

# Discuss How the Guanxi-Based Networking is Related to Chinese Culture and Business

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**ABSTRACT.** *Over the last few centuries, Guanxi regarded as the lifeblood of business relationships and management in China has been widespread in the Chinese business world, which leads to local and foreign firms ineluctably confronting guanxi dynamics. The paper will discuss how the guanxi-based networking is related to Chinese culture and business.*

**KEYWORDS:** *Guanxi-based networking; Confucianism; Familial collectivism; Face (mianzi)*

## 1. Introduction

Chinese guanxi originates from Confucianism, containing the broad cultural dimension of collectivism demonstrated in the significance of networks of interpersonal relations. Nowadays, Guanxi is an important element of Chinese firms' performance, as it can influence how firms interact with the task environment and how resources flow[1]. Based on the significance of guanxi-based networking in Chinese business world, the paper will demonstrate how guanxi links to Chinese culture and business.

## 2. Obligations and Indebtedness of Chinese Guanxi-Based Network

Obligations and indebtedness are needed in the Chinese guanxi-based network, which stems from the relationships of Confucianism. Giving faces and reciprocity is an element for keeping and enhancing guanxi. This is because people's face (mianzi) will be lost if they do not obey the rule of equity and returning favor, and finally they will be regarded them as untrustworthy people. Also, based on business culture in China, saving face can affect a person's social standing and reputation. When one party makes the other party embarrass, even if it is not intentional, business negotiations can fail because the behavior can damage the other party's dignity[2].

### **3. Family as a Basic Template of Chinese Business Relationships**

Chinese families stem from Confucianism and are typically represented by familial collectivism. The standards of family relationships are prominent in China, so that Chinese business relationships regard the family as a basic template. There is no denying that a strong socio-emotional factor exists in Chinese business relationships, particularly referring to introducing family members, giving gifts and sharing meals. Chinese business emphasizes trust in family-like relationships. This means instrumental exchanges are accompanied by affective bonds in China, and whether or not another person has embedded within one's network determines the reliance on another person to a large extent[3].

### **4. Trusting Business Guanxi Relying on Affective Bonds**

Familial collectivism has four main characteristics, including preference for extended family structure, mutual dependence; dominance of family interaction over other relationships and hierarchical power structure[4]. To be specific, preference for extended family structures creates a channel to access and gain the resources from relative networks. It is reported that Chinese are inclined to make use of their social networks to finish tasks and tackle problems when the standards of social interaction are adopted in business practices. Besides, the behavior of mutual dependence on each other aims to gain instrumental resources, as well as getting socio-emotional support. Most business guanxi' development depends on socio-emotional exchanges, like gift giving, shared meals and socializing with other's family[3].

### **5. Conclusion**

According to the above analysis, obligations and indebtedness are needed in the Chinese guanxi-based network, which can be understood and analyzed based on the standards of familial collectivism. Most business guanxi' development depends on socio-emotional exchanges, which suggests that it is significant for business partners to establish and maintain affective bonds.

### **References**

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