

for appointment to a position at the bank. If necessary, Chun would have the power to make any final decisions that he, Li and the committee could not agree upon.

After the HR team had examined all the applications, they informed Chun that some had special notes attached to say "this candidate is important," for example. These notes indicated that these candidates had a relationship and support from a powerful government official, a prominent businessman, or a senior manager at the bank. Chun told his staff to find the best candidates based on merit, and to leave the applications that had notes attached but did not make the final list in a separate pile.

Although applications were received from graduates from many universities across China, only students from top universities who had graduated with certain majors were considered. Candidates needed to have majored in finance, accounting, power generation, highways, or railways, as these were the sectors in which the Dalian branches of China Sunwah Bank conducted most of its business. Applicants studying overseas were only considered if they were graduating from one of the top 100 non-Chinese universities in the world. Many from less reputable universities had already been eliminated.

Some of the local applicants who had not been successful had received a phone call informing them that they would not be getting a position but, for most, there was no notification for unsuccessful applications. All these applicants could do was to call the China Sunwah Bank HR department, hoping for positive news.

If the HR personnel, Chun and Li, liked a candidate's application, academic achievement, and/or employment history, then this application would be placed on a separate pile. After the final 48 applicants were chosen, they were then required to complete an examination that had a threshold score they had to reach in order to progress further. All those who remained were then contacted to arrange face-to-face interviews. The application, examination results, and first interview were then used as reference points of consideration from which the committee would decide who would be interviewed a second time. Seven candidates who were studying overseas made it to the last 48 and Chun and Li interviewed them using Skype. Three were good enough to reach the second interview stage, and Chen flew overseas to interview them. Students in the final list were graduating from Harvard University, the Australian National University, and Yale University.

Secrets

The "guanxi"¹ concept of relationships was exemplified through the notes that were attached to some applications, which typified the complexities associated with the recruitments process in China. Modern bank recruiters needed to use more effective recruitment methods to eliminate the need to satisfy the requests of powerful stakeholders in terms of hiring processes. The influence of guanxi had long played a role in securing jobs in China; however, modern Chinese bankers, under pressure to make profits and satisfy key performance indicators, were hesitant about using guanxi as a method of determining suitable employees. The reason for this change was that in the past, banks were sometimes forced to recruit employees who were well connected but not necessarily the most productive, talented, or qualified applicants.

To try to minimize the probability of this happening, Chun and Li had advertised 12 positions, yet in reality there were 22 positions to be filled. This provided them with the flexibility to make sure that at least 10 of the new positions were reserved solely for the most talented applicants. This ensured the Bank would be gaining some dynamic and talented new recruits, and meant that at least 10 of the successful candidates would have gained their placements based on presentation, merit and qualifications and not on how powerful their guanxi connections were. Of course, confidentiality was critical in this process, and both Li and Chun had needed to deny, on several occasions, that any such extra positions existed.

To outside observers, Chun and Li had followed the normal procedure needed to recruit employees by posting an advertisement on the bank's website and in the national newspaper that described the criteria, what applicants needed to provide, and how they could submit their applications. As was expected, this open method exposed them to requests for favours from powerful businessmen, senior government

members, and/or Communist party officials who wanted to secure the job for a friend or relative as "payback" for some previous or anticipated favours.

After the advertisement had appeared, past teachers, friends, former classmates, government officials, private-sector professionals, and other bankers had contacted Chun and Li to endorse their candidates for the positions. They knew that positions at China Sunwah Bank were highly sought after and gaining a position at the bank would mean the beginning of a secure career and future in banking and finance.

Only five days after the advertisement had appeared on the bank's website, Chun had received a detailed letter from his former finance lecturer at the Qingdao University, Tang Tan, inquiring about his health and family, and requesting that Chun seriously consider one of his finance graduates who had excelled in her studies. As co-members of the university's alumni, Tang knew Chun would have some influence on who would get these placements and perhaps be able to help his graduate gain a position at his bank. This was a significant letter for Chun as Tang had helped him through a critical and difficult period as a student when his mother had passed away suddenly and his studies had suffered. This memory remained important in Chun's mind and he had always wanted to repay Tang's favour in some way. After receiving the letter he rang Tang to discuss this candidate with him personally and promised that he would look closely at her application.

Similarly, a former classmate and colleague, Zhou Zing, who managed a branch of the China Sunwah Bank in Dalian, called Chun to invite him and his family to join his family for dinner at the five-star Blue Moon Lake Hotel in central Dalian. In China it was traditional that the person extending the invitation pay the cost of dinner, even between close friends, and Chun was a little surprised that they were not going to the cheap noodle restaurant nearby that their families usually frequented. Nevertheless, it was a strategic move: Zhou knew Chun enjoyed eating at stylish restaurants. At the dinner they talked about their time together at university, their families, business, and interests, and eventually Zhou came to discussing a candidate he wished to recommend to be considered for a position at China Sunwah Bank. Zhou endorsed his candidate's suitability as a good recruit for the bank. Chun knew he owed his former classmate a favour and his assessment would decide if the applicant supported by Zhou would get a position at the bank. He made a note to look out for the name of the graduate in the list of the last 48 candidates.

In addition, a director from the Department of Electric Power phoned Li with a similar request. Li thought the director may be very powerful and proceeded with caution. As they did not know each other well or directly, Li tried to find out more by contacting his own friends, colleagues, or former classmates to search for someone who may know the director well. Two members of Li's "guanxiwang"² knew the director, and Li arranged to meet with them for dinner to consolidate their guanxi and discuss how to communicate best with the director and consider his request. At the dinner, one of Li's friends strongly supported the director's reputation and suggested arranging a meeting with him to give Li and the director the opportunity to compare respective backgrounds and, more importantly, provide Li with more information to make an informed decision. In this way, the success of the director's candidate depended directly on the strength of the relationship between Li and his guanxiwang, the quality of the relationship between the director and these same people, and the power the director had in the Chinese Communist Party. If these two sets of relationships were strong enough and the director was in a powerful position, then the director's applicant would be strongly considered and would likely obtain a position at the bank. Two days later, Li met the director for dinner and made many notes to ponder regarding his decision about the director's candidate.

Earlier on the same day, Chun had attended a banquet with Mike Gan, senior executive of Helang Appliances in Beijing. Gan was visiting Dalian for two days to look at the company's production plant there. Six months earlier Chun had assessed and approved Gan's application for a China Sunwah Bank loan for US\$1.4 million³ for Helang to invest in a research and development plant in Dalian. The banquet was a long and drawn out event and Gan was well known to like to drink a considerable amount during these occasions. Chun was not a heavy drinker but knew he had to participate to give his associate "mianzi"⁴ and to represent China Sunwah Bank. Chun felt important and respected, as Gan had arranged