

Gao guanxi and inter-personal communication media preferences for China market

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Key words

guanxi, relationship cultivation strategy, interpersonal communication, business performance

Abstract

This paper aims to provide some insightful results on how "guanxi" (interpersonal relationship in the Chinese style) is cultivated among the small- and medium-sized enterprises (SMEs) in Hong Kong and their business counterparts in mainland China through the application of different interpersonal communication media including both traditional and online media including face-to-face, telephone, facsimile, email, and mobile instant messaging. This study also taps into the Chinese businessmen's perception on guanxi, and how guanxi is cultivated through several well-planned strategies. Besides, this paper will also define the importance of guanxi in two major levels: business level and government level with the support of real scenarios. SMEs are often considered difficult to be reached for academic research; this study has successfully interviewed ten owners and senior managers of various industry types. Thus, their responses could serve as valuable information for those who are preparing or already doing business in China. With the recently launched "One Belt One Road" campaign, this study hopes to shed lights on future research on how guanxi is being perceived by different cultures and if guanxi still plays a key role when doing business with China. (Word counts: 189)

Introduction

The "One Belt One Road" campaign recently launched by China has created massive attention from the world. Enormous economic activities within the China market have been activated since Deng Xiaoping's Chinese economic reform in the 1980's. This study aims to fill the gaps in the interpersonal relationships building strategies or what the Chinese always refers as "gaoguanxi" among the Chinese enterprises. This study focuses particularly on the interplay between the small- and medium-sized organizations in Hong Kong and their mainland Chinese counterparts.

Like most other developed countries, Hong Kong is no exception. Serving as the "window" to the unexplored China market for overseas investments, Hong Kong SMEs have been benefited from Deng Xiaoping's Chinese economic reform since the 1980's. Under the modernization spirit, the mainland Chinese business environment has been in constant changes with tighter regulations and policies to protect the environment and labor force, like the increment in social security for protecting the mainland Chinese workers. At the same time, increasing rival competitions from both overseas and mainland Chinese owned corporations have created much auxiliary pressure on them. Therefore, the Hong Kong SMEs have to be strategic with the use of their sacred resources in building and maintaining good relationships with their publics in China in order to survive.

Studies have shown that over 90 percent of the world's firms are small- and medium-sized enterprises (SMEs) and they are the major contributors to the global economy, employment, production, and innovation worldwide (Jeppesen 2005; Udayasankar 2008). One of the unique features of SMEs is their small-sized structure which the owner and the senior management will be responsible for all business decisions. Therefore, their communication strategies are directly representing the firm's. Yeh(2010) pointed out that "[T]he Chinese will sacrifice effectiveness rather than embarrass themselves or others" (p. 72-73) in the communication process. Therefore, when dealing with the mainland Chinese Hong Kong entrepreneurs who have more social experience will be able to understand the cultural differences and will stand a better chance of achieving positive relationship outcomes. For example, only through gaining from experience, they will know how to interact with different parties of buyers, suppliers, and local Chinese government officials in the

business environment and understand that each context will require different strategies to meet the needs. Thus, the entrepreneurs' efficacy in adapting various communication contexts becomes essential.

This paper aims to investigate how the SMEs in Hong Kong allocate resources in communication strategies and their communication preferences in achieving various business goals. In-depth interviews with ten Hong Kong entrepreneurs from different business sectors were conducted to provide comprehensive information hoping to enhance knowledge for the business sectors who are or preparing to enter the China market.

Literature Review

Siu (2001) found that SMEs working in mainland China rely heavily upon personal networks. Due to their generally small size and lack of resources in finance and manpower, SMEs have to depend on their own personal relationship (or *guanxi*關係) and networks with key people particularly in China in order to establish business relationships. However, establishing reliable *guanxi* is not easy for outsiders. There have been extensive studies on *guanxi* relations and there are different definitions. In general, 'guanxi' is understood as a unique phenomenon among the Chinese communities and is broadly translated as 'interpersonal relationship', 'connection', and 'personal networks' (Wong & Leung 2001). Past research of *guanxi* in the Chinese business context found a strong preference for secrecy regarding profits and marketing operations in the Chinese society and the Chinese owner-managers prefer to maintain a low profile (Davis, Hills & LaForge 1985). It is believed that *guanxi* perception will influence the choice of relationship cultivation strategies and interpersonal communication media when interacting with the mainland Chinese business acquaintances.

Guanxi Definition

Guanxi is considered a uniquely Chinese cultural characteristic (Aw, Tan & Tan, 2002; Buttery & Wong 1999; Chen 1996; Hwang 1987; Hung 2003; King 1991) and has been broadly translated as "interpersonal relationship," "connection," and "personal networks" (Wong & Leung 2001) and is "in essence a network of resource coalition-based stakeholders sharing resources for survival, and it plays a key role in achieving business success in China" (Su, Mitchell & Sirgy 2007:301). Lee and Dawes (2005) give a detail explanation of the meaning of *guanxi*: "The Chinese phrase 'guanxi' (關係) consists of two characters. The character 'guan'關 means a gate or a hurdle, and 'xi'係 refers to a tie, a relationship, or a connection. So 'guanxi' literally means 'pass the gate and get connected'" (p. 29). Huang (2004) further elaborates the differences between the meaning of "relationship" and "guanxi" in her study. She states that "[T]he meaning of 'relationship' in Chinese is succinctly much broader than that in the West" (p. 254). *Guanxi* is also perceived as the foremost factor for successful business in China and has been translated into "special relationship" or "connections" (Leung, Wong & Wong 1996). Su and Littlefield (2001) also have a more in-depth definition of *guanxi* by categorizing it into two types: favor-seeking *guanxi* and rent-seeking *guanxi*. Favor-seeking *guanxi* is culturally rooted in the Chinese society and represents "social contacts and interpersonal dependence in a collectivistic society. People pool and exchange their resources (favors) to enhance the probability of survival" (Su et al. 2007:303). Rent-seeking *guanxi* refers to "the institutional norms based on power exchanges in a hybrid Chinese socialist market economy" (p. 303).

Relationship Cultivation Strategies

Grunig and Huang (2002) refers to "relationship maintenance strategies" as "relationship cultivation" to emphasize the dynamic nature of building and sustaining quality organization-public relationships; cultivation is the first step of any relationship establishment and is important in relationship management. Brønn (2008) has summarized the importance of relationship building: "the quality of relationships determines reputation, and that quality relationships and reputation result more from an organization's behavior than from corporate messages" (p. 1).

Yeh (2010) points out that, in Chinese societies, “speaking appropriate words and behaving appropriately are far more important than speaking accurately and directly” (pp. 72-73). Vickery, Droge, Stank, Goldsby, and Markland’s (2004) study suggest that service firms in networked relationships could provide loyalty-inducing benefits through the use of various media that are not necessarily created by the service itself. Therefore, appropriate communication can also be reflected by the communicator’s use of different communication technologies. For example, a written letter is perceived as most appropriate for both business and legal contexts; however, when email was introduced, it replaced the letter and became widely used for personal and business communication.

Therefore, this research aims to study Hong Kong entrepreneurs’ preference of various interpersonal communication media in their daily interactions with their mainland Chinese business acquaintances and the relation to their relationship cultivation strategies.

Mediated Interpersonal Communication

Communication technologies have changed users’ perceptions and applications of different media over time (Spitzberg & Cupach 1984). Recent studies on mediated communication conclude that asynchronous communication is the last motivational component; text messaging has started to play a central role in mobile communication. Users do not rely on a single medium for interaction but will use a variety of media in achieving their communication objective. Their preferences will be based on a variety of reasons including relationship building and maintenance.

Information exchange is a key goal of human communication, and communicators have used a variety of media to maintain relationships through traditional face-to-face interactions and the formats of written media like letters. The advancement of mediated-communication media like the telephone in the mid-20th century started the development of synchronic media for sustaining relationships, particularly enabling geographically distanced relationships. The technology continued with more interactive media; the Internet has brought along numerous interpersonal communication tools that allow the transmission of multi-media format messages like text, voice, video, and animation via email, IM, and MIM. Although these synchronous tools are gaining popularity, they are facilitating relationship maintenance in everyday life and complementing instead of replacing the more conventional face-to-face or telephone communication (Baym 2002). Morgan and Hunt (1994) identified that communication is an important ingredient in building relationships between an organization and its customers or stakeholders, how people choose to use the various interpersonal communication media is influenced by their organizational characteristic relationship types, including their geographical distance and individuals’ pre-existing sociability (Dimmick, Klein & Stafford 2000).

Methodology

The invited interviewees’ age range, job titles, and industry types can represent the uniqueness for the Hong Kong SMEs. Their responses with real scenarios provide rich information in understanding how the Hong Kong SMEs are operating in the south-east China.

Each of the interviewees was asked the same set of questions, which were designed according to the research framework, and some questions were added in accordance to the responses given during the interviews. The interviews were conducted either face-to-face or by telephone, based on their availability. Each interview lasted from one to two hours. The qualitative interview data were then analyzed and categorized into six parts including the entrepreneurs’ interpersonal communication medium preference; the relationship cultivation strategies adopted; their perception on guanxi and its role in doing business in China; their general view on their relationships with mainland Chinese business acquaintances; their view on their company’s business performance and the challenges ahead in doing business on the mainland.

Profiles of the Interviewees

Ten SME entrepreneurs, ranging from owners of the SMEs to managers were invited for one-on-one in-depth interviews. They were from five industry types: four from the garment industry, three from the manufacturing industry, one from the service industry, one from the trading and logistics industry, and one from the electronics industry. Among the 10 interviewees, seven were owners of the SMEs and the other three were managers; there was only one female entrepreneur interviewed. Their age ranged from early 30s to early 60s.

Table 1: Profile of the Interviewees

Name	Age	Gender	Job Title	Industry Type	Duration	Interview Format
Ho	49	Male	Owner	Electronics	2 hours	Telephone
Chong	35	Male	Owner	Garment	1 hour and 10 minutes	Telephone
Cheuk	62	Male	Owner	Garment	1 hour	FtF
Ming	31	Male	Junior Manager	Manufacturing	1 hour	Telephone
Sung	58	Female	Owner	Manufacturing	1.5 hours	Telephone
Lo	55	Male	Owner	Garment	1 hour	FtF
Lau	46	Male	Manager	Trading and logistics	1 hour	Telephone
Fong	55	Male	Owner	Manufacturing	1 hour	Telephone
Wong	32	Male	Owner	Garment	1 hour	FtF
Mo	36	Male	Manager	Service	1 hour	Telephone

The Interview Questions

A. *Interpersonal Communication Medium Preference*

- (1) What communication media do you use most often with your mainland Chinese business acquaintances?
- (2) Are there any particular reasons for the use of the chosen media? Please give examples.
- (3) Are these media specific to certain functions? Please give examples.
- (4) Why do you think these media can help you to achieve your objectives?
- (5) Do you think age and gender play any role of your choices?

B. *Relationship Cultivation Strategies*

- (1) Which relationship cultivation strategies (gaoguanxior openness strategies) do you think are most important?
- (2) How do you explain gaoguanxi when doing business in China? Please give examples.
- (3) What have you done regarding gaoguanxi in the past? Please give examples.
- (4) Do you think gender plays any role in gaoguanxi? Why?
- (5) How do you think an openness strategy works when doing business in China? Why?
- (6) Can you comment on hiring middlemen as an alternative to gaoguanxi? (This question was developed after the interview with the first interviewee, Ho, who pointed out the use of middlemen.)

C. *Guanxi Perception*

- (1) Do you think guanxi is important when doing business in China?
- (2) What are the benefits you gained in the past from guanxi? Please give examples.

D. *Relationship Quality with Mainland Chinese Business Acquaintances*

- (1) How do you view the relationships with your mainland Chinese business acquaintances? Why?

E. *Business Performance*

- (1) Are you satisfied with your company's performance? Why?
- (2) What are the challenges for Hong Kong's SMEs in doing business in China? Please give

examples.

Findings

A. Interpersonal Communication Medium Preference

The interviews with the entrepreneurs in different job positions revealed how and when they prefer different type of interpersonal communication media. The interview data showed that their communication preferences were not merely based on the functions of the media provided but was more based on the recipients' perception and usage habits. To illustrate this, Mo, a manager, said that he used QQ, an instant messaging application, due to his mainland Chinese colleagues' habits, and one of his communication goals was to maintain close working relationships. On the other hand, not all Hong Kong entrepreneurs were willing to accommodate their mainland Chinese business acquaintances' habits. Ho, owner of an electronic parts manufacturing company, refused to install QQ or WeChat (a mobile instant messaging application) because he did not want to be contacted after office hours or for non-business related requests such as buying cosmetics from Hong Kong for his mainland Chinese business acquaintances. These comments demonstrated that the reasons for the Hong Kong entrepreneurs' communication preferences varied, and they would use one medium for different tasks with different purposes. The following sections will explain how each type of interpersonal communication medium was used and for what purposes.

Face-to-Face Communication

After summarizing the interviewees' responses, Face-to-Face (FtF) communication can be categorized into two types: task-oriented and guanxi-oriented. It can also be divided into formal and informal meetings. Both types of FtF communication are used in specific occasions by some of the entrepreneurs interviewed. Their categorization also echoes the media richness theory in that, like richer media, FtF communication is used for complex tasks, regardless of their functional orientations, and the following will explain this in detail.

- (1) Task-oriented FtF: FtF communication is the richest medium and it can provide the most communication cues for interactants. Despite the time and cost spent on traveling, the Hong Kong SME entrepreneurs still prefer to meet FtF with their current and potential business partners. Thus, FtF communication becomes a tool for particular tasks, for example, checking out the production facilities, holding discussions with multiple business partners at one time, and providing detailed information. Ming, a junior manager at an automobile parts company in Hong Kong, constantly traveled to different provinces in search of potential suppliers and to monitor the production process. Further, meeting in person can provide immediate feedback to ensure accuracy, and it is possible to meet with a group of people, which other mediated-interpersonal communication media cannot provide. In addition, Fong, Sung, and Ho also agreed that FtF meetings allowed them to tackle production-related problems or human resources related matters that require immediate feedback, and they found that FtF communication is more efficient in handling the tasks.
- (2) Guanxi-oriented FtF: Meeting face-to-face can leverage interpersonal relationships, and is particularly popular when doing business in China. Guanxi-oriented FtF can be divided into two styles: formal and informal meetings. *Formal FtF communication* itself carries the hidden meaning of "giving face" among Chinese. Lo, an owner of a garment factory in Guangdong with over 20 years of Chinese business experience explained this explicitly. When he was asked why he preferred to have FtF meetings, he said:

To 'give face' is to 'show face' (physically attending the meeting). You cannot just put everything down in black and white when doing business in China. Many details are concluded in FtF meetings. Besides, meeting face-to-face is the best way to keep confidentiality and issues can be solved directly and immediately. Besides, I can read between the lines through their facial expression and body language, and from which I can adjust my strategies in negotiation.

However, some entrepreneurs prefer *informal FtF communication*, which means the meetings are not pre-arranged and no agenda is pre-set. Ho and Sung, who are SME owners and also have extensive experience in doing business in China, preferred informal FtF communication because they felt that informal FtF does not put pressure on either party. Ho commented that "I would just pop up in my suppliers' office without telling them because I don't have to oblige to a fixed time. Besides, I don't have to search for topics to continue with the conversations." Cheuk uses informal FtF communication to check on the production progress because "you won't be able to see the real situation if you pre-arrange the meeting. They can prepare the best quality products for inspection. They are smart people."

Telephone Communication

Among the mediated-interpersonal communication media, after sending emails, this study found that the Hong Kong entrepreneurs mostly preferred talking on the phone using fixed-line phones and mobile phones. When they were asked why they preferred to talk on the phone, they had different reasons:

- (1) Direct responses and for complex tasks: The telephone can provide direct and immediate responses, and, therefore, entrepreneurs prefer talking on the phone for urgent matters and when complex instructions are needed to complete tasks. Their feedback supports the notion that telephone is considered a richer medium than texting because synchronized conversations can help eliminate confusion and misunderstandings in particularly complicated messages.
- (2) Privacy: Telephone calls usually involve only two persons and therefore the conversation can remain private. Ho prefers phone calls because they are more private than other texting medium.
- (3) Low cost and convenience are the main reasons for making telephone calls between Hong Kong and the mainland. Ho and Chong, who are in their early 30s, said that their companies make long-distance calls via Skype to their business acquaintances in China because it is cheaper than traditional long-distance phone service.

Emails

Past studies showed that email is still the most popularly used communication medium in the workplace. With the popularity of smartphones, they can send and receive files while traveling across borders. The interviews revealed the following reasons for using email:

- (1) Email address as an official source of identity: In the business environment, many documents are transmitted through the Internet. Proof of authenticity is therefore very important for SMEs in avoiding forged documents. Thus, it is essential for emails to be sent through the company address. Ho said his company will only respond to emails with company identification, and this is a common practice in the workplace in Hong Kong and China.
- (2) Emails can be saved as a record and can serve as legal documents to avoid potential arguments. Email has replaced facsimile in many SMEs.
- (3) Emails are sent as reminders and to follow up on projects/tasks, and they can be sent after office hours.
- (4) Emails are used to send multiple attachments and can be sent to multiple recipients as well.

Mobile Instant Messaging

The interviewed entrepreneurs also use both old and new text messaging media, including SMS, QQ (an older messaging media), WeChat, and WhatsApp (a newer mobile instant messaging), for different reasons:

- (1) Mobility: Smartphones can provide numerous functions that are suited to frequent travelers like the Hong Kong entrepreneurs, but long-distance phone calls cost more and can be disrupted by weak signals. Therefore, it is more convenient for the Hong Kong entrepreneurs to

communicate with their mainland Chinese business acquaintances using text messaging while they are on the road. Documents of varying formats can also be sent through these mobile instant messaging applications (e.g., WeChat). Texting is also commonly used among the mainland Chinese as well.

(2) Privacy: In public areas, text messages can maintain privacy better than talking on the phone, particularly when the entrepreneurs are traveling. Text messages are also often used for personal matters among some Hong Kong entrepreneurs. Ho used SMS with his mainland business acquaintances for personal topics only – usually requests from his mainland suppliers for him to purchase items from Hong Kong for them.

(3) Reduce embarrassment: Texting can help to reduce embarrassment better than talking on phone, particularly for personal topics such as being asked by mainland Chinese business acquaintances to purchase items from Hong Kong.

(4) Sticker function: Texting can also serve as reminder/sticker note for tasks and issues that do not require immediate feedback (Pettigrew, 2009). Chong also preferred to send voice memos/messages via WeChat after office hours to follow up on projects.

(5) Less intrusive: Sending text messages is seen as less disruptive in the workplace and they usually do not require immediate interaction.

(6) Allows multitasking: This is particularly useful in the workplace because the user can be in meetings, working on the computer, and sending and receiving text messages from a smartphone. Receivers can also have the opportunity to evaluate for responses, which in accordance with Pettigrew's study (2009).

To conclude, Wong, in his early 30s, commented, "No one talks on phone now; texting is the trend no matter young or old."

Facsimile

Although facsimile is considered an old form of communication medium in the workplace, it is still widely used by the Hong Kong SMEs because for some rural areas in China where most of the factories are located, facsimiles are still considered the most cost efficient tools. Therefore, it is no surprise to find facsimile in most offices in Hong Kong.

B. Relationship Cultivation Strategies

Among the interviewed Hong Kong entrepreneurs, they all strongly believe in guanxi relations and their benefits to their business operations in China. However, when they were asked about how to cultivate guanxi relations, they have different interpretations and means of achieving them. The following will provide a comprehensive understanding of how Hong Kong SMEs build and use guanxi networks in the mainland Chinese business context. Drawing on the responses from the interviewees, guanxi relationships can be categorized into two types: (1) business level and (2) government level, which usually handled by the owners of the business.

(1) Gao Guanxi at the Business Level

This usually refers to the relationships with the suppliers as the Hong Kong SEMs either have their own factories in China or use suppliers to provide services. Since the business environment is becoming competitive, maintaining good guanxi with these suppliers has become increasingly important. However, establishing guanxi in the mainland is very complicated because the mainlanders see Hongkongers as 'outsiders'. Thus, before establishing any guanxi at the business level, building personal trust using special tactics is necessary. Ho explained this using an example from his acquaintance from Hong Kong:

Doing business in China is very different from Hong Kong; mainlanders need to trust you before talking about business. But earning trust is difficult and requires persistence. A friend in the same industry from Hong Kong wanted to close a business deal with a mainland company, and it is owned by an old lady lived in Beijing. He didn't know the lady in person, and, therefore, he asked around for where she went daily for tea and for her home address. He introduced himself to her and

told her about his business plan. She did not speak or respond to his request, and then he waited outside of her apartment building every day for weeks. She finally invited him to her home for further discussion. My friend's story was a successful one, but I don't have the time to do such waiting.

This case shows the relationship cultivation strategy taken by the Hong Kong SME entrepreneurs, such waiting outside of the woman's apartment building for weeks, is not perceived as stalking in the Eastern culture but as "giving face." The action was seen by the neighbors of the old lady and people passing by and would be spread further to other circles of relations. The Chinese perceive this kind of explicit action as sincerity, and such a person can then be trusted. This is particularly true for the older generations. Thus, guanxi can be established first by giving face, and then lead to trust building.

Another gaoguanxi tactic commonly practiced by the Hong Kong entrepreneurs, especially among the junior managerial level, is sending gifts to establish closer relations with their mainland Chinese acquaintances, hoping to smooth the work process. They will buy small gift items and send festival gifts during Chinese New Year, moon festivals, and so on to show affection for the acquaintances (at a similar managerial level) in China. For example, Mo, a junior manager working in a China-based travel service company in Hong Kong, pointed out that having good guanxi with his colleagues in the Guangzhong office can save him a lot of time:

We are in the travel business where lots of scheduling plans have to be prepared. It is much easier and efficient to work with someone that I know personally from the China office. But I don't meet them often; therefore, I will buy them small gifts, like perfume for the girls, when I visit and chat with them on QQ when it not busy in the office about Hong Kong celebrities news, fashion trends, and stuff like that. From doing that, I can leave the office earlier than those who did not gaoguanxi with the girls there.

This example shows that gaoguanxi is commonly practiced by the middle-management and the choice of communication media mostly dictated by the recipients.

(2) Gao Guanxi at the Government Level

Guanxi at the government level is even more important for doing business in China. The seven SME owners interviewed all stressed the importance of having good guanxi relations with the local government officials and such relationship building activities are usually handled by themselves. The main reason for having good guanxi with the local government officials is directly related to their business operations. New regulations are often launched without being properly explained in mainland China, and therefore having close relationships with the local government officials can avoid breaking any newly implemented laws or regulations. The local government officials can also act as a buffer when a crisis arises between business partners. However, building guanxi does not mean sending expensive gifts or Lai See (a red envelope with cash), paying for banquets, purchasing alcohol (hard liquor is particularly popular in the northern part of China) since anti-bribery laws are enforced strictly in recent years. Therefore, gaoguanxi strategies at the government level have to be very skillful. For example, Chong, a young entrepreneur whose family has a long history of doing business in China, perceives guanxi with government officials as the utmost important element. He pointed out that "guanxi requires time to cultivate: the longer the business stayed in China, the better the chance to establish good guanxi with the government officials." Therefore 'time' is crucial in building successful guanxi.

Lo, a long-term veteran in the China market, agreed with Chong's view point. He said, "Having good guanxi with local government officials can help to avoid breaking laws, reduces costs in operations, and enhances relationships with the local staff." When asked if he had given any expensive gifts to the local government officials, he gave a different view on bribery. He explained that Chinese government officials now are very different from 20 years ago when the Chinese market first opened. "The officials now are young and their promotion is based on their performance.

Therefore, they are more willing to accommodate the needs from foreign investments, like the Hong Kong SMEs. But, of course, monetary benefits will be involved." Lo refused to elaborate

further on this issue. Another tactic that Lo did to enhance guanxi with the government officials was to attend events organized by them:

Guanxi means 'giving face' and you need to show your face so they will remember you. Besides, because of my seniority in the industry, I am often invited to take part in activities that are organized by the chamber of commerce. There, I have the chance to meet up with more senior government officials.

However, not all SME owners have a respectable social status in the Chinese market; for those who have less experience and weaker guanxi ties, they have different opinions about the importance of gaoguanxi strategy with government officials. Ho, the owner of a small electronic parts manufacturing company, stressed that cash is not necessarily the best way to cultivate guanxi in China. He pointed out that gaoguanxi with government officials can be risky due to the strictly enforced anti-bribery laws.

The findings further support previous studies that guanxi perception is deep-rooted among Chinese despite their origins: Hong Kong Chinese or mainland Chinese and that guanxi is a key factor in doing business in China. The interviewees all agree that guanxi mainly refers to 'giving face' but, above all, appropriateness is most important because not all 'face giving' behaviors are considered effective and it can even have negative effect if not done appropriately. Appropriateness is thus another key factor that could affect the effectiveness of practicing strategic relationship cultivation strategies. Appropriateness has been stressed as key in interpersonal communication in past communication studies (Spitzberg, 2000; Yeh, 2010).

However, some of the entrepreneurs agreed that guanxi in China is decreasing in importance. Sung and Chong agreed that the Chinese market is maturing and has progressed toward a structural-based market in which the Central People's Government has better and clearer policies and regulations to follow.

Conclusion and Limitation

The Hong Kong SMEs are the frontiers of entering into the China market when the open-door policy started in the early 1980s. Although the Hong Kong Chinese and mainland Chinese share the same cultural background, there are major differences in their lifestyles, value beliefs, and languages. What's more, the China market is well-known for its guanxi-based structure, but the Hong Kong economy is known for being judicially based. Therefore, with their extensive experience in the China market, the Hong Kong SMEs are the most suitable subjects for studying their strategies adoption in building and maintaining relationships with their mainland Chinese publics.

The in-depth interviews provided some interesting facts about how guanxi is build and cultivated by the Hong Kong SME entrepreneurs in China through their usage of different interpersonal communication media. The traditional face-to-face and telephone communication are mostly applied to seek personal touch, privacy and confidentiality. FtF communication is preferred not because of its media richness but its ability to give face and promote sincerity and trust building. Other recent mobile instant messaging applications are also frequently used in achieving certain tasks, but more on suiting the needs of their mainland Chinese business acquaintances, e.g., QQ and WeChat which are not common among Hongkongers. Further, the interviewees provided information on their relationship cultivation strategies (gaoguanxi) in two levels: business level and government level.

This study shows support of the notion that there is a close linkage with the choice of communication medium used among the Hong Kong SMEs with different impact according to different media used.

The nature of this study is exploratory and the findings could serve an indicator for practical implications however may not be applicable to other cultures. More, the influence of guanxi relations may diminish over time. Nevertheless, policy changes on labor, environmental protection, infrastructure regulations, etc. will continue and vary from province to province. Therefore, future studies should include guanxi at the institutional level, which is regarded as an influential context in the business environment.

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