

# Relationship Networks and China's Increasing Presence in Brazil - Looking at Entrepreneurship and Cooperation

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**Abstract:** The study of interpersonal relationship networks belongs to a long and extensive multidisciplinary academic research field. Although the subject is not a new one, there has been an increase in the interest of the role of social networks in the business world. This article discusses a kind of network very peculiar to Chinese communities' way of life: the *Guanxi*. Ever more emigrating to countries of occidental culture, the Chinese bring with them their way of being and doing business to which the *Guanxi* is a significant cultural trait. Knowing this type of relationship increases the possibilities of success for those who intend to do business with the Chinese, both in Brazil and in China. The article encompasses a theoretical framework, exposing Chinese and Occidental theories about relationship networks, allowing a broad understanding of how *Guanxi* works. Interviews and the relevant analysis of their contents complement the exploratory and qualitative research.

**Key Words:** Network; Guanxi; Entrepreneurship; Cooperation; Trust.

## **1 Introduction**

Regarding the international macroeconomic scenario, China already plays an influential role in markets such as Europe, Africa and Americas, which will be further increased in the next decades. In Latin America, China is one of the most important trade partners of countries like Brazil, Chile, Argentina and Peru, among others. Establishing, developing and maintaining commercial and investments long term links with the Chinese people is very important to achieve economic growth in a globalized and competitive market.

The table below shows the growth of Chinese Foreign Direct Investment<sup>[1]</sup> – FDI in Brazil since 2004, providing an insight of the relationship's strength between the two countries:

**Table 1** - China Foreign Direct Investment (FDI) in Brazil US\$ millions

Year	Value	% growth
2004	6.43	
2005	15.09	135%
2006	10.09	-33%
2007	51.13	407%
2008	22.38	-56%
2009	116.27	420%
2010	487.46	319%

Source: 2010–Statistical Bulletin of China's Outward Foreign Direct Investment  
<http://english.mofcom.gov.cn/article/statistic/foreigninvestment/201109/20110907742320.html>  
 Site: Posted in 2011-09-16 - Access in 04/25/2012

The amounts illustrated are the official data provided by the Ministry of Commerce People's Republic of China but, it is believed that the actual figures are much higher. Whereas the Chinese State-Owned Enterprise also sends resources from bases in other countries, data on Chinese FDI flows are distorted and underestimated.<sup>[2]</sup>

Many investments are made by Chinese investors already living in Brazil, besides investments made through the Huey, a kind of an investment consortium congregating private Chinese investors made outside the national or international financial systems. (SHENG, 2008 <sup>[3]</sup>).

A report from the Brazil – China Business Council (Conselho Empresarial Brasil China – CEBC <sup>[4]</sup>) gives the information that billions of dollars in Chinese investments in Brazil are already confirmed in almost all Brazilian States, such as Bahia, Goias, Minas Gerais e São Paulo (CEBC, 2011, p.41).

China started the current cycle of economic expansion and the resulting increase of international relationship in the 1980's, following a new phase of economic opening and reformation inaugurated by Deng Xiao Ping: These reforms caused a wave of foreign companies establishing operations in China and, at the same time, of Chinese companies establishing them abroad. The process generated an increase in the complexity of relationships, both from a commercial and a personal point of view, leading people and companies - in China and elsewhere - to study and understand the culture of countries and people with whom they would be establishing a new relationship.

Providing useful information about Chinese culture to Brazilian entrepreneurs to facilitate their business relationship with the Chinese will certainly increase their possibilities of achieving success in business endeavors in China. At the end of the day, other elements besides the economic are of fundamental importance in establishing long standing relationships.

Data from the Brazilian Ministry of Industry and Commerce (Ministério da Indústria Desenvolvimento e Comércio Exterior <sup>[5]</sup>) reveal that 24,908 Brazilian companies imported from China (51% of importing companies) and 2,643 Brazilian companies (12% of exporting companies) exported goods to China in 2011, showing how the commercial relationship between the two countries is thriving...

This article aims to generate awareness for the need to develop efforts to achieve mutual understanding and adaptation between cultures that are so different. Establishing a structured and conscious process to understand the Chinese culture is a critical factor to Brazilians entrepreneurs' success, especially considering the great differences between the two cultures. That process goes through recognizing that the Chinese culture is the result of more than 5,000 years of continuous written and lived history, built upon the organization of peasant communities.

The Republic of China was proclaimed in 1911 and brought more difficulties to Chinese people that in turn started a civil war. In the years that followed, the conflict between nationalists and communists, coupled with the Japanese invasion, lead many Chinese to immigrate to other countries in search for a better life.

Since 1949, when the Popular Republic of China was proclaimed, there has been a process of persecution of political opponents, especially members of middle income families, deemed as incompatible with the communist regime (VÉRAS, 2009, p. 187 <sup>[6]</sup>). That political persecution led many Chinese families to abandon and leave behind their goods and assets and flee the country, from Hong Kong or Taiwan.

Chinese society is constituted by many networks or webs. Threatened by hunger and starvation, mutual cooperation and collective spirit became the nation's founding values, also guaranteeing individual life and privacy. That specific way of relationship has been maintained by Chinese until today. It has been the main instrument used by those that need to flee the country and establish themselves abroad, most of the times in adverse conditions.

The objective of this article is to study the Chinese style of relationship – called Guanxi – as a determinant factor for immigrants that came to Brazil from 1940 on to achieve success in their private and professional ventures.

## **2 Theoretical Framework**

Network: a word in fashion nowadays. It seems to explain almost everything related to human beings. But, at the end of the day, what is a network? There are many definitions, among which one common element is highlighted: it is the most ancient way of human beings relate to each other, so say the Chinese.

The study of interpersonal relationship networks has a long-term tradition in academic research, encompassing various disciplines like sociology, anthropology, organizational behavior and management. Although it is not a new issue, there is a growing interest in acknowledging the role of social networks related to business and other economic activities. Non-institutionalized business networks related to ethnical groups have been reducing international trade barriers and facilitating transnational flow of information and knowledge (GROSSMAN, 2010<sup>[7]</sup>). This article discusses the role and importance of interpersonal relationships – mutual assistance and reciprocity networks – as a driving force and guide of social and entrepreneurial actions in China and abroad.

BARNES (1987<sup>[8]</sup>) defined network as a structure of interpersonal concrete relationships that bond some individuals to others. All starts at family level: the first network to which someone belongs. After that, during the course of each individual's life, other relationships are established with various independent networks at the same time, with different objectives, indicating that networks have different functions and varying degrees of influence over each individual's life.

PINTO E JUNQUEIRA<sup>[9]</sup> maintain that:

“The existence of a network depends on a multiple and complex reality where acknowledging the other individual and the definition of common goals make possible the development of a social fabric. That means that the social network is established from the interaction between individuals”. (PINTO e JUNQUEIRA, 2009, p. 1.092).

Multiple and complex realities are a hint for the difficulties embedded in the task of understanding how networks work: networks are a changing context constantly adapting to new circumstances and events that occur at the same time. Concerning the operation of networks, CASTELLS (1999<sup>[10]</sup>) states that networks, as open structures, have unlimited capacity for expansion integrating new ties, provided that they share the same communication code such as values or performance goals.

MELUCCI (1999)<sup>[11]</sup> proposes an approach on networks' operations stating that networks, most of the time, are invisible, informal, tacit structures. They permeate all moments of social life but, they are virtually hidden from sight – they are the set of “hidden connections”, an “underwater structure”. Playing a fundamental role in one's life, people have many circles of relationships although they actually do not know how many of those circles exist or how to identify them. Usually people only see the network when they need it. (COSTA *et alli*, 2003)<sup>[12]</sup>.

Functions within the network are only performed through individuals' actions that are considered as social actions. According to WEBER, these are “actions oriented by other people's behavior” (WEBER, 2004<sup>[13]</sup>). That is, the social action occurs when individuals consider it meaningful to them and they behave accordingly to the group's expectations.

KRACKHARDT & HANSON (1993<sup>[14]</sup>) classify networks in trust networks, professional networks and communication networks. Trust networks are those that share “politically sensitive information” and are limited to a certain number of persons. They derive their major strength from trust and reciprocity.

Other important aspect considered by GRANOVETTER<sup>[15]</sup> is the notion of strength between the ties that link individuals to the network. The strength of a tie can be classified as strong, weak or absent, depending upon a combination of the amount of time, the emotional intensity, the intimacy (mutual confiding) and the reciprocal services which characterize the tie:

Most intuitive notions of the ‘strength’ of an interpersonal tie should be satisfied by the following definition: the strength of a tie is a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding), and the reciprocal services which characterize the tie. Each of these is somewhat independent of the other, though the set is obviously highly intracorrelated. Discussion of operational measures of and weights attaching to each of the four elements is postponed to future empirical studies. It is sufficient for the present purpose if most of us can agree, on a rough intuitive basis, whether a given tie is strong, weak, or absent. (GRANOVETTER, 1973, p1361).

To understand networks' operation usually one gets a snapshot of a network and interprets the relationship between ties. That results in a limited comprehension of the network related to a specific moment. However, it is useful to analyze how individuals behave in relation to the network, as the network plays a fundamental role especially at crucial moments in life.

### **2.1 Chinese network**

Chinese people have a specific type of social relationship network, the *Guanxi*. Although it cannot be directly classified as a network in the way the term is defined in the Occidental world, it

has a series of elements that can characterize that relationship as a network, as described below:

BELL (2000<sup>[16]</sup>) avoids the word network by advocating that *Guanxi* is a concept based on interpersonal connections encompassing “elements of both sharing and exchange. In the absence of the appropriate model, however, such processes are usually represented as exchange relations”. He also shows that *Guanxi* network is a web of relationships that begins within family life and is expanded to other relationships established throughout a persons’ life cycle.

Those interpersonal relationships have an important role in the Chinese system having its origin in Confucianism. In that system individual responsibilities are based on five important relationships: boss and subordinate, husband and wife, father and son, between brothers and between friends. SELIGMAN (1999<sup>[17]</sup>) suggests considering an imaginary circle around every Chinese. People around them will fall in one of two categories: inside or outside the circle. Inside the circle are relatives, neighbors, classmates, co-workers and those introduced by members of those groups. Some kind of *Guanxi* (relationship network) will be developed with individuals inside the circle and there will be some sort of commitment to them. Those outside the circle are unknown and there are not any obligations toward them. GROSSMAN (2010<sup>[7]</sup>) refers the following text presumably written by a Chinese scholar describing the system as a pattern of concentric circles expanding from the family as its core and having social connections as rays:

The whole ethnic Chinese network consists of numerous such circles. A Chinese businessman would seek a business partner from the nearest circle. The circle will expand as the business expands (PENG, 2000, p.232 apud GROSSMAN, 2010).

In order to understand the intricate relationship process of *Guanxi*, it is necessary to comprehend the way it was structured over time.

Most of China population is still in rural areas even after the huge economic growth and industrialization of the latest decades, significantly working in agricultural or related activities<sup>1</sup>. Due to a less than favorable geographical environment, Chinese people always faced the challenge of sowing and harvesting food in enough quantity to cope with natural disasters, social calamities and to guarantee the survival of an ever increasing population using the same extension of land.

Although enduring dire constraints and a life marked by scarcity, HAIUA and BAKER (2008<sup>[18]</sup>) show the contentment and tolerance existing even among the poorest Chinese communities. They say that behavior is based on the fundamental idea of being “connected”. A Chinese is never encouraged to think or act in an individualist fashion and is never treated as an isolated element. While Occidentals seem to be guided by the proposition “all are born equal”, Chinese believe that “all are born connected”. That belief means that everyone is always part of a network or social fabric. The referred authors conclude affirming that Chinese society is built by many nets and webs.

Reinforced by Confucianism the concept was enlarged to encompass loyalty to the country (e.g., government), respect for and obedience to teachers and superiors (e.g., parents and elder relatives). That mental conditioning leads to a strong sense of belonging and patriotism and fosters a behavior aimed at sharing. Those elements contribute to contentment. A person that is only preoccupied with his/her own accomplishments is constantly deemed “aggressive” and “selfish” instead of ambitious. In Chinese such individual is described as a “little self” or “xiaowo” but, if considered within the group he or she belongs is described as a “big self” or “daowo” (HAIUA and BAKER, 2008).

<sup>1</sup> According with 2010 CIA data urban China population is 47% of total population: <https://www.cia.gov/library/publications/the-world-factbook/geos/ch.html>, access in 07/19/2012.

That environment marked by incessant struggle to survive was the cradle of *Guanxi*, as support from family was in many times not enough and an extension beyond family ties was requested from other village dwellers, co-workers or kinship clan. The Chinese methodology of coordinating the extension of support actions beyond the family cell is denominated *Guanxi* (BELL, 2000<sup>[16]</sup>).

*Guanxi* thus is related to the way Chinese act and establish rules aiming at enhancing support and maintaining cooperation commitments beyond family borders. It's a complex network system with millenary historical roots that in some moments was also used to oppose the State defending interests of the group, family or clan. Chinese peasant's survival, being it understood in physical, economic or social sense, always was underpinned by cooperation ties among individuals, especially family and community members. The system functioned even during the worst period of communist rule before the beginning of economic reforms in 1978. Nowadays *Guanxi* is used in various activities and still exerts its influence on Chinese individuals and their descendants' culture, both in business and family or personal relationships.

According to BELL (2000<sup>[16]</sup>) there are five *gang*<sup>2</sup> in Confucian logical that significantly influence the application of standards of behavior, each of them having an archetypal manifestation within domestic family. Those five cardinal relationships are called *wulun*. They are not "connections". Structuring interpersonal relationships based on family *gang* is far apart from the instrumentalism that underpins the Occidental notion of "connections". To say that *Guanxi* is not an instrumental relation (in its appropriate cultural expression) does not imply that *Guanxi* is not useful. Quite the opposite, *Guanxi* is worth much more than connections. In almost all cultures there is a *wu-lun* equivalent that guides relationship within the family. A special feature of Confucian thought is that *wu-lun* and its rules of conduct surpass the family group reaching all other forms of ethical relationship. As *wu-lun* rules are followed by other collectivities, family limits become surrounded by a large family-like structure of duty and responsibility. *Guanxi* is the term that empresses that mechanism (BELL, 2000).

Although occidental scholars consider reciprocity as fundamental for networks, BELL<sup>[16]</sup> uses it with reservations as it is not only a monetary exchange, but an element of group relationship's dynamic. Group is defined as a set of individuals with legitimate claims (denominated *fen*) for the sharing of certain resources. That sharing is done by means of *li* that can be translated as protocol, ritual or virtuous way of doing. The author claims that the performance of the whole group becomes effective, ordained and harmonic as a natural consequence of every person's actions based on the protocol (*li*) related to each one and to all. As a result of that appropriate way of acting contributions (*liwu*) happen accordingly to social position and relationships' hierarchy. Principles of balanced reciprocity are not compatible with this code of conduct. Therefore BELL distinguishes reciprocity notion explaining that "sharing contributions" or *zhanguang* means:

"[...] the sharing of (relative) good fortune. Hence the benefit to be gained from *liwu* is not reciprocal *liwu* but the possibility of *zhanguang*, a nonritual, nonroutine share under unpredictable circumstances (that may not ever arise)" (BELL, p. 135). The reason I argue against the term "reciprocity" in reference to the *liwu-zhanguang* relation is that reciprocity directs our attention to things, not to relations, as though *zhanguang* were the benefit to be gained from *liwu*. (BELL, 2000, p. 137)

<sup>2</sup> *Gang* is the term used to define the closest relationships : the ties between father and son, emperor and official, and husband and wife" (BELL, 2000 p.133)

In this way, BELL (2000) explains that strength and security of *Guanxi* for its members is the assurance that they can count on other members the moment it is needed. Participating in a network is a moral obligation that has to be complied with and not discussed. Chinese civilization cemented this value overtime and it is embedded in the relationships that are established.

In a further development of *Guanxi* concept, it can be said that it is an important informal relationship agreement between individuals that can be extended to business world and the set of relationships between companies and Chinese institutions. It implies social reciprocity and is based upon mutual feelings (*ganqing*) between two or more persons aiming at cultivating friendship and searching for personal benefits at the same time. In order to understand this concept more precisely it is necessary to point out to four essential terms concerning a broader concept of *Guanxi*: social relationships (*guanxi*), emotions (*ganqing*), favors (*renqing*) and face (*mianzi*) (NITSCH and DIEBEL, 2010<sup>[19]</sup>). *Guanxi* is established based on mutual trust. For the Chinese any important trust relationship between agents in the national economy is basically an issue of informal social relationships.

According to LUO YADONG<sup>[20]</sup> from Miami University the word *Guanxi* points to a kind of support through connections in order to guarantee favors in personal relationships. The term also expresses an elaborate and diffuse relationships' network which is cultivated by Chinese members' efforts and creativity. It has a code of ethics, it encompasses implicit mutual obligations, guarantees and understandings and it also rules Chinese individuals' actions regarding social relationships and long-term dealings (LUO, 2000<sup>[20]</sup>). The trust factor – *xinyon* in Chinese – plays a major role in building *Guanxi* relationship. Business is made with trustworthy individuals and there are no formal agreements or written rules. Those are applied if the business partner is not a family member or an element of the trust network.

SHENG (2008<sup>[3]</sup>) in his article about the experience of Chinese entrepreneurs in Brazil and the financial models based on relationships, relies on JACOBS (1979) to assert that, in the business scenarios, the stronger the *Guanxi* relationships, the greater are the chances for executives to reach their goals. If multiples *Guanxi* are interacting, these chances are also multiplied. JACOBS states (1979, p.262<sup>[21]</sup>) that:

Multi-stranded *Guanxi* bases increase the opportunities for social interaction. They also increase the feelings of commonality between the parties and make it easier for *ganqing* [appreciation] to occur. Multi-based *Guanxi* are closer and more consolidated and thus more resistant to deterioration than single-stranded *Guanxi*. Shared feelings make trust development easier.

According to SHENG (2008<sup>[3]</sup>) *Guanxi* has been viewed as one of the variables that explains success in development and growth of small and medium-size firms in China which, since economic reforms of 1978, have contributed to keep China's high rates of development and economic growth (GDP per capita medium annual increase of 8,1% ).

SHENG (2008<sup>[3]</sup>) explains that one of the success factors is that *Guanxi* through informal financing relieved lack of capital problems of Chinese small and mid-cap companies. Various *Guanxi* based financing models are used. Nevertheless is important to highlight that *Guanxi* can also be used in illegal transactions, bribe and cronyism. In this somber side of *Guanxi*, ways are found to circumvent the law, favoring members of society without merit considerations and encouraging the concession of favors at the expense of society. *Guanxi* network can be built wherever in the world to act in good or bad manner.

Differently from Occidental networking *Guanxi* involves other dimensions of social beings in building relationships. It takes time, living together and setting up trustful connections. It can be said that it represents some net worth. Building that network and counting on it can be a decisive factor for business as “doing business” is also making relationships. WEIDENBAUM and HUGHES (1996<sup>[22]</sup>) illustrate the issue with the example of relationship between ultramarine Chinese where, if any network member does not comply with ethical commitments his or her name is inscribed on the black list. This is much worse than being sued because the entire Chinese network will avoid doing business with the guilty member. On the other hand, transnational networks, for example, dealing with a specific foreign market can also contribute to consumer products’ producers finding adequate distributors, assemblers, components’ suppliers as well as helping investors to find joint-venture partnerships.

Networks create a circle of mandatory bonds and mutual help that can last for the whole life due to long-term return expectations. In his book *The Spirit of Chinese Capitalism*, REDDING (1993<sup>[23]</sup>) states:

Cooperation through personalistic networking appears not to have changed at all in structure or process, but simply in the identifying of appropriate members. *Guanxi* is as essential as it ever was. (Redding, 1993, p.236)

According to FERNANDEZ and LIU (2010<sup>[24]</sup>) *Guanxi* could be represented by a model of concentric circles: the core is formed by the family; the next layer is constituted by friends, co-workers and classmates. The external circle is made up by connections with precedent circles, i.e., by *Guanxi* of *Guanxi*. In the family circle loyalty and trust are fundamental elements and reciprocity is not mandatory. Reciprocity is stronger in the second circle – friends, coworkers and classmates – but not necessarily immediate. Favors’ reciprocity will come in an appropriate occasion. In the external circle – *Guanxi* derived of inner circles – reciprocity is expected and as a general rule immediately. The strength that binds *Guanxi* together is the threat of exclusion. (FERNANDEZ and LIU, 2010).

### **3 Data and Methodology**

#### **3.1 Historical background**

It’s important to present a brief timeline of Chinese immigrants coming to Brazil, in order to point out that there were various immigration flows having different characteristics and specific contexts.

The first records of Chinese immigration to Brazil go back to King Dom João VI in the beginning of Nineteenth century, when Portuguese Chancellor Count of Linhares designed a plan to bring Chinese to Brazil in order to satisfy the king’s wishes of transforming Brazil in a tea supplier. It is believed that circa 300 Chinese came to Brazil at that time bringing tea seeds. (CHANG-SHENG<sup>[25]</sup>). Tea cultivation failed and Chinese immigration was only considered again as an alternative to slave labor by the occasion of slave abolition.

From then few Chinese came to Brazil to work in farms but, not in significant number (CARVALHO, 2009<sup>[26]</sup>).

The second Chinese immigration wave took place from 1870 to 1883. CERVO (2011<sup>[27]</sup>) highlights that should be stressed the establishing of diplomatic relations with China as part of Brazilian efforts to expand foreign policy:

Establishing regular diplomatic relations with China by treaty of October 3, 1881. A diplomatic mission to China was defined in 1879 and was led by Eduardo Callado e Artur Silveira da Mota had as initial objective to promote a Chinese immigration flow to meet the requirements of farmers suffering from growing shortage of slave labor force and from insufficiency of European immigration. (CERVO, 2011, p. 147<sup>[27]</sup>).

Although there was an open communication channel between Brazil and China, Chinese immigration flow to Brazil was not big. The last official attempt of Companhia do Comércio e Imigração Chinesa to bring Chinese immigrants to Brazil took place in 1883 (CARVALHO, 2009, p.131<sup>[26]</sup>). In 1900, a Chinese group arriving in São Paulo already came with working agreements with farmers as a result of Qing government – the last dynasty – actions to curb abuses against Chinese immigrants.

The major flow of Chinese immigration to Brazil occurred in the period from 1949 on, after the Communist Revolution of Mao Tse Tung and foundation of Popular Republic of China which led to a Chinese Diaspora in search of better opportunities in other countries including Brazil. This article is focused on Chinese immigrants coming to Brazil after 1950.

### **3.2 Methodology**

This article was written based on results of an exploratory research qualitative method with a case study, in which Chinese immigrants living in Brazil were interviewed (YIN, 2003<sup>[28]</sup>). YIN describes case study as “an empirical research that investigates a contemporaneous event in its real life context”. YIN also considers being valid a specific case study in the following situation:

“One rational form for a single case is when it represents the critical case in testing a well-formulated theory. The theory has specified a clear set of propositions as well as the circumstances within which the propositions are believed to be true”. (YIN, 2003, p. 40<sup>[28]</sup>)

The method consisted in performing a correlation between *Guanxi* and networks’ theoretical fundamentals in order to identify the theoretical elements that are present in interviewees’ experience. The content analysis method was used to analyze interview’s content. That method is defined by BARDIN (2008<sup>[29]</sup>) as a set of communication’s analysis techniques. According to LAKATOS and MARCONI (1999<sup>[30]</sup>) content’s analysis technique allows the content analysis of books, magazines, newspapers, speeches and personal documents as journals, interviews among others.

### **3.3 Sample**

It is very difficult to gain access to Chinese individuals especially the elders and when the main purpose is to talk about their personal lives. For this article, Chinese individuals that came to Brazil after 1950 and are still living in the country were interviewed. Interviewees were selected based on referrals from other Chinese living in Brazil already connected to one of the authors. That was an example of a practical application of *Guanxi* as access to interviewees and their detailed narratives only was possible because of bonds of trust existing between some of them and one of the authors.

Nine persons were interviewed during six sessions. Nine interviewees represent a small portion of about 200 thousand Chinese living in Brazil. Nevertheless they have characteristics that make them significantly representative of the whole community: they come from different regions of China with specific local costumes and diverse dialects and their families have different professional occupations working in the industrial sector, commerce and services as well as

performing religious and martial arts practices. All of them are members or co-founders of institutions whose objective is fostering business interchange and additionally preserving Chinese deeply rooted cultural heritage.

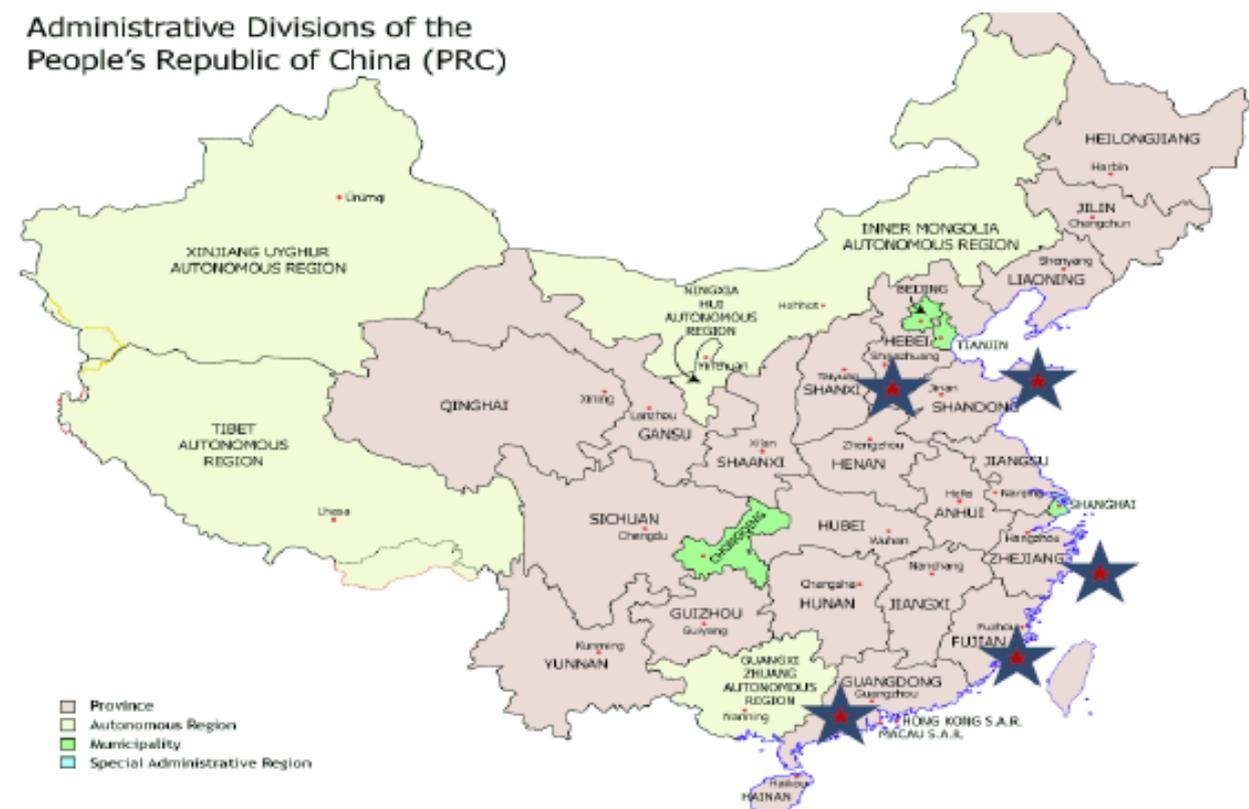
A brief script was elaborated for the interviews but, used only as a guide not disclosed to the interviewees that were free to talk following their emerging memories. Nevertheless, interviews were conducted to achieve the main target: obtaining details of their journey to Brazil, the development of their professional path after arriving in the country and the role played by *Guanxi* in these two very important aspects of Chinese immigrants' life.

All interviews began with a "narrative generating issue" (FLICK, 2002, p. 110<sup>[31]</sup>) in order to facilitate establishing a dialogue. The interviews were recorded and further transcribed. They were made in Portuguese with the possible participation of a son, daughter or a friend to help with the language only when necessary, as all interviewees have been living in Brazil for more than 20 years and are able to communicate in Portuguese in spite of some difficulties with the formal language.

The transcripts were analyzed after categorization of the answers in order to facilitate analysis and to make possible the presentation of the main points revealed by the interviews. Results are shown in the following section.

#### 4 The Interviews

Interviewees came from various provinces of Popular Republic of China - Zhejiang, Hebei, Fujian, Guangdong e Shandong – scattered along Chinese east coast as showed in the following map:



**Figure 1** - Administrative Division of the People's Republic of China

Another aspect observed was the reason to emigrate often related to the difficulties of living in China - a very poor country in where the situation became more difficult after Japanese invasion in 1931 and political persecution during the regime installed by Mao Tse Tung in 1949. The exceptions in this case are made for two interviewees that came during the Cultural Revolution initiated in 1966.

The situation is described by some interviewees:

*Because things were very bad; in the middle of a war how you can sow or harvest? It was impossible; there was war every year; people running out, in caves, to save themselves (Interviewee 4)*

*At that time China was an underdeveloped country, feudalist, one war after another; thus it was a practically finished (devastated) country, made poor; so, leaving it was a dream of thousands of Chinese that wished to leave the country" (Interviewee 3).*

All interviewees came from big families of farmers or merchants. That situation is made clear by interviewee number 1:

*...at that time, as it was a small plot of land, a lot of people were relatives or friends, then, you know, one gives reference to the other and so on, and many people went to France, or go to the Netherlands. Then, today in France there are more than 20 thousand fellow citizens there, in the Netherlands there are more than 10 thousand, in Italy 20 thousand, and in Spain more than 80 thousand. So adding up there are a total of 200 thousand people or more from my town outside China, outside my town, and there are 200 thousand people in my town, that is, half its population is outside China" (Interviewee 1)*

All interviewees had important family ties with Chinese that had already immigrated to Brazil. They were helped with transportation (air or ship tickets, documents, passport, visa), with food and lodging in Hong Kong (exit door from China) and also with their reception when arriving at Brazil, hosting the newcomers and helping to get the first occupation. All had support from their families and their connections in Brazil, exception made for one interviewee whose parent had already immigrated to the United States and promoted the son's trip to Brazil as a step to a further meeting with his father in the United States. This interviewee had support from a Chinese middleman in Brazil paid by his father but, as he was charmed by Brazil, he decided to definitely establish himself in the country.

*During revolution and war you didn't have documents; you had to use connections, referrals as well as advice and orientation from other people.*

*He needed money and he didn't have it. After hours the church mate called, gave him an envelope, he opened that envelope and there was the Money his family needed to pay for the tickets to come. Then they came to the border that had to be crossed, there were acquainted people there, on both sides, which brought him and the customs' officers pretended not to see them and the whole family could pass (Interviewee 4)*

Another deposition clearly shows that when a Chinese immigrant succeeds, he or she brings other family members to Brazil:

*... My grandfather came, after that my father came, after came my brother and then came me and my mother. Then, for instance, I marry X; X starts to bring her family here; my brother married my sister-in-law and she already wanted to bring her mother, her brother, so, I mean, family starts to grow and grow. Thus, friend always brings friend, relative brings relative and in this way they grow stronger, creating even more roots. (Interviewee 3).*

They are like ants, all, one goes out and calls for the others. One comes here, sees that there is hope and goes back there, searching. Chinese maybe have that, what you called, a culture of one calling for the other, helping. When my aunt came here there was already another Chinese.... (Interviewee 5).

Even having a profession in China, many Chinese immigrants started from scratch a new career in Brazil taking lower paid jobs and doing whatever was available at the moment. They worked at pastry shops, they walked through the streets selling lace handcraft, and they made small slippers and ornaments for Christmas' decoration at home. Taking an immigrant couple as an example, he an engineer who came to work as a draftsman at an automobile wheel industry and she, a university professor, who became an English private teacher being paid below her qualification. But they still manufactured Christmas ornaments to increase family income. Two priests welcomed by Brazilian Catholic Church were the exceptions.

*Here, when I was nine, ten years old, I was already working to help my parents; my elder brothers were also working and studying. For that reason my eldest brother is already gone. There are four left and we had to survive and we worked almost all the time besides school, the spare time was used to make slippers.*

*At that time there were many pastry shops that needed people to do the job. When Chinese came they didn't speak Portuguese, wages were very low, we worked too much, that's because it was a low paid job, workers were not registered and pastry shops' owners needed people. As they couldn't hire Brazilians they hired fellow citizens. And then, fellow citizens started his life that way. (Interviewee 7).*

Reports show family union and support together with community and Catholic Church support as leveraging their capacity to cope with difficulties.

*My uncles left (Honk Kong) and came to Brazil. They said to my father: "look, if you want to come here, you can come because we are here and it's much better than Hong Kong". Then my father said: "OK..., but how can we go to Brazil?"*

*Money came, brothers sold things, pooled and gave money and he bought a one way ticket for the entire family. He hasn't got the money for the return tickets"*

*My father came here and first thing was overwhelming difficulty, the only relatives they had were my uncles that lived here" (Interviewee 4).*

*That means, they are people that came in a dire situation and they helped one another survived and followed different paths...*

*... In each ship came 10, 15 families... each family that came was backup, supported and they sought one another and Church was the best place for that task. At that time people convened at the church with that feelings, with no intentions, no one was thinking of getting rich, no one thinking about ideology, everybody was seeking for support.*

*When people go outside their mother land the safest thing is getting support, I don't know if you understand, if you went through this. (Interviewee 4).*

*When you are an outsider, that means, you don't have a network or connections, and then it really becomes more difficult. You want to succeed, is evident; you got the means, of course. The temple is a good place, you go to pray together, talk about Buddhism; you go to the association to talk about the relation Brazil-China, you want to contribute with it, yes, but I want to say something: it is always proved by actions and not by your behavior (Interviewee 3).*

The speech of Interviewee 3 makes clear that is not enough going to church or to the association to establish a network connection. It is necessary to act in a way that proves your good nature and that gains other members' trust. That aspect is clear in the following observation from the same Interviewee:

*Trust is not bought, one has to conquer it, and then always through your actions and behavior you will prove that you are a person of good nature, that you are a trustworthy person. So, usually people talk: "Chinese are suspicious..." but, once you are trusted you can get everything, I think that's the way it happens. (Interviewee 3).*

Two were the immigrants' main sources of financial resources: hard work combined with minimal consumption and loans provided by their fellow citizens to start commercial ventures.

*They do that kind of consortium... it's not a kind of consortium, I have to use a more precise word, it's a pyramid scheme. Everybody pools some money, 24 installments. If each one gives 1,000 Reais it adds up to 24,000 Reais. 24,000 are enough to support something. And then the group gives this 24,000. First month it goes to me, second month to you, and so on and so forth.*

*[HUEI] Everybody used and everybody needed. It works even today. If one needs he does a HUEI with his partner. Today I need capital, let's say 100,000 Reais and I don't have those 100,000. So, I know S..., I know you, I know another person and then I organize the consortium.*

*... It's Always that: if one needs money, consortium. (Interviewee 7).*

*... Those that came from Shanghai don't use it much but, the peasant, the Taiwanese, use very much. That's very common: if you need money, you go to the consortium. (Interviewee 1).*

Another example of community support is shown by the statement of two interviewees; priests that, at a point in time, needed to build a church and sought support from Chinese immigrants, of which only 30% were catholic:

*In the mean time I had found that land plot but, without money, how to do it? And then, one day, I thought: "How can we make all this?" So, I thought of collecting money from the community and start doing it.*

*... At the time that would cost 68 million of Cruzeiros. [The priests requested a monthly installment to the donors]. Paid in installments, every month I went there to collect a little. At the end of two years I had got 113 million. With 68 million [they paid the land plot] and the rest went to the construction.*

*...money came from [Chinese] community. Back inside there is list, that list shows the contribution of the benefactors. (Interviewees 8 and 9).*

In spite of initial activities, badly paid and characterized by intense workload, all of them in some way achieved a stable financial situation. All of them developed commercial or industrial activities becoming successful entrepreneurs, exception made to a couple that was able to perform the same activities they made in China. Although supported by the Brazilian Catholic Church, the priests had the initiative of structuring the Chinese Church in Brazil that was successful with the support of the community in spite of difficulties.

An example of entrepreneurship is given by the father of interviewee 1 that came to Brazil to build a factory to his uncle. He worked for him during one year after which he decided to quit because he perceived that he would not be able to bring his family in the short-term. He then started a new import and export venture supported by a friend (a rich Chinese immigrant) that lent him the money. He had come up with new opportunity in a different sector while working in his uncle business.

*He quitted and needed to bring his family but, he already brought lace, tablecloth and china from China that than came as luggage. And then the rich man says to him. "OK, I trust you because I know you are competent. I will not lend you 2,000 but, I'll lend you 10,000, therefore you can buy your merchandise and everything but, I have a share. 10% are mine. So, my dad made the calculations and saw it worked. He bought the merchandise and his uncle bundled the goods and sort of make importing official. At the same time he started to deal with ... [other business] and was able to export. And then he began to work like this.*

Other example of Chinese entrepreneurship is shown by interviewee 3 depositions that went through ups and downs ever coming back to business:

*[After a period when the entire family sold Chinese lace on the streets...]. And then things evolved and [his father] bought the first [store] for my mother, after that my big brother bought another one, and then I also bought, and then my kid brother bought. So, we bought four stores in the same mall selling almost equal things. From there, long after I had made money from the store I set up a company and I bought things at auctions, I made a lot of money. I was young, thirty and something. (Interviewee 3)*

After losing everything in a business setback he came back to business:

*And then, you know, and then I lost and came back selling on the streets not anymore Chinese lace but, selling perfumes, watches on the streets, so I got some money selling on the streets for 6 months and set up a company [electronic products], I started to import several products and now I'm importing machines [heavy equipment]. (Interviewee 3).*

Besides the material success achieved by the interviewees, they also had defined as their main target educating their children allowing them to enroll in the best universities. As a result, all their children graduated in excellent universities. Some depositions that reinforce the importance of education are shown below:

*As they came with nothing, most of them came with nothing; they gave education to their children: "you have to study". And then in the decades of 1950 and 1960, maybe 1965, you looked at the newspapers, looking for the college qualifying tests, and the best ranked students were all Chinese.*

*... Everybody has to qualify for USP, the parents said, as they didn't have money. "You go studying day and night and you will pass the qualifying test for USP because I can't pay for a private college and you, to have a future, will have to study". And they, the boys and girls studied day and night and in all areas, you can go there and see, the first three ranked students are all Chinese". (Interviewee 3).*

*... Precisely because Chinese families know how to value, during difficulties, everybody, it doesn't matter if he is a Christian or not, but she comes in a very difficult situation and here she can find abundance. Look, you have to study, you have to learn, you see, this is a wonderful country and there are children graduating from GV. Here in Getulio Vargas, in the 80's, from 100 students 50 were Orientals... That is Chinese blood. The best school, the best school. Everybody has to go to the best school. (Interviewee 4).*

Chinese in Brazil performed also other activities that were always connected with social functions like cultural and social centers and the church. Some of the interviewees and their descendants founded those institutions and others preside or have presided Brazil-China chambers of commerce. Presently there are more than 30 chambers of commerce founded by Chinese coming from various regions and that convened to get mutual support. Chambers are not subsidized and don't have ties with the government of Popular Republic of China. They are private initiatives aiming at fostering commercial, social and cultural interchange between immigrants and the regions they came from.

*There is always a cultural Chinese center and people go there when they come and are searching for business opportunities, a palace to live, where they can...*

*[the center] used to help those that first came. They all went to that cultural center (interviewee 1).*

*In truth those associations exist also to meeting people of the town, talking about the land, to remember and relieve nostalgia; one help each other, It's a sort of mutual help among the fellow citizens only. That's the reason for more than 40 associations. But, there is the Chinese Association of Brazil that coordinates all those regional associations" (Interviewee 3).*

Finally, the most important aspect, the issue of networking among Chinese appears in various depositions making clear that being connected is essential and fundamental in their lives.

*..."Because they come from my land and so they come already connected; they are already part of the network" (interviewee 3).*

One of the interviewees clearly states the importance of trust in building strong connections and generating a new network tie, as already mentioned in "Theoretical Framework":

*In China they always say: trust is not bought; trust is conquered. So you can see through various jobs and acts; you can see if a person deserves your trust or not.*

...

*And then the guy gives credit to you. They see that you don't have money and they have that cooperative spirit, for the sake of fellow citizenship, for the sake of the Chinese outside China. There were few Chinese here, you see, and when we saw a Chinese that still spoke Chinese we thought: He is like me; it looks like a friend, a relative. Immediately. Because it was very rare a Chinese meet another Chinese here in Sao Paulo. That is a kind of solidarity feeling to a fellow citizenship, because they have the same nationality. And then to talk on behalf of China becomes easier. Once trust is thus established it is spread to the whole family.(interviewee 3).*

There are two additional key elements for *Guanxi* operation: informality and the discipline of wrongful conduct by other network members:

*Ah, they don't fail. Because if you fail you lose your credit, you lose trust, you see... And then there has never been a contract, a sole note is valid. They gave you X, you keep the note, an informal notation. All is trust; all is a matter of trust.*

*So people that, for instance, did bad things, to someone, or some guy that is doing evil; those associations together can call him to see if anything can be done against those elements wrongdoings. And so it's a network, an association that defends Chinese community life's interests, but not only that, it also maintains the culture and the good customs of Chinese life. (Interviewee 3).*

## **5 Results**

At the beginning, Chinese interviewed were reluctant. As one of them said, they are suspicious. After understanding the objective of the interviews, many felt at ease and ended telling many touching details of their lives. There was not any attempt to romanticize or circumvent difficult situations of life they had to tackle.

The interviewed Chinese showed some difficulty in understanding why to study *Guanxi*, as for them "being connected" seems to be a fundamental aspect of "living in the world". The existential issue and the role of network in their lives seem to be something inherent to life and not mentally elaborated. Relationship network seems to be considered a natural element of their lives. They ALWAYS can count on other people willing to help them at difficult moments.

And they will do the same to help people needing their help. As far as family and close friends are concerned – the core of *Guanxi* concentric circles – that is a moral obligation (part of Chinese basic values) regulated by Confucianism.

Confucianism considers the family as the logical starting point of moral development (FERREIRA, 1968<sup>[32]</sup>). This important feature of Eastern Culture makes working in family easier as all the members are united to achieve a common goal, that is, to obtain financial stability. The interviewees do not show any kind of consumerism pressure from the children or their parents, all of them aiming at the same objective.

*Guanxi* is fundamental for people to set their professional activities in the market. Individuals help one another in getting a job and they do not care starting from the bottom, as they believe in the strength of their work and in discipline to achieve their goals.

*Guanxi* is established even when there is not a direct referral. There were two situations where a bond was created by the single fact that the individuals were Chinese and both were living in a new country. Help was offered without solicitation but, only after a probation period of daily interaction and the assertion that both parties were trustworthy. Even if help was not accepted, a bond was created and it can be activated in the future, if necessary.

This survey was motivated by the interest in knowing how Chinese immigrants were supported in Brazil by their networks and in how those networks worked. All the interviews revealed an entrepreneurial spirit and all individuals got over suffering, financial duress and the pain inherent to the situation of leaving their country. They arrived in a new and unknown land and were able to build their careers and/or enterprises with results far beyond those that could have been imagined and no sign of regret or self-pity for the dire initial situations was perceived during the interviews.

*Guanxi* is not an entrepreneurial catalyst but, it was detected that it is a valuable instrument for those who want to start a new business, providing some facilities as prioritizing supplies, providing longer term credit and referral or appraisal to other businessmen. By means of *Guanxi* a series of complex commercial transactions could happen, notwithstanding the bureaucratic hurdles usually in place in a country like Brazil, waiving written agreements, formal guarantees, banking loans and many other conditions that an immigrant in the same situation of the researched Chinese could not cope with.

It is possible to understand the significant value of networks but, besides that, how they are established in all instances of life. For Brazilians doing business in China or with Chinese coming to Brazil it seems to be of paramount importance acknowledge that business for the Chinese are first of all relations. Relations to endure must be based on trustworthy “acts and attitudes” which take time to be proven credit worthy and longstanding. That is a very different custom from the Occidental short-term oriented, legalistic and formal tradition.

Investing in longstanding and mutual advantageous relationships between companies and entrepreneurs both Brazilian and Chinese assumes acknowledging those aspects which are determinant nevertheless intangible.

Since the last decade a growing number of Chinese companies has been establishing in Brazil. In the same way, an increasing number of Brazilian companies have been doing business with China. The crescent Chinese insertion in global markets and specifically in Brazilian market make even more important to understand Chinese approaching to business relationships. That understanding is fundamental to establish advantageous and longstanding business relationships.

Since the global economic crisis of 2008, China has been aiding economies in difficulties, including Latin America and Brazil. This is the key to explain the big resilience of that region so far. A Chinese slowdown can bring big difficulties to Brazilian entrepreneurs. Knowing how to establish trustworthy relationships based on mutual cooperation can be the key success factor to maintain Chinese and Brazilian companies dealing in harmony in the long run.

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