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# *Guanxi* and social capital: Networking among women managers in China and Finland



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#### ABSTRACT

Considering that women are still under-represented in management, researchers have claimed that networking is an important career management tool for women. This study aims to empirically explore how women managers benefit from social networks in the information technology (IT) field in China and Finland. *Guanxi*, an Eastern term for social networking, has seldom been studied in terms of gender and career, especially within cross-cultural research. Social capital is a Western term for social networks. Using questionnaires, in-depth interviews and interpretive analysis, we compare the composition and structure of social networks used by women managers within the information technology sector in the two countries. The results show: (1) that in both contexts, there is an effect of female to-male dyads, which are mainly within power- and work-related networks (e.g. most ties of 'influence' are with older men) while female-to-female dyads are mostly 'social', (2) China has relatively small networks while Finland has networks differentiated on the basis of function, and (3) there are differences in the structure and participant strategies in networks and networking in the two contexts.

Both *guanxi* and social capital include elements of "who know you" and "who knows you" that are important for career success. We suggest that a strategic and cross-gender, cross-company approach to networking would assist women in career advancement. Moreover, deeper research should be undertaken into the nature of the social ties that carry networks because these are based on country-specific traditions even when they appear superficially similar. Implications for international human resource management are also discussed.

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Since globalization is continuously redefining relationships between business organizations throughout the world, the role of culture – national and organizational – has been the topic of numerous recent studies focusing on various aspects of human behaviour (Adya, 2008; Fang & Faure, 2011; Faure & Fang, 2008; Tams & Arthur, 2007; Weisinger & Trauth, 2003). At the same time, "strategies that call for the simultaneous deployment of diametrically opposed principles" (Fang, 2012, p. 25), such as glocalization, which combines both global and local trends (Bartlett & Ghoshal, 1989; Fang, 2012, p. 34), have emerged. National cultures are dynamic and changing in addition to being stable and strong and navigating across worlds has increased. Multinational companies as well as the internet (Takahashi et al., 2008) and distance transcending technology are generating cultural interaction. Widespread immigration increases the cultural mix (DelCampo, Jacobson, & Van Buren, 2011) and makes aspects of discrimination worth studying. Biculturalism, where two originally distinct cultures are in some form of co-existence, extends our understanding of culture and nationality. It can represent comfort and proficiency with both one's heritage culture and the culture of the country or region in which one has settled (Schwartz & Unger,

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2010). In spite of the cultural dynamism mentioned above, cultural traditions still have considerable impact within national boundaries. As found by Pan, Rowney, and Peterson (2011), in their study of Chinese cultural traditions using a model of cultural traditions among business employees, traditions still provide a unique model for Chinese culture and provide a deep inner understanding.

Gender, including the cultural aspects of the behaviour of women and men, crosses national boundaries, as found in studies involving international comparisons (Davidson & Burke, 2004), and carries elements of national cultural heritage. We ask what national culture means in women's managerial careers within the framework of social relations and networks. Our approach is from the standpoint of women because we see that independent of cultural boundaries women remain at the margins of management, and we suppose that human relations and networks partly explain this.

The under-representation of women in non-traditional occupations (e.g., management and the information technology (IT) field) has been widely documented in Western literature, and has been related to culture, especially organizational culture (Ahuja, 2002; Burke & Nelson, 2002; Kaplan & Niederman, 2006; Tranth, 2002). In addition to the well-known concept of the glass ceiling and perceived masculinity in the field, researchers have pointed out that inadequate social networks, especially informal ones, have been a hurdle to career success for women (Kanter, 1977; Kaplan & Niederman, 2006; Powell, 2000). According to social capital theorists, individuals are embedded in networks of social relationships with other economic actors, and social networks represent a source of competitive advantage (e.g., Nahapiet & Ghoshal, 1998; Putnam, 1995). By adopting a relational approach, we can deepen our understanding of social networks as a source of sustained competitive advantage in different contexts – Eastern and Western (Ordonez de Pablos, 2005) – which connect networking and social spheres of work to culture from a dynamic and situational perspective (Leung, Bhagat, Buchan, Erez, & Gibson, 2005; Weisinger & Trauth, 2003).

Usually, good performance and close social networks are seen as connected both in Western literature (Fukuyama, 1995) and in China (Luo, Huang, & Lu, 2011). It is, however, not self-evident what is meant by successful networks (Luo et al., 2011) or successful careers (Guntz & Heslin, 2005). Women may both benefit and suffer from social relations and networks in their careers. As found by Aaltio and Huang (2007), rich social networks for Chinese career-orientated women may also damage their informal social networks and cause a dual-effect, both positive and negative. This finding also indicates the need to be culturally sensitive in studying questions of career and gender. To explore the cross-cultural nature of women's managerial careers, we conducted a cross-cultural study of networking among women managers in the IT field in China and Finland. In particular, we focused on the composition and structure of *guanxi* (an Eastern term for social networks) and social capital (a Western term for social networks) and how they might relate to the careers of women managers. The study uses both qualitative and quantitative methods and is therefore based on a mixed method approach.

This study is situated within the following theoretical context. First, studies on guanxi dominate Chinese management literature (Chow & Ng, 2004; Tsui & Farh, 1997; Xiao & Tsui, 2007; etc.); however, guanxi has seldom been studied in terms of gender and career perspectives, especially within a cross-cultural context. Leung (2000) points out that gender issues and Chinese cultural traditions, such as guanxi, are major factors influencing career development and managerial growth in China. Second, according to Ibarra (1993), network and management theories should be integrated when discussing how managers build and utilize informal personal relationships to achieve goals. Third, people act through networking, and their economic action is embedded in their ongoing network of relationships (Granovetter, 1992); therefore, social network analysis can reveal important elements of the special way women managers build their careers. Fourth, recent advances in theory building in cross-cultural management and Chinese business studies (Fang & Faure, 2011; Faure & Fang, 2008) hold to a dynamic vision of Chinese culture and communication – a Yin Yang perspective to understanding culture (Fang, 2012). Although studies of guanxi and social capital originate from different cultures, both were explored within sociology first and spilled over into the study of management later. Their similar background makes it possible to compare them, especially within the newly developed field of IT in today's globalizing context. Accordingly, people in a high-tech industry like IT have been experiencing transformational changes and high mobility, which make them the subject of social network studies (Adya, 2008; Ahuja, 2002; Xiao & Tsui, 2007). Recent work on guanxi (Chen, Chen, & Huang, 2013) has summarized its conceptual definitions and measurements, its antecedents and consequences, and its dynamics and processes. Furthermore, having identified the gaps in guanxi research and future directions, it foremostly emphasized the neglected area of the social networking research on groups in organizations. It has also identified a lack of studies that focus on the effects of structural characteristics such as size and centrality and of networks. Thirdly, research has focused on the performance and outcomes of guanxi; however, processes of creating guanxi and especially empirical testing of guanxi is needed. Our research contributes to exploring the role of women in networking in organizations, and how individuals are able to use guanxi and social capital in building careers within organizations.

We explore *guanxi* and social networking from the perspective of women's careers, whereas we do not especially emphasize the changes that are needed in order to advance women's careers from the feministic standpoint. Our approach emphasizes the opportunities women have to use their stock of relationships and the cultural relations as a context for career advancement (Kumra & Vinnicombe, 2010; Syed & Murray, 2008), seen often as a key variable especially in managerial careers. Although aware of the Feminist schools (Calas & Smircich, 2008), our focus is how equality between men and women can be improved within organizations and especially in the differing cultural contexts of China and Finland, but we see this as a particular point for future research. Cultural comparisons, however, can help in understanding the common, but also differing nature of the organizational context of career in both of these countries, as well as the ethics and values that are culturally specific and not easy to globalize.

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