Friends with Benefits: The Evolution of Chinese Guanxi in Conjunction with the One Child Policy and Improvements in Communicative Technologies

Heidi M. Weingardt

University of Colorado Boulder, hewe8545@colorado.edu

Follow this and additional works at: https://scholar.colorado.edu/honr_theses

Part of the Demography, Population, and Ecology Commons, Family, Life Course, and Society Commons, and the Sociology of Culture Commons

Recommended Citation


https://scholar.colorado.edu/honr_theses/1219

This Thesis is brought to you for free and open access by Honors Program at CU Scholar. It has been accepted for inclusion in Undergraduate Honors Theses by an authorized administrator of CU Scholar. For more information, please contact cuscholaradmin@colorado.edu.
This document is being defended for the International Affairs Program at the University of Colorado Boulder.

**Defense date:** Spring Semester, 5 April 2105

**Time of Defense:** 3pm

**Defense Board:**

Primary Advisor: Dr. Moonhawk Kim

Classroom Advisor: Dr. Vicki Hunter

Secondary Advisor: Dr. Thomas Zeiler

Written by: Heidi Weingardt
Friends with Benefits:
The Evolution of Chinese Guanxi in Conjunction with the One Child Policy and Improvements in Communicative Technologies

By Heidi Marie Weingardt

Abstract: This thesis examines the role of “guanxi,” or the Chinese social phenomenon of complex relationship building through reciprocal favor exchange, also referred to as form of social networking. In conjunction with the implementation of the One Child Policy and the spread of communicative technology, guanxi has changed greatly in China. China’s previously large family networks have been reduced and people are using social media, and friendship networks more than ever. As a result, guanxi has become more social, expansive, and shallow and less geographically-valued, kinship-based, and emotionally profound. Guanxi’s role in hiring practices and the interaction of labor and capital will also be examined. Through the analysis of aggregate, demographic and technology, data, and the analysis of a series of first-hand interviews, the changes occurring in traditional and non-traditional guanxi will be justified and explained.
Acknowledgements:

I would like to thank my family for inspiring me to travel and study languages and my colleagues and friends in China who helped me through this process and were so patient as we wandered through China looking for people to interview. I would like to thank my advisors for guiding me through this process and answering hundreds of questions and Tim for teaching me about spreadsheets and being so supportive.
Table of Contents:

Text:
   Chapter 1: Survey and Analysis of Existing Literature
           Pages 5-25
   Chapter 2: Theory
           Pages 26-33
   Chapter 3: Methodology
           Pages 34-39
   Chapter 4: Analysis
           Pages 40-64
   Chapter 5: Conclusion and Final Thoughts
           Pages: 65-67

Appendices (attached separately)

   Appendix 1: Spreadsheet from Interview Documentation
   Appendix 2: Primary and Secondary Data Charts
   Appendix 3: Interview Questions

Works Cited (attached separately)

List of Key Words or Terms:
guanxi, China, network, One Child Policy, relationships, social, capital, resource, family, communication
Chapter 1: Survey and Analysis of Existing Literature

Introduction

In the past three decades, China has become one of the most prominent epicenters of conversation within political science study, economic speculation, and market strategizing. A large majority of countries in the West are in the midst of grappling with the decisions of the Chinese Communist Party (CCP) and are attempting to find the perfect window enabling them to access the enormous economic growth potential of the most populated country in the world. Simultaneously, Chinese companies are reassessing their traditional business practices in order to create new methods which best facilitate business with the West. As China enters the global market and permits foreign industry to access their enormous labor force and ingenuity, relationship building strategy simultaneously modernizes and evolves. A key aspect to understanding and unlocking the complex business relations in China is the concept of 关系 or guanxi, pronounced “gwan she.” Guanxi refers to the extensive system of personal relationship networks which play a significant role in driving China’s business deals, and hiring practices. This social phenomenon carries enormous relevance today as it may help us better analyze China’s current social-economic trajectory and lead us to better understand how demography plays a key role in the development of social networking techniques.

The focal point of this survey is to respond to the question: “How has guanxi changed since 1970?” By drawing on historical context and theory, this chapter will accomplish two main goals: One, establish that guanxi has evolved over time by discussing the debate on this topic and
two, catalog the existing explanations as to why this evolution is occurring or in some cases may not be occurring in others.

**Organization of Chapter**

Part 1 will start by defining guanxi and by providing an idea as to how we can isolate and refine the specific aspects or groupings of guanxi. Part 1 will additionally discuss the variations in conceptualization of guanxi and conclude with my personal conceptualization. Part 2.1 will discuss the school of thought that suggests that guanxi has not changed due to the influence of tradition. 2.1.1 will consist of a summary and critique of this perspective. Part 2.2 will credit China’s economic transitions with the changes to guanxi. 2.21 will summarize and critique this argument. Part 2.3 will address China’s history of instability as the reason for changes to guanxi and again will end with summary and critique. After assessing previous arguments, I will argue that some combination of these factors have affected the changes to guanxi over time. However, I also will argue that scholars insufficiently address the factors that may have fueled the changes in guanxi, and consequently, I will propose a new factor to be considered that will segue into the following Theory chapter.

**Defining and Conceptualizing Guanxi**

1.1 Simple Definition

Providing a clear and concise definition of a social phenomenon is never easy due to the diversity in human social experience. The term guanxi is commonly associated with a negative connotation due to its associations with bribery and blackmail and can easily become bogged down with unnecessary detail and nuance. In fact, *Business Insider* considers guanxi to be the
most misunderstood term when doing business in China (Goh and Sullivan 2011). However, the most accessible place to start is with the individual characters. Simplified: 关 and traditional: 關 pronounced “guan” means a strategic pass or toll gate, or in the verb form, to close, to relate, to receive or to be concerned. The character contains both door and bolt radicals. Simplified: 系 and traditional: 系 pronounced “xi” means to tie or to care for, and is implied to be formal with a standing person radical. The term is largely understood to mean an interpersonal connection or relationship network between people and things, but it cannot be truly defined due to its ever-changing and complex nature (Langenburg 2007). These Chinese relationship networks define nearly every form of interaction, from asking a parent to pay university tuition to greeting the owner of a favorite noodle shop. Guanxi typically takes on the form of a gift giving, or reciprocal exchange. Participating persons exchange favors, advice, material goods, or business deals with the expectation or hope for diffuse reciprocity.

1.2 Correlation to Social Capital Theory

This simple definition of guanxi may appear initially to share similar qualities to the more well-known term of social capital. Although the use of social capital will be elaborated upon in the following chapter, it is necessary to provide some background on its development as described by other researchers. Social capital theory, or as better articulated by Adler and Kwoon is “understood roughly as the goodwill that is engendered by the fabric of social relations and that can be mobilized to facilitate action” (Adler 2002). It serves as a way of measuring the value of the consequential benefits generated by the formation of strategically or casually built, personable relationships. These consequential benefits may yield some sort of advantage or may
be used as a mechanism to access greater social, economic or physical advantages. Social capital theory, which in some cases is also referred to as resource coalition theory, may apply to an extended period of time during which the beneficiary maintains and nurtures the relationship in order to guarantee a continuous flow of benefits (Su 2001).

Additionally, the theory may serve over the course of a more truncated time frame, only being accessed in order to gain one significant social, economic or physical improvement or edge. For example, a lower-level employee uses a familial relationship with a higher-up in order to leverage a higher position on the list of employees up for promotional consideration. Regardless of time frame, social capital theory remains highly relevant in the world’s marketplaces. The theory clearly shares direct ties with the varying interpretations of guanxi, however, the terms may be differentiated since social capital serves as a more general umbrella term. As defined by previous researchers, it lacks the specificity and depth of guanxi. Social capital may explain the motivation for a subject, but it does not necessarily encompass the entire history and culture laden process that is executed by guanxi. In summary, guanxi may serve as a concept that applies to other countries in the frame of social capital, but in its true sense remains uniquely Chinese. Social capital will be used later, in order to refine the motivation of actors in China’s marketplace.

1.3 The Circles of Guanxi

In terms of refining and differentiating the specific meanings of guanxi, most scholars recognize a division between business relationships and familial or personal relationships. Others argue that there are in fact, three different types of functioning guanxi including familial,
business, and “helper guanxi.”

Helper guanxi refers to an instrumental and utilitarian relationship based exclusively on favor exchange. This division is not always decisively clear due to the preponderance of family-owned companies in China. Despite these variations, many scholars agree on a general prioritizing of relationships demonstrated by Figure 1 below.

For clarification, the Mandarin terms are translated and defined below:

1.3.1 Inner Circle

Jiaren refers to direct family ties. It historically has been the primary and closest of all guanxi groupings due the great number of shared experiences among family. Shuren refers to everyone beyond family including distant relatives, close friends and acquaintances, adopted children and stepfathers or mothers. This category encompasses groups with a close shared identity and may include fictive kinship groupings (described later). Quanneiren serves as an
aggregate of shuren (trans.:“an acquaintance”) and zijiren (trans.:“one of us.”) It simply means insiders or those of the inner relational circles.

1.3.2 Outer Circle

Wairen refers to foreigners but in the sense that they still hold some sort of direct connection to the individual, such as stranger that lacks a shared history with a subject but still is able to converse and connect on a superficial level. Shengren refers to general (may be temporary or surface-level) connections with relative strangers. Quanwairen includes all other outsiders. Figure 1 effectively demonstrates the general historical groupings and prioritization of guanxi.

1.4 Other Conceptualizations: Weak/Strong Ties, Favor/Rent Seeking

In concordance with these basic definitions and the circle outline of guanxi, several scholars have identified an ongoing expansion and evolution in the guanxi phenomenon which extends the inner circle to include the outer circle.

Chenting Su interprets a separation between two different types of modern guanxi: favor and rent seeking guanxi. When considering the unwavering nature of traditional and ancestral guanxi, Su emphasizes “favor seeking” which is culturally rooted and social contract-based. In contrast, Su also offers “rent seeking” as reflecting the institutional norms signified by the social collusion which flourished with China’s economic reform and Open Door Policy. In this interpretation the divisions of the circle remain solid but Su includes greater emphasis on the rigidity and dominance of the traditional source of guanxi over the other (Su 2007). Another different conceptualization comes from Barbalet who differentiates between “strong tie guanxi”
and “weak tie guanxi.” He argues that weak tie guanxi or guanxi based on instrumental and urban needs became predominate because of a decrease in dependence on state employment and greater geographic mobility (Barbalet 2015).

### 1.5 Personal Conceptualization

In response to these conceptualizations, I argue that they need to be modified in order to most accurately address the variations in guanxi. I agree with Barbalet’s arguments regarding weak-tie guanxi, in terms of best serving urban needs and the increasing geographic mobility of China, however the distinction between what he terms weak and strong guanxi needs clarification. I think it is better to draw a contrast between what many scholars consider modern guanxi, or guanxi that contains for the most part, modern elements. Fully understanding the historical context of guanxi is an essential part of examining what scholars have referred to as “modern guanxi.” Based on previous research the discussion of “modern guanxi,” or in Barbalet’s case “weak tie,” exists in its most evolved form as post-2000 guanxi. In order to form a more concrete delineation of terms that draws on the work of previous scholars, but better clarifies the utility in China’s current job market and China’s agrarian past, I will argue that guanxi is best divided into traditional and non-traditional types. Non-traditional will serve as the preferred term because it avoids restriction, and remains dynamic and evolving in order to accommodate modernity. I will push back against the term “modern,” as it is too vague. Also the term “modern” imposes judgement since the status of modernity is constantly varying with the continual progression of society, and serves to ignore the unique cultural and historical significance of the phenomenon.
Existing Arguments about the Changes to Guanxi

2.1 Guanxi as Static and Stagnant (Guanxi Has Not Changed)

One school of thought regarding the meaning of guanxi is that the phenomenon has remained the same and has not changed in meaningful ways since its initial establishment as a phenomenon. The history of Chinese population dispersion was largely agrarian. For thousands of years, China was dominated by rural, autarkic, village life with distant ruling emperors. Guanxi in China was originally based on a “culture of blood relationships,” with family as the hub of all personal connections. Even now nearly half of China’s population still lives in rural environments (44.4%) with only a 3.05% urbanization rate (The World Factbook 2015). Rural communities and traditions still hold great influence on modern social phenomena such as guanxi. Only in 2007 or 2008 depending on the source, did the global urban population surpass the global rural population (United Nations 2014), (CIA World Factbook). Although the trend is still of continuous urbanization and globalization, the rural population of countries such as China still merit consideration as a highly influential force. China built the bulk its enormous rural population during the first decades after initial communist takeover in 1949. Thus developed China’s “socialist birth problem” referring to a push for more births than the state could support (Greenhalgh 2008). The push was encouraged in order to create a highly productive, man-power dominated, economic supply. Due to this substantial growth in the agrarian population, guanxi became fully established as a traditional practice which ruled Chinese society.

At this time and into the 1970’s, the greatest importance was placed on filial piety and expression of benevolence towards one’s parents. Confucianism as a system of philosophical and
ethical teachings, has been largely influential in Chinese culture for hundreds of years. The history of guanxi spawns from the Confucian 五伦, wulun, pronounced “woo loon” referring to the five, dominant/subject relationships by which social interactions should be governed. These relationships include father-son, ruler-subject, husband-wife and elder brother-younger brother, and also generating older over younger dominance (Langenberg 2007). Some scholars argue that these relationships still hold prodigious relevance in terms of mutual respect between family members. It is valuable to note that the original “wulun” do not mention any social requirements for employment or friendly relationships. Additionally, guanxi also has roots in ancient collectivistic tradition. Based on the old idiom: “When everybody adds fuel, flames rise high,” Su argues that despite having transitioned towards a market economy, guanxi, specifically favor-seeking or traditional guanxi, remains a cultural imperative (Su 2007). Relatedness between persons serves as a central focus of indigenous Chinese psychology, prioritizing the survival and social welfare of groups in rural, agrarian, village life. Consequently, Su’s main argument perpetuates the idea that guanxi, even the form that is practiced in the post-2000’s era, is very similar if not the same as guanxi at its origin.

Another aspect of Chinese business that has influenced the stagnant, modern guanxi argument is the dominance of family firms. Foreign multinational enterprises have secured a substantial spot in the Chinese market since the initiation of Deng Xiaoping’s 1978 Open Door Policy. Additionally, China made an enormous jump in its status as an exporter, transitioning from being ranked 37th in 1978 to 13th in 1989 (Wei 1995). Despite this growth, some scholars such as Tong, have argued that Chinese family firms in many ways are still the dominant form of economic organization. Within these family firms, the role of guanxi has remained considerably
static in accordance to traditional, agrarian patterns. Many of the partnerships that regulate modern Chinese family-owned businesses are non-kinship, implying that a structural shift could in fact create a change in relationship networking. However, Tong argues that these businesses remain family-oriented with a focus on paternalistic-centripetal centralization and personalism. In his argument, guanxi is broken down into six unique “bases” including locality, dialect, fictive kinship, workplace kinship, trade association and friendship. The locality refers to one’s native province or in some cases, village. A geographical bond remains relevant because it creates a sense of trust and sense of brotherhood among businessmen. The greater number of bases a prospective employee or potential collaborative partner shares with the employer or business owner, the greater their odds of being hired or forming a deal (Tong 2014).

Fictive kinship is a phenomenon relatively unique to China. They are not based on blood or family lines but rather on religious rituals or close friendship ties (Ebaugh and Curry 2000). Fictive kinship can also depend on the surname of the potential partner or applicant. According to Chinese history, the Han people, which make up over 90% of the total Chinese population, are all derived from the original one hundred families. The surnames of these families make up what is known as the “Old One Hundred Names.” Since surnames are so frequently repeated within the Chinese population, (this is due to a relatively homogenous demographic,) it is not unheard of for business partners or employers and their employees to share a surname. According to Tong, this form of ancestral guanxi plays a role in the decision making process of family-owned companies. Out of the six bases examined by Tong, the most prioritized include locality and kinship. According to Tong, although this modern business format, with value placed on shared history and origin, may not be the most effective in terms of financial success, it arises from an
acute fear of failure and mistrust, potentially influenced and amplified by any distance between the business owner and employees. In order to resolve this insecurity, traditional guanxi practices can be interpreted as a form of insurance for business dealings.

It is also possible to witness traditional guanxi practices implemented in a modern environment in order to create a form of brotherhood. An example of this is represented by illicit prostitution and gambling among business partners in China. Jack Barbalet describes the long standing tradition of coworkers and business partners creating and building guanxi though “intimate bonding.” He cites a specific case study of this which took place in Shenzhen. Company representatives regularly sought out illegal prostitution and excessive drinking in order to develop guanxi in the form of secrecy obligations. Participants felt a sense of belonging through the mutual pressure to not report or share their nefarious acts with outsiders, especially the wives of their coworkers. Through this unique form of guanxi building, coworkers and business partners created a form of “old boys club,” via mutual, plausible deniability. With this case study, rather than simply serving as an example of upholding traditional guanxi practices, we are able to see a traditional example modified to fit into an urban environment. Business owners or leaders are accessing social patterns which would have existed on a much smaller scale if they had taken place in a small village, and adapting them to accommodate corporate, urban China. As a result, guanxi and its consequent practices are shown to lack any substantial change.

In direct response to the resistance and perseverance of traditional and ancestral ties, others have argued that an evasion or eradication of guanxi practices in the formal business setting is necessary. As mentioned previously, guanxi, especially in the form of what we consider
traditional guanxi, is commonly interpreted as a form of bribery or blackmail. Ying Fan argues that “the role and benefits of guanxi have been grossly exaggerated” (Fan 2002). He focuses on the newly developing Western fascination with guanxi practices. As China continues to open to the West, more and more foreign companies gain access to a new market with enormous wealth potential. In order to maximize fiscal gain, Western companies are now feverently studying the roots and norms of guanxi. However, Fan argues that this research is entirely a waste. The cultivation and maintenance of guanxi can take on a role of excessive expense, outweighing the benefits. The excessive expense in conjunction with what Fan argues are the negative implications of guanxi, renders Western examination and pursuit of guanxi is a useless study. He also argues that some Chinese businesses deliberately try to weaken or terminate their guanxi relationships, terming this trend as “guanxi evasion.” Ultimately Fan’s argument is threefold; one, guanxi, even today, remains unchanged with its excessive and backward traditions, two, it is burdensome and corruptive and three, it needs to be eradicated as an object of study.

2.1.1 Summary and Critique

As a group, scholars such as Su and Tong argue that China’s collectivistic tradition and dominance of family firms cause the inner circle of the conceptualizations to be the most important and relevant. They argue that favor-seeking guanxi remains the only true form of guanxi that holds relevance in today’s market. In regards to Fan, it is relatively easy to discount his arguments due to the errors in logic and contradictions to cultural values. Fan takes an extremely harsh critique of guanxi, arguing that it as a method of gaining unfair advantage. This argument has an orientalist tone which defeats his legitimacy. Tong fails in his argument because
he exclusively focuses on Chinese family firms rather than including MNC’s and other forms of corporations which makeup a substantial portion of the modern market. Additionally, this group of scholars fails as a whole because they remain fairly narrow in their examples. They fail to acknowledge the diversity in business types in China, the notable capitalist influence, and the net positive effects of forming relationships.

2.2 Economic Conditions (Guanxi Has Changed)

Another argument posed by scholars is that guanxi has changed over time. One of the branches of this argument credits the major economic changes in China as the cause for this change. China’s opening to capitalism is a key factor in this argument. Rather than relying on traditional norms as defining the current trends in guanxi practices, scholars who take this stance are generally more profit-oriented, competitive and Western theory based.

To provide some brief background, the initiation of the post-Mao era occurred in 1976 when Deng Xiaoping assumed power. The Open Door Policy was implemented in 1978, and it was not until 1986 that foreign companies could wholly own a local subsidiary (Guanxi and Woofies 2011). Researchers have argued that guanxi grew faster in the post-Mao era than in any other time. During this period of reform and opening up, the resurgence of value in guanxi and change in meaning implied that capitalism was and still is a very important factor (Langenburg 2007).

Within the realm of capitalist influence, this change in guanxi may be attributed to increased competition and increased importance of profit. H. Leung describes China’s transition from a collectivistic business environment to a relatively competitive business environment. He
then provides an argument on the powers of cooperation and competition within Chinese society that have been cited from the book, *The Handbook of Chinese Society*. It discusses the “social loafing effect,” which refers to the “the tendency of individuals to exert less effort when [serving as] a member of the group. [This] has demonstrated that social loafing occurs in individualistic groups but not in collectivistic groups.” The consideration of this effect has led to the underlying idea that collective societies yield subjects who function better under terms of cooperation while individualist societies yield subjects who function better under terms of competition. It would be a great leap to argue that in a span of forty years - 1970 to present - China has transformed from collectivistic to individualistic. Nonetheless, Chinese corporations do display several tendencies that imply a new collectivistic leaning. Leung does stipulate however, that the social loafing effect may not be completely foolproof or consistent. He delves into an examination of interactional justice and trust, expressing how the depth of results in various levels of “renqing-” or an expressed sense of care or concern commonly yields positive emotions and favor giving. The author ultimately develops the argument that Chinese social motivations are much more complex than simple cooperation or competition. Nonetheless, according to this argument the Open Door Policy has had some effect on modern guanxi and has led the phenomenon to transform into something very different from its original position.

Another argument addressing the capitalistic shift in guanxi demonstrates the new norm of profit-oriented, survivalist industries. It has been argued that Chinese businesses do not necessarily make deals on the basis of original guanxi principles but rather with whomever can provide them with maximum profit (Tong 2014). This would indicate that modern guanxi is at the mercy of the global market rather than remaining consistent with traditional and ancestral
customs. This argument includes an aspect of large scale institutional isomorphism which refers to the tendency for a newcomer to conform to a preset business environment. Large scale institutional isomorphism would influence modern guanxi by molding it to mesh well with, or assimilate to the increasingly globalized market. This would be a highly logical and survivalist approach for China’s business leaders because they would essentially throw out the traditional meaning of guanxi in favor of what is considered Western relationship marketing. As a result, as China continues to open to the free market, it will shift its business relationship building practices in order to accommodate or to a certain extent mimic those of the dominant market forces. This argument may be contested by the enormous sense of Chinese nationalism that remains present in global market interactions.

According to one source, an additional trend which may affect guanxi is Chinese consumers’ aversion to locally produced goods. Chinese consumers are becoming more likely to buy a product from a foreign company than from a local distributor, especially in the case of high-tech products. This is due to the emerging assumption that Western products are of higher quality and caliber, and that the overseas salesperson simply knows their product better. This phenomenon, although not elaborated upon by the author, could be due to either an acclimation to institutional isomorphism with trust shifting towards those with greater market experience or a newly emerging internal mistrust of Chinese quality standards (Guanxi and Woofies 2011).

In a counter-argument, researchers have suggested under the influences of capitalism, modern guanxi may also be acting directly against locality-sharing and ancestral trust and bonds. Park and Luo argue that a new pattern of distrust directed towards employees with familial relations to their employer may be emerging. In a 2001 case study, they found that modern
Chinese business students were less likely to trust someone who had been appointed to a job on the basis of guanxi, specifically if this appointment was derived from a family relationship or from living in the same town (geographical). This implies that a mistrust of familial guanxi may become the new emerging norm among the generation of businessmen and women. This trend leads us to question, who in fact would these students trust over family-based hires? If traditional and ancestral guanxi is eroding, what is it being replaced by?

2.2.1 Summary and Critique

Scholars who credit China’s economic change as the main factor for changing guanxi generally place greater emphasis on the outer circle from the conceptualizations section. This argument also places greatest emphasis on rent-seeking guanxi as the most important and present type. Based on these arguments, it becomes clear that outside market forces hold some influential power over the current status of guanxi. It is no longer possible to regard China as isolated, but I argue that guanxi is not simply placed at the mercy of market trends and consumer preferences. The scholars who make this argument fail primarily due to empirical insufficiencies. There are several factors outside the economic changes affecting China that have altered guanxi in some way. I would argue that the Guanxi and Woofies source fails to discuss the likelihood of brand loyalty nationalism in China’s consumer market.

Additionally, exclusively crediting the current status of modern, or preferably non-traditional guanxi, with the influence of greater competition and emphasis on profit earning, scholars fail to acknowledge many other potential influences. As much of China remains agrarian, these economic changes would not likely form or alter networks in these environments.
The networks may change due to the economic shocks but these shocks would not justify a motivation to move totally away from the existing networks.

2.3 Conditions of Instability (Guanxi Has Changed)

An additional theory regarding the change to guanxi argues that it arose from China’s climate of political instability. From the 1970’s through the early 2000’s, China underwent an intensive series of economic policy changes. The Economic Readjustment Policy, implemented in 1979/1980, left many state-owned producer goods enterprises highly inefficient, wasting enormous amounts of product. Simultaneous experiments with profit retention and taxation caused workers to enter an environment of unstable employment and income. In 1984, China entered a phase of “planned socialist commodity economy” implemented by Deng Xiaoping’s Third Plenum on reform of the Economic System. The goals of these reforms included eliminating mandatory output targets in order to gradually decentralize market planning (Kueh, Chai and Fan 1999). These reforms directly counteracted previous market reforms which attempted to centralize. As a result, the social practice of guanxi was forced to develop and adapt within the realm of a highly volatile and inconsistent market.

One argument made in contrast to the large scale institutional isomorphism is the transaction theory. This theory refers to social networks serving as an intermediate form of governance between the market and hierarchical power structures. This theory would provide justification for the change in guanxi arising as a social phenomenon in China as a result of the social and corporate instability in transitional post-Mao and post-Deng Xiaoping eras. In order for this theory to firmly apply, guanxi would have to be continuously increasing in prevalence.
throughout every case of political instability in China since its initial emergence, and stagnating or possibly tapering off once stability had been reestablished. Since there is currently no one way to measure a social phenomenon, it is difficult to determine if this is a dominant factor in the role of modern guanxi.

Another commonly critiqued characteristic of guanxi, which may have arisen from China’s history of instability is bribery. In the cases of many Chinese businesses, building relationships with government officials in order to cut corners and maximize fiscal viability has been a common pursuit. Organizations in China receive different treatment and resource allocations from the government depending on the company’s size, appearance and skill of owners. However, certain advantages are attainable if a company has “good guanxi” with politically powerful figures (Park and Luo 2001). Fan argues that two parties involved in guanxi are more likely to be a business person and a government official rather than a buyer or seller, specifically for reasons involving bribery (Fan 2002). Additionally, business-to-government guanxi is generally used to bypass laws and regulations. As a result, Fan argues that the practice of guanxi has become more corrupt.

This bribery aspect has a significant historical background in China. “The heavens are high and the Emperor is far away” is a traditional proverb originally referring to the inability of the Emperor to ensure that remote provinces and regions comply with his rule. The phrase is still used today to imply that law enforcement by distant Beijing is not to be feared. It is argued that guanxi has been affected by the historical lack of physical accountability via rule by weak magistrates and overall insufficient government presence. Businesses are still not held
sufficiently accountable for their decisions and are enabled to formulate deals at their own discretion.

Other researchers have argued that China’s lack of stability has channeled the development of guanxi for other reasons. Langenberg suggests that because of a lack of advertising and formal hiring procedures, guanxi became the predominate means of channeling individuals into work units (Langenberg 2015). Since China has long possessed informal means for vetting and ensuring the reliability of potential employees, as such, guanxi has been necessary to make up for the difference. As workers began to seek employment from jobs outside the realm of state employment and at greater distances from their native villages, employers have needed to develop effective methods to control or background check new hires.

2.3.1 Summary and Critique

The scholars who argue that guanxi has changed due to China’s history of instability do not cleanly fit into any of the proposed conceptualizations. Perhaps they favor the “rent seeking” concept with its social collusion aspect, as well as the “weak tie guanxi” concept with the lack of dependence on state intervention. I argue that the past rural-to-urban migration was likely an important factor in determining modern guanxi hiring practices, both on the sides of the employers and those seeking employment in Chinese cities. However, due to the improved stability of China, this lack of business structure is not likely to continue, especially with China’s status as new economic powerhouse. Guanxi will not simply serve to fill in the gaps of employment and placement but will rather supplement developing practices in a diversity of ways.
The communication and accountability gaps between the CCP and Chinese businesses may yield some illegitimacy and tarnish the meaning of guanxi, but I argue that this only affects a small part of the social phenomenon. Bribery is not the defining characteristic of business guanxi because bribery is not necessarily useful in all social transactions. Now that China has achieved relative stability, the bribery aspect will likely continue to diminish.

3 Final Critique and Introduction of Proposed Argument

The easiest of these three main arguments to throw out is the argument that guanxi has not changed at all. Due to China’s extremely tumultuous recent past, with radical changes in leadership and policy as well as her sudden economic success, is not a stretch of imagine to suggest that the citizens have had to adjust their networking methods to accommodate these changes. Thus the arguments of Fan, Tong and others are based on an obvious logical flaw.

The other perspectives- both the change due to economic economic conditions and instability, merit some consideration. I do agree that capitalism, tradition, and political instability have all been substantially influential in altering the course of guanxi. However, these arguments only comment on the reactive and demand side of guanxi. Rather than crediting the networks of Chinese citizens with conscious decision-making choices in order to adapt who is included in their networks, or the active supply process of guanxi, these arguments only focus on how outside forces manipulate the social phenomenon. I suggest that demographic change may be a factor that has affected the supply of the networks, but still in the sense that subjects have made conscious decisions in order to alter their own supply of networks accordingly. Additionally, new technological tools would also provide subjects with greater agency to control their own network
supply. Due to demographic changes, people's family sizes can change, thereby altering the value of family-centered networks. Also when considering technological changes, people might be able to network better beyond their family and locality.

More specifically, government policies have a huge role in affecting this supply side of guanxi. Government policies such as the One Child Policy, I argue are a relatively under researched but important factor that has affected the role and changes to guanxi. This argument will be more thoroughly explained in the following Theory section.
Chapter 2: Theory Section

Introduction

In order to analyze guanxi on a larger and more globally applicable scale, this section will provide the essentials for understanding why people make certain choices in regards to their families, careers and friends. Although guanxi is a unique and profound phenomenon, restricted to China, the essence of guanxi affects nearly everyone. Humans need to make choices in order to accommodate and utilize the people in their lives. We are all motivated by emotional needs, extrinsic goals and the desire for success and can achieve these through intricate variations of human teamwork. The goal of this theory section is to demonstrate one way in which these desires and needs interact in order to form bonds. After analyzing motivations, choices and the context of generalized actors, which may apply to many different countries and societies, I will finally pose several hypotheses specific to China.

1 Defining Terms

In order to initiate the development of theory, it is necessary to define several terms. The arguments made in the Analysis of Existing Literature Section lacks consistency in terminology. In order to avoid this issue and to omit any overlapping of terms, I propose the following. The first pair of terms includes social capital and resource capital, and the second pair of terms includes traditional and non-traditional guanxi.

**Social Capital:** Social capital theory, as described in the Analysis of Existing Literature, will be modified slightly in order to yield the functional term social capital. I will define social capital as the aggregate sum of social relations that an actor builds in order to most
benefit himself or herself in the form of intrinsic satisfaction or an advantage in their career or business.

**Resource Capital:** To provide contrast to social capital, it is necessary to formulate an opposing term. This term shall be resource capital. Although resource capital, or terms carrying a similar meaning, may seem vague, for the sake of building this hypothesis, formulating this term is necessary. Resource capital will be defined as the material, financial, educational or extracurricular skills acquired by an actor in order to most benefit himself or herself in the form of intrinsic satisfaction or an advantage in their career or business. Resource capital may include but is not limited to: internship experience, educational background or degrees, previously developed vocational skills, assets or acquisitions.

**Traditional Guanxi:** In order to define traditional guanxi, I will draw on many of the elements argued by previous researchers including a focus on “inner-circle” guanxi. Traditional guanxi will be defined as the relational ties between immediate family members, intimate family friends and those who share a close personal history through shared, immediate geographic locality, such as a village. Traditional guanxi is fairly static in nature. Fictive kinship ties are also included as part of traditional guanxi.

**Non-Traditional Guanxi:** Generally speaking, non-traditional guanxi will represent all other social relationships beyond traditional guanxi. I am purposefully avoiding the previously used term “modern guanxi” because it lacks clarity. Non-traditional guanxi is nonrestrictive, dynamic and evolving in order to accommodate modernity. Avoiding modern as a term also eliminates the imposition of a subjective decision of what is
modern. Non-traditional guanxi also includes shallower ties formed through sporadic social contracts, the use of impersonal communication methods and the development of casual or friendly relations.

2 Actors, Motivations and Choices

2.1 Actors

In order to formulate and develop this analysis, two generic actors interacting within an economic setting will be considered. These actors will be divided into two separate categories: capital and labor. Capital may be a small business owner or the president in a company. Capital may represent the aggregate opinion of a board of directors or other voting stake-holders, but for the sake of simplicity, capital will generally be acting in the best interest of the overall company or business. The second type of actors, referred to as labor, is acting as an independent agent. Labor is entirely self-representative and is seeking to gain the greatest personal advantage.

2.2 Motivations

When considering these two actors, it is valuable to address their motivations. These motivations may be either resource-based or social-based. A resource motivation for labor may take several forms such as a promotion, salary-increase or new job acquisition. A resource motivation for capital may include hiring a new employee or attaining a beneficial merger, acquisition or outsourcing contract. These resource motivations are defined as such due to their explicit, economic value. An actor becomes or remains motivated by these opportunities due to the financial gains, or due to the increase in additional resource capital awarded to the individual or the company.
The second type of motivation to be considered regarding these two actors is social. A social motivation may take the form of creating, strengthening or nurturing personal ties. Social motivations through the development of strong social ties would be intrinsically satisfying. Some scholars may argue that social ties are strategically formed in order to gain a future advantage. However this ulterior motive defeats the unique nature of developing social ties. For the purpose of this examination, both actors, in the form either labor or capital, may possess social motivations in order to build their social capital or serve some internal, emotional need.

2.3 Choices

As a result of these motivations, the two economic actors may make choices to pursue resource capital or social capital. The resulting interplay between these actors may occur in one of several formats including the capital-labor relationship, capital-capital relationship and the labor-labor relationship. To provide several examples as to how these relationships may play out, we can consider the capital-labor relationship which may include the labor’s pursuit of a promotion or new employment opportunity (resource capital-motivators). Simultaneously, the labor is offering his/her individual knowledge or skill sets in order serve as a valuable new hire for the company, and thus fulfills the needs of the capital. In a capital-capital relationship example, both actors will be seeking to benefit their respective companies by committing to a merger, acquisition or another type of mutually beneficial exchange of resources. Thus, both actors are resource capital-motivated and each are bringing greater access to a resource as their offering to the opposing actor.
The actors may be socially motivated in a similar sense. Relationship building in both is generally pursued in order to satisfy an intrinsic, emotional need. However, in some cases the layering of motivations or choices may add a level of complexity to a social motivation. For example, labor may invest in building a strong social network in order to make herself appealing to capital. This actor may do so by consciously, consistently reconnecting with previously made ties and seeking out new relationships. As a result the actor now has built a web of valuable connections that can be offered to capital. Although it may appear initially as though the actor is socially-motivated, ultimately they are making choices in order to access greater material success, thus the actor is truly materially-motivated. To provide a second example, capital may choose to promote or award a raise to an employee. They may do so in hopes of inspiring the labor to express greater morale and enthusiasm for their work environment and coworkers. As a result, the capital may appear to be making a choice of utilizing resources, but ultimately is seeking a social result. Again, for the sake of simplification, we will assume that the actors have clear and direct motivations.

3 Context and Environment

3.1 Fluctuations in Choices

The following four arguments are necessary to build the hypothesis. After describing the actors, their motivations and their consequent choices, I will argue that the prioritization of such choices (social or resource based,) will fluctuate in accordance with demographic changes and changes in technology. Ultimately, actors always have access to making conscious choices between social relationships and material resources or some combination of both.
Actors, both capital and labor, may alter their investment choices in resources according to the context presented to them. If they are exposed to a context that makes investing in social capital easier then they will shift their choices in investments to gain and build social capital. Additionally, if they are exposed to a context that makes investing in social capital more difficult the converse will occur and the actors will choose to invest in resource capital.

3.2 Clarifying the Environment

China has traditionally been a gift economy. According to Oxford Reference “a gift economy is a mode of exchanging goods, services, or other socially valued things that does not involve the medium of money and is founded on the principle of reciprocity” (Castree, Kitchin, Rogers 2013). Gift economies are typically associated with rural, traditional localities that lack capitalism as the dominant driving economic factor. Up until 2008, China has been a majority agrarian and village-based country with several large cities on the eastern coast. As a result, people's choices are largely based on investing in social capital. Although it may be argued that China is a dominantly commodity economy what with its enormous cities and thriving GDP, one only would need to point to the immense value placed on social relations. China’s cultural history of rural life has instilled the characteristics of a gift economy into its societal makeup.

3.3 Introducing Context

Demographic changes within a state may expand or shrink the value of the most important social ties—families. Specifically, if family size shrinks and consequently reduces the
value and accessibility of familial social ties, then actors will alter their choices to offset this reduction in two different ways. One, actors will alter their choices and invest in other forms of social relations such as more distant or friendship-based ties. And two, actors will additionally alter their choices and invest in resource capital. Actors will still desire to create personal capital (as an aggregate of social and resource capital) in order to remain of value in the marketplace, and with their options now limited by smaller family networks, they will resort to seeking out alternatives. Additionally, if actors discover or gain access to new communicative methods, their choices will also change.

4 Hypotheses

Given the above, China’s One Child Policy effectively alters demography by shrinking family networks and causes actors to make different choices in their investments. This shrinkage will be more thoroughly illustrated in the Analysis of Secondary Source Data. Actors will form new networks in replacement of the reduced family networks. They will also choose to invest more in their resource capital. Furthermore, a growth in communicative technological tools will make it easier for actors to build and maintain new social ties. This growth will also be demonstrated in the Analysis of Secondary Source Data Section.

Therefore, I argue as follows:

If the One Child Policy is implemented then actors, both capital and labor, will rely less on their traditional guanxi when interacting with other actors.

If China experiences an increase in communicative technological tools, then actors, both capital and labor, will rely less on their traditional guanxi when interacting with other actors.
Additionally actors will rely more on these new technological tools rather than face-to-face communication. The new social ties, which technological development caters to, are included in the category of non-traditional guanxi.
Chapter 3: Methodology

Introduction:

This section will describe the process through which the hypotheses will be tested consisting of three main sections. The first section will be dedicated to a description of the data used to conduct the analysis. This data will include aggregate demographic and technology data, a general assessment from interview data and an in-depth analysis of the interview data. The interview questions and documentation of responses will be attached as appendices. The second section will include a description of the Mill’s Method of Agreement and Disagreement and how it will be applied to the data. The third section will include a description of the overall pattern sought for proving the hypotheses.

1.1 Aggregate Data

The examination of aggregate data will come from three different approaches. The first approach will break down into three subsections which will include information gathered from other researchers and data tracking sites. These sites will lend to the bigger picture analysis by (1) analyzing data from the World Values Survey pertaining to changes in guanxi, (2) demonstrating how demographic trends have been affected by the OCP and (3) illuminating how internet access and communicative technologies in China have changed.

1.2 Interview Methods for General Assessment Data

The second major approach consists of the recording and analyzing of overall patterns from a series of first-hand interviews conducted with twenty-five respondents.
Where and When: The data acquired and the process through which it was acquired faced multiple, extensive limitations. The study took place in Beijing and Nanjing. These cities were chosen primarily because, evaluating two of the largest metropolitan centers of China would likely show if there remained any semblance of traditional guanxi in these urban spaces, it would presumably be present in the rest of China. If rural villages had been chosen, then it would be very difficult to gather a comprehensive view of the status of traditional and non-traditional guanxi. Additionally funding was very limited, so the study had to be restricted to only a few locations. Finally, due to the recent enormous rural-to-urban migratory patterns of China, the subjects were likely to create a diverse and representative group.

The time in China allotted to conducting interviews was limited to 9 days: 4 full days in each city and two half days dedicated to train travel. The breadth of this project has been clearly limited in scope and scale.

How and Who: The data was collected from twenty-five individual interviews and as a result it was difficult to attain a clear and representative pattern of how guanxi has changed. Additionally, as the principal and sole investigator with somewhat limited Chinese abilities, I was not able to thoroughly address all questions that may have arisen during the interviewing process. In order to compensate for this issue at least one translation aid was on site during all of the interviews. Additionally, a translation and transcription assistant was used when the responses were documented. In several cases, the translation aid rephrased or summarized questions and responses, as a result some of the first-hand perspective may have been lost. As a result the interviews somewhat generalizable. Other restrictions or limitations include several subjects
rejecting the interview due to my visual presence as a foreigner. Others may have altered their responses due to this presence as well. If I had been able to seamlessly communicate and blend in with the locals, the results of the interviews may have held greater external validity and been more thoroughly representative.

Despite the restrictions of this study, great efforts were taken in order to gain accurate and representative results. Subjects were chosen using a randomization process; either approaching every third shopkeeper or storefront and requesting interviews through a diverse array of urban areas or by asking every tenth passer-by in various shopping malls.

Additionally, subjects were chosen based where they fell within three different age groupings. These groups are defined as Pre-Transition, Transition and Post-Transition based on the time of the study: Fall 2015. Pre-transition refers to subjects older than fifty years of age, or those who were born well before the implementation of the One Child Policy (1978). As a result, these subjects would have completed their educations and likely have started their careers before the policy came into effect. Thus, this subject group would have never experienced an alteration in their social capital/resource capital or guanxi-based choice, and would hypothetically rely mostly on their social capital over the course of their careers. The second group, Transition, refers to the subjects who experienced both the lack of the One Child Policy and its effects over the course of their careers. These subjects were between thirty-five and fifty years of age. Therefore this group would likely be in fluctuation and show no clear pattern due to the variable being imposed mid-career. The third group is composed of those thirty-five years and younger or those born after the full implementation of the One Child Policy. These subjects were likely born into size-restricted families and would therefore experience changes in their social/resource
capital and guanxi-based choices. Additionally, the total of subjects was to be equal parts male and female. With these groupings in mind, I set a goal to interview twelve from each group for a total of thirty-six interviews. The interviews were all recorded using a digital-audio recording device and the anonymity of all subjects was maintained.

**Results:** Twenty-five complete interviews were acquired and have been used as data; seven Pre-Transition, seven Transition and eleven Post-Transition. This number fell short of the goal due to lack of time and additional funding. Upon returning to the US the interviews were transcribed and translated for primary information and immediate responses. The key responses utilized for the general assessment of data are whether the subjects used family guanxi, friendship guanxi or both during their careers. These responses were then cross-examined with data such as gender, career type, education level and locality.

Although the process through which this data was gathered was fairly arduous, the results and experience were quite impressive. Despite the restrictions and challenges of interviewing subjects in a foreign language, people were generally very receptive to the process and were happy to help.

### 1.3 Interview Methods of In-Depth Analysis Data

After this information was analyzed, a second draft of transcription was recorded in order to more thoroughly document the extended, qualitative responses. The goal of this section will be to better understand the Chinese perspective of guanxi through a qualitative and elaborative responses; by means of a mini-ethnography developed through further discussion and probing questions. Although some subjects kept their responses fairly brief, others pontificated and
elaborated greatly on how they believed guanxi has played a role in their lives. The key questions to be examined in this section include the subjects’ opinion on the meaning of guanxi, whether or not they believe that family size has been important in their career and how they believe guanxi has changed. These responses may be somewhat restricted due to the background noise and variation in regional accents interfering with the translation quality.

2.1 Mill’s Methods

**Agreement:** In analyzing the data, Mill’s Methods of Agreement and Difference have been considered in regards to the general assessment interview data. The Method of Agreement states: “if two or more instances of the phenomenon under investigation have only one circumstance in common, the circumstance in which alone all the instances agree, is the cause (or effect) of the given phenomenon” (Mill 1843). In the case of this study, I will focus on each generation (Pre-Transition, Transition and Post-Transition) as the primary groupings. When applying the Mill’s Method of Agreement within the generations, even if subjects have different supplementary characteristics, i.e. backgrounds, education levels, gender, etc., if they are part of the same generation (and thus same demographic context), then they will also share the same guanxi reliance.

**Difference:** Mill’s Method of Difference states: “If an instance in which the phenomenon under investigation occurs, and an instance in which it does not occur, have every circumstance save one in common, that one occurring only in the former; the circumstance in which alone the two instances differ, is the effect, or cause, or a necessary part of the cause, of the phenomenon” (Mill 1843). When applying Mill’s Method of Difference, even if subjects share
the same supplementary characteristics, if subjects are from different generations (and thus
different demographic context), then they will have different guanxi reliance. Due to the
restricted scope of the data, this will serve as the overall approach, as it is not likely that
interviewees will fill or share all of these supplementary characteristics.

3.1 Patterns and Hypotheses

From the general assessment data, I will be seeking the following responses in order to
prove the hypotheses outlined in the theory section. The Pre-Transition generation, which would
have entered the job market prior to the implementation of the OCP and consequential
demographic changes, would primarily rely in traditional guanxi. The Transition generation,
which would start to experience the reduction of family networks would show mixed reliance of
traditional and non-traditional guanxi. The third group, Post-Transition, which would experience
OCP created demographic changes to their fullest extent, would show greater reliance on non-
traditional guanxi in their careers. The increases in non-traditional technology would also be
fueled by the influence of modern communication technology as a second variable.
Chapter 4: Analysis

Section 1: Analysis of Aggregate Data

Introduction

There are many updated surveys that seek to understand the current status of social capital and its consequential importance in China. These sources include but are not limited to the East Asian Social Study, The China Statistical Bureau, The China Household Finance Survey, The Guanxi-Based Network Analysis Dataset, and a great many others. However, it is very difficult to find data that seeks to ask consistent questions over the course of an expanded time period. Many of these studies are relatively new, beginning in the 2000’s and fail to analyze the data based on age-response variation. This lack of data may be attributed to several reasons. The first is China’s historical lack of openness to outside research. It is fairly obvious, based on China’s tumultuous history and closed-off relationship with the rest of the world that few outside researchers have been able to gather concrete data on the evolution of China’s social capital. For example, looking at the International Social Service Program archives and data, there exists an enormous amount of information recording the use of social capital in Spain from 1985-2016, and China is almost entirely missing from these types of studies. The presence of this type of data is generally the standard for most other European, Latin American, and North American countries. The second reason is China’s slightly bizarre lack of self-examining demographic and social research. There is no one clear explanation as to why China has not thoroughly researched the social phenomena affecting its own peoples but this appears to be the pattern.
As a result, general analysis data gathered from secondary sources are rather limited. One of the most complete data sets, documented in several waves over different years comes from the World Values Survey (WVS). Since the questions asked vary according to the different waves, as obvious revisions and rewriting of questions were conducted as the surveys progressed, the data I will be using come from different wave groups rather than all from the oldest and most recent China data. The goal of examining this data is to propose a big picture analysis of the data at hand. This data will move from the hypotheses proposed in the Theory chapter and will attempt to demonstrate how the overall patterns are consistent to what consequent patterns I anticipate. I will focus on the following WVS data: how people value their friends, how people prioritize their geographic identity, the level of participation in humanitarian and charitable work and people’s inherent level of trust. These concepts will sufficiently capture the concepts adjacent to the proposed hypotheses.

1.1 Increasing Importance of Friendship

One of the first questions asked in the WVS tracks responses assessing the most important aspects of people’s lives including work, politics, friendship and leisure time. Although the surveys do not address how these different prioritized values play into the career development of the subjects, I argue that the importance of friendship and its relation with guanxi inherently affects all aspects of a subject’s life, including their career. By considering the importance of friendship, it is also possible to simultaneously consider the importance of non-traditional guanxi. I will use the importance of friendship question, assessed in 1990 and in 2015,
to parallel my argument that will be made in the following, primary data section on friendship guanxi (see Analysis section 1.2.2).

Below, (see Chart 27) I have charted the WVS data to show the percentage distribution of responses according to the 1990 and 2015 groups. According to this data, the importance of friends was more highly valued by the 2015 group by nearly 20%. I believe that this data is in concordance with my hypotheses regarding the value of friendship or non-traditional guanxi. Again, although this data may not directly be in regards to how friendship affects a career, as this is a very specific question and not likely considered by other researchers in its exact sense I argue that, in attempts to find the most relevant secondary data possible, this question holds value in demonstrating my proposed hypotheses.

**Chart 27**

I also argue that this data 1990 group, or in the following case, the 1995 group represents the Transition and Pre-Transition group. Additionally, the 2015 and following 2012 groups
represent the Pre-Transition groups. These arguments may be justified by the average age of the participants in each grouping.

1.2 Geographic Identity Association

The second question assessed by the WVS that applies to this study is the geographic identity question. The question asks “To which of these geographical groups would you say you belong first of all?” And offers town/locality/region, country, continent and world, with some variation in phrasing over the different waves of survey. I argue that this question pertains to the geographic emphasis placed on traditional guanxi. If subjects express a stronger connection to their town, then their emotional connection and bond with community members will be stronger than that of a subject who feels a greater connection to say, their continent or country. The focus of a strong locality identity in China lies in the history of agrarian, small town guanxi, with reliance on kinship, and ties based on shared personal history. The data gathered from the World Values Survey was again, gathered from the 1990 and 2015 waves in order to show the greatest spread in time or generation dependent responses. Below is Chart 28 which illuminates this data:
According to the data displayed by Chart 28, the older generation more highly prioritizes their identity as members of a town or locality. As a note, the continent and world identity data were combined since they represented such small percentages of subjects. This data remains consistent with the reducing prevalence of traditional guanxi as proposed by the hypotheses. It is most useful because the question manages to zoom in on a specific aspect of identity that is encompassed in the meaning of guanxi. By showing the greatest attachment to the smallest geographic space, I argue that the 1990 generation attributes greater value to traditional guanxi over the 2015 generation.

1.3 Humanitarian and Volunteer Work as Community Building

In the 1995 and 2012 waves, the World Value Survey assesses subjects’ participation in extracurricular activities. These activities include participation in labor unions, women’s groups, art or music and several others. As another way to understand subjects’ connection to their
communities and desire to build social bonds or social capital with their local networks, I analyze the level of participation in humanitarian and volunteer work in China. According to the WVS, we can observe a decrease in Humanitarian/charitable work from 6.1% in 1995, to 2% in 2012, (both active and inactive members of such groups included.) This overall decrease, like the decrease in locality identity association shows a decreasing value of community participation and consequently, more intimate network building. This indicates that traditional guanxi has likely decreased in value.

Fortunately, these waves of data also included age group breakdowns with certain question analysis. Thanks to this addition, it is possible to further illuminate the variation across age groups. The 1995 grouping the largest greatest participation percentage with 58+ age group at 14.6%. In contrast the youngest grouping available, the 2012 group with subjects younger than 28 showed only a 3.8% participation. This additional data only serves to further amplify this change in community building and decreasing pattern of traditional guanxi across time and age groups.

1.4 General Level of Trust

The fourth element gathered from the WVS, not directly discussed by the primary data and analysis, but nonetheless serves as an important indicator of guanxi is the willingness of a subject to trust people. One of the questions posed by the World Values Survey asks Chinese citizens: “Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?” The results show 1995 at 50.4% and 2012 at 60.3%
According to this data we can observe an increase in people’s willingness to trust other subjects in the later (2012) generation.

When considering the inherent willingness of a subject to trust people, it can also be argued that this relates to a subject's willingness to expand their social networks. If a subject’s gut responses is to trust a stranger, then there is a greater chance that the subject will be able to form a bond or connect with that stranger. Having a generally receptive point of view and mindset clearly influences how we react to and accept other people.

2 China’s One Child Policy Demographic Change

In order to most clearly show the effects of the OCP, we can consider Chart 29. Based on this data, we can observe a steady drop off in China’s fertility after the formulation and 1978 implementation of the One Child Policy. This chart serves to validate that the demography and resulting family networks of China have undergone substantial change as a result of the policy. Not only has the policy had enormous effects on the demography of China, but it will likely continue to do so unless a drastic policy change is made.
3 Increase in Technological Tools

Although the global pattern of an increase in internet and data usage is fairly obvious at this point, I included the following Chart 30 to demonstrate that this pattern is occurring in China as much as it is happening in other places. Although China experiences a certain level of internet censorship imposed by the CCP, it is necessary to dispel the assumption that China is entirely in the dark. As a result, the rise in technology usage remains a valid influence to supplement the movement away from traditional networks and towards more expansive, technologically-connected, shallower networks.

Section 2: Analysis of Primary Data

1.1 General Assessment of Primary Charts

Data acquired for the general assessment of interviews was gathered from the spreadsheet attached as Appendix 2. The responses were recorded and charted for this section in cell 12A and 23A. During the interviews, these questions were as stated: “Did you rely on your familial network/familial guanxi at some point in your career?” And “Did you rely on your friends’ connections/social network at some point in your career?” The responses were then recorded as an initial yes, no or unsure. Follow up explanations are not included in this section.

The data from Appendix 2, 12A and 23A, was initially arranged in order to create two primary charts which tracked the responses of subjects regarding their use of family and friendship guanxi. This data was ordered based on the groupings, Pre-Transition, Transition and Post-Transition, as described previously in the Methodology. Given the different number of respondents in each group, I calculated the percentages of positive and negative responses. For example, if there were ten subjects in the Pre-Transition group and three of them stated that they used friendship guanxi in their careers (recoded as a positive response), then the chart would demonstrate a 30% for the positive responses within the Pre-Transition group. It also can be noted that the total number of subjects contained in each category are recorded along the horizontal, x-axis as an N=value. It is important in some cases to consider these values when considering the trends within certain groupings.

While conducting the interviews in China it was also necessary to articulate “traditional” and “non-traditional” guanxi types using different terms. For the sake of clarity, I chose family
guanxi or “家人的關係” as a replacement for traditional guanxi, and friendship“朋友的關係” as a replacement for non-traditional guanxi. I made this choice after speaking with several Chinese native colleagues and they agreed that this would make the most sense when interviewing subjects, and would translate most clearly between my definitions of traditional and non-traditional and the Chinese phrasing. This decision was further validated by several subjects expressing concern over the follow up question “what does guanxi mean to you personally?” Many subjects would respond with a request for clarification of what kind of guanxi was being considered. As a result, I believe that the recorded responses are valid.

1.2 Family Guanxi

If we refer to Mill’s Method of Agreement as explained in Methodology section: even if subjects have different supplementary characteristics, which they do, if they are part of the same generation, then they will also share the same guanxi reliance. Based on Chart 1, which demonstrates the overall pattern of family guanxi, it is clear that the older, Pre-Transition group accessed their family or rather traditional guanxi the most in their career.

The number of positive responses are equal to the number of negative responses at 43%. The Transition group demonstrates fewer positive responses and greater negative responses compared to the Pre-Transition group. The Post-Transition group demonstrates the lowest number of positive responses at 18% and the highest number of negative responses. The percentage of unsure responses remains low or non-existent for all groups. So according to the data demonstrated by the above chart, we observe these variations in traditional guanxi
dependence because of the generational groupings. This analysis would agree with the proposed hypotheses based on the use of traditional guanxi.

Chart 1

1.3 Friendship Guanxi

According to Chart 2, the pattern is not nearly as clear in direct concordance with the hypotheses. Pre-Transition shows a greater number of negative responses than positive responses, (71% to 29% accordingly) in regards to their use of non-traditional guanxi. Transition shows both unsure and negative responses and Post-Transition or the youngest generation shows a greater number of positive responses than negative responses (55% to 45% accordingly). These results, confirm the proposed hypotheses.

The only point of contention may be the results from Transition group. The lack of any positive responses, rather than a consistent decline in positive responses, may be attributed to one or several factors. The first may be due to a sudden initial drop caused by the imposed
restrictions of the OCP. This could also be complemented by the lack of growth in internet access and social media. In general, I believe that the Transition group does not serve necessarily as a direct indicator of change as it addresses a time of such uncertainty and fluctuation. As a result, the main poles of difference, Post-Transition and Pre-Transition will serve to best demonstrate any clear patterns.

In accordance with my proposed hypotheses: If the One Child Policy is implemented then actors, both capital and labor, will rely less on their traditional guanxi when interacting with other actors. If China experiences an increase in communicative, technological tools, then actors, both capital and labor, will rely less on their traditional guanxi when interacting with other actors. Then these two charts consistently show results that reflect this pattern.

**Chart 2**
2.1 General Assessment of Secondary Charts

In addition to the primary charts, it is also necessary to consider other possible factors that may affect the guanxi-related decisions made by actors. These “secondary” or additional factors include gender, locality (Beijing or Nanjing), career types (business, sales, independently employed, physical labor or service), and education (less than high school, high school, college or greater than college.) These factors have also been charted in order to clearly demonstrate any possible patterns within the data.

2.2 Gender

One of the most important secondary factors to consider is gender. Due to differences in gender roles pertaining to career building and child rearing, it is valid to consider how gender may affect the role of guanxi within a career. As described in methodology, best efforts were made in order to conduct even gender-distributed interviews, so as to gain an accurate representation of working people. Out of the twenty-five, thirteen subjects were female and twelve subjects were male. Gender-corresponding charts, (Charts 3-7) appear on the first page titled “Secondary Charts.”

Based on Charts 3 and 4, men consistently showed a greater number of positive responses across both traditional and non-traditional guanxi. This phenomenon may be justified by the traditional role men have held as bread-winners. In order to investigate further into this possible correlation, it is necessary to cross examine both gender and generational breakdown as coexisting factors. Before doing so, if gender has played a valid role, it becomes necessary to note the possible social changes in gender roles that may have affected the presence of guanxi.
The Maoist revolution is commonly known for its full integration of gender equality, best illuminated by the Mao’s widely recognized proverb: “women hold up half the sky.” As women became more likely to acquire jobs outside the home, it would be likely that their opinions and use of guanxi would alter due to Mao’s influence on traditional family structures. As a result, if more data was gathered and this study was extended over a longer period of time, it would be likely that the gendered percentage differences in Charts 3 and 4 would even out to show an equal use of guanxi. Although it is important to consider other secondary factors and the role they hold in the development of guanxi, this is not the main focus of this study.

When looking at the generational breakdown applied to the gendered responses the data continues to validate what is argued in the hypotheses. For women, the use of traditional guanxi decreases from 33% to 29% from Pre-Transition to Post-Transition accordingly and the use of non-traditional guanxi increases from 0% to 43% from Pre-Transition to Post-Transition accordingly. For men, family guanxi decreases from 50% to 0% as subjects get younger and friendship guanxi increases from 50% to 75%. Again, the Transition groups show great irregularity across both genders and will not be considered seriously. Based on what is being shown in the data, the patterns coincide with the hypotheses.

To conclude, according to the patterns gleaned from the gender/generational examination I argue that although historically gender may have held some role in access to guanxi, it is more important in this case to consider the changes to different types of guanxi over time. According to the gender analysis data, charts 5-8 consistently confirm that the proposed changes have occurred across the Pre-Transition, Transition, and Post-Transition groups. The charts, in some cases may not show a dramatic change, for example only 4% difference for traditional guanxi in
females therefore, in this representation the difference may not be terribly dramatic. However as an aggregate, the pattern holds true in the case of gender.

2.3 Locality

Another secondary factor that was considered and charted was the location of the subjects. Although several subjects were from rural provinces, who came to a major city in pursuit of a career, they all would have adapted their use of guanxi in order to best function within the trending majority. The charts from the Secondary Geographic page illustrate the breakdown between Beijing and Nanjing. The number of interviews were nearly evenly split between the two cities, Beijing totaling thirteen subjects and Nanjing with twelve.

Interestingly, the data shows Nanjing as higher in positive responses in both types of guanxi. This slight preference of positive responses in Nanjing over Beijing may be attributed to the globally cosmopolitan aspect of Beijing. According to Xinhuanet.com in 20012, Beijing had the highest number of foreigners living full time. Nanjing was not even in the top thirteen of highest ex-pat populated cities in China (Wang 2012). Since many more foreigners are living in Beijing over Nanjing, it is possible that this outside influence dilutes the need to access the uniquely Chinese phenomenon that is guanxi. As a result, all forms of guanxi may appear less potent, or show up as more negative responses based on the interviews. Nanjing lacks the substantial presence of foreigners, therefore it is not surprising that guanxi remains highly important. All this being said, the changes in guanxi are clearly not controlled by the locality factor.
If we examine the geographic and generational charts, numbers 11-14, we can see observe a trend consistent with the hypotheses in all cases except for Nanjing and non-traditional guanxi. In Beijing, family guanxi shows a higher percentage of positive responses in the Pre-Transition generation (33%) and 0% for the Post-Transition generation. Additionally, Beijing shows an increase in friendship guanxi from 0% to 60% from Pre-Transition to Post-Transition accordingly. Nanjing also shows a higher percentage of positive responses in the Pre-Transition generation than Post-Transition in the case of traditional guanxi (50% vs. 33%). However, in Nanjing non-traditional guanxi, the data shows no change. Despite this irregularity, the aggregate data remains consistent with the hypotheses.

2.4 Education Level

When considering education level as a secondary factor, it becomes slightly tricky to draw concrete assumptions since the data is being separated into four different categories: less than high school, high school, college and greater than college. As a result the data is sliced finely and so one or two responses may appear as radical irregularities.

Charts 15 and 16 carry some interesting patterns. The “Less than College” grouping shows the highest percentage of positive responses out of the four. This would make sense if we consider the rural aspect of traditional guanxi. If these subjects were from rural provinces or farming villages which according to additional interview questions several were, it would be logical that they would rely greater on their close-knit village ties as members of a community. One issue in this study which becomes illuminated by this pattern is the lack of additional information regarding the subjects’ hometown. If this was included in the interviewing process,
and documented in all cases rather than in a select few, follow up discussions, this pattern may become clearer and would be able to further demonstrate the multi-dimensionality of traditional guanxi.

In contrast to this pattern, we can also observe the highest percentage of positive responses for friendship guanxi in the “College” group. This also make sense if we follow a similar logic pattern as what was stated for traditional guanxi. Most college graduates in China and in general are raised in a relatively urban environment. As a result they would not only have greater access to technological, communicative tools, but also would learn to rely on their friendly relations, due to the sheer number of people one meets in college. Rather than leaning on traditional ties, it is logical that college students in China show the greatest dependence on non-traditional guanxi.

When we consider both generation groupings in terms of family guanxi, and education level groupings several patterns are clear and several remain difficult to explain; the High School and College groups follow the same pattern as proposed by the hypotheses. With traditional guanxi showing the highest number of positive responses among the older generation and the least number of positive responses with the youngest generation. However when we look at the Less han College grouping, it appears to be the opposite of what has been predicted by the proposed hypotheses. The Post-Transition group shows 100% positive responses for the use of traditional guanxi while the Transition and Pre-Transition groupings show lower percentages (33% and 50% respectively.) It should be considered, the bar representing this 100% positive response is only based on the response from one subject. As a result, this data could either be representative of this grouping or simply an outlier. With the current amount of data available for
the study, it is impossible to tell. Ultimately, we can discount one irregularity when compared to
the aggregate data. The Greater than College grouping is in a similar situation. As no data was
collected on Pre-Transition and Transition subjects in this group, it is impossible to compare
across the different generations.

When considering friendship guanxi in conjunction with education levels, we can observe
some irregularity. There does not appear to be any consistent pattern since in the cases of Less
than High School and High School show decreases in the level of friendship guanxi with the
earlier generation, while the College grouping shows the opposite. As a result it is difficult to
discern any clear pattern.

To summarize this analysis of the education groupings, it is very possible that education
holds some influence in the changes in guanxi. These changes may be inspired by improved
education for the masses or changes in curriculum. However, according to the current data, it is
too difficult to really understand how these may be functioning within the sphere of guanxi since
the data being analyzed is divided too finely in this examination.

2.5 Career Type

The final grouping considered for general analysis was the career types of subjects. The
groups were created accordingly: business, sales, independently employed, physical labor and
service. This additional variable was the most difficult to analyze in conjunction with guanxi.
This difficulty, just as in the case of the education level groupings, was because of the number of
divisions by which the data was being split. Though for the sake of thoroughness, there are
several patterns worth mentioning.
In the Business and Service subjects, they showed consistently low usage of both friendship and family guanxi. This may possibly be attributed to the set structures put forth by these job types. Employees would not likely need to seek out additional relationships in order to advance their careers or gain more business. Requirements are likely fairly standard and employees are set up with necessary resources and connections from the start. The independently employed category was highest in family guanxi. This was likely due to the correlation between passed-down and businesses and the interdependence of family members in order to continue operating. The final pattern worth mentioning is the high levels of both family and friendship guanxi among the physical labor grouping. This can possibly be justified by the laborer’s lack of resource capital, in terms of high levels of education and advanced skills.

As a result, the laborer may need to access guanxi at more advanced levels in the form of social capital in order to compensate for this lack. As a whole the data, in concordance with the hypotheses seems very skewed and difficult to understand in reference to a generation pattern.

3 Conclusions for General Analysis Data

Although the data gathered while in China was under some restriction, it nonetheless effectively demonstrated the patterns proposed by the hypotheses from the Theory Chapter. Although education level, career type, gender and locality may all affect the changes to guanxi, the data most clearly shows how the Pre-Transition, Transition and Post-Transition groupings consistently correlate to the change from traditional to non-traditional guanxi.
Section 3: Analysis of In-Depth Responses

1 What Does Guanxi Truly Mean?

One of the most interesting parts of this thesis was participating in the conversations that arose while interviewing subjects. Many of them have very strong feelings about the traditions of Chinese sociality and were curious as to why a Westerner was researching a topic as commonplace as guanxi. One recurring interaction that I experienced and did not anticipate was the initial question of “what kind of guanxi?” I suppose there would be the same reaction if a foreigner approached and asked: what does making or building relationships mean to you? At first, the gut reaction may be confusion to a certain extent; what kind of relationship are you talking about? With whom? Specifically, once subjects realized that I was seeking to better understand the Chinese perspective on the meaning of guanxi as a unique practice, they became excited to share their ideas. The general consensus across subjects was that guanxi had changed in some manner. On a personal level, relationships are something that affect us all intimately and so the discussions were consistently lively and detailed.

Several common themes have arisen out of the answers to the meaning of guanxi. These themes include happiness, access to help and overall financial gain. One subject initiated her discussion on guanxi with a reference to her past. When she was a child, she and her family moved from a rural providence to Nanjing in order to make a better life and start a restaurant.
She explained how while living in her native village, she knew many people and had many friends. The experience with those relationships was short-lived but a pleasant one. After moving to the city and working in her family’s restaurant, it appeared as though this kind of guanxi was no longer a large part of her life.

Another theme that came up most frequently in the interviews was the access to help that is enabled by guanxi. In conjunction with the happiness theme, a female subject from Beijing emphasized that it is very important to build relationships with coworkers and bosses to create a better work environment. Another subject, Transition, from Nanjing emphasized that he has guanxi with his coworkers in order to help each other throughout the day. This theme of collaboration and consequent, peaceful teamwork proved to be one of the most important parts of working with others.

The final theme, that came up the least frequently was the financial side of guanxi. One Pre-Transition male from Nanjing, working in distribution explained how he gained an advantage in business due to his family network and was able to outsell competitors. He also explained that because of his success, his younger family members, specifically his nephews now depend on him for their careers.

It appears, based on these conversations that guanxi, in terms of social and resource capital is fluid in its usage and value. People did not seem to be upset that the way they connect with others may be changing, but rather are accepting of the new social climate. The meaning of guanxi, especially with its new meanings and implications may not be equally relevant to all of China’s citizens, but the importance of guanxi connections remains essential.
2 Is Family Size Important in One’s Career?

For this question, most subjects agreed that nowadays, family size does not necessarily affect one’s career. Again, either for failure of mistranslation or for the unusual nature of the question many interviewees were initially puzzled by this question. One female subject from Beijing was certain that effective collaboration with one person could easily be more valuable than working with a large group. She essentially argued that quality in the case of networking was more important than quantity, therefore having a large family does not necessarily help if you are an adept networker.

Another Post-Transition female subject from Nanjing argued that either family wealth or having a large circle of acquaintances are most helpful. Her argument suggests how wealth in the form of resource capital can replace in some cases the value of social capital. If a subject cannot access one of these easily, such as the inability to pay for an expensive grad school, then they can work around this lack of capital and supplement their abilities and resources with alternative forms of capital. To reassert this point another female, Pre-Transition subject asserted that her family in fact crippled her access to resource capital. Her family was so large that it was impossible for her parents to pay for her schooling. Therefore, she taught herself to read and worked in the village as a “barefoot doctor” or healer. In her case, although her access to resource capital was limited, by her own agency, she was able to build her own capital via alternative methods.

Additionally, Transition, a male from Nanjing emphasized that, in China and in this day and age, a big family and a small family are essentially the same. This response could hold a dual meaning: either nearly everyone has a 4-2-1 structured family at this point, so nearly all families
are homogenous or, big and small families yield the same advantage in terms of careers. I like to believe the second. Even if rural, large families, migrate to China’s enormous, coastal cities seeking jobs, now that the non-traditional guanxi trend has taken hold, this will start to affect most other immigrant families similarly.

3 How is Technology Important for One’s Career?

The third most intriguing group of responses yielded from the interviews was regarding how and subjects reach out to their non-traditional guanxi networks. All twenty-five subjects, regardless of age confirmed that they owned a cellphone, although whether or not that subject had access to social media sites and internet, I failed to clarify. Nearly all described their cellphone usage as for the purposes of chatting, checking the news, and watching videos. However, several specified that they used their phones for keeping in contact with distant family, networking, hiring/recruiting for work and seeking jobs via sites like LinkedIn. As a result of these details, we can see how tools that facilitate of non-traditional guanxi explode with their diversity of uses.

Not only can subjects use their cellphones and social media, tools typically associated with non-traditional characteristics or maintain their traditional ties, but they also use these tools to control their own careers and businesses. These responses illuminate how essential new media and technology can be in facilitating the expansion of Chinese guanxi. Not only is the interaction going one way, with the social networks driving the need for these tools, but additionally cellphones and social media are actually proliferating the use of guanxi.

4 Conclusion
The interview process most clearly showed how unanimously important guanxi was to the subjects. The uniqueness of guanxi was illuminated by its purveyance in the lives of people possessing highly varied backgrounds, professions and ages. This section of data analysis shows how the qualitative perspective was integrated into the interview process and how the meaning of guanxi, the effects of the One Child Policy and how technology interact on a more complex level than what can be extracted from quantitative data points. Guanxi does not simply function to help the subject gain the greatest advantage. People’s happiness levels, their family connections and their experience in the workplace all contribute to how they alter their choices, seek out and maintain relationships.
Chapter 5: Conclusion and Final Thoughts

Final arguments/predictions:

There are several final thoughts and arguments I would like to mention. Although these arguments are not fully developed in this thesis, they may serve as a springboard for future projects or a deepening of the hypotheses that have already been proposed.

In addition to the hypotheses drawn from the theory section, several deeper changes and ramifications in the Chinese economy may be considered. As the One Child Policy takes full effect, relationship networks between actors may grow to become more diverse and expansive and simultaneously more geographically distant. However, it is also likely that these relationships will become more shallow due to their size. It is not as easy to attend to the emotional needs of several hundred friends, providing them with attention and time, as it would be to attend to the emotional needs of a family of ten. As a result, these close ties will invariably become weaker and their value or rather, the value of social capital would fall. This would lead actors to shift their allocation investments even further away from social capital and toward resource capital. This shift may in turn cause the overall economy, especially when regarding the urban population of China, to slowly become more commodified and less gift-oriented. More deeply, it becomes possible to argue that the CCP presumably and inadvertently modernized the Chinese economy through the OCP.

Additionally, due to the increasing access to higher education, it is also likely that a tangential curve relating the increase in non-traditional guanxi would appear. As more of China’s population gains access to grad school programs and college, the steady increase in resource
capital would likely serve to replace the need for substantial social capital. As a result the most educated within Chinese society would be able to become more socially independent.

It is also necessary to consider the recent changes to the One Child Policy. In October 2015, it was announced that the Policy would be adjusted to accommodate two children per Chinese family. Since this change was so recent, and was imposed during the process of research, it was not discussed rigorously, however it is still worth discussing briefly. This change was made for several clear reasons. If we consider non-guanxi related reasons, these include: the problematic gender discrepancy and attached dating and marriage issues, the upside-down triangle population distribution, with the younger generations unable to support the aging population, and many others. However, we can also consider how the CCP may have made this adjustment with guanxi in mind. In the long term, because this adjustment will not likely change the networking demography of China until thirty or so years in the future, by overruling the OCP, China is enabling the regrowth of family networks. To a small extent, China is thus reestablishing and preserving the traditional value of guanxi as these networks begin to expand. However, this change will probably be small since China will not likely return to it agrarian state. Again, this idea may be used for future projects or studies, as the change has been so recent.

Finally, for other future projects I suggest the following questions:

1. How has the rural-to-urban migration affected guanxi? How have families altered their relationships in order to accommodate these greater distances?
2. How does media censorship affect China’s globalizing trade and stock market? How is the CCP crippling communication and networking methods and how are their choices enabling young entrepreneurs?

3. How are traditional guanxi networks affected by the growth in China’s rural tourism industry? How can sustainable tourism programs and preservation of tradition within indigenous communities work together?