An exploratory examination of the use of guanxi by Chinese business people to influence the government’s interpretation, practices and application of policy in China

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Statement of Originality

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ABSTRACT

This research investigates the role of guanxi in the Chinese business-to-government market. To succeed in China, relationships with the Chinese government are paramount for most corporations. The aim of this research is to explore the question “How does the use of guanxi by Chinese business people influence the government’s interpretation, practices and application of policy in China?”

In the past decade, multinational corporations have continued to expand the battle fields of business from local countries into global markets. Government policies and regulations are key drivers in the globalization process and have become increasingly important for individual countries such as China. It has been acknowledged that guanxi is an important aspect of doing business in China. A good relationship with the Chinese government and government officials is crucial for any multinationals. However, there is lack of research on the relationship requirements with the government around the use of guanxi as a lobbying and persuasion tactic.

This research seeks exploratory data to understand the role of guanxi in connection to business and the Chinese political system, and how guanxi influences the interpretation and execution of government policies from a relationship marketing perspective. This research has been undertaken by means of the interpretivist exploratory approach, drawing on insights from twenty business people, all of whom have had many years of experience in the Chinese market.

This research finds businesses use guanxi to influence government policies at both organizational and personal levels. They persist to establish a good guanxi, trust and xinren relationship with government officials. Other factors may also affect the consideration of guanxi strategies including the size of enterprises, economic and technological contribution of businesses, performance and the accountability of the government, the stability of society and the regional variations of guanxi culture.