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Business is business? Stakeholders and power distributions in *guanxi*-related practices in the Chinese public relations profession: A comparative study of Beijing and Hong Kong

Fang Wu (Assistant Professor)^a, Zhuo Chen (Mphil Student)^b, Di Cui (Lecturer)^{c,*}

- ^a School of Media and Design, Shanghai Jiao Tong University, 800 Dongchuan Rd., Shanghai, China
- b School of Journalism and Communication, The Chinese University of Hong Kong, Shatin, N.T., Hong Kong
- ^c Journalism School, Fudan University, 400 Guoding Rd., Shanghai, China

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ABSTRACT

As a special type of relationship exercised at the level of the individual in Chinese culture, guanxi has been claimed to pervasively affect business practices in China. Using a contextual perspective, this study compared guanxi-related practices in Beijing and Hong Kong, two Chinese societies with a similar Confucian heritage but different institutional and cultural traits. Four group interviews were conducted to identify the characteristics of guanxirelated practices, their main stakeholders, and the power relationships that exist between them. Public relations practitioners from Hong Kong and Beijing engage in guanxi-related practices with similar main stakeholders, except that only practitioners from Beijing valued guanxi with the government. Findings from the group interviews demonstrate regional differences in the closeness components, source of connections, and basic principles governing guanxi-related practices.

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1. Introduction

Guanxi, the Chinese equivalent of relationship, is commonly used in business and public relations practices in China (e.g., Huang, 2000; Tsang, 1998). According to Chen, Chen, and Huang (2013), there is as of yet no definition that encompasses all aspects of guanxi, which may be due to the concept's complicated typologies (e.g., family vs. non-family) and diverse characteristics (e.g., as strategies or processes). Regardless of this conceptual challenge, guanxi is identified as a significant cultural factor that could affect business-related practices in China. In the late 1990s, Chinese private sectors still depended on guanxi because of undeveloped legal frameworks. Private companies tended to build and reinforce guanxi with government officials for protection (Xin & Pearce, 1996). Many foreign companies doing business in China also regarded guanxi as a source of sustained competitive advantage (Tsang, 1998).

Previous literature has explored how *guanxi*-related practices are used by business sectors in the Chinese society (Chen, Chen, & Huang, 2013; Chow & Ng, 2004). To enrich this body of knowledge, this study scrutinizes the influence of broader contextual and institutional forces on guanxi-related practices. Like other social practices, guanxi-related practices are deeply rooted in the social context. Characteristics within a social context, such as media, economic, political, and cultural systems,

E-mail addresses: yvonne.fat@gmail.com (F. Wu), chenzhuo.fire@gmail.com (Z. Chen), cuidi2009@gmail.com (D. Cui).

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Corresponding author.

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influence decision-making about public relations practices. To identify the influence of social contexts on *guanxi*-related public relations practices, we used a comparative logic to make our findings more context-sensitive. We conducted a comparative study of two Chinese societies—mainland China and Hong Kong—that are similar in terms of a shared Confucian tradition but vary in other respects, such as current cultural trends, politics, economic development, and media systems (Wu, Huang, & Kao, 2016). It is methodologically sound to delineate these contextual influences via the comparison of *guanxi*-related practices in both societies.

The goal of this study is to investigate *guanxi*-related practices in the public relations profession by using a contextual perspective embedded in a multifaceted social analytical framework. This study contributes to public relations research in the following respects. First, the development of the public relations profession has mostly been discussed in a western, individualistic context. However, Chinese culture is regarded as more collectivistic or relation-oriented. Therefore, the personal connection (i.e., *guanxi*) is one of the main cultural characteristics in China. This study explored how public relations practitioners legitimately integrated this personal relationship/connection characteristic into professional public relations practices. Second, most studies of *guanxi*-related practices in the public relations profession have focused on ethics or aspects other than the executive parts of the practice. This study fills the theoretical gap by articulating *guanxi*-related practices and their underlying power structures from the perspective of public relations practitioners. Third, the influence of social context leads to different choices regarding practices (*Grunig & Grunig*, 2003). This study takes a critical perspective toward the exploration of the particular influences of media, political, and economic systems on the choice of *guanxi*-related practices by a comparative study of Hong Kong and mainland China.

2. Literature review

Guanxi, literally translated as interpersonal connections, is the core concept for social interaction in Chinese culture (Hwang, 1987; Su, Mitchell, & Sirgy, 2007). According to Yang (1994, p.1), guanxi can be specifically identified as "literally 'a relationship' between objects, forces, or persons. When it is used to refer to relationships between people, not only can it be applied to spousal, kinship, and friendship relations, it can also mean practical 'social connections': dyadic relationships that are based implicitly (rather than explicitly) on mutual interest and benefit." Thanks to the prosperity of Chinese and East Asian economies, guanxi has become a widely mentioned term in management literature in recent decades (Chow & Ng, 2004). Huang (2011) summarized how guanxi has been diversely translated as relationship, connections (Tsang, 1998), personal network (c.f. Mitchell, 1969), reticulum (c.f. Kapferer, 1969), and particularistic ties (c.f. Jacobs, 1979). However, despite substantial debates about guanxi, there is still no mutually acknowledged or agreed upon definition of guanxi in the literature (Chow & Ng, 2004; Huang, 2011). Nevertheless, previous research findings have characterized guanxi as possessing the following traits: (1) being associated with social exchange (Hwang, 1987; Luo, 2000), (2) variability based on the degree of closeness of ties (Hwang, 1987; Yang, 1992), and (3) being seen as tangible capital by an individual or organization (Luo, 2000).'

2.1. Relationship and Guanxi: when organizational becomes personal

Mainstream public relations research has thus far been based on western social contexts, where *relationship* has been extensively studied (Huang, 2001). This study focuses on *guanxi* as a main theoretical concept and defines *guanxi* by making comparisons with the concept of relationship. Instead of dichotomizing the two concepts, this study treats *guanxi* as a cultural equivalent of relationship. According to Wang (2011), there are irreconcilable differences between cultures that may not be translatable, but those differences can be explained and learned with efforts. *Guanxi* has been identified as an exemplar of such incommensurable cultural phenomenon when juxtaposing with relationship in the Western culture (Wang & Huang, 2016). That said, *guanxi* shares fundamental similarities with relationship but also has important differences from it. The following discussion compares the key traits of each concept in three aspects.

2.1.1. Organizational relationship to personal connection

When mainstream public relations research mentions the notion of relationship, what is actually being referred to (in most cases) is organization-public relationships (OPRs), defined as the "state which exists between an organization and its key publics in which the actions of either entity impact the economic, social, political, and/or cultural well-being of the other entity" (Bruning & Ledingham, 1999, p. 160). From this perspective, most western scholars have discussed relationships at the organizational level. However, in the Chinese context, a commonly referred to type of relationship is identified as *guanxi*. Different from the concept of relationship in the west, guanxi is a functional relationship/connection with the potential for resource exchange, which is usually initiated and maintained at an individual level. According to Yang (1994, p. 1), guanxi can be specifically identified as "literally 'a relationship' between objects, forces, or persons. When it is used to refer to relationships between people, not only can it be applied to spousal, kinship, and friendship relations, it can also mean practical 'social connections': dyadic relationships that are based implicitly (rather than explicitly) on mutual interest and benefit." In Confucian-influenced societies, establishing guanxi is a strategy for building and reinforcing good interpersonal connections, such as *la guanxi* (build connection) or *gao guanxi* (work connection), in order to bridge the gaps within and between social classes (Huang, 2000). Huang (2002) also found that such an understanding of *guanxi* and its related practices did exist in the public relations profession in mainland China, Hong Kong, and Taiwan. In other words, the boundary between

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