
Guanxi Dynamics and Network Building

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Introduction

- **What do you think about your chinese friends ?**
- **Are they friendly ?**
- **Are they always smile to you ?**



Socio-Cultural Concepts:

- Guanxi
- Face
- Renqing



Guanxi” = Connections/ Relationships

- The term refers to special relationship two persons have with each other, it can be best translated as friendship with implications of a continual exchange of favors

-Pye 1992;101

Guanxi,

- **In the Chinese context, business relationships and personal relationships cannot be separated from each other**
 - **In granting a favour or help, there is the unspoken expectation of reciprocity, and the receiver is somewhat in debt until the favour is returned**
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Some Ideas On *Guanxi*?

- Personal
 - Reciprocal obligations
 - Continuing over time if nurtured
 - Declining if neglected
 - Insider/outside
 - New friends/old friends
 - Networks of connections
 - 'Investing' in *guanxi*
 - Consideration for others
 - 'People' orientation
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Face

Definition:

- Face is associated with honour, dignity, and a deep sense of pride
 - *Lian* is the confidence of society in a person's moral character, while *mianzi* represents social perceptions of a person's prestige. For a person to maintain face is important with Chinese social relations because face translates into power and influence. A loss of *lian* would result in a loss of trust within a social network, while a loss of *mianzi* would likely result in a loss of authority
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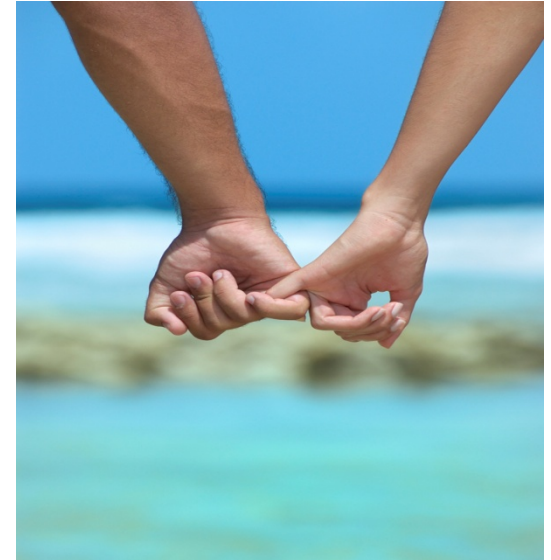
The concept of 'Face'

- The rich and powerful all care about their *Face* . If you embarrass a Chinese, even unintentionally, it could jeopardise your negotiation. Instead of saying “You are wrong”, maybe try a more subtle and diplomatic response
 - Face is a ritualised way of showing and receiving respect and over time, allows the formal building of relationships and mutual trust
 - In China, *Face* cannot only be lost and saved, it can also be given. Giving face means doing something to enhance someone's else reputation or prestige
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Renqing

Definition :

- *mutually beneficial; reciprocal*),
- defines by one western scholar as “covers not only sentiment but also its social expressions such as the offering of congratulations, or condolences or the making of gifts on appropriate occasions.



Renqing



- A Chinese who has done a favor for you automatically feels that he or she is owed a favor from you in return. Actually “renqing” follows Confucian notion of reciprocity.
- Human obligation

Interaction between Guanxi, Face , and renqing

- to develop *renqing* can be regarded as a precondition for the establishment or maintenance of *guanxi*. The extent of *renqing* that two persons enjoy can clearly indicate the quality of *guanxi* between them.
 - As explained above, 'face' has two dimensions, that is, *lian* and *mianzi*. If one does not follow the rule of *guanxi*, one loses in both dimensions; if one follows the rule of *guanxi*, one gains in two dimensions. The more *mianzi* one has, the easier it will be to establish and develop one's relationships. If a Chinese is described as having no *mianzi* at all, he is virtually deprived of the right to establish and develop *guanxi*, as others will have little interest in responding to his initiatives
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Five basic confucian relationships and guanxi

- Sincerity between father and son
- Righteousness between ruler and subjects
- Distinction or separate functions between husband and wife
- Order between older brother and younger brothers
- Faithful among friends



Guanxi network building

- A guanxi network is made up of people one can count on and trust, who can pull strings and arrange for extra help. First and foremost, these people are family, then perhaps classmates or colleagues
 - The concept of *guanxi* is not unique in China, it is vital for getting important things accomplished there. Chinese prefer to do business with those they have *guanxi*
 - Guanxi combines aspects of face, obligation, reciprocity, and hierarchy. It is a network of relationships that carries a certain expectation of mutual benefit
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Guanxi network building

- person that is well connected, has relationships in high places, can open the right doors for you, and protect you and look out for your interests is called a GUANXI (pronounced GWAN SHE).
 - Your Guanxi can be a relative, family friend, a long time corporate friend, a government official you have come to know and trust, a consultant.
 - Your Guanxi is key to your success.
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Different approaches to building connection networks

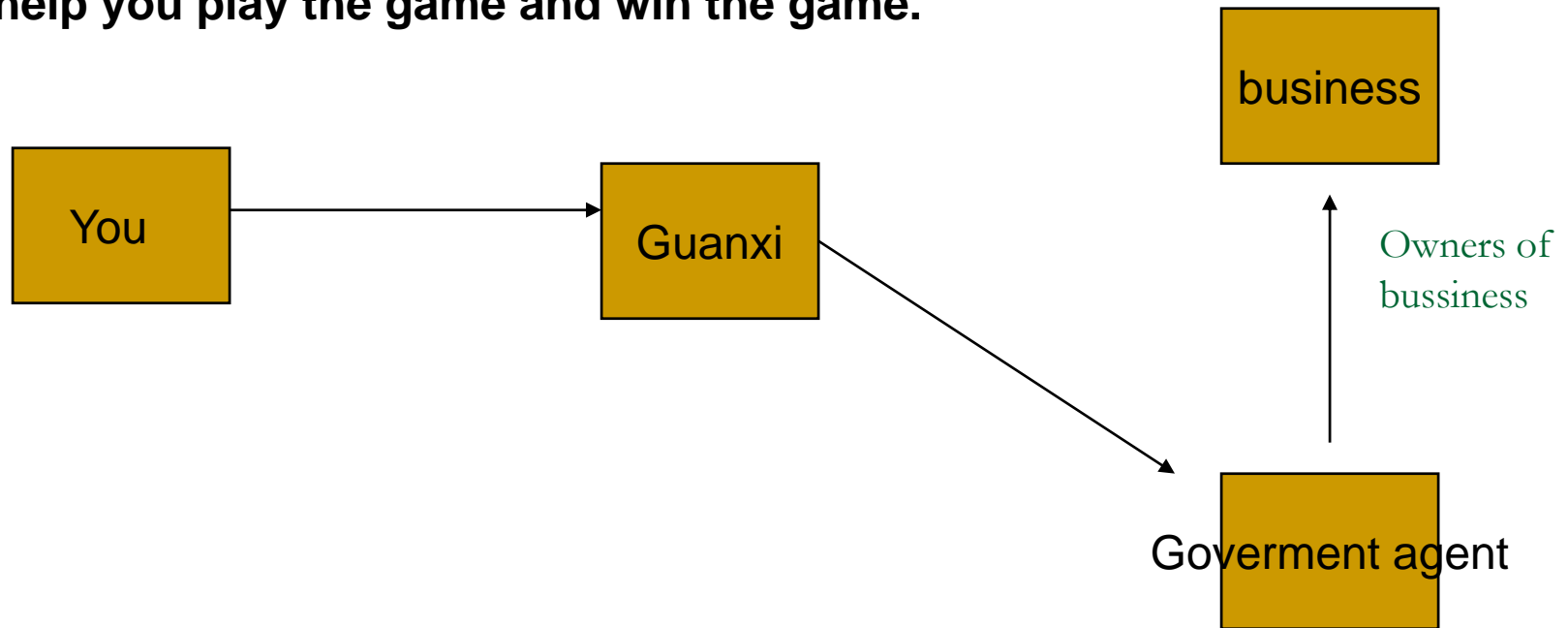
JAPAN

- Less dynamics
- Formation of social groups based on fixed frame

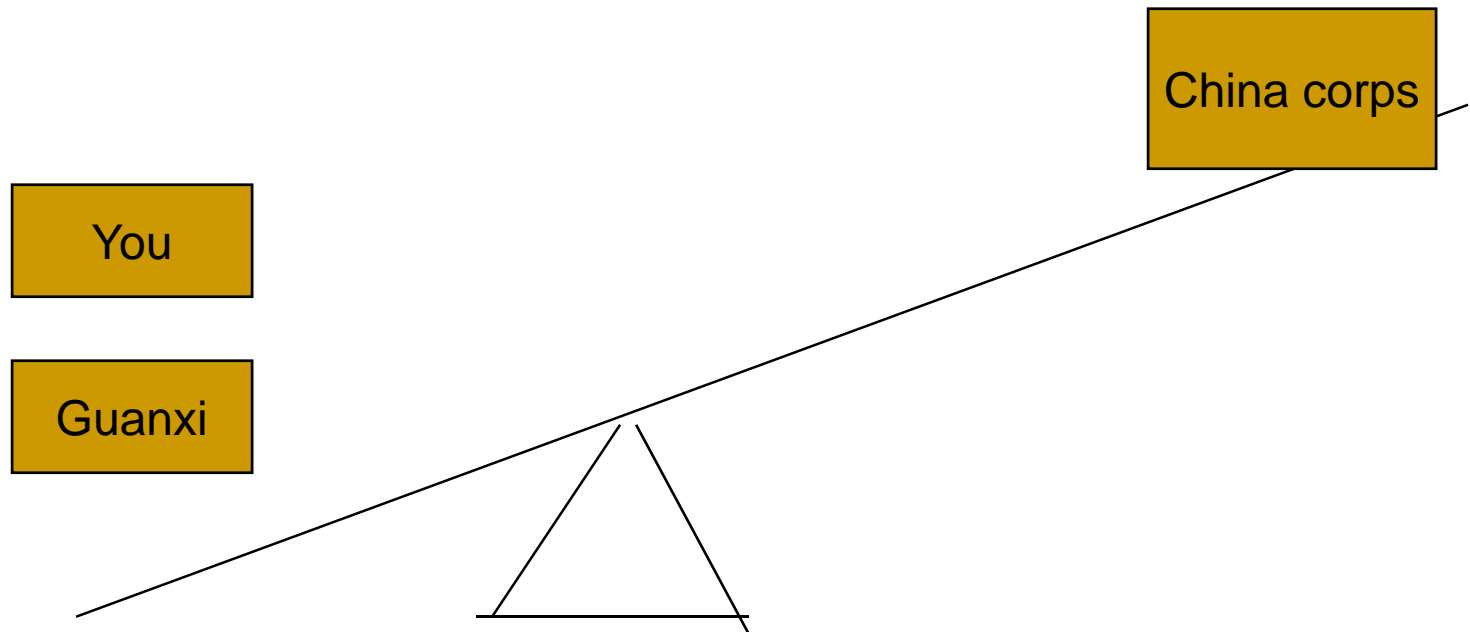
CHINA

- More dynamics
 - Formation of social groups based on attributes
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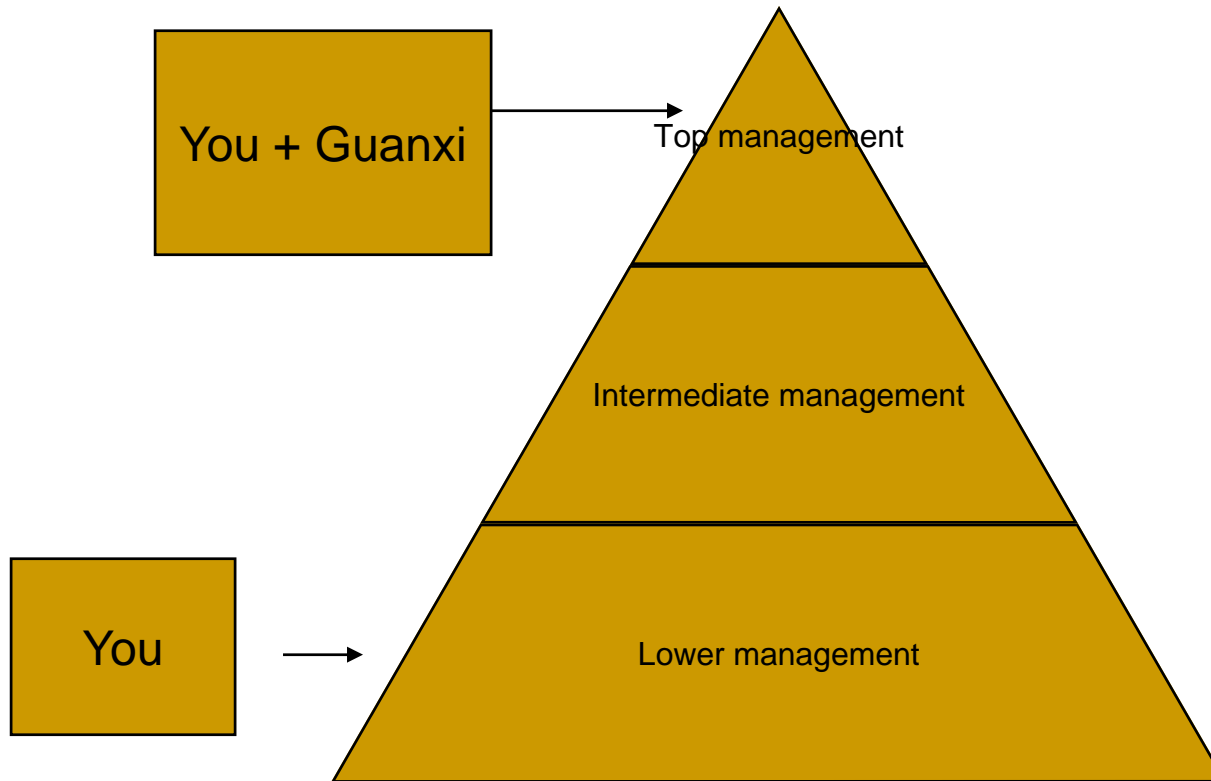
Your Guanxi will get you in the door, and more importantly, your Guanxi will advise you and help you navigate through the system and help you play the game and win the game.



Keep in mind they know much more about your business than you can about theirs, because there is not public record of their business and little record from the media, so they will at least maneuver to appear bigger.



YOUR ENTRY LEVEL INTO CHINA BUSINESS



Conclusion

- Establish a Guanxi “Circle of Trust” or leverage another’s “Circle of Trust”
 - In conclusion, Guansi is and important cultural and social element in chinese society with significant effects on bussiness operation survival , and growth
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