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Nature of Guanxi

Edited by Thomas Gold, Doug Guthrie and David Wank

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## INTRODUCTION

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## AN INTRODUCTION TO THE STUDY OF *GUANXI*

Thomas Gold, Doug Guthrie, and David Wank

*Guanxi*<sup>1</sup> (pronounced “gwan-shee”), loosely translated as “connections,” is the latest Chinese word to gain entry into English parlance. While the term was virtually unknown to non-Chinese speakers a decade ago, today it is used by Chinese and non-Chinese speakers alike, and it has made its way into many popular venues. Indeed, Internet search engines such as Yahoo and Altavista yield some 2,000 references under the heading “*guanxi*.” Conventional wisdom among Chinese and foreigners holds that in the People’s Republic of China (PRC), *guanxi* is absolutely essential to successfully complete any task in virtually all spheres of social life. *Guanxi* purportedly performs a critical lubricating function in Mainland China, and also in the peripheral Chinese societies of Hong Kong and Taiwan, among minority Chinese communities in Southeast Asia and elsewhere, and as a means of linking together the global Chinese diaspora.

*Guanxi* has both positive and negative connotations, with the latter dominating most of the discussions. Critics see it as fueling the country’s rampant corruption, and as an obstacle to China’s becoming a modern society based on the rule of law. Those who see it in a more favorable light contend that *guanxi* adds an element of humanity to otherwise cold transactions, and comes to the rescue in the absence of consistent regulations or guidelines for social conduct. There is also disagreement over the extent to which *guanxi* is something unique to China: To some observers and practitioners, *guanxi* is an essential and defining element of Chinese culture, handed down relatively unchanged through time and space. To others, *guanxi* is little more than a Chinese word for the personal networks, social capital, and gift economies found in all societies. Finally, but not least of all, there is considerable disagreement over the fate of *guanxi* in the period of economic reforms: Some scholars argue that as the state has loosened its grip on the economy, the role of

1 This book utilizes the *pinyin* system of romanization developed on the Mainland. Many of the works cited utilize the older Wade-Giles system. When a Chinese term first appears, we will indicate the alternative romanization when appropriate, in parentheses.

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*guanxi* has expanded in Chinese society. They argue that its role will continue to expand, leading to an economic system that is substantially different from the rational-legal systems that define Western market economies. Others believe that the role of *guanxi* is declining in the era of economic reforms, and that eventually formal rational law will supplant the norms of the personal economy.

The contributors to this volume stake out a variety of positions within these debates. Our goal has been to bring together several of the individuals who have contributed to the scholarship and debate over what *guanxi* means in Chinese society and how it is changing in the period of economic reforms. While we all generally agree that *guanxi* is a specifically Chinese idiom of social networks, integrally linked to other building blocks of Chinese sociality such as *ganqing* (sentiment), *renqing* (human feelings), *mianzi* (face), and *bao* (reciprocity), our views vary on the extent to which *guanxi* is shaped by institutional contexts and on its future in the reform era. In this volume, we have pushed ourselves to focus on demonstrating and explaining the dynamic interrelations between cultural traits and institutional contexts surrounding *guanxi* in Chinese society.

The PRC presents an extreme case for understanding this complicated interaction of culture and institutions. Given the Chinese Communists' relentless and sustained attacks on what they saw as such "feudal" and backward traits as the reliance on particularistic *guanxi*-type rather than universalistic "modern" orientations to the social world, and their efforts to build a set of institutions based on radically different principles, the stubborn persistence of *guanxi* in practice and in the popular mind requires explanation. Though coming from different academic disciplines, all of the authors assembled here have conducted extended fieldwork in Mainland China, and many have also done research in Hong Kong or Taiwan. Some set out explicitly to study the operation of *guanxi*; more commonly, in the course of fieldwork on other topics, they were struck by the centrality of the term "*guanxi*" in everyday discourse, popular culture, and political debate, and then began to examine it more concretely and systematically. Rather than seeing *guanxi* as an unchanging and fixed cultural trait, their research demonstrates both the persistence of *guanxi* and how it is changing in the midst of the rapid institutional transformations that have swept across China since the late 1970s.

A detailed look at *guanxi* will shed light on one of the most dominant aspects of contemporary Chinese life, but it has larger implications for the social sciences as well. First among these is the issue of institutional change in a rapidly transforming economy and the extent to which what appear to be indigenous features of Chinese social, political, and economic landscapes will endure in the face of dramatic upheaval and change. The seeming persistence of *guanxi* in Chinese society, in spite of conscious and conscientious efforts to eradicate it by Communists and capitalists alike, offers interesting insights into the complex interaction of culture, institutions, and social practice in a modernizing society (Dickson 1992; Nathan and Tsai 1995). Study of *guanxi* can shed light on issues of political culture, such as the operations of informal politics and the potential for social networks to evolve into something resembling civil society (Lo and Otis 1999). Understanding

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the role of *guanxi* in economic life can also contribute to the debates about the embeddedness of economic practices in institutions (Granovetter 1985; Uzzi 1996; Polanyi 1957).

In this introductory chapter, we will begin by laying out the basic lexicon of *guanxi* and its evolution within Chinese society as well as its evolution in academic scholarship. Following that discussion, we examine some of the literature that has been put forward on this topic, focusing on the debate over whether *guanxi* is a distinctly Chinese phenomenon, inextricably linked to Chinese culture and society, or whether it is a general phenomenon, produced by institutional arrangements that happen to exist in China. Finally, we will suggest ways that the examination of this concept might be pushed forward and how the chapters of this volume attempt to achieve this goal.

DISENTANGLING *GUANXI*

Chinese and foreign scholars have long noted the centrality of personal networks in Chinese life, historically and in modern times. Since the late 1970s, along with the Chinese Communists' introduction of market practices into their socialist economy and their opening of the country to the outside world, foreign scholars and professionals have enjoyed unprecedented access to Chinese daily life on the Mainland after a break of more than three decades. It is no exaggeration to state that especially in the early years of this opening, most foreigners have been struck by the prevalence of *guanxi* as a topic and an analytical category in conversation, scholarship, and the state-controlled media. Its significance as a distinctive social phenomenon constraining individual behavior while also becoming internalized – that is to say, becoming a “social fact” in Durkheim’s terms – has earned *guanxi* a status where now foreign scholars and laypersons utilize the untranslated Chinese word unself-consciously when discussing and explaining China.<sup>2</sup> Interestingly, although foreign scholars prior to the access afforded by the Chinese reform era wrote a great deal about the importance of personal relations and networks, and did employ a handful of Chinese terms, it was only with the opportunity to engage in extended fieldwork and to experience the pervasiveness of *guanxi* in everyday practice and discourse that the Chinese word entered the popular and scholarly English lexicon.<sup>3</sup>

2 We disagree with Ong’s (1997, p. 181) statement that “key terms such as *guanxi* (interpersonal relations) . . . have been constructed by Western academics to define Chinese culture.” The other terms in her list (networks, neo-Confucianism, tribes and multiculturalism) aside, in the case of *guanxi* it is clear that Western academics (and business people) picked the term up because Chinese people use it themselves. We do agree with the “*self-orientalization*” (her term), which grants Asians “the agency to maneuver and manipulate meanings within different power domains” (p. 195).

3 Scholars who conducted interviews in Hong Kong prior to the Cultural Revolution recall Chinese emigres using the term *guanxi*, but without the significance detected after the reforms began (personal communication with Gold). One scholar (personal communication with Gold) said that as a form of political correctness, foreign scholars avoided the term because they were aware that the Chinese were embarrassed about the practice, seeing it as a weakness. Important studies of

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“*Guanxi*” (*kuan-hsi*) literally means “relation” or “relationship,” as a noun, and “relate to” as a verb, though as commonly used in contemporary Chinese societies, it refers more narrowly to “particularistic ties” (Jacobs 1979, 1980).<sup>4</sup> These ties are based on ascribed or primordial traits such as kinship, native place, and ethnicity, and also on achieved characteristics such as attending the same school (even if not at the same time), serving together in the same military unit, having shared experiences, such as the Long March, and doing business together.<sup>5</sup> Particularly in this last instance, potential business partners may consciously establish or seek to manufacture *guanxi* when no prior basis exists, either by relying on intermediaries or establishing a relationship directly. While the bases for *guanxi* may be naturally occurring or created, the important point is that *guanxi* must be consciously produced, cultivated, and maintained over time (Kipnis 1997; Yan 1996a; Yang 1994).

A set of specialized terms has arisen in China related to *guanxi* (Yang 1994, esp. ch. 1). The art or science of manipulating and utilizing *guanxi* is *guanxixue*.<sup>6</sup> If we see *guanxi* as an established relationship, then *guanxixue* is the art of putting that relationship to use, of actualizing it (Chen 2000). This term usually has a negative connotation, implying “going through the back door” to get something done, though it undeniably performs a positive function as well, especially if there is no formal “front door” available. The person who has the power to achieve a desired goal for another, is a *guanxihu*, sometimes translated as an “under the table relationship.”<sup>7</sup> Utilizing such relationships is referred to as “to pull” (*la*) or to “do” (*gao*) *guanxi*. “*Gao*” is commonly used as an all-purpose verb on the Mainland, but in Taiwan it is disparaged as vulgar slang indicating poor upbringing. The sum total or extent of one’s *guanxi* is a *guanxiwang*, which might be loosely translated as a network. A person proficient in *guanxixue* can *la guanxi* with closer intermediaries in order to reach *guanxihu* either in one’s own or someone else’s *guanxiwang*.

informal politics, factions, and career paths (Nathan 1973, 1976a; Oksenberg 1970, 1976; Tsou 1976) discuss personal relations and networks but do not use the Chinese word *guanxi*, although they do use other Chinese words. Nathan (1976b) has *kuan-hsi* in parentheses in his Index after “Connections,” but does not use it in the actual text.

- 4 Because none of the translations completely captures the cultural essence of the term, we will, following Jacobs, leave it untranslated.
- 5 “Native place” can range from a village up to a province, depending on the context in which people try to establish some common trait. Outside of China, the mere fact of being “Chinese” can serve the same function. For another listing of the bases of *guanxi*, see Qiao (1982). He emphasizes that people who perceive they have a relationship use the words *tong* (same) or *lao* (a term of familiarity, literally “old”) to identify partners. These terms recall Talcott Parsons’s contrasting of traditional and modern orientations to the world characteristic of whole societies. “Particularism,” according to Parsons, includes an affective component, and this is opposed to “universalism,” which is based on objective standards devoid of affect.
- 6 Yang (1994) translates “*xue*” as “ology.” It literally means “study.” See also Xin (1983). Other Chinese scholars who have been active in proposing taxonomies of *guanxi* include Sun (1996) and Yang (1995).
- 7 See, for example: Central Discipline Inspection Commission of the CCP’s August 6, 1981, Circular on Enforcing Party Discipline and Eliminating the Unhealthy Practice of Under-the-Table Relationships (*guanxihu*); *Foreign Broadcast Information Report*, August 7, 1981, pp. K2–3.

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In a very general sense, *guanxi* resembles Pierre Bourdieu's concept of "social capital," which, according to Bourdieu (1986, pp. 248–249), "is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectivity-owned capital, a 'credential' which entitles them to credit, in the various senses of the word."<sup>8</sup> As with other forms of capital, Bourdieu is interested in the ability to convert one form of capital into another. Clearly, in China, *guanxi* as social capital is accumulated with the intention of converting it into economic, political, or symbolic capital.<sup>9</sup>

However, there are important aspects of *guanxi* that set it apart from a generalized notion of social capital, imparting a special significance to interpersonal relations that turns *guanxi* into the "indigenous Chinese category" (Yan 1996a, p. 14). First is that it is "based implicitly (rather than explicitly) on mutual interest and benefit. Once *guanxi* is recognized between two people, each can ask a favor of the other with the expectation that the debt incurred will be repaid sometime in the future" (Yang 1994, pp. 1–2). The notion of reciprocal obligation and indebtedness is central to the system of *guanxi* in China. Thus, this is more than simply an issue of social embeddedness and social connections; it is a system of gifts and favors in which obligation and indebtedness are manufactured, and there is no time limit on repayment (Yang 1994; see also Yang 1957).<sup>10</sup> In other words, *guanxi* is the basis for a gift economy that exists in China, and this economy has specific rites, rituals, and rules attached to it. The other distinctive aspect is the importance of affect or sentiment – *ganqing* (*kan-ch'ing*) – in *guanxi*. Although many foreign commentators (business people prominent among them) believe that *guanxi* functions almost exclusively for instrumental purposes, Chinese frequently stress that true *guanxi* must possess an affective component. The most extended discussion of *ganqing* in

8 Bourdieu's concept of social capital actually falls in line with those in this volume who see *guanxi* not as a cultural or social given but as a system that is closely tied to institutions and structures of power. Indeed, Bourdieu (1986, p. 249) goes on to note that "the existence of a network of connections is not a natural given, or even a social given . . . It is the product of an endless effort at institution." For more elaboration, see Smart (1993). Bourdieu also mentions "institution rites" (1986, p. 249), which is a critically important aspect of correctly establishing *guanxi* in China without causing undue embarrassment or humiliation. See Kipnis (1997), Yan (1996a), and Yang (1994) for more discussion of rituals.

9 While not using Bourdieu's terms, Hwang (1987) discusses the "conversion" of *guanxi* into face (symbolic capital) and *renqing* (human feelings). See also the discussion in Yan (1996a), esp. ch. 6. With symbolic capital, prestige is gained both by demonstrating that one's *guanxi* enables one to solicit favors and that one can deliver when solicited by others.

10 In his classic essay, Lien-sheng Yang (1957) elaborates the concept of *bao* (*pao*), meaning "reciprocity of actions." He writes: "Favors done for others are often considered what may be termed 'social investments,' for which handsome returns are expected" (p. 291). He emphasizes that "the response or return in social relations need not always be immediate" (p. 292), but notations are kept on a "social balance sheet" (p. 292), which is held by a family, not just an individual. Several anthropologists have elaborated on this idea, specifically relating it to *guanxi*, utilizing Mauss's concept of "the gift" (Liu 1998; Smart 1993, 1998; Yan 1996a; and Yang 1989, 1994).

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interpersonal relations is Fried's (1953) classic ethnography of a village in Anhui province. He defines it as "the quality of the relationship" between two parties that varies "in warmth and intensity" (p. 103).<sup>11</sup> Some Chinese engage in the practice of *guanxi* for the intrinsic enjoyment of the ongoing personal relationship itself, although the aspect of implied obligations is never entirely absent. Instrumentalism and sentiment come together in *guanxi*, as cultivating *guanxi* successfully over time creates a basis of trust in a relationship (Smart 1993, p. 402).<sup>12</sup>

Not surprisingly, this combination of instrumentalism and sentiment strikes many observers (and practitioners) as contradictory at best, cynical at worst.<sup>13</sup> One can see it as part of a larger moral economy, often difficult for outsiders to comprehend, much less appreciate (Geertz 1973). To explain this, Kipnis (1997, p. 23) states that "in *guanxi*, feelings and instrumentality are a totality," while Smart (1993, p. 404) concludes that "the stability of interpersonal relationships even those implicated in capitalist relations of production, is supported by the utilization of an idiom capable of encompassing divergent motivations and forms of exchange. This idiom is the vocabulary of *guanxi*, of *ganqing*, of accomplishing tasks, and of long-term social relationships." It is significant, though not surprising, that anthropologists who have done intensive field work in a discrete rural field site appear likelier to stress the sentimental component than people who have conducted research (or business) in urban areas. The latter often believe that *guanxi* serves purely instrumental functions and is little more than a euphemistic gloss for corruption and back door dealing.

It is also possible that timing has something to do with this negative view of *guanxi*. Because the concept initially made it into foreign perspectives of China during the early period of opening up, when China had few laws or regulations governing the headlong, often ill-prepared onslaught of foreign trade and investment, the centrality of *guanxi* was quite pronounced, and any protestations of an equal element of sentiment were scoffed at. The early reform years coincided with Deng Xiaoping's efforts to purge the followers of the radical Gang of Four, itself, by definition, a *guanxiwang*. In a major 1980 address, "On the Reform of the System of Party and State Leadership," Deng lambasted many unhealthy practices of cadres such as "bureaucracy, over-concentration of power, patriarchal methods,

11 Fried draws a careful distinction between *ganqing* and friendship. The latter is "a relationship between two or more persons based on mutual affection and sympathy and devoid of the object of exploitation," while the former "differs from friendship in that it presumes a much more specific common interest, much less warmth and more formality of contact, and includes a recognized degree of exploitation" (p. 226). In this book, he uses numerous Chinese terms but does not mention the term "*guanxi*."

12 For an extended discussion of trust in Chinese societies (or the lack thereof), in comparison with other societies, see Fukuyama (1995).

13 Research by psychologists comparing East Asians and Americans suggests that Asians have a higher tolerance for such contradictions: In one study, "'Asians tended to be more 'holistic,' showing greater attention to context, a tolerance for contradiction, and less dependence on logic'" ("Tomayto, Tomahto, Potayto . . ." *New York Times Week in Review*, August 13, 2000, p. 2); see also Ji et al. (2000).

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life tenure in leading posts, and privileges of various kinds” (Deng 1984, p. 309). Personal networks pervade these practices and had been strengthened by the lawlessness of the Cultural Revolution decade (1966–1976). Now these networks were being used to protect their members from the purge. Of course, Deng was also mobilizing his own networks to oust those of his enemies. The Chinese media at the time were replete with attacks on *guanxi*-related unhealthy practices, fueling perceptions of *guanxi*’s ubiquity among Chinese and foreigners alike.<sup>14</sup>

*Guanxi* relationships are by definition unequal, although the locus of power shifts and may never be in complete balance (Hwang 1987; Wang 1979; Zhai 1996). Because of the intrinsic element of reciprocity and obligation, one party seeks some favor, which then obligates both parties to continue the relationship. (Of course, it is possible to break off a relationship, although there is a risk to the reputation of both parties.) Effective use of *guanxi* can provide face (*mianzi*) – that is, prestige and status. Pye (1992b, pp. 207–208) argues that “the advantaged position is that of the person who can ‘pull *guanxi*’ – that is, extract favors from the more fortunate partner” – and Yan (1996a, p. 21, and ch. 7) concludes that gift-receiving rather than gift-giving generates power and prestige: “In some contexts, gifts flow only up the social status hierarchy with the recipient always superior in status to the giver.” Inequality is also apparent in the exclusionary nature of *guanxi*, as it indicates who is in a network and who is not. Although networks are far-flung, they do constitute a boundary for a circle of exchange.

SCHOLARSHIP ON *GUANXI*<sup>15</sup>

The Chinese can hardly claim to have the only society where networks play an important role in social life. Yet, many observers and scholars of China recognize *guanxi* as something special or crucial within Chinese society and Chinese circles more broadly. How do we explain its significance? And what does it actually tell us about Chinese society? In answer to these enduring questions, a growing body of literature has emerged over the last two decades that can be broken down into two perspectives. On one side of the debate sit those who see *guanxi* as an essential element of Chinese culture, a phenomenon deeply rooted in the Chinese psyche. On the other side of the debate are scholars who see *guanxi* as a response to specific institutional and historical conditions that happen to exist in China. According to this latter group of scholars, the conditions that have produced *guanxi* have been extreme enough and enduring enough that the phenomenon has over time become inextricably linked to Chinese society, but it is the institutional conditions that have driven the emergence of the phenomenon. Thus, from this view, any perception of the particular Chineseness of *guanxi* is an artifact of historical and institutional conditions.

14 Examples include: Liu Binyan’s (1983) “People or Monsters?”; fiction by Jiang Zilong (1980, 1983); poetry by Ye Wenfu (1983); drama by Sha Yexin et. al. (1983) and Xing Yixun (1980); comedians’ cross-talk by Wang Minglu (1986); and news items with critical commentary such as *Renmin Ribao* August 7, 1981.

15 For an extensive literature review, see Nathan (1993).



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Scholars who view this phenomenon as fundamentally Chinese trace *guanxi* to its enduring significance in traditional Chinese philosophy, in particular its stress on the centrality of social interaction in the formation of the individual's identity and sense of fulfillment as a "person." In contrast to someone in the Judeo-Christian tradition who derives identity and fulfillment from a direct spiritual relation to God, for a Chinese "there can be no fulfillment for the individual in isolation from his fellow men" (King 1985, p. 57; see also deBary 1985, p. 33). The self is realized in the social sphere. "The key concept in Confucianism is *jen* [*ren*], or human heartedness" (Mei 1967, p. 328), which involves self-cultivation and education, in particular, learning how to treat other people.<sup>16</sup>

It follows that understanding and successfully managing interpersonal relationships are essential elements of being authentically "Chinese," regardless of time or place. The noted Chinese scholar Liang Shuming argued that "Chinese society is neither *ko-jen pen-wei* [*geren benwei*] (individual-based) nor *she-hui pen-wei* [*shehui benwei*] (society-based), but *kuan-hsi pen-wei* [*guanxi benwei*] (relation-based). In a relation-based social system, the emphasis is placed on the relation between particular individuals: "The focus is not fixed on any particular individual, but on the particular nature of the relations between individuals who interact with each other. The focus is placed upon the relationship" (King 1985, p. 63). Wei-ming Tu (1981, p. 114) argues that "the human mind may resemble a tabula rasa, but a person is always born to a complex social network." The main point within this view is that "the self so conceived is not a static structure but a dynamic process. It is a *center* of relationships, not an enclosed world of private thoughts and feelings. It needs to reach out, to be in touch with other selves and to communicate through an ever-expanding network of human-relatedness" (*ibid.*, p. 113).

To characterize the essential Chinese approach to social relationships, China's eminent sociologist Fei Xiaotong (1992, p. 65) utilized the image of "ripples formed from a stone thrown into a lake, each circle spreading out from the center becomes more distant and at the same time more insignificant." Fei refers to this as *chaxu geju*, his neologism awkwardly translated as "differential mode of association." Within this mode of association, the society is composed not of discrete organizations, as in the modern West, but of overlapping networks of people linked together through differentially categorized social relationships" (*ibid.*, p. 20). Each individual is at the center of an egocentric network with no explicit boundaries, always involved in social interactions (*guanxi*) of varying strength. People are

16 This *jen* (*ren*) is the same Chinese character as the *ren* in *renqing* (*jen-ch'ing*) translated above as human feelings. *Ren* is made up of a radical for "person" with the number 2, indicating that to be a fully realized "person" involves interacting properly with other people. Contrast this with the "Lockean individualism" at the root of the American concept of "self" (Bellah et al., 1991, esp. pp. 85–90). In his fabulously politically incorrect 1894 book, Arthur Smith wrote on the concept of *ren*, which he translated as "benevolence": "It is unnecessary to remark that the theory which the form of the character seems to favour, is not at all substantiated by the facts of life among the Chinese" (p. 186).

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continuously evaluating and managing – through reciprocity – their relations with others.

From this perspective, the centrality of *guanxi* in Chinese society at any time or place is an essential part of “China’s national character” (Hwang 1987, p. 959). “That the Chinese are preoccupied with *kuan-hsi* building has indeed a built-in cultural imperative behind it” (King 1985, p. 68). One need not anchor an explanation of the persistence of *guanxi* in any particular institutional arrangement; Chinese just are that way. It is “part of the essential ‘stock knowledge’ . . . of Chinese adults in their management of everyday life” (ibid, p. 63). While these elements singly and as a complex are not unique to China, contemporary or historically, scholars in this tradition believe that the pervasiveness of *guanxi* as a social fact in China gives credence to claims that it occupies a special place in Chinese life, well beyond its status elsewhere.

These often-unquestioned assumptions about the centrality of *guanxi* to the Chinese worldview have informed the work of scholars and business consultants. Prominent among scholars have been political scientists examining topics such as factionalism, patron-client relations, and informal politics.<sup>17</sup> The work of Lucian Pye (1968) and Richard Solomon (1969, 1971) on political culture stands out, in particular their emphasis on Chinese psychological dependency on strong personalized authority figures. Pye starts from the Chinese “compulsive need to avoid disorder and confusion, to seek predictability and the comforts of dependency, and to accept the importance of authority,” which makes “them anxious to seek out any acceptable basis for orderly human relationships” (1968, p. 174). According to Pye, the very basis of a Chinese person’s understanding of the world is the “web” of relationships in which he is embedded, a fact that naturalizes the manipulation of relationships to accomplish tasks. As Pye puts it, “The Chinese tend to see the manipulation of human relationships as the natural and normal approach for accomplishing most things in life” because they perceive “society as a web of human relationships and associations” (ibid, pp. 173–74). From this view, Chinese culture creates a deep psychological proclivity for individuals to actively cultivate and manipulate social relations for instrumental ends.<sup>17a</sup>

The unanticipated rise of industrial East Asia generated a great deal of interest in explaining how collectivity-oriented peoples could exhibit such dynamic entrepreneurial energy, something presumed to reside only in heroic individuals. The work of S. Gordon Redding, in delineating the contours of “the spirit of Chinese capitalism” (1990), focuses on “the psycho-social legacy of China” to explain how networks can be made to serve business. As with Pye and Solomon,

17 While the early scholars working in this area studied issues related to *guanxi*, many did not use the term or address the issue specifically. However, it appears that the first scholarly work to explore *guanxi* explicitly was in the area of politics: J. Bruce Jacobs (1979, 1980) took up the issue in his study of factions in Taiwanese politics. While his approach was essentialist, Bosco (1994a) later, also studied *guanxi* in Taiwanese factional politics from an institutionalist perspective.

17a Pye (1992a) and Solomon (1999) have discussed the Chinese use of *guanxi* as central to their negotiating style in diplomacy and business.