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Chinese Guanxi and Anglo-American Networking: A Comparative Investigation of Cross-Cultural Interpersonal Business Relationships

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ABSTRACT

Both Chinese and Anglo-American cultures highlight the importance of interpersonal relationships for successful business. In Chinese and Anglo-American culture respectively, guanxi and networking are linguistic equivalents. However, cross-culturally there are emic differences, particularly of Chinese guanxi, which are not captured by these linguistic equivalencies. As such, Chinese guanxi remain somewhat mysterious to a non-Chinese audience. This study explores the differences between Chinese guanxi and Anglo-American networking through a process of semi-structured interviews with n=10 individuals familiar with both cultural contexts. The data indicate three major themes for Chinese guanxi: a heavy emphasis on reciprocity, a long-term orientation, and culture specific etiquette for building guanxi. Each theme is also furthered characterized by important sub-themes that further our understanding of Chinese guanxi. Implications for enhanced cross-cultural relationships are discussed.
Keywords: *guanxi, networking, China, American, cross-cultural*

INTRODUCTION

Guanxi form the bases around which all social structures are embedded in China (Bian, 1994). Resultingly, the Chinese maintain that having good *guanxi* is synonymous with positive functioning in society (Luo, 2000; Tsui& Lau, 2002; Yang, 1957). Consistent with this theme, the current Chinese management literature consistently highlights the importance of *guanxi* as crucial to business success in China (Farh*et al.,* 1998; Tsang, 1998; Wall, 1990, Yeung& Tung, 1996). Additionally, China is the largest, fastest growing transition economy and the most heavily engaged in international business (Child &Tse, 2001). Taken in conjunction with one another, these two insights hold important implications for business in China. Essentially, *guanxi* are vital to successful business in the world's largest, fastest growing transition economy.

In a similar fashion, Anglo-American cultures emphasize networking as critical to successful business in those cultural contexts. Networking behaviors (Forret& Dougherty, 2004), or those associated with building social capital, are vital to individuals, especially those who pursue protean careers and rely on themselves rather than organizations, (Hall, 1976; Hall &Mirvis, 1996). The benefits of social capital in Anglo-American business contexts have also been widely documented (see Adler & Kwon, 2002 for a review).

Thus, a cross-cultural parallel emerges: *guanxi* are important for anyone interested in doing business with China in the same way that networking is paramount to business success in an Anglo-American context. In fact, *guanxi* is commonly translated into English as "network," "relationship," or "connection." However, while *guanxi* and networking might be linguistic equivalents, *guanxi* are more deeply embedded in emic subtleties of Chinese culture than notions of networking in Anglo-American cultures. Any understanding of *guanxi* requires a Western anchor, most commonly found in an understanding of networking, however, this very anchor that elucidates our understanding at the most basic level later clouds our understanding by limiting our understanding of more detailed emic differences (Shenkar, 2004).

LITERATURE REVIEW

Chinese academics have endeavored to explain *guanxi* and its complexities (e.g. Luo, 1997, 2000; Yang. 1994). However, one of the shortfalls in the cross-cultural literature is that researchers have not clearly delineatedspecific cultural differences between Chinese *guanxi* and Anglo-American networking. Clearly, there is some acknowledgement that these two types of relationships differ, but exactly how therelationships themselves differ remains enigmatic. Researchers have selectively compared *guanxi* to Anglo-American constructsto delineate differences. These constructs include: leader-member exchange (Law, Wong, Wang, & Wang, 2000), relational demography (Farh, Tsui, Xin, & Cheng, 1998; Tsui&Farh, 1997), and relationship marketing (Simmons and Munch, 1996; Wang, 2007). With respect to model development for *guanxi*, Chen and Chen (2004) designed a three-stage process model of *guanxi* development with the stages initiating, building, and using. Thus, while there have been some efforts to explain what *guanxi* is not with respect to certain management constructs as well as the suggestion of a process model to explain how *guanxi* work in an indigenous context, there is still little understanding of the differences between *guanxi* vs. networking.

Forret and Dougherty (2004) link social capital theory with networking. They define networking as "individuals' attempts to develop and maintain relationships with others who have the potential to assist them in their work or career" (pp. 420). Forret and Dougherty (2001) used factor analysis to identify the following five networking behaviors: maintaining contacts, socializing, engaging in professional activities, participating in church and community, and increasing internal visibility. From this point, we can connect social capital to various benefits: social capital influences career success (Burt, 1992; Gabbay& Zuckerman, 1998; Poldolny& Baron, 1997), social capital helps workers find jobs (Granovetter, 1973, 1995; Lin &Dumin, 1996; Lin, Ensel, & Vaughn, 1981), social capital influences executive compensation (Belliveau, O'Reilly, & Wade, 1996; Burt, 1997), social capital helps create a rich applicant pool for firms (Fernandez, Castilla, & Moore; 2000), social capital facilitates the creation of intellectual capital (Hargadon& Sutton, 1997; Nahapiet&Ghoshal, 1998), social capital facilitates entrepreneurship (Chong & Gibbons, 1997).

While *guanxi* and networking might be linguistic equivalents, *guanxi* are more deeply embedded in emic subtleties of Chinese culture than notions of networking in American cultures.Ostensibly, there are deeper cultural differences between networking and *guanxi* that linguistic equivalence fails to capture. While there is ready acknowledgement of such cross-cultural differences, too often these subtle emic distinctions are collapsed under the heading of linguistic equivalents or dismissed as minor cultural differences that do not demand further scrutiny. More astute cross-cultural researchers devise cross-cultural dimensions or continua that attempt to capture the range of these differences. While such dimensions potentially offer more explanatory power, they still flatten the complexities of cultural nuances by creating a linear, negative relationship.

Because *guanxi* is such an important foundation in Chinese culture, it seems like an understatement that non-Chinese hoping to engage successfully with the Chinese simply must have an understanding of what *guanxi* mean to the Chinese. However, with no over-arching theory of cross-cultural relationships that incorporates emics of both Chinese *guanxi* and American networking, there is a barrier to dialog that could otherwise inform the field and create a meaningful research agenda on interpersonal business relationships.This treatment of Chinese *guanxi* and Anglo-American networking has played out with adverse effects for both research and practice.

To understand these differences, cross-cultural researchers need to clarify and arrive at a solid understanding of what *guanxi* connotes in a Chinese context and similarly what networking implies for Anglo-Americans. Unpacking the emic differences between Chinese *guanxi* and Anglo-American networking is prudent for the positive business, cross-cultural, and training implications that understanding these differences would yield. This paper takes a modest, but important, step in that direction by specifically seeking characterizations of Chinese *guanxi* as contrasted to Anglo-American networking in hopes of elucidating the contrasting characteristics of *guanxi* for a non-Chinese audience.

DATA COLLECTION

To ascertain what was in the mindset of people regarding this difference, I conducted semi-structured interviews with 10 individuals ranging from 45-60 minutes each. All 10 interviews took place in 2008. Eight of these ten individuals were immigrants to the United States from China; the remaining two were second generation Chinese Americans. Thus, the individuals with whom I spoke all of possessed an intimate understanding of both Chinese as well as Anglo-American cultures.

I used convenience sampling to recruit subjects. Convenience sampling is based on availability, efficiency in time, expense, and effort (Miles &Huberman, 1994). Criteria for selecting individuals for my interviews were that they were of Chinese or Chinese-American descent and had at least 3 years of international work experience. Their work experience included the following industries: public relations, real estate, investment, property development, human resources, government, finance, and education. In all, there were 5 men and 5 women, and their ages ranged from 25-55. With these criteria in mind, all interviewees were capable of speaking to characterizations of *guanxi*and differences between it and networking across a broad range of experiences and industries. Participants were allowed to express their views in the language with which they were most comfortable (English or Mandarin Chinese). This latitude afforded greater freedom to express perspectives on how *guanxi* differs from networking.

For the interviews, I asked open, non-leading questions to ensure that interviewees were not biased by the fashion in which the questions were posed. For a starting question, each person was asked the primary research question of this investigation: how do Chinese *guanxi*differ from Anglo-American networking? From there, clarifying questions were asked, but minimal guidance was offered to allow participants freedom to construct their own comparative analysis of *guanxi* and networking.

DATA ANALYSIS

The content of responses in these interviews was analyzed using thematic analysis (Braun & Clarke, 2006). Thematic analysis is a qualitative method that identifies, analyzes, and reports patterns within data. I used this method to identify themes and sub-themes of *guanxi* as contrasted to networking. Recurrent themes and patterns were identified through a continuous process of compare and contrast. From this process, three dominant themes emerged with two sub-themes for each. Table 1 provides an illustration of the corresponding sub-themes under each dominant theme. I now examine each of these dominant themes and the corresponding sub-themes in greater detail.

Table 1: Dominant Themes and Sub-themes

Dominant Themes	Sub-themes	
Reciprocity	Reciprocity based on obligation	Reciprocate items of escalating value
Time	Longer time to build a relationship	Longevity of a relationship endures
Etiquette	Share a meal together	Meeting setting should be public

The following sectionsoutline the three dominant themes and the relevant sub-themes for each dominant theme that emerged when interviewees were asked to characterize and how Chinese *guanxi*differ from Anglo-American networking.

RECIPROCITY

The first theme that emerged was notions of reciprocity. Thoughts on reciprocity came out in nine out of my ten interviews. They help to explain a culturally bound expectation for reciprocity as well as a unique cultural pattern that characterizes reciprocity in a Chinese context.

- Reciprocity is an overriding principle in *guanxi*. Don't accept gifts if you can't reciprocate. There are expectations based on resources, and people will be disappointed if there is no reciprocity. When expectations differ, there is friction.

- Reciprocity in a *guanxi* relationship needs to be of equal or greater value.
- Reciprocity must be at least of the same value.
- Reciprocity is stronger in China. There is a greater sense of score keeping (than in the US).
- Reciprocity is very important in *guanxi*. It's just understood. You need to show appreciation.
- *Guanxi* come with obligation based on reciprocity.
- *Guanxi* are*quid pro quo*. In *guanxi,* there is an obligation to reciprocate. Again, it's very *quid pro quo*.
- *Guanxi* come with a heavy emphasis on reciprocity and obligation. American networking functions more on gratitude than obligation.
- In *guanxi,* you expect something in return. People are always figuring out a way to give back.

Reciprocity is not unique to Chinese culture. Yet, the data overwhelmingly support the conclusion that reciprocity is paramount to Chinese in *guanxi* relationships. Based on the way in which it was underscored in these responses, we might begin to intuit that reciprocity is somehow more significant in Chinese culture. In terms of practical understanding, we can deduce from this thought that being a recipient necessarily implies that one will turn into a giver at a later date. Such is the basic notion of reciprocity.

Beyond this understanding, however, two intriguing sub-themes emerge here, both of which warrantexploration and provide keener insights into the Chinese notion of reciprocity. The first sub-theme stems from the idea of reciprocity based on obligation. Seemingly for the Chinese, receiving a favor, assistance, a gift, or a banquet comes replete with implicit expectations that the receiver will someday return the favor (or whatever was received). This shift in balance stems from a culturally bound obligation to reciprocate and payback rather than an abstract feeling of mutual goodwill. Thus, while people might want to reciprocate, the more important fact is that reciprocation is mandatory to act within appropriate cultural norms.

Furthermore, the notion that reciprocity much be of greater value than what was received emerged as a sub-theme. This implies that what one party receives will be returned at a later date with something of greater value by virtue of the aforementioned obligatory reciprocity. If we consider this pattern of give and take, there is a perpetual imbalance of what has been given and received between two parties. There is also an endless escalation of obligation and magnitude of exchanges because, as the data suggest, reciprocity should be of greater value than what was received.

In summary,reciprocity is a central component of *guanxi*. Entering into *guanxi*implies a never-ending cycle of obligatory give and take of exchanges of ever-increasing value. Understanding the existence of this cycle provides an appropriate lead in for discussion of the second dominant theme: long-term orientation.

Long-term Time Orientation

The Chinese have been characterized as having a long-term orientation (Bond, 1986; Chinese Culture Connection, 1987; Hsu, 1953). Consistent with this thought, notions of a long-term temporal orientation emerged in seven out of my ten interviews.

- Time is nothing to the Chinese. Relationships take time to develop because you want them to be deep. Sometimes it can take a year before trust is established.
- Chinese *guanxi* are a lifelong responsibility.
- The speed at which people become close differs between Americans and Chinese. Trust and friendship are earned, and that takes a lot longer for Chinese.
- In *guanxi*, you want the relationship to last a long time.
- *Guanxi* implies a long-term relationship.
- Waiting to return a favor can be more valuable than returning it quickly.
- Time is not an obstacle. The Chinese have a long-term orientation, which means that *guanxi* endure based on trust. Mutual benefit is more of a short-term gain.

While it is straightforward to understand long-term orientation, two sub-themes emerge that have unique implications for the heightened understanding a *guanxi* that we seek. These sub-themes partially overlap, yet at the same time they are sufficiently distinctive so as not be collapsed into one. First, because of this long-term temporal orientation, the Chinese will take a long time to feel comfortable with another party. In other words, the length of time

that it takes the Chinese to develop trust and enter into a *guanxi* relationship might seem long to non-Chinese. However, it is simply a function of Chinese culture that relationships take a long time to develop.

The second sub-theme related to this long-term orientation is that the Chinese perceive these *guanxi* relationships as enduring for a lifetime and beyond (meaning to posterity). Thus, *guanxi* are not temporary or transient. Rather, they are a long-term responsibility to the other party. With this understanding, the interplay between these two sub-themes becomes more apparent. An appropriate way to understand the relationship between these two sub-themes is as follows: the Chinese take a long time develop trust and a level of comfort with another party before entering into a *guanxi* relationship because they view the relationship as a long-term commitment. As such, they will not casually enter into a relationship without having some assurance of affinity credibility, and workability, all of which require time to develop.

Overall, descriptions of *guanxi* relationships from this data support the characterization of the Chinese as having a long-term orientation.Specific to *guanxi,* this long-term orientation has important implications for both the time taken to enter into *guanxi* as well as expectations for their perceived longevity.

ETIQUETTE

The final theme that emerged from my data was notions surrounding the etiquette of *guanxi*. Thoughts on the proper etiquette of *guanxi* were offered in seven out of ten interviews that serve to clarify the proper actions, purpose, and settings for building *guanxi*.

- Wining and dining is a part of building *guanxi*.
- Building *guanxi* involves sitting down and having a meal together. Networks can be built more casually like over the phone.
- *Guanxi* implies having an informal meal together. Talk about general topics before revealing your true intent. Similarly, don't give gifts at the first meeting. That would be too obvious.
- To build *guanxi*, have a meal together or do an activity together. It should be in a public place so that you are on neutral territory.
- *Guanxi* etiquette involves eating and drinking together. People need a common experience to bond over.
- *Guanxi* are best built in public places, such as having a meal together in a restaurant.
- Hosting banquet and doing favors are still common, but they are not the most effective means of building *guanxi*.

Overwhelmingly, sharing a meal together emerged as a salient behavior when discussing the etiquette of *guanxi*. If we consider the title of Yang's (1994) book,Gifts, Favors, and Banquets, the notion of sharing a meal together fits within the context of behaviors that are supported in the literature. However, similar to the two previously explored themes, this theme of etiquette also contains important sub-themes: creating a meaningful bonding experience and meeting in a neutral, public setting.

Historically, *guanxi* took roots in family ties and connections (Luo, 2000; Yang, 1994). Growing up in the village of one's birth (and often never leaving) equated to wielding *guanxi* based on location. However, people in China now move about the country with far increased geographic mobility.As a result, there exists a somewhat novel need to create new bonds between people because the traditional bond of family is no longer the default *guanxi* base. To accomplish this, people must create meaningful, shared experiences. Enjoying a meal together is one common avenue for creating this bond where a family tie might have been once shared. Hence, there is the high frequency with which my interviewees responded with thoughts of sharing a meal together to build *guanxi*.

There is also an emphasis placed on building *guanxi* (over sharing a meal) in a public setting. In a public setting, the power differential is decreased by putting both parties on neutral territory (as contrasted to meeting in the home or office of one party). Thus, neither party has a home advantage, so the process of gaining familiarity can transpire in a more neutral setting. These statements are somewhat contradictory to the existing literature on the etiquette of *guanxi*. For example, Yang (1994) specifically outlines paying visits to people at their offices and homes as part of the etiquette of *guanxi*. Yet certainly being in one's home or office gives that party a slight advantage. One explanation for this discrepancy might be a change in *guanxi* etiquette over time. Given that her book was published fifteen years ago, perhaps a new trend in *guanxi* etiquette has emerged, the more current thoughts of which are manifest in these responses.

DISCUSSION

This investigation seeks to elucidate differences between Chinese *guanxi* from Anglo-American networking by revealing emic characteristics of *guanxi* that differentiate it from Anglo-American networking. The emergence of the three dominant themes and corresponding sub-themes offer additional intriguing questions that warrant further exploration.

First, with the understanding of obligatory reciprocityin increasing magnitude, we can extrapolate that entering into *guanxi* comes with a more highly calculated approachthan Anglo-American networking that weighs costs, benefits, liabilities, and ability to reciprocate. However, perhaps a more pressing question for both Chinese and non-Chinese alike is: what happens if one fails to reciprocate?Is the relationship terminated? Does one's reputation suffer immeasurably? Furthermore, a cross-cultural difference that certainly bears investigation is: would the repercussions for failing to reciprocate be the same for Chinese and non-Chinese? The present research did not explore these questions. However, they are important for our overall understanding and for practical implications, and future research should address them.

Second, discussions of an important trend in Chinese culture at a sociological level are relevant to explain the emphasis on sharing a meal to create a common bonding experience. The traditional*guanxi* base was family relations. However, the current one-child policy is creating a pivotal shift in the ability to rely on family *guanxi*. Designed to curb population growth, couples are encouraged to have a single child. Although the policy is more effectively enforced in urban areas than rural ones, there has been a sharp increase in the number of single children households in China. The current generation age twenty five and younger has few brothers and sisters, the passage of another generation will see even fewer cousins, aunts, and uncles. If this trend continues, the majority of individuals will eventually have few, if any, extended family connections. In addition to the previously mentioned geographic mobility, the growing absence of extended family relations creates an acute need to look beyond the family for *guanxi* relationships. To solidify these relationships, people need to create a bond to have a common, shared experience since there might not be a commonality of ancestry or birthplace. Tracking this phenomenon in China will be important to detail the changing social landscape, and it is equally important for understanding the nature of *guanxi* in China.

CONCLUSION

The themes that emerged in this research are well supported by the data. However, we must exercise caution that with a sample of ten, there might be other important themes of *guanxi* that have not yet been revealed by the present research. Nonetheless, we can take these themes as a starting point for understanding emic distinctions between Chinese *guanxi* and Anglo-American networking. From this point, we can also suggest directions for future research.

As the present research has taken initial steps to ascertaining what is in the minds of Chinese people regarding *guanxi*, a prudent next step would to test these concepts on a larger sample through quantitative methods. Furthermore, two sociological constructs might also serve to heighten our understanding of both *guanxi* in an indigenous Chinese context as well as a cross-cultural comparison of Chinese *guanxi* and Anglo-American networking. First, age might be a point of differentiation within Chinese culture for older people who have larger *guanxi* bases by virtue of their families as contrasted to younger people who are less familiar with family *guanxi*. A plausible Chinese study, that would also have significant implications for both Chinese and non-Chinese audiences, would be the current perspectives held by people of different generations regarding *guanxi,* its use, and cultivation.

Second, the urban vs. rural distinction might hold important points of differentiation for the same properties of *guanxi* (cultivation, etiquette). Urban centers on the east coast of China (e.g. Beijing and Shanghai) have a longer history of exposure to contemporary, international business practices than do some of the regions lying further west and in more suburban areas. Thus, another prudent inquiry would seek to examine urban vs. rural or regional differences in China regarding cultivation and etiquette of *guanxi*. For example, are there *guanxi* practices in the countryside that are unfamiliar to urbanites?

Finally, if the goal of this research is to acquire a keener understanding in hopes of having smoother relationships, what are the cardinal errors of *guanxi* (as well as networking) that would prohibit a relationship from ever starting? This research seemingly points at one such "no-slack" error: failure or inability to reciprocate. Are there others such *faux pas*? Are Chinese and non-Chinese given equal consideration, or are there further cross-cultural differences in these consequences? Future research could address the existence of other inexcusable errors in what Yang (1994) calls the art of *guanxi.*

Chinese culture and *guanxi* have long been a source of mystery. Even the Chinese do not always share consistent views on *guanxi* (Yang, 1994). Although interpersonal business relationships are universal, Chinese *guanxi* are imbued with certain emic characteristics that make them different from networking relationships in an Anglo-American context. This research takes initial steps at exploring these differences by questioning how specifically Chinese *guanxi* differ from Anglo-American networking. It finds unique properties of Chinese *guanxi* in three areas: notions of reciprocity, long-term orientation, and the etiquette of *guanxi*. Each of these themes that emerged in this research is further characterized by sub-themes that serve to elucidate further both the themes to which they are specific as well as an overall understanding of *guanxi*. As the Chinese economy continues to flourish, leveraging this understanding and further refining it is crucial for international management and global business.

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