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Abstract: Australia's business relationship with China is growing. However, there are cultural differences between the residents of the two countries that may lead to differences in attitudes and actions. These differences can present obstacles to optimising the benefits to be gained from mutual business cooperation. In order to understand how the future business leaders (present students) view the potentiality for doing business in each others' countries, groups of commerce students in Australia and China were surveyed using the same set of questions. The results identified interesting similarities and differences. Analysis of the responses helps us to detect the knowledge gaps and differences in perceptions and future outlooks between Australian and Chinese students which may impact on the future business relationship between the two countries.

Can We Do Business? A Study of the Attitudes of Chinese and Australian Business Students^{*}

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ABSTRACT

Australia's business relationship with China is growing. However, there are cultural differences between the residents of the two countries that may lead to differences in attitudes and actions. These differences can present obstacles to optimising the benefits to be gained from mutual business cooperation. In order to understand how the future business leaders (present students) view the potentiality for doing business in each others' countries, groups of commerce students in Australia and China were surveyed using the same set of questions. The results identified interesting similarities and differences. Analysis of the responses helps us to detect the knowledge gaps and differences in perceptions and future outlooks between Australian and Chinese students which may impact on the future business relationship between the two countries.

Key words: Business cooperation; professional attitude; Australia; China.

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INTRODUCTION

The economic and political influence of China in the Asia-Oceania region as well as globally has grown steadily. In recent years, Australia's business relationship with China has also been growing. China was ranked as Australia's third largest trading partner in goods and services in 2004 compared to tenth ten years ago (Australian Bureau of Statistics 2004). Australia mainly exports natural resources and agricultural products to China and imports manufactured goods from China. The governments of Australia and China are presently proceeding through a process with the objective of agreeing to a bilateral Free Trade Agreement (FTA). The establishment of an FTA is expected to further improve the business relationship between the two countries. Although investment flows between the two countries are negligible at present, possibilities of growth in bilateral investment cannot be ignored, particularly if an FTA becomes operational. Basu et al. (2005) observed that the Chinese were supportive of the establishment of an FTA. However, there remain cultural differences between the residents of the two countries that may lead to differences in attitudes and actions. These differences may prove to be obstacles in attempts to optimise the benefits to be gained from mutual business cooperation. Since the bilateral relationship is expected to be closer in future, under whatever circumstances, it is necessary to understand how the future leaders (present students) view the potentialities for participating in each others' countries in the areas of trade and corporate investment. Once areas of concern are identified, the extent and nature of any apparent problems can be estimated and remedial measures adopted.

The objective of this paper is to identify if there are areas of concern in the attitudes of students in China and Australia in relation to issues that might impact on the potential for business interaction between the two countries when the students move into positions of business leadership. Surveys of Chinese and Australian university students have been conducted to discern their attitudes. An advantage of addressing our questions to students is that they represent the next generation of business leaders. The economic relationship between the two countries will be increasingly influenced by the attitudes of the next generation of business leaders towards each other, and, in particular, the extent to which they come to develop trust as a core element of transacting investment and trade. The next section briefly explains the economic background factors that are likely to have had an influence on the formation of the attitudes of the students – focussing, in particular, on the growth of private sector business in China and on the changes in government policies that have taken place to permit the emergence of a private sector. This is followed by two sections which document the survey process and analyse the survey results. Concluding remarks are provided in the final section.

BACKGROUND

In this section we focus largely on the background factors that have likely impacted on the development of the attitudes towards trade and international investment of the Chinese students interviewed as, for the majority of readers, there is likely to be a much higher level of familiarity with the background factors expected to influence the thinking of business students in Australia. This is because the level of public debate on these matters in Australia has been far more open and transparent (see for example Lloyd (2006a) and because expositions on changes that have taken place in Australian economic policy are more readily available (see for example Lloyd (2006b)).

Australian students have grown up in an era in which Australia has moved rapidly away from protectionism and government intervention in economic matters. A floating exchange rate has been a fact of life through most of this period and foreign capital movements have taken place relatively unhindered. Further, Australia has never been isolated from the world economy in the manner China was from the rise to power of the Communist Party of China (CCP) until the reforms which began in 1978.

Since 1978, the Chinese economy has gradually opened to international trade and investment flows in order to avoid major imbalances within the socio-political system (Pyle, 1997 and Shen, 2000). The process of implementing China's economic reform was substantially different from the approaches followed by most of the other reforming economies in the recent past (Basu et al. 2002). In line with the general thrust of government policy, the successive series of reforms did not deviate from the principal objective of creating a socialist state, reformed under the leadership of the Communist Party (Shen 2000).

Notwithstanding the CCP's intentions, economic change and social change often tend to go hand in hand. The literature in China exhibits some research findings which support this conjecture. Bian's (2002) summary of social stratification and mobility research surveys conducted in Tianjin do reflect a shift away from a relatively rigid social structure based on institutional controls towards a reshaping of social structure in part through occupational and social mobility as product and labour market forces weaken the established institutional influence. Knight and Shi (1996) found evidence of parents' educational background as 'a powerful influence on enrolment and achievement' so that increased economic prosperity can be associated with the desire for enhanced access to education and a better educated urban population. Cao (2004, p. 436) has observed '...a trend to rising meritocracy in the allocation of material

rewards and career opportunities....' Relative to political factors, Cao's household study in two large cities found that '...meritocratic practices are correlated foremost with the exposure to competitive markets' (p. 452).

In terms of broader attitudes, Wang et al. (2004) observed that political-cultural orientations are becoming more liberal. In their three city study, they found lesser trust in government and more tolerance of differing views as compared to a national survey a decade before. They suggest that at least the higher level of tolerance may be caused by economic development and urbanisation (p. 221). It is reasonable to assume that economic change spills over into some social attitudes and initiates or hastens cultural and social change. For example, perceptions of the consequences of economic change have infiltrated moral education policy discussion (Qi and Tang 2004).

In addition and, more specifically related to our study of Chinese business students here, Chunhou and Vaughan (1996), found by using various data sources '...that many Chinese students demonstrate attitudes and behaviour more consistent with Western free market capitalism than with the behaviour and ideals associated with traditional Chinese culture or the ideology of the Chinese Communist Party' (p. 664). They find, *inter alia*, that the 'opening up' of the Chinese economy brought with it changes in attitudes including higher expectations of jobs, something which can be affected by family background, emerging individualism and higher levels and expectations of consumption. Shengluo (2003) suggests that the Chinese university students are critical of elements of both Russia and the United States.

Of course, the hypothesised relationship between economic progress and social progress cannot be assumed to prevail in all aspects of life or for all groups. One characteristic of economic change is the value placed upon consumption and the move towards a 'modern' culture-ideology of consumption. While changing patterns of consumption are apparent in China, Jussaume's (2001) household survey of food consumption patterns in Qingdao found a qualification to this tendency to 'modern' consumption, namely that the young did not behave as 'modern' consumers. Thus it cannot be assumed that the 'opening up' process necessarily leads to consistent attitudes. For example, Wong and Lee's (2000) study of Shanghai residents' attitudes to social protection indicates support for a tradition of government protection from the cold winds of market reform. Further, whilst Johnston (2004), in a study of attitudes to a range of political and economic indicators amongst people from the Beijing area, found that '...middle class attitudes are consistently on the "liberal" side of most responses' (p. 623), he noted that, at the same time, there is still a very large majority in China who oppose free trade, regardless of their income category (Johnston 2004).

Given the operation of different economic elements in the backgrounds from which the students were drawn, it might be expected that students from Australia would be more outward looking and supportive of economic policies that are grounded in a free-market approach. On the other hand, it seems reasonable to expect that students in China will be less oriented to globalisation and more accepting of government intervention – even though economic progress there might be working to bring about a convergence of Chinese attitudes with western (Australian) attitudes. We might, therefore, expect their respective attitudes towards trade and FDI to be different.

Student attitudes towards FDI is an area in which we are particularly interested. There is no doubt that a developing country like China can absorb much higher levels of FDI and that therefore the establishment of foreign invested businesses in China should be on the agenda for future business leaders from Australia. Ma (2000) provides a detailed analysis of the early stages of FDI flows into China. He notes that FDI began in 1979 when foreign investment for official international agencies was first permitted and China began to accept loans from international institutions such as the International Monetary Fund (IMF) and the Asian Development Bank (ADB). In the next stage, later in that year, Ma notes that the Chinese Government introduced legislation that afforded legal protection to foreign companies and permitted the remittance of profit for the first time. He argues that the unfettered foreign investment could result in speculative activity that would damage the emerging Chinese economy. It is based on a belief that the only way for Chinese business to benefit was to learn from being involved in joint ventures and a conviction that the only means of controlling the activities of foreign businesses operating in China as a result of foreign investment was to have Chinese managers in place. A more skeptical view of the regulations is that they enabled the establishment of sinecures for favored Chinese officials.

A further strengthening of the attractiveness for the investment of funds from offshore came when China joined the IMF and the World Bank in 1980 (Ma 2000). Prime and Park (1997) observed that the improvement in the investment climate was further enhanced by increased access to China's domestic market and that this, in turn, was associated with the reduction in (or in the enforcement of) export clauses in contracts and relaxed restrictions allowing foreign companies to repatriate profits. They noted that the Chinese Government looked for technology and training 'as part of many foreign investment deals' (Prime and Park 1997, p. 34). This indicates that along with encouragement of foreign investment, self-reliance remains traditionally important. The entire decade of the 1980s was spent creating and expanding facilities for foreign investors which resulted in an enhancement of exports in association with a

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growing domestic market. As a result of these initiatives, foreign investment in China (particularly FDI) started rising significantly from the late 1980s after a temporary fall due to the Tiananmen Square incident in 1989. During the 1990s the flow of FDI into China reached record levels (Yeung 2001).

Although substantial research has been conducted on foreign investment in China, literature on related issues such as the culture and governance of firms is still very scant. This is somewhat surprising given that the differences in both, compared with the originating country, can raise the cost of operation in the host country and hence act as a factor discouraging FDI. In the case of culture, Choi (2004) found that the existence of a common language between the country of outflow and the country of inflow was an important determinant of FDI.

In relation to governance, Ye and Valentine (2000) point to the common but often obscure reference in the literature to commercial legal problems for foreign companies investing in China with relatively high levels of disputes. They document the problems which include the importance placed on personal relations, lack of transactions being documented, the fact that Chinese law is more likely to see a contract as a framework rather than detailed clauses that must be followed and that the Chinese Government, particularly when corrupt officials are involved, appears less able and inclined to assist foreign investors when disputes occur. Woo (2000) argues that there is a need to reform China's financial institutions and State Owned Enterprises (SOEs) so that there is a legal framework which is obvious and equitable 'including the creation of a prudential regulatory body to reduce excessive risk-taking by banks'. This concern over Chinese systems within which investment occurs is a theme appearing in the negotiations over FTAs. Wang (2000) finds that the informal nature of personal networks has assisted FDI and in doing so, partially compensated for the problems associated with Chinese institutions.

The proposed FTA between China and Australia addresses both trade and investment aspects. The proposal presumes that the business leaders in each country will want to work with the business leaders in the other to enhance the flow of goods, services and capital. However, for such a relationship to grow and develop in the future, the business leaders of the future must hold attitudes which are, at least, compatible. The literature suggests that each country starts from a very different background with respect to support for the operation of the free market. Given Australia's recent history of microeconomic reform and trade liberalisation it is likely that Australian students will be more aware of the benefits of trade and foreign investment, have greater familiarity with the necessary prerequisites to ensure the development of both areas and be strongly supportive of the operation of the free market. On the other hand, although there is some evidence that opinions in China have moved from a position that might be described as antagonistic to participation in trade and investment with foreigners towards one that is more embracing of globalisation, it might still be expected that their support for the operation of free trade and the development of capital flows is not sufficiently mature to hold out good prospects for the rapid development of both following the successful signing of an FTA. We therefore seek an answer to the question of whether or not the students in each country have formed opinions that will assist or hinder the development of the potential economic relationships between Australia and China as they move from the status of student to that of business leader.

METHODOLOGY

In order to obtain data on the attitudes of Chinese and Australian students towards business in each others' countries, we surveyed students from the commerce faculties in two higher education institutions in China and one in Australia. The Chinese institutes were 'Tianjin University of Commerce' in Tianjin and 'Changchun Taxation University' in Changchun, Jilin Province. Tianjin is a large city with a population of about 10 million located about 150 km north-east of Beijing with a GDP, in 2005, of RMB369.8 billion (see EIU 2007). Thus, Tianjin is relatively developed compared with much of the rest of China and the students are expected to be more influenced by the business and cultural interactions of China with the rest of the world. Changchun, on the other hand, is a medium-sized city in Jilin province in northeast China with a population of about 3 million. In 2005, GDP per head in Jilin was less than half that of Tianjin (EIU 2007). Given the lower level of economic development of Jilin, the students in Changchun are likely to be less familiar with China's international interactions. The only Australian institute included in this study was Charles Sturt University (Bathurst campus) in New South Wales. Bathurst is a medium sized inland city in Australia with population of about 31,000, located 200 kilometres west of Sydney. Students at Charles Sturt University's Bathurst campus are predominantly Australian residents. As such, the Bathurst campus has a relatively lower proportion of on-campus overseas students as compared to other Australian universities. CSU's overseas students are mostly located on its Wagga Wagga campus. Thus, the views of students from Bathurst can largely be considered to be views of Australian-born students. All Chinese students generally enter the tertiary education sector immediately after completion of high school. Thus students in the sample will largely be from the 19-24 years age group. The Australian sample of students is also drawn primarily from students who entered university after leaving high school and will thus come from a similar age group as their Chinese counterparts.

The surveys, based on written questionnaires, were conducted during April–June, 2005 in China and in October–November 2005 in Australia. Other studies in the general area of free trade agreements have also employed the survey method (Rugman and Verbeke, 1990). Undergraduate and post-graduate students from commerce courses were invited to participate on a voluntary basis. In China, the questionnaire was administered to approximately 1,950 students and resulted in 1,515 usable responses (834 from Tianjin and 681 from Changchun), a 77.7 per cent response rate. In Australia, the response rate was much lower, about 32 per cent. Questionnaires were given to 425 students and usable responses were obtained from 136. Direct administration of the process by lecturers and the general attitude of Chinese students were possibly responsible for a higher survey response rate in China. Ready access to the groups of respondents was a primary consideration in our choice. However, in each case, the members of the groups met the criteria laid down by Lloyd (2006a) of being independent and informed and are likely – especially in the case of business students - to be central to the development of public opinion that will impact on future policy. A major advantage of addressing questions to commerce students is that they represent the next generation of business leaders in China and Australia.

SURVEY RESULTS

In written questionnaire surveys, students in China and Australia were asked to express their opinions, along a 5-point Likert scale, on three specific areas of interest. These were: (1) assessment of China/Australia as a business partner for companies in Australia/China (9 questions); (2) relative strengths of Chinese/Australian companies as investment partners (13 questions); and (3) determinants of foreign investment in the respective countries (21 questions). In the first two areas, respondents in each country were asked to express their opinions on the other country. In the third area, questions were asked about their own country’s perspective. Questionnaires with less than 5 per cent of non-responses were included as usable cases. Results of the student surveys on these three areas of interest are presented in Tables 1-3. Higher mean value indicated stronger agreement with the issue concerned and vice versa. Results of Chi-square tests of differences in distributions for each question are presented in the respective tables.

Table 1 presents results of responses from Australian and Chinese samples on their assessments of trade partnerships of companies in each others’ countries. The same questions were used for both samples, covering nine specific issues. The trends of responses were very similar in the two countries. Both groups of respondents agreed that they would benefit from each other if a closer trade relationship is established. From the Chinese perspective, this reflects an increasing level of tolerance towards different cultures. Researchers have already observed this pattern within different contexts in China (Wang et al. 2004; Jussaume 2001). Qi and Tang (2004) argued that the economic changes impacted education policies and also social attitudes. Apparently, the attitude is changing more or less uniformly across China, irrespective of a region’s direct exposure to the international sector (Basu et al. 2006b). Our survey results, however, identified minor differences in perceptions, such as in the area of discrimination against the products of an exporting country in the market of the importing country. For example, Chinese students were concerned that Australian consumers discriminate against Chinese products. On the other hand, Australian students were less aware of the acceptability of Australian products in the Chinese market. In reality, China is still not a major market for Australian products, particularly food. Australia is a major exporter of resources to China and the nature of this market is very different because it is dominated by Australia’s large mining companies. Both Chinese and Australian students seemed to express some concern about the extent to which government regulations, on both sides, inhibit trade – although both did acknowledge that this was becoming less of a problem. This indicates that market forces are becoming increasingly important to students in China. Results of Chi-square tests confirm that responses obtained from these two groups of samples were significantly independent as P-values were significant at a 5% level or below in all cases.

Table 1 Assessment of Australia/China as a trade partner for companies in China/Australia – Statistical indicators of student responses

| Issues | Means * | | Chi-Square test of differences in distributions ** |
|--|----------------|----------------|--|
| | Australia | China | |
| Australia/China is potentially a large market for Chinese/Australian products | 4.03 (1.04) | 3.78 (0.89) | 49.93 (0.000) |
| Australia/China is potentially a good source of raw materials/ components for companies in China/Australia | 3.60 (0.99) | 3.65 (0.87) | 9.20 (0.000) |
| It is more profitable to trade with Australia/China than with other countries in the West/East | 3.15 (0.90) | 3.09 (0.85) | 11.23 (0.024) |

| | | | |
|---|----------------|----------------|------------------|
| It is more profitable to trade with Australia/China than with other countries in the East/West | 3.23 (0.95) | 3.24 (0.91) | 16.02 (0.003) |
| The Chinese government rules and regulations are not prohibitive | 2.89 (0.66) | 2.80 (1.00) | 98.90 (0.000) |
| The Australian government rules and regulations are not prohibitive | 2.74 (0.78) | 2.74 (0.94) | 35.60 (0.000) |
| It is gradually becoming easier to trade with Australia/China | 3.61 (0.83) | 3.50 (0.92) | 31.73 (0.000) |
| Australian/Chinese consumers do not discriminate against Chinese/Australian products | 3.12 (0.85) | 2.77 (1.01) | 58.40 (0.000) |
| It is possible to have a stronger and sustainable trade relationship with Australia/China in the near future (e.g. within next 5 years) | 3.92 (0.86) | 3.96 (0.76) | 11.82 (0.019) |

* Figures in brackets represent respective standard deviation values.

** Figures in brackets represent P-values.

The second area of interest in this study was investment. The data provided in Table 2 suggests that Chinese and Australian students differed more in their assessment of investment prospects than they did regarding trade prospects (Table 1) in the other country. Chinese students considered that Chinese companies were not well informed about prospects in Australia., This may be due to the relatively limited presence of Australian consumer products in the Chinese domestic market as compared with the ready availability of American and European products. Australian students, on the other hand, considered Australian firms were relatively more aware of opportunities in China. The Chinese students considered that association with Australian companies would improve management practices in China and were, in particular, aware of substantial differences in attitudes towards corporate governance in Chinese corporate life compared with practices in the West. The Chinese students clearly regarded Australia as a Western country and considered that a closer association with Australian companies would improve transparency in corporate governance in China. These findings are consistent with earlier research conducted by Ye and Valentine (2000) and Woo (2000) who observed that the practice of corporate governance in China was in need of a substantial overhaul if Chinese corporations were going to effectively participate in the global economy. Whilst the Chinese students were clearly concerned that governance was a critical issue that would benefit from exposure to Australian management styles, the Australian students did not consider that association with Chinese companies would improve the management practices of Australian companies.

Table 2 Relative strengths of Australian/Chinese companies as investment partners – Statistical indicators of student responses

| Issues | Means * | | Chi-Square test of differences in distributions ** |
|--|----------------|----------------|--|
| | Australia | China | |
| Australian/Chinese companies are very professionally managed | 3.38 (0.81) | 3.78 (0.73) | 92.22 (0.000) |
| Australian/Chinese companies always look for overseas partners | 3.18 (0.79) | 3.86 (0.64) | 213.08 (0.000) |
| Australian/Chinese companies have a good knowledge of China/Australia | 3.90 (0.85) | 2.81 (0.90) | 254.64 (0.000) |
| Australian/Chinese companies have large investment resources | 3.47 (0.81) | 3.39 (0.84) | 8.60 (0.072) |
| Australian/Chinese companies always need foreign investments | 3.01 (0.87) | 3.59 (0.83) | 51.47 (0.000) |
| Australian/Chinese companies are very international | 3.41 (0.90) | 3.27 (0.90) | 5.02 (0.285) |
| Association with Australian/ Chinese companies improves management practices in Chinese/Australian companies | 3.04 (0.81) | 3.76 (0.76) | 155.45 (0.000) |
| Association with Australian/ Chinese companies improves business and trade practices in Chinese/Australian companies | 3.35 (0.79) | 3.79 (0.71) | 74.24 (0.000) |
| Australian/Chinese companies bring better technology | 3.38 | 3.71 | 41.09 |

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|--|----------------|----------------|-------------------|
| in China/Australia | (0.93) | (0.79) | (0.000) |
| Australian/Chinese companies are very fair in foreign remittances | 2.94 (0.69) | 3.44 (0.80) | 252.24 (0.000) |
| Association with Australian/ Chinese companies improves possibilities of higher exports from China/Australia | 3.70 (0.85) | 3.61 (0.79) | 7.91 (0.095) |
| Association with Australian /Chinese companies improves possibilities of better import deals | 3.71 (0.82) | 3.66 (0.78) | 13.96 (0.007) |
| Association with Australian /Chinese companies makes Chinese/Australian companies more international | 3.72 (0.85) | 3.86 (0.78) | 20.00 (0.001) |

* Figures in brackets represent respective standard deviation values.

** Figures in brackets represent P-values.

Both groups of surveyed students agreed that each country was actively looking for overseas business partners. In keeping with our comments above, the Chinese students considered the successful partnering with international corporations to be more important for the global success of Chinese companies than was considered the case by Australian students for Australian companies. The Chinese students considered that Australian investment in Chinese businesses could facilitate the internationalising of Chinese companies in every respect. No doubt this view is influenced by the perception that financial collaboration with a country like Australia would bring with it better technology which had long been a priority of the Chinese government (Prime and Park 1997). Australian students, on the other hand, expressed doubt that Australian investors would be permitted to earn a fair return on their outlays. The question, “Australian/Chinese companies are very international” provides an interesting result in the Chi-square test which indicate that the responses obtained from the two groups of samples were not significantly independent. We suggest that both groups of students may have similar parochial attitudes about their country’s international standing

On the broader issue of the determinants of foreign investment in the respective countries, there were differences of opinion between the students from each country (Table 3). The Chinese students considered that the three most important factors encouraging the inflow of foreign funds were good infrastructure, an efficient and fair justice system and geographical location. It is interesting to note that the new generation of Chinese people did not consider differences in culture and language to be important inhibitors of FDI. Choi (2004), working with an older generation, had observed that these factors were of vital importance. Our results do not refute Choi’s work but may, rather, suggest that for the young Chinese, these problems of culture and language were well on the way to being overcome and that future FDI was now being impacted by problems that still needed addressing. Australian students, on the other hand, having been brought up in an era of rationalist economics, considered that the important determinants were economic stability, economic growth and a favourable exchange rate. The Australian economy has, for many years, exhibited all three.

Table 3 Determinants of foreign investments - Statistical indicators of student responses

| Issues | Means * | | Chi-Square test of differences in distributions ** |
|---|----------------|----------------|--|
| | Australia | China | |
| Political considerations only | 2.65 (1.01) | 2.27 (0.96) | 150.50 (0.000) |
| Level of restrictions on inflow & outflow of funds | 3.62 (0.80) | 3.32 (1.02) | 62.97 (0.000) |
| Size of a country (in terms of population) | 2.99 (1.15) | 3.17 (1.11) | 11.79 (0.019) |
| Fixed (pegged) foreign exchange rate is the best policy | 2.96 (0.91) | 2.86 (0.97) | 40.36 (0.000) |
| Favourable foreign exchange rate | 3.61 (0.85) | 3.70 (0.89) | 14.72 (0.005) |
| Economic stability | 3.79 (0.98) | 3.90 (0.98) | 8.36 (0.079) |
| Economic growth | 3.69 (0.89) | 3.77 (0.93) | 12.19 (0.016) |
| Fiscal benefits | 3.40 (0.91) | 3.59 (1.00) | 24.25 (0.000) |

| | | | |
|---|----------------|----------------|-------------------|
| Availability of cheaper resources | 3.38 (0.90) | 2.95 (1.02) | 35.27 (0.000) |
| Low wage rate | 2.93 (1.02) | 3.14 (1.07) | 11.26 (0.024) |
| Level (quality) of working conditions is irrelevant | 2.67 (1.07) | 2.21 (1.00) | 41.78 (0.000) |
| Good infrastructure facilities | 3.43 (0.99) | 4.06 (0.83) | 100.29 (0.000) |
| Efficient and fair justice system | 3.34 (1.04) | 4.03 (0.79) | 134.89 (0.000) |
| Geographical location | 3.18 (0.96) | 3.85 (0.79) | 138.68 (0.000) |
| Experience of existing foreign investors | 3.21 (0.94) | 3.50 (0.89) | 15.64 (0.004) |
| Availability of quality manpower | 3.20 (0.86) | 3.59 (0.95) | 30.16 (0.000) |
| Existence of good corporate governance | 3.54 (0.89) | 3.80 (0.78) | 14.94 (0.005) |
| Foreign investment helps to increase exports in collaborator's country | 3.54 (0.73) | 3.56 (0.84) | 8.44 (0.038) |
| Foreign investment helps to increase exports in any country | 3.39 (0.80) | 2.91 (1.03) | 58.40 (0.000) |
| Trade relationship is a precondition for attracting foreign investments | 3.57 (0.94) | 3.59 (0.84) | 16.26 (0.003) |
| Trade relationship and financial collaboration are completely independent of each other | 2.84 (0.86) | 2.20 (1.01) | 212.99 (0.000) |

* Figures in brackets represent respective standard deviation values.

** Figures in brackets represent P-values.

Both Chinese and Australian students considered political considerations and fixed foreign exchange policy as unimportant in attracting FDI. From the Chinese perspective, this finding once again appears to be a significant deviation from the traditional outlook. Basu et al. (2006a) observed that the older generation of Chinese remained positive about the role of the political authorities and felt quite secure in the knowledge that government would intervene to solve problems. The younger generation, on the other hand, are distancing themselves from economic socialism (although not yet from political communism) and are wary of such economic attitudes. Chunhou and Vaughan (1996) and Shengluo (2003) have also observed this changing trend among the younger Chinese.

Although it has been commonly perceived that low cost structures in China are an important factor responsible for very large levels of inflow of FDI into China in recent years, the Chinese students did not agree. They considered that the availability of cheap resources was irrelevant for investment inflows. In particular, they argued, China's relatively low wages are temporary and will rise with development. We concur. As living standards improve there will be little adverse impact on FDI which will continue to be needed to meet the demands of a rapidly growing domestic market of middle class Chinese. Chinese students consider FDI as the major vehicle of growth. They do not reveal any particular preference for source country, cultural or language affinities. This in contrast to some earlier studies (Choi 2004). Australian students on the other hand, do not hold FDI in such high regard. They are apparently unaware of the importance that FDI has played in Australian economic development. Now the concern is with a growing accumulation of current account deficits. Results of Chi-square tests confirm that responses obtained from two groups of samples were significantly independent as P-values were significant at a 5% level or below in all cases except in one where it was significant at a 10% level.

CONCLUSIONS

The objective of this paper was to assess the attitudes of Chinese and Australian university students in terms of the two countries' potential to conduct bilateral trade and investment relationships in the future. It is probable that Australia and China are going to have closer economic relationships in the future. Indeed the welfare of most Australians, whether or not they realise it, is now inextricably linked to the future development of China. However, cultural differences between the two countries may prove to be a bottleneck to achieving optimum outcomes. Thus, it is important to understand the differences in attitudes of business leaders in the two countries. This study has

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attempted to assess the differences in attitudes from the perspective of those who will be future leaders of businesses in both countries. Groups of commerce students from Australian and Chinese universities were surveyed using the same set of questions in three areas of interest: assessment of companies from the other country as trade partners, relative strengths of companies from the other country as investment partners and the determinants of foreign investment in general. The results identified interesting areas of similarity and difference. Although both groups of students expressed a lack of knowledge about the other country, the Chinese students seemed to lag behind in terms of their knowledge of Australia than did the Australian students in terms of their knowledge of China. This could, in part, be due to Australian students having received greater exposure to Chinese consumer goods than the Chinese exposure to Australian goods.

In general, the students' responses to a variety of issues appeared to be similar with, perhaps, some differences in emphasis. Both groups agreed that a closer relationship would generate a number of benefits. The major differences identified were in the area of potential benefits for companies. In our judgement, the Chinese students demonstrated significant business maturity by questioning the limitations of current corporate governance practices in China. They clearly expected that exposure to Western governance practices through association with Australian firms would benefit Chinese companies. Australian students, on the other hand, displayed less understanding of the benefits that business interaction with the Chinese could have for Australian companies. Our analysis helps to detect some of the knowledge gaps and differences in perceptions and future outlooks between Australian and Chinese students which may impact on the future business relationship between the two countries. Perhaps one of the most important findings of this study is that there were no negative attitudes expressed by either Chinese or Australian students. With increasing trade and investment, knowledge gaps will narrow.

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