

GUANXI AS ORGANIZATIONAL PRACTICE AND STIMULUS FOR INTERCULTURAL ADAPTATION: EXPERIENCES OF LARGE EXPORTING COMPANIES TO CHINA

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ABSTRACT:

Objective: This study aimed to understand how Brazilian companies exporting to China develop Guanxi as an organizational practice and how these companies can use Guanxi as a stimulus for intercultural adaptation and to reduce the psychic distance between Brazil and China.

Method: This was a multiple case study using in-depth interviews and secondary data research from three major meat exporting companies to China. Additionally, interviews were conducted with ten experts who have experience in the subject. Data analysis was performed using content analysis, supported by ATLAS.ti software.

Main Results: The results show that: the factors of psychic distance between Brazil and China are administration (including legal issues), economic and industrial development, and culture; to deal with these factors, companies demonstrate that they are knowledgeable about and extensively use Guanxi; Guanxi is effectively presented as an organizational practice and as a stimulus for intercultural adaptation and the minimization of psychic distance barriers.

Relevance / Originality: The study contributes to the field of International Business by highlighting the incorporation of Guanxi as an organizational practice among companies operating in China and raising questions about its cultural value, future, and the existence of psychic distance in negotiations. The findings have practical implications as they assist Brazilian entrepreneurs in defining export strategies to China.

Theoretical / Methodological Contributions: The study provides an essential contribution to the theory as Guanxi is a practice already incorporated by companies dealing with China. New questions arise, such as: To what extent is China still a country that values culture (and Guanxi) and how much it is a business-focused country (similar to European and American ones)? What will be the future of Guanxi? Will it cease to exist or adopt another approach? Does a precise psychic distance still exist between countries in international negotiations? Or are they cultural differences that internationalized companies seek to reduce during business dealings?

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INTRODUCTION

China has been Brazil's leading trading partner since 2009, and trade relations between the countries have become increasingly more robust (Fracaroli, Melo & Guevara, 2012; Silva, Abrão, Rodrigues, & Silva, 2021). Data from the Ministry of Economy show that, between 2020 and 2021, there was a growth of 19.5% in trade between countries, and Brazilian exports to China grew by 28% (Silva et al., 2021) — with products such as iron ore and its derivatives; crude petroleum or bituminous mineral oils; soy; beef; and cellulose, which the Chinese market absorbs from Brazil (Apex Brasil, 2020).

In addition to trade, China is a substantial investor in the Brazilian economy, especially in terms of Foreign Direct Investment (FDI), which goes towards economic activity generating employment and income. Data from the 2019 United Nations Conference on Trade and Development (UNCTAD) indicated that the global flow of FDI grew by 3%. It reached 1.54 trillion dollars, with Asia being the largest continent that has received the most investment in recent years, achieving in the last decade a growth of 99% in relation to the previous period.

With the growth of the partnership between Brazil and China, some challenges became more present in the search for commercial relations for Brazilian companies. Data from the "Guide to Investment in China" by InvestSP and BDCo (2021) point out that the main challenges for Brazilian investors in China refer to the physical distance between countries and barriers of psychic distance, such as cultural differences, institutional mechanisms, language, intellectual property, and the dynamics of the Chinese market.

For Cyrino, Barcellos & Tanure (2010), seven dimensions make up psychic distance: culture, language, religion, education, administration, economic and industrial development, and geographic distance. For these barriers to be overcome, it is not enough to know the culture of the desired country, but above all to have strong social relationships. In this sense, there is an essential cultural trait in China that is the basis of these relationships, the so-called Guanxi.

Guanxi refers to relationships, ties, or connections, and this already lays the groundwork for understanding the Chinese approach to building social networks and business relationships (Zhan & Pimpa,

2010). In China, Guanxi represents one of the most critical and crucial cultural manifestations of the complex system of networks of personal connections based on the bonds of trust between people (Smith, Chen, & Anderson, 2015). Thus, Guanxi is considered a characteristic that starts from the individual and can become present in organizations. It can become an organizational asset, provided that the individual members are willing to understand and apply Guanxi as an organizational practice, thus generating satisfactory results (Schiavini, Scherer, & Coronel, 2012).

In this sense, studies have been developed to understand the role of Guanxi, especially in the international context and in different sectors and approaches (for example, Cai, Jun, Wang, & Yang, 2021; Chung, 2011; Li, Tian, & Wang, 2021; Miao, Qian, Banks, & Seers, 2019; Niu, Deng & Hao, 2020). In the context of the specific relationship between Brazil and China, there is the study by Fracaroli, Melo, and Guevara (2012). They proposed to study the relevance of Guanxi for Latin American companies doing business in China. Despite this, their results come from bibliometrics in the Web of Science database, raising a gap in empirical data to understand the phenomenon.

Schiavini and Scherer (2015) investigated how Brazilian companies operating in China developed Guanxi to overcome the liability of outsiders. The authors found several benefits of Guanxi, specifically for companies in the service sector. In this sense, they suggest understanding the development of Guanxi in other sectors and branches of activity, which is the primary motivation of the present study — together with the gap in empirical data, mainly from manufacturing companies and representing the main trade sectors between Brazil and China.

Given the above, it is evident that Guanxi is a relevant organizational practice for exporting companies to China, particularly in terms of intercultural adaptation. It is clear that having close and comprehensive connections built on high-quality social interactions and reciprocal exchange of mutual benefits, incorporating Guanxi as an organizational asset, improves competitiveness. The establishment and cultivation of Guanxi networks stimulate cultural and intercultural adaptation, overcoming barriers and fostering successful relationships. Understanding and implementing Guanxi contributes to the intercultural adaptation experiences of exporting companies to China.

It is worth mentioning that the study by Fernandes, Cislighi, and Wegner (2018) is known to focus on the role of Guanxi in the development of trust in a collaborative project between a Brazilian and a Chinese company to operate in the synthetic offshore mooring cables market. Still, for the oil industry, this study's scope does not effectively address organizational practices and how Guanxi can help in intercultural adaptation — one of the main barriers to trade between Brazil and China, as listed above.

Thus, this study aimed to describe how large Brazilian companies exporting to China develop Guanxi in organizational practice and how these companies can use it as a stimulus for intercultural adaptation, reducing the psychic distance between Brazil and China. To this end, the article is structured in five sections: first, we contextualize the research; then we present the theoretical basis of Guanxi and its application as an organizational practice and intercultural adaptation; next, we explain the methodological procedures of the research, followed by an analysis and discussion of the results; finally, we present the final considerations, research limitations, and recommendations for future research.

1. THEORETICAL BACKGROUND

1.1. Guanxi

Recognizing the importance of Guanxi in understanding Chinese culture and society is essential for building relationships. Whether in everyday conversations or business, Guanxi is mentioned as the greatest of the laws that govern social life. Guanxi refers to a close and comprehensive connection/relationship

built on high-quality social interactions and the reciprocal exchange of mutual benefits — which has proven valuable in conducting business in institutional and economic contexts (Badi, Wang & Pryke, 2016; Yang & Wang, 2011).

His theory is rooted in Chinese culture, based mainly on the theories of networks and social capital (Liu, Woywode & Xing, 2012). It refers to interpersonal relationships, connections, ties, or networks. It is a relational network with the Chinese (Chen & Chen, 2004; Farh, Tsui, Xin, & Cheng, 1998). Guanxi is a compound word, “guan” (doors) is associated with assigned personal relationship bases; and “xi” (connections or relationships) is linked to the result of historical or ongoing interactions (Schiavini, Scherer, & Coronel, 2012).

Luo (2001) is referenced in the literature as the most comprehensive work on the characteristics of Guanxi. The main traits associated with the term are its utilitarian, reciprocal, personal, transferable, temporal, and intangible character — as explained in Table 1.

In the last three decades, research related to Guanxi has become more widespread, and many facets of the subject and its impacts have been studied. In this perspective, it can be classified into three constructs, namely: *gǎnqíng* (affection), *rénqíng* (reciprocity of favors), and *xinren* (personal trust) (Lee & Dawes, 2005).

It is noteworthy that foreign companies can gain an advantage over their competitors in the Chinese market by building and maintaining their own healthy Guanxi networks in a country that can be an effective marketing tool. Therefore, Guanxi is essential for foreign companies that want to operate in the Chinese market (Luo, 2001).

Table 1. Main characteristics associated with Guanxi.

Characteristics	Explanation
Utilitarian and reciprocal	Guanxi connects two parties through reciprocal exchanges of favors as a form of social coexistence.
Personal, and transferable	Even if Guanxi is supported by individual relationships strongly related to trust, honesty, reciprocity, respect, and social status, it can be transferred through recommendations and references. In this way, the entire relationship within the Guanxi is considered a stock of relational capital that must be conserved in times of abundance and plenty but mobilized in times of need.
Temporal and intangible	It is developed and reinforced through ongoing long-term interpersonal interactions and associations and expressed through the informal codes of a relationship.

Source: Elaborated based on Fernandes et al. (2018, p. 246) and Luo (2001).

1.2. Guanxi as an organizational practice and stimulus for intercultural adaptation

Guanxi is a social capital resulting from the relationship between two parties who have developed reciprocal and genuine exchanges (Standifird, 2006). For the author, organizations can become more competitive within the Chinese market with Guanxi as an organizational practice, as long as the company is formed by individuals involved in business practices based on Guanxi. In other words, this is done by transforming it into an organizational asset to the extent that individuals are willing to understand and practice Guanxi to achieve organizational goals.

The most common model for developing Guanxi in companies is that of Chen and Chen (2004), consisting of a three-step process: inception, construction, and use (see Table 2). For the authors, this process is marked by the exchange of favors regulated by the principle of long-term equity. This can be seen in the topic referring to the characteristics of Guanxi. The principle holds that individuals in an exchange situation have the right to share their outcomes according to their contribution to the exchange process, as noted in Table 2.

According to Standifird (2006), Guanxi is established when the organization has the most significant number of individuals connected to the network, working towards satisfactory results. Therefore, "just because two individuals work within the same organization, it does not mean that these individuals will have a good Guanxi with each other," and this must be cultivated both within an organization and across organizations. Thus, Guanxi can be an organizational practice as long as it is applied by everyone in the organization, making it possible to stimulate cultural and intercultural adaptation (Standifird, 2006, p. 176).

In this sense, for Freitas (2008), the greater the intercultural adaptation of individuals, the greater the personal and professional development. This intercultural adaptation is intensified due to an increasingly interconnected world, generating economic, technological, and cultural influences.

When it comes to culture, the principles of Hofstede should be highlighted, who was one of the pioneers in dealing with culture, since his first works in 1980/83 on the cultural relativity of organizational practices and theories. The author emphasized that culture is the collective programming of the mind and that this is what distinguishes one group from atypical ones. His studies are the basis for much research, as he developed work in different cultures involving different dimensions.

When speaking in international business, it is clear how cultural differences can influence the institutionalization and adaptation of management practices, thus affecting organizational performance (Freitas, 2008; Gerhart & Fang, 2005; Oliva, Sánchez & Muro, 2015; Reis, 2015; Schneckenberg, Truong & Mazloomi, 2015). If carried out with individuals who seek knowledge about the cultures they wish to relate to, these interactions increase the organization's ability to establish new relationships and maintain associations between different countries (Schneckenberg, Truong & Mazloomi, 2015; Smith & Lyles, 2011).

Therefore, many companies use intercultural groups to operate in their projects, usually composed of individuals descended from the different countries they wish to relate to (Gerhart, 2008; Hajro, Gibson, & Pudelko, 2015). This seeks to develop communication elements that have an influence on intercultural relationships. Examples are marginality, stereotypes, differences in style, language skills, cosmopolitanism, cultural sensitivity, cultural intelligence, and the willingness to accept something as satisfactory (Tay-

Table 2. Main characteristics associated with Guanxi.

Phase	Objective	Interactive Activities	Operational Principles
Start	Creation of Guanxi bases	Familiarization	Mutual self-disclosure
Construction	Increase in Guanxi quality	Expressive and instrumental interactions in transactions	Dynamic reciprocity
Use	Obtaining benefits, reassessing the quality of Guanxi	Favor exchange	Long-term equity

Source: Elaborated based on Chen and Chen (2004, p. 310).

lor & Osland, 2011). These issues can be barriers for many countries and can be overcome by searching for knowledge between cultures, thus favoring relationships and, consequently, intercultural adaptations (Hong, 2010).

Guanxi is a central concept in Chinese culture that involves the development of relationships based on trust, reciprocity, and mutual obligations. In the context of international business, Guanxi can be seen as an organizational practice used by companies to establish and maintain meaningful connections with Chinese partners, seeking competitive advantages and business opportunities. This practice goes beyond commercial transactions and involves social, emotional, and cultural aspects. Guanxi plays a crucial role in building enduring relationships, overcoming cultural barriers, and facilitating intercultural adaptation between foreign and Chinese companies. Its influence in international business is widely recognized and studied, and previous research has demonstrated its importance in achieving success in Chinese markets (Chen & Chen, 2004; Luo, 2011; Yen, Barnes, & Wang, 2016). Therefore, the proposed study aims to deepen the understanding of Guanxi as an organizational practice and its role in facilitating intercultural adaptation in international business relationships, with a focus on the field of internationalization.

2. METHODOLOGICAL PROCEDURES

The research is characterized as descriptive, with a qualitative approach, through a multiple case study. This choice is justified by providing a greater richness of descriptive data, allowing for a better visualization and understanding of the researched context. It has proved to be a suitable strategy for achieving the research objectives, as case studies are conducted when the phenomenon's context is not clearly defined. This is the case with this research, since there are no findings in the literature that relate all the chosen constructs (Yin, 2017).

2.1. Research context and strategy

This work is a multiple case study regarding the research strategy. To this end, three large Brazilian companies that operate in the agribusiness sector were intentionally chosen, focusing on exporting meat to

China. The companies were chosen based on relevance (since they are manufacturing companies and operate in one of the most critical trade segments between Brazil and China). The choice was also based on the possibility of choosing agribusiness with a focus on meat exports. The list of companies qualified for this process is quite limited, as most data are confidential and protected by law.

2.2 Research subjects

The selection of research subjects was based on their link and importance for trade relations between Brazil and China. We initially sought to conduct interviews with the representatives indicated by the three companies (cases) — according to the information presented in Table 3. To maintain the confidentiality of the companies that were part of the multiple case studies, they are identified as Company 1, Company 2, and Company 3.

In addition to company representatives, ten experts who work directly in business dealings in China were interviewed. The inclusion criterion for the experts was mandatory experience, contact, and negotiations between Brazil and China, as well as being able to present data that provided relevant findings to the study. The information of these interviewees is listed in Table 4.

2.3 Data collection

According to Yin (2015), the quality of a case study stems from using two or more sources of evidence. Therefore, we used primary sources (interviews) and secondary sources (Apex Brazil; Special Secretariat of Foreign Trade and International Affairs; Ministry of Agriculture and Supply; UN Comtrade — International Trade Statistics Database; The Atlas of Economic Complexity — Harvard Growth Lab; Brazilian Foreign Trade Statistics — Comex Stat; Trade statistics for international business development — Trade Map; World Bank Group) in this research. Primary data were collected through semi-structured interviews, with an average duration of 45 minutes, conducted online (via video call on WhatsApp and Google Meet), and recorded (for later transcription). The interviews were carried out between September and December 2021.

Table 3. Information from the companies studied*.

	Founded in	Geographic distribution	International market	Respondent Experience	More information
Company1	1980	Units: São Paulo, Rio Grande do Sul and Mato Grosso Distribution centers: Valinhos, Bauru, Brasília and Campo Grande Comercial Offices: São Paulo/SP	Focus on beef and pork exports — serving 12 countries (South America, European Union, and Asia).	20 years	Administrator, with 20 years of experience in exporting and importing beef, poultry, and pork in South America, Europe, Asia, and Africa.
Company2	2000	Units: Goiás, Roraima, Mato Grosso, Mato Grosso do Sul, Rio Grande do Sul and São Paulo Distribution centers: Colombo, Itupeva, Bauru, Belfo Roxo, Recife and Esteio	Exports to 6 countries (China, Argentina, Uruguay, Chile, USA, and Germany). It is one of the main global leaders in hamburger production.	8 years	Lawyer, specialist in International Business, 8 years of experience in the company's commercial relations with China and the United States.
Company3	2000	Units: Santa Catarina, Paraná, São Paulo, Rio de Janeiro, Minas Gerais and Bahia Distribution centers: Nova Santa Rita, São Paulo, and Rio de Janeiro	Pork production, exporting to over 40 countries, mainly within South America, the European Union, and Asia.	12 years	Administrator, 12 years of experience in exports, working with sales to the markets of Latin America, Africa, the United Arab Emirates, and especially Asia.

*All companies are large-scale.

Table 4. Information from the experts studied.

Expert	Experience
Expert 1	International Relations with a focus on Brazil-China
Expert 2	Chinese Negotiation Expert
Expert 3	International Relations with a focus on International Law
Expert 4	Expert in Import and Export
Expert 5	International Relations with a focus on International Law
Expert 6	International Relations with a focus on International Management
Expert 7	Export expert
Expert 8	International Relations with a focus on China, Russia, and Germany
Expert 9	International Relations with a focus on International Marketing
Expert 10	International Relations — Chinese market specialist with a focus on Agribusiness

2.4. Data analysis

Data analysis was based on the work of Bardin (2016) and was divided into three major cycles. In the first cycle, deductive coding was carried out,

while in the second cycle categorization was done (see Table 5), which aims to transform descriptive codes into abstract categories expressing various types of conceptual relationships.

After categorization, still following Bardin (2016), in the last cycle of analysis, all the interviews carried out were reread, reviewing the codes and categories chosen for the study. The interviews were transcribed and included in the ATLAS.ti software (version 9) and complementary data for deductive analysis based on psychic distance and Guanxi factors. According to Gibbs (2009), this program facilitates information management, creates a code list, and allows the registration of ideas during data analysis.

3. RESULTS

3.1. Perception of psychic distance factors between Brazil and China

The code-document framework generated from ATLAS.ti is presented starting from the dimensions proposed by Cyrino et al. (2010) regarding psychic distance (Table 6). Due to space limitations, we decided to present the results related to psychic distance in a summarized way in the Table 6. Some considerations are also outlined.

The finalized data shows that most psychic distance categories are present and evident in the three cases. This demonstrates that, even though there has been progress in the structures of communication, transport, and logistics, the study by Beckerman (1956) seems current when it reaffirms the existence of barriers of psychic distance. These obstacles can be overcome when they are well-studied and solutions are planned.

It is believed that Beckerman was the first to question distance, but not exactly physical distance. He stated, “The importance of distance in the pattern of exchanges has always been recognized” (Beckerman, 1956, p. 31). However, he continues, not only the size of the country should explain how exchanges develop (Beckerman, 1956). In support of this, in 2006, Dow and Karunaratna aimed to propose and test a set of determinants of psychic distance, applying the concept as differences in culture, language, religion, and educational and political systems. Psychic distance was studied based on the intensity of trade between pairs of countries. The findings revealed that determinants of psychic distance include other differences beyond cultural differences.

Table 5. Categories used in the study.

Psychic distance factors between Brazil and China	Administration (management and legal)	Cyrino et al. (2010)
	Culture	
	Language	
	Political System	
	Economic and Industrial Development	
	Geographic Distance	
Guanxi Factors	Ganqing = affection/friendship	Lee and Dawes (2005)
	Renqing = exchange of favors/reciprocity	
	Xinren = trust	

Table 6. Perception of psychic distance factors between Brazil and China.

		Company 1	Company 2	Company 3
Psychic distance factors between Brazil and China	Administration (management and legal)	✓	✓	✓
	Culture	✓	✓	✓
	Language	✓	✓	✓
	Political System	✓	✓	
	Economic and industrial development	✓	✓	✓
	Geographic Distance	✓		✓

Figure 1 presents the data from the Sankey Diagram, composed of the responses of the three cases and the speeches of the specialists about the psychic distance construct. The data show, in general, that the companies sought contact with the Chinese after being duly qualified for China. Anyhow, this issue is not a rule because they will seek contact if the Chinese are interested in the Brazilian product.

The results indicate that, in general, the Brazilian companies analyzed in the research sought to establish contact with Chinese companies after being duly authorized to do business in China. This result suggests that the companies are adopting appropriate measures to ensure their entry into the Chinese market, following the necessary legal and administrative requirements.

Most Brazilians seek China because of the prices and the economic rise of the Asian country. On the other hand, the Chinese seek Brazil because of the prices,

and because Brazil is a strategic partnership in agribusiness. Even though China is a self-sufficient country in agribusiness, producing 95% of its food, the remaining 5% depend on Brazil. So there is noticeably a bilateral dependence, albeit in different degrees, a fact that reinforces the relevance of this commercial relationship.

The results demonstrate the existence of prejudice on both sides; due to lack of knowledge, Brazilian businesspeople often miss out on business, and some Chinese customs can be uncomfortable to Brazilians. This prejudice in Brazil is not only seen by entrepreneurs but also by the population. Yet, there is still the idea that China produces everything with low quality. In addition, there is political prejudice related to the communist system, another issue that, if analyzed coherently, will show that China has, like Brazil, a pluralist political system and that, especially in the last decade, it has been making neoliberal government decisions (Expert 1).

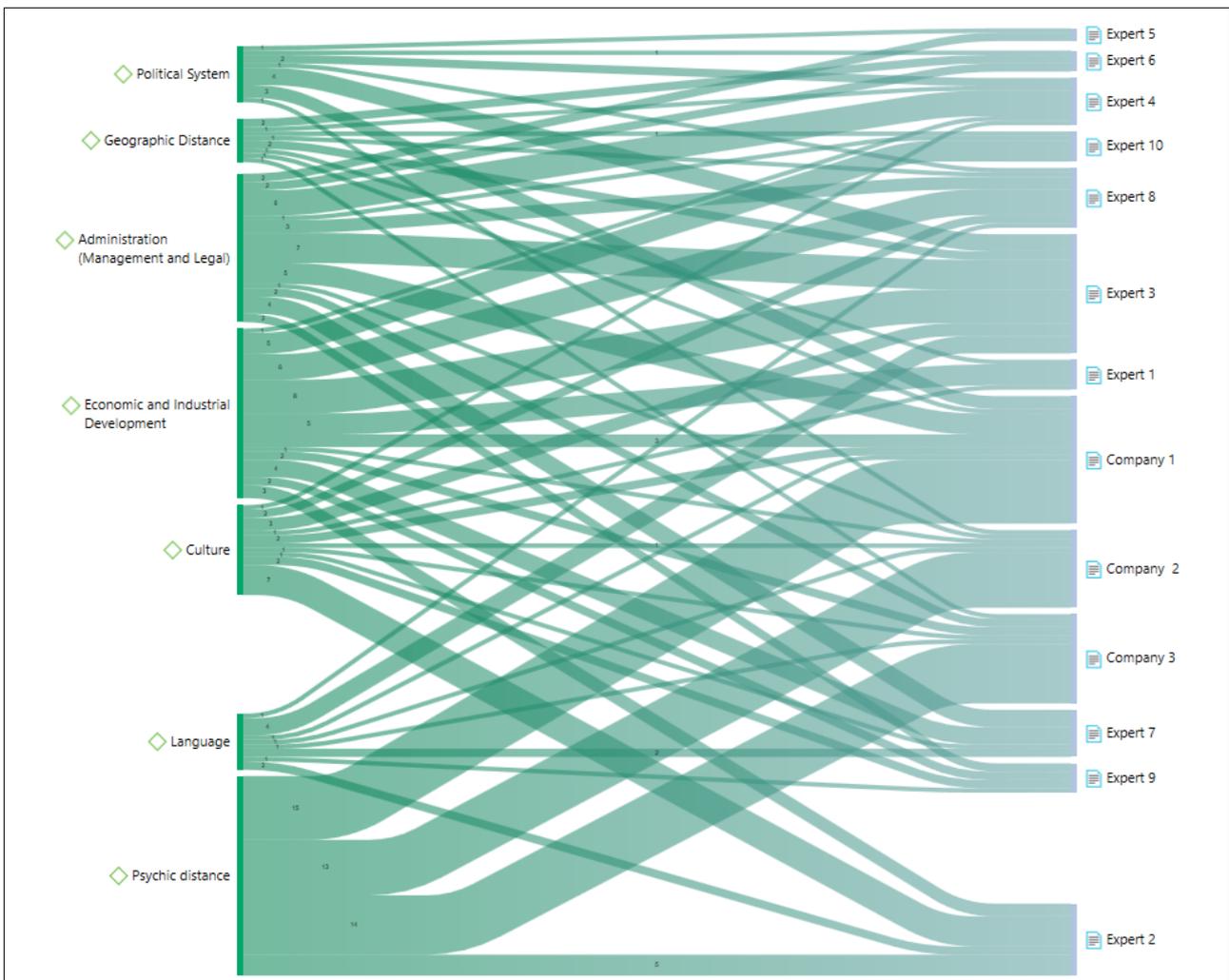


Figure 1. Sankey diagram: analysis of the perception of psychic distance factors.

In the interviewees' perception, the Chinese have a positive image of Brazil. In addition to the quality of Brazilian products, they are interested in the country's natural resources. Here, an opportunity is shown not to be seized since, in most cases, the Brazilian government, together with businesspeople, does not enjoy this bargaining power, leaving chances of gain related to exchanges between labor and existing resources in the country. These results are in line with the findings of Guo, Sarkar, Zhu, and Wang (2020) and Yang, Huang, Wang and Feng (2018), who state that such a construction of Guanxi demands time and financial resources.

Language and geographic distance are categories that, depending on the context, are seen as barriers to be overcome. Nevertheless, like most categories, they presented results that highlight the importance of preparing the Brazilian company when thinking about entering the Chinese market.

These conclusions contribute to a deeper understanding of the trade relationship between Brazil and China, highlighting the existing bilateral dependence, the presence of prejudices and stereotypes, the positive image of Brazilian products in the perception of the Chinese, and the need to overcome barriers for successful entry into the Chinese market.

3.2. Guanxi as an organizational practice and stimulus for intercultural adaptation and minimization of psychic distance barriers

When a company prepares to go beyond its geographic borders and starts the internationalization process, it is essential to search for knowledge about the destination country. This search must be even more intense when dealing with China and Brazil due to cultural differences, consequently influencing negotiations. Recognizing the importance of Guanxi to Chinese culture is essential in building relationships, especially for foreigners looking to do business in China.

When questioned about the term Guanxi and its meaning, as well as its importance, benefits, usefulness, and difficulties that the lack of knowledge about Guanxi can bring to the company, the respondent from Company 1 stated that, in China, there are terms and their meanings when it comes to doing business, and in Brazil it is no different, although during negotiations interest in profit comes first: *"Pork is a strate-*

gic food for the Chinese government. When they want the product, then the Chinese want to do business and keep buying, but when the market there turns upside down, it disappears, because they don't want to lose money, they even let it go".

Knowing about Guanxi is a factor that helps in relationships and negotiations. The findings address the reasons why the majority of Brazilians seek business opportunities in China, such as competitive prices and the economic growth of the Asian country. The Chinese are attracted to Brazil due to favorable prices and a strategic partnership in agribusiness. These conclusions demonstrate how commercial motivations are related to the perceived economic and strategic benefits by Brazilian and Chinese companies. These findings are supported by Standifird (2006), who states that Guanxi can be transformed into an organizational asset as individuals are willing to understand and practice it to achieve organizational goals.

These are behaviors that vary from manager to manager, and what the Chinese want is profit, which in many cases comes before any relationship — as the respondent from Company 2 explains:

This depends on the level of business you are doing and having a good relationship with the person on the other side will help you, but depending on the level of business the company you are working for will help you. For example, if you enter an extremely corporate environment, it is very difficult for this to make a difference, now, if you are a supplier of a certain product and you know the owner of a supermarket, a store and you will talk to it directly, then it makes a big difference. Now when it is a more structured company, it is more professional to do business, even having a good relationship with the Chinese will bring you benefits. If you make friends with them, they will help you eternally.

This fact is corroborated in the speech of the respondent from Company 3, *"Knowing about Guanxi is very important, because the more you know about them and their culture, the better it will be"*. Expert 2 reaffirms this importance:

The conceptualization of Guanxi goes far beyond a network, for the Chinese, Guanxi will exist when

there is trust, friendship, and reciprocity in relationships. So, whatever a person does for you, you must do for the person, they don't forget it and keep it in mind. It's like a mutual sharing, a mutual help, it's doing it unconsciously.

These findings, in the three cases, demonstrate how significant it can be to spend time and energy acquiring knowledge about Guanxi and its importance in Chinese culture. When managers have Guanxi with the Chinese, this is perceptibly beneficial, and it is quite possible that they get administrative positions during negotiations, as Guanxi positively influences the integration of the organizations involved (Farh et al., 1998; Fu, Tsu & Dess, 2006; Peng & Luo, 2000; Yang and Li, 2008). Expert 8 reaffirms the importance of Guanxi and how much it can be beneficial for business and discusses how this fact can be relevant for companies and their global position:

The company having an advanced base in China makes it easier to do business with other countries, as it makes it possible to gain trust with business partners, in addition to publicizing the company's brand and establishing itself in the market where it operates, it allows for better tax conditions, in addition to improving the control of commercial operations as well as logistics.

When asked how the Chinese commercial representative communicates with Brazilians, if they both talk openly as friends, the respondent from Company 1 explained his experience, which is also corroborated by the respondents of the other two companies.

It depends on the relationship you have with that customer. Some have been buying from us for a long time, so we have greater freedom and then we talk about other things besides negotiations. There are others that are just negotiation, negotiated, confirmed and the conversation ends there, but there are Chinese who ask about the country, the family, ask about other more personal things, especially at dinners.

A distinctively important point in communicating with the Chinese is the issue of being a “flatterer”, as Specialist 2 explains: “[this practice] is well-regard-

ed; in China, it is very common and they don't take it as a bad thing, quite the opposite. So, you must suck up, you must give gifts, praise in public, they love it”. What distinguishes Guanxi from the Chinese, from the Brazilian “bootlicker,” is that Guanxi occurs genuinely. They like to receive praise, but they treat it with reciprocity, unlike the “bootlicking” or flattery in Brazil, which in most cases lasts until the interested party gets what they want from the relationship.

Regarding the feeling of brotherhood with the Chinese representative, the respondent from Company 1 states that “*some clients I consider more than a client, we treat each other differently, not that it influences the negotiation, it is this question of going beyond just business communication. When I go to China, we take the family out together for dinner*”. For the respondent from Company 2, this fraternal relationship exists. However, it is built over time and facilitates negotiations “*you have to build from something, you cannot come from nothing, you had better introduce yourself and talk to the person, say you are interested. This process is not something artificial. It takes place through coexistence and facilitates negotiations.*”

This relationship of fraternity and friendship is related to trust and is present in business. Expert 3 states that “*the feeling of fraternity and friendship exists and only comes after the Brazilian proves himself trustworthy. I have Chinese friends, I can count them on my fingers, but I have*”.

For Expert 2, this relationship of fraternity and friendship occurs in the long term and is related to behavioral issues when closing a deal; in the meetings themselves. “*In China they hold many meetings, they surpass the Brazilians at this point. It is meeting after meeting until a deal is closed*”.

Brazilians who are going to have contact with the Chinese must be very careful about behavioral issues. For example, unlike Brazilians, you shouldn't hug and kiss, they don't like that; instead, smile whenever possible. Regarding clothing, China is more rigorous than Brazil when it comes to business meetings. Attention is recommended at this time, in the way of dressing and behaving, as well as in the way of communicating.

These observations provide insights into the dynamics of the commercial relationships between

Brazil and China, highlighting cultural differences and distinct communication strategies. On one hand, Chinese Guanxi is based on genuine reciprocity, while on the other hand, Brazilian “puxa-saquismo” (flattery) is described as a temporary approach to gain advantages. The notion of fraternity and closeness is also mentioned as a factor that can positively influence negotiations. These aspects underscore the importance of understanding and adapting to cultural nuances and specific communication styles when conducting business between Brazil and China.

As can be seen, it’s the small details that make a difference. Another point is the issue of bargaining. As Specialist 2 explains, *“in China, bargaining is necessary, and it is common, they are used to bargaining since childhood; in Brazil, asking for a cheaper price is seen as ugly, but they love it, and this is done both in business, regardless of the size of the company, and in personal life”*. It is inferred that having Guanxi even facilitates the bargaining process, as the fact of having a closer business partnership makes communication easier. For the Chinese, the hierarchical issue is taken very seriously, both in personal relationships and in business. Expert 2 explains it better:

They have a vertical management structure, a fact that comes a lot from Confucianism, and in which you cannot question some of the truths of society. For example, older brothers, parents, elders, bosses, leaders, and teachers. So, according to Confucius, one must obey them, they are there for a reason, so what they say is said and done, and not contradicted. Here in Brazil, most companies are also like that, the bosses decide, but in China this is much more rigorous. So, when negotiating with the Chinese, one should try to contact people from the higher hierarchies.

To conclude on behavioral attitudes and how much they can affect business, Specialist 2 states that many of these Chinese customs end up affecting relations with Brazilians, who are in the habit of being objective in their negotiations.

For the Chinese, it is important and common to have meals before negotiations, as well as to ask very personal questions. These are customs that Brazilians do not have and consider, in many cases, invasive. But it is through these habits and details that the Chinese create Guanxi.

By observing the data presented, Guanxi is seen as an organizational practice of companies operating in the Chinese market, as a stimulus for intercultural adaptation and, consequently, as a way to search for positive results in negotiations. Guanxi is no longer used/seen only by a small number of companies — and yes, all of them draw on its premises — as can be seen in the code-document table generated by ATLAS.ti (Table 7) — starting from the dimensions proposed by Lee and Dawes (2005) concerning Guanxi.

Through these findings, the importance of Guanxi to the Chinese and how much it can influence business becomes evident. As much as profit may come first, establishing Guanxi brings several benefits, if not in the short, then in the long term. These results corroborate Yen et al. (2011), who state that any company aiming to enter the Chinese market will have to develop Guanxi, as these relationships of trust, friendship, fraternity, and reciprocity will facilitate the business to be carried out.

Figure 2 presents the data from the Sankey Diagram composed of the responses of the three cases and the speeches of the specialists about Guanxi.

Table 7. Perception of Guanxi Factors between Brazil and China.

		Company 1	Company 2	Company 3
Guanxi between Brazil and China	Ganqing = affection/friendship	✓	✓	✓
	Renqing = exchange of favors/reciprocity	✓	✓	✓
	Xinren = trust	✓	✓	✓
	Guanxi	✓	✓	✓

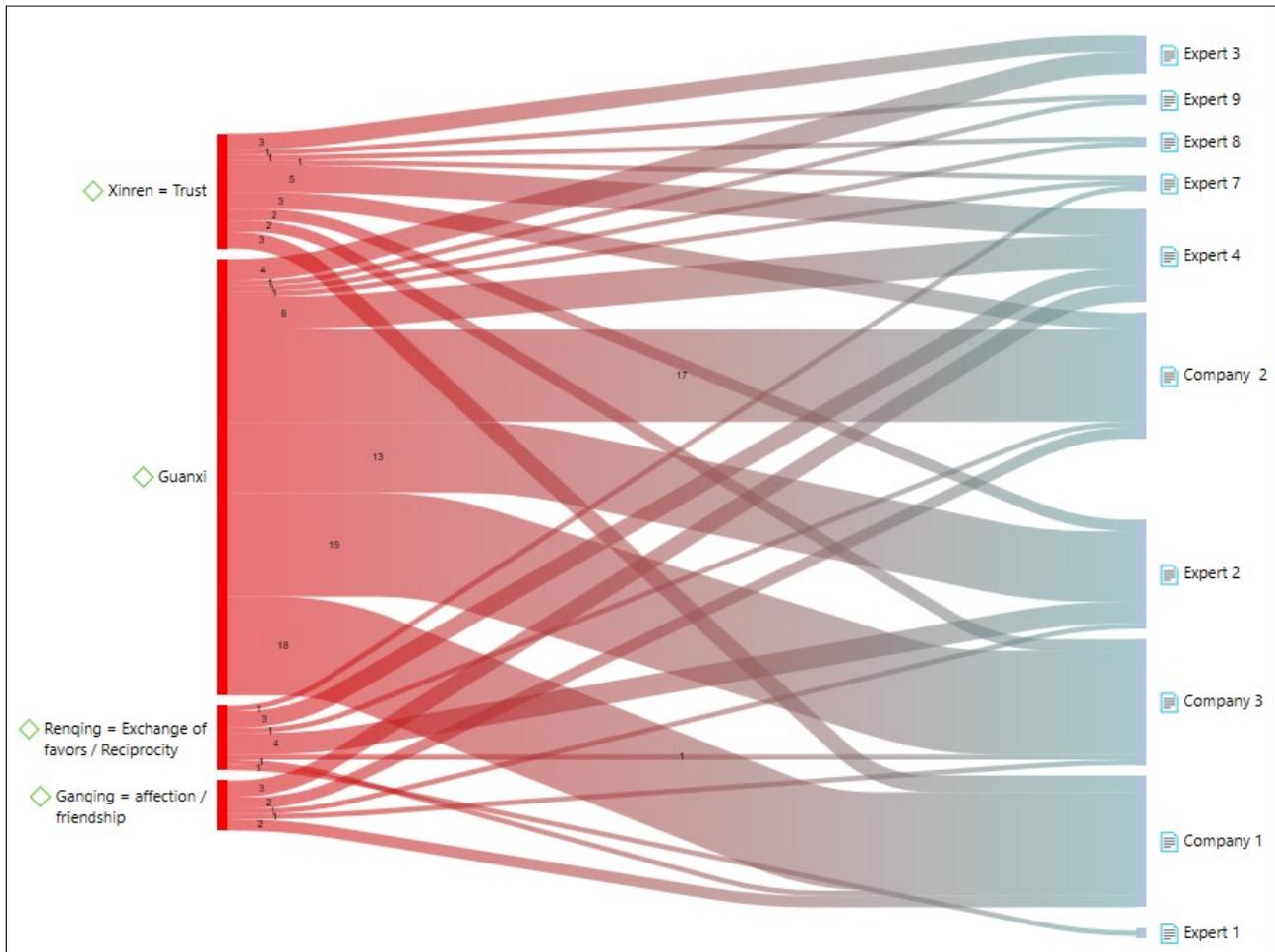


Figure 2. Sankey diagram: analysis of the perception of Guanxi factors.

In general, the results of the study indicated the perspective that doing business with the Chinese will be a more frequent reality in the coming years and that Guanxi is an organizational practice. This is because trading globally requires resilience and respect for cultures. Seeking knowledge is the minimum required to deal with this range of information, but it will provide greater assertiveness in negotiations between Brazil and China. Therefore, there is a need for visibility and deepening on this subject since the understanding of the Asian giant is of great importance for the absorption of positive aspects and is still poorly understood.

4. IMPLICATIONS AND FURTHER RESEARCH

This article aims to understand how large Brazilian companies exporting to China develop Guanxi in organizational practice and how these companies

can use Guanxi as a stimulus for intercultural adaptation and to reduce the psychic distance between Brazil and China. To this end, a multiple case study was performed through in-depth interviews and secondary data research from three large meat exporting companies to China and interviews with more than ten experts who have experience in the subject. Data analysis was performed through content analysis, supported by ATLAS.ti software.

Among the factors of psychic distance between Brazil and China, those that are most strongly perceived by the companies and experts interviewed are administration (and legislation/legal issues), economic and industrial development, and culture. Companies show that they know and use Guanxi to deal with these factors and that they have widely established systems to deal with language, political system, and geographic distance (which are less present).

It is worthwhile to mention that Guanxi is presented as an organizational practice of companies operating in the Chinese market (studied in this research) as a stimulus for intercultural adaptation and, consequently, in the search for positive results in negotiations.

It shows an essential contribution to the theory since Guanxi is a practice already incorporated by companies that deal with China. New questions emerge, such as: How much is China currently a country that still values culture (and Guanxi) and how much of a business country is it (focused on results, like European and American countries)? What will Guanxi look like in the future? Will it cease to exist, or will it take on another approach? Is there still an accurate psychic distance between countries in international negotiations? Or would these be cultural differences, but which internationalized companies are looking to reduce when it comes to business?

These questions emerge as provocations for future research. In addition to the theoretical contribution of this study, the knowledge elaborated here can help define strategies for companies aiming to export to China. These are results that can contribute to Brazilian entrepreneurs in negotiations with China, since Guanxi as an organizational practice and stimulus for intercultural adaptation to overcome psychic distance can bring benefits to the performance of Brazilian companies exporting to China. Even having achieved the desired result, the limitations of the research should be listed — they are primarily methodological. First, a study with a larger sample could have presented greater detail concerning the constructs. Lack of public information about companies exporting food to China and difficulty of access for entrepreneurs to conduct interviews are also seen as limiting factors.

The research successfully achieved its objective of understanding how Brazilian companies exporting to China use Guanxi as a stimulus for intercultural adaptation and the reduction of psychic distance. Through a multiple case study, interviews, and data analysis, the factors of psychic distance most perceived by companies and experts were identified. The study made a contribution to the field of International Business by highlighting the incorporation of Guanxi as an organizational practice among

companies operating in China and raising questions about cultural value, the future of Guanxi, and the existence of psychic distance in negotiations. The findings have practical implications as they assist Brazilian entrepreneurs in defining strategies for exporting to China.

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GUANXI COMO PRÁTICA ORGANIZACIONAL E ESTÍMULO À ADAPTAÇÃO INTERCULTURAL: EXPERIÊNCIAS DE GRANDES EMPRESAS EXPORTADORAS PARA A CHINA

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RESUMO

Objetivo: Este estudo buscou compreender como as empresas brasileiras que exportam para a China desenvolvem o Guanxi como prática organizacional e como essas empresas podem utilizar o Guanxi como estímulo para a adaptação intercultural e diminuir a distância psíquica entre Brasil e China.

Método: Trata-se de um estudo de caso múltiplo por meio de entrevistas em profundidade e pesquisa de dados secundários de três grandes empresas exportadoras de carne para a China. Além disso, realizaram-se entrevistas com dez especialistas que possuem experiência no assunto. A análise dos dados foi feita por meio da análise de conteúdo, apoiada pelo *software* ATLAS.ti.

Principais Resultados: Os resultados mostram que: os fatores de distância psíquica entre Brasil e China são administração (e questões de legislação), desenvolvimento econômico e industrial e cultura; para lidar com esses fatores, as empresas mostram que conhecem e fazem uso extensivo do Guanxi; o Guanxi é efetivamente apresentado como prática organizacional e como estímulo à adaptação intercultural e à minimização das barreiras da distância psíquica.

Relevância / Originalidade: O estudo trouxe uma contribuição para a área de Negócios Internacionais ao destacar a incorporação do Guanxi como prática organizacional entre as empresas que operam na China e levantar questões sobre o valor cultural, o futuro do Guanxi e a existência de distância psíquica nas negociações. As descobertas têm implicações práticas, pois auxiliam os empresários brasileiros na definição de estratégias de exportação para a China.

Contribuições Teóricas / Metodológicas: O estudo apresenta uma contribuição essencial para a teoria visto que o Guanxi é uma prática já incorporada por empresas que lidam com a China. Surgem novas questões, como: até que ponto a China é hoje um país que ainda valoriza a cultura (e o Guanxi) e quanto é um país de negócios (focado em resultados, como os países europeus e americanos)? Como será Guanxi no futuro? Ele deixará de existir ou adotará outra abordagem? Ainda existe uma distância psíquica precisa entre os países nas negociações internacionais? Ou seriam diferenças culturais, mas que as empresas internacionalizadas buscam reduzir na hora dos negócios?

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