Abstract
The paper will analyse what guanxi is in contemporary China and will also answer the phenomenological question of how guanxi is part of contemporary practices of China as well as the practice of Confucian principles. Both are concerned with ritual, rectitude, responsibility and relationships. Their entanglement shares both a functional and aesthetic time-space movement of the ritual cosmology of doors and their significance.

Keywords: Confucius, guanxi, doors, ritual, relationship

Introduction
My foray into China and to Confucius is based on a 23-year journey, participating in as many diverse settings as possible both in the United States and in China with mainland Chinese citizens. In my position as a professor, I was in charge of training seminars for Chinese government officials and managers of factories across China between 1989 and 1998. Over 16 years, (1996 – present) I was a “bridge” between USA companies and the most powerful company in China, the China International Trust and Investment Corporation (CITIC) dubbed by the New York Times as both a guanxi maximizer and one of the real G7’s.

My understanding of Confucius came much later in my investigation. It is through observation and mediated discussions that I noted Confucius philosophy is a part of the institutional fabric of China’s everyday life including their business settings.

From both my observations and the reading of Confucius texts I have characterized the orientation as the 4 R’s: ritual, relations, rectitude, and responsibility. In fact, one may characterize guanxi as an embodied practice of the 4 R’s.

We assume the principle of the dynamic yin-yang as the polar background governing both Confucius and guanxi. Also I further assume my foray into contemporary China is also part of the Scientific Enlightenment initiated by Maoist Marxist–Leninism re-signified by Deng’s experiment in capitalism.
It does seem appropriate, that it provides for my understanding of yin/yang and its dynamic.

Yin/Yang is meant to convey change. Everything participates in a universal ebb and flow, returning to their opposite and back again. It may be viewed as curved interlocking geometric shapes, rotating, self-creating cycle of complementary polarities of mutually dependent, entities, which implies an understanding of gradual and cyclical change. Yin/Yang are forever oscillating between each other creating the diversity life creations and all gradation of changes.

Things exist in phases. Time may be viewed as a string from center moving in a circle. This is quite a static depiction of temporality. However, as variation of temporality of the ying/yang symbol, it can be seen as performance: a meditative dance of the sage producing the symbol in a continuous stroke without lifting the brush from the surface… a spontaneity, on the order of “shi” (potency, self – so doing). The ying/yang parts are not like a loop of a circle, it is a different order of regularity. As the yin/yang interaction is more than complementary and mutual supporting. As it fashions new existence and generates “sheng” things to emerge and endure. The patterns are of a consistent order and in constant configuration of two forces. It is like a standing wave that emerges in a moving stream where water particles are constantly changing while the patterns endure. We should also make note than the movement of ying and yang can create blocking, disrupting, intersecting and reconfiguring as well, all being not harmonious and in balance at the same time.

At the core the yin/yang takes the world as a net shaped by thousands of diverse things and events, linked through consistent patterns movements, and forces in terms of the diagram: we are always inside of the circle, which therefore means we both play a role in generating changes and are changed by these forces. Which in turn reveals, phenomenologically speaking, transcendental or critical vantage point to assess, modify, re-signify the play of the yin/yang. We are connected at several levels and each relationship is shaped by our participation.

In a three dimensional format the yin/yang is spiral. The circle is 2 dimensional. In the three dimensional format the double helix would be one, just like in a topological format as well. A mobius, the sphere, and even a yin/yang – Klein bottle have become part of the Western tradition. While this could be conceived as a distortion, it also is a variation and incorporation of the 2 dimensional world of yin/yang as a “Way of Understanding” (A. Mickunas).

In order for us to understand Confucius and the guanxi we must explore some of the principles of each of these practices both from observational as well as textual point of view. The article follows a phenomenological mode of reflection. Therefore, it understands quanxi as a particular social or communal order characterized as a rippling water movement of a quasi-concentric circling,
moving outward while incorporating the previously successive ripples by folding under and over itself.

The guanxi order is ritually orchestrated through a presentation of a gift or a favour which is not an exchange, tit for tat but a dialogical movement of polarities (yin/yang movement). The dialogical/polar movement includes the affective dimension as inter-kinaesthetic level of affectivity which is the strength of guanxi. This dimension is the interpersonal of social and communicative bonding.

**Confucius and Contemporary Guanxi**

Interpersonal relationship (guanxi) is one of the major dynamics of Chinese society. Guanxi has been a pervasive part of the Chinese business world for the last few centuries. It binds literally millions of Chinese firms into a social and business web. It is widely recognized that guanxi is a key business determinant of firm performance. It is the lifeblood of both the macro-economy and micro-business conduct. Any business in this society, including both local firms and foreign investors and marketers, inevitably faces guanxi dynamics. No company can go far unless it has extensive guanxi networks in this setting.

The Chinese word "guanxi" refers to the concept of drawing forms of an intricate, pervasive relational network which the Chinese cultivate energetically, subtly, and imaginatively. It contains implicit mutual obligations, assurances, and understanding, and governs Chinese attitudes toward long-term social and business relationships. Broadly, guanxi means interpersonal linkages with the implication of continued exchange of favours. Guanxi is therefore more than a friendship or simple interpersonal relationship; it includes reciprocal obligations to respond to requests for assistance. Unlike inter-firm networking in the West, however, this reciprocity is implicit, without time specifications, not necessarily equivalent, and only socially binding.

Interpersonal relations are certainly not peculiar to the Chinese society. They exist to some extent in every human society. What is special about guanxi is the fact that it is ubiquitous and plays a fundamental role in daily life. The Chinese have turned guanxi into a carefully calculated science. Constructing and maintaining guanxi is a common preoccupation for entrepreneurs, managers, officials, and even college students.

Although used in speech since a century ago, guanxi does not appear in either of the classic Chinese dictionaries (“Source of Words”, published in 1915 or “Word Sea”, published in 1936). The word consists of two calligraphy characters; guanxi (written in pin yin) originally meant a door, its extended meaning is “to close up”. Thinking metaphorically, inside
the door you may be “one of us” but outside the door your existence is barely recognized. Today guan is often used to mean a pass in various sorts of economic lives, from social activities to organizational names (e.g., hai means “customs”). In addition, guan can refer to “doing someone a favour”. For instance, gun xin means “showing solicitude for”, gun huai means “showing loving care for”, and guan zhao means “looking after” or “support”.

Xi means to tie up and extend relationships, such as kinship (shi xi) and directly-related members of one’s family (zhi xi qin shu). It implies formalization and hierarchy. Whilst the word primarily applies to individuals, the concept can also be used similarly with organizations (e.g., xi means “department”). Xi can also be used to refer to maintaining long term relationships. For instance, wei xi means “to maintain”.

In practice, however, the Chinese use guanxi xue to express their concern with the tactics of guanxi construction and cultivation. Guanxi xue refers to the practical strategies that best ensure personal relationship building, utilization, and development. It implies skill, subtlety, and cunning, as conveyed by the English word “artfulness.”

Guanxi xue involves the exchange of favours and gifts, the cultivation of personal relationships and networks of mutual dependence, and the manufacturing of obligation and indebtedness. What informs these practices and their native descriptions is the conception of the primacy and binding power of personal relationships and their importance in meeting the needs and desires of everyday life.

As mentioned above, doors are an important metaphor. Accessing guanxi through the metaphor of the door is an important methodological move as well. Often to access a literary domain it is not possible to do it directly or horizontally as a comparative. But vertical access may give one insight through a different literary domain. Such is the case with guanxi. Therefore, we need to consider the doors of guanxi and of Confucius.

The Construction of the Door

Four aspects of the craftiness associated with the door are:

1) The door hinge, which is considered to be a crafty mechanism inherently attaining the advantageous shi, utilizing a levered balance to allow a small force to manoeuvre a large mass. Facilitated by this clever device—the door hinge—a door is configured into a movable boundary. Because a door can be positioned as closed, open, or half open, these positions acquire different spatial perceptions and cultural meanings.
2) The use of sacred amulets on the door or hood of the door to cunningly convey a set of metaphysical dispositions and powers beyond the door’s physical functions. Thus, a physically closed door can be metaphysically open to bestow various blessings on the people living within the demarcated space. Conversely, a physically open door can metaphysically shut out the intrusion of evil spirits.

3) The tectonic cleverness of door construction. Through the craftsman’s intelligent use of the advantageous shi, various doors were built economically and skilfully to fit the requirement of different circumstances (situation).

4) The Chinese character for guanxi is a customs house in which a tax/tariff is placed on goods in order to pass through the doors to the marketplace.

The Ritual and Cosmology in the Orientation and Size of the Door

According to the theory of ritual and cosmological shi, traditional Chinese house doors were built as ritualistic and cosmological entities by manipulating the size and orientation of the doors. How the orientation and size of a door is used to embody ritual shi can be analysed by looking into the classical Confucian texts, such as the Book of Etiquette (yili) and the Book of Records (liji).

In these Confucian writings, the centre of the door bears the most significant ritual meaning and possesses the most powerful shi. Although the east side of a door is not as prominent in status, it takes precedence over the west side. Such Confucian orientation hierarchies originated from the understandings of cosmological orientation during the ancient times. The Confucian scriptures also reveal that the grander sizes of doors embody a more powerful ritual shi than do simpler doors. Over the centuries, the various Confucian government decrees regulated the sizes of doors based on social hierarchies, affecting house door design and construction. Officials were given the larger and grander doors, while lesser individuals were allowed smaller and simpler doors. In addition, within the same house, a door with a central orientation was taken to possess higher social status and was built more grandly than the doors on the east side and in a more imposing manner than doors on the west side.

The orientation and size of house doors, besides embodying ritual shi, bestow favourable cosmological shi if they are positioned in auspicious directions and sized to favourable dimensions. This follows the cosmological shi, as construed in Fengshui theories. Only house doors with a favourable orientation and appropriate size can contain beneficial cosmological shi with which to bless occupants.
Organizing Space and Movement

In the context of traditional Chinese architecture, the self-so-doing shi of the door allows it to be natural so as to follow the intrinsic tendency of a door in organizing space and directing movement. To analyse this self-so-doing shi of the door, the ancient and pivotal role of the door as an organizer of space and movement is explored. Antique chamber dwellings and courtyard houses demonstrate how the position of the door functions to arrange space and guide circulation. Some of the simple yet elegant private house garden doors demonstrate how these garden doors were built to be natural. Their naturalness represented by the simplicity of their forms blends the garden doors into the garden scenes as well as amplifies the self-so-doing shi of them in organizing the garden scenes and guiding the movements of the body. Even within the limited space of some old Chinese houses the route of circulation is created through an arrangement of doors to allow a free and natural wandering of the body across multiple levels.

All the aspects of shi (i.e., advantageous shi, authoritative and ritual shi, and self-so-doing shi) are epistemologically built into various household doors. The complexity, diversity, and richness of doors as an architectural element reveal that the concept of shi in architecture does not allow for a static or permanent interpretation. Instead, the concept of shi requires each situation and every moment in time to be regarded as unique.

By nature, shi is amorphous and weak because it mutates in accordance with the transformation of design and construction circumstances and underscores the fluid experience of temporality. It supports an open system that progresses from minute detail to broad concept, rather than a process of closing down from broad concept to minute detail. The amorphous and weak essence of shi in architecture gives it a constructive power that results in the making of building elements fitting in the traditional Chinese cultural context. Guanxi in business means to be able to open a door but each door has rituals for entering and boundaries to be obeyed.

The Self-so-doing Shi of the Door

Self-so-doing shi is the natural tendency of a disposition or an entity, as reflected in Zhuangzi. This natural tendency leads the disposition or the entity to follow on its own accord. In the context of traditional architecture, the self-so doing shi of a door is to let a door to be natural so as to follow the intrinsic tendency of a door in organizing space and directing movement.

To analyse such a self-so-doing shi of a door, first the ancient and fundamental role of a door in dividing space and organizing circulation in the Chinese dwellings of prehistoric times is investigated, when the development of doors...
was at a self-so-doing stage. The position of the door in the primeval walled chambers is revealed with the function of organizing the space within the chambers, and the resulting spatial configuration led to the archetypal spatial arrangements of later traditional Chinese houses. The position of doors in the ancient Chinese courtyard house functioned to guide movements. The pathways connecting these doors were forerunner to the characteristic meandering – a manner of circulation in later traditional Chinese houses.

Then some of the simple yet elegant private house garden doors are investigated to study how these garden doors had been built to be natural. Their naturalness, represented by the simplicity of their forms, blends the garden doors into the garden scenes as well as amplifies their self-so-doing *shi* to organize the garden scenes and to guide the movements of the body meandering within the scenes. Lastly, the self-so-doing *shi* of the door is further examined by studying the route of circulation arranged by the positions of the doors.

**The Primary Capacity of a Door to Arrange Space and Circulation**

Self-so-doing *shi*, as considered by Zhuangzi, is attained by responding in an unaffected manner to the intrinsic nature of a disposition or an entity. According to Zhuangzi, the self-so-doing *shi* places one in accordance with a self-so-doing body, and does it in a manner free from the imposition of mundane customs. Since, the society mundane customs normally take away the self-so-doing *shi* of the body, the technique of “forgetting one’s physical body” was proposed to regain self-so-doing *shi*. An example in Zhuangzi is the story of a true artist who intentionally discards his ritual body, allowing his self-so-doing *shi* to take hold in creating artworks. The story begins as follows:

Lord Yüan of Sung wanted to have some pictures painted. The crowd of all court clerks formally gathered in his presence, received their drawing panels, and took their places in line, licking their brushes, mixing their inks. There were so many of them that there were more outside the room than inside it. There was one clerk who arrived late, sauntering in without the slightest haste. When he received his drawing panel, he did not look for a place in line, but went straight to his own quarters. The ruler sent someone to see what he was doing, and it was found that he had taken off his robes, stretched out his legs, and was sitting there painting completely naked. “Very good,” said the ruler, “This is a true artist!”

The true artist in this story does not behave in a ritualistic manner or hinder himself with mundane customs. Although seemingly inappropriate
to the situation, he let his self-so-doing *shi* emerge. Unrestrained by formal attire, he can paint naturally, following the unimpeded flow of his bodily movements. His self-so-doing body thus engenders an innate efficacy that differentiates him from the others as a true artist. The technique of “forgetting one’s physical body” does not mean neglecting the physical body. Instead, the physical body is emancipated so it can return to be natural, as that of a baby. In the context of traditional Chinese architecture, the self-so-doing *shi* of a door requires a door to be built with simplicity as if the “body-image”, more precisely body schemata, of a door is forgotten. Through such a technique, the natural capacity of a door as organizing space and directing movement gains its fullest expressions.

According to Zhuangzi, the body of a baby is claimed as self-so-doing in the sense that “The baby acts without knowing what it is doing, moves without knowing where it is going”. This self-so-doing is claimed as harmonious with nature and preserving life. “The baby howls all day, yet its throat never gets hoarse – harmony at its height! The baby makes fists all day, yet its fingers never get cramped – virtue is all it holds to. The baby stares all day without blinking its eyes – it has no preference in the world of externals. To move without knowing where you are going, to sit at home without knowing what you are doing, traipsing and trailing about with other things, riding along with them on the same wave – this is the basic rule of life-preservation.”

The sizes and shapes of the door openings in accordance with the arrangement of the garden scenes beyond, the perception of space are expanded. The opening uses its plain outlook and vase-like shape to strike a contrast with the rock formations behind which is filled with light, shadow, energy, and movement. The gourd-shape garden door opening on the right-most image in the figure artistically gives a glimpse of the approaching scene luring the person to venture into the opening by creating from afar an illusion of spatial and scenic depth. It instils a wondrous curiosity about the characteristics of the framed scene.

The garden doors guide one’s movement through carefully devised paths. In these gardens, the doors rarely are positioned on one central axis to give an open axial view, and the pathway linking two garden doors from one scene to another rarely is straight. A meandering path is always used to link the garden doors and to thread the landscape scenes.

For it to be a proper path, it should be both winding and long. In ancient times, the so called “winding path” turned at right angles like a carpenter’s square. But the winding walkways which are built now bend like the letter S, curving with the form of the ground and bending with the lie of the land. They may curl round the middle of a hill or run down to the water’s edge, pass among flowers or cross a moat, endlessly twisting and turning.

From the above description of *shi* of door we may view the commercial customs
house as a type of opening that constitutes a way or path of circulation if you will a circuitous or winding route through a landscape that is self-organizing. The path is in the shape of an S however, the S may have more cosmological signification as the zone or in-between region of the yin/yang.

**Relationships**

To understand the importance of *guanxi* and how it operates, one must look to China’s Confucian legacy. *Guanxi* operates as milieu within the nesting of the web or networks of social relations. According to Confucianism, an individual is fundamentally a **social or relational being**. Social order and stability *zun ik*, which was used in Confucianism, **depend on properly differentiated role relationships** between particular individuals. The word ideology refers to a concept similar to *guanxi*. There are **five such traditional relationships** (wu-zunk): prince-subject, father-son, older brother-younger brother, husband-wife, and friend-friend. All are **superior-subordinate relationships** except friend to friend. Confucian relationships were therefore a classificatory paternalistic order which ranked from parents to the sovereign through the master and servant. These five relationships are the basis of Chinese social networks.

"*Wu-lun*" is a highly formal cultural system, requiring each actor to perform his or her role in such a way that he or she says precisely what he or she is supposed to say, and does not say what he or she is not supposed to say. In order to perform one’s role well, the actor usually has to hide his or her independent will. This is why Chinese have been said to be **situation-centred or situationally determined**.

From a structural point of view, relationships are hierarchical and stratified classifications. However, within the classifications the practices are interpersonal interactions which are differential modes of association. At every level there is a dynamic of polarity operating rather than a binary of prince-subject, father-son, etc. **In fact, every level** dissipates and maintains a permanent flux as exemplified by the rippling of concentric circles of water.

Because of the heavy influence of Confucianism, Chinese often view themselves as interdependent with the surrounding social context. The self in relation to the other becomes the focus of individual experience. This view of an interdependent self is in sharp contrast to the Western view of an independent self. The latter sees each human being as an independent, self-contained, and autonomous entity who; a) comprises a unique configuration of internal attributes (e.g., traits, abilities, motives, and values) and b) behaves primarily as a consequence of these internal attributes. This divergent view of self has implications for a variety of basic processes (e.g., cognition, emotion, and motivation) and may be one of the most fundamental differences between
the East and the West in social relations.

In a relation-centred world, social relations are accorded much greater significance. Relationships are often seen as ends in and of themselves rather than as means for realizing various individual goals. As part of the emphasis on differentiated relationships, attention to others is highly selective and mostly characteristic of relationships with in-group members. Many observers of Chinese social relations have noted that in comparison to the West, Chinese have a much stronger tendency to divide people into categories and treat them accordingly. This tendency of treating people differently depending on one’s relationship to them constitutes the basic reason why guanxi is of such importance in Chinese societies.

Yang described the three major categories of interpersonal relations in China: jia-ren (family members), shou-ren (familiar persons such as relatives outside the family, neighbours or people in the same village, friends, colleagues, or classmates), and sheng-ren (mere acquaintances or strangers). These three categories of relationship have completely different meanings to the parties involved and are governed by different sets of interpersonal rules.

The sheng-ren (stranger or mere acquaintance) category includes all those who are outside the family unit and with whom one has not established any meaningful relationship through past interactions. These could include members of one’s local community, fellow employees who work in the same (large) company, or business customers. Interactions with sheng-ren are superficial and temporary and are dominated by utilitarian concerns. The focus is on personal gain and loss. The defining characteristic of this relationship is instrumentality without affection, unlike the relationship with jia-ren, which involves primarily affection, or shou-ren, which has both an instrumental and an affection component.

To summarize, depending on the bases of guanxi, an interpersonal relationship can fall into any one of three categories. Within each category, the relationship can vary in the degree of closeness or strength. For example, involvement with a co-worker who was also a college classmate implies a stronger relationship than with one who was not a classmate. To the traditional Chinese, guanxi was primarily meaningful for the jia-ren and shou-ren categories. However, as Chinese societies moved away from a traditional, agrarian life style to an industrialized, pluralistic one, individual freedom has risen and collective forces have ebbed. The potential for interpersonal relationships in the sheng-ren category has become increasingly important.

Principles

There are several important principles underlying guanxi cultivation, utilization, and maintenance. First, guanxi is transferable. If A has guanxi
with B and B is a friend of C, then B can introduce or recommend A to C or vice versa. Otherwise, contact between A and C is unlikely. For this reason, formal business correspondence usually will not receive a reply until direct personal contact has been established. The success of transferability depends on how much satisfaction B feels about his guanxi with both A and C. Transferability also means that guanxi is different from friendship.

Affection is important but not a prerequisite for guanxi, whereas affection is necessary for friendship. Only strong guanxi relations contain affection and, hence, friendship. Weak guanxi partners, however, are not necessarily friends. Second, guanxi is reciprocal. A person who does not follow a rule of reciprocity by refusing to return favour for favour will lose face and be seen as untrustworthy. Nevertheless, exchanges often favour the weaker partner. At the individual level, guanxi links two persons, often of unequal rank, in such a way that the weaker partner can call for special favours for which he does not have to reciprocate equally. This reciprocity explains another distinction between guanxi and friendship.

Third, guanxi is intangible. It is established with an expectation of an unlimited exchange of favours. It is maintained over the long run by an unspoken commitment to others in the web. People who share a guanxi relationship are committed to one another by an invisible and unwritten code of reciprocity and equity. Disregarding this commitment can seriously damage one’s social reputation, leading to a humiliating loss of prestige or face. Fourth, guanxi is contextual. It involves interactive conduits between people. Cultivating guanxi is completely context-specific. The giving of a gift (a carton of Marlboros to the boss) in one context (the boss and spouse have a baby) is an accepted part of the culture of gift-giving. In another context (you are up for a promotion), it might be seen as instrumental. In a third context (your shiftless brother-in-law needs a job), it might be considered a bribe. Because guanxi development is contextual, its construction and application is more an art than a science. Realizing the importance of guanxi and understanding its principles are easy; finding and implementing an appropriate approach to fulfilling guanxi relations is difficult.

Fifth, guanxi is long-term oriented. Members of Confucian societies assume the interdependence of events, understanding all social interactions within the context of a long-term balance sheet. People in this context believe that duality and contradiction (yin and yang pa) are inherent in all aspects of life. Every guanxi relationship is regarded as a kind of stock to be put away in times of abundance and plenty, but brought out in times of need. It is developed and reinforced through continuous, long-term association and interaction. By contrast, social transactions in the West are usually seen as isolated occurrences, with great emphasis placed on immediate gains from the interaction. Some guanxi relationships never end, but continue from generation to generation if continuously maintained.
Lastly, guanxi is personal. Guanxi between organizations is initially established by and continues to build upon personal relationships. When the person who brought a guanxi connection leaves, the organization loses the guanxi as well. In other words, guanxi has no group connotation. This principle largely explains the difference between guanxi and inter-organizational networking in Western countries. Although personal attachment may facilitate inter-partner cooperation and mitigate inter-firm conflict, interpersonal relations are not a prerequisite for inter-firm networking in the West.

Since the “iron rice bowl” was broken in the early 1980s, the application of guanxi at the organizational level has become increasingly pervasive and intensive in China. This is because an employee can be rewarded (e.g., by a commission or bonus) or promoted by an organization if he or she uses personal guanxi for organizational purposes (e.g., marketing, promotion, and sourcing). This trend has become more evident since 1985 as the number of township and village enterprises and privately owned businesses have grown, and state-owned firms have started to use the “contractual liability lever” in their management and reward systems.

Paradoxically, even as an unabated opening of the Chinese economy has resulted in a convergence of Chinese management philosophies with modern Western and Japanese ones, the concept of guanxi has turned out to have powerful implications. A number of new terms associated with guanxi have been created, immediately permeating the society. “La guanxi” (“pull” guanxi) means to get on the good side of someone and store social capital with him or her; it carries no negative overtones. “Gua guanxi” (“work on” guanxi) means roughly the same thing, but has a more general, less intense feeling and usually has negative overtones. “Guanxi gou qiang” (guanxi “made ruined”) means the relationship has gone bad. “Li shun guanxi” (“straighten out” guanxi) means to put guanxi back into its proper order, often after a period of difficulty or awkwardness. “Guanxi wang” (guanxi “net”) means the whole network of guanxi within which favours are exchanged and circulated. Finally, “guanxi hu (guanxi “family”) means a person, organization, even governmental department, which occupies a focal point in one’s special guanxi network.

**Philosophy of Guanxi**

Guanxi are delicate fibres woven into every Chinese individual’s social life, and therefore, into many aspects of Chinese society. Although the cultivation of guanxi has become the focus of researcher attention only since the decentralization and privatization of the Chinese economy, its roots are deeply embedded in 2000 years of Chinese culture. Confucian social theory is concerned with the question of how to establish a harmonious secular order in a man-centred world. According to Confucian philosophy, the individual is
never an isolated, separate entity. All humans are social or interactive beings. Although guni was not found in the Confucian classics, the word lun was used. The concept of lun concerns the differentiation of individuals and the kinds of relationships to be established between individuals. Confucian social order is constructed upon the concept of lun.

There are eight principles of moral behaviour. They are:
- zhong (loyalty),
- xiuo (respect),
- ren (kindness),
- ui (love),
- xin (trust),
- yi (justice),
- he fa (harmony), and
- ping y (peace).

These principles are the foundation of Chinese human relations and networks (including cyber networks). An actor in the network should obey these principles in order to maintain his or her face before society.

Ever since Confucius codified the societal rules, values, and hierarchical structures of authority during the sixth century, B.C., Chinese society has been functioning within clan-like networks. Such networks can be viewed as concentric circles. Close family members are at the core and distant relatives, classmates, friends, and acquaintances are peripherally arranged in accordance to the distance of relationship and degree of trusts. A purposeful investment in time and energy is frequently made to maintain and extend such networks. When a situation arises where one’s business undertaking is beyond one’s individual capacity, the guanxi network is often mobilized to influence some key person’s decision making in order to achieve desirable results.

As a social philosophy, Confucian thinking is concerned with the practical task of trying to establish a social hierarchy strong enough to harmonize a large and complex society of contentious human beings. One of Confucianism’s key tenets holds that all human relationships fall into two categories, “predetermined” and “voluntary.” In a predetermined relationship, behavioural expectations are dictated by one’s status within and responsibilities to a predetermined group, such as one’s family. Individual desires are heavily downplayed. But in many relationships that take place beyond the family, the individual plays an active role in determining the character and tone of the exchanges. These are “voluntary” relationships. The individual’s dual role – both as a passive follower of predetermined guanxi and business relationships and initiator of voluntary relationships – can make guanxi interactions very complicated.

The Chinese people place great stock in the importance of mianzi (face). This is an individual’s public or social image gained by performing one or
more specific social roles that are well recognized by others. Though highly abstract, the concept of face is treated by the Chinese as something that can be defined quantitatively. How much face an individual has depends partly on his or her guanxi network. The larger one’s guanxi network, and the more powerful the people connected within it are, the more face one has. One needs to have a certain amount of face in order to cultivate new guanxi relationships. Mianzi also provides the leverage one needs to successfully expand and manipulate a guanxi network. Enjoying the prestige of not losing face and, at the same time, saving other people’s face are key components in the dynamics of guanxi. According to tradition, “losing face” socially is comparable to the physical mutilation of one’s eyes, nose, or mouth. Mianzi is therefore an intangible form of social currency and personal status, often determined by social position and material wealth.

In a guanxi relationship, both parties must carefully observe certain unspoken rules of reciprocity and equity. Disregarding or violating these rules can seriously damage one’s reputation and lead to a humiliating loss of prestige. The loss of face associated with opportunistic behaviour spreads quickly through the guanxi network due to its transferability. Opportunistic behaviour with one exchange partner can be interpreted as opportunistic behaviour by people within the entire network. Opportunistic behaviour only becomes an attractive option when the expected payoff from such behaviour outweighs the expected costs. In a guanxi network, the cost of opportunism is the potential loss of exchange opportunities with all members of the network. The larger and more richly connected the guanxi network, the greater the assurance that an individual exchange partner within the network will not risk the potential ostracism that could result from opportunistic behaviour. The mere promise of network expansion provides increased assurance that one’s exchange partner will not act opportunistically. Guanxi thereby replaces the need for trust in an exchange relationship.

Another related concept is renqing – unpaid obligations resulting from invoking a guanxi relationship. Renqing is a form of social capital that can provide leverage during interpersonal exchanges of favours. Developing renqing is both a precondition for the establishment of guanxi and a consequence of using it to one’s own advantage. While Chinese people weave networks of guanxi, they also weave webs of renqing – obligations that must be repaid in the near future. In essence, renqing provides the moral foundation for the reciprocity and equity that are implicit in all guanxi relationships. If you disregard the rule of equity while exchanging renqing favours, you may lose face, hurt your friend’s feelings, and jeopardize your guanxi network.

Guanxi is embedded in renqing formulation as an endless flow of interpersonal exchanges and reciprocal commitments. The discourse of renqing articulates the moral and decorous character of social conduct. It implies the necessity for reciprocity, obligation, and indebtedness in human relations. What activates
reciprocal relations and imbues these relationships with a sense of obligation and indebtedness are relational sentiments and ethics.

The positive role of *guanxi* is determined by the degree of closeness between parties, which is further determined by *ganqing* (human feelings or affection). *Ganqing* is a measure of the emotional commitment of the parties involved. Generally, *ganqing* involves greater degrees of affection than *renqing*. Giving gifts to a government official is a matter of courtesy and observance of proper social form and etiquette. It can lead to the establishment of a good relationship, but not to *ganqing*. To demonstrate that one’s *ganqing* is sincere, one must live up to the *guanxi* obligations upon which one’s *ganqing* is based. Together, *guanxi* and *ganqing* create and maintain emotional connections between individual Chinese while defining the activities that constitute their mutual social identities. Hence, *guanxi* is often viewed as an essential element of Chinese socio-cultural behaviour and an important dimension in the social structure of Chinese society.

The value of *ganqing* and *guanxi* is not static, but changes over time. Both the occurrence of *ganqing* and the development of close *guanxi* hinge upon continued social interaction and mutual help. The type of *guanxi* base does not; however, appear to affect the development of close *guanxi* imbued with *ganqing*. The value of a trade association, for example, depends on mutual help rendered, good prices offered, provision of tips and other news, and credibility.

We must take the primary experience of permanence and flux of Chinese tradition to come to grips with the understanding of how social culture has been instituted, manage the impacts of these changes including the surprises. Algis Mickunas indicates the following: becoming and permanence are correlated in a harmonious way. Permanence is *li*, designated as internal and *ch'i* designated as external. Becoming is not contained in the permanence but rather in change. Spontaneity and life is permanence; *li* is order and law, while *ch'i* is flux (outer).

Flux in the tradition is passion and outside is normal psyche. Illness is also considered to be “ab”normal. *Tao* (the way) makes clear evil arises from artificial self-assertion. Confucius regards flow as co-extensive with civilizing forces and destructive flow is regulated to selfishness. Chinese government has to be mindful of China’s past and renewal of Confucius elements of change and stability; its polarities with the dialectical notion of Capitalism and instrumental exchange in with its own teleology. However, the background of Confucius is *guanxi* “ties” or “knots” in which “doors can be opened” – front, back or side doors.

In order to see more clearly some impacts of modernization in China we may wish to consider or make thematic the notion of time in pre-modern China. Time and space were interdependent in which space is filled with diverse meaning to place, and time appears linked to place and events. The notion of
situation, circumstance and the moment are critical factors to the everyday notion in Chinese life. Making lived history as opposed to historiography is tied to an “occasion” and to each occasion in some way. There are ritual practices to mark the beginning and the cycle to take on, as is often the case with a lunch or dinner. The host sets the cues for the start of the meal with a discussion of the food and the end of the meal by making a toast, standing up and “the meal is over.”

Business meetings are choreographed with introductions of each person at the “table as well as those sitting against the walls of the room. If somehow an American (foreigner) abruptly says “I know who you are” and intending a sign of respect, the Chinese host will continue with the ritualized introduction until completion, regardless of the guest’s familiarity. Meetings are often scheduled prior to lunch or dinner, coupling occasions with particularly ritualized hospitality. Food time is not business time: that is mixing ritual and occasion.

Because ganqing determines the favourability and sustainability of guanxi, creating and maintaining ganqing is critical. To build up ganqing, sharing social activities such as drinking, working or studying together is a prerequisite. Two persons may have a guanxi base, but not necessarily build guanxi relations. Whether or not a guanxi base (e.g., alumni of the same college) can be transformed into a guanxi relation depends upon ganqing. To strengthen guanxi, both parties must cultivate ganqing.

Xinren (trust), another important element of guanxi, is closely associated with ganqing. The greater the ganqing between two people, the greater the xinren. The reason why guanxi between family or clan members is the strongest and most sustainable relationship is that Chinese generally do not trust people outside their families. Parties establishing guanxi based on voluntary, social factors must demonstrate positive feelings of empathy for each other in order to overcome this initial distrust. They will have to work actively to maintain the relationship by fully reciprocating favours received and help each other any time one of them is in particular need of assistance. This will build a personal connection and loyalty that can be relied upon. When two strangers want to do business, an intermediary is imperative. The intermediate agent acts as a catalyst by using his or her mutual friendship and xinren for each of the other two parties to bring them together. Since Western business relationships do not necessarily contain this personal element, Westerners tend to underestimate the time it takes for Chinese to assess the suitability of a close, personal, non-familial relationship.

Trust is often considered the ability to rely on another because he or she is perceived as credible or competent. Trust between business persons entails expectations of reliability and competence in the delivery of expected outcomes. Trust is an especially important element of a sustained guanxi relationship because it limits the likelihood of opportunistic behaviour in
a business environment that lacks established rules of law or traditionally
does not enforce laws strictly. When two parties trust that each will treat
the other in a fair, reliable, and competent manner; then their continued
transactions will be facilitated even in the absence of legal and contractual
mechanisms for monitoring veracity. For example, a Chinese businessperson
who develops a reputation for breaking promises to sell at a certain price
will be forced to deal on a cash basis with suppliers. This suggests the
importance of always being seen as trustworthy. In one study, 85 per cent
of managers whose companies were doing business in China reported that
trust was an essential condition for 

\textit{guanxi} and that \textit{guanxi} could not exist
without trust.

While Westerners attach value to system’s trust, Chinese business practices
emphasize personal trust. System’s trust, as in a financial institution, assume
that the system is functioning correctly; trust is placed in the system, not
specific individuals. Agencies which form part of the system function to
generate trust, reduce reliance on people, and make personal guarantees
dispensable. For instance, when two parties sign a written agreement, they
are depending on the law to bind the contract. Although this does not imply
that personal trust can be altogether dispensed with, the involvement of an
external agency decreases the personal element of transactions and enhances
objectivity. Therefore, system’s trust is associated with professionalism and
rationalism. In a modern context, the adoption of the more impersonal form
of system’s trust supposedly increases the legitimacy of transactions.

Chinese managers view personal trust as more important than system’s
trust. Credibility refers to trust between individuals which bypasses a third
agency. Risks are borne by the individuals and cannot be absorbed by an
external agency. The contract between individuals is not bound by an external
body. Although credibility is embedded in social relations and subject to social
sanctions, its underlying principle grants those who apply it a sense of moral
superiority over those who rely on systems trust because it is presumably
based upon the honesty and integrity of individuals. Nevertheless, over time,
there may be a gradual shift from personal trust (e.g., verbal agreements)
to system’s trust (e.g., written contracts) as China’s economy opens up and
as the legal framework develops. The institution of personalization, once
established, is resistant to change. Its persistence goes beyond functional
necessity. Many young Chinese managers have already accepted Western
standards of professionalism and the idea that system’s trust is superior, as
espoused by powerful multi-national corporations. Trust is often placed only
where there is sufficient control over the reliability of a system. This control
must function independently of the personal motives of any one individual at
any given time. This ensures that one does not need to personally know those
who have knowledge one needs. Some Chinese firms have therefore begun
to mimic certain structural features of foreign MNCs in recent years.
Chinese Society and Economy: Guanxi Networks

Guanxi networks travel, expand, contract, dilate, mutate and exert time pressures on itself and others. Guanxi networks intersect and sometimes couple with other networks. The second inner circle of the ripple network which may be spatially and temporally closed, can switch based on globalization. Globalization has its own movement or growth which can encounter guanxi networks, develop a joint altering thereby reconfiguring the concentric circles, the size of the ripples, and institute a co-temporality of mythic and mental rational, transformation and synesthetic.

Guanxi networks have moved from mere tribal village segmentation, to the differentiated organization structure of loosely coupled knots in the network. Guanxi networks can even be incorporated as China International Trust and Investment Corporation (CITIC) and CITIC subsystems fostering strong guanxi identities of belonging and from whom the individual gains respect. In terms of identity, guanxi networks are both a source of collectivity as well as individuality in the Chinese way. Individuality is not a code word for individualism and democracy, but rather individuality is born from inclusion. In the West, it is based on exclusivity.

All Chinese live in a web of social relationships. People’s family, kinship networks, colleagues, neighbours, classmates, friendship circles, and even casual acquaintances are the social communities into which they grow and on which they depend. These are much closer social structures to individuals than is the state party. The social relationships which surround an individual provide immediate expressive and instrumental support that the larger structure of the state government does not. Rationally, individuals cultivate and utilize social connections in order to satisfy personal interests. In exchange, they are obliged to assist others with whom they are connected. This implies that government officials at various levels often deliberately break party rules by assisting those people with whom they have guanxi. Because guanxi is a social force which counters bureaucratic control, the use of guanxi decreases when the bureaucracy is very strong. On the other hand, the effectiveness of interpersonal networking can deflect bureaucratic control over jobs.

It has been argued that the gift economy is one of the three modes of exchange in China (along with the state redistributive economy and commodity economy). The gift economy consists of the personal exchange and circulation of gifts, favours, and banquets. As an intrinsic part of the art of guanxi, the gift economy alters and undermines the structural principles and smooth operation of state power in China. As mentioned previously guanxi has ritual practice of a Confucius embodied in the rituals. Gift-giving is not merely a methodological analytic as many theorists and ethnographers have used to date. But it is a concrete practice to be understood on its own terms. The word for gift in Chinese is Li wu, meaning propriety, ritual and thing,
object, matter depending on the context of the gift, the giving also means a receiving with the translation of gift per se. However, with the Chinese milieu of *guanxi*, the gift might be better understood in term of the emphasis on *Li* where the ritual is to appropriate to the positions of the respective persons and equally appropriate to the total net of social relations into which the "the thing" is presented. The gift is not a gift per se but a better word in English is "tribute".

Tribute implies a testimonial and recognition, but does not imply a reciprocity as the gift is also presented or better said a "dis"tribute: the array of all social relations concentrically at issue in the hierarchy to whom the thing is presented. It is a cosmologically free or pure gift without expectation.

Strictly speaking, gift-giving is an imperative for "getting in by the back door" (*zou houmen*) but not necessary in all *guanxi* connections. *Zou houmen* has become less important since 1978, with Deng Xiao Ping’s open door policy and the Chinese economy becoming decentralized and firms enjoying more autonomy. “Pull *guanxi*” (*la guanxi*) has arisen to take its place. This implies that *guanxi* cultivation is becoming increasingly commercialized and commodified. Gift-giving is becoming more common in initiating new *guanxi* rather than *zou houmen*, although its effectiveness cannot be guaranteed.

Gift-giving may be viewed as *guanxi* cultivation or bribery, depending upon the underlying objective of the person who gives the gift. If a governmental official takes money in exchange for providing help, it is a bribe. If one gives a person a birthday gift, it is relationship-building. If one spends money by taking someone out to tea, it is not bribery.

Strengthening pre-existing social connections is a much more reliable strategy than bribing unconnected officials. Gift exchange may be considered a bribe rather than ganging development if no counter gift is expected (e.g., no reciprocity) or if the exchange is a one-time deal. Where the reason for the gift exchange is not to create *ganqing*, but simply to achieve some immediate objective for which the relationship would be useful, then even though the form of the gift is followed, its content is different. It is a deal or a bribe rather than a gift. Manipulative and exploitive uses of gift exchange are made possible only by the existence of forms of gift exchange that attach priority to the relationship. Reliance on people with whom one has strong social connections includes asking them for advice about which gift-giving cannot be avoided and how to minimize expenses without losing face. This is a much more effective approach in constructing sustainable *guanxi* than mere shallow exchanges.

Business ethics in China rests upon a rich and diverse cultural moral heritage that emphasizes personal virtue and a right ordering of personal relationships in social organization and institutions. The most prominent forbearers of this tradition are Confucian, Daoist and Legalist schools of thought, as well as a very strong influence derived from Buddhism. In
modern times, Western Enlightenment philosophies of business and society have come to exert increasing influence on Chinese approaches to business ethics. Chinese ethical traditions are long, nuanced and complex. Traditional Chinese approaches to ethics are communitarian and emphasize a path or a way to follow to achieve moral integrity. Such a pathway of ethical behaviour has given expression to concrete criteria of virtues and moral character. For example, the virtue of ren expresses complex notions of benevolence, kindness and humanity that form the basis of the notions of other virtues (righteousness, sincerity, trustworthiness, responsibility, and justice) in both personal conduct and social institutions.

While the underlying traditional Chinese cultural logic provides the fundamental ethos of business practices, social knowledge of guanxi and proper conduct (Zi) provides a clearer map of routinely expected ethical patterns of behaviour. For example, belonging to a network of personal relationships is both a matter of highest intensity in China as well as a universal primary ethical reference point in judging what one ought to do. Gift-giving is an integral part of right relationships and expected behaviour, which shows respect to another person, while strengthening the commitment and reciprocity of such relationships. The practice is, however, bounded by rules of moral legitimacy.

Both guanxi and the social stature of face are enshrouded in public rituals, which express status, respect and bonding in terms of formality. There is a very important ethical difference between the morally and socially acceptable standards of conduct, which are thought of culturally as necessary to moral order in society and law. The Confucian concept of li refers to religious and social standards of proper personal conduct and the right ordering of relationships between people in social institutions.

Silence of Guanxi

The function of the guanxi mechanism is becoming more differentiated with the value of the foreigner as an addition of guanxi networks. The guanxi networks function both as entrepreneurial as well as intermediaries. High prestige guanxi networks can also operate as “fixers,” change agents and creators of “doors” which is the ultimate guanxi.

The silence of guanxi is grounded in tribute and security which function despite bureaucratic governmental legitimacy of individual lack of access, it does not assume an objective giving as a gift in return. The gift, on the part of the giver, does not expect favour in return. It presumes a form of insurance against threat to one’s security and well-being. This is not closed protective environment. It presumes a potency that is more than instrumentality but creates a surplus value at the symbolic level.

At this concrete level the teaching of Confucius creates a notion of face
and face – work, in which the communication of expression obligates each party to save the other face as a positive social value. Face is a loan from society which is a preventive mechanism to avoid conflict and cultivate social relations which are harmonious.

Face seems to apart of the value of *jen*, denoting benevolence, virtue, goodness which constitute the invariant of person who will always be considerate of others. The practice of *jen*, human heartedness and the ability to know how to treat others and the wearer of masks accepts the principle of reciprocity in which a person will feel a primary connection to the other by putting oneself in their shoes in order that one’s feeling for other is a *sympathos* that will manifest accordingly. Putting oneself in another’s shoes requires a reflexive orientation and an inter-kinaesthetic affectivity. This inter-kinaesthetic affectivity is part of personare in which one can put oneself in the shoes of differing personare and may be a centralizing notion of *guanxi* more than it has been previously discussed by other scholars, and leads back to where we began with *guanxi* as a milieu within a network of social relationships.

References


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