

A Competitive Advantage Strategy in China: Guanxi

Dr. Hitesh Arora
Associate Professor,
FORE School of Management,
New Delhi – 110 016, India
Email: hitesh@fsm.ac.in

Abstract

If used strategically, Guanxi has the potential to transform products, processes, competition and business itself. It can lead to substantial and sustainable competitive advantages. The paper develops an understanding of Guanxi in the realm of business. The aim of the paper is to discuss Guanxi as a strategy for gaining competitive advantage in Chinese markets. The firms that appropriately apply this strategy can enhance their chances of success in China.

Keywords: Guanxi; Competitive Advantage; Chinese Management; Value Chain

Acknowledgement

I wish to acknowledge and thank FORE School of Management for giving me an opportunity to understand Chinese Culture, Business Practices during the FDP 2011, China. This visit helped me to understand various aspects of China in an enjoyable manner. It is during this visit that I was introduced to the concept of Guanxi. The concept and its mechanism interested me and resulted in this piece of work. My work in this area is still in its initial stage but I wish to explore it further in future.