Guanxi, Social Capital and School Choice in China

The Rise of Ritual Capital

JI RUAN

Palgrave Studies on Chinese Education in a Global Perspective

Palgrave Studies on Chinese Education in a Global Perspective

Series Editors

Fred Dervin
Department of Teacher Education
University of Helsinki
Helsinki, Finland

Xiangyun Du
Confucius Institute, Aalborg University
Aalborg, Denmark

Aims of the Series

The transformation of China into a global super-power is often attributed to the country's robust education system and this series seeks to provide a comprehensive, in-depth understanding of the development of Chinese education on a global scale. The books in this series will analyze and problematize the revolutions, reforms, innovations and transformations of Chinese education that are often misunderstood or misrepresented beyond its own borders and will examine the changes in Chinese education over the past 30 years and the issues as well as challenges that the future of Chinese education faces. For more information or to submit a proposal please contact Eleanor Christie (eleanor.christie@palgrave.com)

More information about this series at
http://www.springer.com/series/14568

Ji Ruan

Guanxi, Social Capital and School Choice in China

The Rise of Ritual Capital

palgrave
macmillan

Ji Ruan
Hanshan Normal University
Chaozhou, Guangdong, China

Palgrave Studies on Chinese Education in a Global Perspective
ISBN 978-3-319-40753-1 ISBN 978-3-319-40754-8 (eBook)
DOI 10.1007/978-3-319-40754-8

Library of Congress Control Number: 2016956814

Printed on acid-free paper

This Palgrave Macmillan imprint is published by Springer Nature
The registered company is Springer International Publishing AG Switzerland

Contents

List of Tables

CHAPTER 1

Introduction

Guanxi, which roughly translates as "personal connection, relationship, or network", is a central feature of Chinese society (Yang 1994; Gold et al. 2002). The use of *guanxi* is pervasive, is embedded in every aspect of Chinese social life, and is reported on by both domestic and international media. The importance of *guanxi* in everyday life can be summarised in the following sentiment, heard often in the two cities where research for this book was conducted:

> Nowadays, from birth to death, almost everything in one's life needs *guanxi*. When a child is born, the parents need *guanxi* with the hospital for better service. When the child is getting older, she needs *guanxi* to enter a good school. When grown up, she needs *guanxi* for a job. When she is ill, she needs *guanxi* and red packets need to be given to doctors. When she dies, her family needs *guanxi* for a better funeral service.

The issue of parents using *guanxi* to gain school places in China has received much attention in recent years due to increased competition for school places and the importance of education. In many Chinese cities, local government has established "key schools" and charges school-selection fees or "voluntary" donations, which have been widely condemned in the media. Along with paying surprisingly high so-called "school-selection fees" to key schools, many parents use their *guanxi* to gain admission to a better school than that for which their children have qualified, in

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_1

contravention of school recruitment policy. Corruption cases always arise during the school admissions process. People who cannot afford to pay school-selection fees or use *guanxi* have to accept lower-quality education with poorer school facilities, less experienced teachers, and a lower chance of going on to a good university (Tam 2009).

The level of interest in *guanxi* can be understood partly because of the increased competitiveness that surrounds education globally, and heightened interest in the ways parents use their social capital to gain advantage, since *guanxi* functions as a form of social capital in which resources are derived from interpersonal relationships (Qi 2013). This book focuses on a study of *guanxi* practice in two Chinese cities, and aims to understand how this relates to the mobilisation of social capital.

1.1 The Context

The scarcity of educational resources meant that, in 1978, the Ministry of Education began to implement "Proposal for Making Some Key Primary and Middle Schools". Since then, key schools—usually those with records of high educational achievement—have been given priority in the allocation of teachers, equipment, and funds. They have also been allowed to recruit the best students for special training to compete for admission to top schools at the next level (Key School Policy n.d.). However, local government and key schools are exploiting legal loopholes to charge expensive tuition and school-selection fees. Key schools use their excellent performance in exams to attract parents, and might charge several thousand yuan, or even a few hundred thousand yuan, for a place (163.com 2013).

Since the demand for places in key schools is far greater than the number available, parents argue that the real problem is not about having enough money to donate, but rather about finding a headteacher willing to accept the school-selection fee; and *guanxi* plays a vital role in this. Connections or *guanxi* with school headteachers represent a valuable form of social capital for parents. They can also ask people in positions of authority to speak on their children's behalf and will pay significantly less if their parents have enough influence (Bai 2013).

The use of *guanxi* for legal purposes which do not infringe public interests can help members of a relationship network to deal with their legitimate personal or business affairs, and can therefore be regarded as a function of an individual's social capital. *Guanxi* practice only becomes corrupt when the exchange or transaction taking place within a *guanxi*

network involves corrupt activities, or where one or more of the relationship parties in a *guanxi* network operate outside the law (Lane and Hoffmann 2013). In the context of school places, some of the *guanxi* practice may cross the line to become corruption.

Corruption in China has been subject to significant media attention since Communist Party General Secretary Xi Jinping announced an anti-corruption campaign following the 18th National Congress in November 2012. The Chinese Communist Party (CCP) has tried a number of anti-corruption measures, establishing various laws and agencies in an attempt to stamp out corruption. The study which forms the basis of this book was conducted between summer 2012 and autumn 2013, an appropriate time to investigate *guanxi* and corruption in the context of reform and change.

The education systems and institutions in China lead to our research question. How and why do parents use *guanxi* to acquire school places for their children? Although the use of money and/or *guanxi* to obtain school places is frequently reported by the media, no details of the *guanxi* process in practice have been revealed. This begs a number of questions. How have the education laws and policies been implemented? How have key schools and ordinary schools recruited new students? What practices do people use when applying for a school place? Why do people have to use *guanxi* for school places? Why is *guanxi* so effective? How is the practice of *guanxi* related to social capital? What does this social capital look like, and how does it work?

1.2 Key Concepts: *Guanxi*, *Renqing* and Social Capital

In the Western media, the pinyin romanization of the Chinese word *guanxi* is becoming more widely used, instead of the two common translations—"connections" and "relationships"—as neither of those terms adequately reflects the wide cultural implications that *guanxi* describes (Gold et al. 2002, pp. 3–6). Jacobs (1979) defines *guanxi* as particularistic ties. Gold (1985, p. 660) states that "*guanxi* is a power relationship", as control over a valued good or access to it gives power over others. For Yang (1994), *guanxi* refers to an interpersonal relationship or personalistic relationship (p. 151), whereas *guanxixue* refers to the art of social relationships, containing elements of ethics, tactics and etiquette (p. 109). For Kipnis (1997), *guanxi* refers to different types of interpersonal relationships such as family members, relatives, fellow

villagers and friends (pp. 24–25). All of the above authors define *guanxi* as a certain type of connection, relationship or network. However, some scholars have expanded the term *guanxi* from its original meaning—"relationship"—to exchange, resources, and even the social exchange process, arguing that "the concept of *guanxi* is complex and multi-faceted" (Fan 2002, p. 551). Some studies have drawn on resource-based theory by taking *guanxi* to denote a kind of organizational resource (Xin and Pearce 1996; Luo 2000).

A more straightforward approach is to describe the exchange, resources, capital, and social activities in *guanxi* networks using terms such as "*guanxi* exchange", "*guanxi* resource", "*guanxi* capital", and "*guanxi* practice". This allows the term *guanxi* to keep its original meaning as a relationship or network. *Guanxi* is taken to mean a connection, relationship or networks, while *guanxi* practice is the use, development and maintenance of *guanxi* relationships. Others have defined *guanxi* practice as the "practice of *guanxi* production" (Kipnis 1996). *La guanxi* refers to those *guanxi* practices with a clear instrumental purpose, such as making exchanges, manufacturing indebtedness, or accomplishing tasks (Guthrie 1998, p. 266). Some other *guanxi* practices, such as taking gifts to one's brothers or sisters at the weekend without any ulterior motive, is not regarded as *la guanxi*, although this *guanxi* relationship can be used instrumentally.

There has been a good deal of research showing that *guanxi* is based on traditional Chinese concepts, especially those of *renqing* (reciprocal obligation and indebtedness), "face", *ganqing* (affection), and *yiqi* (loyalty and righteousness). People practise *guanxi* to fulfil the obligations of *renqing*, face or *ganqing,* or to help their friends or relatives due to their high *yiqi* value (Kipnis 1997; Yan 1996b; Yang 1994). The notion of *renqing*, simply translated as reciprocal obligation and indebtedness, is central to the system of *guanxi* in China, and makes *guanxi* more than simply the social embeddedness and connections that have meaning in the West (Qi 2013; Yan 1996b; Yang 1994).

Renqing, denoting social norms and a sense of indebtedness, is, on one hand, a moral force motivating people to practise *guanxi.* On the other hand, since *renqing* produces social debt, it is rewarding to do favours to others (Yang 1994). In Yunxiang Yan's (1996b) case study based on observations of rural life, he mostly takes *renqing* to denote social norms:

he calls this "*renqing* ethic", and outlines three dimensions—rational calculation, moral obligation, and emotional attachment—as the principles of *guanxi* networks (p. 146).

Yang (1994, p. 70) argues that *renqing* (ethic) actually derives from the Confucian emphasis on the ethics of human relationships (*lun li*) and the notion of *li*, especially the rule of *li shang wanglai* (courtesy demands reciprocity). Similarly, King (1991, p. 74) argues that "*renqing*, in part, can be equated with the content of the Confucian *li*". However, *renqing* ethic is not true Confucian *li* because true *li* should come with the goal of achieving *ren*. With *la guanxi*, the concept of Confucian *li* is self-serving and cannot be regarded as true *li*, since *li* should come with *ren* inside (Shun 2002; Tu 1985).

It is noteworthy that in practising *guanxi*, Chinese people seem to be very aware of different closeness levels of *guanxi*, and act accordingly. The influential Chinese sociologist Xiaotong Fei, in his famous work *From the Soil* (first published in 1947 in Chinese and translated into English in 1992), defined the ego-centred social relationships of *chaxugeju* ("differential mode of association") within Chinese social structure using the image of a ripple formed by a stone thrown into a pond. Each individual is surrounded by a series of concentric circles produced by their own social influence. Each web of social relations has a self as its centre. Each circle spreading out from the centre becomes more distant and more insignificant.

Other scholars have discussed the closeness of *guanxi*, including Kwang Kwo Hwang (1987), Yunxiang Yan (1996a, b), and Xianqun Chang (2010). Hwang (1987) proposes a tripartite division for *guanxi*: expressive ties, instrumental ties, and mixed ties. Yan (1996b) makes the distinction between "primary" and "extended" *guanxi* (pp. 226–9), while Chang's (2010) divides generous, expressive, instrumental and negative *wanglai*.

In fact, the social distance of *guanxi* can be regarded as a continuum divided into close, moderate and distant *guanxi*. These categories are not only based on the work of Hwang (1987), Yan (1996b) and Chang (2000), but also on the present author's long-term work experience in China.

Some argue that *guanxi* is a "special form", or "variant form", of social capital (Gold et al. 2002, p. 7; Fan 2002, p. 549; Qi 2013, p. 308; Wu 2013, p. 49). However, *guanxi* is a network, while social capital

is the ability of actors to secure benefits by virtue of membership in social networks or other social structures (Bian 2001; Portes 1998). Therefore, *guanxi* is one of the important elements of social capital, rather than social capital itself. If we are to describe social capital in *guanxi* networks, the term "*guanxi* capital" should be adopted (Bian 2001).

Social capital theory distinguishes between bonding, bridging, and linking forms of social capital (Putnam 2000; Woolcock 1998). Similarly, in the context of *guanxi*, bonding social capital can be taken as the ability of actors to access resources embedded in their close *guanxi*; bridging social capital means the ability to use their moderate *guanxi*; and linking social capital refers to the ability to use distant *guanxi*.

1.3 The Study

The two ethnographic case studies in two small cities discussed in this book utilised interviews, documentation and observation in order to find out how and why people use *guanxi* for school places.

Forty-nine people (27 in A, and 22 in B) were interviewed, falling into seven categories: parents, students, headteachers, teachers, officials, other insiders, and cigarette and wine shopkeepers. Shopkeepers were interviewed because officials often receive expensive gifts and then resell them to small shopkeepers. Observations included certain people; certain places (schools, training centres, and cigarette and wine shops); and certain activities (entrance exams, lottery activities or school places). The documents collected included educational policies, student recruitment information, and local news.

This study used the author's *guanxi* to collect data and all the informants are the author's friends or relatives. This is because the research topic, *guanxi*, is something that most people practise but few admit to publicly (Yang 2002). An advantage of using friends as informants is the easy access to 'inside' information; however, a disadvantage is that the relationship between the participants and the researcher may influence the research and bias the results. To reduce this influence, the author deliberately enlarged his social network before carrying out the research so that its members would be more representative, would include the different categories of person studied, and would reflect differences in social class, age, occupation, gender, roles in *guanxi* practice, and schools. All names, cities, places and schools are coded in order to protect the informants.

1.4 Structure of the Book

Chapter 2 explores the problem of using *guanxi* in relation to school places, and the institutional background to this phenomenon, including China's political and legal system, its educational policies, and the education situation in the two cities studied. Chapter 3 reviews the existing theoretical and empirical literature, primarily focusing on how and why different "closeness" levels of *guanxi* are used to acquire resources, and how these are related to theories of social capital. Chapters 4 and 5 discuss how and why people use *guanxi* in relation to school places in the cities researched in this study. Chapter 4 presents four forms of *la guanxi* found in the field: (1) ritualistic customs; (2) money giving; (3) use of power; and (4) *guanxi–guanxi* linking. The first form is widely discussed in the existing literature, in terms of gift giving, entertaining, "face work" and *renqing*. The second form (money giving) and the third form (use of power) are rarely discussed in detail in the existing literature, and the fourth (linking *guanxi* with *guanxi*) has been discussed by other scholars to a certain extent.

Chapter 5 presents themes emerging from the analysis of the findings in the two cities, focusing on the reasons why *guanxi* is used. Three rationales for practising *guanxi* to obtain a school place, or to accept a request for a favour, emerged from the study: (1) *ganqing* and virtue; (2) *renqing* and face; and (3) material gain. The chapter presents evidence that both institutions and culture encourage people to practise *guanxi*. Furthermore, traditional culture and values in the two cities dramatically influence the implementation of institutional regulations, and the impact of culture in particular seems to be very significant.

Chapter 6 explains the new concept of "ritual capital", illustrates its characteristics, and explores its implications. Chapter 7 provides evidence that the use of ritual and related concepts, such as gift giving, and wining and dining, that use ritual patterns (*ketao*), *renqing*, and face, follow a "weak-strong-weak" pattern. That is to say, the use of ritual to gain resources (instrumental ritual) is more highly valued, more workable, occurs more frequently, and has a greater impact in moderate *guanxi* than in close or distant *guanxi*. This chapter also discusses the reason why the weak-strong-weak pattern exists in *la guanxi*, and analyses the role of "instrumental *li*" in *guanxi* capital.

Chapter 8 explores how and why ritual produces trust between *guanxi* members. The final chapter discusses the contribution of this research to

social theory. It compares the findings of this project with those that have been reported by other relevant research, and discusses their significance. Further, it discusses the theoretical implications of this book's findings in relation to the key concepts of *guanxi* and social capital.

Bibliography

163.com. (2013). *Odd story of super school.* [In Chinese]. Available from: http://news.163.com/13/0907/04/9853HKIN0001124J.html. Accessed 20 Nov 2014.

Bai Ping. (2013). "Parents vie to buy children's way into schools". *China Daily*, 5 August, p. 5.

Bian, Y. J. (2001). Guanxi capital and social eating in Chinese cities. In N. Lin, K. S. Cook, & R. S. Burt (Eds.), *Social capital: Theory and research.* New Brunswick: Transaction Publishers.

Chang, X. (2010). *Guanxi* or *Li Shang Wanglai*? Reciprocity, social support networks, social creativity in a Chinese village. *Scholarly Publishing Business, Airiti Press Inc.*

Fan, Y. (2002). Questioning *guanxi*: Definition, classification and implications. *International Business Review, 11*, 543–561.

Gabrenya, W. K., Jr., & Hwang, K. K. (1996). Chinese social interaction: Harmony and hierarchy on the good earth. In M. H. Bond (Ed.), *The handbook of Chinese psychology* (pp. 309–321). Hong Kong: Oxford University Press.

Gold, T. (1985). After comradeship: Personal relations in China since the cultural revolution. *China Quarterly, 104*, 657–675.

Gold, T., Guthrie, D., & Wank, D. (Eds.). (2002). *Social connections in China: Institutions, culture, and the changing nature of guanxi.* Cambridge: Cambridge University Press.

Guthrie, D. (1998). The declining significance of *guanxi* in China's economic transition. *The China Quarterly, 154*, 254–282.

Hwang, K. K. (1987). Face and favor: The Chinese power game. *The American Journal of Sociology, 92*(4), 944–974.

Jacobs, J. B. (1979). A preliminary model of particularistic ties in Chinese political alliances: KanCh'ing and Kuanhsi in a rural Taiwanese township. *China Quarterly, 78*, 237–273.

Key School Policy. (n.d.). [in Chinese]. Available from: http://news.qq.com/zt2011/ghgcd/49.htm. Accessed 13 Nov 2014.

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

Kipnis, A. (1996). The language of gifts: Managing *guanxi* in a North China village. *Modern China, 22*(3), 285–314.

Kipnis, A. (1997). *Producing Guanxi: Sentiment, self, and subculture in a North China village*. Durham: Duke University Press.

Lane, S., & Hoffmann, W. J. (2013). Does the Chinese practice of *guanxi* lead to corruption in business? Available from: http://www.ethic-intelligence.com/experts/273-does-the-chinese-practice-of-*guanxi*-lead-to-corruption-in-business-practices. Accessed 09 May 2014.

Luo, Y. (2000). *Guanxi and business*. Singapore: World Scientific.

Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology, 24*, 1–24.

Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community*. New York/London: Simon & Schuster.

Qi, X. (2013). *Guanxi*, social capital theory and beyond: Toward a globalized social science. *British Journal of Sociology, 64*(2), 308–324.

Shun, Kwong-loi (2002). "*Ren* and *li* in the Analects", in Confucius and the Analects: New Essay, ed. Bryan W. Van Norden (Oxford: Oxford University): pp. 53–72.

Tam, F. (2009). Self-praising education officials ridiculed on net. *South China Morning Post*, p. 6.

Tu, W. (1985). *Confucian thought*. Albany: State University of New York Press.

Woolcock, M. (1998). Social capital and economic development: Towards a theoretical synthesis and policy framework. *Theory and Society, 27*(2), 151–208.

Wu, X. (2013). The power of social capital in school choice in a Chinese city. *Australian Journal of Education, 57*(1), 48–59.

Xin, C. R., & Pearce, J. L. (1996). *Guanxi*: Connections as substitutes for formal institutional support. *Academy of Management Journal, 39*, 1641–1658.

Yan, Y. (1996a). The culture of *guanxi* in a north China village. *The China Journal, 35*(1), 1–26.

Yan, Y. (1996b). *The flow of gifts: Reciprocity and social networks in a Chinese village*. Stanford: Stanford University Press.

Yang, M. M. (1994). *Gifts, favors, and banquets: The art of social relationships in China*. New York: Cornell University Press.

Yang, M. M. (2002). The resilience of *guanxi* and its new deployments: A critique of some new *guanxi* scholarship. *The China Quarterly, 170*, 459–476.

CHAPTER 2

Using *Guanxi* to Gain School Places

According to the 1986 Compulsory Education Law of the People's Republic of China, all children who have reached the age of six are required to enrol in school and receive compulsory education for nine years—six years of primary school and three years of junior high—regardless of sex, nationality or race. Article 10 of the law states clearly that "The state shall not charge tuition for students receiving compulsory education". However, in many cities, local government bodies have established what are known as "key schools" and are charging school-selection fees or "voluntary" donations—practices that have attracted condemnation from the media (Cai 2005). Many parents who want a better quality of education for their children are required to pay surprisingly high school-selection fees to key schools. Those who cannot afford to pay have to accept lower-quality education with poorer school facilities, less experienced teachers, and a lower chance of going on to a good university (Tam 2009). Against this background of inequality between key schools and common shcools, many parents use *guanxi* to acquire school places.

This chapter is divided into four sections. The first describes the problem of the use of *guanxi* in relation to school selection in China. The second explains the institutional system in China, and the third discusses the country's education policies, including the situation in the two cities where research was conducted. This background will help the reader understand why school places have become scarce resources, and why research into

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_2

this phenomenon is essential. The final section briefly explains the methodology used in the study presented in this book.

2.1 How Widespread is the Problem?

Although the charging of school-selection fees contravenes the Compulsory Education Law, this practice is widespread in the two cities researched. There are two main ways in which this happens. First, students who do not pass the school entrance exams are charged a fee. In order to implement the nine-year compulsory education policy, public junior high schools are not allowed to set any entrance exams; however, some key schools do illegally set entrance exams to select high-performing students. Second, students come from other areas, districts or cities. Because of the high demand for places in a top high school, top schools will admit students with below par grades, or those who do not live in the right city district, if the family pays extra money (Cai 2005).

"School-selection fees" can amount to tens of thousands of yuan, a heavy burden for some middle-income families, not to mention those on low incomes or the unemployed. Yet many parents are prepared to pay for the privilege that their children gain from attending these schools. Besides a first-class faculty and facilities, a top primary school offers pupils a better chance of being admitted to secondary schools that yield bumper crops of graduates who are accepted by the best colleges every year. This appeals to parents who fear their children will be left behind in an education system that hinges on a series of competitive examinations to propel successful candidates into the best schools and jobs (Bai 2013).

Many consider it morally wrong for public primary schools to market their places to taxpayers. Yet the decades-long education practice that favours a handful of key schools with more funding and other advantages has fuelled the rush. The gap between the elite schools and the rest is widening, with the elite schools growing bigger and stronger thanks to the extra income. Without major changes to the uneven distribution of educational resources and the rigorous exam-based selection system, parents are more likely to reject the idea of letting their children study in any public school just because it is close to their home (Bai 2013).

The unbalanced development of compulsory education may work to the advantage of many local governments, because it helps generate extra revenue from school-selection fees and reduces spending on education. Many public media outlets in China report that schools' arbitrary charges are the result of the poor financial input of local governments (Sina news 2005;

Xiong 2011). China's spending on education accounted for around 2 to 3 per cent of gross national product (GNP) from 1992 to 2001, and around 3 to 4 per cent of GNP from 2002 to 2012: far below the world average of 4.9 per cent (Xu 2006; People.cn 2014). China's government investment in education is strongly weighted in favour of higher education, causing a shortage of funds at primary and secondary levels. Furthermore, China's basic education funding places the main burden of funding for compulsory education on county and township government. Central and provincial government provide only a small amount of subsidy. This means that the development of basic education in China is closely linked to local economic development, leading to the uneven development of education (Xu 2006). In addition, education funding is diminished by serious corruption, with schools heavily dependent on so-called "school-selection fees", "voluntary donations", or "sponsorship fees".

"Voluntary donations" are a good excuse for schools to charge extra fees to parents, thereby circumventing the law. In Guangdong province, an audit of the accounts of 66 primary and secondary schools from 2002 to 2003 showed that the schools collected as much as 753 million yuan from parents in recruitment fees—54 per cent of the schools' income (Minhua 2005). Schools are allowed to collect the fees as a supplement to their normal tuition fees, but half of the fees collected must be handed over to local government to help local education financial support (Minhua 2005). In addition, the education departments can save some funds by exchanging resources with other government departments (Xiong 2011). This may involve *guanxi* practice (using personal connections) between the education department and other government departments.

The common interests of the local education department, schools and agencies have turned school-selection fees into a chronic disease. Despite a government crackdown on the illegal practice of charging school-selection fees, the trend has grown. For example, in 2004, the Beijing government claimed that school-selection fees were not permitted to exceed 30,000 yuan. However, in 2011, school-selection fees in some key Beijing primary schools were reported to be as high as 250,000 yuan (Xiong 2011), reaching half a million yuan in 2013 (Bai 2013).

The process of admission either to experimental schools or common public schools is not only a matter of school-selection fees or "donations", but also involves enormous *guanxi* practice (using connections) and even corruption. For example, a school is allowed to enrol 1,500 students but, in practice, they only admit 1,000 through public examinations. The remaining 500 places are reserved for students with lower scores whose

parents are willing to pay selection fees or so-called donations. However, students whose exam score is lower than that of the 500 students also can gain entrance to the school if their parents have *guanxi* (personal connections) with the headteacher or relevant officials (Bai 2013).

Since the demand for places in key schools is far greater than the number of places, parents argue that the real problem is not about having enough money to donate, but rather finding a school headteacher willing to accept the "school-choosing fee", as it is commonly known; and *guanxi* plays a vital role in this. Connections or *guanxi* with school headteachers is valuable for parents. They can also ask people in positions of authority to intercede on behalf of their children, and they will pay significantly less if they have enough influence. However, headteachers seem to resent such interference, and some go into hiding during the recruitment season (Bai 2013). It seems that getting a school place in China is always associated with *guanxi*, power and money.

Parents' *guanxi* is vital for children's education and for finding a good job, and a popular newly coined phrase is emerging in China—*pin die*, which can be translated as "competing through daddy's and family's influence" (Qu 2014). There is nothing new about using connections to move ahead, but it is highly developed in a society where a fundamental dynamic is *renqing* (norms or sense of indebtedness) and *guanxi*. From kindergartens to high schools, parents both rich and poor do something very nice for the teacher on Teacher's Day, September 10, so that he or she will give special attention to their child. This is another example of *pin die* (Qu 2014).

The use of money and/or *guanxi* to obtain entrance for students into certain types of schools at primary, junior high, and senior high levels is one of the distinguishing characteristics of the "diploma disease" backwash effect in China (Simon 2000) and has become a defining characteristic of Chinese education today.

Although *guanxi* is reported in many newspapers and media outlets, none of them reveal any details of the process. How and why do people use *guanxi*? Before examining this question, it is necessary to review the background in terms of China's institutional system.

2.2 China's Institutional System

The People's Republic of China (PRC) operates in a framework of what is effectively a one-party socialist republic, although eight other political parties also exist. State power within the PRC is exercised through the

Communist Party of China, the Central People's Government, and their provincial and local counterparts. China's formal political structures—the military, the state, the National People's Congress, a consultative body known as the China People's Political Consultative Conference, and China's eight other political parties—are all loyal to the Communist Party. Under the dual leadership system, each local bureau or office is under the joint authority of the local leader and the leader of the corresponding office, bureau or ministry at the next level. For example, voters elect the People's Congress members at county level. These county-level People's Congresses are responsible for overseeing local government and electing members to the Provincial (or Municipal, in the case of independent municipalities) People's Congress. The Provincial People's Congress in turn elects members to the National People's Congress, which meets each year in March in Beijing The ruling Communist Party committee at each level plays a major role in the selection of appropriate candidates for election to the local congress and to the higher levels (The National People's Congress n.d.).

The Chinese Communist Party (CCP) considers China to be in the initial stages of socialism. Socialist ideology continues to matter in China, with the CCP facing vocal criticism from its left flank each time it moves even further away from its Marxist roots (Lawrence and Martin 2013). Features of the Chinese political system also include: the role of meritocracy as a form of legitimisation for one-party rule; the distorting influence of bureaucratic rank; factionalism; corruption; and weak rule of law (Lawrence and Martin 2013). Reforms to the judiciary and governance to stamp out corruption and abuse of power are considered long overdue in China. Historically speaking, officials do not see laws as rights but rather as rules that are thrust upon them, to be obeyed without question. In literature and folklore, it was the wise judges who interpreted the laws who were praised, rather than the law itself. This is because the laws were made for and by the ruling elite, so the person who interpreted them was the one wielding power (Lowe 2013). That is why China is widely considered by the Western media to be subject to the "rule of man".

For most of its history, China's legal system has been based on the Confucian philosophy of social control through moral education, as well as the Legalist emphasis on codified law and criminal sanctions (Bodde and Morris 1973). Following the revolution of 1911, the Republic of China adopted a largely Western-style legal code. The establishment of the PRC in 1949 brought with it a Soviet-influenced system of socialist law (Bodde and Morris 1973). Law in the PRC is currently undergoing

gradual reform, as many elements inside and outside the country emphasise the need to strengthen the rule of law, and international trade and globalisation spur transformations in various areas of Chinese domestic law (Li 2000).

One of the phrases most commonly used in contemporary China by legal scholars and politicians alike is *fa zhi*, which can be translated into English as "rule of law"; but it has often been claimed that Chinese leaders mean "rule by law", that is, the instrumental use of laws to facilitate social control and to impose punishment as understood in the Legalist tradition (Li 2000). The rule of law is regarded by some as presupposing political or economic structures of liberal democracy, human rights and other ideal socio-legal orders (Chen 1992, pp. 48–56). However, the central government originally preferred the expression "strengthening the law/legal system" to "the rule of law". It was thought that the latter might introduce a controversial connotation of instrumentality, while the former conveyed a straightforward meaning of strengthening the law and institutions. "Strengthening the law" meant reform of legislation and enforcement of laws. Some scholars believe that given China's non-democratic political system and practice, it is at best regarded as a country of rule by law, with law used by the state as an instrument for social control (Chen 1992, pp. 40–46).

A further problem that has been identified with the Chinese legal system of today is the ineffective implementation of laws. This is encapsulated in the Chinese saying "*shang you zheng ce*, *xia you dui ce*" ("The authority issues policies, the locality always has their counter measures to surround them"). To take education as an example: entrance exams are prohibited, but there are many other ways to jockey for access to the best schools. School-selection fees have disappeared in name, but parents make "voluntary donations"; the Mathematics Olympiad has been discontinued but the Hope Cup (a national mathematics examination) has taken its place; "key classes" are prohibited but "innovative classes" keep cropping up; there are to be no catch-up classes in the holidays, but classes continue to be made up, but in a different location; teachers are not allowed to conduct paid tutoring, but they swap classes and teach (Martinsen 2009). It seems that all the counter-measures are catering to the market demand. Balanced development in compulsory education is no longer the norm, due to the inadequacy of the law and policy implementation.

In 2009, in the government work report at the annual session of the National People's Congress (NPC), Chinese Premier Wen Jiabao gave a

commitment to stop school-selection fees and called for fairness in education. Wen stated that the government would tighten the regulations on enrolment and tuition-fee collection by all kinds of schools and strengthen management and supervision of the schools' finances. In 2010, the Ministry of Education vowed to eradicate school selection. In 2011, the Beijing municipal education commission issued a regulation banning all arbitrary charges, including school-selection fees and "sponsorship fees", for enrolment in primary schools and pre-schools (Li 2011). However, despite the government's crackdown on the illegal practice of charging school-selection fees, the trend has grown (Xiong 2011). School-selection fees have soared along with commodity prices. In Beijing, the fees have risen from about 7,000 yuan in the 1990s to 250,000 yuan in 2011 (Li 2011; Xiong 2011). As noted above, in 2013 it was reported that some key schools charge half a million yuan in Beijin. (Bai 2013).

China has suffered from widespread corruption since reform and the opening up of the country. In 2013, China was ranked 80th out of 178 countries in Transparency International's Corruption Perceptions Index, which meant it was perceived as more corrupt than most developed countries (Transparency n.d.). Corrupt practices include graft, bribery, embezzlement, backdoor deals, nepotism, patronage, and falsifying statistics (Lü 2000, p. 10). Cadre corruption in post-1949 China lies in the "organisational involution" of the ruling party, including the CPC's policies, institutions, norms, and failure to adapt to the changing environment of the post-Mao era (Lü 2000, p. 229). Exacerbated by the market liberalisation reforms initiated by Deng Xiaoping, and in common with other socialist economies that have gone through monumental transition, such as those in post-Soviet Eastern Europe and Central Asia, post-Mao China has experienced unprecedented levels of corruption (Yan 2004, p. 2).

Corruption in China has been subject to significant media attention since Communist Party General Secretary Xi Jinping announced an anti-corruption campaign, following the 18th National Congress which was held in November 2012. The CPC has taken a number of anti-corruption measures, establishing a variety of laws and agencies in an attempt to stamp out corruption.

Against this institutional background, the use of *guanxi* has become a central feature of Chinese society (Yang 1994; Gold et al. 2002). China today is a place where outcomes are often determined by two co-existing, sometimes contradictory, systems: modern adapted versions of traditional Chinese *guanxi* mechanisms (based on the rule of man) and international legal norms (predicated on the rule of law). Because reform is not

complete, individuals and companies in China cannot rely solely on legal and institutional mechanisms to determine outcomes, so they are continuing their traditional ways of investing time and resources in *guanxi* networks as a mechanism for organisational governance. The trust that accrues through mutual *guanxi* and the network it suggests is similar to the old-fashioned relationships of "gentlemen's trust" that have moulded Western societies over the centuries (Lane and Hoffmann 2013).

The use of *guanxi* is pervasive, is embedded in every aspect of Chinese social life, and is reported on by both domestic and international media. A total of 673 documents published on the *China Daily* website between 2003 and 2014 mention *guanxi*. On average, then, *guanxi* has been mentioned at least once a week by *China Daily* in the past 11 years. In a Hong Kong newspaper, *Southern China Morning Post*, 206 documents were found to mention *guanxi* between 2004 and 2014. Foreign media such as the BBC and CNN have also reported on *guanxi*.

The use of *guanxi* is not necessarily linked with corruption. When used for legal purposes which do not infringe public interests, *guanxi* can be an extremely useful way for members of a relationship network to deal with their legitimate personal or business affairs, and it is therefore better regarded as a function of an individual's social capital. *Guanxi* pratice only becomes corrupt when the exchange or transaction taking place within a *guanxi* network involves corrupt activities, or where one or more of the relationship parties in a *guanxi* network operate outside the law (Lane and Hoffmann 2013). However, since corruption is now so severe in China, many *guanxi* practices involve corruption and are frequently condemned by ordinary people and the media. It is argued that China's present political system is responsible for a loose legal system, in which corruption and *guanxi* practice have grown, spread quickly, and reached an historic peak. It is therefore understandable that *guanxi* practice and corruption also occur in the education system.

2.3 Stages in China's Education System

The state system of public education in China is run by the Ministry of Education. The government funds nine years of compulsory education: six years of primary education, starting at age six or seven, and three years of junior secondary education (middle school) for ages 12–15 (see Table 2.1). After middle school, there are three years of high school, which completes the secondary education (Ministry of Education 1996b, Sina news 2014).

Table 2.1 Educational stages in China

Typical age	*Education*	*Levels*	*Compulsory*
18–22	University or college	Varies	No
15–17	Senior high school (middle school) or vocational school	Grades 10–12	No
12–14	Junior middle school	Grades 7–9	Yes
6–11	Primary school	Grades 1–6	Yes

2.4 Compulsory Education Law

The Law on Nine-Year Compulsory Education, which took effect on July 1, 1986, established requirements and deadlines for attaining universal education tailored to local conditions and guaranteed school-age children the right to receive at least nine years of education. People's Congresses at various local levels were, within certain guidelines and according to local conditions, to decide the steps, methods, and deadlines for implementing nine-year compulsory education in accordance with the guidelines formulated by the central authorities (Ministry of Education n.d.).

There are three main features of the nine-year system. The first is continuity. After graduating from primary school, pupils can directly enter junior middle school without any entrance examination. The second feature is the principle of proximity: students attend their nearest school, instead of sitting a middle-school entrance examination. The final feature is unitary: schools practice unified management in school administration, teaching and education (Ministry of Education n.d.).

Even though the Education Law states that proportionate funds should be allotted to all sections of schools during the nine-year compulsory education period, few local governments actually do so (Xiong 2011). Tuition-fee primary education is, despite compulsory education laws, still a target rather than a realised goal in some parts of China. How some local governments implement the Compulsory Education Law in the aspect of free titution remains unknown.

2.5 Education Policies and Examinations Systems

The pragmatist leadership of Deng Xiaoping recognised that to meet the goals of modernisation it was necessary to develop science, technology, and intellectual resources and to raise the population's education level. Deng Xiaoping's far-ranging educational reform policy, which involved all

levels of the education system, aimed to narrow the gap between China and other developing countries. Modernising education was critical to modernising China. The goals of reform were to enhance and universalise elementary and junior middle school education, to increase the number of schools and qualified teachers, and to develop vocational and technical education. A uniform standard for curricula, textbooks, examinations, and teacher qualifications was established, and considerable autonomy and variation within and among the autonomous regions, provinces, and special municipalities was allowed.

However, Chinese education is dominated by entrance examinations and qualifications, and the education system as a whole shows signs of "diploma disease" (Zoninsein 2008; Simon 2000). The formal way of entering a senior high school or university in China is by passing a set of entrance examinations and being selected on the basis of the marks achieved. China's annual National Higher Education Entrance Examination (*gao kao*) is the major focus of a Chinese student's experience. One test determines where students will attend college, and attending a good college will lead to a good job. The only way for students to have a prosperous future seems to be to pass the *gao kao*.

China's education system is examination oriented and there is a heavy emphasis on rote learning. Leadership skills, interpersonal skills, physical education, and problem solving are things that Chinese schools often simply ignore (Zhang 1994).Generally speaking, Chinese, Mathematics and English are regarded as the three principal subjects, as these will definitely be examined in *gao kao*. Given the intensity of competition for limited university places, most high schools are evaluated by parents and students on their academic performance in *gao kao*. Although there are a lot of drawbacks to the the *gao kao*, it is a clear-cut system that aims to avoid corruption and ensure fairness (Zhang 1994).

Another important examination is *zhong kao*, the Senior High School Entrance Examination, which is held annually in China to distinguish junior graduates. Unlike junior high schools, which are not allowed to host their own entrance examinations, senior high schools recruit their students through *zhong kao* and charge for tuition, which is regarded as a legal practice. Students go through an application process where they may choose the high schools at which they wish to study in order of preference before the high schools set out their entrance requirements. Once this is completed, the high schools will announce their requirements based on this information and the places they will offer in that year. However, there

are other official rules of admission for certain top high schools. If students perform less well in *zhong kao*, but their marks are close to the standard required for a top school, they can still attend that school if they can afford fees. This flexible extended recruitment process leads to more competition, which may involve *guanxi* practice and corruption (163.com 2013).

2.6 Unbalanced Development

Because educational resources were scarce, in 1978 the Ministry of Education began to implement its "Proposal for Making Some Key Primary and Middle Schools". Since then, key schools—usually those with records of high educational achievement—have been given priority in the allocation of teachers, equipment, and funds. They have also been allowed to recruit the best students for special training to compete for admission to top schools at the next level. Key schools began to develop from preparatory schools into vehicles for disseminating improved curricula, materials, and teaching practices to local schools. However, the appropriateness of a key school's role in the nine-year basic education plan has been questioned, because key schools favoured urban areas and the children of more affluent and better-educated parents. In recent years, some cities in China have abolished the key junior middle-school system to ensure "an overall level of education". Yet despite attempts to abolish the key schools system, they still exist today under other names, and education inequality is still widely subjected to criticism from some government officials, scholars, and the media (Key School Policy n.d.; 163.com 2013).

It is reported that in many provinces and cities of China, key schools supported by local government have now become "super-schools". First, the schools are super-large. A recent news report listed many super-large middle schools in many provinces like Jiangsu, Anfei, Jiangxi, and Henan: student numbers are between 10,000 and 20,000. One of the schools in Henan province has more than 20,000 students, including its branch schools: this is bigger than many universities in China (163.com 2013).

Local government and key schools use legal loopholes to charge expensive tuition and school-selection fees. A key school might charge several thousand yuan, or even a few hundred thousand yuan, for a place. Since super-schools charge expensive tuition and have a lot of money, they can always expend their scale. Some super-schools are becoming super-enterprises, building branch schools, chain schools, and even international schools charging high tuition fees, which may be four times of the university fee. (163.com 2013).

There are a number of reasons for the super-school phenomenon. First, local government officials see college enrolment rates as career achievements. If the headteacher cannot do a good job when it comes to college entrance examinations, (s)he will be dismissed; and society as a whole regards college enrolment rates as the only criterion by which to rank a school. Second, local government can reduce its financial contribution to education, since key schools can make money and develop by themselves. Third, behind this phenomenon, there is a huge chain of interests involving corruption, *guanxi* and the abuse of public funds (163.com 2013).

There are many reasons why Chinese parents are preoccupied with getting their children into a good school. First, the intense competition in education has something to do with the traditional Chinese concept of education (Wang 2011). Parents' emphasis on education reflects that they still believe in such Confucian ideals as "A person who excels in study can become an official". Throughout China's history, parents have accorded priority to their children's education because they believe that only through education can recognition, respect and wealth be achieved. That is understandable, for education, to a large extent, gave people social mobility in feudal Chinese society (Wang 2011). Second, a huge number of Chinese families have only one child because of the one-child policy that China has followed for three decades, which has strengthened parents' resolve to ensure their children get the best education possible. Third, society today does not provide many options for a good future for young people. In the competitive employment market, it is difficult to get a good job without a college diploma and sometimes even a college diploma fails to ensure that (Wang 2011). Finally, some parents stress their children's education just to keep up appearances. Parents feel proud in front of their friends and relatives if their children go to a key school, and fear they will lose face if their children go to a common school (Wu 2013).

Generally speaking, three factors have thwarted the balanced development of compulsory education. First, unreasonable and insecure funding for compulsory education has prompted schools to charge these fees and even increase them with the passage of time. Second, the severe lack of funds for compulsory education has worsened the situation. Third, local governments have paid special attention to senior high schools, especially key schools, because their quality of education determines the percentage of students from schools in their jurisdictions passing the national college entrance exam and being admitted to prestigious universities (Xiong 2011).

Against this background, using money and/or *guanxi* to gain school places in preferred schools is frequently reported by the media. However, the media do not reveal any details of *guanxi* use. The present research investigated the issue of *guanxi* and its use in school education through two case studies on school places carried out in two small cities in southern China. To preserve the anonymity of participants, the two researched cities are called City A and City B.

2.7 Educational Situation in City A

City A, which is administered as a prefecture-level city, has a total population of about 2.6 million, including its country area and two counties (in 2013). The culture of City A is considered to be among the oldest of the Han Chinese sub-cultures. Ancestors of the people of City A formerly lived on the Central Plain of North China (present-day Henan and Western Shandong provinces and surrounding areas). They migrated into southern China in order to escape from a series of civil wars fought during the Jin dynasty. Since City A is located far from big cities, and relatively free from the influence of newer concepts, its people retain their old traditions to a greater extent than the rest of China (reference is not given in order to preserve confidentiality).

City A includes two districts (District A and District B), and two counties. The observation and interviews were mainly carried out in District A. There are 6 senior high schools, 10 junior high schools and 25 primary schools located in the city centre, District A (official website of City A Educational Bureau). In the last 15 years, local governments have established so-called "experimental schools", which seek to innovate by applying new teaching and administrative systems. All the experimental schools are primary or junior high schools (in the compulsory education phase) which charge school-selection fees. Some are public, some private or semi-public. Experimental schools usually perform much better than common schools in examinations and are therefore regarded as "key schools" by ordinary people. Being classed "experimental" provides them with an excuse to set entrance exams and charge school-selection fees (see Table 2.2).

Judged by their *gao kao* performance, in the senior high stage, Schools 1 and 2 are the best and second best, followed by schools 3 and 4. Schools 1 and 2 are both key senior high schools that have had good reputations for over 100 years. Schools 3 and 4 are known as "better" common senior high schools. Schools 5 and 6 are more standard common schools in the

Table 2.2 Schools selected in City A[a]

	Key school	*Better common*	*Common*	*Bad school*
Senior high (all public)	School 1, 2,	School 3,4	School 5,6	
Junior high	Fake private[b]: School A, B, C, D	School E	Old School C, old School D	
Primary school	Public: SS, MD, (city level) Fake private: CN School (district level)	Public: Old CN School		Yang School

[a]All names of schools above are coded in order to protect the anonymity of study participants

[b]"Fake private" refers to those public experimental schools that charge for tuition with the excuse that they are private schools

city area. Since senior high schools do not fall into the stage of compulsory education, students must pay tuition fees to get in. Schools 1 and 2 charge school-selection fees in addition to tuition fees if students cannot pass their *zhong kao* entrance exams (See Table 2.2).

At the junior high stage, Schools A, B, C, and D are experimental schools. School A was established in 1999, School B in 2005, School C in 2006, and School D in 2009. In primary education, SS School was established in 1999 and CN School in 2004 (information taken from official websites of Schools A, B, C and D).

At the primary stage, SS experimental primary school is the best. CN experimental primary school and MD primary school are also key schools, but MD is a public school, not an experimental one. The old CN school is regarded as a common school, and was the second-best school in the past. However, now the CN experimental school uses its brand name and has taken its better teachers to become the second-best primary school in the city, while the old CN school itself has become a common school.

There are three types of experimental school in City A that fall within the scope of compulsory education.

1. *Privately owned and government run*. This type of school is experimental in terms of ownership. Since they are private schools, they can charge tuition and any other fees. However, the government employs all the teachers and manages all the school's affairs. This is the case with

Schools C, D and CN. School C was established by Mr Chen, who invested 12.5 million yuan in the construction of a new school to exist alongside the existing school, thereafter known as "old school C" (School C official website). The government transferred excellent teachers from the public old school C to the "fake private school" C. School D has a similar history.

2. *Government owned and privately run*. This type of school is experimental with regard to teaching and management reform. Since these are public schools, they are not supposed to charge for tuition. However, they do in fact charge expensive tuition fees, except for the top 100 students, which is illegal. Since they claim to be privately run, they use this as an excuse to charge tuition fees. In reality, they are not privately run, because the government employs all the teachers. This is the case with Schools A and B.
3. *Full public*. SS school is the best primary school in the city, and since it is regarded as a public school, it cannot charge for tuition. It had, however, been charging school-selection fees (later called donations) until 2011, when the reform started (observational notes and local internet BBS[1]).

The first and second types of experimental school are called "fake private schools" by local people. The local government turns public schools into these "fake private schools" and charges expensive tuition fees of more than 3,000 yuan per year, as well as some extra fees. In 2010, a school teacher's average monthly salary was about 2,000 yuan. Most importantly, these schools use the brand names and resources of key public schools. The government moved excellent teachers from public schools to experimental schools, thereby reducing the quality of public schools (City A Daily 2010).

Key schools are far superior to common schools in many respects. In particular they perform better in *zhong kao* and *gao kao*. There is a trend towards key schools getting bigger and common schools getting smaller, with some even needing to close or merge in the two cities studied.

Senior high schools, both key and common schools, recruit students through *zhong kao*. Key junior high schools have established entrance exams and claim they recruit students according to exam results. After recruiting students living within their area, the bigger common junior schools recruit students from outside their district by lottery. The winners can get into the school for free. However, some schools only give a

small percentage of school places to the lottery, leaving many places to be sold or given to their *guanxi*s (City A Daily 2010). There is no entrance exam for primary schools, since kindergarten children are too young to take exams. In theory, primary schools recruit students living nearby. Only two city-level primary schools in the study, SS and MD, recruit students from outside their district by lottery after they have finished recruiting students nearby. CN can recruit any students, but it charges 6,000 yuan in tuition fees per year, since it claims to be a private school. Students registering late with CN also need *guanxi* to obtain a place. The old CN school charges "voluntary donations" of as much as 5,500 yuan (in 2012) without tuition fees, since it is a public school. Before registering with a donation, more importantly, parents need to get a "ticket" (the colloquial name for a school place in City A), which may involve *guanxi* practice or school place trafficking.

Students are under pressure to pass the entrance exam for key schools, and study very hard. It is argued that this comes at the expense of developing real ability or skills. Many teachers and headteachers are aware of the shortcomings of exam-oriented education, but they still set large amounts of homework, since exam results are associated with their work assessment (City A Daily 2010). Many parents send their children to a training centre or a teacher's home for extra lessons in the evenings and at weekends. If their children pass the entrance exam, parents do not need to use *guanxi* and pay a lot of money in school-selection fees. There is a range of grades within which parents can compete on *guanxi*. The lower the grade, the more school-selection fee there is to pay; and the lower the grade, the more powerful *guanxi* one needs to influence the headteacher. Students with grades lower than this range have to go to a common school, even if their parents have *guanxi*.

Before 2011, July was always a frustrating time for the headteachers of key schools, because so many people were using *guanxi* to contact them and ask for school places. Resorting to turning off their mobile phones, some even went into hiding, checking into hotels during the peak period, because parents would attempt to visit their homes, even in the middle of the night, offering them money. Refusing such people would be very difficult, for the sake of friendship or *guanxi,*even more so if money were offered.

A few years before 2011, City A was suffering from serious cases of school place trafficking. According to a report in City A Daily (November 10, 2010), the agency fee was up to 40,000 yuan for entrance to the

best primary school, SS, in 2010. The report reveals that so-called "high-quality education study places" in the compulsory education stage are very limited. In the primary school stage, the two city-level key primary schools (founded by city government)—SS and MD—offer 100–200 study places with free tuiton by lottery with the recruiting plan of 450 students. At the junior high stage, each fake private school offers only 100 "free tuition" places to Top 100 students in entrance exam with the recruiting plan of 600 students. Since most parents hope their children get into high-quality schools, it is difficult to meet their needs. However, some people who use *guanxi* to gain places simply sell them if they do not need them.

In the summer of 2012, Wang, the headteacher of SS, was arrested for taking bribes in exchange for school places. The city's new mayor started a process of reform to crack down on corruption and *guanxi* practice in the allocation of school places. This reform had a major impact on the city. Officials and the wealthy complained about the policy, but ordinary citizens were in favour of it. The new mayor did not allow experimental schools to recruit *guanxi* students, and so students were selected strictly on the basis of entrance exam results. However, parents are still using *guanxi* to get their children into better common schools, especially key classes in common schools.

2.8 Educational Situation in City B

City B, 200 kilometres away from City A, is also a prefecture-level city with a population of 3.4 million (in 2009), including four counties. City B had been a rural area of City A before 1949. City A is an ancient city with almost 2,000 years of history, while City B is a new city developed from a small fishing village with a history of only 20 years. Moreover, the area of City B is smaller than that of City A, and City B's economy is weaker (reference is not supplied in order to maintain anonymity).

At the primary stage, City Experimental Primary School (CE school) is the best school in the whole of City B. There are three other key primary schools in the city area. At junior high stage, the best school is Shishi Private School, a branch or sub-school whose parent school is the best in the province. XinXin School is the second best at junior high stage. At senior high stage, Shishi Private School is also the best. Hua School is the best public senior high school, but is ranked second best in the city according to the 2013 *gao kao* results (website of Educational Bureau of City B) (Table 2.3).

Table 2.3 Schools in City B[a]

	Key schools	*Common and bad schools*
Senior high	1. Shishi school (private) 2. Hua school (public) 3. XinXin school (public)	3 other senior high schools
Junior high	1. Shishi school (private) 2. XinXin school (public)	Not known
Primary school	CE school (public) 3 other central primary schools (public)	FanFan school (private) The Lao school (public)

[a]All names of the schools above are coded to maintain anonymity

City B is also facing the problem of unbalanced education. Only the children of officials or workers in city government departments can enrol in the best primary school, CE school, which is also called 'City Government Department School'. In principle, officials working for the district-level or county-level government are not allowed to send their children to this school, let alone businessmen working in the private sector. However, many people use their *guanxi* to send their children to this school.

CE school was found in 1993, and the local government funds this school more heavily than others. The parents of students at CE school are mostly well educated. Many students and parents on local BBS (Bulletin Board System on internet) claim that CE school is the best, both in terms of its environment and the quality of education. This school is so popular that in the recruitment season, many parents start queuing for application forms outside CE school at midnight, staying there until morning. However, places in good schools are limited, so people use a number of techniques to get their children to good school, including *guanxi*, deception, and fake certificates.

Some schools separate key and common classes. It is illegal to establish key classes, so these may be called 'innovative classes'. In some key schools, the use of *guanxi* to get into key classes is not allowed; but people use *guanxi* to get their children into sub-key classes. Some key classes have many students: one has up to 84 students.

While key schools have become bigger and bigger, some common schools have been shrinking. A teacher reported that the number of students in his school dropped from more than 700 to 130 within a decade, because parents were using *guanxi* and paying school-selection fees in order to send their children to key schools or better common schools.

2.9 Research Methodology

The research discussed in this book involved ethnographic case studies in two small cities, utilising interviews, documentation and observation. The two cities were selected for the following reasons. First, the moral normative and traditional ritual that supports *guanxi* practice in the small cities may be stronger than that in big cities, as they are less influenced by the outside world and retain old traditions to a relatively greater extent. This culture may be more supportive of *guanxi* practice, and the motivations of *guanxi* practice may be easier to observe. Second, according to some local news reports and information from friends, a great deal of *guanxi* practice has recently been taking place in relation to school places. Third, the author's previous work in these two cities and many *guanxi*s enabled easy access to the field.

Although the same phenomenon of parents using *guanxi* for school places occurred in the two cities, they are regarded as two independent cases with different policies and settings. One city experienced school place trafficking and educational reform (City A) while the other (City B) experienced neither. The differences in policy can be examined to explore the relationship of *guanxi* and the institutional system. The differences between these two cities provide complementary answers to the question of how and why *guanxi* is used in relation to school places.

2.9.1 Sampling

Sampling, including sampling of time, settings, persons, etc., is important for a case study. The sampling of persons depends on the particular context: categories of people are relevant to the emerging analysis of school-selection case studies, and to the research questions. The sampling criteria for participants cover people who are involved in *guanxi* practice in relation to school places and relevant observers. The sample range includes: (1) different people associated with different schools, such as key schools, common schools and bad schools; (2) different roles in the student recruitment system, such as headteachers, teachers, parents and students; (3) different social classes, such as those with higher and lower incomes, officials and ordinary people; (4) different ages and genders; and (5) different roles in *guanxi* practice, such as gift giver, gift recipient, favour seeker, benefactor, intermediary, and shop keeper.

The roles covered by interviews in City A are shown in Table 2.4.

Interviewees in City B were recruited using the same sampling strategy, and the distribution is shown in Table 2.5.

Table 2.4 Sampling for participants of City A[a]

	Headteacher	*Teacher*	*Parents*	*Students*	*Total*
Key school	Xie	Lin, Sun	Kai, Rose, Xian, Yu	Chun, Yuan	10
Common school	Lee, Liu	Mai, Huan, Zheng	Nicky, Qi, Sen, Shen	Chan, Wen, Jr. Xiong	11
Bad school	Yan	Jie			2
Total	4	6	8	5	23

The above 23 interviews plus 2 officials, 1 insider and 1 shopkeeper, number 27 in total

[a]All names above are coded in order to protect the anonymity of the participants

Table 2.5 Sampling for participants of City B[a]

	Headteacher	*Teacher*	*Parents*	*Students*	*Total*
Key school	Han	Zhu, Luo, Zhang, Tian	Chen, Ping, Lie, Lu, Chong, May, Wu, Yang	Lin, Ruan, Zheng, Shi	17
Common school	Fei		Lan		2
Bad school		Liao			1
Total	2	5	9	4	20

The above 20 interviews plus 1 official and 1 shopkeeper, number 22 in total

[a]All names above are coded in order to protect the anonymity of the participants

2.9.2 Accessing

All the informants are friends or relatives of the author, who used *guanxi* to collect data. This was necessary since most people practise *guanxi*, yet few would admit to it publicly (Yang 2002). Without advance access to *guanxi*, research on this phenomenon would be almost impossible. Some previous research that failed to use *guanxi* has resulted in inaccurate data. For example, Guthrie's (1998) research interviewed factory managers in 1995 to find out if any *guanxi* were used in the hiring of employees. He interviewed strangers about *guanxi* in formal ways and at formal places, and was thus unable to gain authentic data. If *guanxi* is not built with the informants beforehand, researchers will be considered as outsiders, and this may result in the collection of false information. Moreover, *guanxi* is easily conflated with corruption and bribery, which have attracted

increasing resentment from ordinary people, and have become the target of campaigns by central government (Yang 2002). Yang writes:

> While Guthrie goes to great lengths to give his methodology all the trappings of scientific sociological method, complete with elaborate sampling techniques and statistical charts and graphs, his two-hour interviews with factory managers, in the public space of factory grounds, undermine all his careful sampling techniques and raises grave doubts about his conclusions. (Yang 2002, pp. 461–462)

The advantage of using friends and relatives as informants is that it provides easy access to "inside information". The disadvantages include: (1) the researcher, having lived in this society for decades, might take something for granted; (2) most of the participants may have similar experiences, which reduces the representative scope of the research results; and (3) in order to save face or gain face, some informants might conceal or exaggerate the facts, or even lie. To decrease the chance of the relationship between the participants and the researcher influencing the research and giving rise to biased results, open and obvious questions were posed to maintain open-mindedness and avoid taking things for granted. The researcher's social network was consciously enlarged before the research, so that its members would include the different categories of person studied, for example, making the acquaintance of someone teaching in a common senior high school at the beginning of the fieldwork. Social class and education level were also taken into consideration in the recruitment of respondents. People from key schools and common schools, rich and poor parents, officials and factory workers, male and female informants were all selected. Different kinds of people see the same case from different angles, and this provided more objective information.

In summary, although friends were recruited as respondents, they were not selected by chance but by categories according to the research design and the case study protocol. Thus the research attempted to minimise selection bias.

2.9.3 Covert Observation and Confidentiality

The most noteworthy ethical issue involved in this research is covert observation. The author explained the research to friends and relatives and asked them for consent, but concealed the corruption issue. Thus the main part of the observation was overt, but the corruption issue was

observed covertly. As discussed in the previous chapter, *guanxi* is sometimes associated with corruption, especially in the context of school selection. Officials, headteachers and insiders were visited at home more often, in order to observe *guanxi* practice and any related corruption, with notes written immediately after the interviews to avoid memory failure.

A partially covert method was required to conceal the purpose of observing corruption in school place allocation. Covert research is regarded as immoral by some scholars due to its potential harm to the subjects, damage to the general reputation of sociology, and the possibility that it might close further avenues for research, producing feelings of betrayal and danger for the researchers themselves. Nevertheless, covert research is a necessary, useful and revealing method and can be morally justified so long as it is done in an appropriate way. Covert participant observation has not been a widely used research technique, but its use brings out most clearly some of the ethical principles that guide the conduct of social research (Bulmer 1982).

There were some important reasons for using covert research in this research. First, the primary objective of sociology should be the search for the truth, and the social researcher is entitled and indeed may be compelled to adopt covert methods. The benefits from greater social scientific knowledge about society outweigh the risks that are run in collecting data using covert methods. Second, any method that moves us towards that goal, without unnecessary harm to subjects, is justifiable (Bulmer 1982). The sociologist has the right to make observations about anyone in any setting if this is done with scientific intent and purpose. Third, even when operating overtly, researchers rarely tell all the people they are studying everything about the research (Hammersley 1995). In this research, covert observation can provide access to the real information: people do not tell the truth when they are asked about corruption. An official or headteacher would be insulted if asked whether they are involved in corruption; similarly, the researcher's personal security could be at risk, with the possibility of attack or arrest if the research was seen to threaten local officials.

Breaches of confidentiality in research of this kind could have devastating consequences for individuals participating in the research, in some cases threatening their emotional, physical, and economic well-being (Marshall 1992). In order to preserve confidentiality, some specific contextual information is not revealed in this book; likewise all names of individuals, cities, and schools are coded anonymously.

Note

1. *Bulletin Board System.*

Bibliography

163.com. (2013). *Odd story of super school.* [In Chinese]. Available from: http://news.163.com/13/0907/04/9853HKIN0001124J.html. Accessed 20 Nov 2014.

Bai Ping. (2013). "Parents vie to buy children's way into schools". *China Daily*, 5 August, p. 5.

Bodde, D., & Morris, C. (1973). *Law in imperial China: Exemplified by 190 Ching dynasty cases with historical, social, and judicial commentaries.* Philadelphia: University of Pennsylvania Press.

Bulmer, M. (Ed.). (1982). *Social research ethics: An examination of the merits of covert participant observations.* New York: Holmes and Meier.

Cai, J. (2005). Education policy closes door on poor; Nation has missed spending target and ignored rural areas, says group of retired officials. *South China Morning Post*, February 3, p. 6.

Chen, A. H.-Y. (1992). *An introduction to the legal system of the People's Republic of China*. Singapore: Butterworths Asia.

City A Daily. (2010). [Online] November 10. [Confidential to protect participants' anonymity]

Gold, T., Guthrie, D., & Wank, D. (Eds.). (2002). *Social connections in China: Institutions, culture, and the changing nature of guanxi*. Cambridge: Cambridge University Press.

Guthrie, D. (1998). The declining significance of *guanxi* in China's economic transition. *The China Quarterly, 154*, 254–282.

Hammersley, M., & Atkinson, P. (1995). *Ethnography: Principles in practice*. 2nd edn. London: Routledge.

Key School Policy. (n.d.). [in Chinese]. Available from: http://news.qq.com/zt2011/ghgcd/49.htm. Accessed 13 Nov 2014.

Lane, S., & Hoffmann, W. J. (2013). Does the Chinese practice of *guanxi* lead to corruption in business? Available from: http://www.ethic-intelligence.com/experts/273-does-the-chinese-practice-of-*guanxi*-lead-to-corruption-in-business-practices. Accessed 09 May 2014.

Lawrence, S. V., & Martin, M. F. (2013). *Understanding China's political system*. Congressional Research Service [online]. Available from: https://www.fas.org/sgp/crs/row/R41007.pdf. Accessed 11 May 2014.

Li, L. C. (2000). The 'rule of law' policy in Guangdong: Continuity or departure? Meaning, significance and processes. *The China Quarterly, 161*, 199–220.

Li, J. Z. (2011). Debate: School selection fees. Available from: http://www.chinadaily.com.cn/opinion/2011-09/26/content_13789633_2.htm. Accessed 23 May 2014.

Lowe, E. (2013). The rule of law in China: Strong man politics. Available from: http://www.fairobserver.com/region/central_south_asia/rule-law-china-strong-man-politics/. Accessed 25 Nov 2014.

Lü, X. (2000). *Cadres and corruption*. Stanford: Stanford University Press.

Marshall, L. (1992). Research ethic in applied anthropology. *Ethics and Human Research, 14*(6), 1–5.

Martinsen, J. (2009). Middle school kidnapping plot busted in Jilin. Available from: http://www.danwei.org/front_page_of_the_day/kidnapping_middle_school.php. Accessed 20 Nov 2014.

Minhua, J. (2005). Schools are exploiting parents, report says. Available from: http://www.scmp.com/article/509974/schools-are-exploiting-parents-report-says. Accessed 16 Apr 2013.

Ministry of Education. (1996b). *Rules of primary school* [In Chinese]. Available from: http://www.moe.gov.cn/publicfiles/business/htmlfiles/moe/moe_621/200409/2712.html. Accessed 17 Apr 2014.

Ministry of Education. (n.d.). *Compulsory education law of the People's Republic of China*. Available from: http://www.moe.edu.cn/publicfiles/business/htmlfiles/moe/moe_2803/200907/49979.html. Accessed 09 May 2014.

People.cn. (2014). Educational investment occupies 4% of state GDP. [online. in Chinese]. Available from: http://edu.people.com.cn/n/2014/0220/c1053-24419181.html. Accessed 23 Mar 2014.

Qu, E. (2014). Daddy's clout is felt in school, at work, on stage. Shanghaidaily[online]. Available from: http://www.shanghaidaily.com/feature/news-feature/Daddys-clout-is-felt-in-school-at-work-on-stage/shdaily.shtml. Accessed 20 Nov 2014.

Simon, L. (2000). *Examination orientation and the opportunity structure in Chinese education: Case studies of Kunming high schools*. Doctor of Philosophy thesis, The Australian National University.

Sina News. (2005). Primary and secondary arbitrary charges – Local governments to force [In Chinese]. Available from: http://news.sina.com.cn/c/2005-08-30/03576812601s.shtml. Accessed 20 Nov 2014.

Sina News. (2014). The development of China's basic education [In Chinese]. Available from: http://vic.sina.com.cn/news/27/2014/0505/57303.html. Accessed 13 Nov 2014.

Tam, F. (2009). Self-praising education officials ridiculed on net. *South China Morning Post*, p. 6.

The National People's Congress. (n.d.). *Procedures of the National People's Congress sessions*. Available from: http://www.npc.gov.cn/englishnpc/Organization/2007-11/15/content_1373014.htm. Accessed 13 Nov 2014.

Transparency. (n.d.). *Corruption by country/territory*. Available from: http://www.transparency.org/country#CHN. Accessed 8 Oct 2014.

Wang. (2011). Debate: School selection fees. http://www.chinadaily.com.cn/opinion/2011-09/26/content_13789633_3.htm. Accessed 23 Mar 2014.

Wu, X. (2013). The power of social capital in school choice in a Chinese city. *Australian Journal of Education, 57*(1), 48–59.

Xiong, B. (2011). Debate: School selection fees. *China Daily* [online]. Available from: http://www.chinadaily.com.cn/opinion/2011-09/26/content_13789633.htm. Accessed 23 Mar 2014.

Xu, M. (2006). Investment in basic education in China: Problems and suggestions. Available from: http://eng.hi138.com/?i5439. Accessed 23 Mar 2014.

Yan, S. (2004). *Corruption and market in contemporary China*. Ithaca: Cornell University Press.

Yang, M. M. (1994). *Gifts, favors, and banquets: The art of social relationships in China*. New York: Cornell University Press.

Yang, M. M. (2002). The resilience of *guanxi* and its new deployments: A critique of some new *guanxi* scholarship. *The China Quarterly, 170*, 459–476.

Zhang, J. (1994). National university entrance examination for China. *The Physics Teacher, 32*(3), 187–189.

Zoninsein, M. (2008). China's SAT. Availlable from: http://www.slate.com/articles/news_and_politics/dispatches/2008/06/chinas_sat.html. Accessed 23 Mar 2014.

CHAPTER 3

Guanxi and Social Capital

Some research claims that *guanxi* is a variant form of social capital, in which resources are derived from interpersonal relationships (Qi 2013). Some research even directly equates *guanxi* with social capital, claiming that "…*guanxi* as social capital is accumulated with intention of converting it into economic, political or symbolic capital" (Gold et al. 2002, p. 7). "*Guanxi* is a form of social investment … or social capital, an important resource that a person can tap into when there is a need to find help or support," writes Fan (2002, p. 549). Some argue "*guanxi* is regarded as a form of social capital and includes the network of ties between people and access to the resources" (Wu 2013, p. 49). Since social networks, norms and sanctions are three components of social capital (Halpern 2005), *guanxi* as network seems to be one of the components of social capital rather than social capital itself. This chapter will review the current literature on the study of *guanxi*, including theoretical and empirical research evidence in rural and urban settings. The review will address the concepts of *guanxi*, reciprocity, social distance, cultural dimensions, social capital and Chinese ancient philosophy, especially Confucianism and Taoism. Some concepts, such as *guanxi*, *guanxi* practice, *la guanxi*, and *guanxi* capital will be clearly defined and distinguished.

The chapter is guided by three general questions: (1) How is *guanxi* used? (2) Why is *guanxi* used? (3) How is *guanxi* related to social capital in terms of different closeness levels? The chapter begins by clarifying

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_3

the definition of *guanxi* based on existing literature, before reviewing the different forms of *guanxi* practice. *Guanxi* is then linked with theories of social capital, and the relationships between them are compared and examined in order to deepen our understanding of *guanxi* from a sociological perspective.

3.1 *Guanxi* and Related Concepts

3.1.1 Clarifying the Definition

In Western media, the pinyin romanization of the Chinese word "*guanxi*" is becoming more widely used than the two common translations, "connections" and "relationships", as neither of those terms sufficiently reflects the wide cultural implications that *guanxi* describes (Gold et al. 2002, pp. 3–6). Jacobs (1979) defines *guanxi* as particularistic ties. Gold (1985, p. 660) states that "*guanxi* is a power relationship", as one's control over a valued good or access to it gives power over others. For Yang (1994), *guanxi* refers to an interpersonal relationship or personalistic relationship (p. 151), whereas *guanxixue* refers to the art of social relationships, containing elements of ethics, tactics and etiquette (p. 109). For Kipnis (1997), *guanxi* refers to different types of interpersonal relationships such as family members, relatives, fellow villagers and friends (pp. 24–25). All of the above authors define *guanxi* as a certain type of connection, relationship or network. However, some scholars have expanded the interpretation of *guanxi* from its original meaning of relationship to a meaning of exchange, resources, and even social exchange process, arguing that "the concept of *guanxi* is complex and multi-faceted" (Fan 2002, p. 551). Some studies have drawn on resource-based theory by taking *guanxi* to be a kind of organisational resource (Xin and Pearce 1996; Luo 2000).

It seems that the term *guanxi* has been overextended, introducing some confusion in the existing literature (Chang 2010). Using related terms to describe the exchange, resource and social activities in *guanxi* networks, such as "*guanxi* exchange" "*guanxi* resource", and "*guanxi* practice", helps to maintain the original meaning of the term *guanxi* as a relationship or network.

In this book, *guanxi* refers to personal relationships, connections or networks based on Chinese culture, which can be utilised or potentially utilised to acquire resources in informal and interpersonal forms (Jacobs 1979; King 1991; Kipnis 1997; Yang 1994). Guthrie's discussion of "*guanxi* practice" elaborates:

> *Guanxi* implies social relations, while *guanxi* practice implies the use of these social relationships to make exchanges, manufacture indebtedness, or accomplish tasks. (Guthrie 1998, p. 266)

Mayfair Mei-hui Yang (1994, 2002) also calls the above practice "*guanxi* practice" or "practice of *guanxixue* (the art of using *guanxi*)". The expression "*guanxi* practice" does not exist in Chinese, but *gao* (make) *guanxi* or *la* (pull) *guanxi* are used to describe the instrumental use or development of a *guanxi* relationship, while *wanglai* is more frequently used to describe the development and maintenance of a *guanxi* relationship without any instrumental purpose. In Chinese, *wanglai* means "come and go" or "contact with each other": XiangQun Chang (2010) takes this to mean Chinese reciprocity, which could be expressive or instrumental.

What Guthrie terms "*guanxi* practice" is the phenomenon discussed in this book as "*la guanxi*". However, what Kipnis (1997) discusses with regard to the "practice of *guanxi* production", such as gift giving, entertaining, or embodying *ganqing* among villagers, could be expressive or instrumental. It is not regarded as *la guanxi* when one visits or entertains one's brother, sister, or close friends due to the affection towards them, although this *guanxi* relationship could be used instrumentally one day. Therefore, if we use the term "*guanxi* practice", we should distinguish between instrumental *guanxi* practice (*la guanxi*), and expressive *guanxi* practice (*wanglai*). The term "*guanxi* practice" used in this book is broader than the "*guanxi* practice" described by Guthrie and Yang, since it includes both expressive and instrumental practice.

Although *guanxi*, *guanxi* practice, and *la guanxi* should be clearly distinguished, the term *guanxi* sometimes refers to *la guanxi* (gaining resources), also called "*guanxi* phenomenon" or, to the person connected, *guanxihu* (Gold et al. 2002, p. 6). For example, people say "*guanxi* is bad" when referring to the phenomenon of *guanxi* practice; or people can refer to another person as "my *guanxi*" (Gold et al. 2002; King 1991; Kiong and Kee 1998; Kipnis 1997; So and Walker 2006; Yan 1996b; Yang 1994; Yeung and Tung 1996).

The term *guanxi* has been used with reference to relationship for thousands of years, and this is closely linked with Chinese culture. However, the discussion of the current meaning of *guanxi*—personal connections used for political and economic benefits—did not arise until the mid-1970s (Yang 1994, pp. 147–148). King (1991) portrays *guanxi* as a Confucian logic in order to locate a common cultural essence among the Chinese:

> As a socio-cultural concept kuan-hsi [*guanxi*] is deeply embedded in Confucian social theory and has its own logic in forming and in constituting the social structure of Chinese society. (King 1991, p. 79)

Chang (2010) argues that *guanxi* is not a useful general analytic concept in the study of ordinary people's personalised relationships and reciprocity. It merely means personal relationships or networks, which have to be based on other traditional concepts like *ganqing* (emotional feeling and affection), *renqing* (reciprocal obligation and indebtedness) and face (*mianzi* or *lian*), which are claimed to be derived from Confucianism (Kipnis 1997; Yan 1996b; Yang 1994).

Guanxi provides particular rather than general access to resources and operates through informal personal relations rather than formal structures. Instrumental *guanxi* practice, called *la guanxi* (pulling *guanxi*), *gao guanxi* (making *guanxi*), or *zhao guanxi* (finding *guanxi*) involves cultivating personal relationships through the exchange of favours and gifts for the purpose of obtaining goods and services, developing networks of mutual dependence, and creating a sense of obligation and indebtedness (Yang 1994). Therefore, *guanxi* seems to be a mixture of interpersonal, informal, utilitarian, emotional and moral elements, rather than simply any one of these.

Guanxi exchange can only take place between two parties who have established in one way or another a basis of familiarity (Yang 1994, p. 111). *Guanxi* practice is often based on so-called "*guanxi* base", which is a shared common origin or identity held by two or more persons. *Guanxi* base serves as a bridge to enable *guanxi* exchange. One's immediate kin, friends, colleagues, and other people with similar backgrounds and/or dialects, such as former classmates or schoolmates, are all *guanxi* based (Kiong and Kee 1998; Yang 1994).

3.1.2 Rationale for Using Guanxi

Why do the Chinese have to rely on *guanxi* so much? Why do they accept the asking of favours, and what factors motivate them to use *guanxi* to gain resources? In addition to material gain or rational calculation, research has shown that *guanxi* is rooted in traditional Chinese concepts, especially *renqing*, face, *ganqing*, *and yiqi* (loyalty and righteousness) (Kipnis 1997; Yan 1996b; Yang 1994). These concepts are elaborated below.

3.1.2.1 Renqing

The notion of *renqing*, simply translated as reciprocal obligation and indebtedness, is central to the system of *guanxi* in China, and makes *guanxi* more than simply the social embeddedness and connections that are understood in the West (Qi 2013; Yan 1996a, b; Yang 1994). *Guanxi* can be regarded as a system of gifts and favours in which *renqing* (obligation and indebtedness) are manufactured, and there is no time limit on repayment (Yang 1994). The morally infused mutual exchange carried by *renqing* is the dynamic force behind *guanxi* practice (Qi 2013). *Guanxi* relations are cultivated and, as they involve reciprocity, obligation and affectively charged moral assessments and commitments, they endure as a network of structured engagements, and can be understood as a form of asymmetrical exchange of favours between persons on the basis of *renqing* (Barbalet 2014). The quality of the *renqing* (favour) exchange and the degree of reciprocity (*huibao*) that arises from it together determine the strength of future *guanxi* relations (Qi 2013).

The concept of *renqing* has at least four implications: (1) human feelings; (2) a resource as gift or favour; (3) unpaid obligation and sense of indebtedness (called *renqing* debt, or social debt); and (4) social norms in Chinese society (Gabrenya and Hwang 1996; Hwang 1987; King 1991; *Li* 2001; Yan 1996b; Yang 1994).

In Chinese, "owing a *renqing*" means being indebted to someone. "Gaining a *renqing*" or "earning a *renqing*" means making others indebted to you. "Doing a *renqing*" or "selling a *renqing*" means doing a favour. According to Hwang (1987, p. 954), this norm of *renqing* includes two basic kinds of social behaviour: "(a) Ordinarily one should keep in contact with the acquaintances in one's social network, exchanging gifts, greetings or visitations with them from time to time, and (b) when a member of one's reticulum [*guanxi* network] gets into trouble or faces a difficult situation, one should sympathize, offer help, and 'do a *renqing*' for that person." People who follow the norm well have human kindness, or so-called *renqing wei*.

On one hand *renqing*, as social norm and sense of indebtedness, is a moral force for people to practice *guanxi*. On the other, since *renqing* produces social debt, it is rewarding to do favours to others (Yang 1994). In his case study based on observations of rural life, Yunxiang Yan (1996b) mostly takes *renqing* as social norms. Yan calls this "*renqing* ethic", and draws out three dimensions of it—rational calculation, moral obligation,

and emotional attachment—as the principles of *guanxi* networks (146). *Renqing* actually derives from the Confucian emphasis on the ethics of human relationships (*lun li*) and the notion of Confucian *li* or ritual (Yang 1994, p. 70). This "*renqing* ethic", or social norm, is complicated and takes time to learn; Chinese people also call it "*renqing shigu*" (*renqing* and sophistication). As a famous Chinese saying goes, "Being experienced in *renqing* is big knowledge and talent" (*renqing lianda ji wen zhang*).

However, when scholars talk about *renqing*, few of them clarify which connotation they are referring to. As *renqing* has at least the four implications listed above, this results in confusion. For example, Yan (1996a, b, p. 229) argues that close relationships involve a lot of *renqing*, and critiques Hwang's (1987) and King's (1991) arguments that people do not have *renqing* in expressive ties. Here Yan's *renqing* refers to "moral norms" (Yan 1996b, p. 229), while Hwang's and King's *renqing* mainly refer to the sense of indebtedness, or social debt (*renqing* debt). To avoid confusing the four implications, in different contexts this book will indicate which implication of *renqing* is being discussed.

3.1.2.2 Face

In essence, *guanxi* represents a web of obligations that parties to the exchange parties feel morally obliged to meet. Failure to do so results in a loss of face and network resources (Bian 1997). Face (*mianzi* or *lian*) is a combination of a sense of moral imperatives, social honour, and self-respect (Yang 1994, p. 141). Because of the concern with face, a person will still try to help a friend even if they know the task will involve a lot of time, effort, and risk, and may be beyond their ability. Yang's informants call this *si yao mianzi* (wanting face and willing to suffer for it). *Guanxi* is not simply a dyadic structure, but a triadic one, which includes observers or shared friends; thus public reputation and face are important (Barbalet 2014; Qi 2011). The triadic nature of exchange relations is universal when such relations include an audience, which may be a social gaze, a public or a legal scrutiny (Barbalet 2014). In order to gain face, give face or avoid offending others' face, people accept others' requests for favours and practise *guanxi* (Zhai 2011a; Barbalet 2014). Face, therefore, becomes another force for *guanxi* practice, along with *renqing*.

3.1.2.3 Ganqing

The third traditional concept is *ganqing*, which is translated as "affection", or "emotional feeling", and stands for emotional commitment in

long-standing and intimate bonds (Yang 1994, p. 121). *Ganqing*, as feelings of intimacy, can be seen as a measure of the strength of a particular social connection of *guanxi* (Smart 1993). The Chinese develop *ganqing* to maintain or strengthen their *guanxi*. The more *ganqing* you have, the firmer your *guanxi*. *Ganqing* is different from the Western concept of affection, since the Chinese *ganqing* always goes hand in hand with material obligation (Kipnis 1997). For close relations, people are more likely to do others favours for *ganqing*, and this is one of the key reasons for practising *guanxi* (Yang 1994).

Ganqing has the further connotation of "human feeling" or "emotion" (Chang 2010, p. 462). This is similar to the first implication of *renqing* presented earlier. Embodying *ganqing* (feelings or emotion) is similar to embodying *renqing* (*biao da renqing guan huai* in Chinese). *Renqing* and *ganqing* are so easily confused that in some situations they are difficult to distinguish clearly (Chang 2010, p. 463).

3.1.2.4 Yiqi

Yiqi (loyalty and righteousness) is an important concept primarily attached to friendship rather than family or kinship. "It is a term that describes the affective sentiment found in non-kin peer relations," explains Yang (1994, p. 119). Since *guanxi* is personal rather than organisational, loyalty to *guanxi* members is stronger than organisational commitment: the Chinese are more loyal to individuals than to a system (Redding 1990). *Yiqi* would be evident not to outsiders but to good friends. Someone lacking in *yiqi* is perceived as not a good friend (*bugou yiqi*, or *bugou gemen*) (Yang 1994, p. 140).

3.2 How Is *Guanxi* Used?

The existing literature on *guanxi* suggests there are at least seven forms of *guanxi* practice: (1) gift giving; (2) entertaining; (3) exchanging favours (*renqing* exchange); (4) giving face; (5) embodying *ganqing*; (6) applying ritualised patterns; and (7) *guanxi–guanxi* linking.

Engaging in these forms of *guanxi* practice without any instrumental intention is usually called *wanglai* or *laiwang* by the Chinese. However, if one has an instrumental purpose in mind—such as acquiring a school place—one's *guanxi* practice is regarded as *la guanxi*.

3.2.1 Gift Giving

Gift giving and entertaining are the two most popular methods of *guanxi* practice (Yang 1994). As many scholars have noted, traditional gift-giving practices have been popular in both rural and urban China (Walder 1986; Yang 1988, 1994; Kipnis 1997). Smart (1993, p. 403) argues that *guanxi* "is created through the repeated exchange of gifts and favours" in China. Wu's (2013) empirical research finds that frequent entertaining and gift giving will enhance one's social capital. He finds that gift giving is one of the more effective ways of maintaining the proper functioning of *guanxi* networks.

Gift giving is an important part of social etiquette in China. It can be a "pure gift" without instrumental intention, or an instrumental gift for personal interest. It produces social debt or "*renqing* debt", which may be returned in the future in various forms; and it also gives face or honour to the gift recipient, and therefore enhances the relationship. Yan (1996b) distinguishes between expressive gift giving and instrumental gift giving. Moreover, Yan argues that the Chinese gift has both material and spiritual meanings. On one hand, "Gift giving is perhaps the most common channel for expressing one's emotional response" (Yan 1996a, b, p. 141). On the other hand, many gifts are exchanged because of rational concerns or moral obligations. This type of gift giving is mostly regarded as the one for *la guanxi*, such as "flattery gifts" to flatter someone in a position of superior status for personal interests (Yan 1996b, p. 69).

Gift giving is a social contract and a reciprocal activity, which aims to give face and generate *renqing*, a sense of indebtedness (Yang 1994). It is an important social etiquette in China that has been used to show the value of a relationship, and is a means of honouring and expressing respect for the recipients. "The meaning of this gift relationship derives from the larger contexts of *guanxi* and *renqing* in a local moral world. Within the boundaries of this local moral world, the pursuit of personal interest mingles with the fulfilment of moral obligations," explains Yan (1996b, p. 226).

Guanxi partners respond with more generous returns to express altruism and intrinsic interest in relationships, while creating indebtedness in recipients of their largesse, manufacturing "social debt" (Batjargal 2007). Gift giving can be a good way to repay the debt. Gifts also create obligations that must be reciprocated, and failure to do so places the recipient in a subordinate position (Bourdieu 1977, p. 195). However, immediate

repayment is undesirable because Chinese reciprocity stresses enduring exchanges, "…and the value of the gift lies mainly in its role to sustain a long-term order of social life rather than a short-term personal benefit" (Yan 1996b, p. 226).

3.2.2 Entertaining

According to Kipnis's empirical research in a village, entertaining is often the first step in the establishment of *guanxi* and may engender *ganqing*, emotional feeling and affection (Kipnis 1997). It seems that entertaining and being entertained can have both an expressive and an instrumental purpose. From the host's point of view, treating someone to a dinner with the intention of *la guanxi* is reserved for larger favours (Yang 1994, p. 139). Yanjie Bian (2001) shows that a considerable majority of urban respondents perceive hospitality to be a way to maintain social relations. A person is considered to have received face if he/she receives an expected invitation to a dinner from a *guanxi* connection. This demonstrates the invitee's social recognition and potential to mobilise *guanxi* resources. On the other hand, one is seen as losing face if an expected invitation does not materialise. This failure indicates the individual's inability to maintain *guanxi* and mobilise *guanxi* resources. If the invitee accepts the invitation and attends the function, this points to two capacities: that of the host to maintain *guanxi* and to command *guanxi* resource from the invitee later; and that of the invitee to maintain and extend a *guanxi* network. Therefore, Bian (2001) argues that the frequency of being either a guest, host or attendee at functions is a sensible measure of social capital in the Chinese context.

However, Yang's research in the cities and Kipnis's (1997) research in rural areas both find that a large amount of entertaining also occurs as part of *guanxi* transactions in relation to official business, surreptitiously paid for out of public funds (Yang 1994; Kipnis 1997). Nevertheless, entertaining has become a popular form of *guanxi* practice in China today (as a purely expressive practice or as an instrumental activity) in people's daily lives, in business, and even in government administration.

*3.2.3 Exchange of Favours (***Renqing** *Exchange)*

As well as human feelings and social norms, *renqing* also has connotations of conferring a favour and producing a sense of indebtedness on the

recipient's part. Giving *renqing* (*song renqing*), selling *renqing* (*mai renqing*), and returning *renqing* (*huan renqing*) are all favour exchanges that can be regarded as forms of *guanxi* practice.

Kipnis (1997) reports that helping out, exchanging favours, and visiting homes frequently take place in the village that he researched. The everyday exchange of favours within and between households has always been a practical matter contextualised in the ever-changing socioeconomic context (Kipnis 1997).Yang's (1994) research in urban areas also finds that the obligation to help out one's personal circle of family, relatives, and friends is experienced both as an internalised social norm and as an external social sanction. People may help out their *guanxi* for reasons of social norms and reputation, to gain face and avoid losing face. They may, on the other hand, help out their *guanxi* out of self-interest, hoping to get something in return in the future (Yang 1994, p. 140). Both pieces of empirical research—one in a village, the other in an urban setting—report the fact that people prefer *renqing* exchange (favour exchange) to market exchange with their *guanxi*s, unless the favour is too big and beyond the donor's ability to give for free.

Luo and Yeh (2012, p. 65) explain that "The Chinese are willing to sacrifice short-term interests for long-term favour exchanges, since they know that the benefit of group effort will be much greater than that of individual endeavour". The frequent exchange of favours in the long run could be regarded as one of the main characteristics of *guanxi* practice. Thus, *guanxi* can be understood as a form of asymmetrical exchange of favours between people on the basis of enduring sentimental ties, in which the enhancement of public reputation or face is the aspirational outcome (Barbalet 2014).

3.2.4 Giving Face

Giving face can be regarded as a form of *guanxi* practice that is often embedded in other forms of *guanxi* practice—entertaining, gift giving and doing favours—involving very sensitive manners, etiquette and use of language. The Chinese value face very much; so while keeping one's own face is important, it is vital also to allow others have face (this can be referred to as "giving face") (Kipnis 1997; Yan 1996b; Zhai 2011a; Hwang 2010).

Doing "face work" includes showing off one's power to attract others, and giving face in order to receive favours from others. As Hwang (1987,

p. 962) writes, "Face work is also a method of manipulating the allocator's choices of allocating resources to one's benefit. Thus, doing face work is a power game frequently played by the Chinese people". In a social hierarchy of *wu lun* (five cardinal relationships identified by Confucianism: ruler and subject, father and son, husband and wife, elder brother and youger brother, and between friends), *guanxi* links two persons, often of unequal ranks, in such a way that the weaker partner can call for special favours which he does not have to reciprocate equally. Those in positions of power and authority are expected to assist those who are disadvantaged. In return, the former gain face and a good reputation (Yeung and Tung 1996). In this sense, face can also be instrumental and tactical, as people act to help others for the sake of gaining face and a good reputation. In the same way, if one has "big face"—high social status in one's *guanxi* network—one is more likely to gain favours in the network (Bian 2008). Entertaining, gift giving and doing favours are all methods of giving face (Bian 2008). However, other ways of giving face also include proper manners, etiquette, and the use of language in everyday events and ritual activities. Zhai (2011b) presents many examples of giving face to show how important "face works" are in *guanxi*, and attributes this to Confucian *li*. He also presents some cases of offending others' face, and its serious consequences, e.g. provoking someone to commit suicide.

Giving face to others will enhance personal relationships, so that people are more likely to receive favours from others. In the same way, offending others' face will result in bad relationships and difficulty in acquiring social resources. Therefore, giving face can be regarded as a form of *guanxi* practice, which can help to acquire desired resources from a *guanxi* network.

3.2.5 *Embodying* Ganqing

Embodying *ganqing* (emotional feeling and affection) is another method of *guanxi* practice, or one of the so-called "*guanxi* productions" (Kipnis 1997). The embodiment of *ganqing* is important to both ritual and everyday practices of *guanxi* production (in other words, *guanxi*-related activities). Illnesses provide an important occasion for visiting and demonstrating concern. Many believe the *ganqing* created in illness visits actively contributes to curing the sick (Kipnis 1997, p. 28). Gift giving and entertaining are also forms of embodying *ganqing*. However, the embodiment of *ganqing* (*biaoda ganqing*) exists within everyday rituals, etiquette and manners. Kipnis (1997) described many specific manners through which

people display their *ganqing* towards others: for example, visiting a sick person, exchanging favours, helping out, expressing congratulations on the birth of a new child, and offering condolences at a funeral.

However, Chang (2010, p. 463) argues that Kipnis's usage of *ganqing* is no different from previous researchers' use of *renqing* relating to *guanxi*. Almost all Kipnis's examples of embodying *ganqing* appear to be describing what others (for example, King 1986; Yang 1994; Yan 1996b) term *renqing*. For Chang (2010, p. 463), "Kipnis's embodying *ganqing* (*biaoda ganqing*) or embodiment of *ganqing* can be interchanged with expressing *renqing*".

Indeed, *ganqing* has two implications: "affection" and "emotional feeling".

When people say "*ganqing* is complicated" (*ganqing hen fu zha*), the "*ganqing*" here refers to emotional feeling. It seems to share with *renqing* the connotation "human feeling". Thus, embodying *ganqing* (*biaoda ganqing*) and embodying *renqing* (*biaoda renqing guan huai*) mean the same thing. However, *renqing* has at least four implications: along with human feeling, it can also mean favour, a sense of indebtedness, and social norms. Embodying *renqing* and concern (*biaoda renqing guan huai*) is different from doing *renqing* and returning *renqing*, or owing a *renqing* debt: the former *renqing* means "human feeling", the latter refers to "favour" or "social debt". Some practices of embodying *ganqing* do express people's real emotional feeling and concern towards others. However, embodying *ganging* may sometimes not be based on genuine emotional feeling and affection (*zhen ganqing*), but rather on following the local social norms, rituals or etiquette, which Yan (1996a, b) describes as *renqing* ethic. A close relationship comes with real *ganqing*, while *renqing* (especially when it refers to a sense of indebtedness) is for more superficial relationships (Yang 1994).

People who often embody *ganqing* to their *guanxi* will be called a person with "*renqing wei*" (good at embodying human kindness), rather than "*zhong ganqing*" (valuing affection and emotional feeling as good friends). Moreover, some people try to foster affection (*ganqing*) with their *guanxi*s because of instrumental considerations, calling this "*ganqing* investment". This essentially means influencing others by *renqing* (sense of indebtedness), rather than real affection (*zhen ganqing*), and should be regarded as "instrumental embodiment of *ganqing*" or "*renqing* investment".

Whether embodying *ganqing* is merely a form and ritual, or represents real love and concern, it should be regarded as a form of *guanxi* practice that is different from exchanging *renqing*, doing *renqing*, giving *renqing*, or other forms of *guanxi* practice.

*3.2.6 Applying Ritualised Patterns (*Ketao*)*

According to Yang's (1994) empirical research, gift giving and entertaining both involve etiquette and polite rituals that mask or mute the instrumental nature of the gift or dinner to save face for both sides. Moreover, she describes some "ritualised patterns" of conduct exhibited at the moment of presentation to dissemble crude instrumentality in such *guanxi* transactions as the giving and returning of gifts. She reports that sometimes this ritual can be vehement and intense, turning into a "culturally rehearsed choreography of push and shove, the giver pressing the gift on a vociferously reluctant recipient" (Yang 1994, p. 137).

Yang argues that gift giving and entertaining in Chinese culture is not merely a tactic in the art of *guanxi*, but is also an important ritual in the social sphere. Guests usually decline the invitation to dinner out of consideration for "polite form" or "ritualised pattern", "the desire not to burden their would-be host, or the reluctance to owe a debt to their host" (Yang 1994, p. 138). The hosts, for their part, usually respond by insisting more vehemently, sometimes to the point of physically dragging their guest into their home or to a restaurant. Such "exaggerated hospitality" continues once the guests are inside the house. When it is time to be seated, there is often a minor "ritual struggle" over who is to occupy the "seat of honour", with everyone determined not to sit at the centre of the table. While wining and dining is employed as a tactic of the art of *guanxi*, it remains embedded in the larger symbolic tradition of the rituals and etiquette associated with entertaining (Yang 1994, p. 138). Ritual struggle may be caused by the implicit norms of interaction. The two parties follow different rules of *renqing*; however, some ritual struggle is just about "polite form".

All the terms Yang describes—"ritualised patterns", "polite form", "ritual struggle", or "exaggerated hospitality"—can be encapsulated by the Chinese term *ketao*. *Ketao* is also one of the rules of *renqing* ethic, and can be regarded as an important form of *guanxi* practice.

3.2.7 Guanxi–Guanxi

If a person cannot directly influence their benefactor, an intermediary can be used to exert social influence in the benefactor's favour. An intermediary—someone who has common *guanxi* bases with both the individual and their desired business contact—can help establish an alliance. This is an effective method of *guanxi* building (King 1991). Qi (2013, p. 316) provides an example: "If person A, say, needs the help or favour of person B with whom there is no prior acquaintance, then A may ask another person, C, who both knows B and with whom A has a (*guanxi*) relation, to introduce him, A, to B. Through such exchanges A benefits from C's existing *guanxi* with B; through A's *guanxi* with C, C's *guanxi* with B is transferred to A." While *guanxi* cannot be completely transferred from one person to another, personal recommendations are important (Kiong and Kee 1998): asking a *guanxi* to ask his/her *guanxi* for a favour is also a effective form of *la guanxi*, described as "linking *guanxi* to *guanxi*" by people in the cities under study. Similarly, Yang (1994, p. 123) argues that there are two tactics used to enlarge one's *guanxi* network. One is to use an intermediary; the other is to use one's existing *guanxi* as a resource to attract and maintain more *guanxi* (Yang 1994, p. 123).

The social changes and economic opportunities generated through China's present transitional stage have meant that favour-giving relationships constitutive of *guanxi* now occur outside the confines of village, neighbourhood, and family, and therefore weaker-tie *guanxi* bases are not anomalous but have become routine (Barbalet 2014). Thus, using weak ties becomes a popular form of *guanxi* practice, and "*guanxi–guanxi*" makes it work.

3.2.8 Interaction Ritual

Apparently, the seven forms of *guanxi* practice described above are full of traditional customs and rituals, or so-called "interaction ritual" (Collins 1987, 2004). In common parlance, a ritual is a formal ceremony, the going through of a set of stereotyped actions. However, an interaction ritual is the process in which participants develop a mutual focus of attention and become engrained in each's bodily micro-rhythms and emotion (Collins 2004, p. 67). Collins defines interaction ritual as:

> [A] mechanism of mutually focused emotion and attention producing a momentarily shared reality, which thereby generates solidarity and symbols of group membership. (Collins 2004, p. 27)

Goffman's (1967) research shows that rituals are both local and ubiquitous, operating in every daily interaction. Collins provides a further discussion of emotional energy solidarities, arguing that:

> Rituals are constructed from a combination of ingredients that grow to differing levels of intensity, and result in the ritual outcomes of solidarity, symbolism, and individual emotional energy. (Collins 2004, p. 67)

Collins (1987, 2004) further suggests that we should look at interaction ritual chains: interaction rituals may reaffirm previous truths or create new ones, but whether reverential or iconoclastic, interaction rituals create a chain connecting previous interaction rituals to future ones.Ritual tends to support traditional forms of social hierarchy and authority, and maintains the assumptions on which that authority is based. It is a homeostatic mechanism to regulate and stabilize social institutions by adjusting social interactions, maintaining a group ethos, and restoring harmony after disputes (Bell 1997, pp. 138–169).Traditionally, rural society in China is characterised by "rule by ritual", or "rule by *li*" (*lizi*), as opposed to a society that is ruled mainly by law (Fei 1992 [1947]). Nowadays, even in urban China, ritual continues to play an important role in social interaction and social exchange.

3.3 Why Is *Guanxi* Used?

The discussion of *guanxi* in the sociological literature has focused on the role of *guanxi* in the transitional economy of mainland China. This literature identifies two alternative positions with regard to the popular use of *guanxi* today. One holds that *guanxi* is best understood institutionally as a component of social organisation characterised by the underdeveloped rights and law framework (Guthrie 1998; Wank 2002; Gold et al. 2002). The other position emphasises the importance of Confucian heritage in situating *guanxi* as integral to Chinese culture (Fei 1992[1947]; Hwang 1987; King 1991; Yang 1994, Yan 1996a).

3.3.1 Institutional Causes

In societies where formal incentive structures are undeveloped or ineffective, people are likely to rely much more on informal structures as the primary means to ensure certainty and security (North 2005).

Guanxi is needed and utilised to make up for the deficiencies of formal institutional artefacts (for example, intellectual property rights) and failures in the legal system (Xin and Pearce 1996). In this context, it is argued that *guanxi* may compensate for inadequate formal incentive structures and/or enforcement mechanisms (Nee 1992). From this viewpoint, therefore, *guanxi* is perceived as an artefact of institutional conditions: that is, in circumstances of weak formal institutions, personal connections and networking become fundamental parts of economic and social exchanges, which are also important in the West (Yeung and Tung 1996). Similarly, Yanjie Bian argues that there remain many institutional holes in the Chinese labour market, and with the lack of formal institutions, individuals continue to rely on their social networks to gain advantages in the employment process (Bian 2002).

Guthrie (1998) argues that as formal law is increasingly respected, the role of *guanxi* practice as an institutionally defined system is diminishing in the urban industrial sector. Some support for this argument comes from analyses of the role of networks in business. Although these authors acknowledge *guanxi* as a cultural fact that shapes mutual exchange and the manufacture of indebtedness and obligation in Chinese society, their overall conclusion is that *guanxi* conflicts with rational legal systems. In other words, *guanxi* is not accelerating in commercial economies and is in fact fading and becoming irrelevant. The emerging institutions of the market transition in China are eroding *guanxi*'s significance, as intensifying market competition values efficiency over obligations while legal norms delegitimise the use of personal ties to subvert procedures (Guthrie 1998).

Therefore, these scholars argue, "continued consideration of the Chineseness of *guanxi* is not going to advance research on or understanding of the social structure of Chinese society. What will advance research is a focus on the specific ways this phenomenon functions across different social setting in China today" (Gold et al. 2002, p. 17).

3.3.2 Cultural Causes

However, most Sinologists claim that the concept of *guanxi* derives from Chinese culture, especially the Confucian tradition (Jacobs 1979; King 1991; Lin 2001; Fei 1992 [1947]; Hwang 1987; Kipnis 1997; Yan 1996b; Chang 2010). Confucianism, Taoism and Buddhism constitute the essence of Chinese culture, and the relationship between these three philosophies or religions has historically been both contentious and

complementary. However, it is widely accepted that Confucianism plays the most dominant role.

Relationships are central to Confucianism, and particular duties arise from one's particular situation in relation to others. For example, juniors are considered to owe their seniors reverence; seniors also have duties of benevolence and concern towards juniors. This theme of mutuality is prevalent in Chinese culture even to this day, and Confucian social theory has the theoretical thrust of developing a person into a *guanxi*-oriented individual (King 1991).

As we have seen, the forms and rationales of *guanxi* reviewed by existing literature also demonstrate these concepts of Confucianism. Furthermore, despite not having the same institutional structures as China, other Chinese societies such as Taiwan, Hong Kong and Singapore are still found to contain some *guanxi* practice (King 1991; Yeung and Tung 1996; Dunning and Kim 2007).

It seems that the phenomenon of *guanxi* is deeply rooted in Chinese culture. The following sections review existing literature on the relations between *guanxi* and the two philosophies of Confucionism and Taoism. No literature on the relation between *guanxi* and Buddhism has been found in this research.

3.3.3 Confucianism and "Instrumental Li*"*

The Chinese *guanxi* culture, together with *renqing* (reciprocal obligation and indebtedness), face, *ganqing* (affection), and *yiqi* (loyalty and righteousness), is influenced significantly by *ren* and *li*, two concepts central to Confucius's ethical thinking (Chang 2010; King 1991; Yan 1996b; Yang 1994).

Ren refers to the ethical ideal, meaning certain traditional norms that govern human conduct (Shun 2002; Liang 2010). *Ren* has both narrow and broad connotations: it is used "more narrowly to refer to one desirable quality [affection for others] among others [such as wisdom and courage], and more broadly to refer to an all-encompassing ethical ideal that includes all the desirable qualities" (Shun 2002, p. 53). The broad sense is used in the present study because the character *ren* appears more often in its broader sense in Confucius' *Analects* (Shun 2002; Liang 2010).

The concept "*li*" originally referred to rites of sacrifice but, even before the time of Confucius, the scope of its application had expanded to include other things, such as norms governing polite behaviour

(Shun 2002, p. 53). *Li* is the rule of proper conduct, including etiquette and religious and moral rules (Shun 2002; Chan 2006). It does not mean rites in the Western conception of religious custom; rather, *li* embodies the entire spectrum of interaction with humans, nature, and even material objects (Chan 2006).

Ren refers to inner spiritual development, which is the innate character of *li*. *Li* is the outer expression of *ren*, the instrument in the cultivation of *ren*, and it can even be the measurement of *ren* (Tu 1985; Liang 2010; Shun 2002). Confucianism emphasises the importance of *li*: indeed, "The course (of duty), virtue, benevolence [*ren*] and righteousness [*yi*] cannot be fully carried out without the rules of propriety[*li*]" (Confucius 2013, p. 1 [*quli*]). Acting with *li* and *ren* led to what Confucius called the "superior human", or "the sage". Such a human would use *li* to act with propriety in every social situation. In this sense, *li*, as proper conduct, includes ritual but goes far beyond it. Ritual is one of the important practices of *li*; however, ritual practices without *ren* are just rituals, not Confucian *li*.

Modern Chinese still value *li* so much that losing *li* (*shi li*) is unacceptable. They care deeply about maintaining face; and losing *li* leads to losing face (Ting-Toomey 1999, p. 75). XueWei Zhai argues that the concept of face is closely associated with Confucian *li*: if people do not act properly, they will lose their *li* and therefore be shamed within their social group (Zhai 2011b, pp. 269–286, 2012, p. 133, 2013, pp. 153–167). Yang (1994, p. 70) also argues that the concept *renqing* derives from Confucian *li*, especially the rule of *li shang wanglai* (courtesy demands reciprocity). Similarly, King (1991, p. 74) argues that "*renqing*, in part, can be equated with the content of the Confucian *li*". The emphasis in the concept of *li* is on the individual's responsibility to know and act on certain prescribed rules of behaviour. If a Chinese is accused of "knowing no *renqing*", this means that he is lacking *li* and is incapable of managing interpersonal relationships (King 1991, p. 74).

Yang (1994, pp. 119–123) argues that *ganqing* and *yiqi* are more emotional and moral when people have close relationships, while *renqing* presents when the relationship is not really "deep". For example, giving gifts to local officials is a matter of courtesy and observance of proper social forms and etiquette. It will lead to the establishment of a good relationship, but not to *ganqing*. According to Yang, *ganqing* and *yiqi* (with moral obligation) are influenced by Confucian virtue (*ren*) and more likely to exist within close relationships, while *renqing* and face, derived from Confucian ritual (*li*), seem to be more influential among casual friends (Yang 1994, p. 70).

Whether or not it comes with instrumental purpose, *guanxi* practice is based on so-called "*renqing* ethic". However, *renqing* ethic in *la guanxi* is not true Confucian *li*. With *la guanxi*, the concept of Confucian *li* is self-serving and cannot be regarded as true *li*, since *li* should come with *ren* inside (Shun 2011; Tu 1985). Although the practice of *li* is usually observed in daily rituals, some of them, like gift giving, entertaining, or using ritualised patterns (Yang's term, usually called *ketao* in Chinese) to influence others in order to gain resources, may come not with *ren* but with self-interest; thus, these social rituals should not be regarded as true *li* but "instrumental *li*". In *la guanxi*, people simply copy the forms of *li* in their ritual practice without the motivation of achieving *ren* but with self-interest in mind, claiming they are acting with *li* to justify their practice. The social rituals of *li* mostly seem to be used to stress the actors' moral obligation and emotional attachment, and to mask their rational calculation.

Thus, in *la guanxi*, gift giving, entertaining, *renqing* exchange, giving face, embodying *ganqing*, and applying ritualised patterns (*ketao*) are practices of instrumental *li*. The concept of *renqing* and face in *la guanxi* are also instrumental *li*, since *renqing* and face derive from *li* but are instrumently used.

The term "*renqing* ethic" has broader connotations than the value behind *la guanxi*, since *renqing* ethic, combining moral obligation, emotional attachment and rational calculation, is the norm behind all *guanxi* relationships and *guanxi* practice, both expressive and instrumental (*la guanxi* and *wanglai*). More specifically, therefore, *la guanxi* is not the direct product of Confucianism, but the instrumental use, for specific types of social exchange, of some Confucian concepts, especially the notion of *li*.

3.3.4 Taoism: From the Cultural Dimensions

Historically, Taoism has had a major impact on Chinese people's working, living, and thinking styles, and has influenced *guanxi* from the cultural dimensions angle. "Cultural dimensions", which are mostly psychological dimensions, describe the effects of a society's culture on the values of its members, and how these values relate to behaviour. Cultural dimensions such as "universalism versus particularism" and "specific culture versus diffuse culture" can help to describe the value behind *guanxi* (Trompenaars and Hampden-Turner 1993; Hofstede 2001; Hampden-Turner and Trompenaars 2000).

"Universalism versus particularism" describes the degree of importance a culture assigns either to the law or to personal relationships. It explains the two contrasting concepts of "a rule is a rule", and particular obligations in relationships (Trompenaars and Hampden-Turner 1993). In a universalistic culture, people share the belief that general rules, codes, values and standards take precedence over the needs and claims of friends and other relationships. In a particularistic culture, people see culture in terms of human friendship and intimate relationships. Universalists focus more on rules than relationships, with the reverse being true of particularists. For universalists, a deal is a deal. For particularists, goodwill is important to relationships (Trompenaars and Hampden-Turner 1993).

Chinese culture is described as one of "high particularism" by Trompenaars and Hampden-Turner (1993, pp. 35–39). Much of Chinese society is organised on the principles of relationships rather than rules or laws (Tim and Morgen 2004). Confucianism and Taoism could be regarded as the source of the Chinese particularist culture, because the two philosophies suggest ruling a state by virtue or *wuwei* (letting things take their own course), rather than by laws. Take, for example, the Confucian claim that "The rule of virtue can be compared to the Pole Star which commands the homage of the multitude of stars simply by remaining in its place" (Confucius 2008, p. 15 [Book 2 Sentence 1]). In addition, Taoism states that "The more strict laws, the more thieves" (Lao Zi 2007, p. 120 [Chapter 57]) and that "When governance is loose, people are honest; when governance is explicit and specific, people are treacherous" (Lao Zi 2007, p. 122 [Chapter 58]).

When it comes to "specific culture versus diffuse culture", Trompenaars and Hampden-Turner (1993) argue that specific culture is analytic, and diffuse culture is holistic or synthetic. In a specific culture, people first analyse the elements individually and then put them together: the whole is the sum of its parts. People's lives are divided accordingly, and only a single component can be entered at a time. Interactions between people are very well defined, and individuals concentrate on hard facts, standards and contracts. Diffuse culture, however, starts with the whole and sees individual elements from the perspective of the whole. All elements are related to one another, and relationships between elements are more important than individual elements. In diffuse cultures, "everything is connected to everything" (Hampden-Turner and Trompenaars 2000, p. 79). All aspects of the relationships are interwoven, and the "diffuse" whole is more than the sum of its parts. In specific-oriented cultures, people segregate task and relationship, while in a diffuse culture, every life space and every level

of personality tends to permeate all others. Thus, things cannot be too specific, and flexibility is highly valued. Many Western countries have a "specific culture", while the Chinese culture is very "diffuse", according to Trompenaars and Hampden-Turner (1993, pp. 80–86).

China's highly diffuse culture is to some extent a product of Taoism. According to Taoism, the natural, universal way, when dissected, comprises the way of flexibility and reversion. The principle of flexibility asserts that there are many alternatives and opportunities, so things are never absolute (Cheung and Chan 2005). Hence, a soft thing, such as water, can be powerful, penetrating and can corrode rocks. There is a contrast between the rigidity of death and the weakness of life: "When he is born, man is soft and weak; in death he becomes stiff and hard. The ten thousand creatures and all plants and trees while they are alive are supple and soft, but when dead they become brittle and dry" (Lao Zi 2007, p. 156 [Chapter 76]). All in all, soft and flexible things (alive) are better than hard and rigid things (dead). Moreover, due to the diffuse idea of "everything is connected to everything", business and social life always overlap (Trompenaars and Hampden-Turner 1993).

The impact that these cultural dimensions have on *guanxi* can be summarised as follows. Particularism leads to the fact that the Chinese value personal relationships, and devalue rules and laws. Diffuse culture results in the Chinese being comfortable with vague rules, and uneasy with specific and fixed rules. Business or professional life is always mixed with social life with a vague boundary between the two, because the Chinese have a holistic world view and see everything as connected with everything else (Trompenaars and Hampden-Turner 1999; Hofstede 2001; Hampden-Turner and Trompenaars 2000).

In this sense, the institutional causes of *guanxi* we have already discussed are also influenced by particularism and a diffuse culture. Imperfect, flexible and changeable rules and laws are not only the result of the political and economic system, but are also deeply influenced by Chinese culture.

3.4 Social Capital in Different Closeness Levels of *Guanxi*

It is widely argued that *guanxi* is a "variant form" of social capital, or that it functions as a form of social capital (Gold et al. 2002, p. 7; Fan 2002, p. 549; Lin 2001a, Qi 2013, p. 308; Wu 2013, p. 49). Some research claims that there are different types of *guanxi,* depending on closeness.

However, little is known about how social capital works in different closeness levels of *guanxi*, and this is worth exploring.

3.4.1 *Closeness of* Guanxi *and Social Distance*

In practising *guanxi*, Chinese people seem to be very aware of different closeness levels of *guanxi*, and act accordingly. Xiaotong Fei (1947) defined the ego-centred social relationship of *chaxugeju*, or "differential mode of association", to describe Chinese social structure by using the image of a ripple formed by a stone thrown into a pond. Each individual is surrounded by a series of concentric circles, produced by one's own social influence. Each web of social relations has a self as its centre. Each circle is spreading out from the centre becomes more distant and more insignificant. According to Fei (1992[1947]), *chaxugeju* is a special social construction in Confucian culture, where there is higher trust on the inside, and lower trust on the outside, reflecting different attitudes to one's nearest and dearest, and to acquaintances and strangers. Therefore, most of the moral principles of Confucianism only make sense in specific relationships rather than universal ethics. Fei (1992[1947]) claims that by contrast, in Western societies, individuals form organisations whereby each organisation has its own boundaries, defining who is part of the organisation and who is not. Furthermore, the relation of each individual to the organisation is the same; all members in an organisation are equal. He calls this an "organisational mode of association" (*tuantigeju*).

According to Fei (1992[1947]), this social egocentrism may lead to people looking after their own and their insiders' interests, neglecting or even harming outsiders' and public interests (also see Lin Yu Tang 1935). Another practical consequence of this difference in social networking is that people in the West struggle for their rights, while in China, people seek connections in higher places and do things for the sake of friendship (Fei (1992[1947]). Confucianism arose in a rural society where people did not travel far, and rarely made contact with the outside world, maintaining their own isolated social circle or acquaintance society (*shuren shehui*). Therefore, most of the moral principles of Confucianism only make sense in *wu lun* relationships. There are fewer, or even an absence of, moral principles and obligations to people outside *wu lun*. People seem to apply different rules of social exchange when interacting with people in different types of relationships or different degrees of intimacy, due to the Confucian concept of "*zunzun*"(giving honour to the most honourable)

and "*qinqin*" (showing affection to kin) (Confucius 2013, p. 158 [*da zhuang*]), in other words, treating different people differently.

Assumptions about *guanxi* cannot therefore be made without mentioning the context of closeness level. Fortunately, some scholars have stressed the different consequences, intentions and nature of *guanxi* practice at different closeness levels of *guanxi*.

Hwang (1987) argues that in Chinese society, an individual may have three different personal ties—expressive, instrumental, and mixed. The expressive tie is generally a relatively permanent and stable social relationship, and can result in an individual feeling affection, warmth, safety, and attachment. This kind of tie occurs mostly among members of such primary groups as family, close friends, and other congenial groups. Instrumental ties are the ties with people outside the family and close friendships. This relationship serves only as a means to attain other goals, and is fundamentally unstable and temporary. Mixed ties are relationships in which an individual seeks to influence other people by means of *renqing* and *mianzi*. Both sides of a mixed tie know each other and keep a certain expressive component in their relationship, but it is never so strong that all participants in this tie can express their authentic behaviour as freely as can the members in the expressive tie. Mixed ties are semi-close, with moderate degrees of information exchange, obligation, and sentiment being cultivated through social and pragmatic favour exchange (Hwang 1987).

According to Hwang, the three types follow different rules of social exchange: expressive ties are based on the "rule of need" and instrumental ties on the "rule of equity". The equity rule encourages individuals to allocate resources in proportion to their contributions. It indicates that profits or losses should be distributed equally among members regardless of their objective contributions. The need rule dictates that dividends, profits, or other benefits should be distributed to satisfy recipients' legitimate needs, regardless of their relative contributions. However, mixed ties are relationships in which an individual seeks to influence other people by means of *renqing* and *mianzi* (face), and people follow the "rule of *renqing*" in their daily interactions (Hwang 1987).

In contrast to Hwang, Yan (1996a, b) argues that *guanxi* can be divided into two categories according to different closeness levels of *guanxi*. He distinguishes between "primary" and "extended" *guanxi*: one is characterised by moral obligations and emotional attachments, while the other refers to a strategy for forming advantageous relationships (Yan 1996b, pp. 226–9). Yan argues that moral obligations and emotional attachments

define the primary form of *guanxi* and *renqing*, while instrumental short-term personal connections with fewer entimental or moral considerations are defined as extended *guanxi* and *renqing* (Yan 1996b, pp. 226–7). He contends that most scholarly accounts have focused on the extended form of *guanxi* and *renqing*, and thus individual pursuits of interest and the exchange of scarce resources are interpreted as the ultimate purposes of *guanxi* cultivation (see for example Gold 1985; Jacobs 1979; Walder 1986; Yang 1989).

Yan argues that his villagers' efforts to "establish instrumental personal connections, such as offering gifts to someone in exchange for a favour, lie outside the boundary of the mixed ties as defined by Hwang" (Yan 1996b, p. 229); and "all instrumental gift-giving relations go beyond the village boundary" (Yan 1996b, p. 102). In other words, the villagers either give affection gifts to their ordinary friends or relatives in the village without instrumental considerations, or they give instrumental gifts to someone outside the village for some resources they want. They do not appear to have the mixed ties described by Hwang (1987).

Based on Sahlins's (1972) reciprocity typology (generalised, balanced, and negative reciprocity), Chang (2010) distinguishes four forms of reciprocity in Chinese society—generous *wanglai*, expressive *wanglai*, instrumental *wanglai*, and negative *wanglai*. *Wanglai* ordinarily means to visit each other, to come and go, and to contact or to connect with somebody; it describes a long-term interactive relationship with other people or families. Based on this meaning, generous *wanglai* relates to people giving without expecting any kind of exchange in return: "It is to do something for nothing, or for no obvious reason or for the pure enjoyment of giving" (Chang 2010, p. 193). Expressive *wanglai* refers to interactions between family members, or other relationships like friends and neighbours: it is "a process guided and informed by human feelings" (p. 327). Instrumental *wanglai* refers to reciprocal actions for material gain or utilitarian purposes. However, negative *wanglai* refers to people using public resources to gain personal benefits, misusing materials, or using other ways to gain higher status or control more resources (Chang 2010). Furthermore, the four type of *wanglai* follow different principles of *lishang* criteria. These are moral judgement, human feeling, rational calculation and religion (Chang 2010, p. 416).

The research data from the present study, together with the author's long experience of working in China, suggests the social distance of *guanxi* is a continuum divided into close, moderate and distant *guanxi,*

a categorisation that mostly accords with the work of Hwang, Yan and Chang (see Tables 3.1 and 3.2), but in contrast to these authors, is a flexible, adaptable, ever-changing continuum, rather than one that emphasises fixed, clear-cut divisions (see Table 3.1). Generous *wanglai* (expressive ties or primary *guanxi*) is more frequently found in close *guanxi*; expressive *wanglai* (mixed ties or primary *guanxi*) more frequently exists in moderate *guanxi*; and instrumental *wanglai* (instrumental ties or extended *guanxi*) more often happens in distant *guanxi*.

But how can close or distant *guanxi* be distinguished? How should social distance be measured? In the sociological literature, the concept of social distance is conceptualised in several different ways. The first uses an affective indicator. Social distance is associated with affective distance, such as how much or little sympathy the members of a group feel for another group (Bogardus 1947). Similarly, Jacobs (1979, p. 243) argues that *ganqing* is an important dimension of *guanxi* closeness: the more *ganqing*, the closer the *guanxi*. The second way is to apply a normative indicator, based on widely accepted and often consciously expressed norms about who should be considered an "insider" and who an "outsider/foreigner" (Karakayali 2009). This indicator is related to *guanxi* base in Chinese society: people feel they are close if they know that they are from the same village, they went to the same school, and so on. More importantly, a

Table 3.1 Typologies of *guanxi*[a]

Hwang's categories	*Expressive tie*	*Mixed tie*	*Instrumental tie*
Yan's categories	Primary *guanxi*		Extended *guanxi*
Chang's *wanglai*	Generous	Expressive	Instrumental
Categories employed by this author (Ruan)	Close *guanxi*	Moderate *guanxi*	Distant *guanxi*

[a]See Chang's Table IX-3 *lishang-wanglai* framework (Chang 2010, p. 416)

Table 3.2 Rules of *guanxi*[a]

Hwang's rules	*Rule of need*	*Rule of renqing*	*Rule of equity*
Yan's *renqing* ethic	Moral obligation	Emotional attachment	Rational calculation
Chang's *lishang*	Moral judgement	Human feelings (such as *renqing*, *ganqing*)	Rational calculation

[a]See Chang's Table IX-3 *lishang-wanglai* framework (Chang 2010, p. 416)

group of people sharing the same identity in this way is always regarded as close by others. Whether or not this group of people like their shared identity, whether or not they have *ganqing* with each other, they are normatively close. The final way is to use an interactive indicator, where the more the members of two groups interact, the closer they are socially. In the context of *guanxi*, Chang (2010) suggests measuring social distance by the frequency of *wanglai*, "…the more frequent the *wanglai* the closer the social distance, and therefore, the greater the generous *wanglai*, and vice versa" (p. 401).

Although members of two groups might interact with each other quite frequently, this does not always mean that they will feel "close" to each other or that normatively they will consider each other as members of the same group. In other words, interactive, normative and affective dimensions of social distance might not be linearly associated (Karakayali 2009). Therefore, the closeness of *guanxi* may be a combination of the above three dimensions, with different degree of each. In assessing their *guanxi* with another person, a Chinese person usually has to think about all three factors and try to balance them, and think how close they are in the situation. For example, a headteacher may think a close relative with whom they have no *ganqing* and seldom interact is closer than a friend with whom they have *ganqing* and frequently interact. Their judgement of closeness may influence their practice of *guanxi*, and this insight informs the empirical research presented here.

In summary, many scholars have already observed that the Chinese have an acute awareness of closeness, and have created different categorisations more or less associated with closeness of *guanxi* or social distance. However, *guanxi* closeness or social distance is not usually measured by a single dimension: multiple indicators are usually taken into consideration. Usually, *ganqing*, *guanxi* base, and frequency of *guanxi* practice are indicators that a Chinese individual may apply when judging social distance with others.

3.5 Is *Guanxi* Social Capital?

Pierre Bourdieu distinguished between economic, symbolic, cultural, and social capital. Economic capital refers to money, commodities, the means of production, and other material assets. Symbolic capital consists of the "prestige and renown attached to a family and a name" (Bourdieu 1977, p. 179). Symbolic capital is presented as a way in which power is accorded

legitimacy: for example, when inequality is defined as a legitimate return to those who make greater contributions to society as a whole (Bourdieu 1984, p. 246). Cultural capital consists of what the agent knows and is capable of doing; it can be used to generate privilege, products, income, or wealth. Cultural capital can be both embodied—incorporated within the self through a process of education and cultivation—and institutionalised, as when certain forms of cultivation are accorded recognition by authorities, and particularly when a monopoly of certain privileged positions is accorded to those who possess the proper accreditation (Bourdieu 1986, pp. 243–248). Social capital includes social obligation, the advantages of connections or social position, and trust (Bourdieu 1986, pp. 249).

Although Bourdieu discusses the forms of capital in ways that overlap and have been noted to be inconsistent (Smart 1993), the concept of social capital has been widely developed. At present, there are three levels of analysis for social capital: micro (personal level); meso (origination level); and macro (state level) (Halpern 2005). Since *guanxi* is interpersonal, private and informal, and is usually established and maintained through private and informal channels (Yang 1994), it is better to associate *guanxi* with the micro level of social capital.

Some argue that *guanxi* is a "special form", or "variant form", of social capital (Gold et al. 2002, p. 7; Fan 2002, p. 549; Qi 2013, p. 308; Wu 2013, p. 49). However, there are at least three different perspectives on the definition of social capital. The first emphasises social resources. Bourdieu defines the concept as "the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition" (Bourdieu 1985, p. 248). Similarly, Lin Nan defines social capital as "resources embedded in one's social network" (Lin 2001b, p. 55), or "resources embedded in social structures which are accessed and/or mobilised in purposive actions" (Lin 2001c, p. 12). Thus, "a friend's bicycle is one's social capital" (Lin 2001b, p. 56).

The second perspective takes social structure as social capital, emphasising "norms of reciprocity" and "trustworthiness" (Fukuyama 1995; Putnam 2000, p. 19), and claiming that social capital refers to the norms and networks that facilitate collective action (Woolcock 2001). The claim here is that social capital is anything that facilitates individual or collective action generated by networks of relationships, reciprocity, trust, and social norms; and that social capital should be defined by its function (Coleman 1998, p. 98). Halpern (2005) claims that social networks, norms, and

sanctions are three components of social capital. Burt (1992, 1995, 2001) argues that the "structure hole" matters for social capital.

The third perspective stresses access to resources, and regards social capital as the ability of actors to secure benefits by virtue of membership in social networks or other social structures (Portes 1998; Bian 2001). This perspective seems to overlap with cultural capital.

The first two perspectives outlined above seem to downplay the differential ability of the actor to access resources. In fact, even in the same network with same norms and structure, different people have different amounts of social capital because their ability to access resources can be substantially different, especially in *guanxi* networks. Therefore, the third perspective of social capital seems to be more persuasive, at least offering a better definition of the individual level of social capital in a *guanxi* context. In this sense, the ability to borrow a friend's bicycle is one's social capital, while a friend's bicycle is not one's social capital but a social resource.

Based on these definitions, *guanxi* as network seems to be one of the components of social capital rather than social capital itself, since social networks, norms (obligation, reciprocity, etc.) and sanctions are three components of social capital (Halpern 2005).If we were to describe social capital based on a *guanxi* network, a new term, "*guanxi* capital", should be adopted. Bian defines "*guanxi* capital" as the capacity to mobilise social resource from *guanxi* networks, and argue that *guanxi* capital "lies in the ego's reputation for fulfilling moral and ethical obligation to one's family and pseudo-families". In this sense, he continues, "having face means having *guanxi* capital", and "face work is about *guanxi* capital accumulation" (Bian 2001, p. 227). The *guanxi* practices considered earlier in this chapter—gift giving, entertaining, exchanging favours, giving face, embodying *ganqing*, applying ritualised patterns and *guanxi–guanxi*—can effectively mobilise and enlarge one's social network to gain different types of desired resources. In this sense, the ability to carry out these *guanxi* practices to gain resources embedded in the *guanxi* network becomes the individual's "*guanxi* capital".

To possess social capital, a person must be related to others; and it is those others who represent the source of the advantage (Portes 1998). The motivation of others in *guanxi* networks to make resources available on concessionary terms is worth a closer look. As discussed above, the motivations for *guanxi* practice include *renqing*, face, *ganqing*, and *yiqi*. At a deeper level, they involve Confucian *ren* and *li*. Thus, a person who can motivate other *guanxi* base members to make their resources available

will own his/her social capital. For example, a *guanxi* network enables people to acquire resources and gain social capital when other *guanxi* members owe them *renqing* debts. Also, according to Bian (2001), "big face"—high social status in one's *guanxi* network—is more likely to gain favours in the network, and this ability is social capital. In this sense, face can also be instrumental and tactical (Yeung and Tung 1996).

3.5.1 Bonding, Bridging and Linking Social Capital

Social capital theory distinguishes between "bonding", "bridging" and "linking" forms of social capital (Putnam 2000; Woolcock 1998), which to some extent are related to social distance. Putnam (2000) follows Woolcock (1998) and others in making a distinction between bonding capital and bridging capital. Bonding occurs when you are socializing with people who are like you—same age, same race, same religion, and so on. According to Putnam (2000, pp. 22–24), bonding (or "exclusive") social capital is based around family, close friends and other kin; it is inward looking and binds people from a similar niche; it tends to "reinforce exclusive identities and homogenous groups".

In order to create peaceful societies in a diverse multi-ethnic country, one needs to have a second kind of social capital: bridging. Bridging is what you do when you make friends with people who are not like you. Bridging (or inclusive) social capital links people to more distant acquaintances who move in different circles from their own; it tends to generalise broader identities and wider reciprocities, rather than reinforcing a narrow grouping. Bonding social capital describes the value assigned to social networks between homogeneous groups of people and bridging social capital refers to that of social networks between socially heterogeneous groups. Putnam (2000) argues that these two kinds of social capital reinforce each other. Consequently, with the decline of bonding capital, invariably comes the decline of bridging capital, leading to greater ethnic tensions.

Woolcock (2001, p. 13) develops a third, vertical dimension of linking social capital that consists of relationships up and down the social and economic scale. The importance of linking social capital is that it allows people to leverage resources, ideas and information from contacts outside their own social milieu. Different from bridging social capital, which is more or less equal in terms of status and power (a horizontal metaphor), linking social capital refers to that which connects people across explicit "vertical" power differentials (Szreter and Woolcock 2004). The capacity

to leverage resources, ideas and information from formal institutions beyond the community is a key function of linking social capital Woolcock (2001, pp. 13–14).

In *guanxi* networks, linking social capital usually exist in distant *guanxi* and entirely outside one's community. John Field (2008, p. 46) summarises Woolcock's (2001, pp. 13–14) definitions as follows:

> a) Bonding social capital, which denotes ties between like people in similar situations, such as immediate family, close friends and neighbours; b) Bridging social capital, which encompasses more distant ties of like persons, such as loose friendships and workmates; and c) Linking social capital, which reaches out to unlike people in dissimilar situations, such as those who are entirely outside the community, thus enabling members to leverage a far wider range of resources than are available within the community.

As can be seen, Field John believes that bonding, bridging and linking social capital are likely to be associated with social distance, and the concepts can be readily applied to a *guanxi* context: "Bonding *guanxi* capital" is the ability of actors to access resources embedded in their close *guanxi*; "bridging *guanxi* capital" means for the ability to use moderate *guanxi*; and "linking *guanxi* capital" usually refers to the ability to use distant *guanxi* which can enable members to leverage a far wider range of resources than are available within the community (Field 2008).

Different individuals, families and communities may have different combinations of these types of relationships, and these will produce different outcomes (Woolcock 2001). That is, some people have strong family and friendship relationships (bonding social capital in close *guanxi*), whereas other people may be more involved in community groups (a form of bridging social capital) or know many people in various organisations and institutions (linking social capital).Each of these three forms of social capital is arguably essential to the owner (Woolcock 1998). Without "bridging" social capital, "bonding" groups can become isolated and disenfranchised from the rest of society and, most importantly, from groups with which bridging must occur in order to denote an increase in social capital. The bonding social capital in "strong ties" is a necessary antecedent to the development of the more powerful form of bridging social capital in "weak ties" (Bian 1997).

These insights beg the questions: what do bonding, bridging and linking social capital look like in *guanxi* networks? What role do these types of social capital play in *guanxi*? Answer will be given when presenting data of this reseach in the forthcoming chapters.

3.5.2 *The Roles of Different Social Capital in* Guanxi

Many theorists have shown that bridging social capital (including linking social capital) is more beneficial to one's career than bonding social capital (Granovetter 1974; Lin 1982, 1990; Burt 1995; Putnam 2000; Halpern 2005). Granovetter (1973, 1974) found that while individuals use their personal networks to search for work, they are matched to jobs more frequently or more effectively through weak ties (acquaintances) than through strong ties (close friends and relatives). Based on this finding, Granovetter argued that weak ties play an important role in determining labour market outcomes. Lin (1982, 1990, 2001b, 2001c) emphasised other resources that are embedded in weak ties: power, wealth, and prestige possessed by others can be accessed through weak ties that link persons of different status. Bridge ties are a key source of social capital, and these explain the success of those managers with connections, strong or weak, to a large number of disconnected others within corporations (Burt 1995). Strong ties are less effective in facilitating status attainment because they generally do not bridge social boundaries or hierarchical levels. Although Bian (1997) argues that strong ties can create network bridges linking otherwise unconnected individuals, the network that ultimately exerts its influence is bridge ties. In Burt's (1992) view, it is the relative absence of ties—"structure holes"—that facilitates individual mobility. This is so because dense networks tend to convey redundant information, while weaker ties can be sources of new knowledge and resources (Burt 1992). Similarly, Fukuyama (1995) believes that bridging social capital is essential for strong social capital, because a broader radius of trust will enable connections across borders of all sorts and serve as a basis for organisations.

All in all, along with the social cohesion of bonding social capital, "network bridging" will produce more opportunities to access different resources. Since different types of relationships provide particular types of support, it follows that the overall balance of different forms of social capital may also be important. For example, it is argued that "too much" bonding or inward-looking social capital may undermine the development and maintenance of bridging and linking ties (Halpern 2005).

However, how bonding, bridging and linking social capital play their roles in *guanxi* remains unknown. Moreover, how Chinese people develop and use their bonding, bridging and linking social capital in a *guanxi* context has so far drawn little attention.

3.6 Summary

This chapter has reviewed the current literature, including both theoretical and empirical research evidence in rural and urban settings, on the study of *guanxi*. The review has addressed the concepts of *guanxi*, reciprocity, social distance, cultural dimensions, social capital and Chinese ancient philosophy, especially Confucianism and Taoism.

Most *guanxi* practice described in the existing literature involves many traditional customs and rituals, which seems to copy the form of Confucian *li* but with instrumental purpose. However, how the practice of instrumental *li* relates to the closeness of *guanxi* remains unknown. Alongside institutional causes, the *guanxi* phenomenon is also driven by Chinese culture, characterised by a higher level of particularism and diffuse culture than Western societies. The rationales for using *guanxi* are actually influenced by Confucianism; in particular, the ideas of *ren* and *li*. Taoism also has an influence on the *guanxi* phenomenon.

From existing literature, *guanxi* is a network, and therefore one of the components of social capital, rather than social capital itself. Many theorists have shown that bridging social capital (including linking social capital) is more beneficial to one's career than bonding social capital. However, how these types of social capital play a role in *guanxi* remains unknown; and how people practice *guanxi* at different closeness levels to build and use their bonding, bridging and linking social capital is still unclear.

Although there is extensive literature on *guanxi* from a number of research fields and disciplines, there are some limitations. First, although some scholars have proposed the term "*guanxi* capital" as the ability to mobilise *guanxi* resources, *guanxi* capital in different closeness levels of *guanxi* has so far received little attention. Second, there is limited empirical research into *guanxi* and education, although this is a topic attracting much political, media and public concern in China today. Third, there is very limited ethnographic research into *guanxi* in urban settings. The empirical research by Kipnis, Yan, and Chang was carried out in villages, and most *guanxi* research in urban settings is within a business context, contributing to business theory. Guthrie carried out research in the context of the urban job market, but his method has been criticised, as he conducted his formal interviews about *guanxi* with strangers (Yang 2002). Bian's research, focusing on social eating out, was based on a 1998–99 urban consumer project, with data collected through structured questionnaires (Bian 2001, p. 282), and did not examine the closeness of *guanxi*.

Yang's (1994) research applied ethnography in the city, but this was carried out in the 1980s,before the huge changes China has undergone in the past 30 years due to reform and opening up. Wu's (2013) recent research on education was conducted in an urban setting; however, his method involved interviews alone, rather than ethnography with long-term participant observation in the field.

The research presented in this book is an ethnographic study of *guanxi* in urban settings, focusing on the process of *la guanxi* within different levels of closeness. Chapters 4 and 5 will provide evidence to illustrate how and why people use *guanxi* to obtain school places in the cities researched.

Bibliography

Barbalet, J. (2014). The structure of *guanxi*: Resolving problems of network assurance. *Theory and Society, 43*(1), 51–69.

Batjargal, B. (2007). Network triads: Transitivity, referral, and venture capital decisions in China and Russia. *Journal of International Business Studies, 38*, 998–1012.

Bell, C. (1997). *Ritual: Perspectives and dimensions* (pp. 138–169). New York: Oxford University Press.

Bian, Y.J. (1997). Bringing strong ties back in: Indirect ties, network bridges, and job searches in China. *American Sociological Review, 62*, 366–385.

Bian, Y.J. (2001). Guanxi capital and social eating in Chinese cities. In N. Lin, K. S. Cook, & R. S. Burt (Eds.), *Social capital: Theory and research.* New Brunswick: Transaction Publishers.

Bian, Y.J. (2002). Institutional holes and job mobility processes in the PRC: *guanxi* mechanisms in emergent labor markets. in Social Connections in China: Institutions, Culture, and the Changing Nature of *Guanxi*, pp. 117–136.

Bogardus, E. S. (1947). Measurement of personal-group relations. *Sociometry, 10*(4), 306–311.

Bourdieu, P. (1977). *Outline of a theory of practice*. Cambridge: Cambridge University Press.

Bourdieu, P. (1984). *Distinction*. Cambridge, MA: Harvard University Press.

Bourdieu, P. (1985). The social space and the genesis of groups. *Theory and Society, 14*, 723–775.

Bourdieu, P. (1986). The forms of capital. In J. Richardson (Ed.), *Handbook of theory and research for the sociology of education* (pp. 241–258). New York: Greenwood Press.

Burt, R. S. (1992). *Structural holes: The social structure of competition*. Cambridge, MA: Harvard University Press.

Burt, R. S. (1995, August 19–23). *Social capital, structural holes, and the entrepreneur*. Paper presented at the annual meeting of the American Sociological Association, Washington, DC.

Burt, R. S. (2001). Structural holes versus network closure as social capital. In N. Lin, K. S. Cook, & R. S. Burt (Eds.), *Social capital: Theory and research*. New Brunswick: Transaction Publishers.

Chan, S. Y. (2006). The Confucian notion of jing (respect). *Philosophy East and West, 56*(2), 229–252.

Chang, X. (2010). *Guanxi or Li Shang Wanglai? Reciprocity, social support networks, social creativity in a Chinese village*. Taipei: Scholarly Publishing Business, Airiti Press Inc.

Cheung Chau-kiu, & Chan Andrew Chi-fai. (2005). Philosophical foundations of eminent Hong Kong Chinese CEOs' leadership. *Journal of Business Ethics, 60*, 47–62.

Coleman, J. (1988) "Social Capital in the Creation of Human Capital." *American Journal of Sociology* 94 (Supplement): S95–120.

Collins, R. (2004). *Interaction ritual chains*. Princeton: Princeton University Press.

Confucius. (2008). *The analects*. English-Chinese edition. Beijing: ZhongHua Book Company.

Confucius. (2013). The book of rites (*li Ji*). English-Chinese Version. Beijing/ Washington, DC: Intercultural Press.

Dunning, J. H., & Kim, C. (2007). The cultural roots of *guanxi*: An exploratory study. *World Economy, 30*(2), 329–341.

Fan, Y. (2002). Questioning *guanxi*: Definition, classification and implications. *International Business Review, 11*, 543–561.

Fei, X. (1992 [1947]). *From the soil: The foundation of Chinese society* (trans: Gary G. Hamilton and Wang Zheng). Berkeley: University of California Press.

Field J. (2008), *Social Captial*, London: Routledge.

Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. London: Hamish Hamilton.

Gabrenya, W. K., Jr., & Hwang, K. K. (1996). Chinese social interaction: Harmony and hierarchy on the good earth. In M. H. Bond (Ed.), *The handbook of Chinese psychology* (pp. 309–321). Hong Kong: Oxford University Press.

Goffman, E. (1967). *Interaction ritual: Essays on face-to-face behavior*. Garden City: Anchor.

Gold, T. (1985). After comradeship: Personal relations in China since the cultural revolution. *China Quarterly, 104*, 657–675.

Gold, T., Guthrie, D., & Wank, D. (Eds.). (2002). *Social connections in China: Institutions, culture, and the changing nature of guanxi*. Cambridge: Cambridge University Press.

Granovetter, M. (1974). *Getting a job: A study of contacts and careers*. Cambridge, MA: Harvard University Press.

Guthrie, D. (1998). The declining significance of *guanxi* in China's economic transition. *The China Quarterly, 154*, 254–282.

Halpern, D. (2005). *Social capital*. Cambridge: Polity.

Hampden-Turner, C., & Trompenaars, F. (2000). *Building cross-cultural competence*. London: Yale University Press.

Hofstede, G. H. (2001). *Culture's consequences*. London/Thousand Oaks: Sage.

Hwang, K. K. (1987). Face and favor: The Chinese power game. *The American Journal of Sociology, 92*(4), 944–974.

Hwang, K. K. (2010). *Face and favor: The Chinese power game*. Chinese edn. [人情与面子:中国人的权利游戏]Beijing: China Renmin University Press.

Jacobs, J. B. (1979). A preliminary model of particularistic ties in Chinese political alliances: KanCh'ing and Kuanhsi in a rural Taiwanese township. *China Quarterly, 78*, 237–273.

Karakayali, N. (2009). Social distance and affective orientations. *Sociological Forum, 23*(3), 538–562.

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

Kiong, T., & Kee, Y. (1998). *Guanxi* bases, *xinyong* and Chinese business networks. *British Journal of Sociology, 49*(1), 75–96.

Kipnis, A. (1997). *Producing Guanxi: Sentiment, self, and subculture in a North China village*. Durham: Duke University Press.

Lao Zi. (2007) *Tao Te Ching* [Chinese classis]. WuHan: Chongwen Publishing House.

Liang, J. R. (2010). *ren verses Li: Reinterpretation and reevaluation of Confucianism* [Chinese text]. Beijin: Peking University Press.

Lin, Y. (1935). *My country and my people*. New York: John Day Press.

Lin, N. (1982). Social resources and instrumental action. In P. Marsden & N. Lin (Eds.), *Social structure and network analysis* (pp. 131–147). Beverly Hills: Sage.

Lin, N. (1990). Social resources and social mobility: A structural theory of status attainment. In R. Breiger (Ed.), *Social mobility and social structure* (pp. 247–271). New York: Cambridge University Press.

Lin, N. (2001a). *Guanxi*: A conceptual analysis. In A. Y. So, N. Lin, & D. Poston (Eds.), *The Chinese triangle of mainland-Taiwan-Hong Kong* (pp. 153–166). Westport: Greenwood Press.

Lin, N. (2001b). *Social capital: A theory of social structure and action*. Cambridge: Cambridge University Press.

Lin, N. (2001c). Building a network theory of social capital. In N. Lin, K. S. Cook, & R. S. Burt (Eds.), *Social capital: Theory and research*. New Brunswick: Transaction Publishers.

Luo, Y. (2000). *Guanxi and business*. Singapore: World Scientific.

Luo, J.-D., & Yeh, Y.-C. (2012). Neither collectivism nor individualism: Trust in the Chinese *guanxi* circle. *Journal of Trust Research, 2*(1), 53–70.

Portes, A. (1998). Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology, 24*, 1–24.
Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community*. New York/London: Simon & Schuster.
Qi, X. (2013). *Guanxi*, social capital theory and beyond: Toward a globalized social science. *British Journal of Sociology, 64*(2), 308–324.
Redding, S. G. (1990). *The spirit of Chinese capitalism*. Berlin: Walter de Gruyter.
Sahlins, M. (1972/74). *Stone Age economics*. London: Tavistock Publications.
Shun, K.-l. (2002). *Ren* and *li* in the Analects. In B. W. Van Norden (Ed.), *Confucius and the Analects: New essay* (pp. 53–72). Oxford: Oxford University.
Smart, A. (1993). Gifts, bribes, and *guanxi*: A reconsideration of Bourdieu's social capital. *Cultural Anthropology, 8*(3), 388–408.
So, Y. L., & Walker, A. (2006). *Explaining Guanxi: The Chinese business network*. London: Routledge.
Szreter, S., & Woolcock, M. (2004). Health by association? Social capital, social theory, and the political economy of public health. *International Journal of Epidemiology, 33*, 650–667.
Tim, A., & Morgen, W. (2004). *Doing business in China*. London/New York: Taylor & Francis.
Ting-Toomey, S. (1999). *Communicating across cultures*. New York: Guilford Press.
Trompenaars, F., & Hampden-Turner, C. (1993). *Riding the waves of culture: Understanding cultural diversity in business*. London: Nicholas Brealey.
Tu, W. (1985). *Confucian thought*. Albany: State University of New York Press.
Walder, A. (1986). *Communist neo-traditionalism: Work and authority in Chinese industry*. Berkeley: University of California Press.
Woolcock, M. (1998). Social capital and economic development: Towards a theoretical synthesis and policy framework. *Theory and Society, 27*(2), 151–208.
Woolcock, M. (2001). The place of social capital in understanding social and economic outcomes. *Canadian Journal of Policy Research, 2*(1), 11–17.
Wu, X. (2013). The power of social capital in school choice in a Chinese city. *Australian Journal of Education, 57*(1), 48–59.
Xin, C. R., & Pearce, J. L. (1996). *Guanxi*: Connections as substitutes for formal institutional support. *Academy of Management Journal, 39*, 1641–1658.
Yan, Y. (1996a). The culture of *guanxi* in a north China village. *The China Journal, 35*(1), 1–26.
Yan, Y. (1996b). *The flow of gifts: Reciprocity and social networks in a Chinese village*. Stanford: Stanford University Press.
Yang, M. M. (1994). *Gifts, favors, and banquets: The art of social relationships in China*. New York: Cornell University Press.
Yang, M. M. (2002). The resilience of *guanxi* and its new deployments: A critique of some new *guanxi* scholarship. *The China Quarterly, 170*, 459–476.

Yeung, I., & Tung, R. (1996). Achieving business success in Confucian societies: The importance of *guanxi* connections. *Organisational Dynamics, 25*(2), 54–65.

Zhai, XueWei. (2011a). *The principles of Chinese guanxi: Time-space order, life desire and their changes.* [中国人关系原理:时空秩序、生活欲念及其流变] Beijing: Peking University Press. [In Chinese].

Zhai, XueWei. (2011b). *Perspectives on Chinese "face": Psychological motives and social representations.*[中国人的脸面观:形式主义的心理动因与社会表征] Beijing: Peking University Press. [In Chinese].

Zhai, XueWei. (2013). *Face, favour, and reproduction of power.* [人情、面子与权力的再生产] Beijing: Peking University Press. [In Chinese].

CHAPTER 4

How Is *Guanxi* Used?

Although *guanxi* is reported on by many newspapers and media outlets, such reports do not reveal details about the process of *guanxi* practice. Some research does illuminate how people practise *guanxi*, but not the specific tactics of *la guanxi* in an urban setting. The research presented in this book, where long-term, partially covert observations were carried out in an urban setting, captured at least four forms of *la guanxi*: (1) ritualistic customs; (2) money giving; (3) use of power; (4) *guanxi–guanxi*. The first form is widely discussed in the existing literature in terms of gift giving, entertaining, "face work" and doing *renqing*. The second form (money giving) and the third form (use of power) are rarely discussed in detail in the existing literature; the fourth (*guanxi–guanxi*) has been subject to some discussion by other scholars.

The purpose of this chapter is to present themes emerging from the analysis of the findings in the two cities studied, focusing on how *guanxi* is used in the context of school selection. Interview and observation data from both cities, which display similar forms of *guanxi* practice, are reported alongside each other.

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_4

4.1 Ritualistic Customs

We saw in Chap. 2 that the ritualistic customs used in *la guanxi*—gift giving, entertaining, favour exchange, giving face, and applying ritualised patterns (*ketao*), with the influence of *renqing* ethic—look like the embodiment of Confucian *li*. However, such rituals in *la guanxi* are not true *li*, but rather should be seen as instrumental *li* or "fake *li*". True *li* should come with *ren* inside, while the use of ritual in *la guanxi* is full of instrumental purpose without much *ren*. Giving gifts, or inviting a friend to dinner, is not done out of true love or affection, but with an ulterior motive, such as gaining a school place.

4.1.1 Gift Giving

Gift exchanges in City A and City B form part of people's daily practice, and people always bring gifts when they visit their friends or relatives. However, some gift giving has a clearly rational intention, although people do it in a very implicit way. For instance, many teachers and parents reported that parents or parents' *guanxi* often bring gifts to headteachers when applying for school places. Giving gifts to potential benefactors when asking for a favour is one of the most popular forms of *guanxi* practice in the two cities.

Visitors to Xie, the headteacher of a key school in City A before 2011, found his flat always full of guests and gifts during the summer. Some guests were parents and some might be parents' *guanxis*, but they seemed to have the same intention: obtaining a school place.

Xie admitted that many people visited him with gifts for school places:

> …In this "*renqing* society" people are using gifts as a way of courtesy or ritual of Confucianism, especially when expressing appreciation to someone. …However, I heard some people care about the value of gifts and money so much while discarding *qingyi* (affection and righteousness), which is abnormal and becomes a kind of transaction. For them, Confucian *li* becomes *liwu* (gifts). I despise this.

When a person gives gifts to someone to fulfil their Confucian virtues (*ren*), this ritual should be regarded as practising *li*. In the context of *la guanxi* for school places in the two cities, donors and receivers of gifts both claim that their gift giving is a ritual following Confucian *li*. However, when parents give gifts to headteachers or officials in the hope of a school

place, and using the excuse of Confucian *li*, this is actually instrumental *li*, or fake *li*, designed to cover their rational calculation. Xie considers himself a superior man (*junzi*) who should not care about the value of the gifts but should care about the ritual and manner in which they are offered, and he regards parents' gift giving as Confucian *li*. Xie claims he may consider the *guanxi* to be "knowing no *renqing*", or "knowing no *li* ", and may cease to help the individual if they keep failing to perform this ritual properly, for example, by not visiting him with gifts after receiving a favour.

Although many gift recipients claim not to care about the value of the gifts, they suggest that many other people care very much. Interestingly, many officials and headteachers received expensive gifts which they later resold to shopkeepers. Shopkeepers in the two cities told me that they often bought back expensive gifts from official and headteachers. Some of the gifts, such as French brandy, were worth up to tens of thousands of yuan. In fact, reselling expensive gifts suggests a practice of covert bribery. This is a typical example of instrumental *li*, which tends to stress the actors' moral obligation and emotional attachment, and to mask rational calculation and even bribery on the actors' part.

However, not all gift giving is bribery: many parents bring gifts and visit their friends or relatives to gain information about schools, and in this context, gift giving is a form of reciprocity. People feel ashamed of giving money to their close *guanxi*s, or receiving it from them, for the sake of a favour. Instead, they give or receive expensive gifts. Gift giving in *la guanxi* is a ritual that pretends to achieve *ren* but has an underlying motivation of self-interest. In order to make the rituals look like the practice of *li*, people copy the form of *li* but discard its real value. However, this "fake *li*" ritual seems very useful in *la guanxi* because it has already become an important principle of the *renqing* ethic in modern Chinese society (Yan 1996a, b).

This gift-giving phenomenon also occurred in City B. Lu, a teacher in City B, said:

> For daily gift giving to a friend or relative, you can give some cheap local speciality from your hometown. If gift giving is for big things, like a school place or a job, you should give expensive wine. Some cost up to 20,000 yuan, called Louis 13th something [the name of a French brandy].

Whether or not giving gifts to an official or headteacher for a school place, a popular practice in both cities, constitutes bribery, remains controversial among informants. For example, Huan, a teacher in City A, said:

> Strictly speaking, it is bribery. But it depends on how much the gifts are given. Usually Chinese people do not think it is bribery but a kind of tradition since Chinese people often bring gifts to their friends, colleagues and relatives.

Similarly, Jie, a teacher from a bad school in City A, said:

> There is still a lot of *guanxi* practice for children's school upgrading [since the reform]. Theoretically speaking, it is bribery. But in fact, most people in society are involved in this kind of practice. So, many people do not think it is bribery.

Gift giving can provide the means to ask for a favour, create *renqing* (indebtedness), return *renqing* (favour) and enhance *ganqing*. Emotional influence is significant in this practice. However, if gifts are expensive and the parties involved care a great deal about their value—even to the extent of selling them back to shopkeepers—this kind of gift giving not only comes with emotive, but also with material or financial implications.

4.1.2 Entertaining

Like gift giving, entertaining can be a way of asking a favour, or acknowledging help given. Ou, a senior teacher in City A, revealed the importance of wining and dining to the headteacher of her school:

> The police are important to the school. Last year, a student committed suicide on campus. Her family came to our school with many villagers, sticking posters on the gate asking for huge amount of compensation. Since our headmaster has very good *guanxi* with the police, they came very quickly and stopped the villagers. …you know, our headmaster always drinks with the police officers.

A successful businessman, Song, used his *guanxi* to send his disabled son to School E. He often invited Lee, the headteacher of School E, and sometimes all the teachers at School E, to dinner. As a friend of both Song and Lee, the author was invited by Song, together with Lee and the class teacher Deng, to dinner at one of the best restaurants in City A. The large

and luxurious dining room occupies an area of nearly 100 square metres; Song said it was his regular room, and its number—288—was his lucky number. He entertains all his *guanxi*s in this room almost every day, especially at the end of the year: it seems that he maintains good relationships with a number of people through entertaining.[1]

Lee found himself more popular after the 2011 reform in City A. Many people whose children failed the entrance exams of key schools had to turn to School E, and Lee was often invited to dinners and visited with gifts. On a visit to Lee in the summer of 2012, the author observed him return from a dinner with some gifts.

Xiong, whose father was in hospital, invited two doctors to dinner at a high-class restaurant, during the course of which he gave each doctor an envelope containing 1,000 yuan. The dinner cost about 2,000 yuan, so he spent a total of about 4,000 yuan on this *guanxi* practice. "It is very important to do that—no *guanxi* or envelope, no good service in hospital," Xiong said.

May, a parent and teacher in City B, claimed that she did not give gifts to friends to gain a favour, such as a school place. She said:

> I prefer to invite my friends to a dinner after a favour is done. I only give gifts to officials for a favour or for maintaining good *guanxi* with them.

Xu, a shopkeeper in City A, who sells expensive alcohol and cigarettes, told me that his main customers included:

> First, government departments and organisations; second, business people who need to invite officials or customers to dinner parties; and third, some individuals who use the items as gifts for *guanxi* practice.

Expensive wine and brandy mostly seem to be purchased for dinner parties or gift giving. According to shopkeepers in both cities, officials and businessmen usually consume expensive French brandy at expensive dinners when they practise *guanxi*. Many informants in both cities said that occasions involving drinking enable people get to know each other, promoting affection and mutual trust. All in all, its traditional rituals make entertaining one of the most important forms of *guanxi* practice, providing opportunities to ask for a favour, create *renqing* (indebtedness), return *renqing* (favour), and enhance affection.

*4.1.3 Exchange of Favours (*Renqing *Exchange)*

Since people in both cities seem keen to do others a favour (*renqing* exchange, doing *renqing*, giving *renqing* or selling *renqing*), especially to help friends or relatives, it proved easy to carry out effective fieldwork in both cities.

But why are people keen to help their friends and relatives? Culturally, it would seem that, according to traditional ritual, people in the two cities cannot help their friends or relatives with money but prefer an exchange of favours with their *guanxi*s for everyday matters.

Mai, a teacher in City A, recounted his own experience:

> Actually, I am more and more coming to realise that helping others by *guanxi* is very beneficial to myself. In the past, when people asked me to help them pull *guanxi* with my headteacher for a school place, I often refused because it was too troublesome and I felt *bu hao yi shi* [ashamed]. However, now I am keen to help. People bring gifts and envelopes, and then I take them to my headteacher's home. This way I can get closer to my headteacher. My friends are happy and appreciate my help very much, while my headteacher is happy with me too, since he gets a good income. I gain *renqing* [social debt on others] and get closer *guanxi* and even *ganqing* with my headteacher, so it's good!

Obviously, some people do others a favour in expectation of a return. In this form of *guanxi* practice, people do others a favour—even a big favour that may cost a lot of money, time and effort—but they do not ask for money. While people appear to be very kind, helping others for free, in fact you should try your best to help out by returning the favour when they ask you in the future. This is known as "*renqing* exchange".

Zhong, an official in City A, argued:

> In the society of 'rule of man', people have to count on their connections rather than rule of law. Therefore people had better give help to others. If they need others' help, they can ask easily. That is why headteachers have to give school places to their *guanxi*.

This traditional idea of *renqing* and favour exchange has been introduced into the institutional system, with people who hold resources (including public resources) exchanging them for a school place. In City A, many teachers and headteachers argue that schools need support from many government departments and organisations or state-owned companies. Before the reforms of 2011, schools had to offer places to these

departments or organisations in exchange for support. Some government departments received school places but some did not: it depended on whether the department had resources to exchange with the school.

Kai, a parent and policeman, stated that officials or departments able to influence schools benefited in the schools' allocation of places. For example, the traffic police were given places every year because they helped with the traffic in front of the schools. The police substation in the schools' local area received places, whereas the city Police Bureau did not. Many other departments, such as finance, audit, and personnel, all benefited from the school upgrading. However, since the 2011 reform, they no longer get places. Kai was in the Special Police Department, which was not given any places before the reform. He also worried about his son's upgrade in 2013. He would ask around if any friends knew officials in the Education Bureau, or the headteacher of School 1.

Xie, headteacher of School B in City A, reveals how his school used to exchange resources:

> Some departments have a beneficial relationship with us. Every year we gave the electricity company some study places, so they were so good to us, and we need good service from their company. In summer, for example, because of too many air conditioners, people in this city suffer power cuts more often. If the power cut happened when students were having lectures, the electricity company would solve it immediately because we have good *guanxi* with them. However, now that we cannot offer any study places to them, they always delay fixing the electrical problems in our school.

Schools have to give places to relevant departments that offer support, or they will find themselves in difficulties. Xie also revealed that they had an unwritten agreement with all relevant departments to give them places every year: for example, ten places for the traffic police, five for the electricity company. Along with giving places to departments, Xie had to give some to individual officials as "flattery gifts".

However, since the reform, some officials report that they no longer receive school places. Moreover, Xie complained that officials had not behaved pleasantly to him since the reform, since he had no school places to offer them.

4.1.4 Giving Face

Face (*mianzi* or *lian*) is a combination of a sense of moral imperatives, social honour, and self-respect (Yang 1994, p. 141). To practise ritual properly is important since people may consider it as gaining face.

However, a failure to perform a ritual successfully may lead to loss of face. It is vital to practise ritual properly in *la guanxi*, since "face work is about *guanxi* capital accumulation" and useful for gaining social resources (Bian 2001, p. 227). Doing "face work" includes showing off one's power, networks and resources to attract others, and giving face in order to maintain good relationships and receive favours from others (Yang 1994). As Hwang (1987, p. 962) writes, "Face work is also a method of manipulating the allocator's choices of allocating resources to one's benefit. Thus, doing face work is a power game frequently played by the Chinese people."

Giving face is a *la guanxi* tactic; it gives honour and respect to someone and pleases them. People give face to others in many ways. They accept others' requests for favours, agree with each other in meetings, give others support at work, avoid embarrassing others, give "flattery gifts", and so on. In some situations, even to entertain someone, to accept an invitation, or to visit someone's home, can be a form of giving face. Mai, a teacher in City A, had to accept his colleague's invitation to the birthday party of the latter's father, although Mai was extremely busy at the time. He considered his attendance at the party would give face to the colleague, who would support him at work and vote with him in meetings.

Face can be given to officials to maintain good *guanxi* which will mean a favour can be asked if needed. Headteachers Xie and Lee both claimed that they had to give face to individual officials. Lee recounted the following story. A friend had told him that one of the officials said at a meeting: "Lee is arrogant. In his eyes, there are no others." The friend asked Lee if he had offended the official, which Lee denied. The friend then asked if Lee had ever visited the official's home with gifts. Lee said no, because the official was not directly in charge of his school. In response, the friend told Lee that he was in the wrong. Although that official was not directly in charge of Lee's school, he could still influence it. The official was therefore upset with Lee because Lee had not shown him respect. Lee's friend advised him "You did not give him face. You should visit his home to show your respect." Later, Lee visited the official with some gifts, and since then, the official has never criticised Lee, and has even praised his character. Explaining why he had to give face to some officials, Lee said:

> ….they [officials] want to show their high social status or leadership to gain face. They want others to know they are authoritative and powerful. In order to gain face, they can do anything, no matter if it is right or wrong.

Another headteacher in City A, Xie, displeased an official in the procuratorate by "hiding", not taking a phone call from him, and not giving him a school place. The official was angry because he could not demonstrate his high status to his *guanxi* who had asked him for this favour, and he made difficulties for Xie. Xie said:

> …. In order to save face, some people fail to distinguish right from wrong. Black and white are mixed together, flinging caution to the wind.

Many informants—not only officials, but also ordinary people—claimed that they should give face to others, and avoid offending others' face. Accepting a request for a favour is a typical way of giving face. Not only should headteachers give face to officials, but officials should give face to headteachers when headteachers ask them for favours. The reciprocal giving of face by officials and headteachers maintains a good relationship.

*4.1.5 Applying Ritualised Patterns (***Ketao***)*

People who practise *guanxi* in the two cities value ritualised patterns (*ketao*) and etiquette (*lishu*), arguing that these will improve people's human kindness (*renqing wei*). The greater the *renqing wei*, the better the relationship with *guanxi*s.

Ritualised behaviour, or *ketao*, includes a great deal of specific etiquette. People in the two cities always compete to pay a dinner bill in order to show their kindness. If people have actually been invited, it is not necessary to pay for dinner, since they are guests, but they usually offer to pay anyway even though they know that the host will not allow them to do so. This kind of polite formula or etiquette is an important part of daily life, making the person who practises it have more *renqing wei.*

Another example of a ritualised pattern is people competing to give or return gifts in order to show their politeness. Almost all gift-giving activities observed, including the author's own gift giving to informants, involved ritual struggle. Not practising this ritual struggle over gifts would lead to condemnation for poor etiquette. While this might not offend others, it would be considered as showing less *renqing wei*, or *bu dong renqing* (knowing nothing about *renqing* rules, norms, or ethic).

Many forms of ritualised pattern were observed in the two cities. For example, giving up a higher status seat to others, embodying concern to others, a ritual struggle over a dinner bill, and competing to give and

return gifts, are important in *guanxi* practice, according to many of the informants. Without proper ritual and etiquette, *la guanxi* may fail. For example, a great deal of ritual and etiquette should be carefully observed in gift giving, such as the content, packaging and number of gifts, otherwise the recipient may be offended. Liu, a headteacher in City A, told me that a teacher at his school had visited his home with six apples as a flattery gift. He was very dissatisfied with the gift and said:

> Nowadays, apples are too cheap. If you want to give fruits, you should buy expensive fruits, like imported fruits. Besides, eight is a lucky number, why did she just save on buying two more apples? Ridiculous!.

We can see what the consequence of gift giving may be: Liu was unhappy and may not be willing to do the teacher a favour another time. Mistakes in the appropriate ritual and etiquette will damage a person's reputation, making it more difficult for them to get help.

All these activities—gift giving, entertaining, doing *renqing*, giving face, and applying ritualised patterns and etiquette—produce an emotional effect, like the sense of *renqing* and *ganqing*. Many informants claimed that "*ganqing* investment" (*ganqing tou zi*) is important. There are many ways of going about "*ganqing* investment". One can investigate the target person's hobbies and try to give them appropriate gifts or share something that they like very much. One can also drink and eat with others to enhance *ganqing*. Doing favours for others also increases *ganqing*. Even frequent contact enhances affection. "*Ganqing* investment" essentially seeks to influence others through *renqing* (sense of indebtedness), rather than real affection (*zhen ganqing*), and some informants regarded it as "fake *ganqing*".

4.2 Money Giving

It seems to be a cultural tradition or ritual that people in the two cities prefer favour exchange to market exchange with *guanxi*s in daily life. However, when the resource in question, such as a place in a key school, is too expensive, money can still be paid, but with "discount" implied: cheaper than buying a school place from a trafficker; and the closer the *guanxi,* the cheaper the "price".

Some informants argued that in recent years, people have tended to offer cheaper gifts with more cash when they *la guanxi*: they think it more practical and realistic. Kim, a teacher in City A, explained:

> Nowadays, if we bring expensive tea as a gift, the expected benefactors may not know it is expensive. If we bring wine, it could be fake wine. So what to bring as a gift? It is better to bring a cheaper tea with an envelope [containing money].

In some circumstances, people did use *guanxi* to get a school place by paying money. Some people even think that paying money to an official for a favour follows the rule of *renqing* (*qingli*), and is reasonable. Many *guanxi* cases involve passing money in envelopes or red packets. Liao, a teacher in a bad school in City B, said:

> Finding *guanxi* definitely requires money. Without money, one cannot find *guanxi*. It is the situation now in China.

"No money no *guanxi*, no *guanxi* no money" is a saying in both cities. That is to say, investing money in *guanxi* practice will enlarge one's *guanxi* networks and thus one is more likely to receive favours. The bigger the *guanxi* network, the greater the opportunities to gain more money; whereas if there is no money invested in *guanxi*, no *guanxi* relationship is built and one cannot make big money.

This at first appears to conflict with the emotional aspects of *guanxi* presented above—*ganqing* and *renqing*. However, "No money no *guanxi*, no *guanxi* no money" seems not to apply to close *guanxi* or "a friend indeed", but to those relationships that are built mainly for instrumental purposes. Informants in the two cities regard those relationships based on money as "money *guanxi*", in contrast to *guanxi* based on feeling and morality. Nevertheless, money and *guanxi* are closely linked in situations where people are seeking to benefit more from rational calculations and less from emotional and moral considerations. However, to understand how people distinguish whether emotional *guanxi* or money *guanxi* is appropriate in particular situations, further exploration is needed.

Shen, a father of four daughters in City A, revealed how he got a school place for his youngest daughter:

> I knew my niece had good *guanxi* with an official in the Education Bureau. I asked her to get a place in Old School C. She contacted him and told me to register and pay a donation. After that, I asked around and got told that people usually paid 3000-5000 yuan to the official for a place in Old School C. So I paid 3000 to my niece and asked her to give it to the official. I totally understand that. Officials count on this for a living. Their salary is very low actually. We should pay them for favours. This is *qing li* [rule of *renqing*].

It seems that paying money to an official or a resource holder follows the rule of *renqing*. Some people see it not as bribery but as tradition. Some people realise that this type of practice is bribery, but they practise it just because many others are doing so and it has become a local custom. Whether or not it is bribery, paying money to headteachers or officials for a favour such as a school place follows the *renqing* ethic in our two cities. Furthermore, the sum Shen paid was 3,000 yuan, which he had heard was the cheapest price. It seems that *guanxi* can be used to get a discount when buying resources.

At a dinner party with some close relatives, Zhao, a successful businessman, recalled how he had obtained a school place from Wang, headteacher of SS school. A few years before 2012, Zhao tried to ask Wang for a place for his daughter. Zhao did not know Wang but one of his relatives knew him and gave Zhao Wang's home address and mobile phone number. Zhao phoned Wang, hoping to visit his home with gifts and money, but Wang refused. Zhao visited Wang's home many times without invitation, but there was no one there. One evening, he waited until 11 pm but no one came back to Wang's home. At the relative's suggestion, Zhao phoned Wang, telling him that he had already put 30,000 yuan through his letterbox (although this was a lie) and hoped he could help. After he hung up, Zhao actually did put the money through his letterbox. Finally, he got the place. Zhao phoned Wang to thank him. Wang was very kind on the phone and claimed that he helped out because of *yiqi* (righteousness and loyalty) and *li shang wanglai* (Confucian *li* demands reciprocity), claiming that Zhao's relative was his good friend, that he had given face to the relative, and had ignored the money he had received. After that, Zhong and Wang maintained *guanxi,* with Zhong regularly visting Wang with gifts.

Zhao's relative plays an important role in the bribery here. Many informants refer to this type of *guanxi* as "money *guanxi*" built up mainly by money without much affection. During the author's fieldwork in 2012, Wang was arrested for taking bribes from a number of parents.

Ping, a parent in City B, argued that giving gifts or money for a favour is a tradition. Different people have different preferences. Some people like giving or receiving gifts, but some prefer money. She gave the following example:

> One day, one of my relatives asked me to find *guanxi* for a school place. At that time people told me how to practise *guanxi*, that is, put money in an envelope and give it to the official and say that this is some information about the student, please have a look later. Actually we both knew what that meant.

These three cases show how money and *guanxi* are associated. It seems that *guanxi* acts as trust and safeguard when bribing officials. Without the *guanxi* of the teacher who introduced Ping to her headteacher, Ping could not bribe the headteacher.

It is interesting to note that neither Zhao nor Ping realised that what they were doing was bribery, and laughed when describing it. It seems that this type of money giving is commonplace, and people take it for granted.

There is a good deal of evidence to show that *guanxi* safeguards both parties involved in the act of bribery. Ben, a shopkeeper in City B, and his friends, who visited his shop for tea and chat, claimed that people usually give gifts to officials before the favour and bring an envelope after the favour is done. But they stressed that officials would not take money unless they were acquainted (*su ren*) with someone; also they would not take small amounts, since taking money involves taking a risk, regardless of the amount.

May, a mother, and Tian, a teacher, in City B both argued that officials would not take money from strangers because it would be a big risk. They only take money from their *guanxi*'s *guanxi* because that would be covered by trust between *guanxi*s. Fei, a deputy headteacher in City B, also argued that receiving money from an acquaintance (*su ren*) decreases the risk.

Ping, the mother in City B mentioned above, gave money to an official in exchange for a school place. However, she stressed that it was a teacher who had introduced her to the headteacher of CE school. She said:

> ….At that time, I had a friend teaching in CE school. She could not directly ask her headteacher for a place with money because it is shameful (*pu hao yi shi*), so she introduced me to her headteacher and asked me to visit the headteacher without her . She phoned the headteacher before I went to the headteacher's home. Then I went to the headteacher's home alone (with cash in an envelope).

Without the teacher intermediary in CE school, Ping could not have successfully practised this *guanxi*. Many informants claim that no official or headteacher will receive money from a stranger for giving them a school place since there is no *guanxi* as guarantee: they are afraid that their corruption will be exposed. In this money *guanxi*, the norms behind *guanxi*—"*renqing* ethic" or "*renqing* rule"—make the parties involved more confident about their "trade". Since some resources are difficult to acquire through market exchange, people have to rely on "money *guanxi*",

using both *guanxi* and money as resources. Without *guanxi*, money cannot flow in exchange for unmarketable and inadequate resources, like places in key schools or key classes.

Although market exchange may exist (before 2011 in City A), it is regarded as illegal trafficking, and is therefore full of risk. Some people who fail to find *guanxi* might risk getting a place from school place traffickers at a higher price. Some people with no *guanxi* and/or not enough money have to accept lower-quality education for their children. Furthermore, in market exchange, values are equal, but money *guanxi* is usually cheaper than the market price. When Shen, quoted above, heard that people paid 3,000–5,000 yuan for a place in the common school his daughter was going to, he gave the lowest amount, 3,000 yuan, to his niece and asked her to give it to the official. Rose and Nicky also reported that they paid less money for school places than a trafficker would charge. *Renqing* ethic precludes bargaining, which people are ashamed of because it suggests a market exchange. The use of money via *guanxi* for resources such as a school place, on the other hand, is not pure market exchange, but is more like a special form of reciprocity based on *renqing* ethic.

4.3 The Use of Power

People in both cities claimed to have asked a *guanxi* who is a high-ranking official to use their power to influence others in the allocation of desirable resources such as school places. In both cities, officials often abuse their power, forcing headteachers to accept their *guanxi* students. In order to maintain good *guanxi* with the officials, headteachers have to break the rules and accept these students. For example, in 2011 Yu, a mother, asked the head of the Audit Bureau to exert his power to influence the headteacher of School C for a school place.

Xie, headteacher of School B, complained about officials abusing their power to obtain a school place. Many government departments asked him for school places, including the police, the electricity company, the anti-corruption office, the commercial price bureau, the discipline inspection commission, procurators and even gangs or criminal syndicates. He gave the following example:

> A couple are both officials; they asked me for two study places. I told them that I only could give them one study place since they are a couple from the same family. They were not satisfied with this and said angrily: we are from two different departments so we need two!

He gave a further example:

> A procurator [an official in the procuratorate] wanted to ask me for a study place; since I turned off my phone and left my home, he failed to get a study place from me. He was angry with this because he lost face, so he asked his subordinate to make a fake phone called to the procuratorate, reporting that I was involved in corruption. From then on, we had to offer him some study places every year.

Lee, a headteacher, gave an interesting account:

> One official told me that he just wanted to test if a headteacher valued *guanxi* with him or not, so he asked the headteacher for a school place. Finally, he made it. Then he told me that headteacher knew how to behave (*hui zuo ren*), how to be a proper headteacher.

It seems that one's *guanxi* become powerful when one has *guanxi* with powerful people. Therefore people attempt to produce *guanxi* with others who have power, money or higher status, which is one of the *guanxi* tactics. We can see from the *guanxi* practices presented above that people all ask powerful people for a favour. People prefer *la guanxi* with people who have the resources they want. Since officials and the rich will always have the power to dominate resources, there is a tendency for people to prefer building *guanxi* with officials or the rich.

Teachers and parents in both cities reported having to visit officials with gifts regularly, and especially at festivals, because they have power. Around the mid-autumn festival and spring festival times, traffic can be seen to be very busy in the evenings, with people busy visiting officials' homes. People in both cities also enjoy boasting. They often show off their *guanxi* in front of others, saying that they have *guanxi* with famous and powerful people. They say they know the mayor, they have a good relationship with a powerful official or rich person, and so on. This gains face for them, and attracts others to build up or enhance *guanxi* with them.

In City B, there were many cigarette and wine shops near the government apartments where many officials lived. There was a whole row of these shops just opposite the main entrance to the apartments, all selling expensive wine and cigarettes. The shopkeeper reported that many people need to give gifts to officials for favours or to maintain *guanxi* for future use.

Jie, a teacher in a bad school in City A, complained that people are very snobbish nowadays:

> If you are rich, they will help you. If you are poor, they do not even want to make friends with you.

A group of professors, officials and headteachers in City A agreed that the reason Chinese people are snobbish is the "rule of man". Powerful individuals can even decide people's destiny. Maintaining *guanxi* with officials or with powerful and rich persons is an important element of *guanxi* practice. The power in *guanxi* ensures its utilitarian functions.

4.4 *Guanxi–Guanxi* Links

If someone cannot influence a particular person, they will ask one of their *guanxi* who knows the person well to exert their influence. If that person cannot help, they will ask another *guanxi* for help. This form of *guanxi* practice is called "*guanxi–guanxi*", or "*tao guanxi*" and is one of the most popular ways that people *la guanxi*. Most of the *guanxi* practices described in this chapter are in fact examples of "*guanxi–guanxi*".Twenty-one of the 23 cases of *la guanxi* for school places observed in the two cities were *guanxi–guanxi*. Only two cases are direct *la guanxi*—that is, asking a friend or relative directly for a school place.

Qi, a father in City A, argued that having a close *guanxi* plus another close *guanxi* is very effective. He gave two examples. A teacher in School 4, who is a good friend of his cousin, informed Qi that the number of places at his school would be increasing, so Qi went to the school for registration earlier and obtained a place, while many other parents failed to do so because they had received the information too late. Another example was his application for a visa to Hong Kong, which was disallowed because he had left an important application document at his factory in another province. However, he phoned one of his friends in the Police Bureau, Chen, who connected him to the police officials in charge of visa applications, and Qi finally succeeded. Qi said: "the police man is a good friend of my friend. So it is a close *guanxi* plus a close *guanxi*. This pattern is very effective."

With regard to the importance of intermediaries, Xie said:

> Parents usually contact their *guanxi*s, who also contact other *guanxi*s, and finally they can get a study place from us, or from one of the officials.

In both cities, some deans, deputy headteachers or ordinary teachers were making money from being middlemen between parents and headteachers (or officials). Before the reform in City A, since many officials and teachers had some school places available, they needed middlemen to promote and sell those places. This is an example of how "*guanxi–guanxi*" works.

However, if middlemen cannot find someone to buy their school places through *guanxi–guanxi*, some of them even promote school places online or on the street to attract strangers. Rose claimed that if she had not used *guanxi* to obtain a school place for her daughter, she would have bought a place from the agent, a stranger, and run the risk of being cheated.

The three forms discussed above also apply to *guanxi–guanxi,* with people using ritual and customs, giving money, and/or using power to influence the intermediary to obtain a favour. In the same way, the intermediary uses these three forms to ask their own *guanxi* for a favour, which is then passed on to the *guanxi* who had originally asked for it. *Guanxi–guanxi* thus combines two or more forms of *guanxi* practice.

However, if too many circles are linked through this process, *guanxi* becomes more and more distant. People's obligations to help their *guanxi* may be weaker, which is one of the reasons that some *guanxi* practice fails. Many would-be benefactors ask the intermediary what their relationship to the favour seeker is. If the expected benefactors know the relationship between the favour seeker and the intermediary is not so close, they will not try their best to help.

4.5 Summary

This chapter has presented four forms of *la guanxi*: (1) ritualistic customs; (2) money giving; (3) use of power; and (4)*guanxi–guanxi* links. Few of the cases described here involve only one form of *guanxi* practice; usually people use two or more forms of *guanxi* practice to gain the desired resources. In many cases, ritual activities are associated with money and power. People may also entertain the benefactor and give gifts, including an envelope containing cash. Alternatively, people ask an official to exert their power, and at the same time bring gifts or invite the benefactor to dinner. Thus to practice *guanxi*, people try to influence others with a mixture of emotion, money, and power. All the above forms may also involve linking *guanxi* through *guanxi*.

Note

1. This restaurant was closed down in 2014 due to Xi Jin Ping's reform aimed at cracking down on abuses of public funds.

Bibliography

Bian, Y. J. (2001). Guanxi capital and social eating in Chinese cities. In N. Lin, K. S. Cook, & R. S. Burt (Eds.), *Social capital: Theory and research*. New Brunswick: Transaction Publishers.

Hwang, K. K. (1987). Face and favor: The Chinese power game. *The American Journal of Sociology, 92*(4), 944–974.

Yan, Y. (1996a). The culture of *guanxi* in a north China village. *The China Journal, 35*(1), 1–26.

Yan, Y. (1996b). *The flow of gifts: Reciprocity and social networks in a Chinese village*. Stanford: Stanford University Press.

Yang, M. M. (1994). *Gifts, favors, and banquets: The art of social relationships in China*. New York: Cornell University Press.

CHAPTER 5

Why Is *Guanxi* Used?

The existing literature addresses some of the reasons why *guanxi* is popularly used in China today. Some scholars stress its institutional causes (Guthrie 1998; Gold et al. 2002), and others highlight cultural causes (Fei 1992[1947]; Hwang 1987; King 1991; Yang 1994, Yan 1996a). However, the literature lacks empirical evidence; and this chapter aims to fill this gap. The first half discusses three rationales for practising *guanxi* to obtain a school place (*la guanxi*), or to accept favour asking: (1) *ganqing* (affection) and virtues; (2) *renqing* and face; and (3) material gain. The second section demonstrates that both institutions and culture encourage people to practise *guanxi* (including *la guanxi*). Furthermore, traditional culture and values in the two cities dramatically influence the implementation of institutional regulations, and cultural causes seem to be very significant.

5.1 Rationale for Practising *Guanxi*

The rationale for using *guanxi* is, on one hand, based on distrust of the weak institutional system in China, and on the other hand, on the actor's expectation of their benefactor's motivation. Therefore, when discussing the reasons why people use *guanxi*, it is more useful to look at the rationales of the benefactors than those of the favour seekers, since the favour seekers' use of *guanxi* is always motivated by self-interest.

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_5

This section examines some accounts given by benefactors as to why they practise *guanxi* and discusses how favour seekers judge their benefactors' rationales. Multiple evidence resources are used, drawn from observation of informants' actions as well as informants' own accounts. Perceptions, calculations and strategies associated with *guanxi* practice in different situations are examined.

5.1.1 Ganqing *and Virtues*

As we saw in Chap. 3, Confucian *ren* refers to inner spiritual development: an all-encompassing ethical ideal that includes all the desirable qualities or virtues including benevolence (*ren*), righteousness (*yi*), propriety (*li*), loyalty (*zhong*), sincerity (*xin*), obligations to *wu lun* (five cardinal relations identified by Confucianism: ruler and subject, father and son, husband and wife, elder brother and younger brother, and between friends), and so on. *Ganqing*, or *zhong gangqing* (valuing affection) should be regarded as one of the desirable qualities or virtues of Confucianism, since the Chinese *ganqing* is always associated with moral obligation (Kipnis 1997).

When informants talked about their reasons for helping their *guanxi* obtain school places, they frequently mentioned *ganqing*, *renyi*, *yiqi*, and obligation. *Renyi* is translated as benevolence (*ren*) and righteousness (*yi*). *Yiqi* means righteousness and loyalty. These are all Confucian virtues driven by Confucian *ren*. People in the two cities *la guanxi* for school places because they expect their *guanxi* to practise these virtues towards them and therefore try to help them.

Many informants claimed that they helped their *guanxi* to obtain school places because of *ganqing*. People are more likely to help others who have *ganqing* with them, and they expect others who have *ganqing* with them to help them too. That is to say, *ganqing* and material obligation always go together. The more *ganqing* one has, the more obligations one is under towards others. For example, Tian, a teacher in City B, argued that people will try their best to help their *guanxi* obtain school places because of *ganqing* or *qinqing* (affection among relatives). He said:

> When I say *guanxi* is very *tie* [strong like iron], actually I mean our *ganqing* is very good. This is what we Chinese call "*ganqing*" and why we are so keen to help others.

Yu, a parent in City A, also said:

> If he has very good *ganqing* and *guanxi* with me, I would use all my own money and *guanxi* resource to help him find a school place.

Similarly, Zhong, an official in City A, said:

> For close friends, I will try my best to help without any consideration of interest because close friends have *ganqing*. That is to say, I love my friends, so I will do everything I can to help them even to my own detriment. I just love to do that, besides, helping children enter school is a good thing.

Many informants claimed that people cherish *ganqing* because it is love and a beautiful human emotion. *Ganqing* (affection) is always associated with virtues like *renyi and yiqi*. A person who values *ganqing* (*zhong ganqing*) and helps their friends to the best of their ability will be regarded as a person with *renyi* (benevolence and righteousness). Xie, a headteacher in City A, said:

> I give my relatives and friends school places because of *ganqing* and *renyi*. It is my obligation to help them.

In 2011, Yu, a mother in City A, obtained a school place in School C because she found the right person. Yu's father-in-law had worked for the Audit Bureau before he retired, and he asked the head of the Bureau for help. The head of the Audit Bureau had previously been a subordinate of Yu's father-in-law, who had treated him well, and the head wanted to reciprocate (*baoda*). After Yu obtained the school place, she visited the head of the Audit Bureau and asked whether she should visit the headteacher with gifts. The head said no, he would arrange all *renqing* (gift or favour) with the headteacher himself. Yu then took two bottles of XO and an envelope to the head of the Audit Bureau, who refused them many times before eventually accepting the gifts, but refusing the envelope. "He is a very nice person with *renyi*," Yu said.

Yu appreciated the head of the Audit Bureau because he had *renyi* virtues. However, other candidates who have no *guanxi* might dislike him if they knew of Yu's *guanxi* practice. It seems that many Confucian virtues are only applicable to one's own *guanxi* members (insiders) rather than to strangers. Moreover, people apply these virtues to the detriment of rules and laws. In this regard, headteachers are expected to give school places to their friends and relatives, otherwise they will be seen as lacking in *renyi*. This is perceived as more important than the regulations pertaining to the allocation of places.

Some informants stressed *yiqi*, which is similar to *renyi* but places more emphasis on loyalty and righteousness among friends rather than family and relatives. Ye, an official in City B, said:

> Helping each other depends on personal morality. Some people care more about *yiqi*. For example, their *guanxi*s bring gifts to thank them. They may be angry and say: "you look down on me. You thought I cared about gifts. No! I care about *qiyi*." They think giving gifts to them insults their virtue.

It seems that *renyi* and *yiqi* encourage people to help their *guanxi*. Many informants claimed that if a friend is not willing to help them, they consider he has no *renyi* and cease to associate with him. Kai said:

> If my friend is not willing to help me, I will think I have made this friend in vain, if he is not willing to help me.

Yu, a parent in City A, said:

> If a friend is not willing to help us, we will think he looks down upon us. He is not one of us anymore. We do not have obligation with him anymore.

To many informants, someone who helps their friends has benevolence and righteousness, which lead to respect and a good reputation. However, this seems to come with a disregard for rules and laws, and these virtues only apply to their *guanxi*, especially their close *guanxi*, rather than to strangers or casual acquaintances.

Many informants claimed they are obliged to help their *guanxi*s in the five cardinal relationships (*wu lun*), whether they like them or not, or have *ganqing* with them or not. Sun, a senior teacher in School B in City A, said:

> If my close *guanxi* asks me for school places, I must do it; otherwise, I will be condemned by all my friends and relatives.

The obligation to help *guanxi* also extends to clan members. Mai, a teacher in City A, claimed that he was still in touch with his clan members in the village although he lived in the city, recounting the following story:

> I think *guanxi* is a kind of obligation. For example, last term, a villager from my village asked me to help his son with a school place. I definitely should

> help him. He is a member of our big family. He has the same surname as mine. We have a big duty to our clan. Clan comes first, then friends. Actually I did not know the villager and his kid, I have no *ganqing* with them. But I have an obligation to help them.

It is interesting to note that Mai has to help someone who has no *ganqing* with him—indeed, does not even know him—and this obligation seems to be very extensive. Whether he likes it or not, Mai has to follow the rules of his ethic.

Many informants claimed that people have an obligation to help each other once they have *guanxi*. Some people have no choice but to help because they are friends or relatives. Tian, a teacher in City B, argued that a person would be seriously condemned as "disdaining to recognise one's kinsmen" (*liu qin bu ren*) if they do not help their relatives.

In summary, *ganqing*, *renyi*, and obligation to *wu lun* relations are all reasons why people in the two cities practise *guanxi* to acquire school places. It should be noted that all these desired qualities are included in Confucian *ren*, the ethical ideal and the inner spiritual development discussed in Chap. 3.

5.1.2 Renqing *and Face*

When informants talked about their reasons for helping their *guanxi* find school places, they not only mentioned *ganqing* and virtues but also *renqing* and face. Traditional concepts require people to give their *guanxi*s *renqing* (favour), or return *renqing* (favour or social debt), giving face, gaining face and avoiding offending others' face. Thus they accept their *guanxi*'s request for a favour.

The concepts of *renqing* and face derive from Confucian *li* (see Chap. 3). However, they are not true *li*, but instrumental or fake *li*, since in these concepts Confucian *li* is being utilised for instrumental purposes without involving much *ren*. *Renqing* and face derive from *li* but are instrumentally used in *la guanxi*: thus they should be regarded as instrumental *li*, which tends to stress actors' moral obligation and emotional attachment, and mask their rational calculations. For example, doing others a favour in *la guanxi* is a ritual that pretends to achieve *ren*, but has the underlying motivation of self-interest. To make the rituals appear like the practice of *li*, people copy the form of *li* but discard its real value. This "fake *li*" ritual seems very useful in *la guanxi* because it has already become an important part of the *renqing* ethic in modern Chinese society (Yan 1996b).

People in the two cities studied have a great sense of indebtedness—*renqing*—when receiving or giving favours. They feel indebted after receiving a favour, and they are very likely to return the favour if they get the chance. Huan, a teacher, said:

> Every year, I help several students get into our school. I owe the headteacher a lot of *renqing*. So on every festival or some holidays, I spend my own money buying gifts for my headteacher.

This sense of indebtedness encourages people to practise *guanxi*. For example, Deng (a teacher) and Lulu (a mother) went to headteacher Lee's home with gifts. Lee allowed the son of Lulu's friend to study in the key class. From Deng's perspective, Lee was returning a *renqing* (favour) to Deng, who had done a lot of hard work for Lee, including looking after Song's son, a disabled student.

Some interviewees claimed that they sometimes do their *guanxi* a favour to make others indebted to them. They called this "earning *renqing*"or "gaining *renqing*". Rose said:

> For casual friends, I still try to help them. But if it is too difficult, I will give up. If I made it, I would earn a *shun shui renqing* (convenient *renqing*). Why not?

Although some informants denied helping their *guanxi* to gain *renqing* (social debt from others), they revealed that others may be motivated to gain *renqing* when they help their *guanxi*. Moreover, they claim that they expect their *guanxi* to return a favour when they need it in the future. As Kai, a policeman, said, "I think someone who owes me *renqing* will try his best to help me".

It is interesting that almost all informants admitted that they would feel more comfortable about asking someone who owes them *renqing* for a favour than someone who owed no *renqing*. For example, Sun, a teacher in City A, said:

> I will be in the right and self-confident asking someone who owes me *renqing* to help me. However, I will be shy about asking someone owing me no *renqing* for help.

Along with *ganqing* and virtues, *renqing* is thus an important reason why people practise *guanxi*.

Morover, some people practise *guanxi* in order to gain face, avoid losing face, give face to others, or avoid offending others' face. Many informants claimed that society as a whole values face very highly, and as such it is a dynamic force for people to help their *guanxi* or ask their *guanxi* for a favour.

When people succeed in *guanxi* practice, they always talk about it in front of their friends to gain face. A person who cannot or is unwilling to help their *guanxi* will lose face. People feel they are gaining face if they win out in *guanxi* practice; in the same way, people feel a loss of face if they have no *guanxi*. For example, Rose, a mother in City A, said:

> If we have no *guanxi*, people would look down on us. So we have to try our best to find *guanxi*.

It is a big gain of face if one's child goes to a key school. Lee, a headteacher, argues that parents do not actually care about their children's education and development as much as about their face:

> If their children study in a good and famous key school, they think they gain face. They feel a great honour in front of their friends and they are willing to pay a lot of money for this.

However, it is a big loss of face if one's child goes to a common or bad school. Asking a friend what school their children go to is a sensitive subject. Zhu, a teacher in City B, said:

> You cannot ask a friend what school his child goes to because that may lose the friend's face if his child goes to a bad school.

In 2012, Rose's daughter went to School E in City A, a common school, so Rose and her husband felt a loss of face and friends were careful not to mention this in front of them. In a similar story from 2011, the son of Mr and Ms Qing (the bosses of a computer company) failed the entrance exam for School A and they had to turn to a common school, School E. Mr Qing had good *guanxi* with the headteacher of School A and often showed off this *guanxi* in front of his friends and relatives, as he had helped a few friends' children get into this school. However, due to the reform that began in 2011, he was unable to send his son to this key school and lost face badly—again, it was better not to mention this in front of Mr Qing.

Parents also force their children to study hard and get good exam results to gain face. Ping, a parent and teacher in City B, gave this opinion:

> I think Chinese children study too hard; they do not study for themselves but for their parents' face. Parents like to compare the results after an exam. If the result is good, they will boast in front of their friends to gain face. Otherwise, they keep silent, feeling a loss of face.

In order to give face to friends, people may accept friends' requests for a favour. Chen, a mother and official in City B, explained why she helped her friend obtain a school place:

> We just do it for the sake of our friends' face. That is to say, if one has bigger face, one can use it to claim a favour.

Sometimes people will think they are gaining face when they receive favours. Also, when doing someone a favour, some people may think they are giving face to the recipients. For example, Huan, a senior teacher in School 4 of City A, said: "My headteacher gave me big face: he gives me several school places every year." However, if people ask someone for a favour but get refused, people will think they lose face, or that they do not have enough face. Lin, a teacher, said: "….if I was refused, maybe my face is not big enough. Maybe our *guanxi* is not good enough. " Thus, in order to avoid offending others' face, people try their best to accept their *guanxi*'s favour asking, and by doing other favours, people gain face and are well regarded in their *guanxi* network.

5.1.3 Material Gain

Some officials or headteachers accept their *guanxi*'s request for a favour and give them a school place for material gain. They stand to gain expensive gifts, money, or other assets. Wang, headteacher of SS school in City A, received 30,000 yuan from Zhao in exchange for a school place brokered by an intermediary of Zhao's relative, and Wang claimed that he gave face to the intermediary. A headteacher in City B received Ping's money for giving her a school place.

In these circumstances, the two headteachers apparently exchanged school places for money. They practised *guanxi* not principally for *ganqing*, or *renqing* (social debt). Although doing others a *renqing* also involves a

consideration of self-interest, it is not an immediate interest exchange but long-term favour exchange. More importantly, some *renqing* (social debt) may have no opportunity to gain returns in the future. Unlike the *renqing* rationale (sense of indebtedness), this material gain rationale is different: immediate returns are desired.

Some people decide not to use *guanxi* in some situations because it may cost too much money. Qi decided not to use *guanxi* to contact the head of the Education Bureau for a school place because he thought it was troublesome and would cost too much time and money. Not only would he have to give envelopes to the head and the intermediary, but further costs would be incurred: if he had practised *guanxi* with the head, he would have to visit him with gifts regularly after the favour, especially at traditional festivals. After weighing up the gain and loss, Qi decided not to use this *guanxi*. This case reveals that some *guanxi* cost too much money, because the benefactor and intermediaries—and sometimes a few intermediaries are needed—expect to gain materially.

Although some headteachers and officials gain money or other benefits from *guanxi* practice, they are not usually reported to the anti-corruption department because their *guanxi*, including the intermediaries and the favour seekers, will cover up and protect them due to the *renqing* ethic. Someone who breaks the *renqing* ethic may incur condemnation and damage to their reputation; in more extreme cases, for example when a case of corruption is reported, it can result in sanctions by a criminal syndicate.

In summary, there are many possible reasons why people practise *guanxi* to acquire school places. These include *ganqing*, Confucian virtues, *renqing*, face and material gain. They can be further categorised into three types: *ren* (*ganging* and virtues), instrumental *li* (*renqing* and face), and material gain. However, people can have a number of different motivations for doing a favour for others, or asking others for a favour, sometimes combining *ganqing*, virtues, *renqing*, face, and the consideration of material gain. It is sometimes difficult to tell whether it is *ganqing* or *renqing* that motivates people to help their friends: it may be both.

5.2 Institutional Causes of *La Guanxi*

The research conducted for this book has found that it is both institutional systems and cultural characteristics that cause the phenomenon of *la guanxi* for school places. Evidence suggests that a weak institutional system stimulates the occurrence of *guanxi* practice for school places.

First, rules and regulations are usually not specific but vague, flexible and changeable, and subject to the actual situation. Some officials and headteachers take advantage of this flexibility to circumvent rules and laws, and give school places to their *guanxi*. Second, the "rule of man" is apparent in both cities where the research was carried out. The legal system is weak, individual officials can decide the allocation of resources personally, and rules are subject to personal interpretation. Therefore, people have to build up good relationships with officials or headteachers in order to acquire resources. Finally, corruption is serious and pervasive in both cities, so people do not trust the pupil recruitment system to be fair, turning instead to their *guanxi*. People use their *guanxi* to bribe officials or headteachers for school places. The institutional system in both cities is therefore weak on three counts.

5.2.1 Vague and Flexible Rules and Laws

Before 2011 in City A, according to the recruitment rules for key junior high schools such as School A and School B, the top 600 from the entrance exam would be awarded places. However, in School B, every year about 100 of the top 600 students gave up their school places for various reasons. Thus, School B gave out the 100 study places to their *guanxi*s, because the rules did not include any regulation about the places thus freed up. Eventually, 750 students were given places, 250 of whom were *guanxi* students. The situation was similar in School A.

Moreover, there are no clear regulations to distinguish private from public schools in City A. Lee, a headteacher, said:

> They are all key schools and they are actually " fake civilian-run" or " fake private" schools. To be a civilian-run or private school, the school should have three conditions, or "three independences". First, land independent: the school's land is privately owned. Second, financial independence: the funds are from private individuals. Third, the personnel are independent from the government.… fake private schools do not have even one of the conditions… However, the fake private schools charge student tuition fees. For example, School A charges 6000 yuan each year.… This practice violates the education law.

However, these illegal practices had been occurring in City A for eight years with the excuse of "educational reform and experiment".

Many informants claim that officials deliberately make the rules vague. According to Xie, a headteacher, the officials in the Education Bureau do not want to make fixed rules for two reasons:

> First, they do not want to take responsibility if schools get into any trouble. They can escape from the responsibility if something bad happens. Second, they make the rules flexible on purpose so that they can "give brief notes" [*kai xiao tiao*] to the headteacher for study places.

Xie told me his principle on *guanxi* students:

> First, I will follow the rules of our school. Second, I can apply some flexibility, but will not break the main rules. Third, if the marks of the *guanxi* students are too low I cannot put them in the key classes (even though they have *guanxi*).

"Some flexibility" here may include many *guanxi* practices and the circumvention of rules and laws. Thus, Xie complained that his supervisors made vague and flexible rules, but in fact he was doing the same himself.

Before the reforms that started in 2011, the student recruitment rules in key schools were very vague. An example is provided by School B, Xie's school. The "2009 Admissions Rules of School B" and the "2010 Admissions Rules of School B" simply stated:

> According to the test result, the top 600 will be officially recruited students;. Registration date: July 16th. (Documentation from school B website).

As can be seen, the Admissions Rules of School B were very vague. However, the rules became much more specific after 2011. According to the "2011 Admissions Rules of School B" and the "2012 Admissions Rules of School B":

> According to the test result, the top 600 are officially recruited students. If there is more than one student ranked 600, then admit in the following order: (1) higher mathematics score; (2) higher Chinese score. Students ranked near the top 600 can be listed as stand-bys, and may take the place of officially recruited students who have given up their places. (Documentation from school B website)

A few days later after the pulication of the rule, on 8 July 8, 2012, School B released its recruitment information (No. 1) below:

> Score line for the top 100 is 175, score line for the top 600 is 150. Candidates who scored in the range 146–149.4 can come to the school to fill in an additional recruitment form. They may take place of those students who give up their place. (Documentation from school B website)

The No. 2 recruitment information was released a few days later, in which School B lowered the entrance score again to recruit more students, because the total number of recruited students was still less than 600 after the first round of recruitment. By doing so again and again with a few rounds of recruitment, School B recruited exactly 600 students by exam results in 2011. 650 students were admitted in 2012 under a fairer system following the mayor's reform.

This case shows that before the reform, the school recruitment regulations were very vague in City A. However, even post-reform, not all schools have clear and specific regulations—only six key schools (four junior high schools and two primary schools). Other key schools and many common schools still have very simple and vague rules, and some "black case work" (*hei xiang cao zuo*) has been heard about from teachers and parents in relation to School E, School 4, and SN school. Some of them will be presented in later sections.

5.2.2 The Rule of Man

Many informants consider their cities to be under the "rule of man": the legal system is weak and it is always being interpreted by some powerful individuals.

Some informants in City A revealed that the new mayor, Gu, stressed in a meeting with many other officials that if anyone dared to recruit *guanxi* students, he would ask the Department of Disciplinary Inspection and the Anti-Corruption Department to get involved in the case. It appears that the judicial authorities had to follow his order, which was obviously "rule of man" rather than "rule of law" or democracy.

Yan, a headteacher in City A, said:

> The implementation of the policy depends to a great extent on the individual's determination. Otherwise, the policy will be implemented "with a discount" (not fully implemented). Once the leader changes, policies always change. Rules and policy cannot keep consistent.

Many informants doubt the consistency of the reform and think that it cannot be maintained once Mayor Gu leaves the city. So some people argue that what officials say are policies. Liu, headteacher in City A, claimed that rules or policies are made by his supervisors so what they say constitutes rules or policies for him.

It is interesting that people value what their supervisors say more than rules or laws. For example, Mai, a teacher in City A, said:

> I should master a technique of weighing, considering and understanding what my headteacher says because everything is decided by our headteacher.

The rule of man, together with weak democracy and rule of law, seems remarkably strong in both cities. Some informants ascribed this to the long history of the federal system. Some informants think "rule of man" derives from the one-party political system. Many were aware of "rule of man" and seemed to dislike it, but felt they could do nothing about it. Since individuals such as headteachers or officials decided the allocation of school places personally, people practised *guanxi* to ask them for favours.

One frequently mentioned term in both cities is "*guan ban wei*", which means officially oriented or power-centric, and is closely associated with the rule of man. Han, the deputy headteacher of a key school in City B, explained:

> If you were the head of the Education Bureau, and I were your sister, I would just tell the headteacher that I am your sister and then my kid will go to the school easily. Definitely.

It seems that being a close *guanxi* of an official also brings privileges. Why? It is *guan ben wei* (officially oriented). One's *guanxi* network becomes powerful if there is a powerful official within it. Tian explained:

> I read the news. Some young person in his twenties became a vice-mayor. Why? His father is Chief of the Party [Chinese Communist Party] in that city. In China, when people notice that you are an official, they all want to curry favour with you and flatter you.

We can see that officials have great power, and that people try to become close to them to acquire resources. In this regard, corruption is often associated with *guanxi*. But why don't some right-thinking

officials or headteachers refuse to become involved? Ping, a parent in City B, said:

> If the headteacher refused *guanxi* students, he would not keep his job for long. He would definitely be forced to step down very soon.

Mai, a teacher in a senior high school in City A, who is in charge of a common class, provided another example:

> There are only 22 students who did not use *guanxi* [there are 68 students in the class]. Others used *guanxi* to a greater or lesser extent. However, we have very few *guanxi* students in the key classes. We had two key classes, the 120 students [in the two classes] are important for us, they do well in the college entrance examination and bring honour to our school. We cannot allow any *guanxi*. Our headteacher does a good job of adhering to our school regulations. If many *guanxi* students enter the key classes, it will influence the quality of teaching, you know. I heard that only kids of teachers in our school have the privilege of joining the key classes if their grades are not high enough. Some officials' kids have privileges too. However, officials' *guanxi*s are not allowed to enter the key class because that would be a lot of students.

As we can see, although the headteacher was strict about entrance to the key class, officials still had the privilege of sending their children to it. No wonder Xie, the headmaster, said:

> That is why nowadays, a very high percentage of graduates want to be government workers [civil servants].

5.2.3 Corruption

Corruption features strongly in the data collected from both cities for the purpose of this book. Corruption can be both the cause and the consequence of *guanxi*; the focus here is mainly on corruption as cause.

Interviews and participant observation established at least 40 cases in City A and 11 in City B covering: corruption and cheating in the allocation of school places; professional ranking and academic corruption; running illegal training centres and other businesses; bribing officials and headteachers; corruption in hospitals; and even cheating within the anti-corruption team. Informants argued that corruption existed everywhere

in their cities. For officials and headteachers, study places are a resource that can be exchanged for money or other resources. Before 2011, school place trafficking was a serious problem. Many informants revealed that had they even seen large signs advertising a school places agency in front of schools and near roundabouts. That the traffickers, who are mostly headteachers' *guanxi*, possessed so many places for sale reveals the scale of the corruption in the allocation of school places. Many other informants reported that some headteachers, teachers and agents received gifts or money for school places. Wang is the head teacher of the best primary school, SS School, in City A. He is very talented and was awarded the Best Youth in the City and Model Worker of the Province prizes. During the summer of 2012, when the fieldwork for this book was being carried out in the city, he was arrested in an anti-corruption campaign on suspicion of school place trafficking.

It is very common for officials to receive expensive gifts and/or money in both cities. Officials in City A described an important rule of receiving gifts and money: before the gift giver leaves their home, they should check the gift face to face with the giver to see if any cash is in it, in order to avoid misunderstanding. They usually return the cash before the guest leaves, if they are not willing or able to help. Although they did not say so directly, this implies that they usually receive money if they are willing to help the giver. Lee, a headmaster in City A, also reported that officials abused their power to get their *guanxi* into key classes:

> This year we changed the number of key classes. In the past, we had two key classes and two sub-key classes, in order to meet the need of the *guanxi*s and at the same time to improve our teaching quality; now we have three sub-key classes and one key class. Please keep it a secret; we do not say our school set up key classes openly. I fully understand that setting up key classes is bad but I have to do it in order to attract good students.

Lee changed the number of key classes in order to please his *guanxi*s. Teachers in Lee's school told me that sub-key classes exist especially for *guanxi* students. The key class itself is mainly for excellent students selected by exam result; g*uanxi* students cannot join this class unless their *guanxi* is very strong. However, further investigation showed there were still some *guanxi* students in the sole key class; for example, Lulu's *guanxi,* Zheng, Xiong's son, and Mr Qing's *guanxi.* Xiong's son said that their class only had 55 students at the beginning of the term. However, more

and more students were admitted in the middle of the term and the class had more than 70 students a month later. He complained about the large number of students in this class. Why had the key class become bigger and bigger? Why did Lee, the headteacher, decide on this so-called "sole key class"? Deng, a teacher in School E, told me a long story:

> One day, headteacher Lee asked me to come to his office. He told me that a special student would come to my class… eventually I realised that the special student was a disabled child with mental health problems… I told Lee that he should go to a school for disabled children. Lee told me that he was a relative of the vice head of the Education Bureau, and we had to accept it. Lee told me: "You are an excellent class head teacher. I am at ease if the special student goes to your class. I trust you." … A driver drove the special student to our school every day. Finally I found that the father of the student was a successful businessman. He had a lot of money. He hired the driver to drive his son to school and look after him in school. Lee even gave an office to the driver, a 20-year-old man. He sometimes sat in the class to watch the special student, sometimes chatted with teachers in the office. He seemed to enjoy his job very much, with a high salary which was three times mine… The special student sometimes kept quiet in the class but sometimes suddenly stood up and walked out in the middle of a lecture. The whole class was surprised and the teacher shouted at him but he did not react and kept going. The teacher informed the driver next door, who took the special student out of the class… The students in my class complained a lot at the beginning. Some parents also complained about it. I told the students: first, we are very lucky not to be disabled. Second, we should help the special student rather than reject him. The world needs love… After my input, the class accepted the special student and they loved him and helped him. It was a bad case but I turned it into a good case and a good educational opportunity… The father of the special student is a very nice man. He respected all the teachers. He paid a lot of money for dinners and parties for all teachers in School E. This summer, he paid for all the teachers to have a tour of Beijing. But actually, Lee also received plenty of benefit personally from the father of the special student.

This case shows how *guanxi* succeeded. The father had a lot of money, which compelled officials and headteachers to work for him and made his *guanxi* practice easier. That is why many informants repeated the Chinese saying: "money can make a ghost work for you".

There are many cases of cheating and so-called "black case work" (*hei xiang cao zuo*) in the school context. Schools are not allowed to

charge school-selection fees; however they receive a "voluntary donation". In 2012, Nicky was forced to sign an agreement to give 5,500 yuan of donation "voluntarily" in order to get her son into Old CN School. Before she did that, she found *guanxi* and paid 3,000 yuan to obtain the place. Kim, dean of a key school in City A, told me that her school had faked reports, falsifying the number of students to gain more money from the provincial government. However, the city government just "turned a blind eye", since the cheating would bring money to the schools and cut the input needed from local government.

Huan, a senior teacher in School 4, revealed an example of cheating:

> Some people falsely claim to live near the schools, so that they do not pay any donation. I have heard a lot about that. Officials and their agents are making money from fake proofs.

Huan offered a further example:

> You know, the pass mark for the students who have a specialty is lower than normal students and you pay a lot less money for the donation. It can save a lot of money if one can prove that a student has a speciality. For example, a PE teacher and a head teacher can falsely claim that a student is a very good basketball player. Thus, the student will pay fewer donations.

Mai, a teacher in a senior high school, also reported false proofs provided by a PE teacher and headteacher in his school. Qi, a father, and Huan, a teacher, in City A, both recounted stories about schools releasing a small recruitment notice just the evening before recruitment day, or even on the morning of the day itself. Qi said:

> For School 4, they phoned every single student who had passed the entrance exam and informed them about registering. However, they did not phone students who were eligible for *kuo zhao* [expanded recruitment]. They released the expanded recruitment notice and asked candidates to register on the same day. It was ridiculous. People knew the information but found the registration period had expired.

Liu, headteacher of a common private school, revealed another case of cheating:

> I have a good friend who is the deputy head teacher of School 2. When they lower the pass mark by 5 per cent and do *kuo zhao*, they actually recruit *guanxi*

> students whose marks are lower than 95 per cent of the pass mark. You know, black case work. Moreover, they told their *guanxi*s whose marks were higher than 95 per cent of the passmark to come to school for *kuo zhao* registration at 7 o'clock in the morning, while others with the same marks did not get this information. When they came, they might be too late to register.

A case of cheating was observed in School E. Ms Qing and her relative, Lulu, asked the author to check two students' entrance marks for a key class in School E. Wei, the teacher and technician welcomed the author warmly and said that under school rules he was not allowed to check any student's mark and rank, but he could check secretly since he had good *guanxi* with the author. Wei checked the marks and ranks of the two students and warned that the students' marks were too low for the key class, suggesting *la guanxi* with Lee, the headteacher of the school. This was cheating: the school kept the marks confidential so that they could recruit *guanxi* students and avoid being reported by other parents without *guanxi*.

In addition, after the beginning of term, some students moved from a common class to a key class in School E, using *guanxi*. Students in a key class at School E in City A, Chan and Xiong Jr. reported that student numbers in their class had gone up to at least 70 because of this switching of classes through *guanxi*.

However, the most serious "black case work" (*hei xiang cao zuo*) in 2012 in City A was what we shall refer to as the "School 1 cheating case". School 1, the best senior high school in City A, wanted to keep more study places for *guanxi* students and stopped in the middle of extended recruitment (*kuo zhou*), giving the excuse that the school had recruited enough students and had no more places. Parents waiting to register were angry about the deception. About 30 parents overturned desks and broke chairs, with hundreds of others watching and shouting. The police came and stopped the riot but no one was arrested, and at their suggestion, the parents petitioned the city government. Finally, the goverment asked the school to recruite students following the school regulation strictly, and no one can use *guanxi* to get school places.

There were also many cases of corruption for school places in City B. CE School is the best primary school in City B, and was established especially for officials or people who work for the municipal government and government organisations. Other families had to find *guanxi* to get a place for their children, which involved bribing headteachers and offi-

cials—as in the case of Ping (see Chap. 4). Officials abused their power and influenced headteachers over school places. Tian, a teacher in City B, argued that whether his school received *guanxi* students or not is sometimes not up to the headteacher: "If some higher officials put pressure on our headteacher, he has to accept *guanxi* students."

There were some cases of cheating in City B that were similar to those in City A. May, a parent and teacher in City B, revealed:

> The way CE School releases recruitment information is: stick up a notice today and recruit students the next day. Parents need to get this information from their *guanxi*s who work in CE School. Otherwise, they miss the chance.

Zhang, a teacher, reported corruption in her school—one of the key schools in City B:

> There are nine classes in Junior One, 50 students in each class. However, there are 10 classes in Junior Two, 70 students in each class. People get into our school by using the excuse of switching schools every year.

Tian, a teacher in another key senior high school in City B, revealed a similar phenomenon:

> Every year, every semester, some students switch into our school. Several dozen students come to our school with the excuse of "switching schools" each year.

Along with switching schools (in City B), switching class is popular in both cities. Zheng, a student in a common class in City B, reported that the number of students in their class was reducing because some students' parents *la guanxi* and got them into key classes.This observation is echoed by Zhang, a teacher in charge of a common class in a key school in City B:

> Every term, there are always a few students switching to a key class by *guanxi*. When they see more and more students leaving, the rest of the students are upset but envious, saying: "So unfair! But to have *guanxi* is so good!"

There is a good deal of evidence to show that local government makes money from education, rather than putting money into it. Headteachers

of key schools in City A stated that they shared 50 per cent of the donation or tuition with the local government in accordance with "hidden regulations". For instance Xie, headteacher of an experimental school, claimed that the school gave the local government five million yuan each year:

> We pay 5 million yuan a year to the government, and we do not know how they spend the money. They have never put any money into our school since we became an experimental school 8 years ago. On the contrary, they take money from our school. You know, the government is making big money from education.

Even common schools had to give 50 per cent of their donations to the government. Lee, headteacher of a common school in City A, said:

> Our school is just like a company. We give the government 800,000 yuan every year. Haha, we are better than a big company. Very few companies in this city can pay 800,000 yuan in tax every year.

This technique of making money from key schools also applied in City B. Informants there told me that key schools always apply school-selection fees to those who failed the entrance exam.

However, poor schools did not receive much funding. Yan, headteacher of a bad school in City A, told me that their funds are very limited:

> We receive only 271 yuan per student from the government. In the past, only 168 yuan per student. Also, we receive 30 yuan per teacher per month from the village. The government pays the teachers' basic salary. We only have about 6,000 yuan to run the school for a whole year, equivalent to the price of just a bottle of wine that officials often drink. We have many bills to pay, and a very difficult budget.

How the government spends the money is a big question. Headteachers, teachers, parents and even officials did not know the answer. Interviewees said that government departments and organisations abuse public money for expensive dinners, cars and so on. Many argue that the cause of corruption is the lack of transparency and supervision, some claiming that this is because of the one-party system and the absence of democracy. All in all, the evidence of vague rules, "rule of man" and serious corruption has revealed a weak institutional system in both cities, which provides fertile ground for the *guanxi* phenomenon.

5.3 Cultural Causes of *La Guanxi*

Along with institutional causes, the influence of culture on the *guanxi* phenomenon is significant. It is clear from the above analysis of rationales for practising *guanxi* that some cultural elements, such as *ganqing*, virtues, *renqing*, and face, do encourage the *guanxi* phenonmenon of today. In fact, institutional and cultural causes are interrelated and the weak institutional system in the two cities is affected by the local culture.

First, people in both cities have a highly particularistic culture: they disregard rules and laws, placing much more emphasis on personal relationships. It is very common for them to use *guanxi* to circumvent or even break rules or laws to acquire desirable resources, and they do not feel ashamed of doing so. Second, people in the two cities have a more collectivist culture: they consider themselves and their *guanxi* as a whole, and place group interests above individual interest. Third, people in the two cities have a more diffuse culture. They seem to be uncomfortable with fixed rules, which are regarded as rigid or "something dead". They have a flexible thinking and working style and regard everything as connected to everything; they do not clearly separate personal life, business, and institutional matters. This exacerbates nepotism and the *la guanxi* phenomenon in the school context.

5.3.1 Particularism

People in both cities appear to value personal relationships while devaluing rules or laws. Headteachers have to give places to their friends and relatives, otherwise the latter would regard them as lacking in virtue. Many informants claimed that they could deal with friends according to rules or laws, because they would be considered lacking in virtue and kindness (*bu jin renqing*). If they strictly followed rules or laws in their dealings with their *guanxi*s, their *guanxis* would accuse them of having "no *renyi*" (less of benevolence and righteousness), or breaking *renqing* ethic.

It seems that Confucian virtues are pitted against rules and laws. At least, no one claims to have been educated by Confucianism to conform to laws. Local people regard many illegal practices as ethical. As discussed earlier, in City A, the head of the Audit Bureau broke the rules and sent an unqualified student into a key school, School C; and the head was considered by the student's parents to be a man with *renyi* (benevolence and righteousness).

It is interesting that all parents in City A claimed to have received recruitment information from friends and relatives, suggesting that they do not want to read the recruitment policy or regulations themselves. People do not appear to value written rules or believe that anybody will follow them absolutely. Even Kai, a policeman, did not think the published rules were reliable, and he had to ask around about the school admissions to learn the "hidden" rules. To break the law is not shameful under these circumstances; people are sometimes even proud that they can gain resources by circumventing rules or laws. There is a Chinese saying: "The authority issues policies, the locality always has their counter measures to surround them" (*shang you zheng ce*, *xia you dui ce*).

5.3.2 Collectivism

According to Trompenaars and Hampden-Turner (1993), "individualism versus communitarianism" (or collectivism, in Hofstede (2001)) refers to the degree to which people see themselves functioning more as a community or more as individuals. In a principally individualistic culture, people value the individual above the community. This means that individual happiness, fulfillment and welfare prevail and people use their own initiative to look after themselves. In a principally communitarian culture (collectivism), people place the community before the individual. Thus, it is the responsibility of the individual to act in ways that serve society, and individual needs are automatically attended to. In individualist cultures, people look after themselves and their immediate family only: people emphasise individual rights, instead of placing society as a whole above themselves. In collectivist cultures, such as China, people belong to groups that look after them in exchange for loyalty (Hofstede 2001)—in-group considerations affect hiring and promotions, with closer in-groups (such as family) getting preferential treatment.

As a result of collectivism, the Chinese are very passionate about helping their *guanxi*s and have a collective sense of solidarity (Trompenaars and Hampden-Turner 1993; Hofstede 2001; Geert-hofstede.com 2012; Hampden-Turner and Trompenaars 2000). It is regarded as a virtue to share good things with friends and relatives, and to help them without any consideration of self-interest. The informants say "your matter is my matter" to their friends: they consider their *guanxi*s and themselves as a whole, and are very enthusiastic about helping their *guanxi*s with school places. It is seen as important for every member of the whole group to

help the other members. Many informants argued that they would help a friend even to their own detriment if the friend or relative were a lot poorer. For example, Huan, a teacher in City A, helps a few students gain admission to her school, School 4, every year. She said:

> …However, I have not received any benefit from the students I have helped. Their families are poor. How can I receive their gifts? Sometimes they visit me with some cheap gifts. In return for this, I give them expensive gifts.

Kai, a policeman, was finding *guanxi* to help his nephew find a job in the government. He said:

> I am finding *guanxi*, spending my own money, inviting officials to dinners and so on. I will definitely not ask my uncle or nephew for money back. I should pay for them. We are close relatives. Let alone they are poorer than me.

Even some local rituals or customs reflect collectivism. For example, people give "red packets" (small envelopes containing money) on their *guanxi*'s wedding, or to celebrate the birth of a new baby. Receiving red packets eases the economic tension on these expensive occasions. Even when a student goes to a new school, they will receive many red packets from close friends and relatives, which will ease their parents' financial burden. People receive red packets when there are in hospital. Lui, a headteacher in City A told me one of his relatives received 28,000 yuan of red packets when the relative was in hospital. After paying the hospital fees, the relative still had 10,000 yuan left. As can be seen, giving money in small packets is a type of ritual or custom that reflects the collective concept.

However, this *renqing* ethic can also be very burdensome for some people. Some informants complain that they are tied up with *renqing* and a whole month's salary can disappear if their *guanxi* are getting married or are in hospital.

5.3.3 Diffuse Culture

People in both cities have a highly diffuse culture—a holistic and flexible working and thinking style. As mentioned above, it is a remarkable fact that the rules regarding recruitment of students in both cities are vague.

However, many people argue that flexibility is necessary for their work. Zhong, an official, said:

> Officials can deal in a flexible way, which is good for our work. However, some officials take advantage of the flexibility and commit corruption.

Xie, a headteacher in City A, said:

> They always need to adapt something to concrete circumstances. Even if they have written rules, the rules are always ambiguous so that the leaders can interpret it in their own ways.

It seems that nothing is really fixed. Once rules are fixed, people describe it as dead. In Chinese, *si* shares the meanings "fixed" and "dead", and "fixed rule" is called "dead rule" (*si gui ding*). We can see how people prefer flexibility to fixed things. Moreover, some informants argued that rules have to be flexible: once a rule is fixed, some aspects of it will become impractical. For example, Xie argued that there should be some flexibility:

> If a man lost his life saving other people, how could the government refuse his child admission to a key school? It is not reasonable, right?

It is interesting that though Xie claimed that he disliked vague and flexible rules, he also thought flexibility was needed. In this situation, people do not think about legislation but flexibility. He also argued that the new recruitment policy cannot attract investors, since the government cannot allocate key school places to the investors' children. Thus, he concludes that a "clear-cut" rule is not good. In many situations, officials deliberately make the rules flexible in order to take advantage of them. Lei, a parent in City B, said:

> He [the headteacher] is under a lot of pressure. Too many officials ask him for school places. He cannot make a clear-cut recruitment regulation.

Thus, in people's minds, flexibility is important, but they do complain about others taking advantage of flexible and vague rules. People consider that everything is connected to everything: if one thing is fixed, it will influence other aspects of their lives. Therefore, it is better to keep everything flexible. Since rules are flexible, changeable and open to interpretation,

people use *guanxi* to influence the people in charge to obtain the desired resources.

The holistic thinking style means that people do not clearly separate personal life, business, and institutional matters. They consider everything as a whole. In QQ groups (internet chat rooms) at a college in City B, for example, not only formal information and the allocation of tasks, but also much small talk, joking, gossiping, and trifles of personal life came up. During working hours, the members could talk a lot about personal matters, while outside working hours, they could talk a lot about formal and serious work and tasks in the same chat group.

A teacher must do more than simply perform well in their job. They also have to do something to build *guanxi*, which is good for their career. For instance, in order to please his headteacher, Mai, a young teacher, sat his headteacher's exams to enable the latter to gain a bachelor's degree. Mai reported this openly in an interview without any feeling of guilt: it seems that cheating in exams is common in adult education in City A. He also went over to repair his headteacher's car at midnight, when the headteacher phoned him. He not only has to do his formal work well, but also needs to learn how to conduct himself properly (*xue hui zhou ren*). There is evidence to suggest that this holistic and flexible style of thinking, or diffuse culture, exacerbates the problem of *la guanxi* in relation to school places.

In summary, particularism, collectivism, and a diffuse culture are to be found in the two cities researched for this book, and they create a fertile ground for *la guanxi*. Particularism leads to the fact that the Chinese value personal relationships, and disregard rules and laws. As a result of collectivism, the Chinese are passionate about helping their *guanxi*s and have a collective sense of solidarity. The diffuse culture results in the Chinese being comfortable with vague rules, and uncomfortable with specific, fixed rules. Meanwhile the boundaries between business or professional, and social life are blurred, because everything is seen to be connected (Trompenaars and Hampden-Turner 1993; Hofstede 2001; Geert-hofstede.com 2012; Hampden-Turner and Trompenaars 2000).

These cultural characteristics or dimensions derive from Confucianism and Taoism (see Chap. 3), and have a dramatic influence on the disregard for rules and the law. Many Confucian virtues provide moral support for collectivism; and flexible and holistic thinking styles (diffuse culture) are influenced by Taoism. We can thus see that Confucianism and Taoism provide the cultural roots of the *guanxi* phenomenon today.

5.4 The Relationship Between Cultural and Institutional Causes

As we have seen, the weak institutional system in the two cities is influenced by the culture of local people, although political systems and other factors also matter. People value personal relationships while disregarding rules and laws, which, among other factors, leads to the rule of man in the state institutional system. "Rule of man" could be evidence of a weak institution; it could also be a cultural phenomenon. In addition, people frequently violate rules or laws, thus corruption frequently occurs. Flexible styles of thinking (diffuse culture) lead to vague and flexible rules and laws and their flexible implementation. A holistic style of thinking (diffuse culture) personalises institutional matters, leading to nepotism. Most importantly, according to Confucian morality and a highly collectivist culture, it is a virtue to help one's five cardinal relations (*wu lun*); yet people in the two cities seem not be educated by Confucian principles to follow laws. Thus, people are not ashamed to break rules or laws but sometimes show off their illegal *guanxi* practice in front of their friends. All in all, traditional culture in the two cities dramatically influences institutions and the implementation of institutional regulations.

In City A, when the institutions improved with the reforms that aimed to crack down on *la guanxi* for school places, and *la guanxi* in key schools was limited, more *la guanxi* occurred in common schools. Many parents reported that they managed to use *guanxi* for school places in better common schools in 2011 and 2012. Lee, headteacher of a common school, became busier with *guanxi* practice and was invited to many more dinners than before the reform. *Guanxi* practice always exists, whether institutions improve or not. It is deeply embedded in people's daily lives.

Furthermore, some *guanxi* practice seems not to be associated with institutions. Some instances of *la guanxi* obviously do not break any rules or laws. For example, parents *la guanxi* with teachers to improve cooperation with their children's education. In addition, some expressive *guanxi* practice, such as bringing gifts to friends without any instrumental purpose, is a part of people's lives and has no association with institutional systems. So whether or not there is institutional change, *guanxi* practice still widely exists in the two cities.

There were some notable differences between the two cities where field work for this book was being carried out. At the time, City A was undergoing a reform of school student recruitment, while City B was not. There

was not much evidence of switching schools to gain key school places in City A, while this was a serious issue in City B. City A does not have any schools built especially for officials' children, while City B does—CE School, the best primary school in the city, which receives a lot of government funding. It seems that the institutional system of City A is more formal than that of City B.

However, the two cities shared similar *guanxi* phenomena with similar rationales and causes. A weak institutional system and the cultural characteristics of people in the two cities are both factors in today's *guanxi* phenomena. The cultural factors appear to be particularly significant, since *guanxi* practice has long been a lifestyle choice for people in the two cities and culture has a strong influence on the institutional system.

Bibliography

Fei, X. (1992 [1947]). *From the soil: The foundation of Chinese society* (trans: Gary G. Hamilton and Wang Zheng). Berkeley: University of California Press.

Geert-hofstede.com. (2012). *Research and VSM*. Available from: http://www.geerthofstede.nl/research--vsm.aspx. Retrieved 2012-01-07.

Gold, T., Guthrie, D., & Wank, D. (Eds.). (2002). *Social connections in China: Institutions, culture, and the changing nature of guanxi*. Cambridge: Cambridge University Press.

Guthrie, D. (1998). The declining significance of *guanxi* in China's economic transition. *The China Quarterly, 154*, 254–282.

Hampden-Turner, C., & Trompenaars, F. (2000). *Building cross-cultural competence*. London: Yale University Press.

Hofstede, G. H. (2001). *Culture's consequences*. London/Thousand Oaks: Sage.

Hwang, K. K. (1987). Face and favor: The Chinese power game. *The American Journal of Sociology, 92*(4), 944–974.

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

Kipnis, A. (1997). *Producing Guanxi: Sentiment, self, and subculture in a North China village*. Durham: Duke University Press.

Trompenaars, F., & Hampden-Turner, C. (1993). *Riding the waves of culture: Understanding cultural diversity in business*. London: Nicholas Brealey.

Yan, Y. (1996a). The culture of *guanxi* in a north China village. *The China Journal, 35*(1), 1–26.

Yan, Y. (1996b). *The flow of gifts: Reciprocity and social networks in a Chinese village*. Stanford: Stanford University Press.

Yang, M. M. (1994). *Gifts, favors, and banquets: The art of social relationships in China*. New York: Cornell University Press.

CHAPTER 6

Ritual Capital

The present analysis of the practice and rationales of *la guanxi* finds that ritual is vital in all forms of *la guanxi* (instrumental *guanxi* practice) and that ritual exists at almost every stage of this process. The practice of ritual becomes an important way of using and developing one's *guanxi* capital. This chapter will discuss this finding in detail, and propose the new concept of "ritual capital". Ritual capital refers to that part of an individual's social capital that is mainly established and maintained by the practice of proper ritual; namely, the ability to use ritual to gain resources or benefits from one's social network.

6.1 Ritual Is Vital for *La Guanxi*

In contrast to the existing literature, the research presented here has found that there are at least four forms of *la guanxi*: (1) ritualistic customs; (2) money giving; (3) use of power; and (4) *guanxi–guanxi*. All forms of *la guanxi* are full of ritual. In common parlance, a ritual is a formal ceremony, the going through of a set of stereotyped actions (see Chap. 3). However, an interaction ritual is the process by which participants develop a mutual focus of attention and become engrained in each other's bodily micro-rhythms and emotions. Rituals can improve solidarity, symbolism, and individual emotional energy (Collins 2004, p. 67). The following section discusses research findings about the use of *guanxi* to gain school places, in order to show the key role of ritual.

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_6

6.1.1 Ritualistic Customs Are Full of Ritual

Ritualistic customs observed in *la guanxi* include gift giving, entertaining, *renqing* exchange, giving face and using *ketao*. All are full of ritual, as well as highly tactical and instrumental, and the use of ritual to gain social resources seems to be one of the unique properties of *guanxi*.

Gift giving is a ritual activity that involves etiquette, politeness, propriety and so on. Miss Zhang, a teacher in City B, often received gifts from parents. One evening, a mother visited Zhang with a big red plastic bag of gifts and put it on a corner of the tea table. Then they started to talk about the student's education. When the mother was about to leave, Zhang carried the gift to the mother and said in a low voice: "Please don't. Please take it back."

"Please keep it. It is nothing expensive, just some tea. A mere trifle!" exclaimed the mother.
"You shouldn't have," replied Zhang. "Please don't do that again." She presented a pen container as a small gift to the mother.
"No, no, don't. How can we receive gifts from a teacher?" exclaimed the mother. Finally, however, she accepted the small gift from Zhang and Zhang kept the mother's large gifts too.

The first step in the process of gift giving is to prepare gifts; the content and packaging of gifts should be well prepared. Expensive gifts are for big favours; cheap gifts are for small favours. A formal gift should be in a red packet, since red is a lucky colour according to local culture. White is forbidden unless it is for a funeral. The second step of gift giving is home visiting. The guest should not highlight the gifts when coming to the benefactor's home; rather gifts should be put in a corner and ignored, while the guest and benefactor start to chat. When the guest is leaving, a ritual competition to return gifts usually takes place. This widespread practice shows us that ritual is vital when people *la guanxi* to gain social resources.

The second ritualistic custom, entertaining, is similarly full of etiquette, politeness, propriety and other forms of ritual. Headmaster Liu said:

> People should be very careful to avoid offending others' face. For example, when you propose a toast at a dinner party, you should go to the highest officials first then go to the others, otherwise you will offend the highest official's face. However, at a wedding, you should go to the parents or grandparents of the groom rather than the highest official there. This is a *renqing* rule, or *renqing shigu*.

Moreover, during the dinner, people of lower status should serve others with food, soup and tea. Anyone who practises ritual improperly at a dinner will be condemned and suffer damage to their reputation.

Renqing exchange is an important cultural tradition and ritual for people in the two researched cities. People are keen to help their friends and relatives, and people count on their *guanxi* for almost every aspect of daily life. If someone wants to ask their *guanxi* for a favour, they should visit the *guanxi*'s home in person, unless the *guanxi* is very close or the favour is very small. On receipt of favours, people should practise more ritual and politeness to show gradtitude and respect, such as giving the seat of honour to the benefactor, bowing, or giving gifts. Indeed, rituals honour what is socially valued: so-called sacred objects. In modern societies, the foremost of these is the individual self, treated as if it were a little god in the minor presentational and avoidance rituals of everyday life (Goffman 1967, p. 232). Face giving is also full of ritual. Mai, whom we met in Chap. 4, considered that attendance at his colleague's party gave face to the colleague, meaning that the colleague would support him at work and vote with him in meetings. People need ritual to give face and make others honourable in order to *la guanxi*. This ritual practice of face giving produces "mutually focused emotion and attention", such as *ganqing* and *renqing*, and results in the ritual outcomes of solidarity, symbolism, and individual emotional energy (Collins 2004).

It is worth noting that the ritual of visiting officials' homes with gifts is a ritual of face giving that tends to support traditional forms of social hierarchy and authority (Bell 1997). As mentioned earlier, Lee, a headteacher, had to visit an official with gifts in order to maintain a good relationship, otherwise the official would dislike him and sully his name. What the official wants from Lee is not only the value of the gifts but also face, respect and personal loyalty, since rituals honour what is socially valued (Goffman 1967).

Many headteachers claim that they have to visit some relevant officials with gifts regularly to keep good *guanxi*. In the same way, many teachers visit their headteachers with gifts. The ritual of visiting with gifts is a popular one that subordinates perform in order to show the official's power on one side and personal loyalty on their own side. This may be an example of "rule by ritual", but informants call it *la guanxi*: after the ritual of home visiting with gifts to the official, Lee had *guanxi* with the official and they enjoyed mutual assistance in interpersonal and informal ways. Interestingly, extortionist power relations are thus legitimated through

the actor's invocation of a claim to *li* or *renqing* ethic. The legitimating role of claims to *li* is in this regard a popular way to mask relations of bribery, corruption, power and rational calculation.

Two types of *guanxi* can be identified: vertical *guanxi*, in which the resources of one participant in the relation are applied to the other primarily to achieve an outcome favourable to the resource-holder as opposed to building a relationship in its own right; and horizontal *guanxi* between participants, which is intended to generate social resources that may be applied or utilised for the occasional instrumental benefit of one or both participants. Vertical *guanxi* are more likely between supervisors and subordinates, or ordinary people and officials, and are more likely to generate bribery and corruption, such as teachers' gift giving to headteachers and headteachers' gift giving to officials. Horizontal *guanxi* are more likely between friends and relatives, such as Mai and his colleague. In vertical *guanxi*, the usual practice is that the subordinate asks the supervisor for favours (including public resources and job security) in return for face, respect, loyalty, monetary and other gains; while in horizontal *guanxi*, people usually ask mutual favours. However, both types of *guanxi* have their own rituals, such as face giving, gift giving, and entertaining, for the expected outcome to be achieved.

Finally, as we saw in Chap. 4, people in our two cities value *ketao* (ritualised patterns) and argue that this will improve people's *renqing wei* (human kindness). Showing more *renqing wei* and *ketao* helps *la guanxi* significantly. Ritualised patterns, or *ketao*, consist of much specific etiquette. All gift-giving activities and entertaining, including the author's own, can be seen to involve ritual struggle. A person who did not practise ritual struggle when receiving gifts would be criticised for their lack of etiquette. This might not offend others but would be considered as lacking in *renqing wei*, or *bu dong renqing* (knowing nothing about *renqing*). It is important to follow the same rituals or *renqing* ethic as other *guanxi* members, and once shared norms and rituals are observed, trust will be enhanced and *guanxi* will be closer.

The ability to use *ketao* is very important to enable actors to get closer to others and therefore produce more opportunities to access social resources. Although *ketao* and showing *renqing wei* are daily interaction rituals, they can be deliberately utilised for some instrumental purposes.

Recall how a teacher visited Liu, a headteacher in City A, with a flattery gift of six apples in order to show respect and maintain good *guanxi*. Liu was unhappy with the six apples as a gift and may not be willing to do the teacher a favour next time. Mistakes in *ketao* damage reputations and make it more difficult to get help. Liu said:

> If I do you a favour, you should, at least, come to my home to thank me with *shouxin* (gifts). If you do not know this *renqing*, I may not do you a favour next time. By contrast, if you know *renqing shi li* (rule of *renqing*), I will be happy to do you a favour next time. It is not the gifts that I care about, but the manners.

All the different ritual activities, manners, etiquette, politeness, and propriety are in fact associated with each other, and ritual exists in all forms of *la guanxi*. Sometimes people think they gain face when they receive favours. Also, when doing someone a favour, people may think they are giving face to the recipients. Likewise, home visiting with gifts may give face to the benefactor. Entertaining is associated with both *renqing* and face: when inviting a friend to dinner, people choose an honourable (*ti mian*) place to gain face. Both sides gain face if the guests accept the invitation and join the dinner. A dinner can return a favour (*renqing*). After receiving a dinner, or gifts, people feel that they owe a social debt (*renqing*) and are more likely to help the *guanxi*. People can gain *renqing* and face by doing others a favour. Thus, the recipient gains face and owes a social debt (*renqing*). Someone giving gifts to, or hosting a special meal for, the benefactor will reduce their indebtedness, or sense of indebtedness (owing *renqing*). Giving face is not a set action that exists by itself; it is only achieved by way of specific ritual activities in combination with proper rites and manners.

6.1.2 Money Giving Is Full of Ritual

People *la guanxi* by giving money in exchange for resources (including public resources).In the two cities where research for this book was conducted, people seemed to prefer favour exchange to paying money directly for resources among *guanxi*s in daily life. However, when the resource is too expensive, such as a school place in a key school, money remains necessary.

The use of money in *la guanxi* is different from the normal purchase of resources, as it follows the *renqing* ethic, especially instrumental *li*, and the way it acquires resources is full of ritual. It is ritual that helps money and resources to flow and be exchanged. As presented in Chap. 4, Ping, a mother in City B, gave an official an envelop containing money for exchange of a school place.

Ping put cash in an envelope and said politely that it was some information about the student: she could not give money directly without any ritual. In the same way, Rose, a mother in City A, gave money to an official in

exchange for a school place for her daughter in 2007. Rose did not give cash to the official and count money face to face; rather Rose put an envelope with cash in a bag of tea and gave it to the official.

Not all instances of money giving in *guanxi* are given to officials. There are many occasions when money is given to ordinary people who hold resources. Nicky, a mother in City A, heard that a teacher, who is her cousin's neighbour, received a school place as a benefit from her school (this was a popular practice before the reform in City A). The cousin brought gifts to the teacher, and also gave her an envelope containing 3,000 yuan, as she had heard that people usually paid 3,000 to 15,000 yuan for a place from their *guanxi* or a school place trafficker. The cousin gave the place to Nicky for free; however, Nicky later returned the 3,000 yuan to her cousin. The use of money in *guanxi* is cheaper and safer than buying a school place from a trafficker. If Nicky had not used *guanxi*, she said, she would have bought a school place from an unknown trafficker for 15,000 yuan, and risked being cheated.

As we can see, the use of money via *guanxi* for resources can be a special form of reciprocity based on some ritual norms. Nicky's cousin did not pay money to the teacher directly, but put it in an envelope with gifts, claiming this as Confucian *li* and *li shang wanglai*. One cannot give money in exchange for resources when *la guanxi* without proper ritual. The legitimating role of claims to *li* is now a popular excuse to *la guanxi* for benefit or exchange among *guanxi*.

6.1.3 The Use of Power Is Full of Ritual

The use of power involves enormous ritual practice too. Unlike in institutional and formal systems, the use of power in *guanxi* practice involves much instrumental *li*, for example, the rule of *li shang wanglai*. As we have seen, the concept of *renqing* exchange and other ritual rules have been introduced into the institutional system. For example, visiting an official with gifts is ritual and proper manners, according to local traditional customs. Lee gave face to an official by bringing gifts on visits; in return, the official gave him more support and praised him in meetings. In 2011 Yu, a mother, successfully asked the head of the Audit Bureau to influence the headteacher of a key school in order to gain a school place. The head of the Audit Bureau and the headteacher maintain a vertical *guanxi* where they often exchange "resources": the head of the Audit Bureau uses his power to influence a headteacher

for a school place; in return, he may give the school's finance audit an "easy pass". Using power also follows some ritual rules, such as " *li shang wanglai*" (courtesy demands reciprocity). Fan, a deputy headteacher of a key school in City B, reported that officials always phone his headteacher and recommend some "good students" (*guanxi* students) to their school. His headteacher had to accept those students because he wanted to keep his position and sometimes needed to ask the officials for other favours.

This case of Xie and the procurator (see Chap. 4) illustrates extortionist behaviour following failure to use vertical *guanxi*. Nevertheless, Xie and the procurator subsequently maintained a vertical *guanxi* relationship for the exchange of "resources"—school places and job security—following the ritual rule of "*li shang wanglai*". The ritual rule implies "I have done you a favour, remember, if I need your help, you must try your best", or "please do me a favour, I will definitely return the favour when you need help in the future". Officials always maintain harmonious relationships and do not want to offend others, since they may need help at any time in this *renqing* society.

As can be seen, using power or asking an official to exert his/her power for a school place involves many rituals and forms of etiquette, following *renqing* ethic or instrumental *li*. It is ritual that makes use of power work in informal and interpersonal ways to gain resources. *La guanxi* seems to be a kind of ritual investment for gain, although money and power are sometimes involved.

6.1.4 Guanxi—Guanxi *Practice Is Full of Ritual*

As discussed earlier, the "*guanxi—guanxi*" strategy is very popular. However, because it is actually the combination of two or more single *la guanxi*s, it is also full of rituals.

Guanxi—guanxi relationships actually have to apply the three forms discussed above: ritualistic customs, money giving, and/or the use of power to influence the intermediary to obtain a favour. In the same way, the intermediary uses the above three forms to ask his/her another *guanxi* for a favour, and then give the favour to the *guanxi* who asks him/her for the favour. Linking *guanxi* by *guanxi* thus combines two or more *la guanxi*.

To sum up, evidence show that the practice of ritual is very popular in all forms of *la guanxi*, and it is vital for retaining good relationships and acquiring social resources. The existence of ritual is widespread and

its proper use greatly improves the quality of *guanxi* and can be used as a very productive social investment. Even when people use money and power in *la guanxi*, it is ritual that makes the use of money or power work. Without proper ritual, one cannot pay money to gain resources; similarly, without proper ritual, one cannot exert one's power to gain resources. Moreover, ritual exists at almost every stage of the process of *la guanxi*. Although the practice of *li* (Confucian rituals) is usually observed in daily rituals, such as giving gifts to parents in order to achieve *xiao* (filial piety), entertaining a distant friend to achieve *yi* (righteousness), or bowing to supervisors to show *zhong* (loyalty), some of them, like gift giving, entertaining, or using ritualised patterns to influence others for the gain of resources, may not be associated with *ren* (Confucian virtues) but with self-interest. Thus, these social rituals should not be regarded as true *li* but "instrumental *li*". When *la guanxi*, people simply copy the forms of *li* in their ritual practice without the motivation of achieving *ren* but with self-interest in mind, claiming they are acting with *li* to justify their practice.

6.2 Ritual Capital: Investing Ritual for Social Capital

Much of the evidence presented in this book has shown that ritual is crucial to *la guanxi*, although money and power also matter. Investment in ritual can generate profitable returns, such as a place in an elite school, a job, or a professional position. The use of ritual improves a person's ability to acquire resource in their *guanxi* network.

Guanxi capital requires proper ritual. The proper use of ritual largely improves the quality of *guanxi* and can be used as a very productive social investment, while improper ritual will reduce *guanxi* capital. Without proper ritual, *la guanxi* may fail. When *la guanxi*, people mostly practise ritual for social resources due to the norm of "instrumental *li*" or *renqing* ethic, and both sanctions and damage to their reputation will be suffered by anyone who violates this norm (Barbalet 2014).

Since ritual is vital in *la guanxi*, and is a useful tool to gain social capital, here I propose a new concept called "ritual capital". It refers to an individual's ability to use ritual for resources or benefits in a social network. That is to say, people invest in rituals and gain social capital. Ritual capital can also be regarded as a form of cultural capital since it involves the actor's

ability to do something, as well as the fact that social capital and cultural capital sometimes overlap (Smart 1993). The norm for this social capital is mainly ritual rules rather than organisational rules.

Network ties, including *guanxi*, are a particular kind of ritual chain, in which similar symbols and emotions are recycled and sometimes augmented—and to a greater degree than in interactions those persons have with other people. Positions in networks are created and sustained at the micro level by the degree of success of interaction rituals (Collins 2004, pp. 185–188). Thus successful ritual enhances social capital and trusting relationships. Moreover, Durkheim identified two interrelated and mutually reinforcing mechanisms of ritual: shared action and awareness, and shared emotion. He argued that rituals provide the basis for a situation of social trust and shared symbolic meanings through which economic exchanges can be carried out (Durkheim 1965[1912]). Since ritual can produce solidarity, shared emotion, shared awareness, and social trust, it follows that ritual can produce social capital. According to the empirical data generated in the fieldwork carried out for this book, people in the two cities invest rituals to build up their social capital. A part of one's *guanxi* capital can be developed by rituals, and it is this aspect of social capital that I term "ritual capital". As a famous Chinese saying goes, "Being experienced in *renqing* is big knowledge and talent" (*renqing lian da ji wen zhang*). That is to say, the skill of practising ritual in accordance with the *renqing* ethic will make a big difference to people's lives. "Being experienced in *renqing*", or "*ren qing lian da*" is an example of ritual capital.

Imagine that there are two lecturers, X and Y, working in the same department of a university. X devotes a lot of time and effort to rituals and customs with colleagues in the department in a personal and informal way, while Y does not observe many rituals and customs but simply follows departmental regulations in working with other lecturers. X often visits colleagues in the department with gifts, frequently invites them to dinner, does them favours, keeps in touch with them, pays a lot of attention to giving others face, and uses *ketao* to show more *renqing wei*—all with proper rituals according to the local custom. However, Y does not visit colleagues with gifts, does not invite them to dinner, seldom does favours for others personally, seldom contacts them outside work, and sometimes even accidentally offends others' face. Y treats other lecturers straightforwardly, without much regard to local customs and rituals. X frequently and properly practises rituals toward others, while Y seldom does, and

sometimes does it improperly. If other aspects of the two lecturers are the same, their social capital within their department would be very different: X would have much more social capital than Y in this department. That is to say, X is more likely to gain help than Y, when they need impersonal, informal support from their colleagues in the department.

Expressive ritual capital should be distinguished from instrumental ritual capital, since part of an individual's ritual capital is built naturally in daily life rather than for instrumental purposes. That is to say, it is necessary to distinguish between expressive and instrumental ritual: expressive ritual is usually done to express one's real emotion and concern without much rational calculation (*wanglai* but not *la guanxi*), while instrumental ritual is usually done for instrumental purposes (*la guanxi*). Many informants in the two cities bring gifts to their friends and relatives, or invite them to dinner, without any instrumental intention. Attending a friend's birthday party, wedding, or even funeral are usually expressive rituals. This type of *guanxi* practice is different from parents practising *guanxi* to gain school places, where gifts are given and/or benefactors entertained with a very clear instrumental purpose.

However, this expressive ritual can also improve one's ability to acquire resources. Sometimes an instrumental ritual used to ask for a favour will become more effective if previous expressive rituals have taken place. A stranger or distant *guanxi* will not obtain a school place from a headteacher just by coming to their home with expensive gifts. Thus, ritual capital gained by expressive ritual can be named expressive ritual capital.

Less instrumentally, people's happiest and most rewarding hours are spent talking with neighbours, sharing meals with friends, participating in religious gatherings, and celebrating friends' or relatives' birthdays, weddings, or the birth of a new baby. Expressive ritual capital is built up gradually on the basis of these activities. Successful *guanxi* practitioners are those who have human feeling (*renqing wei*), know how to conduct themselves (*hui zhuo ren*), know ritual rules and customs (*renqing shigu*), and are skilled at survival. These are lifestyle rituals rather than activities being practised for gain, such as giving gifts to a headteacher for a school place. Indeed, further study on expressive ritual capital and instrumental ritual capital is necessary. It may be more important for a Chinese individual to be experienced in *renqing*, or so-called " *renqing lianda*" in their daily life and know how to conduct themselves (*hui zhuo ren*), than to be skilful in *gao guanxi*. The former can be regarded as the use and development of expressive ritual capital, and the latter as the use and development of instrumental ritual capital.

However, it is sometimes difficult to distinguish between expressive and instrumental ritual, just as it is difficult to distinguish between *wanglai* and *la guanxi*. The motivations of people attending their supervisors' weddings, birthday parties, or the funerals of the supervisors' parents could be expressive, or instrumental, or a combination of the two. Usually smart practitioners of *guanxi* are good at using expressive ritual activities, such as weddings and birthday parties, to develop *ganqing* (so-called *ganqing* investment), so that they can ask for a favour in the future: this seems to be a more effective way of *la guanxi*. These rituals look like expressive rituals but are, in fact, instrumental ones. Nevertheless, whether expressive or instrumental, ritual practice can enhance one's social capital as long as it is done properly.

6.3 The Characteristics of Ritual Capital

We can identify four characteristics of ritual capital. First, unlike "sexual (erotic) capital" (Hakim 2010; Robert 2004), or "academic capital" (Bourdieu 1986), ritual capital is a part of an individual's social capital rather than an independent form of capital. It also could be regarded as an individual's cultural capital, since it involves the ability to use ritual. People master the skill of ritual practice in their daily social practice in informal ways, rather than through formal education. No form of cultivation is accorded recognition by authorities, and of course there is no privileged position accorded to those who possess large amounts of ritual capital.

Second, ritual capital needs proper ritual investment. Not all rituals are successful. Some fail dismally, even painfully (Collins 2004, p. 70). Proper ritual contributes to ritual capital while improper ritual will decrease one's ritual capital. The most important thing in building ritual capital is propriety. Although two actors may be engaged in the same number of rituals, the ritual capital they gain is not always the same.

Third, ritual capital needs constant ritual investment. Ritual capital will decay if the owner stops investing. "[R]itual not only show respect to sacred object, but also constitute objects as sacred; and if the ritual is not carried out for a time, the sacredness fades away." (Collins 2004, p. 37). That is why people in the two researched cities needed to visit relevant officials with gifts regularly.

Fourth, ritual capital is locally, personally, and time adaptive. Different regions and different individuals may have different ritual requirements. It is notable that ritual is different in different regions, cities, and even

villages. If one wants to gain ritual capital, one should follow local rituals. Ritual also should be personally adaptive: some people may value ritual more, and some may value it less. Some expect their close *guanxi* to treat them politely while some expect to be treated rudely, because this shows intimacy. Some expect to be invited to a dinner after doing others a favour; some expect to receive gifts. Some value *ketao* more than others. Moreover, it is important to note that ritual changes with time, and it is important to follow the updated ritual. For example, in the two cities researched, offering others a cigarette and smoking together is a polite ritual among men, which is important to establish or maintain a good *guanxi* relationship. Cigarettes may even be put on the desks of policemen or officials by people wanting to please the policemen or officials before applying for a passport or something else. Local people consider that giving a cigarette to a man used to be a kind of polite ritual but this is now becoming weaker, as people become more aware that cigarettes are harmful to health.

Finally, in *guanxi* networks, ritual capital is more useful for acquiring resources in moderate *guanxi* in a general context. Evidence from this research for this book has shown that the use of ritual to gain resources, such as giving gifts, entertaining, and applying *ketao* to ask a favour, is more highly valued, and more frequently occurs in moderate *guanxi* than in close or distant *guanxi*. Ritual capital mostly contributes to bridging social capital in the general context of *guanxi*, and is more useful for career advancement. This will be considered further in the next chapter.

The phenomenon of *guanxi* is of great importance, and an understanding of it is the key to understanding modern Chinese culture and society (Chang 2010). The concept of "ritual capital" is a new way of looking at Chinese social capital in *guanxi* networks. Ritual capital describes the special way in which Chinese people deal with the complex process of making and using social relationships to build up and use their social capital. The concept of ritual capital developed here is very general and is likely to be applicable throughout Chinese society, as well as being a useful analytic tool for examining an individual's *guanxi* capital.

6.4 Ritual Capital as an Analytical Tool

Ritual capital describes the special way in which Chinese people deal with the complex process of making and using social relationships to build up and use their social capital. The new concept of ritual capital developed

here is very general and likely to be applicable throughout Chinese society. In this complex society, *guanxi* are of very great importance, and an understanding of them is the key to understanding modern Chinese culture and society. The concept "ritual capital", a new way of looking at social capital, could be applied to any part of China, both rural and urban.

Although a part of one's *guanxi* capital can accrue without any social investment, most of it requires social efforts, which are mainly ritual activities. If one has good ritual practice skills, or so-called "*renqing lianda*", one can make good use of a *guanxi* network and gain more opportunities to access different types of resources. The research which forms the basis of this book found that some people have more ritual capital than others inside the same network or an organisation with the same resources. All headteachers, officials, and successful businessmen observed in the field are good at practising ritual, and are considered to be "*renqing lianda*". Any failures are due to improper ritual practice, or less "*renqing lianda*"; and their practitioners have poor ritual capital.

Ritual capital needs the investment of ritual activities, which cost a lot of time, effort and money for gifts, dinners, red packets, and so on. This is a process by which other capitals— human, cultural, and economic—transfer into ritual capital. When people use their ritual capital for resources, such as a school place, better service in hospital, a job, or a business transaction, this is a process of ritual capital transferring into other forms of capital. Some people are keen to invest their time, effort and money to develop their ritual capital and even overspend on ritual capital to gain face, honour and respect. However, others see it as a waste of time and money. These two different perspectives and values may lead to different outcomes in people's lives—an interesting question for future research.

Furthermore, some people have a large amount of ritual capital but they seldom use it for resources and gain no benefit from its possession. Some people have never even used their ritual capital to ask some of their *guanxi* to return favours. However, those who have the same amount of ritual capital may use it for resources very often, and gain much benefit. The two styles of ritual capital ownership may lead to different consequences in individuals' lives and careers, and this calls for further research too.

However, ritual capital is never as strong as bonding social capital in close *guanxi*. Some people receive a school place without any effort or ritual investment because their close *guanxi* give them one for free. A moderate *guanxi* of a headteacher cannot compete with the headteacher's nephew for the same school place, even where the moderate *guanxi* invests

in many ritual activities. Nevertheless, better resources are usually embedded in moderate or distant *guanxi* rather than in close *guanxi*. People need social effort to build their *guanxi* capital, rather than relying on naturally given *guanxi* capital, and their social effort is mostly ritual. That is why this book claims that ritual capital is more useful for advancing one's career.

Bibliography

Barbalet, J. (2014). The structure of *guanxi*: Resolving problems of network assurance. *Theory and Society, 43*(1), 51–69.

Bell, C. (1997). *Ritual: Perspectives and dimensions* (pp. 138–169). New York: Oxford University Press.

Bourdieu, P. (1986). The forms of capital. In J. Richardson (Ed.), *Handbook of theory and research for the sociology of education* (pp. 241–258). New York: Greenwood Press.

Chang, X. (2010). *Guanxi or Li Shang Wanglai? Reciprocity, social support networks, social creativity in a Chinese village*. Taipei: Scholarly Publishing Business, Airiti Press Inc.

Collins, R. (2004). *Interaction ritual chains*. Princeton: Princeton University Press.

Durkheim, E. (1965 [1912]). *The elementary forms of religious life*. New York: Free Press.

Goffman, E. (1967). *Interaction ritual: Essays on face-to-face behavior*. Garden City: Anchor.

Hakim, Catherine (2010) "Erotic Capital". *European Sociological Review, 26*(5): 499–518.

Robert T. Michael (2004). "Sexual Capital: An Extension of Grossman's Concept of Health Capital". *Journal of Health Economics, 23*(4): 643–652.

Smart, A. (1993). Gifts, bribes, and *guanxi*: A reconsideration of Bourdieu's social capital. *Cultural Anthropology, 8*(3), 388–408.

CHAPTER 7

Ritual Capital Follows a Weak-Strong-Weak Pattern

The use of ritual and its related concepts (instrumental *li*) in *la guanxi*, such as gift giving, entertaing, using ritualised patterns (*ketao*), *renqing*, and face, follow a "weak-strong-weak" pattern in close-moderate-distant *guanxi*. That is to say, the use of ritual to gain resources (instrumental *li*) is more highly valued, more workable, more frequently occurring, and brings more impact in moderate *guanxi* than in close and distant *guanxi*. Accordingly, ritual capital plays a more important role in moderate *guanxi* than in close and distant *guanxi*, following a weak-strong-weak pattern. This chapter will discuss why this weak-strong-weak pattern exists in *la guanxi*, and analyse the role of instrumental *li* in *guanxi* capital.

7.1 Instrumental Rituals Follow the Weak-Strong-Weak Pattern

As noted in Chap. 3, the Chinese are very aware of different closeness levels of *guanxi*, and act differently accordingly. In the context of acquiring school places, do people in the two cities being researched have this sense of closeness? Does the level of closeness influence how *guanxi* is practised? Instrumental ritual is crucial to all forms of *guanxi* practice, and it exists in almost every step of a *la guanxi* process. It is important to examine how the level of closeness influences how people apply ritual in *guanxi* practice.

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_7

Many informants in the two cities have the same *guanxi* classification related to social distance. Some only mention two types—close and distant—but more frequently, they distinguish three types: "close *guanxi*" (*qin mi guanxi*, *guanxi hen tie*, *guanxi hen hao*); "distant *guanxi*" (*guanxi bi jiao shu yuan*, *bu tai shu*); and moderate or "so-so *guanxi*" (*guanxi yi ban ban*, *pu tong peng you*).

Some informants are unable to clearly tell where the boundary between the three types of *guanxi* lies, although they have these three types of categorisation in mind. Some informants argue that the category depends on the context: in different contexts people have different close, moderate and distant *guanxi*. That is to say, the category is not fixed but adaptable to different situations. A and B are distant *guanxi* in City A in China, but they may became close *guanxi* if they meet in London, far from China.

Relationships are constantly changing. A and B are close *guanxi* now but they may become moderate or distant *guanxi* in the future. Also, when A regards B as close *guanxi*, B may not think the same way, perhaps regarding B as a moderate or even distant *guanxi*. Thus, the categorisation of *guanxi* used in this book is dynamic, adaptable, and flexible, based on a continuum of social distance rather than fixed and clear-cut categories.

7.2 Instrumental Gift Giving Follows the Weak-Strong-Weak Pattern

Research has shown that many concepts and practices associated with *guanxi* have been found to vary according to the closeness of *guanxi*. The use of rituals and related concepts (instrumental *li*) in *la guanxi*, such as gift giving, entertaining, using ritualised patterns (*ketao*), *renqing*, and face, follow a "weak-strong-weak" pattern. That is to say, the use of ritual to gain resources (instrumental *li*) is more highly valued, more workable, more frequently occurring, and brings more impact in moderate *guanxi* than in close and distant *guanxi*.

Interviewees in the two cities had various views of the role, content, value, packaging, and manner of gift giving, according to the closeness levels of *guanxi*. In close *guanxi*, gift giving may be a regular practice, informal and not always important; even ordinary food can serve as a gift to a close friend or relative. It is unnecessary to give expensive gifts to repay a specific favour. In moderate *guanxi*, gifts need to be expensive, formal and well prepared and packaged if one wants to return or ask for a favour, or even simply to maintain the relationship. People pay more

attention to the gifts and the courtesy of gift giving in moderate *guanxi*. Most importantly, people realise that a favour has been done, which may be returned in the future by the recipient of the gift. In distant *guanxi*, however, people simply give money in return for a favour: just like a transaction. Although gift giving can also occur in distant *guanxi*, it is not the main concern; money is a higher priority unless the favour is too small to exchange for money. Gifts are simply a form of courtesy. Thus, gift giving is more significant in moderate *guanxi* and less significant in both close and distant *guanxi*, following a weak-strong-weak pattern.

In the summer of 2006, John's brother-in-law, Su, asked John for help getting his son a place in School B. One evening, John bought some ginseng, which cost him about 500 yuan, as a gift for Xie, the headteacher of the school, and then asked for a place. Two weeks later, Su happily reported to John that the school had accepted his son, and he insisted on going to Xie's home to thank him. He asked John how much money he should bring, having heard that others paid money for school places. John replied that giving money might be shameful (*bu hao yi si*) for him, and might insult Xie. In the end, Su bought two bottles of French brandy worth 4,000 yuan, and John accompanied him to Xie's home with the gifts. Xie received the gifts without a word.

In another example, Rose, a mother in City A, recalled how she came to get a place for her daughter in SS School, the best key primary school in the city, in 2007:

> We asked around. A friend of mine knew an official who had school places. We bought the "ticket" (school place) from the officials at a price of 5,000 yuan. Actually, we took some gifts to the official's home, and an envelope with 5,000 yuan. After that, we also took some gifts to the friend who introduced us to the official.

In City A, " ticket" is colloquial for school place. It actually refers to a written offer of a place with the school stamp on it, where the name of the expected student in the offer is blank. Rose claimed that the gift to the official was 1 kg of tea, only worth 300 yuan, and the gift to her friend was worth 500 yuan without money. When asked why she did not simply give 5,300 yuan, Rose smiled and explained that it is embarrassing (*bu hao yi si*) to do that. Giving gifts with an envelope included is a lot more polite than giving money alone. But why did Rose give gifts (without money) to her friend, and why was the value of these gifts (500 yuan) greater than the value of the gifts given to the official? According to Rose, it is shameful to

give money to her friend in return for introducing the official; the standard practice is to give gifts. The value of the gift is determined by the size of the favour: large gifts for a large favour, small gifts for a small favour. Only distant *guanxis* or strangers give money in return for a favour.

It is easy to see that the different forms of gift giving are associated with the closeness between people. John and Su are brothers-in-law and John argued that they did not give gifts to each other for a specific favour. However, John claimed that he had moderate *guanxi* with the headteacher Xie, and that is why he felt too ashamed to give money: instead, he gave him expensive gifts. By contrast, the *guanxi* between Rose and the official is obviously a distant one, based on a mutual friend. Rose gave 5,000 yuan to the official in exchange for a school place; the 300 yuans' worth of gifts was merely something to conceal the "money *guanxi*". However, Rose gave gifts to the friend who introduced her to the official, and argued that cheap gifts should be given for small favours, and expensive gifts for large favours. Table 7.1 (below) illustrates this process.

Some of the expensive gifts, such as wine and cigarettes, may later be sold back to shopkeepers. Xu, a shopkeeper in City A, revealed that they often bought back expensive gifts from officials' families. Ben, a shopkeeper in City B, concurred, remarking that he often bought back expensive French alcohol: the profits from selling bought-back alcohol were much higher than selling normal alcohol. A bottle of brandy called Hennessey Richard XO was selling at 22,500 yuan in the supermarket; he was selling it at around 18,000, having bought it back at a much lower price than this (in 2013 a high school teacher's monthly salary was about 2,000 yuan in City B). This shopkeeper told me that along with the closeness issue (people feel ashamed about receiving money from their moderate *guanxi*), some people did not give money to officials because this

Table 7.1 Comparison of gift giving

Story	*Actors*	*Before favour*	*After favour*	*Closeness*
Story 1	Su–John	Nothing	Nothing	Close *guanxi*
	John–Xie	500 yuans' worth of gifts	4000 yuans' worth of gifts	Moderate *guanxi*
Story 2	Rose–her friend	Nothing	500 yuans' worth of gifts	Moderate *guanxi*
	Rose–official	5,000 yuan in cash, with 300 yuans' worth of gifts	Nothing	Distant *guanxi*

would be bribery, whereas giving expensive gifts is just the local tradition. Alcohol, cigarettes, and tea were the three main items that this shopkeeper bought back and sold on. This is evidence of the fact that some people actually like receiving money but they cannot receive their moderate *guanxi*'s money for a favour; they can, however, receive expensive gifts that they later sell.

Some informants, like Kim (a teacher) and Rose's husband Xing, claimed that more and more people give envelopes (money) instead of gifts when they practise *guanxi*, as it is more realistic. But some people continue to give expensive gifts rather than money, as in the case of John and Su described above. For distant *guanxi*, people are more likely to bring cheap gifts with cash when they *la guanxi*: this is known as "money *guanxi*".

The following case, provided by a mother, further confirms that gift giving for a favour is more significant in moderate *guanxi* than in close and distant *guanxi*. Nicky's son was moving up to primary school from kindergarten. They joined the lottery but did not win a place in a better school. Nicky asked her friends and relatives if anyone could get a place in one of the key schools, and heard that her husband's cousin knew a teacher who had such a place. The teacher received a school place as benefit from her school (this was a popular practice before the reform in City A). The cousin gave expensive gifts to the teacher, and also paid 3,000 yuan, since she had heard people usually paid between 3000 and 15,000 yuan for a place. The cousin gave the place to Nicky for free; however, Nicky reimbursed her cousin with 3,000 yuan later.

Asked whether she gave gifts to her cousin, Nicky said that after receiving the school place she gave a small gift of clothes for a new baby, which cost 100–200 yuan. Nicky stressed that giving small gifts to a close friend or relative was their common practice, rather than for *la guanxi or zhao guanxi*. There was no necessity to give expensive gifts to her cousin for this favour. She argued that gift giving for a favour was less likely to happen in close *guanxi* than in moderate *guanxi*.

According to Nicky, the cousin, who had moderate *guanxi* with the teacher, obtained a school place at a cheaper price and gave expensive formal gifts to the teacher . Nicky claimed that her cousin's gift giving to the teacher was *la guanxi*, while her own gift giving to her cousin was not *la guanxi* but daily *wanglai* or daily intercourse. However, in this *guanxi–guanxi* practice, gift giving is more significant in moderate *guanxi* (the cousin and the teacher) than close *guanxi* (Nicky and the cousin).

Many interviewees in both cities said that gift giving to close friends or relatives is normal practice. Gifts could be anything; even ordinary food can be a gift as long as the recipients like it. It is not necessary to have good packaging either. For example, Hou, Dean of CE school in City B, claimed that gifts for *la guanxi* and gifts to friends and relatives in daily life are different: gifts for *guanxi* practice should be higher class, such as French brandy, while gifts for a good friend can be anything, even two boiled eggs.

It follows that gift giving is more valued and workable in *guanxi* practice among moderate *guanxi*s than among close and distant *guanxi*s, following a weak-strong-weak pattern. Among a group of close *guanxi*, people do favours for each other without giving gifts or money. However, for distant *guanxi*, people prefer to receive money for doing a favour unless the favour is too small to exchange for money.

7.3 Instrumental Entertaining Follows the Weak-Strong-Weak Pattern

Similarly, instrumental entertaining also follows the weak-strong-weak pattern. It is not necessary to wine and dine a close friend or relative for certain favours. For moderate *guanxi*, people asking for a favour they give gifts or/and invite their benefactors to dinner before and/or after the favour has been done. A small dinner is given for a small favour, and a large dinner for a large favour. The following example is illustrative.

Xiong was a former student of Xie, headteacher of a key school in City A – they had very close guanxi. In 2012, Xiong's son went to a better common school where he knew there was a separation of key classes and common classes. He asked Xie for help. Xie invited Lee, headteacher of the better common school, to dinner in order to ask for the favour. Eventually, Xiong's son went to the only key class in Junior 1 of School E.

Here, Xiong asked his former teacher Xie for help, and Xie invited Lee to dinner for the express purpose of asking the favour, although Xiong told me he did not ask Xie to dinner in respect of this particular favour. Xiong has close *guanxi* with Xie, and the two families often go out for dinner together,visit each other and exchange small gifts.

Many similar examples in the two cities show that instrumental entertaining is more significant (more highly valued, more workable and more frequently occurring) in moderate *guanxi* than close *guanxi*. There is no need to offer entertainment to a close friend or relative for certain favours.

For moderate *guanxi*, people offer hospitality in order to ask for a favour, or to repay one; for distant *guanxi*, people are less likely to invite someone to a dinner for asking a favour, and sometimes an intermediary is needed to invite the benefactor. A small dinner is given for a small favour, and a big dinner for a big favour.

Lu, a mother and teacher in City B, claimed that hospitality is more significant in moderate *guanxi* than close *guanxi*:

> … if a relatively distant *guanxi* [moderate *guanxi*] truly invites you to dinner, that means he/she will ask you a favour. But for close *guanxi*, we just eat out together at will, at any restaurants we like, not for any interest. But a relatively distant *guanxi* invites one to dinner definitely for something they want, and he/she may invite you to a high-class restaurant. This also depends on how big the favour is. Although this type of hospitality has a clear rational reason among relatively distant *guanxi*, it can enhance mutual affection and make their *guanxi* closer.

Many other informants in both cities claimed that entertaining was more important in moderate *guanxi* to ask or return a favour, and involved higher-class restaurants and more expensive dishes. In close *guanxi*, people go out to dinner whenever they like. It is unusual for them to invite someone to dinner for a specific favour, as going out for dinner is their frequent practice. As for distant *guanxi*s or strangers, people have few chances to eat together. Even eating together in some situations, such as in a holiday group, they usually pay individually.

Ben, the shopkeeper in City B who buys back expensive alcohol, said:

> Officials' families often sell French alcohol to us. Why? Usually people do not drink such expensive alcohol in daily life but only at a big occasion when people *la guanxi*, like finding a job in the government, getting a promotion. Also, people eat in high-class restaurants with pretty young ladies who accompany customers who are drinking.

However, the shopkeeper and his friends claimed that this kind of instrumental entertaining with expensive wine and pretty young ladies definitely occurs with the purpose of acquiring something; it is not for close *guanxi* but for moderate *guanxi*. If close *guanxi*s did this, it would be perceived as ridiculous. Moreover, it is unlikely to occur with a distant *guanxi* or stranger. If two parties with distant *guanxi* were involved in this type of entertaining, there would usually be a moderate *guanxi* present as

intermediary. As can be seen, instrumental entertaining follows a weak-strong-weak pattern with regard to different closeness levels of *guanxi*.

7.4 Ritualised Patterns (*Ketao*) Follow the Weak-Strong-Weak Pattern

Showing more *renqing wei*—ritualised patterns and proper etiquette to others—supports *guanxi* practice significantly. Evidence also shows that ritualised pattern and etiquette are more valued in moderate *guanxi* than in close and distant *guanxi*, following a weak-strong-weak pattern.

To refer to a previous example: Liu, a headteacher in City A, was unsatisfied with the etiquette involved in a teacher giving him six apples for a school place. However, when asked, "what if your daughter came to see you with six apples as gifts?", he replied: "my daughter can bring me anything. I don't care what gifts she gives me.". So Liu's attitudes to the same etiquette from a teacher in his school and from his own daughter are totally different. He cares about etiquette and ritual with a moderate *guanxi*, but does not care in relation to a close *guanxi*.

Another example is provided by Xing, Rose's husband:

> One day at noon, a friend of mine visited his sister and brother-in-law, who was an official, for a school place. The friend's sister gave him a warm welcome and made tea and chatted with him. However, his brother-in-law had a habit of having a nap at noon so he did not get up to see my friend. My friend's brother-in-law might think they were so close that it was not necessary to give up his nap to welcome my friend. However, my friend got angry and hated his brother-in-law because he thought his brother-in-law was not polite to him and offended his face; he felt he was being looked down upon. Finally, he turned to others for a school place.

In this case, the brother-in-law thought his *guanxi* with Xing's friend was so close that he did not apply a ritualised pattern. However, Xing's friend could not understand this rule and thought he was a guest and should receive a warm welcome and *ketao*. When Xing's friend complained about this in front of his friends, he was criticised by many of them, including Xing, for it is not right to attach too much importance to ritualised pattern and *lishu* among close *guanxi*. Although this is a misunderstanding, it shows that ritualised patterns are usually not highly valued in close *guanxi*.

Many informants claim that people do not apply much *ketao* when they interact with their close *guanxi*. Lu, a mother in City B, claimed that ritual is significant in moderate *guanxi*:

> It is definitely different [in different closeness levels of *guanxi*]. When people become closer, people do not care much about the forms or *ketao* but real feelings. For casual friends, we care about the formal ritual, like the politeness of giving gifts.

Qi, a father in City A, said that they do not argue over paying the bill when they go out for dinner with a few close friends:

> We often eat out with a group of close friends. Usually one invites, one will pay, and we sit in any seat at will without any struggle. But when we go out for dinner with casual friends we usually compete to give the seat of honour to others and to pay.

In these two cities, people do not say "thank you" to a bus driver who is a stranger or casual acquaintance, while they often say it to their common friends. Nor do they say it much within the family or with close *guanxi*. If one is too polite to one's close friends, one will be condemned as *jianwai* (treating an insider as an outsider). In this regard, impoliteness can demonstrate intimacy, while excessive politeness in close *guanxi* can suggest a denial of a close relationship.

In short, ritualised patterns (*ketao*) with their etiquette (*lishu*) are important when people practise *guanxi*, and this improves people's *renqing wei* (human kindness) and reputation. They are more significant in moderate *guanxi* than in close and distant *guanxi*, following a weak-strong-weak pattern.

7.5 *Renqing* Follows the Weak-Strong-Weak Pattern

The concept of *renqing* (sense of indebtedness) follows the weak-strong-weak pattern. *Renqing* is weak in close *guanxi* because people help others with *ganqing*, *renyi* (benevolence and righteousness) and obligation. It is not necessary to keep the *renqing* debt in mind. The *renqing* concept is strongest in moderate *guanxi*; people are neither close enough to give a favour for free, nor distant enough for transactions to be equal. Thus

people have a very strong sense of *renqing*. However, the *renqing* concept is weak again with distant *guanxi*, or strangers, because they interact as if in a transaction, following the rule of equity. In this tie, people do not feel ashamed about receiving money for a favour.

Recalling the examples in Chap. 5, John said that Su did not feel greatly indebted to him because they are brothers-in-law and do each other favours frequently without much sense of *renqing*. However, John felt indebted to Xie for the school place, because they are just casual friends. Similarly, Rose told me she felt indebted to her friend for introducing the official to her. However, Rose did not feel indebted to the official because their *guanxi* is distant and they interact as though they are making a transaction: paying money for goods or services. Table 7.2 clearly shows different levels of *renqing*.

Many informants argue that they have a different sense of *renqing* depending on the closeness of *guanxi*. For example, Lei, a father and official in City B, said:

> It doesn't matter when a close *guanxi* does you a favour. It is normal for close *guanxi* to help each other. For more distant *guanxi*, people think they owe another a favour and try to return. However, if a very distant *guanxi* asks for money when doing me a favour, I will not feel a sense of owing *renqing*.

Tian, teacher in City B, felt the same way:

> If a very close *guanxi* does me a favour, I won't feel that I owe him/her *renqing*. "You should definitely help me. Yes, it is your obligation to help me. You must help me out. No argument." [He pretends to talk to a close friend.] If a relative or friend does me a favour, or a friend's friend does me a favour, generally, I will feel a big sense of owing him/her a *renqing* debt. Also, I will like him/her more because of the favour… for very distant *guanxi* or stranger, we have no sense of *renqing* because we are more likely to trade directly.

Table 7.2 Comparison of sense of indebtedness (*renqing*)

	Sense of renqing	*Closeness*	*Relationship*
Su–John	Not much	Close *guanxi*	Brothers-in-law
John –Xie	Much	Moderate *guanxi*	Casual friends
Rose –her friend	Much	Moderate *guanxi*	Casual friends
Rose –official	Not at all	Distant *guanxi*	A connection of a friend

May, a mother and teacher, makes a clear distinction between *en qing* (sense of gratitude) and *renqing* (sense of indebtedness). She said:

> For close friends and relatives, it is *en qing*. For more distant *guanxi*, it is *renqing*. For very distant people, they won't help you unless you give them money, where there is no *renqing* debt at all.

Moreover, people's motivations for acting as an intermediary vary. Some may do it for *ganqing* while some do it for *renqing*, and this depends on how close they are. As Nicky said, her husband's cousin loves her son, they have *ganqing*, and that is why the cousin has so much enthusiasm for helping them. Mai, a teacher in City A, revealed how he helped his aunt's son get into a key school, CN School. He said he spent his own money but he was very happy with this. However, when Mai dealt with his moderate *guanxi*, his attitude was very different. Mai often introduced parents to his headteacher: in doing so, he could get closer to his headteacher, and gain gifts and *renqing* (making others indebted) as well.

Some people in some situations act as middlemen out of self-interest. Qi, a father in City A, said:

> My son went to School B three years ago. He failed the entrance exam by two marks. My sister-in-law is a good friend of the Dean of School B. The Dean took me to the home of the headteacher of School B with gifts and an envelope. Finally, my son successfully accessed School B.

Qi told me that the Dean is his sister-in-law's good friend, and a moderate *guanxi* to him, so he considered that he owed the Dean *renqing* (social debt). Thus, he often invited the Dean to dinner, visited him with gifts, and sometimes paid for his family's travel on summer holidays. However, Qi claimed that he also invited his sister and sister-in-law to dinner and to travel together on holidays for *ganqing* and *qinqing*, rather than for *renqing* (sense of indebtedness).

7.6 Sense of Face Follows the Weak-Strong-Weak Pattern

The sense of face (*mianzi* or *lian*) is perceived differently according to the closeness of *guanxi*. People in the two cities feel more concerned about their face in moderate *guanxi* than in close or distant *guanxi*.

When people buy a school place from a trafficker who is a stranger, they can bargain. However, it is highly unusual for people to bargain when they intend to get a school place through *guanxi*, because this is considered a big loss of face. Many informants ask around, or ask the intermediary how much money they should bring to the benefactor; then they put cash in an envelope and give it to the benefactor. Rose, a mother, said:

> If we had failed to get a school place through *guanxi*, we would have turned to school place traffickers, and of course, we would bargain with them. No face problem at all.

In fact, bargaining is a common practice for people, whether, in a shop with a stranger or with distant *guanxi* in their daily lives. However, people cannot bargain when shopping with a friend, as this would constitute a loss of face.

Headteachers of key schools in the two cities do not always have enough school places to give to their *guanxi*s and relevant officials. Consequently, they feel ashamed, embarrassed, or that they are "losing face" or offending the face of others if they have to refuse school places to moderate *guanxi* who visit them bringing gifts. In order to avoid facing complicated *renqing* and face, many headteachers of key schools in both cities turn off their mobile phones, leave home, and hide in hotels during the summer recruitment season. Many informants in both cities reported this phenomenon. Xie was rarely at home in the summer before 2011, but by the author's visit in 2012 he was always at home. Only one guest, a teacher, was observed over five visits during the student recruitment season.

Headteachers mainly avoid seeing their moderate *guanxi*. They do not feel that they are losing face or offending the face of others with distant *guanxi*, since they have no obligation to help. For close *guanxi*, headteachers usually prioritise their request because of a sense of moral obligation and affection, rather than a concern with "face". Xie also claimed that he had to give face to some officials, who usually had moderate *guanxi* with him. However, to some officials who had close *guanxi* with him, he gave school places for *qanging* and *yiqi*, with less consideration of face.

When inviting a moderate *guanxi* to dinner, people may have to choose an honourable (*ti mian*) place to gain face and avoid losing face. However, for close and distant *guanxi*, people are less restricted by this concept of face and will eat anywhere. In addition, for close *guanxi*, people take turns to pay for dinner, or the richer pays for the dinner without much concern

about face. For some moderate *guanxi*, people rush to pay in order to gain face. Some people would feel extremely ashamed about sharing the bill, as this might mean they are not good *guanxi* or that they care more about money than *guanxi*. For distant *guanxi*, people are more likely to share the bill without much sense of losing face and they do not compete to pay for each other.

In summary, it seems that instrumental gift giving, entertaining, and *ketao*, as well as their associated concepts (*renqing* and face) happen to follow the same "weak-strong-weak" pattern in close-moderate-distant *guanxi*. These practices and concepts are instrumental *li*. Thus, instrumental *li* does not occur equally in different closeness levels of *guanxi*: it is more highly valued, more workable and more frequently occurring in moderate *guanxi* than in close and distant *guanxi*.

Furthermore, instrumental *guanxi* practice (*la guanxi*) also follows a weak-strong-weak pattern. *La guanxi* occurs more frequently and is more workable in moderate *guanxi*. No *la guanxi* activities have been observed between close *guanxis* in this research. Nor has any *la guanxi* for school places been observed between two distant *guanxis* alone: all *la guanxi* between two distant *guanxi*s involves an intermediary who is a close or moderate *guanxi* with the two distant parties.

The weak-strong-weak pattern of instrumental ritual and its related concepts is found in the context of using *guanxi* to obtain school places. However, in some contexts, where the favour is very large or very small, *la guanxi* may become less significant because too large a favour may lead to market exchange and too small a favour will become a free donation without any social effort. In this context, without *la guanxi*, the weak-strong-weak pattern cannot be found. It should also be stressed that the closeness of *guanxi* is based on a general, rather than a specific, context. Any connections held by a parent can be regarded as *guanxi* without any limitation, so long as they can be utilised in an informal and interpersonal way. The weak-strong-weak pattern may not fit the context of a small group of people, for example, a family or a company.

7.7 Why "Weak-Strong-Weak"?

To understand why instrumental ritual follows the weak-strong-weak pattern, we need to appreciate the concept of *chaxugeju*—differential mode of association (Fei 1992[1947]). In reality, some Confucian virtues, including personal obligation, do not treat everyone the same but fade

with social distance. It is not necessary to *la guanxi* with close *guanxi*, since they have a strong sense of obligation and Confucian virtues are highly valued. However, people do not treat moderate *guanxi* with the same level of virtues and obligation, rather tending to apply instrumental *li* to show their virtues and obligation in order to gain the same level of obligation from others. That is to say, in moderate *guanxi*, due to insufficient obligation, people apply ritual as a tool to build up more obligations with each other. Thus, instrumental rituals are highly valued in moderate *guanxi*, and seem to be formalised without much Confucian *ren* inside when people la *guanxi*.

Instrumental *li*, a part of *renqing* ethic, is the shared value or norm behind ritual practice in *la guanxi*. In fact, *renqing* ethic is too broad to describe the value behind *la guanxi* since *renqing* ethic is the norm behind all *guanxi* practice, whether expressive or instrumental. The main value behind *la guanxi* is instrumental *li*, which serves to emphasise the actors' moral obligation and emotional attachment, and mask their rational calculation.

For example, you may give someone gifts in order to show your "love" and hope he/she to love you too and give you a school place. When giving the gifts, you only mention some Confucian ethics, such as *ren, yi, li,* hiding the real purpose of gaining a school place, and you just ask the favour at the end of the visit, or even after a few visits of gift giving. This is an example of instrumental *li* and it is not likely to happen in close guanxi since close guanxi has big obligation and *ren* with each other and you can ask for a school place directly without any instrumental gifts. For distance *guanxi,* you are less likely to gain a school place by giving gifts since the obligation between you are too week due to the distance of your *guanxi* (Fei, 1992[1947]).

It is worth of note that some Confucian virtues and personal obligations fade with distance. Tian, a teacher in City B, said:

> It is differential to different *guanxi*. To close ones, we apply more *yiqi* or *renyi* and treat him with a greater sense of obligation, more responsibility. I make his matters my own matters. If *guanxi* is just so-so, I just have a try to see if I can make it. If not, I just give up. I will not use my full strength.

According to Tian's account, close and distant are clearly distinguished, bringing different virtues and obligations. Many other informants claim that the virtue of treating others with *renqing* or *yiqi* is not universal, but fades with distance. Mai, a teacher in City A, said:

> If we are good friends, your matter is my matter. It happens that people help their friends or relatives to their own detriment. This is call *renyi* or *yiqi*. However, for a casual friend, I will not be so attentive and not work hard for it.

According to Mai's account, it seems that *renyi* and *yiqi* are not universal moral rules, but fade with the distance of *guanxi*. Likewise, Yu, a mother in City A, said:

> If he is a very good *guanxi*, I may use all my money and *guanxi* to help him. But this *yiqi* with casual friends would be less, and for strangers, there is no *yiqi* at all.

With *renyi* and *yiqi*, people in the two cities claimed to have a greater obligation to their closer *guanxi* and a smaller obligation to their more distant *guanxi*. In the same way, they expected their closer *guanxi* to have a bigger obligation to them and more distant *guanxi* to have a smaller obligation. They also expect everyone else to follow this social norm: if one does a favour for their distant *guanxi*, but is not willing to do close *guanxi* a favour, one will suffer condemnation and damage to reputation. For example, Liu, a headteacher in City A, said:

> [For distant *guanxi*] I will also help them. But the difference is that I have a bigger obligation to help my close friends and a small obligation to help casual friends.

However, obligation fades with the distance of *guanxi*. For distant *guanxi* or strangers, people may refuse. Xie, headteacher of School B in City A, reported that a villager in the village next to his school asked him for a study place; since Xie had a very weak *guanxi* with him, he refused his request.

So the closer the *guanxi*, the more likely people are to apply obligation and virtues; the more distant the *guanxi*, the less obligation and virtue are applied. This differential obligation has become an important social norm in the two researched cities. Thus, in order to get help from someone, people try to pull their *guanxi* closer and the main way to *la guanxi* is ritual practice. As the obligation in moderate *guanxi* is insufficient, people apply ritual as a tool to build up more obligations. In distant *guanxi*, material gain or rational calculation is the main concern, and people give or receive money for a favour without much shyness and embarrassment.

Therefore, the dominant rationale of *guanxi* practice in close *guanxi* is personal obligation and some Confucian virtues included in the concept of *ren*; the dominant motivation in moderate *guanxi* is instrumental *li*; and the dominant rationale in distant *guanxi* is material gain. Moreover, the forms and rationales of *guanxi* are closely associated. In close *guanxi*, people ask for a favour directly, without many *la guanxi* activities. They may often involve some true *li*. In moderate *guanxi*, the main form is instrumental *li* with emotional influence. In distant *guanxi*, using money and *guanxi-guanxi* links are dominant forms.

7.8 Failure of *La Guanxi*

When *guanxi* practice fails, it is often because of the issue of closeness. This can occur for a number of reasons.

First, in the case of very distant *guanxi* or no *guanxi*, some parents fail to find the right intermediary. Huan, a senior teacher in a better common senior high school, School 4, claimed that her school cheated over recruitment and people who have no *guanxi* in the school usually get no chance to register. She said:

> Before the recruitment day, they told *guanxi* students to come in very early on the recruitment day, but they only stuck a small notice up in front of the school the evening before the recruitment day. The open recruitment lasted for just a few hours. People who had no *guanxi* might arrive too late and be told that the recruitment was over.

Qi's son registered at School 4 successfully because Qi's *guanxi* gave him the recruitment information in time, but a mother who came the next day failed to register, since no one had informed her. However, she is also a distant relative of Qi,and had she asked Qi, she might have been successful. The problem was that their *guanxi* was too distant and there was no intermediary to link them.

Second, some parents do not invest enough money in their dealings with distant *guanxi*—so-called "money *guanxi*". In 2002, Deng's father tried to use his *guanxi* to get Deng's sister into an adult teacher's college. The official in charge of this was the wife of Deng Senior's colleague, and this was a very good chance to *la guanxi*. However, Deng Senior failed at the first stage of recruitment because he did not spend enough money. The official eventually said, impatiently, "I cannot help you, the envelope is really too small."

Jie, a teacher from a bad school in the suburbs of City A, wanted to use *guanxi* to transfer to a school in the city centre. Although her husband was very busy visiting people with gifts in the summer, they failed. When they told their relatives that he had given 800 yuan to the head of the Education Bureau and another 800 to the headteacher of the targeted school, their relatives blamed them for spending too little money, as others had usually paid a couple of thousand yuan.

Third, some people fail in *guanxi* because of errors in ritual activities, especially when dealing with moderate *guanxi*. Rituals and rites, as we have seen, are of great importance in *guanxi* practice. Headteachers Xie and Lee both offended officials' face and got into trouble. Lee did not follow the local ritual of visiting officials with gifts regularly, which created difficulties for him at work (see Chap. 4). Mistakes in ritual activities affect both reputation and credit. Another example was the teacher who visited Liu, the headteacher in City A, with six apples, which upset Liu and weakened her *guanxi* with him (also see Chap. 4).

Similarly, Luo, Dean of an experimental primary school in City B, told me that the first headmaster of her school was dismissed a few years ago because he left the school on the first day of the new term, checking into a hotel with his wife in order to avoid *guanxi*. However, he also missed some officials and displeased them. A smart headteacher would have a phone number known only to those officials or *guanxi* that were important to them. Here we can see the importance of skillfully engaging in the expected rituals.

Finally, some parents fail to ask their close *guanxi* for a favour because their *guanxi*s set less store by Confucian virtues, and value self-interest too highly. This was illustrated in Xie's story, in which a poor relative failed to acquire a school place from a headteacher who is his close *guanxi*. The headteacher, who eventually gave the place to someone else who visited him with gifts and money, was strongly criticised for having "no *renyi*".

These examples of failure lend confirmation to the suggestion that the dominant motivation for *guanxi* practice in close *guanxi* is virtues and obligation (*ren*); in moderate *guanxi* it is instrumental *li*; and in distant *guanxi* it is material gain. If your close *guanxi* has no *ren*, you will fail to ask them for a favour. If you make mistakes in a ritual with your moderate *guanxi*, you may fail to *la guanxi* with them. For distant *guanxi*, if you do not spend enough money, you cannot acquire resources. The weak-strong-weak patten of instrumental ritual indicates that ritual capital is more workable in moderate *guanxi* than in close and distant *guanxi*.

Inappropriate ritual behaviour with close *guanxi* may not weaken your *guanxi* capital so much, but in the case of moderate *guanxi*, your *guanxi* capital will be significantly weakened.

Bibliography

Fei, X. (1992 [1947]). *From the soil: The foundation of Chinese society* (trans: Gary G. Hamilton and Wang Zheng). Berkeley: University of California Press.

CHAPTER 8

Trust in Ritual Capital

Trust is one of the important elements of social capital (Fukuyama 1995; Halpern 2005; Smart 1993). The research presented in this book has found two types of trust in *guanxi* networks: trust produced by virtues, and trust produced by rituals. The former is derived from moral commitment and the latter mainly from "encapsulated interest" (Hardin 2006). Ritual capital, which is based on the latter, is the ability to use ritual to acquire social resources; it is developed by the building of trust through ritual practice. In this ritual practice, what really enhances the trusting relationship is the norm behind the ritual applied: people in the two cities researched here observed others' ritual practice to see if they followed the same *renqing* ethic. If shared norms and ethical systems are observed, people can act with trust, and successful ritual enhances social capital and trusting relationships (Durkheim 1965[1912]; Collins 2004).

This chapter first introduces some characteristics of trust in *guanxi* relationships, then presents two types of trust in *guanxi*: trust produced by Confucian virtues, and trust produced by rituals. It goes on to examine the process whereby ritual capital and its trust are developed.

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_8

8.1 Trust in *Guanxi*

The exchanges in *guanxi* achieve not only advantages and obligations, but also some degree of trust (Smart 1993 p. 400). Sociologists such as Granovetter (1985), Coleman (1988), and Putnam (2000) have long argued that social networks play an important role in building trust. Social trust appears to be a simple, reliable and valid indicator of social capital at the aggregate level (Halpern 2005), as social capital arises from the prevalence of trust in a society or in certain parts of it (Fukuyama 1995). Ethical systems make it possible for people to impute shared strong evaluations to one another, while people who do not trust each other will end up cooperating only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated, and enforced, sometimes by coercive means (Fukuyama 1995). If trust is high, informal transactions can be woven into daily life and help generate an efficient allocation of resources.

When trust is identified in studies of *guanxi*, it almost always refers to *xingyong*—"reputational trustworthiness", in the sense of signals of estimableness or sincerity, rather than "trust", which implies a sense of unconditional acceptance of dependence on another (Barbalet 2014). An individual's *xinyong* reflects their high level of ethical integrity, credibility, trustworthiness, and reputation, and means that their verbal commitment can be trusted and used to transact (Tong and Yong 1998). An individual may build up their own *xinyong* through *guanxi*-type transactions, since the uncertainty and risk that trust-givers typically face are minimized by *xinyong* (Qi 2013). The *xinyong* or trustworthiness that arises through *guanxi* relations is implicit in them and not based on focused contractual negotiations between individuals. While in terms of legalistic norms this may appear to be an inferior form of assurance, it is in fact highly reliable (Qi 2013).

To keep a good *xinyong* is one of the Confucian virtues, called *xin*. Confucius uses the term *xin* in about twenty passages in the *Analects*, and the frequency of this usage would suggest that *xin* has a significant place within his ethics. However, the motivation for building good *xinyong* may be rational. The operation of *guanxi* in terms of its pay-offs and reproduction depends on the assurance participants have of affecting the public reputation of those engaged in *guanxi* exchanges. The assurance mechanism is the public exposure of transgressions against network

norms, leading to the transgressor's loss of face (*mianzi*) and reputational sanction (Barbalet 2014).

According to Hardin (2006), there are three standard conceptions of trust: "encapsulated interest", moral commitment, and character or disposition. Trust and trustworthiness may be based on incentives, norms or psychology: in other words, it may be rational, moral or emotional. Once we have relevant knowledge of your moral commitment, your disposition or the extent to which you encapsulate our interests, we can decide whether to trust or distrust you (Hardin 2006).

In the encapsulated-interest conception, if you take our interests into account in your actions, you are showing the right intentions as a person we might trust. If we have coincidental interests, so that while acting in your own interests, you happen also to serve ours, we can trust a range of your actions. That is to say, we trust only those with whom we have a rich enough relationship to judge them trustworthy, and even then we trust only to a certain degree. Trust is therefore a three-party relationship: A trusts B with respect to X. For example, I encapsulate your interest in my own to some extent, I am likely to be trustworthy to some extent in certain ways, and therefore you can trust me to that extent in particular ways (Hardin 2006).

In this regard, trust in *guanxi* could be seen to be based on the rational, encapsulated-interest conception. Trust between *guanxi* members hinges on an inference they can make about an agreement on the basis of a person's personal characteristics and intentions. Trust can be reinforced since they have many shared friends in their *guanxi* network, and *guanxi* members are unlikely to relinquish their trustworthiness and lose shared friends (Qi 2013).

Some virtues, like *zhong ganqing* (valuing affection with friends), *jiang xinyong* (keeping good credit and trustworthiness), and *zhong* (personal loyalty) produce trust. When one observes that the other party has a high level of Confucian virtues, one can act with trust. However, this kind of trust only exists among close *guanxi*. Some Confucian virtues may only make sense in a small circle and fade with distance: thus, for moderate or distant *guanxi*, their trust relies heavily on their observation of others' rituals and *renqing* ethic. Informants claimed that *weiren* (good conduct) was very important in trustworthiness. If one has good morality and proper rituals, one has good *wei ren*, in which people are more likely to place their trust.

8.2 Trust Produced by Confucian Virtues

Interviewees in both cities explained that trust among *guanxi* members can be emotional and moral without any self-interest: people sometimes help their friends or relatives to their own detriment, and this is called *yi*, or *yiqi*. Some people, especially in close *guanxi*, act to the advantage of their friends or relatives simply because of affection (*ganqing*) and Confucian virtues (such as *ren*, *yi*, *zhong*, *xin*). Thus, people trust their close *guanxi* because they believe their *guanxi*s will act to their advantage because of these Confucian virtues.

Personal loyalty (*zhong*) is one of the Confucian virtues. Loyalty, as well as identity, obedience, devotion, and allegiance produces personal trust in *guanxi*. Since *guanxi* is personal rather than organisational, loyalty to *guanxi* members is stronger than organisational commitment. The Chinese are more loyal to individuals than to a system (Redding 1990). Fei (1992) also argued that the ancient Chinese loyalty was actually towards their emperor rather than the state. According to Cheng (1995), loyalty means that personal obedience to a father figure is of greater significance than loyalty to an organisation. Loyal behaviour therefore includes a strong sense of responsibility and making sacrifices for the leader, as well as complete identification with them (Cheng and Jiang 2001).

Since loyalty is the core of *guanxi* relationships, trust in *guanxi* is very exclusive. It makes a *guanxi* network exclusive to its members, who are committed to one another on a long-term basis by a hidden norm of reciprocity that balances the exchange of favours (Hwang 1987). In this view, distrust is not simply based on interest, but also on loyalty to different *guanxi* networks. People distrust a person because he is not a member of their *guanxi* network. Zhong, an official in City A, said:

> When you get into a new company or department, you should be very aware of the *guanxi* network, people are always linked in small groups (with loyalty). You should know clearly what network you belong to or are ready to join them. When I first joined this department, the head was very nice to me and likes me very much. She always praised me in public so people thought I belonged to her network but I actually did not belong to any small group. In the next selection, when people voted against her, they voted against me too.

Since personal loyalty makes trust in *guanxi* very exclusive, *guanxi* as a trust system is obviously difficult to expand infinitely. Indeed, because loyalty is confined to small circles, people separate insiders and outsiders and treat them differently, with high levels of trust for small insider groups

and low trust outside the groups. People in both cities seem to place an enormous emphasis on protecting and nurturing those with whom they are in a close personal relationship, namely the *wu lun* relationships. However, the polar opposite is true in regard to anyone outside *wu lun*: people are hostile and feel no sense of responsibility towards strangers. Therefore, it is difficult to create universal trust in a bigger society. It is because widespread trust and trustworthiness are not able to be realised in modern China that Fukuyama (1995) labels it a "low trust society".

Some people may help their *guanxi* for the sake of long-term interest, expecting *renqing* in return. However, obligation is king among close *guanxi*s, and people feel a strong obligation and moral force rather than self-interest. Sometimes people do not like their *guanxi*s but are obliged to help them, as otherwise they would be sanctioned by society. People act with trust because they know their *guanxi*s have an obligation to them.

Ganqing, or *zhong ganqing* (valuing affection), should be regarded as one of the desirable qualities or virtues of Confucianism, since the Chinese *ganqing* always goes with moral obligation (Kipnis 1997). One's *zhong ganqing* is significantly admired by one's *guanxi* members, and one is more likely to be trusted.

In the two researched cities, many people do not ask for a receipt when lending money to a friend because they have *ganqing*. If they ask for a receipt, they will hurt their *guanxi*'s feelings (*shang ganqing*). Interviewees said that one should either trust or distrust: never trust with control, because such control hurts one's *guanxi*s emotionally, meaning that you do not trust their virtues. Sun, a teacher in City A, said:

> For example, if a friend of mine asked me to sign a contract or draw a receipt, I would be very disappointed and have a sense of losing face because my *xinyong* is doubted by my friends. Good friends should not ask you to sign a contract or receipt, which means they do not trust you. It is very shameful to do that.

Sun argued that being trusted means her friends believed in her *xinyong*. To keep a good *xinyong* (*jiang xinyong*) is one of the Confucian virtues, and people are sad if their *xinyong* is doubted by others, which means they are less virtuous.

It is interesting that people prefer buying things from their friends because they trust their friends will give them better quality and a cheaper price. Zheng, in City A, said:

> Many people prefer to buy things from friends or relatives because they trust their friends and relatives. However, sometimes we find the price is higher than buying from others. Nevertheless, people still trust their friends because they believe the quality is secured if people buy things from their friends. Also, they are willing to let their friends make more money. Moreover, it is very good for fostering our *ganqing*. However, we will get nothing if we buy from a stranger.

It seems that *ganqing* encourages people to trust making purchases from friends and, further, that doing so enhances *ganqing*.

Of Hardin's (2006) three standard conceptions of trust, he suggests that the "encapsulated-interest account" can best explain trust and distrust in all kinds of social contexts (Hardin 2002, 2004, 2006). According to Hardin (2004), accounts of trust based on morality or psychological dispositions are unlikely to fit most social contexts, and they mainly happen among family members and loved ones. However, as the findings presented above illustrate, such accounts of trust exist widely in many social contexts, especially among one's close *guanxi*. Therefore, the "encapsulated-interest" account cannot fully explain trust in *guanxi*: accounts based on morality and psychological disposition should also be taken into account.

8.3 Trust Produced by Rituals

Along with virtues, rituals affect personal trust, and successful ritual enhances social capital and trusting relationships (Durkheim 1965[1912]; Collins 2004). People in the two researched cities observed others' ritual practice to see if they followed the expected *renqing* ethic. Many informants claimed that inviting people to dinner, drinking together and gift giving enhance *guanxi* and mutual trust. It seems important to follow some popular rituals, such as gift giving and entertaining, so that one can become "one of us" in that *guanxi* network. If one does not give gifts, give face to others, do others favours, or invite others to dinner, people will think one has less *renqing* (*bu jing renqing*).

A person with "*renqing lianda*" or "*renqing shigu*" is good at the ritual practice of exchanging resources with others, is more successful in their career, and is admired by other people, although they may not have a high level of virtue. When talking about trusting his subordinates, Liu, headmaster in City A, said:

> I like people who understand *renqing shigu*. How can you trust someone who is always making mistakes in *renqing shigu*? I will not give promote them.

Mai, a teacher in a senior high school, told me how he used *guanxi* to gain a school place in School A in 2010, before the reform. Mai's wife told him that an official, Jin, was her former classmate, and good friend of the headteacher of School A. Mai's wife had not seen Jin for 20 years, since they left primary school; however, they had many shared friends. So Mai and his wife invited Jin to dinner with a few other former classmates, Mai sat close to Jin at the dinner table and got to know him. They are both smokers and like French brandy, and these common rituals of drinking and smoking brought them closer. Mai and Jin next met at Jin's office, and then at Jin's home, with Mai and his wife bringing some expensive gifts. The fourth time they met was again Jin's home, with Mai bringing expensive gifts—this time, Mai asked Jin to influence the headteacher of School A, and implied that he would give the headteacher an envelope containing money.

By this time, Jin knew that Mai was a person who "knows *renqing*", so he phoned the headteacher. Later, Mai and Jin took gifts to the headteacher's home. A few week later, Mai brought an envelope containing some money to Jin's office; Jin asked the headteacher to come to his office after his work. When the headteacher came in, Jin excused himself to go to the toilet, allowing Mai to give the envelope to the headteacher without anyone else in the room. Finally, Mai gained a school place.

In this case, Jin observed Mai's ritual practice to see if he followed the *renqing* ethic that he expected. By deciding to help Mai, Jin could gain a *renqing* for future use, enhancing his own social capital. If Mai had not followed the *renqing* ethic, Jin would have not gained social capital by doing Mai a favour, and Mai might have also damaged Jin's relationship with the headteacher. Thus, trust can be gained by proper practice of rituals observed by others.

People who know Mai well confirmed that he is a "*renqing lianda* person"—that is, one who is good at *renqing*. In order to please his headteacher, he even went out to fix his headteacher's car on the road at midnight, and took an exam in place of the headteacher to help him gain a bachelor's degree. To please his colleagues, Mai plays *mahjong* (a traditional Chinese game played by four people) with them all night long, shouting and laughing, ignoring his son's attempts to study. As Mai told me, ritual investment

is important: it makes colleagues trust him, and colleagues will elect him a director in his school.

Moreover, some people argue that frequent contact (*wanglai*) can enhance trust because this is an important part of *renqing* ethic. Tian, a teacher in City B, said:

> Gift giving, and inviting friends to dinner, are very good ways to enhance *guanxi*. Even sitting down with a cup of tea together can enhance *guanxi* too. Also, frequent contact makes *guanxi* stronger, which brings mutual trust.

Frequent contact and visiting each other enhances *guanxi*, trust and *ganqing*. Liao, a parent in City B, said:

> Not just entertaining or gift giving but also visiting, playing sports together, and having a holiday together enhances *ganqing*. Making phone calls as well. Not always spending money on eating and gifts.

Some informants also claimed that drinking together can enhance mutual trust. However, they know that drinking together does not always mean the same as being close to each other. They describe this kind of *guanxi* as "wining and dining friends" (*jiu ro peng you*) rather than true friends. But at a dinner where there is drinking, people get know each other more, enhancing trust and following local rituals and the *renqing* ethic.

Some people may overspend money on rituals in order to gain face and reputation. For example, Chen, a parent in City B, said:

> Chinese people are dying to gain face (*si yao mainzi*), even for something beyond their ability. For example, a few relatives of mine are very poor. However, they always give big red packet with a lot of money to their friends or relatives for weddings, funerals, births and so on. They care about their sense of self-respect. They do not want to be looked down upon.

The ritual practice of *renqing shugu* (*renqing* and sophistication) is very complex and highly tactical, requiring time to learn. Xing, Rose's husband, said that the best gift-giving tactic is to study and follow the hobbies of the expected benefactor. If you buy him something he likes very much, he will like you and be more likely to help you. These gifts not only enhance *renqing* but also *ganqing*. Xing explained that wine and cigarettes are for more distant people whom you know less well—if you want to

pull your *guanxi* closer, you should think carefully about the best choice of gift. Xing's assumption that people can judge others' level of *guanxi* according to the gifts they give each other is interesting. Expensive wine and cigarettes are definitely for moderate and distant *guanxi*.

Another tactic of *renqing shigu* and ritual practice relates to how to bribe officials. Some informants said that giving large amounts of money to officials to gain a favour is safer because the official will return the money if eventually they cannot help. But if the sum is too small, they will not return it, as they see it as a daily red packet (lucky money). Besides, an envelope is better than expensive gifts because officials never return gifts if they cannot help.

Wang, headteacher of a famous school in City A, did not return an envelope containing a large sum of money when he failed to offer a school place to one of his distant *guanxi*: this seriously breaks the *renqing* ethic. One day, he received a threatening phone call from a criminal syndicate, to say that if he did not award the place or return the money, his daughter would be raped. He did not report this to the police, but returned the money. In the summer of 2012, Wang was arrested; the case became a major talking point mentioned by almost all interviewees in City A. Many people argued that the reason why Wang was arrested was not because he had taken too many bribes, but because he was not good at *renqing*. Many officials hated him because he had not given face to them and had sometimes failed to perform rituals correctly.

As the above examples show, proper ritual is crucial in *guanxi* and it can create trust and a good reputation, improving one's social capital accordingly. This is ritual capital. Many corruption cases observed in the field show that ritual plays a role in building trust. However, it is the *renqing* ethic as well as its proper ritual that produces trust among actors involved in corrupt practices. No official or headteacher will receive money from a stranger for giving them a school place, since there is no *guanxi* and *renqing* ethic as guarantee: they are afraid that their corruption will be reported. In cases involving *guanxi*, the *guanxi* norms, such as the *renqing* ethic, make the parties involved more confident about the transaction. In many corruption cases, no one dares to break the *renqing* ethic and report their *guanxi*'s bribery or corruption, since they cannot afford the sanction of a bad reputation in their *guanxi* network, let alone threats from criminal syndicates.

Trust in *guanxi*, therefore, is not based entirely on moral comment or emotional attachment, but also on a certain level of encapsulated interest. If I trust my *guanxi*s because of their virtues, I can trust them even

in times of danger, disaster, or misery, because I regard them as "a friend in need is a friend indeed". However, if I trust my *guanxi*s because of ritual or *renqing* ethic, I know they can only be trusted when self-interest and incentive are part of our relationship. These are "wining and dining friends" and cannot be counted on in times of difficulty, when there is no interest involved, but they will do favours for *renqing* exchange. Informants reported that they know some of their *guanxi*s treat them with lot of ritual and *renqing* and appear to be very kind; but this type of *guanxi* might not offer their help in hard times. They have an encapsulated interest in the relationship: "while acting in your own interests, you happen also to service mine" (Hardin 2006, p. 17).

However, emotions, moral force and rationality in trust are sometimes hard to separate clearly. Trust by virtues, or moral trust, sometimes involves rational calculation too. Some people may have to act on trust with their friends because of *yiqi*, face or the influence of power, although they may not entirely trust them deep down. The fact that people do not ask their *guanxi*s to sign a receipt or contract does not necessarily mean that they really trust them—rather, it may mean that they care about their face, and may be afraid that an inappropriate ritual will weaken their relationship. Thus the distinction of moral and rational trust has to be seen as a contiunum rather than a clear-cut division.

To summarise, in *guanxi* networks, one may have two types of trusted *guanxi*. One is close *guanxi*, or friends who have good *ganqing* and virtues. People trust this type of *guanxi* mainly because they trust their virtues. With the other type of *guanxi*, people trust their ritual and believe that they will follow *renqing* ethic to exchange favours with them. Through the practice of *guanxi*, people produce *ganqing* and *renqing*, described by Collins (2004) as "mutually focused emotion and attention" and "emotional energy". Thus, successful ritual enhances social capital and trust relationships. Ritual capital is based on trust produced by ritual, which is mainly "encapsulated-interest trust", although moral and rational trust are sometimes mixed.

8.4 Ritual Capital, Trust, and Interaction Ritual Chains

A good *guanxi* relationship is built not by independent rituals, but by interaction ritual chains, which represent the personal histories generated as individuals go through various ritual encounters within networks. Without the personal histories of encounters, a stranger will not be able

to obtain a school place from a headteacher just by coming to their home with expensive gifts or even money. People need to go through their rituals and rites of passage, acquiring a repertoire of symbols loaded with emotional energy and membership significance (Collins 2004).

Traditionally, the interaction rituals of philosophers have attempted to produce truth, functioning as Durkheim's ([1912] 1965) sacred objects: that is, as collective symbols that appear to transcend individuals, constrain behaviour, and demand respect. The particular truth represents the solidarity of the group and energises those who participate in its production. According to Collins, what is significant about these interaction rituals is not the subject itself but the fact that it serves as a focus for attention and emotional involvement. Collins (1998, 2004) further suggests that we should look at interaction ritual chains: interaction rituals may reaffirm previous truths, or create new ones, but whether reverential or iconoclastic, interaction rituals create a chain connecting previous interaction rituals to future ones. New collective truths require a knowledge of previous collective symbols and the relationships through which they were created and distributed. Such collective symbols also facilitate subsequent interaction rituals since they energise a group of individuals who value the same symbols. For Collins, even the biography of intellectuals can be sociologically constructed as "interaction ritual chains". These chains represent the personal histories generated as individuals go through various ritual encounters within networks.

Network ties, including *guanxi*, are a particular kind of interaction ritual chain, in which similar symbols and emotions are recycled and sometimes augmented—and to a greater degree than interactions those individuals have with other people. Positions in networks are created and sustained on the micro level by the degree of success of interaction rituals (Collins 2004, pp. 185–188).

In *guanxi* networks, trust and ritual capital are not built by one instance of ritual practice, but many instances continuously connected. In the case of Mai bribing the headteacher of School A, the trust between Jin (the intermediary) and Mai was not build by a day of ritual, but over the longer term. New interaction rituals require knowledge of previous collective symbols and the relationships through which they were created and distributed. In Mai's case, every time he met Jin, he improved his ritual capital successfully because the collective symbols they both value also facilitate subsequent interaction ritual. As people go through these rituals and rites of passage, they acquire a repertoire of symbols that are loaded with emo-

tional energy and membership significance. Thus, the interaction ritual chain consists of the process of *la guanxi* and ritual capital development.

Zhang, a teacher in City B, provides another example of ritual capital building:

> One of my colleagues was thinking of asking me to pay more attention to one of the students in my class who is her friend's child, so she tried to talk to me more frequently, then gave me some compliments and concern, and gave me some small gifts, did me some small favours and tried to get closer to me. Step by step, finally, she told me that her friend's child was in my class and asked me to pay more attention to him.

Although Zhang clearly knows that the kindness of her colleague is not disinterested, she is happy to do her colleague this favour: Zhang considers this to be *renqing* exchange, and she may need her colleague to return the favour in the future. The rituals here make this exchange work since the rituals follow instrumental *li* and *renqing* ethic, which both actors recognise and share. This *la guanxi* is a long-term process involving an interaction ritual chain, rather than a one-off interaction.

Huan, a teacher in School 4, introduced a parent to the headteacher of her school, and gave the phone number and address to the parent. She did not know how much in the way of gifts or money the parent had given to the headteacher. There is a risk here that the parent may give improper gifts or money in an improper manner, which may weaken the relationship between Huan and the headteacher. Howevere, Huan trusts the parent and this trust is based on the history of their interaction ritual practice: Huan believes that the parent is a man who knows *renqing*.

Interation ritual chains represent the personal histories generated as individuals go through various ritual encounters within networks. Subjectively we live in a world of symbols loaded with membership significance, and emotional energy levels built up in prior interactions (Collins 2004). An instrumental ritual used to ask for a favour will become more effective if previous expressive rituals have been done. *La guanxi* and ritual capital need time and effort: during the process of the interaction ritual chain, trust and social capital is developed gradually and in the end, the headteacher may offer help and dare to receive expensive gifts and/or money.

Bibliography

Barbalet, J. (2014). The structure of *guanxi*: Resolving problems of network assurance. *Theory and Society, 43*(1), 51–69.

Cheng, B. S. (1995). Hierarchical structure and Chinese organizational behavior. *Indigenous Psychological Research in Chinese Societies, 3*, 142–219 (in Chinese).

Cheng, B. S., & Jiang, D. Y. (2001). Supervisory loyalty in Chinese business enterprises: The relative effects of emic and imposed-etic constructs on employee effectiveness. *Indigenous Psychological Research in Chinese Societies (in Chinese), 14*, 65–113.

Coleman, J. (1988). Social capital in the creation of human capital. *American Journal of Sociology, 94* (Supplement), S95–120.

Collins, R. (1998) *The Sociology of Philosophies: A Global Theory of Intellectual Change* Cambridge: Harvard University Press.

Collins, R. (2004). *Interaction ritual chains*. Princeton: Princeton University Press.

Durkheim, E. (1965 [1912]). *The elementary forms of religious life*. New York: Free Press.

Fei, X. (1992 [1947]). *From the soil: The foundation of Chinese society* (trans: Gary G. Hamilton and Wang Zheng). Berkeley: University of California Press.

Fukuyama, F. (1995). *Trust: The social virtues and the creation of prosperity*. London: Hamish Hamilton.

Granovetter, M. (1985). Economic action and social structure. *American Journal of Sociology, 91*(3), 481–510.

Halpern, D. (2005). *Social capital*. Cambridge: Polity.

Hardin, R. (2002). *Trust and trustworthiness*. New York: Russell Sage Foundation.

Hardin, R. (Ed.). (2004). *Distrust*. New York: Russell Sage Foundation.

Hardin, R. (2006). *Trust*. Cambridge: Polity.

Hwang, K. K. (1987). Face and favor: The Chinese power game. *The American Journal of Sociology, 92*(4), 944–974.

Kipnis, A. (1997). *Producing Guanxi: Sentiment, self, and subculture in a North China village*. Durham: Duke University Press.

Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community*. New York/London: Simon & Schuster.

Qi, X. (2013). *Guanxi*, social capital theory and beyond: Toward a globalized social science. *British Journal of Sociology, 64*(2), 308–324.

Redding, S. G. (1990). *The spirit of Chinese capitalism*. Berlin: Walter de Gruyter.

Smart, A. (1993). Gifts, bribes, and *guanxi*: A reconsideration of Bourdieu's social capital. *Cultural Anthropology, 8*(3), 388–408.

Tong, C. K., & Yong, P. K. (1998). *Guanxi* bases, *xinyong* and Chinese business networks. *The British Journal of Sociology, 49*(1), 75–96.

CHAPTER 9

Conclusion

This final chapter discusses the contribution to social theory of the research into the use of *guanxi* to acquire school places described in this book. It compares the findings of this project with those that have been reported by other relevant research, and discusses their significance. The chapter goes on to discuss the theoretical implications of this project's findings in relation to the key concepts of *guanxi* and social capital.

9.1 Summary of Main Findings

This study adds to the understanding of *guanxi* practice the observation that *la guanxi* is full of instrumental ritual, which is more significant in moderate *guanxi* than in close and distant *guanxi*, and contributes more to bridging social capital than bonding social capital. There are four main findings which can be summarised as follows.

9.1.1 The Discovery of Instrumental Li

Evidence shows that the practice of ritual is very popular in all forms of *la guanxi*, and it is vital for retaining good relationships and acquiring social resources. Even when people use money and power in *la guanxi*, it is ritual that makes the use of money or power work. Without proper ritual, one cannot pay money to acquire resources; similarly, without proper ritual,

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8_9

one cannot exert power by using *guanxi*. Moreover, ritual exists at almost every stage of the process of *la guanxi*. The wide existence of ritual in *la guanxi* further shows us that ritual is vital when people *la guanxi* for social resources.

Although the practice of *li* (Confucian rituals) is usually observed in daily rituals, such as giving gifts to parents in order to achieve *xiao* (filial piety), enertaining a friend from far away to achieve *yi* (righteousness), or bowing to supervisors to show *zhong* (loyalty), some of them, like gift giving, entertaining, or using ritualised patterns to influence others in order to gain resources, may not come with *ren* (Confucian virtues) but with self-interest. Thus, these social rituals should not be regarded as true *li* but "instrumental *li*". When *la guanxi*, people simply copy the forms of *li* in their ritual practice without the motivation of achieving *ren* but with self-interest in mind, claiming they are acting with *li* to justify their practice. The forms of *li*, mostly social rituals, seem to be used to stress the actors' moral obligation and emotional attachment, and to mask the actors' rational calculation.

Instrumental *li*, a part of the *renqing* ethic, is the shared value or norm behind ritual practice in *la guanxi*. The *renqing* ethic is too broad to describe the value behind *la guanxi*, since it is the norm behind all *guanxi* relationships and *guanxi* practice, including expressive and instrumental practice.

9.1.1.1 Ritual Follows the "Weak-Strong-Weak" Pattern in La Guanxi

Differences can be observed in many concepts and practices according to the closeness levels of *guanxi*. The use of rituals and related concepts, such as gift giving, entertaining, using ritualised patterns (*ketao*), *renqing*, and face, follow a "weak-strong-weak" pattern. That is to say, using ritual to acquire resources is more highly valued, more workable, more frequent, and has more impact in moderate *guanxi* than in close and distant *guanxi*.

9.1.1.2 Instrumental Gift Giving Follows the Weak-Strong-Weak Pattern

For people in the two cities researched in this study, gift giving varies according to the different closeness levels of *guanxi*. In close *guanxi*, it is unnecessary to give expensive gifts to repay a specific favour, and instrumental gift giving is less significant. In moderate *guanxi,* however, gifts need to be expensive, formal, and well prepared and packaged if one wants to return or ask for a favour, or even simply maintain the relationship.

People pay more attention to gifts and the courtesies of gift giving in moderate *guanxi*. Most importantly, people realise that a favour has been done, which may be returned in the future by the recipient of the gift. In distant *guanxi*, however, people simply give money in return for a favour, just like a transaction. Although gift giving can also occur in distant *guanxi*, it is not the main concern; money is a higher priority unless the favour is too small to be exchanged for money.

Thus, instrumental gift giving is more significant (more highly valued, more workable and more frequent) in moderate *guanxi* and less significant in both close and distant *guanxi*, following a weak-strong-weak pattern.

9.1.1.3 Instrumental Entertaining Follows the Weak-Strong-Weak Pattern

Many examples in the two cities show that instrumental entertaining is more significant in moderate *guanxi* than in close *guanxi*. There is no need to entertain a close friend or relative in exchange for certain favours. For moderate *guanxi*, people entertain in order to ask for a favour, or to repay one; in the case of distant *guanxi*, people are less likely to invite someone to a dinner in order to ask a favour, and sometimes need an intermediary to host the dinner and invite the benefactor.

9.1.1.4 Ritualised Patterns (Ketao) Follows the Weak-Strong-Weak Pattern

In both City A and City B, when people practise *guanxi*, they value polite formulas or ritualised patterns (*ketao*) and argue that this will improve people's *renqing wei* (human kindness). For example, people compete to give or return gifts, to pay a restaurant bill, or even to cede a seat of honour to others, in what Yang (1994, p. 137) terms a 'ritualised pattern', or *ketao*.

Showing more *ketao* to others significantly helps *guanxi* practice, and is more valued in moderate *guanxi* than in close and distant *guanxi*. For example, sometimes people are invited to a dinner, and it is not necessary for them to pay since they are guests, but they will usually offer to pay after the meal even though they know that the host will not allow them to do so. This practice happens more often in moderate *guanxi* than in close or distant *guanxi*. If one applies this *ketao* to one's close *guanxi*, one will be condemned as *jianwai* (treating insiders as outsiders). People are not likely to apply *ketao* to distant *guanxi* or strangers, but will treat them more straightforwardly. Much evidence found in the two cities has shown that *ketao* follows a weak-strong-weak pattern when people *la guanxi*.

9.1.1.5 Sense of Renqing Follows the Weak-Strong-Weak Pattern

In the same way, the sense of *renqing* (sense of indebtedness) follows the weak-strong-weak pattern. The sense of *renqing* is weak in close *guanxi* because people help others for the sake of moral obligation and emotional attachment, in a similar way to *ganqing*, *renyi* (benevolence and righteousness) and obligation (Yan 1996b). It is not necessary to keep the *renqing* debt in mind, because it may easily be returned at any time. This sense of indebtedness is strongest in moderate *guanxi*, and people are more likely to help others in order to produce *renqing* (sense of indebtedness) in others, which will be returned in the future. However, *renqing* is weak again in distant *guanxi*, or with strangers, because they interact as though they are conducting a transaction that follows the rule of equity (Hwang 1987). In this tie, people do not feel ashamed of receiving money for a favour.

9.1.1.6 Face Follows the Weak-Strong-Weak Pattern

The sense of face (*mianzi* or *lian*) differs among the various closeness levels of *guanxi*. People in the two cities feel more concerned about their face and more likely to give face to others for instrumental purpose in moderate *guanxi* than in close or distant *guanxi*.

Headteachers of key schools in the two cities do not always have enough school places to give to their *guanxi*s and relevant officials. Consequently, they feel ashamed, embarrassed, or that they are "losing face" or offending the face of others if they have to refuse to give school places to moderate *guanxi* who visit them with gifts. In order to avoid facing complicated *renqing* and face, many headteachers of key schools in both cities have to turn off their mobile phones and go into hiding during the summer recruitment season. Headteachers claimed that it is mainly their moderate *guanxi*s whom they avoid seeing. They do not feel that they are losing face or offending the face of others in distant *guanxi*, since they have no obligation to help. Headteachers usually prioritise a close *guanxi* request out of a sense of moral obligation and affection, rather than a concern with "face". The concept of face thus varies according to the closeness of *guanxi*. For very close and very distant *guanxi*, people may not care about face as much as with moderate *guanxi*.

The use of rituals and related concepts, such as gift giving, entertaining, using ritualised patterns (*ketao*), *renqing*, and face follow a weak-strong-weak pattern in close-moderate-distant *guanxi*, within the context of *la guanxi* for school places in the two cities researched here. This pattern

is based on all connections of an individual rather than a small group of people—for example, a family, or a company.

This research also finds that the success or failure of *guanxi* practice is associated with the ability to deal appropriately with the closeness. First, in the case of very distant *guanxi* or no *guanxi*, some parents fail to find the right intermediary. Second, some parents do not spend enough money in their dealings with distant *guanxi*, making them unable to *la guanxi*. Third, some people fail in *guanxi* because of mistakes in ritual practice, especially when dealing with moderate *guanxi*. Finally, some parents fail to ask their close *guanxi* for a favour because their *guanxi*s hold by Confucian virtues too little, and value self-interest too highly.

9.1.2 Many Virtues and Obligations Fade with Distance

"Differential obligations" or *chaxugeju* is a social norm in Chinese society, and forms one of the principles of the *renqing* ethic. Evidence shows that people in the two cities apply different levels of virtue to different closeness levels of *guanxi*. The more distant the *guanxi*, the less people have *renyi* (benevolence and righteousness) and obligations to others. The closer the *guanxi*, the more obligation and enthusiasm there was to help each other. In the same way, they expected their closer *guanxi* to have a greater obligation to them and more distant *guanxi* to have a lesser obligation. They even expected everyone else to follow this social norm: someone who does favours for their distant *guanxi*, but is not willing to do a close *guanxi* a favour will get a bad reputation and attract the condemnation of society.

The Confucian virtues relating to the treatment of others are not universal, but fade with distance: the closer the *guanxi*, the more likely people are to apply obligation and virtues; the more distant the *guanxi*, the less obligation and virtue are applied. This finding matches Fei's *chaxugeju*, the differential mode of association. Furthermore, this differential obligation has become a social norm in *guanxi* networks. It seems that this norm of differential obligation is one of the principles of the *renqing* ethic, and one of the important norms of *guanxi* capital.

In sum, the Confucian virtues relating to the treatment of others are most significant in close *guanxi* and are the main norm of bonding social capital, while instrumental *li*, with its ritual practice and concepts, is most valued in moderate *guanxi* and is the dominant norm in bridging social capital. This instrumental *li* mixes Confucian virtues and considerations of personal interest, stressing the actors' moral obligation and emotional attachment, and masking their calculation.

9.1.3 *Ritual Builds Trust in* La Gaunxi

Widespread trust and trustworthiness are themselves an important part of the normative dimension of social capital (Coleman 1990). However, trust and trustworthiness in *guanxi* seems not to be so widespread but is limited to small circles. Two types of trust have been found in this research: trust produced by virtues and trust produced by rituals. The former, which is "moral commitment" trust, seems to be more significant in close *guanxi*; the latter is "encapsulated interest" trust (Hardin 2006), which appears to exist more in more distant *guanxi*. People in the two cities researched here observed others' ritual practice to see if they knew the *renqing* ethic. If shared norms and ethical systems are observed, people can act with trust, since successful ritual enhances social capital and trusting relationships (Durkheim 1965[1912]; Collins 2004).

This research indicates that ritual, as well as its rule—*renqing* ethic—play a role in building trust when people *la guanxi*, especially when they engage in corruption and bribery. It is *renqing* ethic and its proper ritual that produces trust among those actors when they are involved in corrupt activities. No official or headteacher will receive money from a stranger for giving them a school place, since there is no *guanxi* as guarantee: they are afraid that their corruption will be exposed. In these corruption cases involving *guanxi*, the norms behind *guanxi*, say *renqing* ethic, make the parties involved more confident about trading.

Accordingly, ritual capital is developed with the building of trust through ritual practice. Trust and ritual capital are not built by a single instance of ritual practice, but by many instances continuously connected like a chain, which can be described as an interaction ritual chain (Collins 2004).

9.1.4 *Ritual Capital: Investing Ritual for Social Capital*

There is plenty of evidence to show that ritual is crucial to *la guanxi*, although money and power also matter. Investment in ritual can pay a handsome profit, such as a school place in an elite school, a job, or a professional rank. The use of ritual improves a person's ability to acquire resources in their *guanxi* network, that is to say, their *guanxi* capital.

Guanxi capital requires proper ritual. Proper ritual enhances *guanxi* capital while improper ritual will reduce it. Without proper ritual, *la guanxi* may fail. Most ritual practice is to gain social resources due to the norm of "instrumental *li*". If anyone violates this norm, their reputation suffers accordingly (Barbalet 2014).

Since ritual is vital in *la guanxi*, and a useful tool to gain social capital, this book proposes a new concept called "ritual capital". It refers to that part of an individual's social capital that is mainly established and maintained by the practice of proper ritual, namely, the ability to use ritual for resources or benefits in a social network. People invest in rituals and gain social capital. Ritual capital can also be regarded as a form of cultural capital since it involves the actor's ability to do something; social and cultural capital sometimes overlap (Smart 1993). The norm of this social capital is mainly ritual rules rather than organisational rules.

Network ties, including *guanxi*, are a particular kind of interaction ritual chain, in which similar symbols and emotions are recycled and sometimes augmented—and to a greater degree than other interactions those individuals have with other people. Positions in networks are created and sustained on the micro level by the degree of success of interaction rituals (Collins 2004, pp. 185–188). Thus successful ritual enhances social capital and trusting relationships. Moreover, Durkheim identified two interrelated and mutually reinforcing mechanisms of ritual: one is shared action and awareness, another is shared emotion. He argued that rituals provide the basis for a situation of social trust and shared symbolic meanings through which economic exchanges can be carried out (Durkheim 1965[1912]). Since ritual can produce solidarity, shared emotion, shared awareness, and social trust, it follows that ritual can produce social capital.

9.2 Comparison with Previous Literature on *Guanxi*

9.2.1 Typology of Guanxi *Related to Closeness*

Based on the informants' accounts, this research distinguishes close, moderate and distant *guanxi* to describe an ever-changing, adaptable, and flexible continuum of social distance.

As mentioned in Chap. 3, Hwang (1987) proposes a similar tripartite division: expressive ties, instrumental ties, and mixed ties. Yan (1996b) makes the distinction between "primary" and "extended" *guanxi*, the former characterised by moral obligations and emotional attachments, while the other refers to a strategy for forming advantageous relationships (Yan 1996b, pp. 226–9). Yan's primary *guanxi* seem to refer to the close and moderate *guanxi* proposed in this book, or the expressive and mixed ties described by Hwang. Chang's (2010) generous, expressive and instrumental *wanglai* also seem to match the tripartite division.

Table 9.1 Comparison of typology of *guanxi* related to closeness[a]

Closeness of guanxi	*Close*	*Moderate*	*Distant*
Hwang's categories	Expressive tie	Mixed tie	Instrumental tie
Yan's categories	Primary *guanxi*		Extended *guanxi*
Chang's *wanglai*	Generous	Expressive	Instrumental
Woolcock's and Putnam's social capital	Bonding	Bridging	Linking

[a]This draws on Chang's Table IX-3, *lishang-wanglai* framework (Chang 2010, 416)

Table 9.2 Comparison of rules of exchange related to closeness[a]

Motivation or rules	*Ren*	*Instrumental li*	*Material gain*
Hwang's *rules*	Rule of need	Rule of *renqing*	Rule of equity
Yan's *renqing* ethic	Moral obligation	Emotional attachment	Rational calculation
Chang's *lishang*	Moral judgement	Human feelings (such as *renqing*, *ganqing*)	Rational calculation

[a]This draws on Chang's Table IX-3, *lishang-wanglai* framework (Chang 2010, 416)

Tables 9.1 and 9.2 show how these typologies and their rules match each other, drawing on Chang's Table IX-3 *lishang-wanglai* framework (Chang 2010, p. 416).[1]

The rules of social exchange in the categorisations offered by Chang, Hwang, Yan and the present author are similar. The research carried out for this book found that in close *guanxi*, people help each other mainly for *ren*, which is similar to the "rule of need" in expressive ties described by Hwang (1987), and matches Yan's "moral obligations" and Chang's "moral judgement". In moderate *guanxi*, people are motivated by instrumental *li* to help others, with a mixture of moral, emotional and rational consideration; this is similar to the "rule of *renqing*" in mixed ties proposed by Hwang, and matches Yan's "emotional attachment" and Chang's human feeling (e.g. *renqing* and *ganqing*). Hwang (1987, p. 952) argues, "A mixed tie is a relationship in which an individual seeks to influence other people by means of *renqing* and *mianzi*": as discussed earlier, *renqing* and *mianzi* (face) are concepts of instrumental *li*. In distant *guanxi*, people help others based on a consideration of material gain, which is similar to the "rule of equity" in instrumental ties, and matches Yan's and Chang's "rational calculation".

According to Chang (2010), negative *wanglai* counts as people using public resources to gain personal benefits: for example, corruption. However, corruption can take place at any closeness level of *guanxi*. Even for close *guanxi*, officials or headteachers are capable of becoming involved in corruption (breaking rules or regulations, deception, abuse of power) to gain school places for them. Therefore, negative *wanglai* seems to have nothing to do with closeness of *guanxi*.

According to Yan's categorisation, the villagers either give affection gifts to their ordinary friends or relatives without instrumental consideration, or give instrumental gifts to someone outside the village for some resources that they desire. The "either expressive or instrumental" category is inaccurate for the analysis of *guanxi* in urban settings. The tripartite division (close, moderate and distant *guanxi*) proposed by Hwang and the present author is more effective than Yan's bipartite category (primary and extended *guanxi*), especially for this research, which was conducted in cities.

Unlike the typologies proposed by Hwang, Yan and Chang, the typology set out here emphasises the way social distance and familiarity act as dynamic processes, rather than as fixed and determining structures. It also suggests an ever-changing, adaptable, and personally subjective continuum based on social distance, with the following features.

First, it is based on the degree of closeness or social distance. The categorisations proposed by Hwang and Yan appear to be related to social distance but they actually involve a fixed and determining structure. For example, Yan's primary and extended *guanxi* describe different intentions in building up a relationship: a moral and emotional intention, or a rational one. Hwang's expressive-mixed-instrumental ties do not express a social distance either: an instrumental tie is not necessarily distant, for example the relation between doctor and patient, or teacher and student.

Second, this typology expresses a flexible continuum of social distance, rather than a clear-cut typology. Since Fei (1992[1947]) argues that the Chinese social structure can be described as "the more distant the less significant", the closeness levels of *guanxi* may be a continuum with two extreme ends—the closest ties versus the most distant tie—rather than fixed categories. It should be noted that *guanxi* in reality is far more complicated and has no clear-cut boundary between the three types. In this research, people in the two cities sometimes cannot clearly tell what types their *guanxi*s can be categorised as, although they have the three categories in mind. Moreover, there are no fixed boundaries between the three types but the boundaries can change according to the specific situations and the favours that they deal with. Accordingly, the rule of need, rule of

renqing, and rule of equity as described by Hwang, or *ren*, instrumental *li*, and material gain as proposed here, are applied subject to how big the favour they are dealing with is, and their specific situations.

Since the closeness levels of *guanxi* should be regarded as a continuum, the rules of social exchange are also on a continuum with "need rule" or "generous *wanglai*", and "equity rule" or market exchange at either extreme. In the middle of the continuum is *renqing*. According to the research finding, not only do *renqing* and face exist in moderate *guanxi* but they are differential in different ties. Because of the continuum, all the rules are actually "more or less" rather than absolute "yes or no". For example, people have less *renqing* but more *ganqing* in close *guanxi*. It is inappropriate to say that people in mixed ties are absolutely following instrumental *li*, or the "*renqing* rule", since some informants still deal with material gain and the "equity rule" when the favour is too big to be given to another as a social debt.

Third, this research takes the view that the *guanxi* relationship is ever changing, which happens to match Chang's dynamic view of different types of *wanglai*. It is worthy of note that closeness levels of *guanxi* between the same two people can change: "Stopping one kind of relationship with somebody can mean starting another kind of relationship with the same person" (Chang 2010, p. 400). A change in situation may lead to a change in the closeness between the two people.

Fourth, this research takes an "adaptable view" in the analysis of *guanxi*. The "ripple" metaphor in *chaxugeju* that Fei (1992[1947]) proposed exists in different contexts, rather than in Chinese society as a whole. The closeness of *guanxi* can adapt to different situations and contexts. In the context of a village, for example, people can have three types of *guanxi*: close, moderate, and distant. However, a villager who moved to a city and worked in a factory would have another "ripple" in the factory with close, moderate and distant *guanxi* too.

Finally, these categories are very personal and subject to personal adjustment rather than a collective cognitive or common sense. Even in the same *guanxi*, when A regards B as close *guanxi*, B may not think the same way: B may think of A as their moderate or even distant *guanxi*. This may result in conflict in interpersonal communications.

In short, the findings of this research have led to the development of a typology similar to those developed by Hwang, Yan, and Chang. This research, however, takes those works forward in its identification of the features of *guanxi* closeness as continuum, ever changing and adaptable, and personally subjective.

9.2.2 *Expressive vs. Instrumental Ritual*

Yan (1996a, b) examined both the dynamic process of cultivation of *guanxi* networks and their functions in everyday rural life. He states that "the closer to the centre in a given *guanxi* network, the more gift-giving relations are involved" (Yan 1996b, p. 101), which is very different from the research finding in this book that gift giving follows the weak-strong-weak pattern. However, the present research focuses on the impact of instrumental gift giving in an urban setting, while Yan's is on both expressive and instrumental gift giving. Moreover, he argues that "all instrumental gift-giving relations go beyond the village boundary" (p. 102), which seems to suggest that instrumental gift giving is not his main focus inside the village. In addition, Chang (2010) describes many traditional customs and rituals, such as weddings, births, funerals, and so on, which are also mostly expressive practices of *li*, and are very different from the practice of *li* examined in this research, which always comes with an instrumental purpose.

It therefore becomes necessary to distinguish between the expressive and instrumental practices of ritual. Expressive ritual is usually carried out to express one's real emotion and concern without much rational calculation, while instrumental ritual is usually done for instrumental purposes.

In this sense, the argument about the weak-strong-weak pattern should be limited to instrumental *li* rather than expressive *li*. Gift giving is, therefore, here found to follow the weak-strong-weak pattern, while Yan's gift giving follows "the more distant the less significant" pattern.

It should be stressed that expressive ritual is based on Confucian *ren*, while instrumental ritual comes with much rational calculation but without much *ren*. Confucius said: "It is rare, indeed, for a man with cunning words and an ingratiating countenance to be benevolent [*ren*]" (Confucius 2008, p. 3[Book 1 Sentence 3]). "Cunning words and an ingratiating countenance" here means instrumental ritual, or instrumental *li*, like giving face in order to gain a favour. However, according to Confucius, this practice is not *ren*.

9.2.3 *The Cultural Cause vs. the Institutional Cause*

As discussed in Chap. 3, some scholars argue that *guanxi* is integral to Chinese culture, including its Confucian heritage (Fei 1992 [1947]; Hwang 1987; King 1991; Yang 1994), while others argue that *guanxi* is best understood institutionally as a component of social organisation characterised by distributional disarticulations and an underdeveloped

framework of rights and law (Guthrie 1998; Gold et al. 2002). As Guthrie (1998, p. 255) clearly points out " I view *guanxi* as an institutionally defined system—i.e. a system that depends on the institutional structure of society rather than on culture—that is changing in stride with the institutional changes of the reform era".

The empirical research presented here shows that both institutions and culture matter in *guanxi*, and both encourage people to practise *guanxi*. Furthermore, traditional culture and values in the two cities dramatically influence the implementation of institutional regulations, and the cultural cause seems to be very significant. First, the weak institutional system in the two cities is, to a greater or lesser extent, influenced by the culture of local people, although the political system and other factors also matter. People value personal relationships while disregarding rules or laws (particularism), which leads to frequent violations of rules or laws; thus corruption frequently occurs. A flexible style of thinking (diffuse culture) leads to vague and flexible rules and laws and the flexible implementation of them. An holistic style of thinking (diffuse culture) personalises institutional matters, leading to nepotism. Mostly importantly, according to Confucian morals and high collectivism culture, to help one's five cardinal relationships (*wu lun*) is a virtue but people in the two cities seem not be educated by Confucian principles to follow laws. Thus, people are not ashamed to break rules or laws, but sometimes show off their illegal *guanxi* practice in front of their friends. All in all, traditional culture in the two cities influences the institutions and the implementation of institutional regulations. It is argued that the current institutional system is, in part, driven by Chinese culture.

Second, some *guanxi* practice seems not to be associated with institutions: for one thing, some *la guanxi* obviously do not break any rules or laws. For another, some expressive *guanxi* practice, such as bringing gifts to friends without any instrumental purpose, is simply a part of people's lives and has no association with institutional systems at all.

Third, whether or not there is institutional change, *guanxi* practice, including *la guanxi*, still widely exists in the two cities. Although institutional causes also matter to the *guanxi* phenomenon, the practice of *guanxi* by people in the two cities is a lifestyle deeply rooted in culture. In addition, other Chinese societies without the Chinese institutional structure, such as Taiwan, Hong Kong, and Singapore, are still found to have some *guanxi* practices (Yeung and Tung 1996; Dunning and Kim 2007). This further confirms the finding that cultural causes are the root of the *guanxi* phenomenon as it is experienced today.

Thus in contrast to existing research, the research presented in this book has found that the cultural causes of *guanxi* are fundamental, although both institutional and cultural causes have an effect on the *guanxi* phenomenon.

Guthrie (1999) argues that as formal law is increasingly respected, the role of *guanxi* practice as an institutionally defined system is diminishing in the urban industrial sector, although Yang (2002) does not agree:"*guanxi* practice may decline in some social domains, but find new areas to flourish, such as business transactions, and display new social forms and expression" (Yang 2002, p. 459). Based on the research findings presented here, the present author predicts that the influence of *guanxi* in circumventing the law and the institutional system is decreasing. However, the *guanxi* phenomenon will never really diminish as Guthrie claimed. Indeed, *guanxi* is resilient in adapting to new institutional arrangements (Yang 2002). When reforms were introduced in City A, the use of *guanxi* to obtain school places stopped in key schools but remained widespread in better common schools. The practice of *guanxi* should be understood as a cultural phenomenon with different forms and expressions under different institutional systems.

9.3 Implications for Theory

The book deals with a topic central to the sociology of modern China. Through consideration of parents' mechanisms for obtaining school places for their children, this book sets out to shed light on a process that has not been described before: developing and using three types of social capital—bonding, bridging and linking—in China.

This study adds to the understanding of *guanxi* practice the observation that *la guanxi* is full of ritual, which is more significant in moderate *guanxi* than in close and distant *guanxi*, and contributes more to bridging social capital than bonding social capital. The research emphasises the flexible, adaptable, ever-changing, continual nature of *guanxi* closeness. It explores the importance of ritual in *guanxi* practice and examines how people practise ritual at different closeness levels of *guanxi*. It distinguishes expressive and instrumental *guanxi* practice, as well as expressive and instrumental ritual. It points to the relationship between institutional and cultural causes of *guanxi*, and finds that cultural causes are highly significant. This research not only provides evidence about how ritual is used in *la guanxi*, but also the detailed process by which money and power are used to practise *guanxi*, which is rarely reported in such detail.

This research also explores culture and values at a deeper level than many previous studies, to explain how and why *guanxi* is used. It finds that *la guanxi* (instrumental *guanxi* practice) is not based mainly on Confucian virtues (*ren*), but rather on instrumental *li*; and that it is instrumental *li*, rather than *ren*, that motivates *la guanxi* in the two cities. Instrumental *li*, a part of *renqing* ethic, is the shared value or norm behind ritual practice in *la guanxi*. The legitimating role of claims to *li* now serves as a popular excuse to *la guanxi* and even engage in corruption. This instrumental *li* always stresses the actors' moral obligation and emotional attachment, and masking their rational calculations.

Most importantly, this research proposes a new concept, called "ritual capital", which is believed to be a good analytical tool for studying Chinese social capital. Chinese social capital at micro level is ritual oriented, and the use of ritual to develop social capital has been a lifestyle and culture phenomenon. Since ritual and custom can be viewed as embodying what a particular culture expects in terms of rights and duties acting as laws (Chang 2010, p. 557), the new concept of ritual capital will help scholars from sociology, anthropology, China studies, international relations, and many other fields to have a better understanding of the nature of Chinese culture and society.

Furthermore, the concept of ritual capital provides a new way of understanding human relations. Borrowing the theory of social capital, the ritual capital concept moves forward the theory of interaction ritual proposed by scholars like Durkheim, Goffman and Collins, by pointing out that interaction ritual provides not only emotional energy and group solidarity, but also social capital. Everyday life is the experience of moving through a chain of interaction rituals, in which some symbols are charged with emotional significance, and some interaction rituals, if done properly, will improve one's ability to mobilise social resources. It is important to learn how to do ritual properly since throughout our lives we are constantly being socialised by our interactional experiences (Collins 2004).

The concept of ritual capital is also highly significant in the field of *guanxi* studies. Ritual capital describes the special way in which Chinese people deal with the complex process of making and using social relationships to build up and use their social capital. Many theorists have shown that bridging social capital is more beneficial to one's career than bonding social capital (Granovetter 1974; Lin 1982, 1990; Burt 1995; Putnam 2000; Halpern 2005); the new concept of ritual capital is therefore significant in the theory of social capital and many aspects of social science.

Discussions of interaction rituals by Durkheim, Goffman and Collins suggest that some form of ritual capital exists in all societies. Human beings differ in detail, but we are everywhere intellectually akin, since we are constructed of the same ritual processes (Collins 2004). "Ritual capital" may not be limited to the study of China. Different countries or cultures may have their own rituals, which are likely to affect social capital. Ritual capital, a new concept based on the findings of this study, with all its possibilities of development, has some claim to be a universally applicable theory of social capital. Whether and how ritual capital, a concept developed from a case study in China, is applicable to other countries or cultures needs to be tested empirically.

Note

1. Chang's negative *wanglai* is excluded since it is not related to social distance.

Bibliography

Barbalet, J. (2014). The structure of *guanxi*: Resolving problems of network assurance. *Theory and Society, 43*(1), 51–69.

Burt, R. S. (1995, August 19–23). *Social capital, structural holes, and the entrepreneur*. Paper presented at the annual meeting of the American Sociological Association, Washington, DC.

Chang, X. (2010). *Guanxi or Li Shang Wanglai? Reciprocity, social support networks, social creativity in a Chinese village*. Taipei: Scholarly Publishing Business, Airiti Press Inc.

Coleman, J. S. (1990). *Foundations of social theory*. Cambridge, MA: Belknap Press of Harvard University Press.

Collins, R. (2004). *Interaction ritual chains*. Princeton: Princeton University Press.

Confucius. (2008). *The analects*. English-Chinese edition. Beijing: ZhongHua Book Company.

Dunning, J. H., & Kim, C. (2007). The cultural roots of *guanxi*: An exploratory study. *World Economy, 30*(2), 329–341.

Durkheim, E. (1965 [1912]). *The elementary forms of religious life*. New York: Free Press.

Fei, X. (1992 [1947]). *From the soil: The foundation of Chinese society* (trans: Gary G. Hamilton and Wang Zheng). Berkeley: University of California Press.

Gold, T., Guthrie, D., & Wank, D. (Eds.). (2002). *Social connections in China: Institutions, culture, and the changing nature of guanxi*. Cambridge: Cambridge University Press.

Granovetter, M. (1974). *Getting a job: A study of contacts and careers*. Cambridge, MA: Harvard University Press.

Guthrie, D. (1998). The declining significance of *guanxi* in China's economic transition. *The China Quarterly, 154*, 254–282.

Halpern, D. (2005). *Social capital*. Cambridge: Polity.

Hardin, R. (2006). *Trust*. Cambridge: Polity.

Hwang, K. K. (1987). Face and favor: The Chinese power game. *The American Journal of Sociology, 92*(4), 944–974.

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

Lin, N. (1982). Social resources and instrumental action. In P. Marsden & N. Lin (Eds.), *Social structure and network analysis* (pp. 131–147). Beverly Hills: Sage.

Lin, N. (1990). Social resources and social mobility: A structural theory of status attainment. In R. Breiger (Ed.), *Social mobility and social structure* (pp. 247–271). New York: Cambridge University Press.

Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community*. New York/London: Simon & Schuster.

Smart, A. (1993). Gifts, bribes, and *guanxi*: A reconsideration of Bourdieu's social capital. *Cultural Anthropology, 8*(3), 388–408.

Yan, Y. (1996a). The culture of *guanxi* in a north China village. *The China Journal, 35*(1), 1–26.

Yan, Y. (1996b). *The flow of gifts: Reciprocity and social networks in a Chinese village*. Stanford: Stanford University Press.

Yang, M. M. (1994). *Gifts, favors, and banquets: The art of social relationships in China*. New York: Cornell University Press.

Yang, M. M. (2002). The resilience of *guanxi* and its new deployments: A critique of some new *guanxi* scholarship. *The China Quarterly, 170*, 459–476.

Yeung, I., & Tung, R. (1996). Achieving business success in Confucian societies: The importance of *guanxi* connections. *Organisational Dynamics, 25*(2), 54–65.

Appendix

Appendix 1: Glossary

Terminology	*Chinese*	*Definition or explanation*
biaoda renqing guan huai	表达人情关怀	To express one's emotional feeling and concern
bu dong renqing	不懂人情	Know nothing about *renqing* rules
bu lu	补录	Additional recruitment
chaxugeju	差序格局	Differential mode of association, a special social construction influenced by Confucian culture in Chinese society
dao fa ziran	道法自然	Imitation of Nature
doing/selling *a renqing*	做人情/卖人情	Doing a favour
fa zhi	法制	Rule of law
gaining/earning a *renqing*	挣人情	Making others indebted to you
ganqing tou zi	感情投资	To deliberately foster affection with someone
gao kao	高考	University entrance examination
guanxi	关系	Personal connections based on Chinese culture, which can be utilised or potentially utilised to acquire resources
guanxi base	关系基础	A shared common origin or identity held by two or more persons
guanxi hen tie	关系很铁	Very good relationship
guimi	闺蜜	Close friends among women

(continued)

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8

Appendix 1 (continued)

Terminology	*Chinese*	*Definition or explanation*
heixiang caozuo	黑箱操作	Black case work; cases done secretly
jiang xinyon	讲信用	To be trustworthy
jiangwa	见外	Treating insiders as outsiders
kai xiao tiao	开小条	Give brief notes
kuo zhao	扩招	Extended recruitment – to recruit more students than planned.
la guanxi	拉关系	Pulling *guanxi*, *guanxi* practice
li	礼	Certain traditional norms that govern human conduct
lisu	礼俗	Ritual and custom
lishu	礼数	Etiquette
owing a *renqing*	欠人情	Being indebted to someone
pin die	拼爹	Competing through "father's and family's influence"
qing	情	Emotion
qian	钱	Money
quan	权	Power
qingli	情理	Rule of *renqing* ethic
ren	仁	The ethical ideal of Confucianism
renqing shili	人情世理	*Rule of renqing*
renqing wei	人情味	Human kindness
renqing lianda ji	人情练达	Being experienced in *renqing* is a great
wenzhang	即文章	knowledge and talent
renqing shigu	人情世故	*Renqing* and sophistication
renyi	仁义	Confucian virtues
si gui ding	死规定	Fixed rules
shang you zheng ce, xia	上有政策,	"The authority issues policies, the locality always
you dui ce	下有对策	has their counter measures to surround them"
shang ganqing	伤感情	Hurt someone's feelings
shun shui renqing	顺水人情	Giving other a favour easily
shouxin	手信	Gifts
suren shehui	熟人社会	A society full of acquaintance
tao	套	To link
tao guanxi	套关系	To link *guanxi* by *guanxi*
tea fee	茶水费	Money for a favour
ti mian	体面	Honourable
tuantigeju	团体格局	Organisational mode of association, a social structure based on Western society, in contrast to the social structure of Chinese society
wu lun	五伦	Five cardinal relations
wuwei	无为	Letting things take their own course

(continued)

Appendix 1 (continued)

Terminology	*Chinese*	*Definition or explanation*
zhen ganqing	真感情	Real affection
zhong ganqing	重感情	Value affection
zhong kao	中考	High school entrance examination
zou houmen	走后门	Getting in through the back door. Formal procedure avoidance; doing things in an informal and illegal way.
zunzun qinqin	尊尊 亲亲	Treating different people differently

Bibliography

Alford, W. P. (1995). *To steal a book is an elegant offense: Intellectual property law in Chinese civilization*. Stanford: Stanford University Press.

Anderlini, J. (2010). Chinese officials' children in corruption claim. *Financial Times*, 12 March.

Bai Ping. (2003). Parents vie to buy children's way into schools. *China Daily,* 5 August, p. 5.

Bian, Y. J. (2006). *Guanxi*. In J. Beckert & M. Zafirovski (Eds.), *International encyclopedia of economic sociology* (pp. 312–314). New York: Routledge.

Brewer, J. D. (2000). *Ethnography*. Philadelphia: Open University Press.

Bryman, A. (2004). *Social research methods* (2nd ed.). Oxford: Oxford University Press.

Buderi, R., & Huang, G. T. (2006). *Guanxi (The art of relationships)*. London: Random House.

Chan, C. S. (2009). Invigorating the content in social embeddedness: Ethnography of life insurance transactions in China. *American Journal of Sociology, 115*(3), 712–754.

Chu, G., & Ju, Y. (1990). *The Great Wall in ruins: Culture change in China*. Honolulu: East West Center.

Chua, R., & Morris, M. (2006). Dynamics of trust in *guanxi* networks. In Y.-R. Chen (Ed.), *Research on managing groups and teams* (Vol. 9, pp. 95–113). Amsterdam: Elsevier Ltd.

Collins, R. (1998). *The sociology of philosophies: A global theory of intellectual change*. Cambridge: Harvard University Press.

Cooley, C. (1964). *Human nature and the social order*. New York: Schocken.

Creswell, J. W. (2003). *Research design: Qualitative, quantitative, and mixed method approaches* (2nd ed.). Thousand Oaks: Sage.

J. Ruan, *Guanxi*, *Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8

Dore, R. P. (1997). *The diploma disease: Education, qualification and development*. London: George Allen and Unwin.

Farh, L., Tsui, A., Xin, K., & Cheng, B. (1998). The influence of relational demography and *guanxi*: The Chinese case. *Organizational Science, 9*, 471–488.

Flick, U. (1998). *Introduction to qualitative research*. Thousand Oaks: Sage.

Gerring, J. (2007). *Case study research: Principles and practices*. Cambridge: Cambridge University Press.

Hall, E. T. (1976). *Beyond culture*. New York: Anchor Books.

Hammersley, M., & Atkinson, P. (1995). *Ethnography: Principles in practice* (2nd ed.). London: Routledge.

Harding, H. (1994). The contemporary study of Chinese politics: An introduction. *The China Quarterly, 139*, 699–703.

Hermann-Pillath, C. (2009). Social capital, Chinese style. *China Economic Journal, 2*(3), 325–350.

Hillman, B. (2010). Factions and spoils: Examining local state behaviour in China. *The China Journal, 62*, 1–18.

Hu, H. C. (1944). The Chinese concept of 'face'. *American Anthropologist, 46*, 45–64.

Huberman, M., & Miles, M. (2003). Data management and analysis method. In N. Denzin & S. Lincoln (Eds.), *Collecting and interpreting qualitative materials* (2nd ed.). Thousand Oaks: Sage.

King, G. (1994). *Designing social inquiry: Scientific inference in qualitative research*. Princeton: Princeton University Press.

Kristof, N. (1991). China: The end of the golden road. *The New York Times*, December 1.

Kvale, S., & Brinkmann, S. (2009). *Interviews: Learning the craft of qualitative research interviewing*. London: Sage.

Lacey, A., & Luff, D. (2009). Qualitative data analysis. Available from: http://www.dcc.unicamp.br/~wainer/cursos/2s2009/Qualitative%20Data%20Analysis.pdf. Accessed 03 May 2012.

Lewis, R. D. (2003). *The cultural imperative: Global trends in the 21st century*. Yarmouth: Intercultural Press.

Lin, Y.-m. (2002). Beyond dyadic social exchange: *Guanxi* and third-party effects. In T. Gold, D. Guthrie, & D. Wank (Eds.), *Social connections in China: Institutions, culture, and the changing nature of Guanxi* (pp. 57–74). Cambridge: Cambridge University Press.

Lottery life in China. (2012). *China Daily* [online]. Available from: http://europe.chinadaily.com.cn/china/2012-02/08/content_14563364.htm. Accessed 8 Oct 2012.

Luo, Y. (2001). *Strategy, structure, and performance of MNCs in China*. Westport: Quorum Books.

Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis: An expanded sourcebook*. London: Sage.

Ministry of Education. (1992). Specific implemental rules for compulsory education law [In Chinese]. Available from: http://www.moe.gov.cn/publicfiles/business/htmlfiles/moe/moe_620/200409/3177.html

Ministry of Education. (1996a). *Rules for charging fees in compulsory education schools* [In Chinese]. Available from: http://www.moe.gov.cn/publicfiles/business/htmlfiles/moe/moe_621/201001/81880.html. Accessed 17 Apr 2014.

Ministry of Education. (2014). *Punishment of illegal act in college entrance examination* [in Chinese]. Available from: http://www.moe.gov.cn/publicfiles/business/htmlfiles/moe/moe_621/201407/171344.html. Accessed 17 Nov 2014.

Morse, J. M., Swanson, J. M., & Kuzel, A. J. (Eds.). (2001). *The nature of qualitative evidence*. Thousand Oaks: Sage.

Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review, 23*(2), 242–266.

Osland, G. E. (1990). Doing business in China: A framework for cross-cultural understanding. *Marketing Intelligence and Planning, 8*(4), 4–14.

Putnam, R. D., Leonardi, R., Nanetti, R. Y., & Dawsonera. (1993). *Making democracy work: Civic traditions in modern Italy*. Princeton: Princeton University Press.

Pye, L. (1982). *Is relationship marketing culturally bound: A look at guanxi in Chinese commercial negotiating style*. Cambridge: Oelgeschlager, Gunnand Hain Inc.

Roth, J. (1962). Comments on secret observation. *Social Problems, 9*(3), 283–284.

Rozman, G. (2002). Can Confucianism survive in an age of universalism and globalization? *Pacific Affairs, 75*(1), 11–37.

Stafford, C. (2000). Chinese partiality and the cycles of yang and laiwang. In J. Carsten (Ed.), *Cultures of relatedness: New approach to the study of kinship*. Cambridge: Cambridge University Press.

Standifird, S. S., & Marshall, R. S. (2000). The transaction cost advantage of *guanxi*-based business practices. *Journal of World Business, 35*(1), 21–41.

Stolle, D. (1998). Bowling together, bowling alone: The development of generalized trust in voluntary associations. *Political Psychology, 19*(3), 497–526.

Strauss, A., & Corbin, J. (1990). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. London: Sage.

Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* (2nd ed.). London: Sage.

Sun, X., & Zhang, Y. (2014). School admission rules revised. *China Daily* USA, Updated: 2014-02-18 07:47.

Talburt, S. (2004). Ethnographic responsibility without the 'real'. *The Journal of Higher Education*, *75*(1), Special Issue: Questions of Research and Methodology, pp. 80–103.

Tan, S. J., & Tambyah, S. K. (2011). Generalized trust and trust in institutions in Confucian Asia. *Social Indicators Research, 103*(3), 57–377.

Wong, Y., Wong, C., & Ngo, H. (2002). Loyalty to supervisor and trust in supervisor of workers in Chinese joint ventures: A test of two competing models. *International Journal of Human Resource Management, 13*(6), 883–900.

Xiong, B. (2014). Dual public-private education model needed. *China Daily* [online]. Available from: http://www.chinadaily.com.cn/cndy/2014-03/18/content_17354460.htm. Accessed 23 Mar 2014

Xuecun, M. (2012). No roads are straight here. (Opinion). *The New York Times* [on line]. Available from: http://www.nytimes.com/2012/05/09/opinion/no-roads-are-straight-here.html?_r=0. Accessed 23 Mar 2014.

Yamagishi, T., Cook, K., & Watabe, M. (1998). Uncertainty, trust, and commitment formation in the United States and Japan. *American Journal of Sociology, 104*, 165–194.

Yang, K. S. (1993). Chinese social orientation: An integrative analysis. In L. Y. Cheng, F. M. C. Cheung, & C. N. Chen (Eds.), *Psychotherapy for the Chinese: Selected papers from the first international conference* (pp. 19–56). Hong Kong: The Chinese University of Hong Kong.

Yang, D. (2004). *Remaking the Chinese leviathan*. Stanford: Stanford University Press.

Yeung, G. T. Y., & Fung, H. H. (2007). Social support and life satisfaction among Hong Kong Chinese older adults: Family first? *European Journal of Ageing, 4*(4), 219–227.

Yin, R. K. (2003). *Case study research design and methods* (4th ed.). London: Sage.

Yin, R. K. (2009). *Case study research: Design and methods* (4th ed.). Los Angeles: Sage.

Zhang, L. (2013). In China, 'everyone is guilty of corruption'. CNN [online]. Available from: http://edition.cnn.com/2013/10/23/opinion/china-corrution-lijia-zhang/. Accessed 23 Mar 2014.

Index

J. Ruan, *Guanxi, Social Capital and School Choice in China*,
Palgrave Studies on Chinese Education in a Global Perspective,
DOI 10.1007/978-3-319-40754-8