

**Title** Comparing business relationships of horticultural firms in supply chains between China and Australia

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### **Abstract**

Supply chain related problems are a major impediment to doing business with China, especially where perishable products are concerned. Previous research attributes much of the blame to unsophisticated Chinese logistics and distribution systems, or difficulties in implementing supply chain management (SCM) practices as defined by western literature. One suggestion is that Chinese firms have not yet realized the benefits of SCM, or are not yet at a stage where they can implement them. By comparison, in western countries SCM principles and practices are better understood, in particular the need for strong relationships among supply chain members. Thus as trade with China opens up under WTO agreements, it will become more important to understand the differences in how relationships with others in the supply chain are managed between Chinese and western firms. This research compared the management of business relationships among firms in supply chains between China and Australia. Data were gathered from detailed surveys of 84 food firms in China and 22 Australian food exporters. Most were involved in trade in horticultural produce. Results indicate that both Chinese and Australian firms clearly understand the benefits that can flow from good SCM practices. However Chinese firms essentially act in the belief that their key suppliers and customers are not honest, while Australian firms assume the opposite. As a result, Chinese firms show less trust and commitment to their key suppliers and key customers than Australian firms do. Australian firms therefore have a limited range of chain-building strategies open to them and should adopt a conservative approach. These lessons could apply equally well to horticultural exporters in any western country wishing to establish supply chains with Chinese importers.