Interpersonal Relationships as Informal Governance Mechanism: Do Family Firms and Non-Family Firms Practice Differently?

Due to the inefficient formal governance mechanisms in Asian emerging markets, informal mechanisms are often more important than formal ones. Among the informal mechanisms, interpersonal relationships, known as guanxi, play an important role in providing firms access to diverse resources, reducing uncertainty and transaction costs. However, the literature has paid insufficient attention to whether or not the practice of guanxi is different between family firms and non-family firms. This article reviews relevant research in this stream and argues that the practice of guanxi in family firms seems to be healthier, more stable and with long-term commitments. In contrast, practice of guanxi in non-family firms seems to be more opportunistic, detrimental, and time variant.

Keywords: Confucianism, business relationship, family firm, guanxi, interpersonal relationship, social capital.

Dėl neefektyvaus formaliojo Azijos besivystančių rinkų valdymo neformalūs mechanizmai dažnai yra svarbesni nei formalūs. Tarp neformalių mechanizmų tarpasmeniniai santykiai, kaip kalba vadinami guanxi, yra svarbūs užtikrinant įmonės prieiga prie įvairių išteklų, sumažinant neapibrėžtumą ir sandorių kaštus, tačiau mokslinėje literatūroje retai analizuojama, tuo skiriasi guanxi praktika šeimos verslo įmonėse ir ne šeimos verslo įmonėse. Šiame straipsnyje, atlikus svarbiausių šios temos tyrimų analizę, nustatyta, kad guanxi praktika šeimos verslo įmonėse yra sveikėsnė, stabilesnė, prisiminti ilgalaikiai įsipareigojimai, o guanxi praktika ne šeimos verslo įmonėse yra opportunistiškesnė, žalingesnė, prisiminti tik trumpalaikiai įsipareigojimai.

Reikšminiai žodžiai: konfucianizmas, verslo santykiai, šeimos verslo įmonės, socialinė įtakos tinklai (kin. guanxi), tarpasmeniniai santykiai, socialinis kapitalas.

JEL Classifications: M1/D1/L2.

Introduction

Unlike Western advanced economies, Asian emerging markets are characterized by inadequate development of institutional infrastructure, resulting in either the absence of, or weak legal systems to efficiently enforce contracts (Filatotchev, Jackson & Nakajima, 2013). In this context, scholars argue that informal
institutions are often more important than formal ones (Globerman, Peng & Shapiro, 2011), and informal governance mechanisms that derived from cultural values and social norms substitute for formal mechanisms in Asian emerging markets (Dinh & Calabrò, 2019). Among informal governance mechanisms adopted by Asian firms, interpersonal relationships known as guanxi have been widely discussed and argued to be an efficient tool that helps firms reducing institutional uncertainty and transaction costs, enhancing partnership effectiveness, and providing access to diverse resources (Chen, Chang & Lee, 2015; Sheng & Mendes-Da-Silva, 2014; Yang & Wang, 2011; Luo, Huang & Wang, 2012).

Despite its functionally equivalent governance mechanism, majority of the literature on guanxi so far has paid little attention to whether or not the development and practice of guanxi is different between family firms and non-family firms (Dinh & Calabrò, 2019). Indeed, the mainstream literature on guanxi has primarily focused on its functional role and taken for granted that guanxi is universal to all firm types in Asia (Farh, Tsui, Xin & Cheng, 1998; Michailova & Worm, 2003; Wong & Tjosvold, 2010). Given the roots of guanxi that are indispensable from familial relations in Confucian culture, the goal of this article is to distinguish the development and use of guanxi between family firms (FFs) and non-family firms (non-FFs). Distinction of guanxi on how it is developed and practiced between FFs and non-FFs will shed further light on this informal governance mechanism and help practitioners at individual and organizational levels use it more effectively.

Thus, in order to meet this goal, this article aims to disentangle this informal governance mechanism by digging deeper into guanxi’s cultural roots and its furtherance/evolution in business context in Asia especially in China and other regions and countries that influenced by Confucianism, for instance, Hong Kong, Malaysia, Japan, Singapore, South Korea, Taiwan, and Vietnam. Drawing upon the cultural and familial characteristics that constitute guanxi in Confucianism, and studies on “guanxi and firm performance”, we argue that the development and use of guanxi in FFs is different from that in non-FFs. Indeed, the practice of guanxi in FFs often appears to be healthier, more stable, and with long-term commitments. In contrast, practice of guanxi in non-FFs seems to be more opportunistic, detrimental, and time variant.

The rest of this article is structured as follows. The following section provides understanding on institutional antecedents and governance role of guanxi. The section after that reviews and discusses how guanxi is practiced between FFs and non-FFs based on some key aspects. This article ends with concluding remarks.

Methodology

This article employs narrative and critical review method of empirical research as well as theoretical analysis of Chinese guanxi in family firms and non-family firms. According to Baumeister and Leary (1997), narrative review is more appropriate for combining and discussing various types of evidence from diverse methods used in reviewed articles.

Additionally, because this article is a perspective paper, critical review is valuable for discussing the evidence and constructing conceptual arguments (Podsakoff, MacKenzie, Lee & Podsakoff, 2003).
Institutional Antecedents of Guanxi and its Role as Governance Mechanism

Institutional Antecedents of Guanxi

In Chinese language, guanxi means “tie up”, “connect” or “relationships” in generic sense between two or more persons rooted deeply in Confucianism, an ancient Chinese philosophy since the Han dynasty BC 206 – AD 220 (Jacobs, Guop ei & Herbig, 1995). The Confucian philosophy emphasizes two key elements i.e. the closed system of relationships among individuals (e.g. within family and collective group) and the hierarchical order of these relationships (e.g. senior versus junior) (King, 1991). Accordingly, Confucianism assumes that Chinese people live in an intricate web of personal and social inter-connections and Chinese society has been functioning as clan-like networks (Chen & Chen, 2004). Such networks can be viewed as concentric circles in which family members including relatives are at the core. This core is the guanxi base and constitutes family guanxi. Outer circles including friends and classmates, neighbours, colleagues, and pure acquaintances or social relations with no lasting nature are called acquaintance guanxi and stranger guanxi respectively (Yang, 1995; Yang, 1994). These outer circles are being viewed as peripheral arranged in accordance to the distances of relationships and degrees of trusts (Luo, 1997). Belonging to these networks allowed ancient Chinese people to get special treatments, protection, and privileges that “outsiders” may not have. In family-based relationship, people at the core are related to each other by blood ties and the level of trust among these people is also highest as compared to those at outer circles. Therefore, it can be argued that guanxi relationships among people at the core of the concentric circles have strongest impact. As a consequence, the further the guanxi is from the core, the weaker the guanxi impact is. Meanwhile, the vertical order or the hierarchical order of guanxi relationships emphasizes that the senior in both social rank and age e.g. sovereign, farther, husband, and elder brother has more prerogatives and authority than the junior e.g. the subject, son, wife, and younger brother (Chen & Chen, 2004). Any order or decisions made by the senior must be obeyed by the junior without hesitance or defence.

This hierarchy of social relationship has resulted in power distance in Chinese social and organizational structure until today (Liu & Liao, 2013). In the hierarchical structure, people with power and resources are at the core (e.g. sovereign, key decision makers, father). On the other hand, as characterized by closed-system of relationships, ancient Chinese people emphasized the in-group trust and loyalty, thus outsiders to a collective group were considered as not trustworthy (Durning & Kim, 2007). Therefore, if an outsider or a person from different group wants to gain trust from this group (in order to do something or be permitted to do something) he/she must either find a way to be an integral part of this group (by cultivating guanxi) or rely on his/her contacts at the core or nearest possible to the core to get things done (Dinh & Hilmarsson, 2020).

Overtime, these principles of relationships have become the social framework and institutional system that guide Chinese people’s behaviour including Chinese overseas, and people in other Asian countries and regions that are culturally influenced by Confucianism such as Hong Kong, Malaysia, Japan, Singapore, South
Korea, Taiwan, and Vietnam (Dinh & Calabrò, 2019). Although the structural make-up and the nature of the relationships may have evolved since the time of Confucius, modern Chinese societies remain very much relationships oriented and interpersonal relationships (guanxi) are often used to influence some key persons’ decision making to achieve desirable results (Wong & Tjosvold, 2010).

It is worth noting that the word “guanxi” can also be used as an affix to denote many types of relationships depending on what other words are used before it (-guanxi). For example, business relationships (shang wu guanxi), social relationships (she hui guanxi), husband-wife relationship (fu qi guanxi), or relationships among students (tongxue guanxi) (Wee & Combe, 2009). Therefore, when the term guanxi is used, its exact meaning will depend on the context in which it is expressed.

In the context of business (shang wu guanxi), guanxi refers to business relationships that are built on personal relationships at individual level rather than organizational level because such relationships are nurtured by persons and not by the company directly (Dou & Li, 2013). Nevertheless, the concept and practice of guanxi have been extended to and become more prevalent at corporate level (Chen, Chen & Huang, 2013). Indeed, guanxi is considered as organizational social capital and a powerful strategic tool that helps firms maintain competitive advantages and achieve high economic performance (Luo et al., 2012; Arregle, Hitt, Sirmon & Very, 2007).

**Guanxi as Informal Governance Mechanism**

Due to the power distance in social and organisational structure, the lack of legal protection and market supporting institutions in Asian emerging markets, interpersonal relationships are important for business success (Chou, Cheng, Huang & Cheng, 2006) as it can function as governance mechanism (Yang & Wang, 2011). As informal governance mechanism, guanxi relationships can be beneficial for firms in different ways. The most common benefits that guanxi offers is: access to critical information, diverse resources and business opportunities; reduced unnecessary bureaucratic procedures and transaction costs, increased partnership effectiveness, and even legal protection in hostile environments (Tang, Ye & Zhou, 2013; Qi, 2013; Yeung & Tung, 1996).

Despite tremendous efforts of governments in Asian emerging economies recently in enacting various laws and regulations to improve their business environments, the enforcement of these formal mechanisms remains weak (Nguyen & Van Dijk, 2012). Additionally, governments in Asian emerging economies (e.g. China and Vietnam) exercise their controlling power, to a large extent, either through national planning initiatives on the allocation of critical resources or through state-owned enterprises (SOEs), including banks and often in favour of SOEs (Guriev, 2004). As a result, private firms including FFs and non-FFs are often in weaker position than SOEs in gaining access to strategic resources for growth and may face unnecessary regulations (red tape) or excessive tax burdens (Tang et al., 2013). Furthermore, many Asian emerging economies are in transition from centrally planned economies to more literalized market economies resulting in constant institutional changes that causes high level of institutional uncertainty (Bui & Nunoī, 2008). Thus, having guanxi networks with key governmental
officials (political guanxi/connections) can help FFs and non-FFs obtain critical information at early stage to reduce uncertainty, better access resources (e.g. free land use, large bank loan, lower interest and tax rate), and face fewer disciplinary constraints from regulators (Yang & Wang, 2011; Zhang & Zhang, 2006; Chung & Ding, 2010). Affiliated firms also benefit from extensive guanxi networks of their large (parent) business groups to overcome market imperfections (Keister, 2002; Ma & Lu, 2005) and to access technological, financial, and human resources that otherwise might not be possible because of the inadequate institutional infrastructure in Asian emerging markets (Carney & Geda-jovic, 2003; Khanna & Palepu, 1997).

In the context of international business, having good guanxi with local business partners also facilitates business expansion and reduces information asymmetry and transaction costs (Yen, Lin, Chen & Huang, 2015). Good guanxi relationships with local business partners may help foreign firms access local market intelligence, utilize the local partners’ available resources, for instance, through production or distribution channels to ease the expansion plans of foreign firms in host markets (Cheng, Su & Zhu, 2012; Cheung, Haw, Tan & Wang, 2014). Local business partners also could introduce and engage foreign firms in their guanxi networks so that foreign firms can gain more trust and business opportunities in host markets (Chen et al., 2015).

It is undeniable that guanxi functions as an informal governance mechanism that helps facilitate business operations, open dialogues, acquire intelligence and resources, as well as necessary legal protection in institutionally challenging environments in Asian emerging markets.

### Guanxi Practices in FFs and non-FFs

Although guanxi is a cultural phenomenon and originates from the Confucian legacy that emphasizes family values, in-group trust and loyalty, research on this stream seems to overlook how guanxi is developed, maintained and used differently between FFs and non-FFs. In this section we review and discuss how guanxi is practiced between these two different firm types based on some key aspects including origins of guanxi, development and usage, nature and conditions, quality and durability of guanxi.

### Origins

As previously mentioned guanxi is deeply rooted in Confucian culture. Primary guanxi is formed and developed within a family encompassing of people who are related to each other by blood ties or kinship (Dunning & Kim, 2007) so called family guanxi. Since family members often occupy leadership position in their FF, it is argued that guanxi in FFs comes from the owning family including their relatives who work in the firm. Although family managers also need to extend and cultivate guanxi with other non-family stakeholders to acquire external resources like non-FFs do (Miller, Lee, Chang & Breton-Miller, 2009), family guanxi constitutes as ethical platform that guides family managers during this process (Dou & Li, 2013). On the contrary, guanxi in non-FFs is brought into the firm by different individuals who seldom have family ties with one another or pre-existing particularistic ties between them (Chen et al., 2013). Guanxi holders in non-FFs are simply non-family executives, managers or other individuals who
can be resource-rich thanks to their interpersonal relationships outside the firm. This distinct feature warrants us to discuss further other characteristics in practicing guanxi between FFs and non-FFs.

**Development and Usage**

Guanxi has been viewed as organizational social capital, in which resources derived from interpersonal relationships are valuable to the organization (Cao, Ding & Zhang, 2016; Carlisle & Flynn, 2005). However, it is important to note that guanxi remains an individual’s social capital and it may become organizational social capital only when that individual is willing to use his/her guanxi to help the firm achieve its organizational goals (Fan, 2002a; Hwang, 2012). Given the important role of facilitating business success, FFs consider guanxi as “specialized asset” (Bennedsen, Fan, Jian & Yeh, 2015) and use their own resources (e.g. time and effort) to develop, nurture and strengthen guanxi relationships with other stakeholders (Dinh & Hilmarsson, 2020). Miller et al. (2009) found that family managers often build guanxi with their employees with the aim to form a cohesive internal “community” with extensive “connections” that support the owning family and most likely their incoming generation. As “specialized asset” family managers tend to handle guanxi with care without merely exploiting and exhausting it (Dou & Li, 2013; Liu, Luo & Tian, 2015). In contrast, non-FFs seem to over exploit it in a detrimental way. For instance, political guanxi is found to be associated with worse performance in non-FFs (Fan, Wong & Zhang, 2007; Sun, Hu & Hillman, 2016; Sun, Mellahi & Liu, 2011). Particularly, in newly privatized SOEs, guanxi between managers and politicians is associated with over-investment, and it can lead to severe expropriation of minority shareholders’ wealth (Braendle, Gasser & Noll, 2005; Cheung, Jing, Rau & Stouraitis, 2005) due to the “grabbing hand” of controlling shareholders and corrupt politicians (Frye & Shleifer, 1997).

For FFs, the continuity of guanxi across generations is a key determinant of FF success and survival in Asian emerging markets. Thus, in order to maintain and transfer such “specialized asset” to the next generations, family managers carefully incorporate this process in their succession plans. Dou and Li (2013) found that guanxi succession process in FFs was carefully conducted through four phases including preheating, triggering, readjusting, and reconstructing. Additionally, each phase required performing some characteristic tasks including the cross-generational teaching and learning of guanxi philosophy, the deconstruction of the profile of guanxi networks, the introduction of the next generation to existing guanxi parties, the cross-generational role readjustment in guanxi building and management (Dou & Li, 2013). This guanxi succession process is not only used to transfer family (and extended family) guanxi within the FF but also to identify and manage transferability of non-family guanxi networks that family managers have built during their lifetime career. However, we do not see this practice implemented in non-FFs. Indeed, guanxi in non-FFs is argued to be non-transferable. As mentioned earlier, in non-FFs, it is dependent on individuals as guanxi holders, whether or not they agree or are contracted to use their guanxi networks for organizational goals. Indeed, non-FFs can hire a guanxi-rich manager and often his/her guanxi is considered as a determinant of manager’ compensation
level (Ahlstrom, Bruton & Yeh, 2007; Young & Tsai, 2008). As a consequence, the effect of guanxi in non-FFs may be lost when the hired manager leaves the firm. This is because guanxi comprises personal relationships and it needs to be constantly maintained and nurtured at personal level by its owners rather than by the firm itself (Gu, Hung & Tse, 2008).

Furthermore, it is observed that guanxi in FFs is practiced intensively and more vertically from the guanxi base (inner concentric circles) among FFs especially within family business groups (Carney & Gedajlovic, 2003). This is because the level of trust among FFs in the same family business groups is higher and stronger than that for outside firms (Lasserre & Schütte, 1995). FFs tend to rely on their family guanxi when exchanging resources with other affiliated firms within family business groups. This practice allows affiliated firms access greater pool of diverse resources including technological, financial and human capital; reduce transaction costs and institutional uncertainty in Asian emerging markets (Cheung et al., 2014). On the contrary, it is often seen that guanxi in non-FFs is practised more horizontally by selecting a wider range of different professional managers, or resource-rich people e.g. industry bureaucrats, military and governmental officials, to help them acquire external strategic resources (Li, He, Lan & Yiu, 2012; Dinh & Calabrô, 2019). Yet, as previously mentioned, these guanxi effects may disappear when these individuals are no longer working for the firm. This distinct characteristic of guanxi practice leads us to the next paragraph in which we review and discuss further the nature and conditions of guanxi practice between FFs and non-FFs.

**Nature and Conditions**

Familism, a key value in the Confucian ethical system and a driver of family guanxi, distinguishes the nature of guanxi among FFs and non-FFs. Familism places the interests and values of the family as first and foremost and, at all times, such interests and values must be maintained and perpetuated (Ip, 2008). The family-first mentality reflects the Confucian ethical principles that require individual to put his/her interests as secondary to the family interests (Bedford, 2011). Thus, people within family guanxi circle are obliged to pursue, protect and not to harm the common family values and interests (Chen & Chen, 2004). In fact, FFs are characterized by the interaction of two systems i.e. family system and business system (Habbershon, Williams & MacMillan, 2003). As a consequence, at organizational level, it is argued that family managers are prone to practice guanxi in accordance with principles of family guanxi. Indeed, family owners are willing to sacrifice commercial benefits when necessary to protect their family values and identity (Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson & Moyano-Fuentes, 2007). Since family guanxi is characterized by blood ties, high level of trust, affection, obligations, and empathy (Fan, 2002b; Dunning & Kim, 2007), these characteristics often shape family managers’ behaviour. Thus, family managers tend to practice guanxi in favour-seeking manner (i.e. willing to work hard for the sake of family), and rewards must not be returned (Song, Cadsby & Bi, 2012; Qi, 2013).

In contrast, guanxi in non-FFs is characterized as instrumental, contractual and utilitarian (Fan, 2002b; Bedford, 2011; Chen et al., 2013). There is little trust or affective commitment in practicing guanxi
in non-FFs, and if any, it is purely utility driven (Fan, 2002a). Practice of guanxi in non-FFs is more opportunistic in a rent-seeking manner and is the product of contemporary socio-economic systems in which firms need enhance their organizational social capital through individuals’ guanxi networks (Yeung & Tung, 1996; Yang & Wang, 2011). The main thing that matters to the parties involved is their own business interests and the utility of other party (Fock & Woo, 1998). Thus, it is strictly reciprocal following seller-buyer bargaining manner that is reflected through e.g. labour or commercial contracts between involved parties, in which favours (resources) can be granted and rewards (e.g. salary, commission, or other resources) must be returned (Bedford, 2011; Fan, 2002a).

**Quality and Durability**

In terms of quality, guanxi practice in FFs seems to be healthier, stronger, more stable, and with a longer-term commitment as compared to non-FFs (Fan, 2002b). As previously mentioned, Confucian ethical principles not only emphasize trust and loyalty but also preach the importance of harmony and strongly avoid misbehaviour and disputes because such events may lead to the loss of family’s face/reputation (Dunning & Kim, 2007). Thus, people within a family guanxi circle in FFs are obliged to pursue and protect the family values and reputation by not misusing or excessively exploiting resources acquired from their guanxi networks (Dinh & Calabrò, 2019). Indeed, FFs tend to handle guanxi with care (Dou & Li, 2013) and constantly develop intimate relationships with non-family stakeholders including employees, suppliers and the outside organizational community as these actors will be likely to return the generosity to the owning family (Miller et al., 2009). Furthermore, the fact that family managers are directly involved in running their business and cultivating guanxi networks indicates a strong family commitment. Thus, these stakeholders see family managers as stable and powerful representatives of their firms (Miller et al., 2009). Additionally, since family managers also get other family members involved in the process of cultivating and transferring guanxi (Dou & Li, 2013), this entrusts FFs’ partners and encourages them to establish stronger guanxi ties and aim for long-term commitment with FFs (Miller et al., 2009).

Conversely guanxi practice in non-FFs seems to be unstable and contemporary. Different from guanxi in FFs with direct family involvement, guanxi ties in non-FFs is purely utility driven, a deal of money and power, and is contract-based (Fan, 2002b). Majority shareholders in non-FFs tend to opt for commercial and short-term benefits and excessively exploit resources acquired from contractual guanxi (Liu et al., 2015; Sun et al., 2016; Sun et al., 2011), and in many cases leading to severely expropriating benefits of other stakeholders (Fan et al., 2007; Cheung et al., 2005). Yet, guanxi practice in non-FFs could be a one-off case, and once the parties have already achieved their goals, there is neither guarantee nor commitment to maintain such guanxi ties (Luo et al., 2012). In fact, guanxi in non-FFs seems to be more time variant that that in FFs. The effect of hired guanxi (hired managers or executives who have good guanxi networks) may be lost when the hired managers are no longer working for the firm. This is because guanxi comprises personal relationships and it needs to be constantly maintained and nurtured (Gu et al., 2008).
Thus, the departure of a hired manager is likely to result in the loss of the guanxi that the manager brought into the company (Wee & Combe, 2009).

**Conclusions**

The purpose of this article is to review and discuss the different practices of guanxi between FFs and non-FFs. Based on some key aspects including the origins of guanxi, development and usage, nature and conditions, quality and durability, we argue that the practice of guanxi is substantially different between FFs and non-FFs. Guanxi as practiced in FFs seems to be healthier more stable and long term. In contrast such practices in non-FFs are often, according to the reviewed literature, used in a more detrimental way, unstable and with short term benefits in mind. Furthermore, guanxi practice in FFs seems to be more stable and obligations and emotionally oriented as compared to non-FFs. The practice of guanxi in non-FFs appears to be purely driven by utility and seems to be more time variant.

The issues discussed in this article are important for practitioners in different ways. First, despite the improvement in the institutional environment, social structure and legal framework in many Asian emerging markets, guanxi practice, as cultural heritage, will remain and continue to influence the behavior of people. Nonetheless, in order to use guanxi effectively, parties involved need to understand its characteristics and nature. Managers in non-FFs may want to learn from their family counterparts how guanxi is practiced in order to convert these individual social networks into organizational capital in a more effective way. Second, despite variety of guanxi types and its practices, practitioners should note that true guanxi cannot be managed or controlled by systems, document, and procedures. It is personal relationship and is nurtured by accumulated feelings and emotions through close personal interactions. Finally, understanding and practicing guanxi properly will facilitate business success in relationship-based markets such as China and other Confucian countries in the region. Yet, it should be used as a tool and not a substitute for a sound business practices and strategy.

**References**

1. Ahlstrom, D., Bruton, G. D., & Yeh, K. S. (2007). Venture Capital in China: Past, Present, and Future. *Asia Pacific Journal of Management, 24*, 247–268. doi: https://doi.org/10.1007/s10490-006-9032-1
2. Arregle, J. L., Hitt, M. A., Sirmon, D. G., & Very, P. (2007). The Development of Organizational Social Capital: Attributes of Family Firms. *Journal of Management Studies, 44*(1), 73–95. doi: https://doi.org/10.1111/j.1467-6486.2007.00665.x
3. Baumeister, R. F., & Leary, M. R. (1997). Writing Narrative Literature Reviews. *Review of General Psychology, 1*, 311. doi: https://doi.org/10.1037/1089-2680.1.3.311
4. Bedford, O. (2011). Guanxi-Building in the Workplace: A Dynamic Process Model of Working and Backdoor Guanxi. *Journal of Business Ethics, 104*, 149–158. doi: https://doi.org/10.1007/s10551-011-0895-9
5. Bennedsen, M., Fan, J. P. H., Jian, M., & Yeh, Y. H. (2015). The Family Business Map: Framework, Selective Survey, and Evidence from Chinese Family Firm Succession. *Journal of Corporate Finance, 33*(C), 212–226. doi: https://doi.org/10.1016/j.jcorpfin.2015.01.008
6. Braendle, U. C., Gasser, T., & Noll, J. (2005). Corporate Governance in China – is Economic Growth Potential Hindered by Guanxi? *Business
and Society Review, 110(4), 389–405. doi: https://doi.org/10.1111/j.0045-3609.2005.00222.x

7. Bui, X. H., & Nunoi, C. (2008). Corporate Governance in Vietnam: A System in Transition. Hitotsubashi Journal of Commerce and Management, 42(1), 45–65. doi: https://doi.org/10.15057/16290

8. Cao, J. X., Ding, Y., & Zhang, H. (2016). Social Capital, Informal Governance, and Post-IPO firm Performance: A Study of Chinese Entrepreneurial Firms. Journal of Business Ethics, 134(4), 529–551. doi: https://doi.org/10.1007/s10551-014-2383-5

9. Carlisle, E., & Flynn, D. (2005). Small Business Survival in China: Guanxi, Legitimacy, and Social Capital. Journal of Developmental Entrepreneurship, 10(1), 79–96. doi: https://doi.org/10.1142/S1084946705000070

10. Carney, M., & Gedaļovic, E. (2003). Strategic Innovation and the Administrative Heritage of East Asian Family Business Groups. Asia Pacific Journal of Management, 20(1), 5–26. doi: https://doi.org/10.1023/A:1022062428231

11. Chen, C. C., Chen, X.-P., & Huang, S. (2013). Chinese Guanxi: An Integrative Review and New Directions for Future Research. Management and Organization Review, 9, 167–207. doi: https://doi.org/10.1111/more.12010

12. Chen, M. H., Chang, Y. Y., & Lee, C. Y. (2015). Creative Entrepreneurs’ Guanxi Networks and Success: Information and Resource. Journal of Business Research, 68(4), 900–905. doi: https://doi.org/10.1016/j.jbusres.2014.11.049

13. Chen, X.-P., & Chen, C. C. (2004). On the Intricacies of the Chinese Guanxi: A Process Model of Guanxi Development. Asia Pacific Journal of Management, 21(3), 305–324. doi: https://doi.org/10.1023/B:APJM.0000036465.19102.d5

14. Cheng, P., Su, L., & Zhu, X. (2012). Managerial Ownership, Board Monitoring and Firm Performance in a Family-Concentrated Corporate Environment. Accounting & Finance, 52(4), 1061–1081. doi: https://doi.org/10.1111/j.1467-629X.2011.00448.x

15. Cheung, Y. L., Jing, L., Rau, P. R., & Stouraitis, A. (2005). Guanxi, Political Connections, and Expropriation: The Dark Side of State Ownership in Chinese Listed Companies (City University of Hong Kong working paper).

16. Cheung, Y. L., Haw, I. M., Tan, W., & Wang, W. (2014). Board Structure and Intragroup Propriety: Evidence from Family Business Groups in Hong Kong. Financial Management, 43(3), 569–601. doi: https://doi.org/10.1111/fima.12034

17. Chou, L. F., Cheng, B. S., Huang, M. P., & Cheng, H. Y. (2006). Guanxi Networks and Members’ Effectiveness in Chinese Work Teams: Mediating Effects of Trust Networks. Asian Journal of Social Psychology, 9(2), 79–95. doi: https://doi.org/10.1111/j.1467-839X.2006.00185.x

18. Chung, H. M., & Ding, H. B. (2010). Political Connections and Family Business Diversification. Advances in Mergers and Acquisitions, 9, 135.

19. Dinh, T. Q., & Calabrò, A. (2019). Asian Family Firms through Corporate Governance and Institutions: A Systematic Review of the Literature and Agenda for Future Research. International Journal of Management Reviews, 21(1), 50–75. doi: https://doi.org/10.1111/ijmrv.12176

20. Dinh, T. Q., & Hilmarsson, H. P. (2020). Understanding “Guanxi” in the Asian Business Context. Review of International Comparative Management, 21(1), 12–22.

21. Dou, J., & Li, S. (2013). The Succession Process in Chinese Family Firms: A Guanxi Perspective. Asia Pacific Journal of Management, 30, 893–917. doi: https://doi.org/10.1007/s10490-012-9287-7

22. Dunning, J. H., & Kim, C. (2007). The Cultural Roots of Guanxi: An Exploratory Study. World Economy, 30(2), 329–341. doi: https://doi.org/10.1111/j.1467-9701.2007.00885.x

23. Fan, J. P., Wong, T. J., & Zhang, T. (2007). Politically Connected CEOs, Corporate Governance, and Post-IPO Performance of China’s Newly Partially Privatized Firms. Journal of Financial Economics, 84(2), 330–357. doi: https://doi.org/10.1016/j.jfineco.2006.03.008

24. Fan, Y. (2002a). Guanxi’s Consequences: Personal Gains at Social Cost. Journal of Business Ethics, 38, 371–380. doi: https://doi.org/10.1023/A:1016021706308

25. Fan, Y. (2002b). Questioning Guanxi: Definition, Classification and Implications. International Business Review, 11(5), 543–561.

26. Farh, J.-L., Tsui, A. S., Xin, K., & Cheng, B. -S. (1998). The Influence of Relational Demography and Guanxi: The Chinese Case. Organization Science, 9(4), 471–488.

27. Filatotchev, I., Jackson, G., & Nakajima, C. (2013). Corporate Governance and National Institutions: A Review and Emerging Research Agenda. Asia Pacific Journal of Management, 30, 965–986. doi: https://doi.org/10.1007/s10490-012-9293-9
28. Fock, H. K., & Woo, K. S. (1998). The China Market: Strategic Implications of Guanxi. *Business Strategy Review*, 9(3), 33–43. doi: https://doi.org/10.1111/1467-8616.00073

29. Frye, T., & Shleifer, A. (1997). The Invisible Hand and the Grabbing Hand. *The American Economic Review*, 87(2), 354–358.

30. Globerman, S., Peng, M. W., & Shapiro, D. M. (2011). Corporate Governance and Asian Companies. *Asia Pacific Journal of Management*, 28(1), 1–14. doi: https://doi.org/10.1007/s10490-010-9240-6

31. Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J., & Moyano-Fuentes, J. (2007). Socioemotional Wealth and Business Risks in Family-Controlled Firms, Evidence from Spanish Olive Oil Mills. *Administrative Science Quarterly*, 52(1), 106–137. doi: https://doi.org/10.2189/asqu.52.1.106

32. Gu, F. F., Hung, K. & Tse, D. K. (2008) When does guanxi matter? Issues of capitalization and its dark sides. *Journal of Marketing* 72(4), 12–28.

33. Guriev, S. (2004). Red Tape and Corruption. *Journal of Development Economics*, 73(2), 489–504. doi: https://doi.org/10.1016/j.jdeveco.2003.06.001

34. Habershon, T. G., Williams, M., & MacMillan, I. C. (2003). A Unified Systems Perspective of Family Firm Performance. *Journal of Business Venturing*, 18(4), 451–465. doi: https://doi.org/10.1016/S0883-9026(03)00053-3

35. Hwang, K.-K. (2012). Guanxi and Organizational Behaviors in Chinese Society. *Foundations of Chinese Psychology*. Springer, 297–326.

36. Ip, P.-K. (2008). Corporate Social Responsibility and Crony Capitalism in Taiwan. *Journal of Business Ethics*, 79(1), 167–177. doi: https://doi.org/10.1007/s10551-007-9385-5

37. Jacobs, L., Guopei, G. & Herbig, P. (1995) Confucian roots in China: a force for today's business. *Management Decision*, 33(10), 29–34.

38. Keister, L. A. (2002). *Guanxi in Business Groups: Social Ties and the Formation of Economic Relations*. New York: Cambridge Univ. Pres.

39. Khanna, T., & Palepu, K. (1997). Why Focused Strategies may be Wrong for Emerging Markets. *Harvard Business Review*, 75(4), 41–48.

40. King, A.Y.-C. (1991) Kuan-hsi and network building: A sociological interpretation. *Daedalus*, 120(2), 63–84.

41. Lasserre, P., & Schütte, H. (1995). *Strategies for Success in Asia Pacific: Meeting New Challenges*. New York: Palgrave Macmillan.

42. Li, W., He, A., Lan, H., & Yiu, D. (2012). Political Connections and Corporate Diversification in Emerging Economies: Evidence from China. *Asia Pacific Journal of Management*, 29(3), 799–818. doi: https://doi.org/10.1007/s10490-011-9265-5

43. Liu, Q., Luo, T., & Tian, G. G. (2015). Family Control and Corporate Cash Holdings: Evidence from China. *Journal of Corporate Finance*, 31(C), 220–245. doi: https://doi.org/10.1016/j.jcorfin.2015.02.007

44. Liu, S.-M., & Liao, J.-Q. (2013). Transformational Leadership and Speaking Up: Power Distance and Structural Distance as Moderators. *Social Behavior and Personality: an International Journal*, 41(10), 1747–1756. doi: https://doi.org/10.2224/sbp.2013.41.10.1747

45. Luo, Y. (1997) Guanxi: Principles, philosophies, and implications. *Human Systems Management*, 16(1), 43–50.

46. Luo, Y., Huang, Y., & Wang, S. L. (2012). Guanxi and Organizational Performance: A Meta-Analysis. *Management and Organization Review*, 8(1), 139–172. doi: https://doi.org/10.1111/j.1740-8784.2011.00273.x

47. Ma, X., & Lu, J. (2005). The Critical Role of Business Groups in China. *Ivey Business Journal*, 69(5), 1–12.

48. Michailova, S., & Worm, V. (2003). Personal Networking in Russia and China: Blat and Guanxi. *European Management Journal*, 21(4), 509–519. doi: https://doi.org/10.1016/S0263-2373(03)00077-X

49. Miller, D., Lee, J., Chang, S., & Breton-Miller, I. L. (2009). Filling the Institutional Void: The social behavior and performance of family vs. non-family technology firms in emerging markets. *Journal of International Business Studies*, 40(5), 802–817.

50. Nguyen, T. T., & Van Dijk, M. A. (2012). Corruption, Growth, and Governance: Private vs. State-Owned Firms in Vietnam. *Journal of Banking & Finance*, 36(11), 2935–2948. doi: http://dx.doi.org/10.1016/j.jbankfin.2012.03.027

51. Podsakoff, P. M., MacKenzie, S. B., Lee, J.-Y., & Podsakoff, N. P. (2003). Common Method Biases in Behavioral Research: a Critical Review of the Literature and Recommended Remedies. *Journal of Applied Psychology*, 88(1), 3–30. doi: https://doi.org/10.1037/1089-6744.2014.997906

52. Qi, X. (2013). Guanxi, Social Capital Theory and Beyond: Toward a Globalized Social Science. *The British Journal of Sociology*, 64(2), 308–324. doi: https://doi.org/10.1111/1468-4446.12019
53. Sheng, H. H., & Mendes-Da-Silva, W. (2014). The Big Family: Informal Financing of Small- and Medium-Sized Businesses by Guanxi. Thunderbird International Business Review, 56(2), 157–171. doi: https://doi.org/10.1002/tie.21609
54. Song, F., Cadsby, C. B., & Bi, Y. (2012). Trust, Reciprocity, and Guanxi in China: An Experimental Investigation. Management and Organization Review, 8(2), 397–421. doi: https://doi.org/10.1111/j.1740-8784.2011.00272.x
55. Sun, P., Hu, H. W., & Hillman, A. J. (2016). The Dark Side of Board Political Capital: Enabling Blockholder Rent Appropriation. Academy of Management Journal, 59(2), 1801–1822. doi: https://doi.org/10.5465/amj.2014.0425
56. Sun, P., Mellahi, K., & Liu, G. (2011). Corporate Governance Failure and Contingent Political Resources in Transition Economies: A Longitudinal Case Study. Asia Pacific Journal of Management, 28, 853–879. doi: https://doi.org/10.1007/s10490-009-9184-x
57. Tang, Y., Ye, S., & Zhou, J. (2013). Political Connections, Legal Environment, and Corporate Valuation in Chinese Public Family Firms. The Chinese Economy, 46(6), 32–49. doi: https://doi.org/10.2753/CES1097-1475460602
58. Wee, C. H., & Combe, P. (2009). Business Journey to the East: An East-West Perspective on Global-is-Asian. Asia: McGraw Hill.
59. Wong, A., & Tjosvold, D. (2010). Guanxi and Conflict Management for Effective Partnering with Competitors in China. British Journal of Management, 21(3), 772–788. doi: http://dx.doi.org/10.1111/j.1467-8551.2010.00690.x
60. Yang, K. S. (1995). Chinese social Orientation: An Integrative Analysis. In T. Y. Lin, W. S. Tseng & E. K. Yeh (Eds.), Chinese Societies and Mental Health, 19–39. Hong Kong: Oxford University Press.
61. Yang, M. M.-H. (1994). Gifts, Favors, and Banquets: The Art of Social Relationships in China. NY: Cornell University Press.
62. Yang, Z., & Wang, C. L. (2011). Guanxi as a Governance Mechanism in Business Markets: Its Characteristics, Relevant Theories, and Future Research Directions. Industrial Marketing Management, 40(4), 492–495. doi: http://dx.doi.org/10.1016/j.indmarman.2010.12.004
63. Yen, J. F., Lin, C. Y., Chen, Y. S., & Huang, Y. C. (2015). Founding Family Firms and Bank Loan Contracts. Journal of Financial Services Research, 48(1), 53–82. doi: http://dx.doi.org/10.1007/s10693-014-0199-1
64. Yeung, I. Y. M., & Tung, R. L. (1996). Achieving Business Success in Confucian Societies: The Importance of Guanxi (Connections). Organizational Dynamics, 25(7), 54–65.
65. Young, C. S., & Tsai, L. C. (2008). The Sensitivity of Compensation to Social Capital: Family CEOs vs. Nonfamily CEOs in the Family Business Groups. Journal of Business Research, 61(4), 363–374.
66. Zhang, Y., & Zhang, Z. (2006). Guanxi and Organizational Dynamics in China: a Link Between Individual and Organizational Levels. Journal of Business Ethics, 67(4), 375–392. doi: https://doi.org/10.1007/s10551-006-9031-7

The paper submitted May 2, 2020
Prepared for publication June 1, 2020

Trung Quang DINH, Hilmar Þór HILMARSSON

ASMENINIAI SANTYKIAI KAIP NEFORMALUS VALDYMO MECHANIZMAS: AR SKIRIASI ŠEIMOS IR NE ŠEIMOS VERSLO ĮMONIŲ VALDYMAS?

Santrauka

Skirtingai nuo išsivysčiusių Vakarų šalių ekonomikos, Azijos besivystančių rinkoms paprastai būdinga nepakankama institucinė infrastruktūros plėtra, dėl kurios arba nėra teisinio sistemų, kad būtų galima veiksmingai vykdyti sutartis, arba jos yra silpnos. Mokslininkai teigia, kad neformalios institucijos dažnai yra svarbesnės nei formalios, o neoficialūs valdymo mechanizmai, atsirandantys iš kultūros vertybių ir socialinių normų, pakeičia formalius mechanizmus besiformuojančiose Azijos rinkose. Tarp neoficialių Azijos firmų valdymo mechanizmų tarpasmeniniai santykiai, kinų kalba vadinami „guanxi“, plačiai analizuojami. Teigiamo, kad jie yra veiksminga priemonė, padedanti įmonėms...
sumažinti institucinį neapibrėžtumą ir sandorų kaštus, padidinti partnerystės efektyvumą ir palengvinantį priėjų prie įvairių išteklių.

Mokslinėje literatūroje retai analizuojama, kuo skiriasi guanxi praktika šeimos verslo įmonėse ir ne šeimos verslo įmonėse. Atsižvelgiant į tai, kad guanxi yra giliai įsišaknijęs reiškinys Konfucijaus kultūroje ir šeimos santykiose, teigama, kad guanxi praktika skirtinga šeimos ir ne šeimos verslo įmonėse. Nepaisant to, pagrindinėje literatūroje apie guanxi daugejusios dėmesio skiriama jos funkciniams vaidmeniui ir, savaime suprantama, kad visų Azijos įmonių tipų, guanxi yra universalus.

Šio straipsnio tikslas – atskirti guanxi vystymąsi ir naudojimą šeimos verslo įmonėse ir ne šeimos verslo įmonėse. Šeimos ir ne šeimos verslo įmonių guanxi praktikos skirtoai gali padėti atskleisti šį neformalų valdymo mechanizmą ir suteikti žinių, kaip šią praktiką taikyti tiek individualių, tiek ir organizacinių lygmeniu. Šiame straipsnyje siekiama atskleisti guanxi (kaip neformalaus valdymo mechanizmo) praktiką, ginantis į guanxi kultūrinės šaknės ir jo evoliuciją verslo kontekste Azijoje, ypač Kinijoje ir kituose regionuose bei šalyse, kurioms įtakos turėjo konfucianizmas, pavyzdžiui, Honkonge, Malai- zijoje, Japonijoje, Singapūre, Pietų Korėjoje, Taivoke ir Vietname.

Straipsnyje naudojamos empirinių ir teorinių tyrimų apie kinų guanxi praktiką šeimos verslo įmonėse ir ne šeimos verslo įmonėse narytinis ir kritinis apžvalgos metodas. Naratyvinis apžvalgos metodas patikimesnis, nes jame derinami ir aptariami įvairūs apžvalginiuose straipsniuose naudojami metodai. Be to, kritinės apžvalgos metodas yra naudingas pateikiant įrodymus ir sukuriant conceptualius argumentus.

Remiantis kultūrinėmis ir šeimos ypatribėmis ir ankstesniais tyrimais apie guanxi praktiką ir įmonių veiklą, galima daryti išvadą, kad guanxi praktikos vystymasis ir naudojimas šeimos verslo įmonėse skiriasi nuo ne šeimos verslo įmonių. Iš tiesų guanxi praktika šeimos verslo įmonėse yra sveikšnė, stabiškė, prasiimingi ilgalaikius įsipareigojimus. guanxi praktika ne šeimos verslo įmonėse yra oportunistiškesnė, žalingesnė, prasiimingi tik trumpalaikius įsipareigojimus.