Guanxi as a Complex Adaptive System: Definition, description and underlying principals

ABSTRACT

Guanxi has become a common term in the wider business community and has attracted an increasing attention of researchers. However, a consistent understanding of the concept continues to be elusive. We critically review the extant guanxi literature to identify the major inconsistencies in the way guanxi is currently conceptualized and develop a conceptualization of guanxi which views guanxi as a complex adaptive system formed by the strategic establishing, evolving, utilizing, and maintaining of personal relationships based upon social norms of trust and reciprocal obligation unique to the Chinese culture. This study contributes to research of guanxi and to the field of Chinese management in several ways. First, we identify four levels of inconsistency surrounding the conceptualization of guanxi in the literature, thus clarifying the current common sources of confusion. Second, this study deconstructs the level and core values of guanxi to provide a more transparent picture, enabling researchers to develop more robust measures of guanxi. Finally, we made progress towards a more comprehensive understanding of guanxi by introducing the complex adaptive system perspective into the guanxi research.

Keywords: Guanxi, social network, social capital, China, and complex adaptive system.
1. Introduction

With China being the largest trading nation and the second largest economy in the world, doing business with China has become more important than ever for any company aspiring to become an international business and with this comes understanding Chinese business customs, such as guanxi. Guanxi has not only become a common term of reference in business conversations, it has also attracted the increasing attention of researchers (Chen & Chen, 2009; Chen, Chen & Huang, 2013; Wright, Filatotchev, Hoskisson & Peng, 2005; Xin & Pearce, 1996; Yang, 1994). While guanxi is understood by Chinese business people, it is a less accessible to Westerners. The emerging guanxi literature has attempted to address its many facets in the context of personal and business relations, but the plethora of definitions has posed a major challenge to researchers (Chen, Chen & Huang, 2013). Guanxi is the key to understanding business networks in the Chinese context. Scholars have conceptualized guanxi as dyadic relationships between two parties (e.g., Alston, 1989), as exchange of favors (e.g., Dunfee & Warren, 2001), or as enduring personal social capital (e.g., Tung, Worm, & Fang, 2008). These definitions illustrate how guanxi represents personal and social network ties.

However, a satisfactory working definition and a consistent understanding of the concept continue to be elusive. One reason for this confusion concerns the disagreement about how guanxi should be conceptualized and operationalized. In this paper we attempt to construct a succinct, yet thorough definition of guanxi, understandable to Westerners and useful to researchers.

Our study offers a critical review of the current literature, highlighting four major inconsistencies, namely the breadth, linguistic-cultural depth, temporality, and level of the conceptualization and analyses of guanxi. It should be noted that these levels of inconsistency are not mutually exclusive categories. Rather, they are continuums along which each guanxi
article can be placed, and are facilitators for identifying conceptual contradictions in the literature.

In addition, we review the underlying principles of guanxi identified in the literature and suggest that there are two cardinal principles: reciprocal obligation and trust. By reducing some of the component complexity in this way, and by highlighting the particular issues that contribute to the present lack of clarity surrounding the conceptualization of guanxi, we take a step towards a more unified and consistent understanding of guanxi. The second goal of our study is to clarify the relationship between guanxi and related western concepts such as social networks and social capital. We argue that guanxi is a distinctly Chinese version of social networks, but should not be considered as a form of social capital.

Finally, we explain the utility of defining guanxi within the complexity paradigm, which offers a comprehensive lens encompassing the wide range of conceptualizations currently overflowing the guanxi literature, without losing the nuances proposed by various scholars. We define guanxi as a ‘dynamic’ version of social networks unique to Chinese culture. The complex adaptive system (CAS) paradigm makes prerequisite specifications for the underlying principles that govern the behaviors of the autonomous agents embedded within the dynamic networks. The key structural principles of the network are trust and reciprocal obligation. Unlike western equivalents, these principles are subject to culturally distinct social norms that regulate the creation and transmission of social capital; it is the strategic establishing, developing, utilizing, and maintaining of personal relationships in an evolving network (Yang, Ho & Chang, 2012).

1.1 Scope of the review

In order to bring the quality, relevance, and number of articles within the scope of this study, searches were conducted in the following way. First, electronic databases were queried

2. Review

2.1 Breadth of analysis

In part, at least, the lack of consensus in the literature reflects the differing degrees to which guanxi is central to the research purpose. On the one hand, explanations can appear too broad and over-simplified, particularly where guanxi is peripheral to the main issue or where a generic description facilitates the understanding of how guanxi is related to other constructs; on the other hand, definitions can be too narrow, as in the case of research focused on a single component of guanxi. Whereas the former understates the multi-faceted complexity of guanxi for reasons of economy, the latter’s more specific investigations can be at the expense of the bigger picture.

2.1.1 Broad definitions

Many papers offer broad and generic definitions of guanxi in order to simplify a complex concept. The benefit of using such uncomplicated definitions is that it allows researchers to demonstrate the relationship between guanxi and other related constructs. For example, Rhee (2010) facilitated the exploration of the shared wisdom of traditional Chinese thoughts and American organizational theories by categorizing guanxi as a cultural construct that could be equated to a “connection or relationship” (Rhee, 2010, 259).
Authors may also rely on economical conceptualizations of *guanxi* when it is only one of several constructs being considered, or when *guanxi* is peripheral to the main research focus. To take such broad definitions of *guanxi* at face value is to neglect the complexity of the construct that warranted simplification in the first place. These previous studies lack the scope to fully articulate the intricacy of *guanxi*; simplified definitions do not, however, represent shortcomings in their authors’ understanding of *guanxi*, but demonstrate the potential of broad conceptualizations to contribute to a lack of consistency in the literature.

Table 1 catalogues a sample of such broad conceptualizations. In the first two columns, we outline the authors and their proposed definitions in the cited papers. We bold the core defining elements and italicize the unit of analysis inferred in the definition to highlight the similarities and differences in this wide range of conceptualizations. A quick glance at the definition column draws our attention to the importance of social networks of relationships as a dominant view of *guanxi* and the reciprocal obligations and exchange of favors as the common articulated mechanism through which *guanxi* networks are sustained.

This sample of broad definitions also accentuates the subtle differences in the definition features and underlying principles of *guanxi*. In the subsample of definitions presented in Table 1, *guanxi* has been defined as a dyadic exchange of relationships, or a network of relationships for the purpose of exchange in a social context. Such definitions encompass exchange of favors, reciprocity, networks, connections, and credits as core values (Boisot & Child, 1996, 1999; Dunfee & Warren, 2001; Lee & Humphreys, 2007; Lee & Oh, 2007; Steidlmeier, 1999; Wei, Liu, Chen, & Wu, 2009). Some *Guanxi* relationships are reciprocal, e.g. person to person, while others may be asymmetrical, e.g. between a person and another person’s family members. Similarly, some *Guanxi* relationships will be mutual, e.g. both parties owe favors, while others may be one-sided. For example, if someone’s best friend passes away, this person may continue to support and help his best friend’s family for a long
time. Here, the obligation is one-sided and not reciprocal as this person may not expect
returns for his good deeds.

Other scholars, however, view guanxi as social capital and friendship (Pye, 1982; Tung
et al., 2008). While these core values may serve as a useful guide to understanding the basic
idea of guanxi, they bring to light the lack of consensus as to which core value best describes
the concept. This absence of consensus is evident in Table 1, as no one defining feature is
consistently present across the entire sample of definitions. This sense of confusion at even
the broadest level of analysis was summed up by Fan (2002a, 2002b), who investigated how
the literature tends to conceptualize guanxi in terms of relationships, connections, exchanges,
or as a resource. Indeed, the author suggested a multi-path approach, “Defining [guanxi]
properly means studying the many facets that make up the whole” (Fan 2002a, 551).

2.1.2 Narrow definitions

Given that inconsistency exists at the broad end of the analysis spectrum, it is not
surprising to find an even greater degree of variation within the conceptualizations of more
narrowly focused research. Chen and Chen (2004) demonstrated this trend by highlighting
the further differences in the conceptualization of guanxi that occur when the literature
differentiates a broad category (personal relationships) into subtypes. For example, while
specialization in selective aspects of a complex concept is a valid avenue of research, it has
produced a rather fragmented awareness of the concept. Table 2 reports a sample of the
literature conceptualizing guanxi as the discrete component under investigation (column 2).
We again bold the core defining elements and italicize the unit of analysis inferred in the
definition, but in this second sample of more narrowly focused definitions we observe many
more differences than similarities. We also provide the broad research overview in the third
column of Table 2 to contextualize the interpretation of the specific definitions.
Within this sample of narrowly focused definitions, scholars have offered several different conceptualizations pointing to the roles and functions guanxi plays in organizations and society. Guanxi is not merely a form of relationship; it implies hierarchical social structure and relationships (Ambler, 1994; Au & Wong, 2000; Hwang, 1987). Guanxi is more than connection; it represents reciprocal obligations and relationship marketing (Bjorkman & Kock, 1995; Lee, Pae, & Wong, 2001; Leung, Wong, & Wong, 1996; Merrilees & Miller, 1999, Tung & Worm, 2001). Tan, Yang and Veliyah (2009) and Kiong and Kee (1998) have attempted to delineate the dynamic relationship between guanxi and trust and have conceptualized guanxi as particularistic interpersonal trust, thus placing guanxi in the cultural context. The diversity of guanxi definitions reflects the large degree of complexity embedded in its conceptualization, which in turn is reflected in the absence of a group of ‘shared’ properties among all definitions included in Table 2.

Several guanxi papers have pointed out that the overall picture is confused by the diversity of conceptualizations offered (Chow & Ng, 2004; Zhuang, Xi, & Tsang, 2008). Indeed, narrow definitions of guanxi do not only derive from research focused on single components of the concept, but also from investigations that have drawn distinctions across several societal layers of guanxi. For example, the literature has explored various divisions of guanxi based on: expressive, instrumental, or mixed ties (Hwang, 1987); blood-based or social-based (Tsang, 1998); family, helper, or business guanxi (Fan, 2002a, 2002b); and favor-seeking or rent-seeking guanxi (Su & Littlefield, 2001). When guanxi is subdivided across already differentiated dimensions of the concept in this way, the result is multiple conceptualizations at diverse points on the breadth of analysis spectrum. While this clearly adds to the confusion, we acknowledge that more focused research provides invaluable
insights into particular components of guanxi. Nevertheless, in order to arrive at a more unified conceptual understanding, perhaps both broad and narrow conceptualizations will need to concede a few degrees of complexity or simplicity in the others’ direction.

2.2 Depth of cultural and linguistic analysis

2.2.1 Literal translations

Clearly both broad and more focused treatments of guanxi are useful and necessary within the confines of individual research papers. However, one of the possible consequences of these oversimplified definitions is that the linguistic and cultural nuance of guanxi is often excluded from authors’ conceptualizations. Again, we acknowledge that such omissions are largely due to economic constraints, but argue that they can contribute to an incomplete understanding of guanxi. The most obvious examples of linguistic shortcuts are literal translations:

[Guanxi is] the Chinese term for relationships, connections, or contacts… (Lee & Humphreys, 2007, 451)

Guanxi is briefly translated as personal connections/relationships… (Arias, 1998, 146)

Literally, the Chinese term guanxi means “connections,” “relations,” or “relationships”. (Chen, Chen, & Xin, 2004, 200)

In the absence of further linguistic context – except for those readers with a deeper knowledge of guanxi – this can leave the impression that guanxi is readily translated, when in fact no direct English equivalent exists (Ambler, 1994; Fan, 2002a; Pye, 1982). This point is underlined by a brief examination of the word ‘guanxi’, which consists of two Chinese characters (guan, 关; xi, 系). Each character has the ability to function as either noun or verb, thus giving the term ‘关系’ multiple meanings (Fan, 2002a). Guan as a verb means “to shut; to
close”, guan as a noun means “gate, barrier”. Xi as a verb means “to bind; to tie up”, Xi as a noun means “relationship”, but this word is rarely used as a noun. Even this example only scratches the surface of the linguistic subtleties of the word ‘guanxi’ in the Chinese language (for a more thorough discussion see Chen & Chen, 2004).

2.2.2 Cultural constructs

Current definitions also fail to capture the complex array of culturally specific factors that play a part in the building and maintaining of guanxi (Yeung & Tung, 1996). Thus, direct comparisons between the concepts that underpin guanxi and western equivalents are also problematic. For example, mianzi is often translated as ‘face’, which can be equated with the sociological constructs of reputation, self-respect, or dignity (Carlisle & Flynn, 2005). However, the greater implications and retaliatory response generated by ‘losing face’ in China are often overlooked, as is the relevance of mianzi in the development and maintenance of guanxi (Standifird & Marshall, 2000). In a business context therefore, an assumption that the social norms surrounding western ‘face’ and mianzi are the same can lead to misunderstandings that derail hopes of cooperation or assistance (Chow & Ng, 2004; Hwang, 1987; Park & Luo, 2001). This observation extends to other inter-cultural dilemmas that result from Sino-western business relationships (Gao, Ballantyne, & Knight, 2010).

Ganqing (human affection or attachment) and renqing (human obligation) are other underlying constructs with a culturally specific significance that most conceptualizations of guanxi in the literature do not have the scope to explore (for a full discussion, see Yang, 1986). Whereas renqing is vital in guanxi cultivation, development, and maintenance as the moral dimension of interpersonal relations (Yan, 1996; Yang, 1986), the use of the term in a definition is unlikely to convey understanding to anyone except native Chinese and experienced sinologists. In addition, such is the contextual nuance surrounding renqing that
significant disagreement exists (in terms of both content and depth) as to how this aspect of *guanxi* should itself be conceptualized. For example, Redfern and Ho (2009) suggest *renqing* can be equated with favors, but Park and Luo (2001) regard the construct as informal social obligations that are the antecedents of reciprocity. *Ganqing*, on the other hand, is the affective component of *guanxi*, and the higher the level of attachment formed, the more reliable and valuable the level of *guanxi* (Kiong & Kee, 1998). At another level of cultural analysis there is disagreement as to whether *guanxi* is a hybrid of these implicit social constructs (Su & Littlefield, 2001; Leung, Kee-Hung, Ricky, & Wong, 2005; Ambler, 1994), or whether it exists as a distinct but interconnected concept (Hwang, 1987; Wang, 2007; Yang, 1994).

A working conceptualization of *guanxi* is clearly limited in the extent to which it can explore *mianzi*, *renqing*, and *ganqing*, but simply equating them with comparable western constructs does not convey how each may differentially impact Chinese and western cultures. While a degree of cultural awareness is important to both *guanxi*-building and an understanding of the concept, we argue that some of the traditional features of *guanxi* identified by the literature are of limited utility to non-Chinese individuals and organizations seeking access to the Chinese market. This is consistent with Chen and Chen’s (2004) view that some institutionalized bases of *guanxi* are only accessible to Chinese people. In terms of Hwang’s (1987) conceptualization of *guanxi* comprising expressive, mixed, or instrumental ties, this would exclude non-Chinese from the innermost circle of expressive ties based on kinship (the traditional Chinese family system of affinity and loyalty). While kinship is of sociological and anthropological interest to *guanxi* specialists, it intuitively contributes little to an understanding of how *guanxi* can be effectively practiced in an inter-cultural context. Therefore, we propose that a useful working definition of *guanxi* for westerners looking to do business in China should include some acknowledgement or measure of the concept’s
cultural and linguistic specificity, but exclude those components of *guanxi* unavailable to non-Chinese practitioners.

### 2.3 Level of analysis

Social networking reviews (for example, Borgatti, 2003; Granovetter, 1973) reveal a considerable overlap with many facets of *guanxi*. Indeed, several studies within the *guanxi* literature have drawn direct comparisons that equate *guanxi* with either social networks (Davies, Leung, Luk, & Wong, 1995; Michailova & Worm, 2003; Zhou, Wu & Luo, 2007) or social capital (Anderson & Jack, 2002; Theingi, Purchase, & Phungphol, 2008; Park & Luo, 2001). Despite these similarities, many scholars agree that there are subtle differences between *guanxi* and broadly comparable western concepts: to date, no one has been able to articulate this distinction clearly.

Perhaps the reason behind this lack of clarity lies in the confusion between the units of analyses. In an over-simplistic form, social capital refers to the resources available to the individual agents in a network (Adler & Kwon, 2002), whereas social network refers to a collection of ideas that includes agents in a network and the relationships between them. Therefore, when *guanxi* is equated with both social capital and social networks, it creates confusion about the level of analysis upon which *guanxi* investigations should be based. Figure 1 clarifies the difference in unit of analysis articulated by defining *guanxi* as a social network (‘a’, ‘d’ and ‘e’ in Figure 1) and as social capital (‘c’ in Figure 1). Visualizing the unit of analysis inferred in the different conceptualization of *guanxi* enables us to see the subtle differences when *guanxi* is defined as a static network, a dyadic relationship, an individual’s social capital, a system of networks, a dynamic process, and finally a system of dynamic networks.

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Insert Figure 1 about here
In our view, *guanxi* is the Chinese version of social networks. Although it might create social capital (for example, relationship capital) for the individual agent, it is not social capital in itself (‘c’ in Figure 1). Rather, as Adler and Kwon (2002) suggest, social capital is a product of the strength and extent of an agent’s network. This Chinese version of social networking shares similar structural elements (e.g., positions within a network, strength of ties, reciprocal obligations) with western networks, but the rules under which the relationships within the network operate are culturally distinct. Some research has already considered how cultural norms function differently within the Chinese network (Chen & Chen, 2004), or how *guanxi* relationships are governed by different rules according to the basis of the network connection (Su & Littlefield, 2001). Thus, although *guanxi* and western social networks have properties in common and appear similar, they operate in distinctive ways. A useful analogy is that of two cooks – one Chinese, one western – who are given the same set of ingredients and asked to produce dishes using the ingredients in the combinations, quantities, and style of their choice. To equate western social networks with *guanxi* is to expect that both cooks would produce identical dishes, which is intuitively improbable.

### 2.4 Temporality of analysis

The *guanxi* landscape is further clouded by researchers adopting inconsistent points of temporal analysis; four different approaches can be identified. In the first two cases, research considers *guanxi* in terms of either its antecedents or its consequences; the third temporal approach regards *guanxi* as a process (see ‘e’ in Figure 1); and the fourth views *guanxi* as an evolving, dynamic concept.

#### 2.4.1 Antecedent approaches
Antecedent approaches conceptualize *guanxi* in terms of the prerequisite actions and foundations necessary for *guanxi* establishment. Table 2 identified some examples of such approaches. The antecedent view presents *guanxi* as a static resource (‘a’ in Figure 1), whereby the existence of *guanxi* is dependent on whether or not *guanxi* bases such as blood ties or close friendship are available to the individual agent (Bian, 1994; Luo, 1998; Wong, 2010), or where the emphasis is on how agents first seek evidence of familiar links or ties as the foundation of *guanxi* (Luo, 1997). The lack of distinction between the antecedents or bases of *guanxi* and *guanxi* itself (the network relationships) confound our understanding of the concept. A significant disadvantage of a purely antecedent view is that it excludes contingent factors that activate *guanxi* bases as well as the efforts of actors to cultivate or practice *guanxi*: you either have it or you do not. Therefore, we argue that this ‘fixed asset’ conceptualization omits too many aspects of *guanxi* to be of practical use to the non-Chinese business actor.

### 2.4.2 Consequence approaches

At the other end of the temporal spectrum, consequence approaches conceptualize *guanxi* as the ramifications and outcomes that result from an established *guanxi* relationship (see Table 2 for examples). In this view *guanxi* may be regarded as a means of gathering social capital in order to maintain legitimacy (Carlisle & Flynn, 2005) as a valuable resource for mutual trust and cooperation between individuals or organizations (Zhuang, Xi, & Tsang, 2008), or as the established connections that facilitate business dealings as a substitute for institutional support (Xin & Pearce, 1996). However, just as the antecedent view excludes the outcomes of *guanxi*, the consequence approach omits the mechanisms and behaviors that precede the existence of mutual trust, reciprocal obligations, or the benefits resulting from an established *guanxi* relationship.
2.4.3 Process approaches

In the process view guanxi is conceptualized as being acquired through stages of development that begin with elements of the antecedent approach and result in the outcomes described by consequence approaches. In addition to these features, process approaches incorporate stages in which guanxi is nurtured and sustained. For example, Luo (1997, 1998) detailed various principles which are developed during the cultivation, maintenance and utilization of guanxi. It is important to emphasize that guanxi is not the process itself in this view, but rather the stages described are the process through which guanxi relationships are established and maintained. In this way researchers are able to adopt a more complete approach to the concept and illustrate that guanxi is neither a fixed asset nor a set of potential outcomes. We consider this to be a more suitable temporal conceptualization, although it says nothing of how guanxi practices adapt to changes in the external environment.

2.4.4 Dynamic and evolving approaches

Further inconsistency within temporal approaches exists where researchers conceptualize guanxi as evolving and dynamic. While this view includes all the stages of the process approach, it also considers guanxi to be an ongoing, evolving phenomenon where practices and norms adapt to changes in the business environment. Yang (2002) describes how guanxi is not only influential in shaping business dealings in modern China, but is itself being shaped by changes in the economic and social environment. In support of this evolving view, Su and Littlefield (2001) argued that guanxi is a much more recent concept in Chinese interpersonal relationships than is generally accepted, and has only emerged – and evolved – since the beginning of economic reform in China.

Consistent with an evolving, dynamic temporal approach, Park and Luo (2001) suggested that the guanxi literature needed greater theoretical insights that could improve our
understanding of the concept’s adaptive complexity. Subsequent research conceptualized *guanxi* as a complex adaptive system, whereby *guanxi* is cultivated, developed, and maintained without a timeframe or a balance sheet mentality (Ren, Au, & Birtch, 2009; Wong, 2010). This longer-term view reflects emergent dimensions of complex personal interactions that are more than the summing or averaging of their attributes, thereby requiring a more holistic definition (Boisot & Child, 1999; Michailova & Worm, 2003).

**2.5 The complexity lens**

The complexity paradigm uses systemic inquiry to build fuzzy, multivalent, multi-level and multi-disciplinary representations of reality. Systems can be understood by looking for patterns within their complexity, patterns that describe potential evolutions of the system. Descriptions are indeterminate and complimentary, and observer dependent. Systems transition naturally between equilibrium points through environmental adaptation and self-organization; control and order is emergent rather than predetermined. (Dooley, 1996, 2)

**2.5.1 Guanxi as a Complex Adaptive System (CAS)**

The complexity paradigm is operationalized by the concept of a CAS. CAS examples include economies, ecologies, weather, traffic, social organizations, and cultures, to name but a few (Gell-Mann, 1994). Core to the CAS view is the idea of free agents operating within multi-layered network structures. Common ‘rules’ shared by individual agents in the system are critical to understanding the emerging patterns because these rules connect the agents together and allow a global coherence to emerge without any central source of direction. The rules used by agents also evolve over time based on their successfulness in the changing environment. Thus, viewing *guanxi* as a CAS has the advantage of making prerequisite the specifications of the principles that underpin the interactive and dynamic *guanxi* relationships that drive the network’s exchanges.
2.6 Underlying principles

The four levels of inconsistency identified are enlightened further by reviewing how the literature has investigated the key components underpinning guanxi. Our analysis of this in the business literature confirms contradictions at the levels of inconsistency already discussed, and highlights those aspects of guanxi vital to a fuller comprehension of the constructs that drive guanxi practice. In the process of our review we find that these component principles are not of parallel importance. Instead, we argue that guanxi is fundamentally comprised of just two cardinal principles. One is reciprocal obligation, as shown in Table 1, whose culturally unique dynamics are described by the subordinate features of longevity, intangibility, utility, and transferability. The other cardinal principal is trust. Trust is often discussed as an underlying foundation for the exchange of favours and reciprocal obligation. In other words, these two principles presented here should be viewed as complementary rather than independent strategies (Yeung & Tung, 1996).

2.6.1 Trust

Interestingly, scholars clearly distinguish guanxi from the underlying principle of xinyong, which is most closely associated with the western understanding of trust. Trust is defined as the willingness to accept a risk regardless of being able to monitor (Mayer et al. 1995; Rousseau et al. 1996). Most papers acknowledge the importance of trust as an underlying principle, but do not include trust in the definition of guanxi. Subsequently, we were unable to find sufficient examples to create such a column in tables 1 and 2. On the other hand, the close association between guanxi and trust is clearly acknowledged in the literature. The meaning of xinyong is not restricted to integrity and trustworthiness; it can also refer to the utility of trust (Hutchings & Murray, 2003). In terms of doing business, xinyong has been described as an individual’s credit rating, which is built up through the exchange of favors (Chen, Chen & Xin, 2004) or by helping others in the network or
relationship and thereby winning trust and face (Kiong & Kee, 1998). This is similar to the western concept of perceived trustworthiness, which is proposed to contain the dimensions of ability, benevolence and integrity.

Zhang and Zhang (2006) considered that trust could be either emotional or rational, where emotional trust is based on altruism or commitment (for example, in the case of family ties or close friends), and rational trust is based on a calculation of economic value. This view challenges Park and Luo’s (2001) assertion that guanxi is entirely utilitarian and not an emotional attachment. Despite this review’s focus on business rather than family connections, we feel the unique qualities of each guanxi relationship make dismissing emotional trust inappropriate.

Once established, trust is often preferred to contracts in China because it is considered that an individual’s word is good enough to seal an agreement: it is the degree of confidence that one party has in another to do what they have agreed to do (Davies et al., 1995). In the absence of legal documents, the safeguard that trust offers against agreement default is the loss of face that follows when one goes back on one’s word. This suggests a potential disadvantage for western business people in gaining the trust of their Chinese partners: if a person is perceived to be insufficiently aware of – or subject to – the consequences of losing face (mianzi) in Chinese society, it may be difficult for them to establish trust that is partly based on an implicit understanding of mianzi.

As Hutchings and Murray (2003) point out, to lose face is to lose trust; and to lose trust is to lose guanxi. By extending this viewpoint it could be argued that to have established trust is also to have established guanxi. Indeed, there is some debate in the literature as to the whether guanxi is actually the antecedent of trust (Chen, Chen & Xin, 2004), or whether
guanxi is a form of particularistic trust that compensates for the limited support from rule of law (Tan, Yang, & Veliyath, 2009).

The establishment of trust and guanxi are closely related and, despite some disagreement as to its precise function, the literature clearly underlines the fundamental role that trust plays in guanxi cultivation and practice. For this reason, we regard trust (either emotional or rational) as one of the cardinal principles of guanxi, and argue for its necessary inclusion in any conceptualization.

2.6.2 Reciprocal obligation

Reciprocal obligation is another important principle not always included in the definition of guanxi. Tables 1 and 2 show that only a handful of studies articulated this principle in their definitions of guanxi. For a guanxi relationship to be assured of continuation it is necessary for both parties to benefit from the connection (Yeung & Tung, 1996). It is this basis of mutual benefit that characterizes a guanxi relationship as fundamentally reciprocal (Ang & Leong, 2000; Hwang, Golemon, Chen, Wang, & Hung, 2009; Millington, Eberhardt, & Wilkinson, 2005; Su, Sirgy, & Littlefield, 2004; Yau, Lee, Chow, Sin, & Tse, 2000; Yeung & Tung, 1996).

One of the features of reciprocity in guanxi building is the implicit requirement to return favors of greater value than those received, which is driven by the social obligations of renqing (human obligation) (Yeung & Tung, 1996; Zhang & Zhang, 2006). Maintaining a deliberate imbalance of reciprocity in this way is also related to establishing and increasing trust via favor exchange (Wong, Ngo, & Wong, 2003). Furthermore, just as losing face is a negative consequence of breaking trust-building agreements, disregarding one’s reciprocal obligations brings loss of face to oneself as well as hurting the feelings of the other party, thereby threatening or weakening the guanxi connection (Alston, 1989; Park & Luo, 2001).
Thus, reciprocity and trust are integrally linked through an implicit sense of indebtedness felt by the beneficiary (Hwang, 1987).

While such implicit pressure to reciprocate is true for most guanxi types in practice, it is not true for the relationship among family members. Kinship ties are neither reciprocal nor utilitarian, but obligatory since they emphasize the obligation and commitment from the perspective of moral responsibility (Zhang & Zhang, 2006). Thus, obligation does exist as a characteristic independent of reciprocity within the family or kinship type of guanxi. As previously discussed, however, this is a form of guanxi relationship that is unavailable to the non-Chinese business actor; for all other types of guanxi obligation and reciprocity interact in a mixture of strategy and affection.

In our view the term ‘reciprocal obligation’ best captures these dual aspects of guanxi building and practice, and is less confusing than conceptualizations that refer to reciprocity and obligation separately (Luo, 2008; Zhang & Zhang, 2006). We feel that reciprocal behavior and obligation are so strongly linked that this connectedness should be made explicit in a conceptualization of guanxi. Therefore, not only do we propose that the unitary term ‘reciprocal obligation’ (e.g., Clare, 2003; Gu, Hung & Tse, 2008) be adopted for definition purposes, we also suggest that reciprocal obligation is the second cardinal principle of guanxi.

2.6.3 Intangibility and longevity

The intangibility of guanxi refers to the concept’s lack of material worth or concrete manifestations. Rather, the viability of guanxi depends on the actors’ commitment to each guanxi relationship without any explicit acknowledgement of the range, frequency, or value of exchanges (Park & Luo, 2001). Further, members of a guanxi network are tied together through the invisible and unwritten codes of favor exchange (Boisot & Child, 1996;
Ramasamy, Goh & Yeung, 2006). Therefore, we consider intangibility to be a subordinate feature of the implicit rules of reciprocal obligation.

The principle of longevity characterizes the long term philosophies evident throughout Chinese history and culture, and which are also a feature of guanxi relationships (Luo & Chen, 1997). As such it is an aspect of guanxi that filters through and complements the other underlying principles.

2.6.4 Utility

The utility of guanxi refers to its value in facilitating commercial intentions (Provis, 2008). Utility is the feature that motivates the cultivation of guanxi as an important tool through which firms or individuals can gain the necessary cooperation and resources for their business needs (Michailova & Worm, 2003). As Park and Luo (2001) point out, guanxi relationships are instrumental rather than emotional in nature, and whereas relationships are preceded by successful business deals in the west, in China transactions tend to follow successful guanxi. This utility view is prevalent in the guanxi literature, mostly manifested in the idea of guanxi as ‘exchange of favors’ as reported in Table 1. Research focusing on the consequences of guanxi most likely focus on the utility of guanxi, as the emphasis is on what guanxi can do for the practitioners rather than what guanxi is. The following quotes best illustrate the utility view of guanxi:

The key functions of guanxi networks seem to lie in their speed and flexibility of response … (Zhou et al., 2007, 687)

[Guanxi] possesses the capacity to reduce transaction costs associated with environmental uncertainties, such as communicating, negotiating and coordinating transactions. (Standifird & Marshall, 2000, 31)

2.6.5 Transferability
Transferability is the underlying principle that allows the social capital created by *guanxi* to be transmitted to third parties in the *guanxi* network. This is like the western person saying “A friend of yours is a friend of mine.” Many researchers consider that it is *guanxi* itself that is transferable (Carney & Gedajlovic, 2003; Chen & Chen, 2009; Hitt, Lee, & Yucel, 2002; Xu, 2009). In this perspective *guanxi* is treated as a form of social capital, as opposed to our own view in which *guanxi* is the Chinese social network through which social capital can be acquired – it is the benefits that are transferred, not the *guanxi* itself. We also consider that the transfer of social capital is only possible where trust exists in the primary relationship, and where an expectation of reciprocal obligation has already been established. Thus, transferability is a product of these cardinal principles, whereby the transfer of *guanxi* benefits is derived from the transmission of trust and reciprocal obligation to a third party connection.

The transfer of *guanxi*-created social capital is related to the principle of utility insofar as the benefit transferred can also be utilized to facilitate business operations (Ma, Yao & Xi, 2009). For example, where an individual, B, enjoys *guanxi* relationships with both A and C (who have no connection), it is possible for B to introduce A to C as a favor to A, who desires to establish a connection with C for instrumental reasons. In this way some of the *guanxi* benefits (social capital) available to B will be transferred between the previously unconnected parties (Gao, Ballantyne, & Knight, 2010; Tung & Worm, 2001). The extent of transferability depends upon the strength of the ties of A and C to B (Burt, 1997; Li, 2007). In the long term a new *guanxi* connection may result from the introduction of A to C, which will be independent of the relationship A has with B (Fan, 2002a, 2002b).

Transferability also operates between the individual level and the corporate level. For example, Peng and Luo (2000) demonstrated that managers’ interpersonal ties with top executives in other firms and with government officials help improve business performance
on market share and return on assets. In addition, Zhang and Zhang (2006) provide a framework in which guanxi benefits shift from the individual level to the organization level via a micro–macro link.

Although we do not consider transferability to be a cardinal principle of guanxi, it is clearly a feature of the concept that plays an important role in the dynamics of the guanxi network and – as a pathway to new connections – in defining the extent of the network itself. By using established reciprocal obligation to gain access to other potentially useful contacts in the extended guanxi network, transferability performs a vital function in individual network building (Chen & Tjosvold, 2007).

2.7 Summary

In reviewing the extant literature we find four levels of inconsistency that contribute to a lack of clarity in the way guanxi is conceptualized. At the same time we have identified what we feel are some of the vital elements for inclusion in a working definition of guanxi (see the Discussion section). Table 3 summarizes the inconsistencies found and outlines the key issues of difference that manifest themselves within conceptualizations at each level. Our review has also considered how the literature has defined and separated the underlying principles of guanxi. By so doing we draw two main conclusions: first, two interacting cardinal principles – trust and reciprocal obligation – lie at the heart of guanxi, and are necessary inclusions in any definition that attempts to convey a more unified and satisfactory understanding of the concept. Second, the complementary principle of transferability refers to the transfer of guanxi benefits rather than the transfer of guanxi itself, thereby clarifying our view that guanxi creates social capital but should not be equated with social capital.

3. Discussion
The review of business literature has so far outlined four major inconsistencies surrounding the conceptualization of *guanxi*. These inconsistencies are not mutually exclusive and together they contribute to current confusion in the literature. Next we discuss the criteria we employed to compose a comprehensive definition of *guanxi* by first identifying a point of balance/equilibrium on each dimension of inconsistency, followed by a complexity view of *guanxi*.

Although researchers sometimes prefer the utility of simplified definitions (*breadth of analysis*) or literal translations (*depth of cultural and linguistic analysis*), we argue that such basic conceptualizations provide business readers with a false sense of understanding that may lead to cross-cultural confusion. Conversely, some research adopts a more reductionist approach by investigating the deep-rooted and complex array of underlying social concepts from which *guanxi* is derived, thereby producing conceptualizations that are too narrowly focused.

In our view, a practical working definition requires enough detail to convey some of the complexity and nuance that distinguishes *guanxi* from western equivalents, but not so much that gestalt considerations are overlooked, or that a definition becomes too cumbersome. Therefore, we feel that a unified conceptualization of *guanxi* requires a degree of compromise in terms of the *breadth of analysis*, capturing the essence of *guanxi* as represented by the core values of broad definitions, as well as some reference to the concept’s intricacy demonstrated by narrower views.

Similar concerns apply to the *depth of cultural and linguistic analysis*. Definitions should avoid the simplicity of direct comparisons or literal translations, but at the same time be economical with the degree of cultural and linguistic terminology and complexity introduced. This is especially important when research is informing a western audience that may be
contemplating doing business in China for the first time – a point which raises questions about how *guanxi* functions in an inter-cultural context. For example, research has not yet made clear that non-Chinese are readily accepted into the *guanxi* network even if they adhere to all the traditional cultural norms and principles. It may be that concepts like *mianzi* (face) are so culturally specific in their significance to Chinese social behavior that non-Chinese actors are assumed to be culturally unaware by their prospective Chinese partners.

Given that trust and reciprocal obligation are founded on an implicit understanding of these social norms, outsiders may require significantly more time to establish a *guanxi* connection than their Chinese counterparts. On the other hand, *guanxi* has shown itself to be flexible as well as resilient in adapting to environmental changes, so perhaps the network adjusts to accommodate non-Chinese actors in a way that research has not yet elucidated. Even if this latter scenario proves true, we hold that a conceptualization’s *depth of cultural and linguistic analysis* should provide some reference to the culturally distinct nature of Chinese networking that points to the potential pitfalls of *guanxi* practices for western actors.

Choosing an appropriate *temporality of analysis* within which to frame a useful definition of *guanxi* is the next step. Temporal inconsistencies in the literature include the conceptualization of *guanxi* in terms of either its antecedents or its consequences. We consider that such explanations are too static to accurately represent the dynamic nature of *guanxi*. Further, antecedent and consequence approaches fail to convey how *guanxi* has evolved to meet the challenges and opportunities of a changing modern China, which include the inter-cultural issues already raised. In our view, therefore, a working definition of *guanxi* should include reference to the concept’s evolving and dynamic nature at the temporal level.

To be clear, we do not propose that *guanxi* is in itself the dynamic process through which the social network is cultivated, maintained and utilized. Rather, we seek to emphasize that
the connections within the guanxi network are not fixed, and that these connections can be initiated, strengthened, weakened, or broken by the behavior of the actors in the network. Therefore, our view is that a conceptualization of guanxi should capture the non-static, adaptable nature of the concept’s temporality.

This paper also finds evidence of confusion at the level of analysis whereby guanxi is equated with both social capital and social networks, despite their operating at distinct units of analyses. We take the view that, while guanxi can create social capital, it cannot be equated with social capital itself. In contrast to the other levels of inconsistency identified, which can be viewed as a question of degree (i.e. how broad/deep should analysis be?), the confusion in the literature at the level of analysis is more structural in nature.

One area of research where this difference presents itself is in the various considerations given to the underlying principle of transferability. It is this principle that allows social capital to be transferred via common third-party guanxi connections. Thus, in the view that equates guanxi with social capital it is guanxi itself that is being transmitted, whereas in our view it is only the social capital created by guanxi that is transferred. If we accept the conceptualization of guanxi as social capital, then guanxi can spread rapidly through the network unchecked by the implicit social norms that serve as the rules governing guanxi establishment. This is not consistent with the long term philosophy of relationship-building that characterizes both guanxi practice and Chinese culture.

Further, the conceptualization of guanxi as a wholly transferable asset has the potential to mislead newcomers to China into believing that there are shortcuts to establishing useful guanxi relationships. Therefore, while we agree that transferability may facilitate the creation of new network pathways, new long term guanxi connections will not exist without establishing trust and reciprocal obligation independent of the common link that first
introduced two individuals. Thus, at the level of analysis, we conceptualize guanxi as the Chinese version of social networks that can create social capital. We consider this conceptualization to be a vital component of a working definition; not only does it offer a universally recognized social framework that is culturally specific, it also clarifies a major point of confusion in the literature.

We also reviewed the literature’s consideration of the complementary underlying principles of guanxi and find that two cardinal principles – trust and reciprocal obligation – play the most significant role in defining the nature of guanxi cultivation and practice. Reciprocity and obligation are so tightly connected through the strategic imperatives of incremental favor exchange and the social indebtedness of renqing (human obligation), that it is inappropriate to consider the two principles in isolation. Trust is complementary to reciprocal obligation insofar as it is built through an exchange of favors and regulated by the potential loss of mianzi (face) that accompanies breaking an agreement.

Crucially, the extant literature has typically understated the interdependence of guanxi’s underlying principles, or has regarded them as having parallel importance. We find that longevity, transferability, intangibility, and utility play supporting roles in describing the interaction between the two cardinal principles. Although trust and reciprocal obligation are common to the networks of all societies, the subordinate principles of guanxi complement and interact with the cardinal principles to give them a unique cultural expression. It is this culturally specific manifestation of reciprocal obligation and trust that makes guanxi a distinctive form of social network. For this reason an awareness of the unique way in which trust and reciprocal obligation contribute to relationship networks in China is a vital component of a meaningful conceptualization.
Through identification and deconstruction of the four levels of inconsistency and the underlying principles of *guanxi* in the literature, this paper is now able to present a more unified and consistent working definition of *guanxi*. We define *guanxi* through the lens of complexity. This approach has the advantage of capturing the dynamic and emerging nature of *guanxi* over time, while encompassing the underlying principles of the evolving networks as part of the definition.

In its entirety our definition captures the larger *guanxi* picture without sacrificing the conveyance of complex elements, thereby satisfying *breadth of analysis* inconsistencies. For *level of analysis* considerations we state clearly that *guanxi* is the Chinese version of social networks. In this way *guanxi* is defined as a relationship-driven framework comparable to western networking, but at the same time is distinguished as a unique cultural form. For *depth of cultural and linguistic analysis* we emphasize the complexity and distinctiveness of *guanxi*, but choose not to include terms like *mianzi* or *renqing*. Without additional explanation these conceptual terms add little to an understanding of *guanxi*, especially for the western audience at whom our definition is targeted. For *temporality of analysis* we conceptualize *guanxi* as evolving, thereby conveying the non-static features of a vibrant and adaptive network of relationships. Trust and reciprocal obligation are chosen to represent the underlying principles of *guanxi*; we emphasize the unique way in which these principles operate in Chinese culture. Following these guidelines, and the review upon which they are based, this paper arrives at the following definition:

*Guanxi is a complex adaptive system formed by the strategic establishing, evolving, utilizing, and maintaining of personal relationships based upon social norms of trust and reciprocal obligation unique to the Chinese culture.*

**Theoretical and Practical Implications, Limitations and Future Research**
Having a clear and inclusive definition of the cultural practice of guanxi will integrate the growing literature and theoretical dialogue surrounding the phenomena. This will allow for consistent study of guanxi and its underlying principals, making integration of the various studies conceptually easier. We agree with Chen, Chen and Huang (2013) that “it is no acceptable to use the umbrella term guanxi in a particular study without specifying what aspects of guanxi are targeted and at what level of analysis” (195). Avoiding the overly narrow definitions of guanxi means we avoid a growing number of studies heading in different theoretical directions with increasingly shrill arguments, but often confusing and cross-talking, over the true meaning of guanxi. Avoiding overly broad definitions of guanxi means the concept can be clearly distinguished from and realted to western concepts, such as social capital, social networking and trust. This will help align western and Chinese concepts, allowing scholars of guanxi to use western phenomena where appropriate and more culturally specific measures where necessary, such as xinyong instead of trust.

More research is needed into the underlying fundamental principles, such as mianzi, xinyong and renquing. More research is sorely needed to compare and contrast guanxi with western concepts and behaviors to provide western and Chinese practitioners with definitive guidelines on acceptable cross-cultural behaviors. Defining guanxi as a CAS allows a more wholistic view of the phenomena and avoids the tendency towards a reductionist perspective that equates the operation of the system to an aggregation of its individual parts, which is bound to be incorrect.

There are enormous practical implications stemming from this clear and concise definition. First, guanxi can be more easily and more thoroughly explained to people of other cultures. The appropriate level of breath allows guanxi to be distinguished from associated concepts. This provides guidance for non-Chinese to help understand guanxi and help both Chinese and non-Chinese avoid cross-cultural misunderstandings and conflict. Thirty years
ago, when China started opening up and western businesses resumed business with China, the story was told that it was very difficult to do business with China. Americans, who take contracts very seriously and literally often reported that after six or more months of negotiations, when they finally had a contract, they expected to start trading according to the terms of the contract. The Americans were often very surprised when the Chinese then started negotiating in earnest! Understanding *guanxi* makes this behavior understandable and predictable. Based upon our definition of *guanxi*, the contract could symbolize enough trust to beginning a relationship in which favors can be exchanged, not the end of negotiations. Hence an understanding of the underlying principals of *guanxi* can be very helpful to non-Chinese business people wishing to deal with Chinese business people the world over. It is also not difficult to imagine how the typical social networking habits of many western businesspeople could be quite an affront in a *guanxi* system. In fact, non-Chinese business people may want to start their own *guanxi* networks and operate with *guanxi* principals. This could possibly address some of the worse ethical lapses occurring in large corporations.

More research is needed into many aspect of *guanxi*, and the underlying principals, such as *mianxi*, *xinyong* and *renquing*. For example, are westerners typically allowed to join guanxi networks, or does their lack of understanding of *mianzi* exclude them? Does marrying a Chinese open the way into a *guanxi* network? What are the similarities and differences between Chinese phenomena, such as *mianxi*, *xinyong* and *renquing* and western concepts such as reputation, trust and particularized exchange? How long does *guanxi* take to develop? What is the development process? Does an individual’s loss of mianxi also apply to his or her organization? Is *guanxi* different for males and females?

4. Conclusion

This study contributes to the study of *guanxi* and to the field of Chinese management.

First, we identify and explore four levels of inconsistency surrounding the conceptualization
of guanxi in the business literature, thus clarifying the current common sources of confusion. Second, this study deconstructs the level and core values of guanxi to provide a more transparent picture to enable researchers to develop more robust measures of guanxi. Finally, we made progress towards a comprehensive definition of guanxi; defining guanxi as a CAS conceptualizes guanxi as a dynamic and emerging social network unique to Chinese culture. The key structural principles of the network are trust and reciprocal obligation, critical to defining guanxi as a CAS because these principles govern the behaviors of individuals within the guanxi network. Unlike western equivalents, these principles are subject to culturally distinct social norms that regulate the creation and transmission of social capital.

The dynamic nature of this definition also encapsulates the processes engaged by individuals to cultivate, maintain, and utilize guanxi over time, thus distinguishing the dynamic networks of guanxi from the ‘actions’ engaged by the individual agents to manipulate the network of relationships. Having a unified definition of guanxi enables researchers to develop more robust measures for guanxi. Furthermore, a transparent and consistent definition has implications for practitioners in terms of having a clear understanding of what guanxi encompasses, what core values guanxi has, and how to incorporate guanxi in business dealings in a Chinese context. We hope our study of guanxi has sensitized researchers on a more fruitful avenue for future study of guanxi and will help to advance our collective understanding of this complex and intriguing human phenomenon call “guanxi”.

References


<table>
<thead>
<tr>
<th>Author (year)</th>
<th>Definition</th>
<th>Focal Level of Analyses</th>
<th>Reciprocal obligation</th>
<th>Utility</th>
<th>Intangibility and Longevity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alston (1989: 28)</td>
<td>Guanxi refers to <strong>special relationships</strong> two persons have with each other</td>
<td>Dyadic Relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bian (1997: 369)</td>
<td>[guanxi is ] a set of <strong>interpersonal connections</strong> that facilitate <strong>exchange of favours</strong> between two people</td>
<td>Dyadic Relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boisot &amp; Child (1996:612)</td>
<td>Guanxi refers to the credit which a person or a group has with others, based on the <strong>giving of assistance or favours</strong>, or deriving from <strong>personal recommendations</strong>.</td>
<td>A system of networks among individuals</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Boisot &amp; Child (1996: 246)</td>
<td>Guanxi refers to the credit which a person or a group has with others, based on the <strong>giving of assistance or favours</strong>, or deriving from <strong>personal recommendations</strong>.</td>
<td>A system of networks among individuals</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Dunfee &amp; Warren (2001: 192)</td>
<td>...guanxi involves <strong>relationships between or among individuals</strong> creating <strong>obligations for the continued exchange of favors</strong>...</td>
<td>A system of networks among individuals</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Lee &amp; Humphreys (2007: 451)</td>
<td>[guanxi] ... involves the use of <strong>personal and/or inter-firm connections</strong> to secure favors** in the long run.</td>
<td>A system of networks among individuals or Organizations</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Lee &amp; Oh (2007: 98)</td>
<td>...guanxi - relationship supported by <strong>reciprocal obligations</strong> in China</td>
<td>Relationship</td>
<td></td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Osland (1990: 8)</td>
<td>...a special relationship between a person who needs something and a person who has the ability to give something.</td>
<td>Dyadic Relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pye (1982: 88)</td>
<td>Guanxi can be best translated as <strong>friendship</strong> with overtones of <strong>unlimited exchange of favours</strong>.</td>
<td>Ego networks</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steidlmeier (1999: 122)</td>
<td>... <strong>gift giving</strong> forms part of a larger [guanxi] picture: belonging to a <strong>network of personal relationships</strong></td>
<td>A system of networks</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Tung, Worm &amp; Fang (2008: 69)</td>
<td>... guanxi, as compared to social capital in the West, tends to be more <strong>personal and enduring</strong>, and involves more <strong>exchanges of favours</strong>.</td>
<td>Social Capital</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Wei, Liu, Chen, &amp; Wu (2009: 439)</td>
<td>Guanxi refers to ... <strong>an extended network of interpersonal relationships</strong> which involve the <strong>exchange of favours</strong>.</td>
<td>A system of networks</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Bold to highlight core elements in the definition, Italic to identify the focal unit of analysis
## TABLE 2

Narrowly conceptualized *Guanxi* within the scope of their research focus, and the temporality of these definitions*

<table>
<thead>
<tr>
<th>Author (year)</th>
<th>Definition Offered in the paper</th>
<th>Research overviews for the Paper</th>
<th>Establishing, Developing</th>
<th>Maintaining</th>
<th>Utilizing</th>
<th>Temporality of Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambler (1994: 73-74)</td>
<td>&quot;Guan&quot; means a relationship… &quot;xi&quot; implies formalization and hierarchy.</td>
<td><em>Guanxi</em> is a relational paradigm for doing business in China</td>
<td>X</td>
<td></td>
<td></td>
<td>Consequences of <em>Guanxi</em></td>
</tr>
<tr>
<td>Au &amp; Wong (2000: 88)</td>
<td><em>Guanxi</em> or personal connection can be seen as the manifestation of group orientation through which interpersonal associations can replace formal</td>
<td>The impact of <em>guanxi</em> on an auditor’s judgement depends on the level of ethical reasoning</td>
<td>X</td>
<td></td>
<td></td>
<td>Consequences of <em>Guanxi</em></td>
</tr>
<tr>
<td>Björkman &amp; Kock (1995: 520)</td>
<td><em>Guanxi</em> represents a traditional form of relationship marketing.</td>
<td><em>Guanxi</em> is a business network in which the formation of social relationships is prerequisite.</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Consequences of <em>Guanxi</em></td>
</tr>
<tr>
<td>Carlisle &amp; Flynn (2005: 92)</td>
<td><em>Guanxi</em> is a cultural artefact...</td>
<td><em>Guanxi</em> is a means of garnering social capital in order to maintain legitimacy</td>
<td>X</td>
<td></td>
<td></td>
<td>Consequences of <em>Guanxi</em></td>
</tr>
<tr>
<td>Farh, Tsui, Xin, &amp; Cheng (1998: 473)</td>
<td>The concept of <em>guanxi</em>, in comparison with relational demography, emphasizes a different set of background factors in interpersonal</td>
<td>Compares <em>guanxi</em> with relational demography</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Antecedents of <em>Guanxi</em></td>
</tr>
<tr>
<td>Jacobs (1979: 238)</td>
<td>The Chinese have long suggested that particularistic ties, which they call kuan-his, play an important role in their politics.</td>
<td>Particularistic ties is the base of <em>guanxi</em></td>
<td>X</td>
<td></td>
<td></td>
<td>Antecedents of <em>Guanxi</em></td>
</tr>
<tr>
<td>Hwang (1987: 944)</td>
<td><em>Guanxi</em> is the hierarchically structured network of social relations</td>
<td>Interrelationships between <em>guanxi</em>, renqing and bao</td>
<td>X</td>
<td></td>
<td></td>
<td>Construct clarification</td>
</tr>
<tr>
<td>King (1991: 74)</td>
<td><em>Guanxi</em> is based on attributes shared by people... and interaction between individual A and individual B...</td>
<td>Establishing and maintaining <em>guanxi</em> is the Chinese art of relation management</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Construct clarification</td>
</tr>
<tr>
<td>Leung &amp; Kee (1998: 84)</td>
<td><em>Guanxi</em> cannot be understood merely as a cultural concept.</td>
<td>Examines the dynamics between <em>guanxi</em> and xinyong (trust)</td>
<td>X</td>
<td></td>
<td></td>
<td>Construct clarification</td>
</tr>
<tr>
<td>Lee, Pae &amp; Wong (2001: 52)</td>
<td><em>Guanxi</em> is defined as a particularized and personalized relationship based on the reciprocal exchange of favours.</td>
<td>Examines the antecedents and consequences of close business relationships <em>guanxi</em> in China</td>
<td>X</td>
<td></td>
<td></td>
<td>Antecedents of <em>Guanxi</em></td>
</tr>
<tr>
<td>Leung, Wong &amp; Wong (1996: 749)</td>
<td><em>Guanxi</em> goes deeper than connection. It necessitates very personal interactions with other people and always involves a reciprocal</td>
<td>Gift giving is important in the process of cultivating <em>guanxi</em></td>
<td>X</td>
<td></td>
<td></td>
<td>Antecedents of <em>Guanxi</em></td>
</tr>
<tr>
<td>Merrilees &amp; Miller (1999: 267)</td>
<td>In China the elements of relationship marketing are more coherent and form a holistic configuration known as <em>guanxi</em>.</td>
<td>Consistent with definitions of Western relationship marketing, <em>guanxi</em> involves mutual obligations, assurance and understanding, a long-term perspective, and cooperative behaviour.</td>
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<tr>
<td>Styles &amp; Ambler (2003: 633)</td>
<td>Consistent with definitions of Western relationship marketing, <em>guanxi</em> involves mutual obligations, assurance and understanding, a long-term perspective, and cooperative behaviour.</td>
<td>Explores the coexistence of transaction and relational marketing in China</td>
<td></td>
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<td>X</td>
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<tr>
<td>Reference</td>
<td>Statement</td>
<td>Antecedents of Guanxi</td>
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<tr>
<td>Tan, Yang, &amp; Veliyath (2009: 544)</td>
<td>Guanxi, a type of particularistic [personal] trust...</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tung &amp; Worm (2001: 521)</td>
<td>The term guanxi refers to relationships among people. They are dyadic, personal relations between people who can make demands on each other.</td>
<td>Antecedents of Guanxi</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Wong (2010: 422)</td>
<td>Guanxi is a hybrid between affection and benefit... All relationship links are originated from the 'family', including the weak ones.</td>
<td>Antecedents of Guanxi</td>
<td></td>
<td></td>
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</tbody>
</table>

*Bold to highlight core elements in the definition, Italic to identify focal the unit of analysis*
### TABLE 3

Inconsistency of conceptualization in the *guanxi* literature

<table>
<thead>
<tr>
<th>Level of inconsistency</th>
<th>Sub-level inconsistencies</th>
<th>Key issues</th>
</tr>
</thead>
</table>
| Breadth of analysis    | Broad conceptualization  | - Contributes to vague understandings  
                        | Narrow conceptualization | - Oversimplifies a complex concept  
                        |                          | - May contribute to confusion by creating multiple viewpoints  
                        |                          | - Focused research can miss the big picture  |
| Depth of cultural-linguistic analysis | Omission of cultural/linguistic nuance | - Reliance on literal translations  
|                          | Inclusion of cultural/linguistic nuance | - Assumption of western concept equivalence  
|                          |                          | - Full explanations are difficult to convey to non-Chinese  
|                          |                          | - Some culture-specific elements based on family ties are not accessible to non-Chinese actors  |
| Level of analysis       | *Guanxi* is social capital | - Social capital and social networks operate at different units of analyses  
                        | *Guanxi* is a social network | - *Guanxi* is NOT social capital  
                        |                          | - *Guanxi* is the Chinese version of western social networks  
| Temporality of analysis | Antecedent approach      | - Shares structural elements but is governed by different rules  
                        | Consequence approach     | - *Guanxi* defined in terms of prerequisite conditions or bases  
                        | Process approach         | - *Guanxi* defined in terms of possible or expected behaviors after *guanxi* is established  
                        | Evolving/dynamic approach| - Connects antecedent and consequence approaches, includes cultivation, practice, and maintenance of *guanxi*  
                        |                          | - Builds on the process approach by emphasizing *guanxi* as a CAS  |
FIGURE 1

Visualizing guanxi as a static social network, a dyadic relationship, social capital, a system of networks, a dynamic process and dynamic processes*

*Note: a, b, c, and e were collected using a Google Image Search using the key word ‘guanxi’, and d and e were collected using the keyword dynamic networks and complex adaptive systems.
## APPENDIX

List of journal titles and number of reviewed articles

<table>
<thead>
<tr>
<th>Journal title</th>
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