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## *Has the significance and practice of guanxi changed in modern day China?*

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## Table of Contents

Abstract / Summary .....	3
1. Introduction, background and purpose .....	5
1.1 Introduction.....	5
1.2 Changing environments .....	6
1.3 Purpose.....	7
1.4 Background .....	8
1.5 History of guanxi in Chinese culture / business culture.....	9
2. Literature review .....	11
2.1 Guanxi in business.....	11
2.2 Theories arguing for a decrease of guanxi.....	12
2.3 Theories arguing for an increase of guanxi .....	14
2.4 A framework to understand the dynamics of guanxi.....	15
3. Methodology .....	16
3.1 Research strategy and research method .....	16
3.2 The interviews.....	17
3.3 Interviewees .....	17
3.4 Limitation of chosen selection of data .....	18
4. Empirical finding.....	19
4.1 Division of interview questions .....	19
4.2 Part 1 – General questions about guanxi.....	19
4.3 Part 2 – Questions about guanxi’s role for them.....	24
5. Analysis/Discussion .....	30
5.1 Is guanxi still as important to the younger generation? .....	30
5.2 Has guanxi practice changed?.....	31
5.2.1 Two levels of Bian’s framework to explain changes within guanxi .....	32
5.2.1.1 Connectivity vs dysconnectivity (Bian, 2018).....	32
5.2.1.2 Sentimental tie (Bian, 2018) .....	33
5.3 Technological impact on guanxi’s significance.....	34
5.4 Additional changes to guanxi in modern day China.....	34
6. Conclusion.....	36
7. Limitation of thesis.....	38
8. Further research.....	38
Appendix .....	39
References .....	41

## Abstract / Summary

“关系”是中国社会特有的一种现象，由于外力的影响，特别是自一九七八年中国改革开放以来，根植于集体主义社会的“关系”正越来越多地进入全球商业市场。了解“关系”显然很重要，虽然如此，之前的许多研究都因循著名的 Mayfair Yang /Guthrie 的观点。“关系”的演变以及它对年轻一代是否仍然重要，却不常被研究。这也是为什么这篇文章研究的目的定为“关系的重要性和实践在现代中国改变了吗？”

多年来，关系在中国社会一直起着作用，在毛泽东时代，许多人会利用关系来获得额外的衣服和食物，在 80 到 90 年代，关系更多的被用来获取护照或者许可证等等。中国改革开放后的 40 年，了解人际关系在中国商业市场中的作用和表现，以及背后的驱动，不仅对西方，而且对所有西方和东方经济体的意义都显得更加重要。

本文的研究分为两部分: 1.关系对年轻一代仍然重要吗? 2. 在商业交往中，关系实践有哪些变化?

为了回答这两个问题，本文采用了定性研究的方法，通过问题设计和深度访谈获取样本进行分析。在研究中，邀请了来自不同领域的五名管理人员进行访谈，在选择访谈对象的过程中尽可能提高样本的多样性，因此 5 位访谈的采访对象来自不同的年龄组/背景/职位。其中一人曾在政府部门工作，另外四人来自于 b2b 商业公司。研究结果发现，受社会经济环境和技术等外部因素的影响，年轻一代仍然重视关系，因为关系有可能改善他们的职业发展。然而，关系的变化也是惊人的，关系的概念产生于集体主义社会，但是关系现在的形式正转变为更适合与西方相似的个体主义的商业世界。

现在的关系大多追求短期利益，缺乏信任，更多人开始把关系当作一种资产，对企业或个人的资产。但这并不是说，在现代中国社会没有长期的关系。虽然这项研究尽量做到样本多样化，但也存在一定的局限，其中之一是受访者不多，如果采访的数量更多，可能会有更多的证据，比如可以观察访者不同的人口背景进行分类，然后分类比较不同群体之间的差异。

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# 1. Introduction, background and purpose

## 1.1 Introduction

The origin of guanxi stems from Chinese social philosophy, a philosophy which has managed to survive from the ancient time of Confucius, some 2500 years ago. Despite the origin of guanxi dating back to the times of Confucius, guanxi is surprisingly common within the Chinese business culture of today, both consciously and unconsciously (Chen, 2001). Whilst many scholars have tried to answer the core definition of guanxi. Each of these scholars may have their own perception of guanxi's definition, nonetheless many of these scholars may be able to agree upon guanxi having two circles, the first one being an inner circle, which would include "JiaRen 家人/QinRen 亲人" (family members) "ShuRen" 熟人 (acquaintances or familiar faces or friends of friends) (Fu, Tsui & Dess, 2005). The second one being an outer circle, containing "WaiRen" 外人 (strangers with some connection to the individual in question) additionally within the outer circle there is "QuanWaiRen" 圈外人, these individuals within the outer circle could be indicated to as strangers with a connection to the individual. (Weingardt, 2016).

Even though many scholars have tried to find guanxi's impact in both the social and business life (Gold, 1985; Yeung, Guthrie, 1998; 1996; Gold et al., 2002; Su et al., 2006; Nolan, 2011; Guo et al., 2018), converging the changes of guanxi practice has not been as frequently studied (Weingardt, 2016; Bian 2018). Undoubtedly, China is a country with a prolonged history, hence China would unquestionably have accustomed itself with various changes throughout the history. Recent transitions not only embedded within the Chinese business life, but also within the Chinese life in general. May to some degree have played a role in order to form the guanxi of today. Technological advancements, social changes, political reforms, in combination with China taking a higher role within the global environment are all possible impacts. It is with these transformations, understanding and perceiving changes within the Chinese business life becomes ever more important. Undoubtedly since China has undergone great sociopolitical and technological transformations in the past. In fact, one of the most famous transformations within China was in 1949, a time when Mao Zedong took over, and thereafter launched the cultural revolution in 1966 ("A Brief Overview of China's Cultural Revolution", 2019). The Cultural Revolution forced economic disorganization and various shortages of common goods, which

consequently forced the Chinese population to seek irregular channels in order to receive abundant food and clothing, consequently, seeing an increase in the guanxi usage. (Gold, 1985). Although China is not currently undergoing something as drastic as the Cultural Revolution, the changes in both the economic environment, and cultural environment may have impacted the guanxi usage in modern day China. Additionally, there are several important factors that could not have been considered with some of the older findings, such as Chinas incorporation into the WTO in 2001, and an incredible development within the Chinese market economy. With changing environments all over the world, China specifically has seen an excessive transformation by being exposed to the western world for more than 40 years. We know that guanxi has been suitable for the Chinese business life and society in the past (Chen, 2001; Yang, 2002), but will it be suitable for the younger generation within the new Chinese marketplace? A modern China, with changes not only in collective aspects. But with major technological advancements, that may very possibly impact the practice of guanxi? We can see manual labor, now being technologically dominated, tasks such as ordering a coffee, or finding new manufactures are now profoundly depended on technology. Due to such changes within the Chinese business environment, it comes to no surprise that this has been a hot topic, especially in the 1990 and the early 2000's, where many scholars tried to see if there is a change in the usage of guanxi. (Guthrie, 1998; Yang, 2002; Yang, 2011; Bian, 2013, 2018). Many focused on attempting to prove an increase or a decrease of guanxi practice (Guthrie, 1998; Bian, 2013, 2018; Yang, 2002). Very few of them took into account that there may be an alteration in the usage of guanxi, and whether or not guanxi practice would continue to change? None of which focused on whether guanxi has managed to keep up with the changes, whether guanxi still carries an importance to the younger generation who were born after the 1980s.

## **1.2 Changing environments**

Traditionally guanxi would have been used to share information between small communities and families in an assurance that mianzi 面子 (face) would not be lost (Barbalet, 2013). Gossip carries a somewhat important aspect to guanxi as well, the gossip could be seen as a moral authority, giving transparency into the guanxi between people (ibid.). The transparency of this gossip indirectly correlates to the Confucian ideology of Renyi 仁义 (righteousness). Making sure that each member has a healthy attitude towards guanxi and the members within the closed group. But what happens when villages and towns gradually become ever more globally exposed. What happens when traditional ideologies become progressively

exposed and possibly modified by the global surroundings? With the world constantly evolving and transforming, China has since the open-door policy been one of the few countries during the last decades that has able to grow at a preposterous pace. China was in 2019 described by the World Bank as “*the fastest sustainable expansion by a major economy in the history.*” (The world bank in China, 2019). During recent years China has been able to average its GDP growth by 9.5% (Congressional Research Service, 2019), with such growth, understanding the changes within the Chinese business environment becomes ever more important to all corners of the world conducting dealing with China. China has gone from a poor undeveloped country to a major economic power in under four decades (ibid.).

### **1.3 Purpose**

Due to the research gaps mentioned above, the purpose of this paper is to examine whether the significance and practice of guanxi has changed in the modern-day China. Such information will be of great importance to all entering the Chinese business market, whether it is an oversea firm planning to move the business to China, or to any individual who is planning to enter the Chinese business market. Additionally, it could even be used as a guide for the older generation to understand the shifts within the Chinese organizational business culture. It is of great importance not only to understand the current circumstances, but to understand the background of it all. In order to fulfill the research purpose, two research questions are formulated:

1. Is guanxi still important to the younger generation? In this study the younger generation refers to the ones born after 1980s and the older generation here are the ones born before 1980s. One of the significance differences being the economic reformation and an influence from the west.
2. Has guanxi practice changed after the economic reform and China’s entering into WTO, if yes, what are the causing factors?

Both of these questions purposefully focusing on guanxi within the Chinese culture and Chinese business/ organizational culture.

## 1.4 Background

In order to answer these questions, certain prerequisite knowledge of the Chinese culture will be essential. Whilst Western culture is orientated to exhibit individualistic traits, East Asian culture has a broader degree of collectivist tendencies (Hajikhameneh & Kimbrough, 2017). The population of individualistic societies, as many of the Western European and North American countries, tends to prominently focus on their personal benefit, whilst a collectivist society does the mere opposite, focusing on trying to benefit the society (Hofstede, 2001). It is of great importance to understand that *guanxi* is rooted within a collectivist society (Yang, 2011). Doing business in a collectivist society can be somewhat different from that of an individualistic. A collective society puts the well-being and benefits of the group, prior to their own. By prioritizing the group, the individual still survives and gains advantages by being a part of the “group”. Whereby it is essential that each individual within the group shares the same interpretation of value for the well-being of the group, no individual’s well-being and prosperity will be unaccounted for (ibid.). Individuals will evaluate and examine if the services they require, could be acquired from their “group” before looking elsewhere (Van de Vliert, Yang, Wang & Ren, 2012). Not only is this behavior rooted within the Chinese society, but it is also deeply rooted in the Chinese political and historical ideology (Guo, Rammal, Benson, Zhu & Dowling, 2018). Due to such importance of collectivity, with group like view, the Chinese society could be regarded as an interchained network of people being connected to one another, just like *guanxi*.

The traits of collectivism stretch even further than in just history of China, the importance of collectivism is even implemented within the Chinese language. Examples of how collectivism has formed the Chinese language includes words such as 国家 *GuoJia* and 我们大家 *WoMenDaJia*, both of which are words associated with groups of people. Starting off with the word of *GuoJia* 国家 which means country/nation. *Guo* 国 could be translated into nation or state. Whilst *Jia* 家 would be translated to home (Wang, 2016). A word to word translation of this corresponds to state + home or take the word all of us “*Wo men da jia*” 我们大家 with a word to word translation making up we are a big family (ibid.). Undoubtedly, collectivism has had a strong impact on forming the Chinese population throughout the years. According to Hofstede’s insight China is valued as low individualism and very high in long-term orientation, thereof being a normative society, trying to keep its roots, much of the way they do with



Confucianism and guanxi (Hofstede Insights China, 2019). It may therefore come to no surprise that Su et al (2006) argues that “*Guanxi is rooted in a collectivist society and will not lose its legitimacy in organizing business resources*” (p. 304).

With continuous daily interaction with various traits of collectivism, is there anyway external factors could have an impact and change the circumstances? Some argue that just because China has been a collective and normative society in the past, this consequently does not mean that circumstances cannot change. Hua (2010) points out “*cultural norms and values do not remain static; they are constantly being constructed and negotiated through interactional processes.*” (p. 200). Consequently, does this mean that guanxi practice is static? The guanxi that the youth (those who were born after the economic reform) practices today, is the same, as that of the past? Hofstede stated back in 2001 “*Changes comes from the outside, in the form of forces of nature or the forces of human beings; trade, conquest, economic or political dominance, and technological breakthroughs*” (p. 34).

### **1.5 History of guanxi in Chinese culture / business culture**

In line with the material above which demonstrates the Chinese society and language being formed and refined through collectivism. Scholars have argued that there is a similar connection to guanxi (Sue et al., 2006; Weingardt, 2016). Being formed under the identical circumstances it comes to no surprise that guanxi shares somewhat of a similar path. Guanxi consists of two characters, breaking down these characters correspondently to that of 国家 (guo jia) and 我们大家 (wo men da jia), the outcome would be: 关- which could be translated into “to involve” or “to pass” (“MDBG English to Chinese dictionary”, 2019). Whilst -系 would be translated into words such as “to connect” or “to relate” (ibid.). Although countless researchers have tried to define the word guanxi, it is often characterised by words such as “relationships”, “social network” as well as “personal connections”. In essence one way of interpreting guanxi into a longer sentence would be, that it is about building a network of mutually beneficial relationships. In addition to guanxi (关系学) “guanxixue” could be defined as the usage of guanxi in order to achieve or accomplish certain tasks or difficulties (Guthrie, 1998).

In terms of using guanxi or guanxixue within the Chinese world of business, Ping Wong, Chairman of the Hong Kong association of China Business, refers to guanxi as if two

individuals respect one another, and this respect is turned into profit, consequently a relationship of such sort should be discontinued (Rothstein, 2017). Professor Paul Gills of Beijing University argues that this is a result of the Chinese business market not being founded upon a strong legal system, therefore trust and interpersonal relationships carries more value (ibid.). In some cases, one may “cash out” on these so-called built-up favours. An informal interpretation of this would be that one may ask someone whom I have done various favours for in the past to help me do something, that may or may not put them in a difficult position. However, that person will more or less feel obligated to carry out this favour for me in return. All of which adds to well-being of the group, which is important in a collectivist society.

In Mayfair Mei-Hui Yang’s article *The Resilience of Guanxi and its new development*, she states that “*As most Chinese are aware, Guanxixue is something that most people practice, to verifying degrees of effectiveness.*” (2002, p. 461). Often when someone asks for a guanxi favour of you, upon completion, one will eagerly search for various ways to “repay” you. Such “back scratching attitude” may be regarded as bribery, however Yang (1994) argues that in difference from bribery, using guanxixue will never be put out as a formal request from one person to another. In most cases the request will be “between the lines” by informally requesting a favour, she sees it as being more acceptable. Furthermore, she argues that using guanxi may in some cases be regarded as something done in an unselfishly manner (Yang, 1994). Moreover, if one were to continuously require illegitimate benefits, rather than to continuously build on the social relationship, then the core essence of guanxi within that relationship would be lost. Likewise, this also works in the same way if no one within the group ever requires or seeks anything from one another, it will just be an expensive business relationship that carries no value (ibid.).

Even if guanxi may be frequently used in today’s business society, to acknowledge the origin and the foundation of guanxi is critical in order to understand whether or not this phenomenon has altered in the modernized China of today. According to previous researches, like Yang (2011), one of the reasons that guanxi has survived during its long history is due to the fact that Chinese, like many other collective societies are vastly devoted to maintaining tradition. On the other hand, Chinese culture could be defined as very open to change and new imputes in tradition (ibid.). Part of guanxi in the business culture context, could arguably derived from Confucian ideology. The traditions of Confucianism’s ideology empathise “Ren 仁 (humanism),

“Li” 礼 (propriety) and “Xin” 信 (trustworthy) (ibid.). Li 礼 for example, could be translated into proper business etiquette. Greeting managers and those with a higher rank accordingly. (“The Confucian Principle “Li””, 2019).

In addition to this, guanxi also resemble the Confucian concept of “Renqing” 人情 and “Renyi” 仁义 (righteousness). Renqing 人情 can be defined as humanised obligations. Without Renyi 仁义, there really is no guanxi. As the core concept of guanxi would have vanished. Renyi 仁义 could also be defined as a requirement, that guanxi members should have a healthy attitude towards one another, highlighting the importance to look after the entire group. (Yang, 2011). Nevertheless, as these are traditions that have survived over two thousand years, there ought to have been some change in the guanxi usage throughout the ages, especially with recent transformations such as Chinas open door policy of 1978 and onwards, as well as more recently China joining the WTO in 2001 and the Chinese market economy continuously progressing.

In path of these developments, a great importance is to understand how external environments such as the individualism from the west has impacted the new generation who were born after the economic reform. Families are no longer as bound to live under the same roof, as many of the younger generation tends to glance urbanely in order to find new jobs opportunities and to create their own lives. Can such an alteration within their homes, create a new perception of guanxi and relationship, to the younger generation?

## **2. Literature review**

### **2.1 Guanxi in business**

Ever since the open-door policy of 1978, Western researches and businesses have been increasingly introduced to guanxi. A lot of research with regards to the subject, has been in an attempt to answer what the concept of guanxi really is (Gold, 1985; Yeung, 1996; Su et al., 2006; Guo et al., 2018). In business practice many believe that guanxi is based on social bound and is hard to separate from social contact to business contact (Yang, 2011). In difference from social connection, Guthrie believes that *“Although guanxi exchange was predicated on long-term relationships, implied in money relationships is the notion that after an exchange, there is no remaining debt on either side”* (Guthrie, 1998, p. 261). Some of his interviewees even took

it as long as to even imply that guanxi did not have anything to do with business. *“Chinese we have a saying: “Friends are friends and business is business.” In reality guanxi and business are two separate things. You keep them apart”* (Guthrie, 1998, p. 273).

As to whether or not guanxi is increasing or decreasing in China has also been widely discussed, especially debated between two scholars, Doug Guthrie and Mayfair Mei-Hui Yang during the 80’s-90’s-00’s (Guthrie, 1998; Yang, 2002). Despite guanxi being frequently studied during the 1990’s. It is rather surprising how little has actually been studied in the latter half of the 2010’s. That is not to say that it has not been studied ever since. Hedi M. Weingart investigated the changes in guanxi in her paper *“Friends with Benefits: The Evolution of Chinese Guanxi in Conjunction with the One Child Policy and Improvements in Communicative Technologies”* (2016). In this study Weingardt argued that certain theories claimed that guanxi remained somewhat static, additionally she argued that the Chinese population up until recently has been dominated by rural life, therefore the concept of guanxi is rooted and built for a rural life (Weingardt, 2016). Weingardt (2016) continues by saying *“despite having transitioned towards a market economy, guanxi especially favour-seeking or traditional guanxi, remains cultural imperative”* (p. 13).

## **2.2 Theories arguing for a decrease of guanxi**

A few scholars, Doug Guthrie for example argued for a decrease in guanxi usage. He conducted 155 in-depth research interviews with managers back in 1995 (Guthrie, 1998). His research was mainly focused on niche group of managers, most of them related in some way to Shanghai state enterprises. One part of his argument for a declining importance of guanxi is based upon the fact that China was, and would persist, to undergo a certain economic transformation and political alterations. He argued that *“By the 1990s rational-legal structures that were being constructed at the state level were beginning to have some regulatory strength and they were beginning to shape the ways in which individuals acted in social and economic sphere”* (Guthrie, 1998, p. 264-265). He continued to push on the notion that with an economic transformation China would constantly move towards a more competitive market, *“There are very real economic incentives and constraints against favoring social ties over the economic imperatives of quality, price and the feasibility of a given project”* (ibid, p. 267). Guthrie argued that the sole perception of guanxi will be lost, if people start to weigh in the favors, both given and taken, then the friendship feature of it all will vanish. (Guthrie, 1998). If there is an increase

in people starting to analyze the “opportunity cost” of the social exchange, consequently, this decays the long-term aspect of such friendship and places more interest on the present. Making this traditional long-term concept into a short-term one.

In a later book “Social connections in China institutions, culture and the changing nature of guanxi”, published in 2002, Guthrie, together with other researchers added the notion that the decrease is rooted in the fact, that more and more people have managed to explore a wider variety of new relationships across the globe. As it states “*A ripple effect is that the attention to networking widens, the intensity with which to cultivate and maintain existing ties tends to decrease. If we define “strong ties” solely on the basis of social bonding, then their relative significance in a person’s guanxi networks also tend to decline. These changes may combine to contribute to the prevalent perception, reported in the existing studies, that guanxi has become increasingly instrumentalized* (Gold, Guthrie & Wank, 2002, p.65).

It might be argued that these researches are out of date, as they were made in the latter half of the 1990’s/early 2000. However, there are even more recent findings that there seems to coincide with a decrease in guanxi. In 2010 Jonathan Wilson and Ross Brennan researched the importance of guanxi in UK-Chinese joint ventures. They found that although guanxi still carries a significance to the Chinese business culture, that significance has started to decline (Wilson & Brennan, 2010).

In another research from 2011, Jane Nolan argues that there will be a decrease in guanxi usage as “*China’s integration into the global economy will inevitably lead to a reduction in the influence of guanxi.*” (Nolan, 2011, p. 3357). She argues that, by western managers being active in China, this ultimately makes what she calls “*a significant adjustments to local conditions... managers who make significant adjustments to local conditions and, contrary to assumptions of neo-institutional theory actually engage in strategies, which reinforce some of the existing evasive practices sometimes assorted with guanxi... This observation tempers the preposition that the influence of guanxi will decrease as China moves closer to a form of rational bureaucratic labor market organization and human resource management*” (ibid.).

Ultimately, she agrees with Guthrie that when Chinese society and the Chinese business culture becomes ever more exposed globally, economically and socially, there is no space for an ideology such as guanxi. That the ancient model of guanxi is not befitting to a technological

dependent and globally exposed youth of today (Nolan, 2011). Relying on guanxi to acquire employments, will not be possible in the future. Instead tomorrow's world consists of a "*rational bureaucratic labor market organization and human resource management*" (ibid., p. 3357).

Is it the importance of guanxi that has declined, or perhaps the wrong questions have been asked? As Mayfair Mei-Hui Yang summarised Guthrie's argument, that there will not be an increase of guanxi in the future stating "*with the state established rational-legal institutional mechanism in place, and with the impersonal forces of the market which allocate goods and services on the basis on supply and demand and free pricing, there is a decline in guanxixue.*" (Yang, 2002, p. 460).

### **2.3 Theories arguing for an increase of guanxi**

Yang (2002) countered and argued that guanxi did not decline, instead it has just changed focus. When she wrote her original paper (*The Gift Economy and State Power in China*) back in 1980, the focus of guanxi practice would have been more on obtaining passports, permissions to leave the country, jobs etc. In the era of Mao Zedong, it would have been to receive train tickets, or being able to receive favorable business transactions. Conclusively she therefore states that guanxi simply does not decrease, on the contrary, it just changed form and possibly focus. (Yang, 2002)

In addition to Yang (2002), there are others too who claim that the usage of guanxi has increased in recent years. YanJie Bian argued back in 2010 that the usage of guanxi has increased since China's open-door policy in 1978. Prior to 1979, 15.7% got their jobs through guanxi. Whilst, in the period of 1980-1991 that number rose to 31%. Between 1991-1999 it had further developed to 43.9% (Bian, 2010). In 2018 YanJie Bian did an additional survey which found that there was an increase in guanxi practice yet again within the labor market (Bian, 2018). This research was based upon 8300 randomly selected employee respondents, which may prove to be a rather large selection of interviewees. In difference from Guthrie, who based his research upon Shanghai government businesses.

In addition to Yang (2002) and Bian (2018), an earlier study in 1996 carried out by Gordon C. Chu and Yanan Ju, surveyed 2000 workers in the Shanghai district of Qingpu, with a vast survey sample. Among them 92.4% of these regarded guanxi as being important to their everyday lives.

A whopping 71.7 % of these preferred to use guanxi the connections created through guanxi, instead of bureaucratic connections. (Yeung & Tung, 1996)

## 2.4 A framework to understand the dynamics of guanxi

YanJie Bian's paper of "The prevalence and the increasing significance of Guanxi" from 2018 argued that, during greater times of uncertainty there is a greater amount of guanxi usage. In her study she purposed a five-level framework of understanding the dynamics of guanxi with the following layers: 1. Connectivity vs. Dysconnectivity 2. Sentimental tie 3. Sentiment-derived instrumental tie 4. Instrumental particular tie 5. Obligatory tie. It would have been interesting to depict the entire 5-layer scheme, but due to the scope of this study, only layer 1 and 2 will be adopted in the analysis, since these layers are connected more to the core value of guanxi.

The first layer consists of connectivity vs. dysconnectivity, which refers to people trying to find common ground with one another. Inevitably everyone will find someone that they can relate to, whether it is through age, hobbies etc. Bian (2018) argues that this is a phenomenon that is happening all across the world, "*the tie of connectivity is not unique in China; it is culturally constant.*" (p. 265). We are there of becoming less structurally constrained than ever before.

The second layer consists of sentimental tie based upon what she calls human emotions and sympathy helping others out of the kindness of our heart whom we are associated with on a daily basis. Bian (2018) questions whether or not this is beginning to fade away in this reformed era of China.

As shown above, there has been a lot of previous research into the increase/decrease usage of guanxi, except Bian (2018) and Weingart (2016), most of the other researches were carried out in the latter half of the 20<sup>th</sup> century or in the early parts of the 21<sup>st</sup> century. With China's new position on the global stage a lot of factors would have been different to when these studies were carried out. Technological advancements would mean that each individual is evermore exposed to the world around them. The transparency that guanxi once functioned as, can be brought up much easier with the use of technology. (Guo, et al, 2018). Individuals are not as dependent on using their inner circle of guanxi in order to find for example new manufactures, such information could simply be found on the web. With a decline of Chinese collectivism

(Van de Vliert, Yang, Wang & Ren, 2012), the youth of today may not value friendship and connections in the same way of their predecessors. Another factor is that many Chinese citizens has been able to gain a first glance of the West. Whether it is in terms of actually going abroad or seeing the increase of Western companies in China. The capitalistic and individualistic West most certainly must have placed its mark to some extent of the younger generations.

### **3. Methodology**

#### **3.1 Research strategy and research method**

A qualitative research will be carried out in order to gather the information. In difference from quantitative research, qualitative research has a greater ability of finding changes in detailed information, such information could not come from a quantitative research. A qualitative research can be defined as 1. “*Concerned with meanings and the way people understand things.*” (Denscombe, 2003, p. 267) 2. “*Concern with patterns of behaviours*” (ibid.). As a qualitative research is better suited for focused areas carried out in small scale research, it is also in correlation to this paper, has the possibility of making more than one type of answer valid. (Denscombe, 2003). In the same way that individuals will carry out the same task in different ways based upon various factors. The way people practice guanxi within business will be different too, that is not to say one way is better than the other. A social survey like an interview as the advantage of “brining things up to date” (ibid, p.10), which is the sole point of this paper to see if there are any changes to the present time. According to Denscombe what this means that it carries less liability on the person conducting the interview in terms of knowledge and may allow each person being interviewed to have questions more specified for their background. An interview is regarded to have high validity, since information can be checked once received during an interview (Denscombe, 2003). In addition to this, interviews will allow the individuals to express their own point of view in a much broader sense.

Other advantages of interviews are when data is based on emotions and sensitive issues (ibid.). As some may argue that admitting to guanxi usage can be perceived as somewhat of a taboo. As qualitative approach is regarded as the most suitable approach, a small number of interviewees which have been chosen to answer the question: “Has the significance and practice of guanxi changed in modern day China?” thus can be handled by flexibility of following-up



questions and the trust that is built between interviewer and interviewees during conversation and interaction. However, under no circumstances do I claim that with such a small number of interviewees that the results of this study will be reflected upon the entire Chinese population/ Chinese business culture. The results should instead be seen as a sense of direction for further studies.

### **3.2 The interviews**

Finding the appropriate interviewees for this interview was done through the usage of extended guanxi network. Initial contact was made via E-Mail, whereby all interviewees supplied with an interview invitation, stating the research purpose and that the interview is voluntary whereby each interviewee would be anonymous. Each interview was recorded, each session lasted approximately an hour each. Once recorded, all information became manually transcribed, so that the material acquired within this paper would not lose validity.

Each conducted interview was divided into two parts, in order to get a better understanding of each interviewee. The first part of the interview is getting to know more about their working experience (see table 3-1). It then narrows down the questions to focus what guanxi means to their company/organization, as well as depicting the meaning of guanxi for them, how they use guanxi and what part of guanxi they place more focus on. The questions then try to find out whether or not they see any difference between guanxi in their personal life, and in their working life, short-term or long-term relationships. If the interviewee is noticing any changing trends in terms of how the younger generation uses guanxi in comparison to that of an older generation. As well as if the person in question can notice any changes to the concept of guanxi within the business society. At the end of the interview there are questions regarding social media and its impacts of guanxi in the business life, as well as trying to see if they see any individualistic changes within the Chinese culture /business culture.

### **3.3 Interviewees**

The interviewees are selected upon being working/have been worked in different area of the business world/ organization. The method used is probability sampling (Denscombe, 2003), it is the variety of their jobs that makes it interesting. The reason why there are three males and

two females, is because it resembles much of the business world today, the business world of today is still male dominated although female managers are becoming more and more common.

**Table 3-1 The interviewees**

	<b>Corporate Social Responsibility Manager (F1)</b>	<b>Government Relations Manager (M1)</b>	<b>Assistant Purchase Manager (M2)</b>	<b>Retired Deputy Police Officer (M3)</b>	<b>Sales Manager (F2)</b>
<b>Age</b>	35>	30>	45>	65>	30>
<b>Gender</b>	F	M	M	M	F
<b>Generation</b>	Younger	Younger	Older	Older	Younger
<b>Profession</b>	Retail company	Telecom company	Trading company	Police	Press releasing
<b>Location</b>	Shanghai 上海	Shenzhen 深圳	Hongkong 香港	Wuhan 武汉	Shenzhen 深圳

All of the interviewees as can be seen in table 3-1 are working/ have worked with guanxi frequently. With the number of interviewees being so small, the answer may not be truly representative for the entire concept of guanxi usage within China’s society and business life. However, there is a thought behind the age group of the interviewees too. The variety of the generation shift should be able to give a greater variety in the answers. It may also give a clearer view of where the largest changes within guanxi has taken place. For the purpose of simplifying this paper, during the empirical data the managers will be referred to (M1, M2, M3, F1, F2). In order to divide the interviewees into two groups, a distinction has been made, thereof M2 (Assistant Purchase Manager) and M3 (Retired Deputy Police Officer) will be classified as the older generation, and the remaining three as the younger generation.

### **3.4 Limitation of chosen selection of data**

Even though an interview gives the opportunity to get in-depth answers into the field of study, one of the major limitations is that interviews take a lot of time. (Denscombe, 2003) Other limitations include the data analysis, which tends to be difficult to fit into tables, as they are generally responded with an open-ended answer (ibid.). Sometimes, interviews could be lacking in some aspects of reliability, due to the fact that “*the impact of the interviewer and of the context means that consistency and objectivity are hard to achieve*” (Denscombe, 2003, p.190). In addition, often times when people conduct interviews, their interviewees answers will be based upon what they wish they did and what they believe that they do, in contrast to what they actually do (Denscombe, 2003).

In terms of validity and reliability issues of a qualitative approach Denscombe states “*the issues of objectivity, reliability and validity are as relevant to qualitative research as to any other approach*” (Denscombe, 2003, p. 273). In terms of validity, the research questions are created based upon the solid base created by the previous researchers into guanxi, they thereof serve well to answer the research questions. As for reliability, extensive efforts have been made not to involve subjectivity of the interviewees’ personal opinion during the research.

**4 Empirical finding**

**4.1 Division of interview questions**

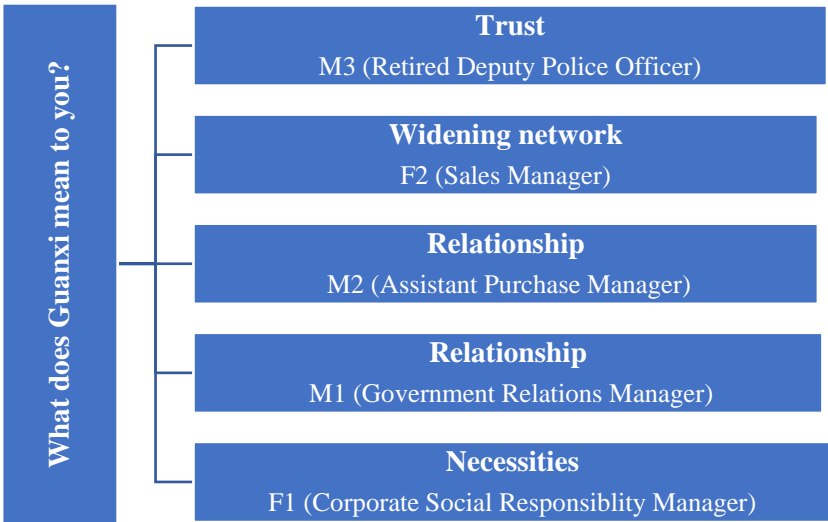
In order to structure the interviews to make it clearer both for the interviewee and for the readers, the interview was conducted into two parts: Part 1-General about guanxi, Part 2-Guanxi’s role for you.

**4.2 Part 1 – General questions about guanxi**

Part one consists of interview questions related to general questions about guanxi.

**Question 1: What does guanxi mean to you?**

*Table 4-1*



The first question is “What does guanxi mean to you?” Although each interviewee had a much thorough answer, it has been narrowed down into one collective word. As can be seen in table 4-1 above. Relationship may very well be one of the more prominent answer to many. A glimpse of the different views from the distinctive generations may be presented here. Whereby M3 (Retired Deputy Police Officer) argued trust, whilst F1 (CSR-manager) argued guanxi to be as an asset in order to widening one’s network. The difference between the younger and the older generation is that the younger (F1, M1, F2) stress more on the practical aspects of guanxi for i.e. necessity, relationship and widening network, whilst the older generation (M3, M2) stresses on the nature of guanxi being trust.

**Question 2: How does guanxi relate to your profession?**

*Table 4-1*

	<b>Open communication</b> M3 (Retired Deputy Police Officer)
	<b>Emotional intelligence</b> F1 (Corporate Social Responsibility manager)
	<b>Optimizing resources</b> M1 (Government Relations Manager)
	<b>Activator or obstacle depending on how you utilize it</b> F2 (Sales Manager)
	<b>Link between organization and people</b> M2 (Assistant Purchase Manager)

In terms of how guanxi related to their profession it varied somewhat more. F1 (CSR-manager) and M3 (Retired Deputy Police Officer) focused more on the communicational aspect with subordinates and focused on being able to optimize the working experience through guanxi. M2 (Assistant Purchase Manager) and M1 (GR-Manager) focused more on the aspect of using guanxi in order to optimize resources, creating a Win-Win situation, whilst F2 (Sales Manager) focused more on the fact that guanxi can be an activator or an obstacle depending on how one uses it. All of the interviewees were certain however that guanxi was an important aspect in their business life. Both M1 (GR-Manager) and F1 (CSR-manager) promotes using guanxi in order to understand one another genuinely and spending time in order to get a better relationship. Relationship, which is the prominent answer in table 4-2. Once again, the younger generation

(F1, M1, F2) promotes optimizing resources, whilst the older generation (M2, M3) sees the link between people and organization with open communication.

**Question 3: Would you rate guanxi as something important?**

*Table 4-2*



All of the interviewees have a managerial position which involves daily communication, decision making and delegating, and they all were regarding guanxi as of great importance for their everyday business life. F2 (Sales Manager) promotes guanxi as “*Very important. Managing all the related guanxi certainly smooths our path.*” Underlining the importance of having guanxi within the business sector of today.

**Question 4: How does your current organization work in order to maintain guanxi relations? (In terms of building/developing/maintaining guanxi?)**

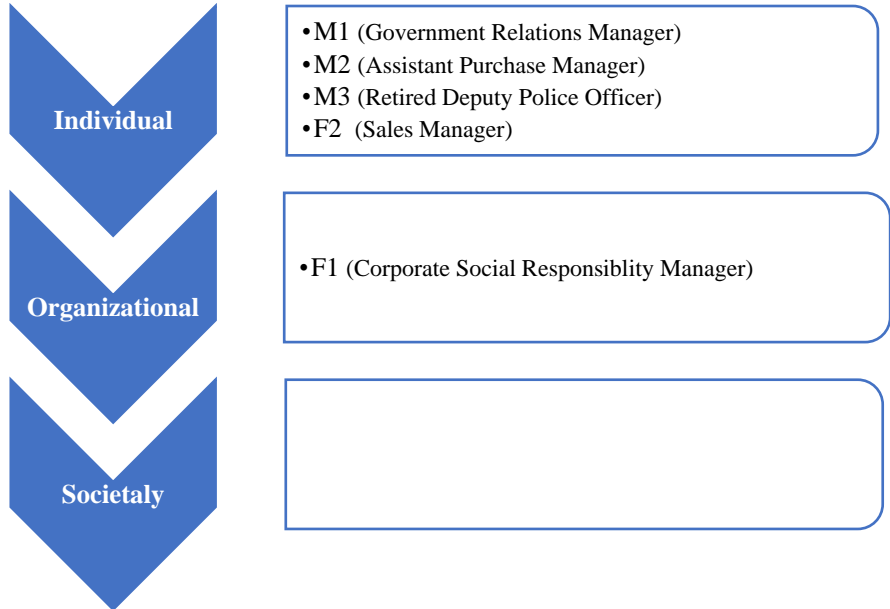
*Table 4-4*

How does your current organization work in order to maintain guanxi relations?	
Promotes building/developing/maintaining guanxi	Argues against using tools to improve guanxi Relations
“ <i>Transparency is a tool for all of these three.</i> ” F1 (CSR- Manager)	“ <i>Guanxi is based on trust so, this is unnecessary.</i> ” M3 (Retired Deputy Police Officer)
“ <i>Organizations must find various ways to continuously develop guanxi.</i> ” F2 (Sales Manager)	“ <i>Be careful, when using guanxi, people may expect more than you are willing to offer in the future.</i> ” M2 (Assistant Purchase Manager)
“ <i>Improve peer to peer guanxi by limiting numbers of clients.</i> ” M1 (Government Relations Manager)	

Question 4 asses' tools that the managers may use in order to build/develop/maintain guanxi relationship. When put in the prospect of how their organization are working with building/developing and maintain guanxi, the result from the interviews differ greatly (see table 4-4). Some of them work more actively to gain and maintain guanxi relations with their business partners and subordinates. Additionally, there is an indication of a variance in terms of age groups, the older generation are against using tools to “build/develop/maintain” guanxi whilst the younger generation promotes this to as a way to “move an organization forward”, i.e. guanxi could be purposely created and could be used as tools for organizations.

**Question 5: Dividing guanxi into three levels individual/organizational/societal which of these are most important to you?**

*Table 4-5*

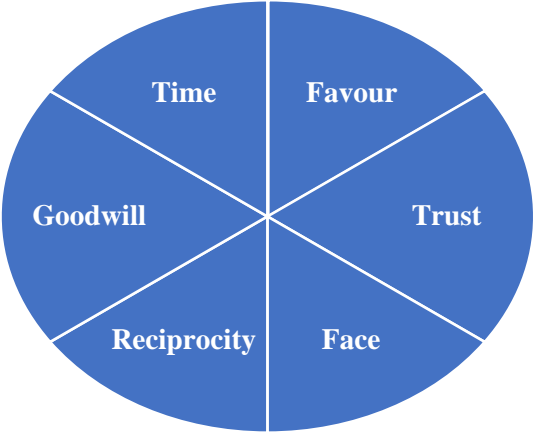


In order to see in which level, the interviewees viewed guanxi as the most useful (see table 4-5). All but one of the interviewees answered that the individual level was the most important. Why F1 may promote organizational as the most important may very well have to do with the fact that she is a part of the younger generation. This indicate that at least some of the younger generation would accept an organizational level defined guanxi, as business relationships in the Western context. That is not to say that they did not value the others, as M3 (Retired Deputy Police Officer) puts it “*Your individual relationship actually can affect the relationship between the organizations because even though its business, but still people is the one who practice those and coordinate everything to fix the business*”.

**Question 6: Dividing importance of guanxi elements into the six parts below**

- 1. Are all parts as important to you?**
- 2. Has there been any change during recent years?**

*Table 4-6*



In order to see what aspect the interviewees spend their time on the most when it comes to practicing guanxi, part 1 of this question was set up to address the importance of guanxi’s six elements, (see table 4-6). Noteworthy is that the older generation were unified that trust was the most important element. Whilst some of the younger generation also highly valued trust, their answers were more varied, in addition to trust they valued reciprocity and face.

The second part of the question addressed changes throughout the years. F1 (CSR-Manager) comments on various business relations being constructed of goodwill as the foundation. But in reality, the truth is that most relationships are set up with a hidden meaning. Or as she states it “*just for the benefit to make money*”. M2 (Assistant Purchase Manager) also comments on new trends when it comes to setting up guanxi relationships, referring to the aspect of counting the cost before setting up a guanxi relationship. As he states, “*if they to build up the guanxi they will think about the cost*”. Which consequently constructs the guanxi relationships on individual benefit instead of “trust”, “goodwill” and “reciprocity”. Instead of giving “face” and “time” individuals value to save their own “face” and “time”.

### 4.3 Part 2 – Questions about guanxi’s role for them

Part two of the interview questions is to focus more on the individual to see what the most important role of guanxi is to them.

#### Question 1:

**Can guanxi be divided for your personal and professional role?**

*Table 4-7*

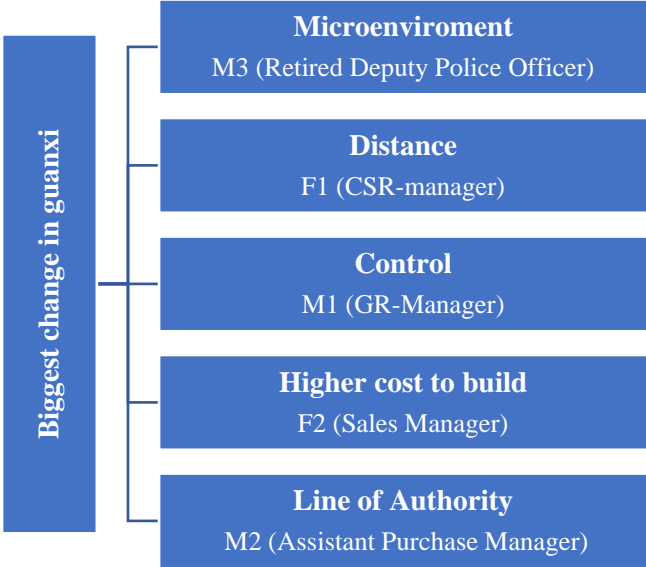
Yes	No
<ul style="list-style-type: none"><li>•M1 (Government Relations Manager)</li><li>•M3 (Retired Deputy Police Officer)</li><li>•F1 (Corporate Social Responsibility manager)</li><li>•F2 (Sales Manager)</li></ul>	<ul style="list-style-type: none"><li>•M2 (Assistant Purchase Manager)</li></ul>

In order to find out whether or not the interviewees differentiate themselves within the business society and thereof the guanxi usage. The interviewees were asked in part 1 if they could distinguish a difference in guanxi from their personal and professional role (see table 4-7). Interestingly 4/5 interviewees were able to distinguish such difference. F2 (Sales Manager) argues that *“Yes, I usually do not mix my personal life with professional role. Therefore, “guanxi” of these two groups is divided in a clear line.”* Indifference from F2 (Sales Manager), M2 (Assistant Purchase Manager) does not see the possibility of dividing himself into two roles, instead he states, *“this is me doing me”*. In addition to setting up guanxi between a professional and a personal role. F1 (CSR-Manager) even sets up different guanxi relationships at work, depending on if workmates are subordinates or other team members. For the subordinates she is more personal in hope that the subordinates *“are willing to speak to me in terms of work, no matter if they are happy with something or not”*.



**Question 2b: Can you name one thing that is different in terms of guanxi now?**

*Table 4-8*



With regards to the research question for this study, it is of great importance to study how the interviewees regarded and/or have noticed or not noticed changes within guanxi practice (see table 4-8). Since the data collection are made by interviews there are a wide variety in the answers, not a simple “yes or no”. But there is an intention with this study, to give a broader and deeper perspective. Several of the interviewees saw a recent change of the usage of guanxi for their business role has been moving to social media on the Internet. The interviewees see and are noticing changes in how guanxi is practiced in the modern Chinese business society, with the role and influence of the social media. With new additional ways of practicing guanxi, through for example social media. Three out of five argue that setting up guanxi through social media could potentially tear people further apart than the initial purpose of bringing them closer together. M1 (GR-Manager) argues *“Everything has two sides. Increasing guanxi for long-distances friends but harm if it decreases the meeting time when they near.”*

One platform that they are using is different WeChat groups, it is very easy to open/close different WeChat groups, that could include or exclude different team members within and outside the organization. Before, guanxi was related more to “real relationships”, built upon two or more individuals sharing something in common. Today it is not the personal relationship or the common goal that is in focus, it is more finding a group with a similar ground to connect and use each other’s assets, not based-on friendship or trust. In difference from the past the guanxi of today is not built on trust, it is seen as a possibility to build trust. Easy to build and

easy to dis-connect. Therefore F1 (CSR-Manager) comments on the distance, as she states *“One thing that is different from before is distance, previously people we have guanxi might become close physically both work wise and life wise. (Today) we have a lot of virtual workmates, you work together and set up relationships through internet instead of physical meetings”*.

M3 (Retired Deputy Police Officer) argues that the largest change of guanxi is due to *“the microenvironment, the society that has changed, and time. Benefit time and reciprocal, and education. I had a different education background the way and the content that we were educated were quite different of today.”* He promotes that the causing factor is that the education has changed over time. *“We were educated that one should feel guilty if you are selfish; one should always forget your own benefit but contribute to the society or the country; one needs to think about the big family instead of your individual. So that’s the education background which formed how we see the world and how we see others and how they should perform”*.

In the trace of the open-door policy of 1978 and that China has been more exposed to the Western teachings, the interviewees were asked if they could see an increase in individualism. All of them agreed to various degrees, that to some extent there has been an increase of individualism when it comes to practice of guanxi within businesses. M3 (Retired Deputy Police Officer) states that *“the younger generation are selfish. The younger generation only consider the gain of the individual instead of the company gain or the company goal”*.

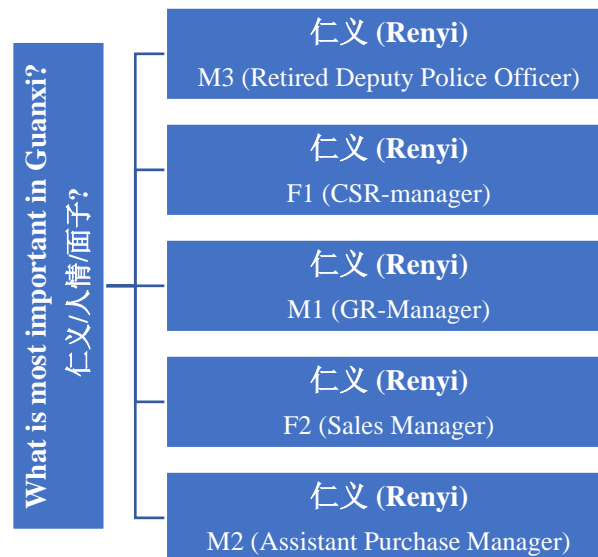
**Question 5: For you, is guanxi built for long term relations or is it easy to brake or stop a guanxi relation?**

In addition to changing patterns, four out of five interviewees mentioned that they could see a trend to divide long-term and short-term guanxi. This then, could be seen as a change that the guanxi of today, does not have to be built upon long term guanxi, indifference from that of the past. M3 (Retired Deputy Police Officer) remark there only to be one guanxi *“For long term relationship, for short term that’s not guanxi that’s to use somebody for benefit”*. The other four interviewees agreed upon the fact that short term guanxi weights much less, and that one should aim for long term. M2 (Assistant Purchase Manager) compares it to a stock. *“you invest in the stock market, you want to have one stock which is one dollar, you will not expect that to be two*

dollar tomorrow, but you may expect that it will be 10 dollar in ten years or 15. So the long term is more important than in the short term”.

**Question 10: Putting these concepts in falling order (仁义/人情/面子), which one is the most important in guanxi?**

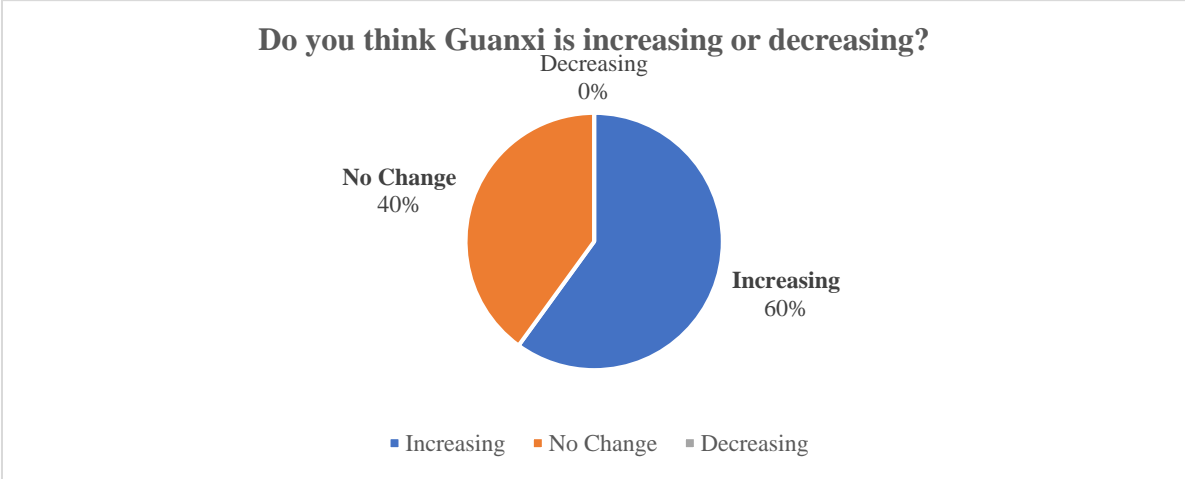
**Table 4-9**



Although, all but one of the interviewees were able to distinguish that there is a difference between the guanxi that one sets up, depending on the “goal” of the relationship, if it is a long-term relationship or a short-term. With that said, they all had sufficient knowledge of the roots of guanxi from the Confucian ideology of 仁义 (see table 4-9). F2 (Sales Manager) translates 仁义 Renyi as “It is more like a moral discipline. Business is business”. M1 (GR-Manager) states it as being “A path to build guanxi”.

**Question 11: Do you believe that guanxi has increased or decreased since you started working, and do you see any change in the way that the younger generation perceives guanxi differently from you?**

*Table 4-3*



Even though the number of interviewees is only 5, it is not possible to draw too general conclusions based on these, it is worth noticing that not one of the interviewees have regarded the phenomenon guanxi as declining, most of them suppose that it is increasing (see table 4-10).

**Question 13: Do you think social media contributes to increasing guanxi or does it tear them further apart?**

Another clear pattern was that all of them regarded and mentioned that social media can be used to gain more guanxi however all of them comments on the fact that this may not be the real guanxi. M3 (Retired Deputy Police Officer) even goes as far to say that that social media tears people “*further apart, people forgot the starting point and the goodwill in relationship*”. In addition to this, the interviewees all argued that China is moving towards a more individualistic society, and that the guanxi in an individualistic society is different from the one in that of a collective society.

#### 4.4 Questions which had the highest agreement rate

##### Part 1 (General about guanxi)

Table 4-4

Question	Answer	Agree rate
<ul style="list-style-type: none"> <li>•How important do you rate Guanxi to your working performance in business?</li> </ul>	<ul style="list-style-type: none"> <li>•Guanxi is very important</li> </ul>	<ul style="list-style-type: none"> <li>•5/5</li> </ul>
<ul style="list-style-type: none"> <li>•Dividing guanxi into three areas; individual, organizational, societal, which is the most important?</li> </ul>	<ul style="list-style-type: none"> <li>•Individual</li> </ul>	<ul style="list-style-type: none"> <li>•4/5</li> </ul>
<ul style="list-style-type: none"> <li>•Dividing Guanxi into time, face, favour, trust, goodwill, reciprocity, which is the most important?</li> </ul>	<ul style="list-style-type: none"> <li>•Trust</li> </ul>	<ul style="list-style-type: none"> <li>•3/5</li> </ul>

##### Part 2 (Guanxi's role for you)

Table 4-5

Question	Answer	Agree rate
<ul style="list-style-type: none"> <li>•What is the most important (Renqing, Renyi or Mianzi)?</li> </ul>	<ul style="list-style-type: none"> <li>•Renyi</li> </ul>	<ul style="list-style-type: none"> <li>•5/5</li> </ul>
<ul style="list-style-type: none"> <li>•Changing norms in collectivism, do you see more individualism?</li> </ul>	<ul style="list-style-type: none"> <li>•Yes</li> </ul>	<ul style="list-style-type: none"> <li>•4/5</li> </ul>
<ul style="list-style-type: none"> <li>•Could you divide guanxi for your professional and personal role?</li> </ul>	<ul style="list-style-type: none"> <li>•Yes</li> </ul>	<ul style="list-style-type: none"> <li>•4/5</li> </ul>
<ul style="list-style-type: none"> <li>•Do you think social media contributes to guanxi or tears them further apart?</li> </ul>	<ul style="list-style-type: none"> <li>•Tear them further apart</li> </ul>	<ul style="list-style-type: none"> <li>•3/5</li> </ul>
<ul style="list-style-type: none"> <li>•Is guanxi for short term or long term?</li> </ul>	<ul style="list-style-type: none"> <li>•Long term</li> </ul>	<ul style="list-style-type: none"> <li>•3/5</li> </ul>

In accordance to the above tables (4-11 and 4-12) the three most prominent answers are individualism, Renyi (仁义) and that guanxi is important. These then, are most likely the answer with the highest reliability. Related to the research questions: although the interviewees are from different age groups they all believe that guanxi is still important, and the core value of guanxi like Renyi (仁义) has not changed. This means that the importance of guanxi has not changed throughout the years. However, there are changes in the social environment, like the more individualistic elements in the society and this may cause the acceptance of short term guanxi indicating changes in guanxi practice.

## **5 Analysis/Discussion**

In accordance to the previous research within the subject, many of the scholars focused on proving an increase or decrease of guanxi usage and tended to associate external factors as the driving forces, whether it was economic, social or political (Guthrie 1998, Yang 2002, Bian 2018). Additionally, due to technological advancements, technology may also possibly have had an impact on guanxi practice within the Chinese business life.

### **5.1 Is guanxi still as important to the younger generation?**

As previously mentioned, the focus of this research is not only to identify whether there is an increase or decrease in guanxi usage. But it is important to know if guanxi is still being practiced as this will help answer if guanxi is still significant to the younger generation who were born after the economic reform. Due to the answers of the interviewees, all regarded guanxi is very important. And there is no difference between the age groups. We can see that guanxi still resembles an important aspect in the Chinese society, even though individualism has been regarded as more prominent among the younger generation. When practicing guanxi today, in difference from that of the past, it is not for the benefit of the group, it is for the benefit of the individual. The answers in question 11 “do you think guanxi is increasing or decreasing?”, has made it clear that guanxi is still important in today’s society since no interviewee regarded that guanxi practice has decreasing. This then means that according to this study, the external economic force of China’s introduction of a market economy did not diminish guanxi usage as Guthrie debated for in 1998.

However, it could be noticed although all the interviewees believe that guanxi is still important in today's Chinese business world there are differed stresses when it comes to the role guanxi plays in their profession. In difference from the older generation the younger generation gave answers such as emotional intelligence and optimizing resources, indicating they focus more on the practical aspects of guanxi

When taking into account question 4 “how does your current organization work in order to build/develop/maintain guanxi relationships?” a clearer distinction can also be seen between the younger and the older generation, where all three of the younger generation argued for guanxi to be used as “a tool” and it is used to “help organizations to move forward” in difference from the older generation, which argued against using tools to improve guanxi. This indicates that although the importance of guanxi has not changed in China's society of today the attitude and practice towards guanxi have experienced some changing among the younger generations. Indifference the external socio-economic factors has transformed guanxi to become more befitted into the business world of today, in order to “smooth our path”, as one of the interviewees who belongs to the younger generation states.

## **5.2 Has guanxi practice changed?**

According to the empirical study with a handful of interviews, guanxi is still important to the younger generation, but their answers and discussion indicates more that the practice of guanxi has changed as well as the reason why people use guanxi within the Chinese business environment.

We have seen shifts as to why people use guanxi throughout the decades. During the times of Mao Zedong, guanxi would have been to receive train tickets, or being able to receive favourable business transactions (Yang, 1994). In the 80's and 90's the focus would have been more on obtaining passports, permissions to leave the country, jobs etc. (Yang, 2002). Other changes in business culture context of using guanxi that has been shown and discussed throughout this study is the trace of a more individualistic way of thinking. Which is in alignment with the answers from interviewees of this study. All of the respondents agreed that individualism in the younger generation had increased to a certain degree. This data may very well strengthen the data that was found in 2012, that the Chinese collectivism is on a decline (Van de Vliert, Yang, Wang & Ren, 2012). If this result is correct, it could be one of the

indicators that guanxi practice has changed and also be a part of the explanation to why it is changing. It would also explain the answers in table 4-5, where the interviewees were asked about the biggest change in guanxi and M3 (Retired Deputy Police Officer) argued that it was the microenvironment that was the biggest change. In difference from the previous arguments that it will be the economic and political microenvironmental changes that causes guanxi to change. M3 (Retired Deputy Police Officer) argues for individualism as the main contributing factor *“you need to think about the big family instead of your individual, so it’s the educational background which formed how the youth see the world and how they see others and how they should perform”*.

### 5.2.1 Two levels of Bian’s framework to explain changes within guanxi

YanJie Bian has published various articles on the usage of guanxi in China and he is renowned within the field of studying guanxi. His framework of guanxi dynamics is used in order to try to explain changes within guanxi (Bian, 2018).

#### 5.2.1.1 Connectivity vs dysconnectivity (Bian, 2018)

In his first level Bian discusses connectivity vs. dysconnectivity, he argues that guanxi is about people trying to find common ground in order to connect to one another (Bian 2018). So has there been any change to connectivity vs dysconnectivity?

According to Bian (2018 p. 265), *“the first and most basic relational form of guanxi is a tie of connectivity (versus dis-connectivity) between two parties, and its embedded resources are mutual recognition and communication between members of a shared community”*. He argues that guanxi is a tie of connectivity. In the study there can be traces of a change form, from a long-term connectivity between people when they build up guanxi to a short-term relationship that might be easier to disconnect. The shift of long-term orientation to short-term orientation of business guanxi indicates a losing tie of connectivity. F1 (CSR-manager) mentioned that she used a short term guanxi, which is only used to build-up a practical work relationship with that person. If the guanxi is only limited to colleague relationship *“I would say it’s quite changeable, for example if the role changes to another department, even though it is still in the same organization, I don’t need to have frequent working contact with that person, maybe we don’t have more contact, maybe just as an old colleague, but don’t have more contacts of*



*guanxi*”. That form of *guanxi* can then more easily be disconnected. As F1 (CSR-manager) continues stating, prominent use of technology to practice *guanxi* may be harmful to the *guanxi* relationship, “*frequent use of Social Media where it is very easy to connect but also to disconnect*”. The F2 (Sales Manager) argues that virtual *guanxi* lacks stability and will be built upon short term *guanxi*. In difference from these, M3 (Retired Deputy Police Officer) argues that no *guanxi* should be built upon social media as “*it tears them further apart, people forgot the starting point and the goodwill in relationship*”. M1 (Government Relationship Manager) states regarding virtual *guanxi* relations “*Everything has two sides. Increasing *guanxi* for long-distances friends but harm if it decreases the meet time when they near*”.

#### 5.2.1.2 Sentimental tie (Bian, 2018)

The second level consists of sentimental tie, and that it is based upon human emotions and sympathy. “*Guanxi is a sentimental tie, and its embedded resources are human affections – sympathy, care, trust, love – and a sense of altruistic, not reciprocal, help to the people one is socially connected to*”. Bian (2018) argues that this we can find in almost any culture in any part of the world. He questions whether the reformed China era is in the process of reducing this level, due to a rise in a rationalized yet uncertain and sometimes disastrous market economy?

The sentimental tie may be declining in some forms of *guanxi*, as the information from some interviews indicates. As M3 (Retired Deputy Police Officer) states: “*From younger generation, I thought friendship is less, but people more intent to be reciprocal. They don’t spend time to build up long term relationship. Just focus on whether they can use the resources from this people or whether they can gain something from these people. Now you cannot say build up relationship, it’s about if someone wants to gain or get some benefit from the relationship with another person, and how they will approach that people*”. This then, may suggest that the sentimental aspect is not stressed by the younger generation. M3 (Retired Deputy Police Officer) continues commenting on one of the biggest changes in *guanxi* to be “*previous relationship is built upon more simple reason, like people who had an emotional connection they like each other they like each other and trust each other, but now it’s more reciprocal*”.

Some interviewees’ understanding is that *guanxi* relationships are not built for pure friendships or trust, instead they could also function like assets for a business purpose, in order to boost one’s career could explain the declining sentimental tie of today’s business *guanxi*. F2 (Sales Manager) supports this argument arguing that in difference from the past, it is much harder to

earn people's trust. Which would most likely be a result of the guanxi practice being prominently reciprocal in today's society, which could very well have been a result of China's reformed economic era. Whereby according to the interviewees an increase in individualism may also be a causing factor.

### **5.3 Technological impact on guanxi's significance**

In addition to socio-economical changes that have impacted guanxi, there are rapid advanced technological developments too, to take into consideration. Although it has not been a major focus area of this research, the interviewees were asked whether or not technology contributed to the changing practice of guanxi or if it tears them further apart. Here 3 out of 5 were convinced that it tore them further apart. F1 (CSR-Manager) when discussing social media, claims it can build up certain parts of guanxi. But she doesn't believe that kind of guanxi has "good stability", since it is virtual, and it is difficult to have trust in someone you don't know. Her thought is that social media in business life is more used to share parts of their lives to show what type of person he or she is. But for important business decisions it is still important in China to meet for "in real life" dinners, to find similarities and gain trust. *"As long as they find some similarities, they try to talk a lot they try to get the guanxi closer because they have the same experience or same ideas. And they call each other brothers. As long as the relationship is closer both sides feel like they are the same type of people or have the same background, so they have good mutual understanding and trust then it's easier to sign the contract"*.

Further to this Weingardt (2016) asked the question, whether or not technology was important for one's career, she found out that technology was an important factor in order to boost one's career. Once again then, we are seeing the fundamental concept of trust being overtaken by the importance of boosting one's career. In another word, the widely using of technology could lead guanxi away from trust based long-term relationship and make it more pragmatical.

### **5.4 Additional changes to guanxi in modern day China**

In the modern business world, guanxi could probably to some extent be treated as an asset, or like M2 (Assistant Purchase Manager) states: *"Today guanxi is become a part of daily job and normal thing. They treat guanxi like money"*. In the same way that everyone wants to earn a lot of money, in today's business world, it is crucial to have guanxi, in accordance to the interviewees. It is used to optimize resources of the individual according to M1 (Government

Relation Manager). It can be seen as a tool or an asset, not only for the individual, but also the business/organizations. Looking into the answers from the interviewees we can see that this type of intent and forced guanxi is what M3 (Retired Deputy Police Officer) argued against, according to him the foundation of guanxi is not forcing it. He argues that guanxi should evolve naturally from common interest and trust and not something that is planned. Indifference from M3 (Retired Deputy Police Officer), M1 (GR-Manager) sees guanxi more as an asset. *“First very important thing for us is to know the customer, we need to pinpoint from him, and we need a pinpoint from our own”*. Before guanxi was built on trust, but in today’s society, guanxi, I would argue, can build trust, meaning that guanxi could end with trust but not start from trust. Which corresponds to F2 (Sales Manager) when asked what one thing that is different in guanxi *“It takes more effort to gain other's trust, thus the cost to build guanxi maintain the relationship is higher”*. This suggests the shift of today’s guanxi practice away from its traditional basis of trust.

F2’s (Sales Manager) comment corresponds with the next possible change of guanxi: shifting away from reciprocity and common benefits. In today’s business world, it is known that in order to build guanxi, there is a cost and time associated to it (Yang 2011). Many individuals are very aware of this and may take it into consideration before choosing to initiate a guanxi relationship with someone or some business (ibid.). This then correlates with Guthrie’s earlier argument *“Although guanxi exchange was predicated on long-term relationships, implied in money relationships is the notion that after an exchange, there is no remaining debt on either side”* (Guthrie, 1998, p.261). It is important to understand that guanxi is a concept that was born within a collectivist society (Yang 2011), but as China opened its economy to the world, competitiveness between individuals increases, for both jobs and opportunities. It comes to no surprise that the practice of guanxi is starting to become more frequent tool used for individuals *“the consideration of this effect has led to the underlying idea that collective societies yield subjects who function better under terms of cooperation while individualist societies yield subjects who function better under terms of competition”* (Weingardt, 2016).

Yang (1994) stated *“if one were to continuously require illegitimate benefits, rather than to continuously build on the social relationship. Then the core essence of guanxi within that relationship would be lost”* (p. 110). As would the Confucian concept of Renyi (仁义) which according to Yang (2011) leads to *“strong distaste for purely self-interest seeking business transactions”* (p.34). Which correlates much to the traditional guanxi, whereby members should

have a healthy attitude towards each other and focus on the entire group and not self-interest. All interviewees regarded in question 10 that Renyi (仁义) was the most important. They refer to Renyi (仁义) as: “A path to build guanxi”- M1 (GR-Manager) / “Bottom line of moral standard” - F1 (CSR-Manager) / “Moral discipline” – F2 (Sales Manager). Even though the younger generations may be aware of the meaning of guanxi and the importance of Renyi (仁义) in guanxi practice, which shows an indication that most individuals are aware of the roots of guanxi and have an idea of how it should morally be practiced, due to external forces such as societal changes with an increased individualism. In this day and age, salary and higher positions tend to value more to individuals than practicing guanxi with Renyi (仁义). As F1 (CSR-Manager) states it, her colleagues use guanxi “Because they want to have good position in their company, they want to have focus, and they want to have higher salary”. A clear distinction that to the younger generation, that the seeking of individual gains has increased.

## 6 Conclusion

Understanding guanxi is of great importance to consider, if one were to enter the Chinese business market, or simply interested in extending one’s knowledge. China and its companies are present in every corner of the world and playing a significant role in the world of business. The purpose of this paper is to examine whether the significance and practice of guanxi has changed in the modern-day China. In order to fulfill the research purpose, two research questions were formulated:

1. Is guanxi still important to the younger generation?
2. Has guanxi practice changed after the economic reform and China’s entering into the WTO, if yes, what are the causing factors?

Concluding the results of the interviewees, guanxi is frequently used by the younger generation in order to socialize and widen their network. It is used to accumulate future business opportunities as well as optimizing resources. That being said, guanxi of today has become somewhat more of a business asset, which companies and individuals can benefit from in order to increase revenue or boost one’s career and business opportunities. Based upon the answers of the younger generation, where they promoted “necessities” and “widening network” as the

core of guanxi. It was also solely the younger generation that argued to use various tools to purposely improve guanxi relationships. Consequently, the way of practicing guanxi in a business culture aspect has changed in the modern China of today. Changes can be seen in this asset like view of guanxi, although not intentional, actions show the younger generation promoting short-term guanxi and some of the reasons behind these changes' springs from social-economic as well as the technological factors and developments.

Technological advancements can be regarded as a force making connections between individuals and organisations faster and easier and has therefore in some way connected individuals unlike anything before. But it can also have an opposite effect, complicating guanxi relations. Technology in difference from guanxi may help to make certain aspect of the business world more transparent, however, it complicates guanxi relationships making it easier to hide hidden meanings and setting up short term relationships.

This then, consequently, differentiates the guanxi practice, from that of the past where guanxi was built upon trust long term relationships benefitting the entire group and not individuals, instead they make sure to profit as much from each group. A result of this, by unintentionally practicing short-term guanxi, a guanxi where trust is not as highly regarded as it was before. Some would argue that guanxi of the past was built in order to give transparency. In today's business world, it may be is the opposite. Many use guanxi in order to receive that they cannot do using the formal channels. This is so common that, in today's society many count the cost before building guanxi relationships. Surely a trait of an individualistic society, rather than that of a collective one. However, in order to prove this one would need to conduct a broader study, with a larger group of respondents in order to get a better accuracy of the results.

## **7 Limitation of thesis**

As mentioned previously a major limitation of this thesis is the number of interviewees. With a larger number the results will be of a higher reliability. Another limitation would be the number of elderly respondents. It would have been easier to see trends to beliefs if there were at least two applicants for each generation. Additionally, the study is only set of a specific time. We may be able to see more changes if we asked the same interviewees the same questions with a few years in-between, to see if their answers vary and what may be the cause of this.

## **8 Further research**

1. Conducting a study focused more on the changes between the different generations, thereof it may be possible to analyse what socio-economic and technological factors has had the greatest impact upon guanxi usage within the Chinese marketplace today.
2. Choosing to divide a research into the difference in guanxi practice depending on different demographics, this may also help in order to see if there are demographical influences within China.

## Appendix

### 9.1. Part 1 General about guanxi:

<i>Interview questions</i>	
<b>Background</b>	
1.	Name and age, gender
2.	Profession
3.	Years in this profession
4.	Previous working experience / profession
5.	What type of business profession does your business involve itself with?
<b>General about guanxi</b>	
1.	What does guanxi mean to you?
2.	How does it relate to your profession?
3.	How important would you rate that guanxi is for your working performance / business?
4.	How does your current company/organization work in order to maintain guanxi relations? <ol style="list-style-type: none"> <li>a. Building</li> <li>b. Developing</li> <li>c. Maintaining</li> </ol>
5.	Dividing guanxi into three areas <ul style="list-style-type: none"> <li>- Individual</li> <li>- Organization</li> <li>- Sociality</li> </ul> <ol style="list-style-type: none"> <li>a. Which of these areas has been most important to you before?</li> <li>b. Has there been any changes of focus area for you and for your profession, during the recent years in terms of which of these are most important?</li> </ol>
6.	Dividing guanxi into six parts <ul style="list-style-type: none"> <li>- Time</li> <li>- Face</li> <li>- Favour</li> <li>- Trust</li> <li>- Goodwill</li> <li>- Reciprocity</li> </ul> <ol style="list-style-type: none"> <li>a. Are all parts as important according to you in order to build/develop/maintaining guanxi for you?</li> <li>b. Has there been any changes during recent years?</li> </ol>

## 9.2 Part 2 Guanxis role for you:

Changes in guanxi
1. Could you divide "guanxi" for your personal and your professional role? a. If so in how? b. Is there any difference between these two in terms of long term vs. short term relationship?
2. During your years in your profession has the using of guanxi changed? a. If so in what way and why? b. Name on thing that you'd say is different.
3. For you is guanxi build for long term relations or is it easy to brake or stop a guanxi relation?
4. In order to get what types of favours would you say you use guanxi the most?
5. Is guanxi for your build for long term relations or is it easy to brake or stop a guanxi relation?
6. Do you spend as much time on building/developing and maintaining guanxi today as for a couple of years ago?
7. What does the term "Mianzi" mean to you?
8. What does "Renyi" mean to you?
9. What does "Renqing" mean to you?
10. Putting these into a falling order how would you value these when doing business?
11. Do you believe that guanxi has increased or decreased since you started working, and do you see any change in the way that the younger generation perceives guanxi in difference from you?
12. Have you seen any changes in guanxi since you started working? (Optional depending on if there are any changes or not) a. If yes, can you please describe these changes and what do you think the reason for this is? b. What are some of the main factors to contribute to these changes? c. Do these changes make business/life easier and more efficient or does it have the opposite effect? d. Do you see any positive or negative impact of these changes? e. As for business, how do these changes affect your everyday life? How do they improve your business relationships?
13. Do you think social media contributes to increasing guanxi or does it tear them further apart?
14. What do you think people/company with different demographics, do they follow similar scheme of guanxi when doing business?
15. Changing norms in collectivism, do you see an increase in individualism nowadays compared to before, in terms of the younger generation's perception?



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