study on Sino-Tanzanian relations, “China has acquired influence in Tanzania through trade in commodities and services (construction), and Chinese investment would undoubtedly expand” (Shangwe, 2017). China’s clout in Tanzania is beginning to eclipse that of other global nations. According to the 2015 Afrobarometer poll, 40% of Tanzanians believe China has greater influence in the country than the United States (31%), South Africa (6%), the United Kingdom (5%), India (4%), and international organizations (1 per cent). More importantly, 70% of Tanzanians believe China’s impact is beneficial. This is backed up by an investment table that shows Chinese interests in Tanzania.

Figure 2: Investments with Chinese Interests from 1990 to 2015

Sector	Number of Projects	Jobs	Total Investment (US\$ Mil.)
1 Agriculture	14	7,591	125.54
2 Telecom	5	1,426	484.94
3 Manufacturing	394	60,542	1803.77
4 Natural Resources	8	376	18.31
5 Transportation	39	4,168	156.36
6 Services	22	1,436	152.22
7 Tourism	50	2,570	98.75
8 Computers	1	40	33.23
9 Commercial Buildings	60	3,512	510.3
Total	593	81,661	3,383.42

Source: Tanzania Investment Centre, 2015.

Trade between Tanzania and China

Tanzania’s top exports in 2019 are gold (\$1.39 billion), raw tobacco (\$277 million), coconuts, Brazil nuts, and cashews (\$231 million), other oily seeds (\$179 million), and refined petroleum (\$157 million), with the majority of its exports going to India (\$843 million), the United Arab Emirates

(\$573 million), China (\$349 million), Switzerland (\$280 million), and Rwanda (\$247 million). Tanzania’s top imports, on the other hand, are refined petroleum (\$1.59 billion), palm oil (\$308 million), packaged medicines (\$274 million), cars (\$230 million), and wheat (\$174 million), all of which are primarily imported from China (\$3.81

billion), India (\$1.69 billion), the United Arab Emirates (\$1.38 billion), South Africa (\$476 million), and Kenya (\$328 million) (OEC, n.d.).

Products Trade Between Tanzania and China

In 2019, Tanzania received \$3.81 billion in Chinese exports. Rubber Footwear (\$145 million), Synthetic Filament Yarn Woven Fabric (\$114 million), and Rubber Tires (\$101 million) were the top three items shipped from China to Tanzania. China's exports to Tanzania have climbed at an annualized rate of 16.8% during the previous 24 years, from \$91.8 million in 1995 to \$3.81 billion in 2019.

Tanzania exported \$349 million to China in 2019. Other Oily Seeds (\$154 million), Raw Copper (\$75.1 million), and Coconut and Other Vegetable Fibers (\$30.9 million) were the top Tanzanian exports to China. Tanzanian exports to China have climbed at an average rate of 16.5 per cent over the previous 24 years, from \$8.9 million in 1995 to \$349 million in 2019.

In September 2021, China exported \$649 M and imported \$98.1 M from Tanzania, resulting in a positive trade balance of \$551 M for China. Between September 2020 and September 2021, the exports of China have increased by \$271 M (71.5%) from \$379 M to \$649 M, while imports increased by \$7.53 M (8.31%) from \$90.6 M to \$98.1 M (OEC, n.d.).

Chinese Motives in the Relationship with Tanzania

China motives in the relationship with Tanzania were scrutinized earlier in their starting in the 1960s but have also come to close scrutiny lately in the year 2000s. Earlier, in the 1960s, there was curiosity as to why China (which was still a developing country) disbursed almost £300 million in aid, military assistance and TAZARA project, as the amount disbursed was almost equalling Tanzania's one-year national income.

Some factors tend to provide a highlight on what could have been the possible motives for China to establish the ties: the first motive could be associated with the motive of China breaking out of isolation which was imposed by the USA and Russia (the superpowers) and also as an act of goodwill to Tanzania because Tanzania had strongly supported China's entry in the United Nations; a second motive could be associated with the support that Tanzania was providing for liberation from colonialism (particularly South Africa), so China wanted to support those initiatives by supporting Tanzania; a third motive could be associated with Chinese hopes of economic gains out of trade between the two countries, as trade between the two countries was non-existent in 1961, but it thereafter rapidly grew to overtook Britain as country's largest source of imports in 1971.

The earlier motives of the relationship between Tanzania and China were an act of goodwill. However, the previous motives of China are not well known to many. China proclaims that it establishes relationships with African countries for the sake of increasing trade, however recent instances like the surrender of Entebbe International Airport—for failing on loan repayments to China's EXIM Bank, and Uganda's desire to renegotiate certain "poison terms" being denied by Chinese officials, sheds unclear picture of the motives. Similarly, the late President of Tanzania Dr. John Magufuli halted the Flagship Chinese Bagamoyo SEZ project (Tanzania) on the grounds that the terms of the agreement were not favourable to the Tanzanians. These instances are indicative of the dark side of guanxi.

Dark Side of Guanxi

China has received excellent evaluations as a consequence of a variety of Chinese economic activity in sectors such as development aid, investment, and bilateral agreements between the two nations since it is perceived to be more helpful than other countries. Despite this, tales of Chinese

people engaging in criminal activities have tarnished China's reputation. China's reputation has been tarnished the most by the illegal ivory trade. On November 3, 2013, the Tanzanian government confiscated 706 elephant tusks from the hands of three Chinese nationals in Dar es Salaam, according to media reports. Two years later, in Dar es Salaam, a Chinese businesswoman known as the Queen of Ivory was arrested on charges of unlawful ivory trading (BBC, 2019). In Tanzania, 50 Chinese enterprises have made news of mistreating local workers. In July 2016, images of a Tanzanian worker being flogged by his Chinese bosses in the Nyamahuna gold mines in the Geita area also surfaced. Following these events, the Minister for Home Affairs went to the mining site, only to discover that there were 100 Chinese workers in the mine, despite the fact that only 28 had gotten clearance from the Immigration Department. There have also been claims of corruption involving Chinese enterprises applying for tenders, charges that were given credence when the Chinese envoy to Tanzania stated that some Chinese individuals were actually engaging in corruption and other "bad habits" that would taint China's reputation (Shangwe, 2017).

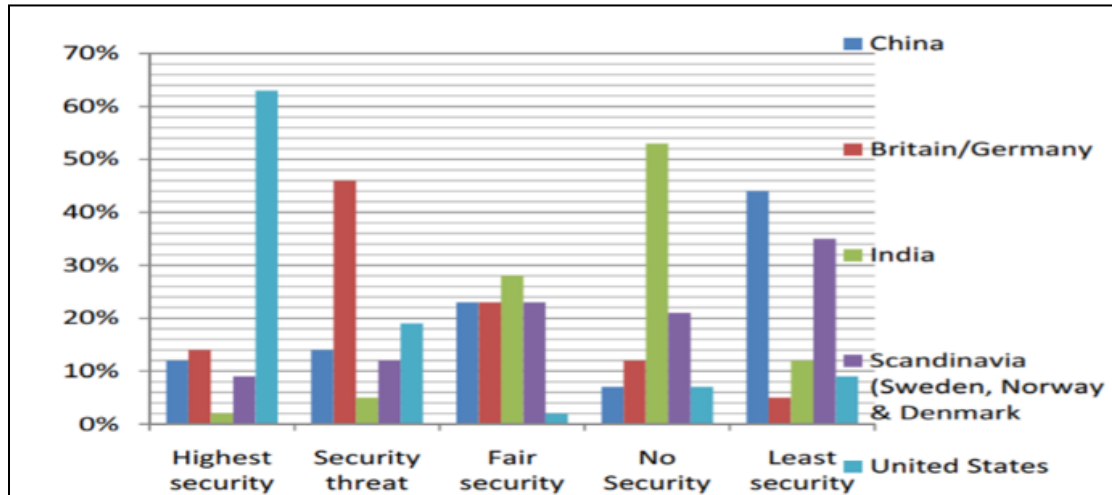
On a similar note, in 2020, more than eight Chinese companies working on various development projects in Tanzania were found involved in money laundering activities by the Tanzanian authorities. The senior management officials of these companies were detained. Simultaneously, six senior employees of China Commercial Bank Ltd (CCB), based in Dar-es-Salaam, were also detained

on alleged money laundering charges (Zee News, 2020). All the Chinese companies whose senior management officials have been detained have their accounts in China Commercial Bank (CCB), through which all the money laundering activities are suspected to be channelized. These are just a few of the illegal activities that Chinese business people and companies engage in after their arrival in Tanzania. These activities tend to present the dark side of guanxi, as the arrival of these companies and people are propagated by the guanxi relationship between Tanzania and China, so misbehaving of the Chinese is closely associated with the shortcoming of guanxi.

The Magic of Chinese Guanxi over Relationship Marketing Concept

Guanxi has enabled the growth of trade between Tanzania and China to overtake other world superpowers in the highest volumes of trade between the two countries. Similarly, guanxi has enabled the majority of construction works to be carried out by Chinese contractors. On the other hand, the western superpowers are losing their grip with Tanzania in aspects of trade and other socio-economic exchanges. This situation portrays the efficiency and effectiveness of eastern guanxi over the similar concept of relationship marketing which is used by the west.

For instance, despite the scrutiny of the motives of China's relationship with Tanzania, findings still indicate that Tanzanian's view China to be a lesser threat than the western nations.

Figure 3: Level of Threat to Tanzania

Source: Shangwe (2017)

It is worth noting that the Chinese presence in Tanzania is reflected in the country's growing cultural activities. Since 2010, the annual Chinese New Year events have been named "Focus on Africa, Chinese New Year in Tanzania". Chinese contests and television shows have, nevertheless, made their way into Tanzania. For example, in 2011, the Tanzania Broadcast Cooperation (TBC) established the Tanzania National Chinese-Wushu (Kung Fu) Competition, a TV series that portrays the tale of life in modern China, called "Dou Shange na Mama Wakwe Zake (Dou Zeke and Her In-laws)" in Swahili. In Tanzania, four Swahili-dubbed Chinese TV dramas have broadcast by 2015. "Father's Wishes (Matumaini ya Baba)" and "Mother's Glorious Days (Maisha ya Mama)" was released in 2013, followed by "Let's Get Married" in 2015. The dubbing was usually done in China, which means Tanzanian artists involved were invited to Beijing and trained for the task. Further evidence of cultural absorption may be found in the growing number of Chinese restaurants that have appeared in Tanzania, despite the fact that there were none just a few years ago. Tanzania's government declared in 2015 that beginning in 2016, Chinese language instruction would be offered in six secondary schools across the nation. The Ministry of Education, Science, Technology,

and Vocational Training ignited the desire to learn the Chinese language after recognizing the value of the Chinese language as a topic in secondary schools so that students may take advantage of possibilities in China, including higher education (Nditi, 2019). Tanzania now has two Confucius Institutes, one each at the University of Dar es Salaam and the University of Dodoma. China's educational investment has also increased in recent years, particularly in terms of scholarships granted by the Chinese government to international students, incentivizing more Tanzanians to study in China. According to Liu Dong, China awards 120 scholarships to Tanzanians each year, including those through the 20/20 system, which involves 20 Chinese colleges and 20 African universities exchanging students. More than 1,400 Tanzanian students were studying in China as of 2014.

With all these programs intensified lately, it is evident that China wants to create rapport with Tanzania. With huge interactions between Tanzanians and Chinese, then *guanxi* is inevitable to exist. Similarly, the majority of the achievement in Chinese business in Tanzania, even including the Chinese language in the Tanzania education curriculum, is evident fruit of Chinese *Guanxi*. The constant meetings between the Presidents of the two

countries signed the relationship between the two countries and the burning desire of China to strengthen Guanxi with Tanzanians.

CONCLUSION

The culture and philosophy of Guanxi and RM can be debated on their applicability in situations. However, it is clear that the Eastern countries and their companies led by China utilize guanxi and the Western nations and their companies led by the USA utilize the RM concept. On a similar note, it is evident that China is gaining influence in African countries and in Tanzania as well, and this can be closely attributed to guanxi. Western nations are losing grip of the African and Tanzanian market with their RM strategies; however, they remain superior in some sectors in which they have competency. The proliferation of Guanxi in Tanzania stems from its origin since the independence of the country, and the close cooperation between the two countries and their leaders' paves the way for guanxi to be more effective. Despite the positives of guanxi, it also has a negative side that Tanzanian leaders need to be aware of and develop mechanisms to counteract the challenges. The absorption of China as a major trading partner indicates that the Tanzanian business environment is quite dynamic and responds adequately to the changes in the marketplace

REFERENCES

- Alderson, W. (1958). Advertising strategy and theories of motivation. *Motivation and Market Behaviour*, 11-20.
- Ambler, T. (1994). Marketing's third paradigm: Guanxi. *Business Strategy Review*, 5(4), 69-80.
- Arias, J. T. G. (1998). A relationship marketing approach to guanxi. *European Journal of Marketing*, 32 (1/2), 145-156.
- Bailey, M. (1975). Tanzania and China. *African Affairs*, 74(294), 39-50.
- Bartels, R. (1976). *The history of marketing thought*. Columbus, OH: Grid.
- BBC. (2019, February 19). *Chinese 'Ivory Queen' Yang Fenglan jailed in Tanzania*. BBC. <https://www.bbc.com/news/world-africa-47294715>
- Berry, L. L. (1983). Relationship marketing. In Berry, L. L., Shostack, G. L. & Upah, G. D. (Eds), *Emerging Perspectives of Services Marketing* (pp. 25-8). Chicago, IL: American Marketing Association.
- Björkman, I., & Kock, S. (1995). Social relationships and business networks: The case of Western companies in China. *International business review*, 4(4), 519-535.
- Chen, S. (2006). *Market orientation and Guanxi in Chinese business enterprises substitutes or complements?* Doctoral Thesis. University of New South Wales
- Chinese Embassy Website. (2009, February 15). *Chinese President Hu Jintao Holds Talks with His Tanzanian Counterpart Kikwete*. Chinese Embassy in Tanzania. <https://www.fmprc.gov.cn/ce/cebe/eng/zxxx/t537693.htm>
- Chinese Embassy Website. (2013, February 26). *Tanzanian President Jakaya Kikwete Meets with Vice Foreign Minister Zhai Jun*. Chinese Embassy in Tanzania. <https://www.mfa.gov.cn/ce/cedk/eng/TourChina/t1017320.htm>
- Chinese Embassy Website. (2015, April 10). *Sino-Tan relations strengthened under Kikwete*. Chinese Embassy in Tanzania. <https://www.mfa.gov.cn/ce/cetz/eng/ddbd/t1253659.htm>
- Correia, J. M., Dharmasthira, Y. & Pang, C. (2013, May 30). *Market Snapshot: Customer Relationship Management, Worldwide, 2012*. Gartner, Inc. <https://www.gartner.com/en/documents/2501215/market-snapshot-customer-relationship-management-worldwi>

- Flambard-Ruaud, S. (2005). Relationship marketing in emerging economies: some lessons for the future. *Vikalpa*, 30(3), 53-64.
- Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. New York: The Free Press.
- Geddie, M. W., DeFranco, A. L., & Geddie, M. F. (2005). A comparison of relationship marketing and Guanxi: Its implications for the hospitality industry. *International Journal of Contemporary Hospitality Management*, 17 (7), 614-632.
- Gilboa, S., Seger-Guttmann, T., & Mimran, O. (2019). The unique role of relationship marketing in small businesses' customer experience. *Journal of Retailing and Consumer Services*, 51, 152-164.
- Grönroos, C. (2017). Relationship marketing and service: An update. *Journal of Global Scholars of Marketing Science*, 27(3), 201-208.
- Gummerus, J., von Koskull, C., & Kowalkowski, C. (2017). Guest editorial: relationship marketing—past, present and future. *Journal of services marketing*.
- Gummesson, E. (1996). Relationship marketing and imaginary organizations: a synthesis. *European Journal of Marketing*, 30 (2), 31-44.
- Haley, G. T. & Tan, C. (1996). The black hole of South-East Asia: strategic decision making in an informational void. *Management Decision*, 34 (9), 37-48.
- Hofstede, G. (1993). Cultural constraints in management theories. *Academy of Management Perspectives*, 7(1), 81-94.
- Hunt, S. D., Arnett, D. B., & Madhavaram, S. (2006). The explanatory foundations of relationship marketing theory. *Journal of Business & Industrial Marketing*, 21/2 (2006) 72–87
- Kotler, P., Pfoertsch, W., & Sponholz, U. (2021). *H2H Marketing: The Genesis of Human-to-Human Marketing*. Cham: Springer.
- Kumar, V., & W. J. Reinartz (2005). *Customer Relationship Management: A Databased Approach*. New York: Wiley.
- Luo, A., & Kumar, V. (2013). Recovering hidden buyer–seller relationship states to measure the return on marketing investment in business-to-business markets. *Journal of Marketing Research*, 50(1), 143-160.
- Mail and Guardian. (2015). *What Crisis? 16 of China's Biggest Projects in Africa – It is all Billion Dollar Territory in Here*. Retrieved from www.mgafrica.com/article/2015-09-18-multi-billion-dollars-deals-chinas-27-biggest-active-projects-in-africa
- McGarry, E. D. (1950). Some functions of marketing reconsidered. *Theory in marketing*, 263-79.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment - trust theory of relationship marketing. *Journal of Marketing*, 58, 20– 38.
- Mowday, R. T., Steers, R. M., & Porter, L. W. (1979). The measurement of organizational commitment. *Journal of Vocational Behaviour*, 14(2), 224-247.
- Nditi, J. (2019, July 13). *Local Students to sit Chinese Exam*. Daily News. <https://dailynews.co.tz/news/2019-07-135d299326b7ff9.aspx>
- Ndubisi, N. O. (2004). Understanding the salience of cultural dimensions on relationship marketing, it's underpinnings and aftermaths. *Cross-Cultural Management: An International Journal*., 11 (3), 70-89.

- Netzer, O., Lattin, J. M., & Srinivasan, V. (2008). A hidden Markov model of customer relationship dynamics. *Marketing Science*, 27(2), 185-204.
- Observatory of Economic Complexity (OEC). (n.d.). *Tanzania*. OEC. <https://oec.world/en/profile/country/tza>
- Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(4_suppl1), 33-44.
- Palmatier, R. W. (2008). *Relationship marketing*. Cambridge, MA: Marketing Science Institute.
- Palmatier, R., Dant, R., Grewal, D., & Evans, K. (2005). Leveraging relationship marketing strategies for better performance: A meta-analysis. *Marketing Science Institute Working Paper Series*, 05-115.
- Reinartz, W., Thomas, J. S., & Kumar, V. (2005). Balancing acquisition and retention resources to maximize customer profitability. *Journal of marketing*, 69(1), 63-79.
- Reuters Staff. (2019, October 20). *Barrick Gold reaches deal with Tanzania to settle disputes over Acacia Mining*. Reuters. <https://www.reuters.com/article/barrick-gold-tanzania-idUSL3N2750BB>.
- Rosenberg, L. J., & Czepiel, J. A. (1984). A marketing approach for customer retention. *Journal of consumer marketing*, 1 (2), 45-51.
- Ryals, L., & Payne, A. (2001). Customer relationship management in financial services: towards information-enabled relationship marketing. *Journal of Strategic Marketing*, 9(1), 3-27.
- Shangwe, M. J. (2017). China's Soft Power in Tanzania: Opportunities and Challenges. *China Quarterly of International Strategic Studies*, 3(01), 79-100.
- Sheth, J. N. (2015). *The future evolution of relationship marketing*. In *Handbook on research in relationship marketing*. Edward Elgar Publishing.
- Wan, A. Y., & Ng, K. T. (2013). The significance of guanxi in relationship marketing: Perspectives of foreign banks in China. *International Journal of China Marketing*, 3(2), 72-99.
- Wang, C. L. (2007). Guanxi vs relationship marketing: Exploring underlying differences. *Industrial Marketing Management*, 36(1), 81-86.
- Yau, O., McFetridge, P., Chow, R., Lee, J., Sin, L., & Tse, A. (2000). Is relationship marketing for everyone? *European Journal of Marketing*, 34(9/10), 1111-1127.
- Zee News. (2020, December 30). *Chinese firms involved in money laundering racket face the music in Tanzania*. Zee News. <https://zeenews.india.com/india/chinese-firms-involved-in-money-laundering-racket-face-the-music-in-tanzania-2333648.html>, accessed 2022
- Zhang, J. Z., Watson Iv, G. F., Palmatier, R. W., & Dant, R. P. (2016). Dynamic relationship marketing. *Journal of Marketing*, 80(5), 53-75.
- Zineldin, M. (2000). Beyond relationship marketing: Technologicalship marketing. *Marketing Intelligence and Planning*, 18 (1), 9-23.
- Zinkhan, G. M. (2002). Relationship marketing: Theory and implementation. *Journal of Market-Focused Management*, 5(2), 83-89.