Comparing Chinese and Arab Cultural Constructs: Guanxi and Wasta

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Abstract
We start from the premise that cultural considerations are important both to understand inter-firm relationships and networks (from the scientific perspective), and to manage relationships and networks (from the managerial perspective). The focus is on cultural constructs from cultures other than the Global West, with a specific focus on guanxi from Chinese culture and wasta from Arab culture. Using qualitative data gathered in China and the UAE, we explore the differences and similarities between guanxi and wasta in the context of business-to-business relationships. Clearly, both constructs are important in relationship management within their relevant cultural contexts. Many similarities are observed, for example in connection with the importance of family connections as an antecedent and trust as a consequence of guanxi and wasta. Both constructs are associated with ‘face’ and ‘face saving’. Nevertheless, significant nuanced differences are identified between the two cultural constructs.

Introduction
For many years IMP researchers focused almost exclusively on business relationships and networks that were entirely or largely located in the Global West, before the geographical range of this research was extended into the Asia-Pacific region by way of Australia (Håkansson, 1982; Wilkinson and Young, 1994; Turnbull et al., 1996). This turn to the East brought European conceptions of business interaction and networks into contact with Chinese cultural constructs such as guanxi and xinren, a natural development of the research paradigm given the rise of China as a global industrial power. More recently, researchers have pointed out that another significant cultural bloc, the Arab world, has been largely ignored in both IMP research and more broadly in business-to-business research. It has become increasingly clear that an understanding of the meanings of cultural constructs is important to both the theory and the practice of business marketing and purchasing. Comparative analysis of significant cultural constructs is a growing area of interest within the IMP oeuvre. In this paper we start the work of comparing important cultural constructs found in the Arab world and in the Chinese world, focusing on the Arab concept of wasta and the Chinese concept of guanxi.

Business relationships are a product of the environment they operate in and many business relationships throughout Asia and the Arab world are characterised by components of their culture. The Chinese and Arab worlds both emphasise that social networks and relationships influence business interactions. However, key features of business to business interactions may vary from one culture to the other (Itthiopassagul and Blois, 1999). Business relationships must be understood within their own cultural context.

In China, guanxi is described as networks, connections, and contacts. In the Arab world, wasta designates social connections. Guanxi is an informal interaction, which depends on inter-personal trust and commitment, and is considered an antecedent to the exchange of favours (Smith et al., 2012, p. 334). This connection is a form of implied psychological contract between two individuals that permit them to maintain a mutually beneficial long-term relationship built on loyalty (Chen & Chen, 2004). In the Arab world, wasta is a form of patronage that is deeply rooted in the family. Wasta is a term used to refer to social networks of interpersonal connections embedded in family and kinship ties and involving the exercise of power, influence, and information sharing through social and politico-business networks. Generally, wasta was used as a means for handling relations between families and tribes in the Arab world. Understanding wasta is crucial to understanding decisions in the Arab World.

Following this introduction, the paper continues with a brief literature review focusing on guanxi and wasta. A few necessarily brief (given space constraints) methodological details are provided, before we
summarise the results from the comparative analysis of two qualitative data-sets, one gathered in China and dealing with Chinese business relationships, and the other conducted in the United Arab Emirates (UAE) and focusing on Arab business relationships.

**Literature review**

Wasta is a concept that summarizes the personal and collective nature of Arab society (Barnett et al., 2013, Loewe et al., 2008 and Mohamed and Mohamed, 2011). It is a personal exchange system between members of society that is rooted in the tribal structure of the Arab society (Abuznaid, 2009 and Al-Ramahi, 2009). Wasta is a significant practice in many Arab nations (Ali and Al-Kazemi, 2006; El-Said and McDonald, 2001: 77; Kilani and Sakijha, 2002; Mellahi and Wood, 2003; Yahiaoui and Zoubir, 2006). Today, wasta is the intervention of a patron in support of another in an attempt to obtain resources from a third party (Cunningham and Sarayrah, 1993 and Loewe et al., 2008). It is based on familial or clan loyalty, which Arabs leverage to get positions or promote their causes in government offices or academic institutions. If one is close to the group in power, he/she will obtain better services. Wasta is a kind of favouritism that grants someone advantages, not because of merit, but because of the tribe they belong to. Wasta is personal and most often originates from family, tribal relationships or close friendship (Smith et al., 2012). Wasta involves social networks of interpersonal relations rooted in family and kinship connections. It involves the exercise of control, influence and information sharing through political, business and social networks (Hutchings & Weir, 2006b).

Researchers agree that wasta is found widely in Arab cultures, regardless of complexity (El-Said & McDonald, 2001). Wasta is defined as “the intervention of a patron in favor of a client in attempt to obtain privileges or resources through a third party” (Mohamed & Mohamed, 2011, p. 412). Wasta is centered on creating relationships with higher status individuals and gaining advantages not for reason of merit, but basically because they are acquainted with them (Mohamad & Mohamad, 2011). The two types of wasta described in empirical literature are intermediary wasta and intercessory wasta (Mohamed & Mohamad, 2011). Intermediary wasta is mainly used to resolve interpersonal issues (Mohamed & Mohamed, 2011, p. 413). Wasta is a strategy that people use in order to solve everyday problems. Intercessory wasta is a type of wasta that comprises an individual intervening for someone else in order to attain some benefit or overcome those in power (Mohamed & Mohamed, 2011, p. 413).

Guanxi is a Chinese term commonly associated with relationships. The term guanxi “connections” is associated with interpersonal relationships in Chinese cultures (Michailova and Worm, 2003); guanxi can be used informally as a social lubricant (Gold, Guthrie and Wank, 2002: 3-20). The term guanxi has been defined as an interpersonal connection (Chua and Morris, 2006), special relationship (Su and Littlefield, 2001) or a tight or close knit network (Yeung and Tung, 1996) from which an individual can draw resources or benefits when doing business (Davies et al., 1995) through the exchange of gifts and favours to achieve mutual benefits (Pearce and Robinson, 2000). 1999, p. 36). It is considered to be “pre-existing relationships of classmates, people from the same native-place, relatives, superior and subordinate in the same work place and so forth” (Yang, 1988:411). This personalised or special type of relationship is based on the reciprocal exchange of favours (Lee et al., 2001). In China, there is a preference to do business with a friend, or someone already known, rather than a stranger (Bjorkman and Kock, 1995). Guanxi is largely developed through friendship (Zhu et al., 2005). Friendships have also been identified as a pre-requisite for building business relationships in China (see for instance, Zolkiewski and Feng, 2005). These friendships can often involve mutual obligations that are reflected in the characteristics of guanxi.

Although guanxi may operate at an organisational level, ultimately it is the two people who are involved in the relationship who are expected to reciprocate favours (Seligman, 1999). More importantly, employees consider guanxi to be a personal asset whose obligations and favours they are willing to introduce into their working lives (Yeung and Tung, 1996). If guanxi occurs at a personal level, and business relationships operate at both an interpersonal and inter-organisational level, it could be argued that elements of guanxi will be present in Chinese business relationships. As individuals interact with
their counterparts during business interactions, guanxi characteristics may be displayed during exchange.

Both wasta and guanxi use social networks to influence the distribution of advantages and resources. However, while guanxi is based on Confucian ethics that focus on strengthening collective ties, wasta violates Muslim ethics which emphasise avoidance of illegal practices. Additionally, while some researchers have argued that guanxi may benefit organizational competitiveness and performance, no such claims are made for wasta. Whiteoak, Crawford and Mapstone (2006) showed that young Emirati citizens believe that wasta is more useful to them than any other form of social capital. Wasta and guanxi are comparable in that both relationships are hierarchical and comprise long-term emotional commitment from both parties (Smith et al., 2012). Like guanxi, wasta is also deliberated as social capital and is based on personal trust therefore firms with strong social capital can be presumed to be trustworthy or at least they have established a trusting relationship with several other firms. Table 1 shows a summary of their comparative key features of the two kinship systems, guanxi and wasta.

Table 1: Key Aspects of Guanxi and Wasta

<table>
<thead>
<tr>
<th>Concept</th>
<th>China</th>
<th>Arab World</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td>China</td>
<td>Egypt, Iran, Jordan, Palestine, Saudi Arabia, Syria, GCC (Gulf Cooperation Council) of Bahrain, Kuwait, Oman, Qatar, United Arab Emirates, and Yemen.</td>
</tr>
<tr>
<td>Definition</td>
<td>Strong family networks/Interpersonal connections (Yang, 1994).</td>
<td>Interpersonal connections based on family and kinship ties (Hutchings &amp; Weir, 2006b).</td>
</tr>
<tr>
<td>Related concepts</td>
<td>Face, trust.</td>
<td>Shura (Consultation). Executives tend to rely on advice provided by friends and relatives, rather than experts (Rice, 2004).</td>
</tr>
<tr>
<td>Influence on social practices</td>
<td>Family relations as the foundation for nonfamily relations (Ho, 1998).</td>
<td>Family is the most important force in society and is the base for job security and advancement (Rice, 2004).</td>
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<tr>
<td>Influence on business practices</td>
<td>Personal or organizational problems are solved through relationship networks (Hutchings &amp; Weir, 2006b), as they facilitate working relations (Weir, 2003).</td>
<td>Extended family structure influences business behavior (Rice, 1999) and the exercise of power (Hutchings &amp; Weir, 2006b).</td>
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Source: Original

Guanxi is a relationship between two people expected, more or less, to give as good as they get. Wasta involves social networks of interpersonal connections rooted in family and kinship ties and involving the exercise of power, influence, and information sharing through social and politico-business networks. It is inherent to the operation of many valuable social processes, central to the transmission of knowledge and the creation of opportunity. In the case of the Arab world, the concept of wasta makes reference to social connections and its influence on decision making (Cunningham & Sarayrah, 1993, 1994). Its study at the academic level has not been as extensive as the study of guanxi, but both concepts hold similar features such as the exchange of favours and gifts and the expectation of reciprocity (Hutchings & Weir, 2006b).
Even though it is clear that terms such as guanxi and wasta make reference to the setting of social networks with potential business purposes (i.e., networking), they can be approached from multiple and different perspectives. The phenomenon has been studied in China where it is known as guanxi (for a thorough review on guanxi, see Chen, Chen, & Huang, 2013), and in the Arab world as wasta. Guanxi and wasta are of vital importance in order to understand the dynamics of the Chinese and Arab cultures, respectively. There are, however, differences such as in the duration of the relationships. While the Chinese guanxi is long-term oriented, the Arab wasta is short term. This could lead to misunderstandings when generalizing about networking in each of these cultures.

Methodology
The data presented in this research was collected through in-depth qualitative interviews in both UAE and China. The data collected in the UAE involved 50 interviews, with managers from the banking sector. Interviews collected in China from suppliers and buyers of a multinational pharmaceutical organisation, a total of forty-five interviews were undertaken. The positions occupied by the interviewees varied from managers, sales representatives, thereby allowing for the inclusion of many different perspectives. The findings from this analysis are presented below. The interviews data was coded using a thematic schema for purposes of analysis. The codes emerged from the data with similar themes being coded together.

Findings
The empirical research findings illustrate the key aspects of “wasta” and “guanxi”. It also draws on the key similarities and differences between the two concepts.

Wasta
The findings from the empirical research indicate that wasta is considered an important and necessary aspect of conducting business relationship for some respondents. For example: ‘Wasta is available in our daily life especially we have come from tribal background where the blood bonds and the social bond are still there (Emirati Client 16). Wasta is referred to as ‘a cultural issue. For this reason, we cannot avoid it. (Emirati client 11)’. This suggest the importance and influence within business-to-business interactions, and business activities. If the individual’s wasta is not sufficient to access other corporations, the relationship manager might need to use the social network to find wasta or a person to support him/her as an “intermediary” or the third party and in this case wasta acts as a bridging social capital (El-Said & Harrigan, 2009). For example: ‘It happened with me couple of times, I relied upon the worthy relationships that I have with my customers to act as my wasta. I used it especially when I don’t know the decision-makers’ (Emirati client 5). Wasta is developed through gifts, meals and entertainment, which are used to create credibility or goodwill.

Wasta, was found to be important in realising benefits in business relationships. The wasta developed outside of the business relationship provided him with access to a network of information and influence within that relationship as described by relationship manager (Emirati banker 7):

*The corporate banker gave the deal to the corporate client whom he has relationship with or from his own clan or tribe. The corporate banker may help me, but I am pretty sure that he will help more a client from his clan or tribe because he feels more comfortable to deal with relationship manager from his own clan and because that relationship manager will not do something that will lead the banker to lose face with his own superiors. (Emirati banker 7)*

An important cultural aspect of wasta is evident in the issue of ‘face’ and ‘losing face’ amongst those in senior positions. Wasta can be seen as the act of compromising and finding solutions to the person who performs this act (Cunningham and Sarayrah, 1993, p.4). It plays a noteworthy role in decision making in business relationships in the UAE. During interviews, wasta was generally confirmed as being used broadly to accelerate the process of document handling, attain access to decision makers, and to gain precedence among clients: ‘Having wasta in the bank is a good thing, because the procedures can run smoother and you can get information and help quicker’ (Emirati client 20).
It seems that Wasta is adopted by foreign managers to support their business interaction. Four non-Emirati respondents claimed that they used wasta if they needed more support from their bankers. For instance, a French client with long experience in the area remarked: ‘If I need more facilities for my project, for example, I know exactly whom to use for wasta and I will have it tomorrow. If I want the same service in the UK, I need a long time of going through various stages of bureaucracy and I might still not get it’ (Non-Emirati client 10). Non-Emiratis are less likely to have used status and position to gain wasta, but could obtain it through their networks and connections. This indicates that managers regardless of their cultural background need to adopt Wasta to conduct business interactions efficiently within the UAE. The results demonstrate that wasta has a significant influence on making business decisions, improving efficiency in business processes and maintaining business networks.

**Guanxi**

Respondents view guanxi in different ways: as a necessity, reciprocal obligations and as mutual benefits. Some respondents talk about guanxi as a crucial aspect of doing business in China. In the Chinese context, a network is important as our respondents illustrate.

Of course I think guanxi is everywhere whatever the local company or multinational. (Reference 4)

Many respondents agree that it is essential to develop guanxi in order to work in China. This applies to both business partners and important patrons in general. The Chinese want to develop and create guanxi with people who can help them. Guanxi is seen as favors that need to be repaid so as to restore the balance in the relationship or as a service that can be bought in return for a similar service in the future.

Guanxi is sort of long term relationship. It is not one off trade such as contract, such as sort of project, cooperation (Reference 11)

In my view, it is quite important that you should focus on long-term relationships, establishments. And you should go step by step and not just focus on the close objective and current target. (Reference 1)

In this respect, reciprocity makes guanxi more than a friendship or a simple interpersonal relationship, since its favors serve not only as a method of solving problems but also of evaluating guanxi quality. Moreover, it highlights a long-term orientation.

**Giving Face (Respect)**

Giving face (respect) when doing business with the Chinese is an important characteristic of guanxi. All of the respondents reported experiences of giving face and respect, while discussing the ways how to build and maintain guanxi. Protecting and saving face or dignity and prestige goes hand in hand with fostering guanxi. They work on a reciprocal basis where the involved parties of a business relationship must show respect and save face for each other (Buckley et al. 2006). Fang (2003) also recommended that face is extremely connected with other Chinese values, like relationships by status and favours and gifts.

They go through bidding process he prepare the documentation. But he still has to prepare gifts, builds additional relationship. (Reference 5)

It is before that tender start, then it is like that you should have some basic relationship already then you further build it on or whatever you do you just talk to them maybe sometimes could also help like have the trust then he is sort of committed to you then in the biding section then they will be favor to your bide. (Reference 6)

In Chinese business culture, face states a person’s place in his or her social network. It combines one’s social status or prestige, and one’s reputation for integrity and morality. Social position, respect, and personal honour are very imperative in China. Face can be reflected in many ways, such as wealth, intelligence, attractiveness, skills, position, and of course good relationships (guanxi). Having
“face” means you are viewed by your peers, seniors, and assistants as a person in harmony with the dominant values of society. Face represents the need to be respected by others and not be humiliated in social interactions. Though the desire to save face is common in many business environments, it is of vital importance in China. Furthermore, individuals within the Confucian cultural society are extremely stimulated to do the right things to earn the face and pursue harmonious status and balanced guanxi linkages. Else, one may lose face due to the shame of dishonest behaviors in the public (Hwang, et al., 2008, p. 238).

**Trust**

From the data analysis, trust was perceived as an important characteristic of guanxi. There is a strong link between trust and the other most significant characteristics. The importance of trust is underlined below along with the benefits of developing good guanxi and strong relationships.

*For the ones we have already a good relationship with him, you can imagine that trust is very important. But for the one just have the initial relationship with him, in this situation maybe our key opinion leader have not much trust at us. But you have to show you have done so much for her to gain her trust. (Reference 13)*

There are different factors in guanxi or relationship. Trust is one factor. To develop a good relationship in self-activities, one need to communicate well with others. And it does not essentially you only talk business with them, you talk issues in daily lives. You may have dinner together, and you may do sports together to build good relationships. That’s important for business.

*Because like this guy you know each other but suddenly you found his parents know each other or they are from the same company or they are schoolmates or they are classmate, whatever, they have some kind of relationship. And suddenly they feel they have a close relationship, they are a little bit more trust than before. But otherwise these people they feel they have no kind of relationship with me so far. (Reference 6)*

According to the respondents’ comments and experiences above, it is suggested that the element of trust is still an imperative part of business practices in China, though confirming that contracts are robust is equally important even though people do rely on trust. Most Chinese do not trust strangers till they have had the prospect to get to know them better. They have to go through a process of repeat exchanges of favors and the giving of face (Davies et al. 1995), during which trust is built between two individuals (Luo, 2007). The majority of our respondents confirmed that when doing business with Chinese, trust is essential. More time needs to be spent on the personal aspects of business. Dinners, discussions, family level get-togethers are all typical practice in order to get to know each other before starting business.

**Conclusion**

In this exploratory paper we begin to investigate the similarities and differences between two important non-Western cultural constructs. This is an endeavour that has not previously been conducted within the IMP literature. As a means of opening up a discussion in this paper, we provide comparative insights into two cultural constructs, guanxi and wasa. As managers increasingly engage in activities globally, understanding business interactions within multiple markets becomes more important. This research has illustrated that there are similarities in the concepts that are important for managers operating in both China and the Arab world. In particular interpersonal relationships that are built through networks of family and friends are important and both cultures consider trust and face to be important concepts. Although both guanxi and wasa consider interpersonal relationships to be important, the origins of the interpersonal relationship differ to some extent. Wasta clearly originates very largely from kinship relations notably the family and the clan. Guanxi originates from friendships and relationships between colleagues. In our qualitative research, all non-Chinese
managers who were questioned about guanxi associated it with corruption, whereas non-Arab managers had a more ambiguous attitude towards wasata and even embraced aspects of wasata to conduct business. Finally, face is important to both cultures. Managers can use this knowledge to determine strategies that they would like to adopt to develop interpersonal relationships with China and the Arab world. Furthermore, these findings can be used to train managers about their expectations of interactions within these complex cultures. Future research will aim to provide further detailed insights in to the specific constructs associated with guanxi and wasata such as trust and face.

REFERENCES


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