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**A CONCEPTUAL PAPER ON GUANXI CULTURE IN
PRACTICE: UNPACKING RELATIONSHIP-DRIVEN SUPPLIER
CHOICES IN CHONGQING'S LUXURY HOTEL SECTOR**

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Abstract:

The study examines the impact of Guanxi — the traditional Chinese interpersonal relationship system — on high-end hotels' selection practice in Chongqing's luxury hotel industry. Guided by organizational and socio-cultural theories, this conceptual paper elaborates how Guanxi impacts procurement choice, trust relationships, risk management, and the sustainability of alliance partnerships with suppliers. The analysis is set in the context of a multi-theoretical framework, involving Confucian ethics, institutional theory, stakeholder theory, and social capital theory, in order to present a holistic understanding of institutionalizing Guanxi in hotel supply chain management. The paper concludes with practical implications for domestic and international business practitioners and emphasizes that future empirical studies are needed.

Keywords:

Guanxi, Food Supplier Selection, High-End Hotels Procurement, Hospitality Industry, China, Business Ethics, Supply Chain Management



Introduction

As one of the four major municipalities directly under the central Government of China, Chongqing, along with Beijing, Shanghai and Tianjin, is a major transportation hub and economic powerhouse in the western region (Deng et al., 2020). With its strategic position in the Belt and Road Initiative and the Yangtze River Economic Belt, combined with its growing appeal as a tourist destination, the city has witnessed rapid growth in its hospitality sector (Chen & Huang, 2016). Currently, Chongqing hosts 458 star-rated hotels, including 35 five-star and 128 four-star establishments (Bao et al., 2019). Leading international hotel chains such as Marriott and Banyan Tree have established a strong presence to meet the rising demand for business travel and high-end accommodations (Zeng & Zhang, 2022). Therefore, this is the reason the researcher chose Chongqing as the research setting which will focus an in-depth analysis of relationship-driven supplier selection.

In China's evolving hospitality industry, procurement strategies within luxury hotels are determined not only by institutional frameworks and market competition but also by culturally embedded precepts such as Guanxi (关系). Based on Confucian moral precepts, Guanxi is a network of relations based on trust, reciprocity, and obligation (Chen & Huang, 2021; Barbalet, 2021). As compared to Western purchasing systems, which are grounded on transparency and uniform evaluation, Chinese luxury hotels rely excessively on personal networks and improvisation to select suppliers (Wang et al., 2023; Liu & Fan, 2022).

Earlier studies acknowledge the strategic and operating significance of Guanxi in other industries, such as manufacturing, retail, and government procurement. However, there still exists a clear literature gap on the operational manner of Guanxi within the luxury hotel sector in inland metropolises such as Chongqing, which has distinct cultural, economic, and regulatory characteristics (Chen et al., 2011; Luo et al., 2012). Furthermore, existing work has a tendency to overlook either the constructive sides of Guanxi, such as efficiency, trust, and loyalty, or consider it as a cultural artifact without exploring its intricate ethical and operational conflicts (Verhezen, 2008; Wong & Huang, 2015). This shallowness confines the discipline to providing practically useful and theoretically robust findings.

To bridge this gap, this paper attempts to develop an integrative conceptual model that identifies both the facilitative and inhibitive effects of Guanxi on high-end hospitality procurement. Based on Confucian ethics, stakeholder theory, and social capital theory, the research investigates how Guanxi influences the choice of suppliers such that it enhances operational performance but also forms key governance issues.

This article explores the conceptual pattern of Guanxi in the procurement practice of Chongqing luxury hotels from recent theoretical and empirical literatures. It aims to demystify how cultural reasoning, stakeholder politics, and relational capital interact to affect supplier choice, and provides a comprehensive framework for scholars and practitioners in the Chinese hospitality sector.

Literature Review

Historical and Cultural Foundations of Guanxi

Guanxi is based in the Confucian principles which have guided Chinese social structures and human relationships for over two millennia. Confucianism, prioritizing hierarchy, deference, and moral reciprocity, offers the moral basis for Guanxi as a relational regime shaping both social and business conduct (Barbalet, 2021; Ding et al., 2022). In traditional Chinese society, the absence of formal legal institutions fostered reliance on non-formal forms of governance such as family ties, kinship networks, and village associations (Bian, 2019; Yang, 2021). These networks played essential roles in brokering access to resources and ensuring collective safety. Historically, Guanxi served as a survival mechanism, especially within the agrarian and imperial environments where one's personal connections tended to control entry to state jobs, land, and capital (Gold et al., 2002). The imperial civil service examination system, though nominally meritocratic, tended to use family standing and social relationships as much as actual ability, thereby further entrenching Guanxi as an engine of upward mobility (Tsang, 1998). Even today, these inculcated norms still determine business transactions, particularly for relationally intensive sectors like tourism and hospitality.

At the core of Guanxi are three constructs based on culture: renqing (bilateral obligation), mianzi (face), and xin (trustworthiness), each of which is essential to relational continuity and social harmony. Renqing is the basis for the moral duty to reciprocate favours so that long-term partnership stability is ensured (Hui et al., 2023). Mianzi represents one's reputation and honor in the eyes of others; maintaining mianzi by vigilant behavior and present-giving is the key to maintaining Guanxi (Zhou & Zhang, 2024). Xin, i.e., trustworthiness, exceeds enforceable agreements and is fashioned by repeated social interchange, summarizing the moral reputation of the individual (Chen, 2022).

In the business sector, Guanxi has developed into a utilitarian and strategic asset, often usurping official institutional arrangements in the case of legal ambiguity or regulatory shifts. According to Luo and Child (1999), firms with well-developed Guanxi networks can easily access scarce resources, experience smoother bureaucratic processing, and enjoy preferential treatment in procurement negotiations. Particularly in the hotel sector, where food safety, timeliness, and reputation mean everything, Guanxi allows for a flexible relational framework that enables adaptive coordination between suppliers and hotels (Wang et al., 2023).

Besides that, recent studies evidence the malleability of Guanxi following China's modernization and globalization. Despite the increased role of digital media and written contracts, Guanxi continues to exert influence in cases involving trust and adaptability (Yau & Wong, 2024; Clarke & Saiket, 2023). For instance, Chongqing high-end hotels' purchasing officers tend to embrace Guanxi-based advice and reputation data in order to screen potential suppliers, particularly in screening new suppliers against tight deadlines (Wang et al., 2023).

Key Dimensions of Guanxi in Business Contexts

The Guanxi business tradition is really all about a few simple dimensions of relationships that provide structure and strategic significance to social relationships. These are renqing (emotional obligation), mianzi (social face), ganqing (affection or emotional closeness), and xinren (interpersonal trust) - all of which play a critical role in sustaining and leveraging Guanxi relationships in the business world.

Renqing is relational money or moral obligation to repay beneficence and repay aid. It is social norm and unspoken agreement that bonds individuals in a long-term relationship. Hui et al. (2023) indicate that renqing is an equilibrium mechanism that does not allow any party to gain or lose too much in a transaction. But delayed repayment or default repayment can lead to relational loss or credibility loss (Chen & Eweje, 2020).

Mianzi, or face, is the social standing and reputation of one to others. Maintaining mianzi matters in Chinese corporate culture when ensuring long-term associations and public avoidance of shame. Zhou and Zhang (2024) contend that actions maintaining or cementing mianzi, i.e., expressing respect, expressing well-thought-out gifts, or keeping promises—are most likely to strengthen business relationships. Losing face, however, rules out the possibility of Guanxi and even organizational conflict.

Ganqing is the degree of emotional attachment and concern among parties. It is what distinguishes transactional coalitions from bonded ones. Ganqing can motivate behaviors such as preferential access when there is a shortage or turning a blind eye to minor performance deviations in selecting suppliers. Yang et al. (2024) established that intense ganqing enhances resilience and commitment but can also distort objectivity so that managers prioritize personal relationships over supplier performance reports.

Xinren, or faith, is a root component of Guanxi and perhaps the most significant for successful business collaboration. Clarke and Saiket (2023) note that xinren develops from customary interaction and frequent action in the long term, establishing predictability and interdependent faith. In luxury hotel buying, where consistency and quality in supply are critical, trust can substitute for formal agreements, especially with long-term providers (Chen, 2022).

These relational building blocks of Guanxi are structurally dynamic. For instance, maintaining mianzi can tighten xinren, and repeated transactions of renqing can make ganqing firm. Luo et al. (2012) opine that these dimensions simultaneously present are an implicit relational contract, allowing business actors to respond under shared assumptions without overt legal constraint. Under procurement situations, particularly in Chongqing's hospitality industry, these dimensions facilitate decision-making processes culturally complex and contextually flexible.

Combined, these aspects of Guanxi offer strategic advantages and operational issues. They introduce unofficial mechanisms of responsibility and form long-term partnerships, but risk undermining equity, transparency, and rational assessment except for the guidance of ethical management

Guanxi's Influence on Supplier Selection Decisions

The role of Guanxi in supplier choice is particularly crucial in service sectors like hospitality where responsiveness, flexibility, and service quality are absolutely vital. In procurement decision-making in luxury hotel operations in Chongqing, choices also embody the embeddedness of Guanxi as a means to deal with uncertainty, risk, and operational continuity. Guanxi is an operational filter in initial selection and supplier choice. Social referrals, reputation referrals, and personal introduction are preferred by hotel managers over open tenders or even formal market procedures. Guanxi networks provide a source of trustworthy

information sharing, free of risk from untried or unknown suppliers, says Chen et al. (2011). They are particularly justified in high-risk purchasing—such as food and beverage purchase—where heterogeneity in the product can ruin brand reputation.

Secondly, Guanxi improves the effectiveness of transactions. In so far as it facilitates trust-based informal contracts, it allows for rapid negotiation, concessionary payment schedules, and tailored delivery schedules. Luo (2007) and Zhang et al. (2024) observed in China's hospitality sector that procurement teams tend to bypass formal procedures by adopting long-term, Guanxi-form supplier partnerships, which permit rapid response to seasonal fluctuations in demand or supply-chain disruptions.

Third, Guanxi maintains supplier allegiance and mutuality. Deeply embedded suppliers in good Guanxi are more likely to give good prices, prioritize deliveries to their front orders, and take sporadic operational losses on the chin. It shows most strongly under market shortages or logistics congestion, when Guanxi is an element of continuity in servicing (Tan et al., 2024). Hotels reap this priority service, creating consistency and reliability lacking in mere transactional relationships.

But the use of Guanxi in supplier selection also has a destructive side. Bias has the potential to result in the continued use of low-quality providers just because of relationship, and superior substitutes neglected (Zhang & Hartley, 2018). Second, Guanxi-based selection reduces openness levels and poses ethical dangers such as nepotism or peculiar gift cultures that do not respect international procurement practices (Verhezen, 2008; Tian et al., 2024).

These dynamics are supported empirically. For instance, Yeung et al. (2016) emphasized the importance of Guanxi in post-contract performance evaluation and cooperative cooperation between food suppliers and hotels in Macau, and while performance evaluations lagged quantifiable KPIs, interpersonal chemistry and affective affinity were included. Similarly, Lee et al. (2018) discovered that purchasing decisions in hospitality businesses frequently included the manager's personal Guanxi network coupled with organizational agendas only.

In conclusion, Guanxi plays a critical role in the selection of Chongqing high-end hotel business suppliers. While it adds relational stability and operational flexibility, it must be balanced with transparency, accountability, and objective performance metrics to avoid long-term inefficiencies and reputational damage.

Benefits and Challenges of Guanxi in Procurement

The application of Guanxi within procurement processes, especially the luxury hotel industry in China, has a multifaceted set of strengths and weaknesses. Its impacts on decisions are above economic rationale, offering relational capital and risk that needs to be handled sensitively.

Transactional efficiency is arguably the most frequently cited advantage of Guanxi in procurement. When procurement relationships are personal and informal, formal screening processes and contract negotiations are made easy. Guanxi reduces the need for lengthy due diligence, particularly where partners have long-term relationships founded on trust (Clarke & Saiket, 2023). In high-end hotel buying, where prompt procurement is the norm, the informality allows buyers to respond speedily to variations in demand without incurring delays owing to bureaucracies (Luo et al., 2012).

Another significant benefit is risk avoidance and flexibility. Proximity Guanxi suppliers are also more flexible to accommodate last minute alterations, offer extended credit or advance emergency shipments on a priority basis. Tan et al. (2024) state that Guanxi is a relation buffer against uncertainty in operations, and suppliers are more committed and flexible on the basis of relational obligations. With food safety, seasonal fluctuations of supplies, and customer needs calling for responsiveness in a business, relational buffers are crucial.

Further, Guanxi promotes long-term alliances. Partnerships formed through Guanxi entail embeddedness such that buyers and suppliers are dependent on one another in the long term. This often means stable procurement arrangements and incremental quality improvement since suppliers have incentives to have a high reputation in their networks (Yang et al., 2024). In the luxury hotel sector of Chongqing, this means long-term alliances where quality of service and reliability are a part of the business model.

However, these are tainted by serious operational and ethical challenges. The most notable among them is nepotism. Guanxi causes the purchasing officers to prioritize personal loyalty over the capability of the suppliers, thereby favoring poorly performing vendors to the disadvantage of better-qualified competitors (Zhang & Hartley, 2018). In the long term, it stifles competitive bidding and reduces organizational efficiency.

Inextricably linked is the issue of lowered transparency. Inasmuch as the bulk of Guanxi-based transactions are verbally negotiated, occasionally without full documentation, they will probably bypass institutional controls and create accountability shortfalls. As Tian et al. (2024) posit, the failure to have formal monitoring makes it difficult to audit procurement transactions, a move that may infringe international procurement principles, especially by global hotel chains in China.

The informal variety of Guanxi can also activate legal and reputation risks. For example, gift-giving and banquet-hosting, customary practices to maintain Guanxi, can sometimes be noticed to be bribery or corruption in stricter systems of corporate regulation (Verhezen, 2008). This discomfort is particularly applicable to foreign-owned hotels or listed hospitality companies, which are exposed to anti-corruption laws such as the U.S. Foreign Corrupt Practices Act or the UK Bribery Act. As Shou et al. (2022) affirm, conformity with universal standards of Guanxi demands robust compliance training and cross-cultural sensitivity.

In addition, Guanxi may lead to organizational rigidity. Over-reliance on trusted networks may limit exposure to external innovation and market cues. When new competitor suppliers emerge, Guanxi-bound purchasers may resist change not wanting to destroy established bonds (Butt et al., 2019). This path dependency can stifle strategic renewal, particularly in a sector that is more concerned with sustainability, traceability, and digital procurement technologies.

Empirical evidence supports these dynamics. Wong and Huang (2015) determined Chinese hotel procurement managers were more lenient in cases of minor infractions by Guanxi-related suppliers, leading to quality inconsistency of food safety outcomes. Shou et al. (2022) also documented the way Guanxi obligations at times conflicted with the standardization and audit requirements of international hospitality brands.

Combined, Guanxi offers relational effectiveness and grave governance challenges. It builds trust, encourages loyalty, and improves adaptability but promises to undermine fairness, accountability, and competition in the marketplace. Practitioners, especially among Chongqing's luxury hotels, are the ones who must find the answer to resolving the issue, that is, using the benefits of Guanxi with the inclusion of institutional controls to check its excesses. Future purchasing systems will subsequently have to find ways of integrating Guanxi into open, performance-based systems that are responsive to local custom while meeting international standards.

Research Gaps

Despite the large body of literature for and about Guanxi and its use in Chinese business culture, the existing knowledge gaps concerning the impact of the relational construct on supplier selection in the specific context of luxury hospitality procurement are significant. These knowledge gaps are occasioned by both empirical and theoretical fragmentation, necessitating more focused, context-specific conceptualization.

A notable gap is the lack of sector-specific research. Although the Guanxi role has been investigated in bulk procurement (Chen et al., 2011; Luo et al., 2012), research specific to luxury hotel operations, especially within inland cities such as Chongqing, remains limited. Other research generalizes outcomes across manufacturing or retail industries, ignoring the specific relational dynamics, customer expectations, and regulatory pressures of hospitality procurement (Zhou & Zhang, 2024; Tan et al., 2024). This results in a poverty of contextual richness regarding how Guanxi works in quality-conscious, service-intensive supply chains such as those supplying perishable foods.

In addition, empirical research pays greater attention to the salutary effects of Guanxi, highlighting trust, loyalty, and flexibility, and minimizes its dysfunctional or ambivalent effects, e.g., institutional corruption, reduced competition, or supplier complacency (Verhezen, 2008; Shou et al., 2022). These negative factors are particularly relevant for the case of luxury hotels, whose reputation risk and compliance with international standards are the most critical. Celebrities' use of Guanxi in their interactions with food providers, as was observed by Wong and Huang (2015), can compromise food safety audits or ethical procurement. Future studies must address this duality more strongly, both in terms of the facilitating and the restrictive effects of Guanxi.

Ethical and Operational Challenges of Guanxi in Procurement

While Guanxi presents procurement strategic advantages such as increased trust, flexibility, and long-term alliance, it also brings in host of ethics and practical challenges that can render contract award and execution cumbersome to implement, particularly in the extremely exposed case of high-end hotel services.

Favoritism and prejudiced decision-making are among them. Guanxi-based procurement relationships may lead to repeat ordering from suppliers based on interpersonal relationships and not competitiveness or performance in the market. Zhang and Hartley (2018) argues that this helps to perpetuate inefficiency and create dependency cycles where poorly performing suppliers get contracts repeated time and time again due to personal loyalty and not merit. In

high-end hotel business, this undermines quality of service and increases reputational risk when global customers expect consistency and excellence.

Lacking documentation and transparency are also equally vital. Guanxi relationships are based on oral agreements and unwritten communication rather than written contracts and documented performance metrics. This informality, effective though it is, can be severely debilitating in business where traceability, accountability, and compliance with law are essential. Tian et al. (2024) observe the Chinese hotel kitchen where food safety assurance is particularly difficult with an absence of open supplier screening and audit practices in Guanxi-based procurement. Where formal processes are lacking, it is difficult to determine compliance with hygiene, origin labeling, or environmental sustainability criteria.

Moreover, Guanxi obfuscates the line between cultural rapport-building and corruption, particularly in the areas of gift-giving and banqueting. Whilst these ceremonies are intended to build rapport and establish good faith, they can be perceived by external stakeholders as corruption or bribery, particularly in cross-cultural or international business. Both Verhezen (2008) and Shou et al. (2022) warn that, unless Guanxi practices are contextualized or embedded in ethics, they risk violating anti-corruption law or internal codes of compliance. This is a great concern for China's multinationals hotel chains, where corporate governance codes conflict with informal Guanxi-convention procurement practice.

The second operational issue is inflexibility and inactivity resulting from long-term relational lock-in. In the bid to foster loyalty and stability, the latter is equally likely to stifle innovation or supplier diversification. Wong and Huang (2015) assert that hotel procurement officials will be unwilling to adopt new, better-performing suppliers if so doing would jeopardize established Guanxi relationships. This makes supplier portfolios inert and unresponsive to market innovation or sustainability initiatives. In a competitive dynamic marketplace like Chongqing's luxury hospitality industry, such inertness could actually constrain organizational responsiveness.

Guanxi-style procurement shall also create issues in the realm of governance. When procurement is conducted on the basis of relations rather than institutional protocols, collective responsibility is hard to enforce for organizations. Decentralization of decision power weakens procurement control, especially in multi-chain hotel chains where policy uniformity is the order (Tan et al., 2024). In that event, such an over-reaching level of autonomy being employed by local managers through Guanxi relationships may be in conflict with centralized risk management or vendor compliance.

Finally, the role of Guanxi in ethical sensitivity is typically ambivalent. While relationship building is the ethical mandate for a Chinese manager based on Confucian ethics, it may be interpreted as conflict of interest or nepotism by foreign managers. Such cross-cultural incongruence causes increased risks of misunderstanding and strategic error, especially in multinational hotel groups or joint ventures (Clarke & Saiket, 2023; Nystrand, 2012). Intercultural ethics training and procurement transparency training are hence required by global hotel chains with businesses operating in Guanxi-stronghold regions.

Summing up, Guanxi continues to be an effective tool of supplier relationships facilitation in Chinese hotel purchasing but involves considerable ethical and operational risks. Mitigating these issues involves a balanced response, one sensitive to cultural requirement but upholding professional standards of disclosure, fairness, and compliance regulation. The practitioner challenge is not the eradication but responsible management of Guanxi by institutional restraints, ethics training, and culturally attuned procurement policy.

Theoretical Integration

There is limited theoretical integration. A lot of Guanxi studies either adopt a culturalist perspective or draw on relationship marketing theory, but without working with broader organizational theories that explain the manner in which such relational logics get institutionalized, adapted, or resisted in organizational practice. To help address this shortfall, this paper advocates an integrative conceptual framework on the basis of 3 related theoretical streams:

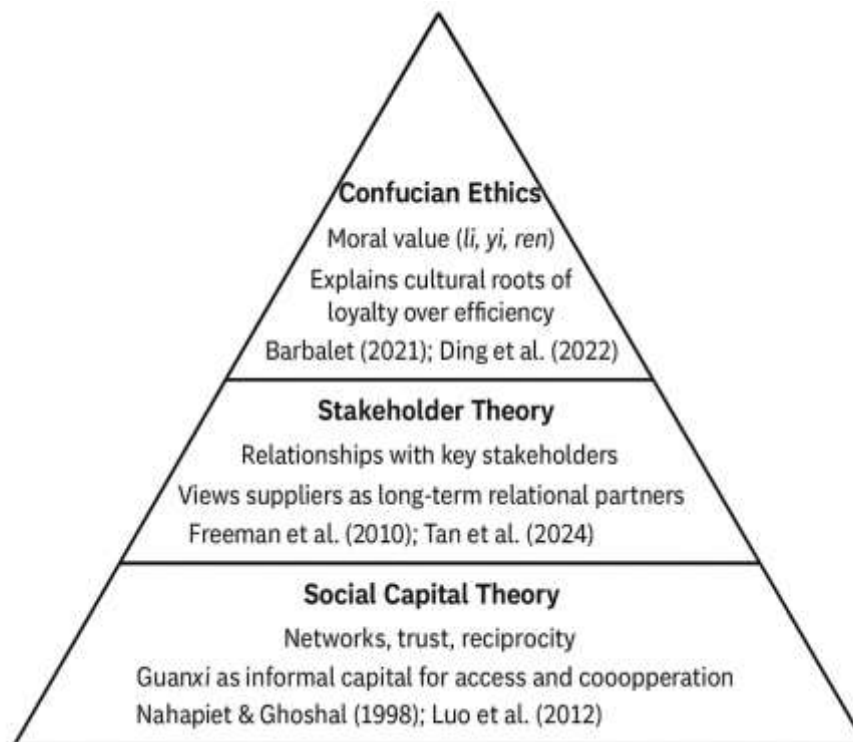


Figure 2. Theoretical Framework

Confucian Ethics gives a normative foundation for understanding the moral obligations in Guanxi. Concepts such as *li* (ritual propriety) and *yi* (righteousness) contextualize why relationship harmony is valued over transactional efficiency in Chinese procurement (Barbalet, 2021; Ding et al., 2022). These values explain why procurement officials might value personal loyalty even when it conflicts with cost or performance.

Stakeholder Theory situates suppliers as not just market actors but relational stakeholders situated within long-term interdependencies. Guanxi enables hoteliers to handle such

stakeholder relationships economically, but socially and emotionally, in a way that elicits loyalty and interdependence (Freeman et al., 2010; Tan et al., 2024).

Social Capital Theory views Guanxi as relational embedded capital. Close relationships of Guanxi facilitate access to resources, information, and collective action, reducing transaction costs and making one more trustworthy (Nahapiet & Ghoshal, 1998; Luo et al., 2012). Even so, this capital may become exclusionary or stagnant in the sense that it denies exposure to new collaborations or technology.

Table 1: Theoretical Integration of Guanxi

Theory	Focus	Application to Guanxi
Confucian Ethics	Moral value (li, yi, ren)	Explains cultural roots of loyalty over efficiency
Stakeholder Theory	Relationships with key stakeholders	Views suppliers as long-term relational partners
Social Capital Theory	Networks, trust, reciprocity	Guanxi as informal capital for access and cooperation

Together, these three theories; Confucian Ethics, Stakeholder Theory, and Social Capital Theory offer a comprehensive and multifaceted framework for understanding the complex and deeply embedded role of Guanxi in Chinese business and social contexts. Confucian Ethics explains why Guanxi is culturally significant by highlighting the importance of interpersonal harmony, respect for hierarchy, and moral obligations in relationships. Rooted in centuries-old philosophical traditions, it underscores how trust, loyalty, and reciprocity are valued in Chinese society, thereby making Guanxi a culturally endorsed norm. Stakeholder Theory contributes by revealing how Guanxi influences the dynamics between various parties such as businesses, customers, employees, and government entities emphasizing that relationships and mutual interests are central to ethical decision-making and long-term success. Social Capital Theory complements this by demonstrating how Guanxi operates as a strategic resource, enabling individuals and organizations to access information, gain influence, and secure opportunities through networks of trust, reciprocity, and shared social ties.

Summary and Synthesis

The existing literature hitherto has emphasized the primacy of Guanxi as a culturally rooted framework that significantly influences supplier choice practices in the hospitality industry in China. Based on such Confucian values as reciprocation (renqing), trust (xinren), affective relationship (ganqing), and face (mianzi), Guanxi is an informal system of regulation that informs decision-making in contexts that are ambiguous, uncertainly regulatory, and involve demands for extended relational continuity (Barbalet, 2021; Hui et al., 2023; Zhou & Zhang, 2024).

Historically, Guanxi evolved from rural survival strategies to a strategic tool in modern business (Tsang, 1998; Bian, 2019). Now, in modern procurement practices, particularly in upscale hotel operations in urban cities like Chongqing, Guanxi serves as a filter and enabler. It influences the identification of suppliers, building trust and maintaining relationships with

them, often bypassing formal bid processes in favor of word-of-mouth referrals based on personal networks and network-based screening (Chen et al., 2011; Luo et al., 2012).

Literature also suggests the dual character of Guanxi. It encourages supply chain flexibility, allows rapid conflict resolution, and implements commitment among suppliers and hotels (Tan et al., 2024; Yang et al., 2024). While it also generates critical ethical and operational threats such as favoritism, corruption, and reduced transparency (Zhang & Hartley, 2018; Tian et al., 2024). These paradoxes highlight the need for balance, validating both cultural practice and professional and legal requirements, particularly for global hotel corporations successfully navigating local procurement environments (Shou et al., 2022; Clarke & Saiket, 2023).

Despite the growing body of research on Guanxi in Chinese business, its lacunae are still evident in the literature. Only a few studies have focused on the luxury hotel sector in second-tier cities like Chongqing, where local market conditions, epicurean desires, and regulatory pressures create a distinctive procurement landscape. Also, there is a lack of consolidated conceptual models that incorporate Confucian ethics, institutional theory, stakeholder theory, and social capital theory to address comprehensively how Guanxi functions in the real world.

This paper fills these gaps through the provision of a conceptual model that synthesizes cultural, organizational, and strategic perspectives of Guanxi in supplier selection. In its choice of the luxury hospitality sector in Chongqing, it contributes to higher-order understanding of the interplay between traditional Chinese relationism and current procurement practice, and how these pressures can be controlled effectively and ethically within the context of globalizing business.

Theoretical Contributions

This conceptual paper contributes to theoretical understanding of Guanxi by presenting an integrated conceptual framework that places Guanxi at the intersection of Confucian moral philosophy, stakeholder-centered management, and social capital theory. Although research has come to study Guanxi in isolation as a stand-alone cultural construct, or a relational tool (Chen & Chen, 2004; Park & Luo, 2001), the present research contributes to research by placing Guanxi in a broader organizational and ethical context to demonstrate its multi-faceted nature and systemic relevance to supply chain selection procedures in the hospitality sector.

Secondly, the article extends Confucian ethics from interpersonal relationships to organizational decision-making. This amplifies the normative theory of supplier choice in China, where *renqing* (reciprocity), *li* (ritual propriety), and *zhong* (loyalty) are still instrumental values that continue to impact procurement practice. This is a contribution to hospitality management knowledge, as it generally overlooks the moral-ethical foundations of supplier relationships (Ding & Lu, 2022; Barbalet, 2023).

Thirdly, the paper also enriches stakeholder theory in a non-Western context by highlighting how suppliers are engaged not only on contract conditions, but on relational loyalty and moral embeddedness. As opposed to typical stakeholder engagement models centered on transparency and accountability in isolation, Guanxi-based relationships focus more on trust, relationship history, and face-saving mechanism (Freeman et al., 2020; Tang et al., 2023). This locating helps in the extension of stakeholder theory to relationship-saturated cultures and provides a culture-sensitive vision for viewing supply chain governance.

Additionally, by positioning Guanxi as a form of intangible social capital, the paper cites Nahapiet and Ghoshal's (1998) pioneering work and contemporary hospitality research (Zhang et al., 2024) to explain how loose ties lower transaction costs and improve coordination effectiveness. This also defines the value of Guanxi not only as a cultural habitus, but as a competitive resource that can raise competitive edge in relationally complex markets like China.

Also, the study contributes to conceptual methodology scholarship in showing how interpretive research and theory building can uncover subtle business logics of a place previously obscured by empirical positivism. This concurs with calls for indigenous theory construction for Chinese business research and opens up qualitative hospitality procurement studies beyond existing boundaries (Chung et al., 2021; Lin & Ho, 2020).

Lastly, the paper hypothesizes Guanxi as norm-relational rather than cultural aberration constructs based on social networks, ethics codes, and rational decision-making. The integral theorizing that this does serves as a springboard for subsequent research and further enriched vocabulary to investigate procurement dynamics in multicultural settings.

Practical Implications for Hotelier & Policy Maker

The theoretical model developed here offers significant real-world implications for stakeholders involved in procurement within China's luxury hotel sector, especially in dynamic urban centers like Chongqing. While *Guanxi* is deeply rooted in Chinese culture, it should be understood not merely as a cultural artifact but as a strategic mechanism influencing supplier selection, cooperation, and risk governance.

For **hotel procurement managers**, this means *Guanxi* must not be treated as informal or peripheral but as a hybrid practice where cultural norms and managerial strategy intersect. Research has shown that *Guanxi*-based trust enhances supplier responsiveness and reduces transaction failures in China's hospitality sector (Wu et al., 2020; Lin & Ho, 2022). As such, procurement systems should integrate *Guanxi* by adopting soft performance indicators—such as communication consistency, responsiveness, and relational reliability. Social practices like ceremonial banquets or gift-giving can also foster supplier loyalty and affective trust (Chen & Eweje, 2020), but these should be conducted transparently to avoid perceptions of favoritism or impropriety.

Local suppliers must also adapt. Securing long-term partnerships with high-end hotels now depends not only on price or product quality but on their ability to demonstrate relational integrity, adaptability, and trustworthiness. Suppliers who embody the values of *renqing* (reciprocal obligation) and *xin* (trust) tend to retain priority access during market disruptions (Zhang & Luo, 2023). Strategic investments in relationship-building—such as appointing liaison personnel, participating in industry events, and engaging in local networks—are now critical to maintaining competitive positioning (Tsang, 2022).

For **international hotel brands operating in China**, cultural competence in *Guanxi* is vital to avoid missteps and build resilient supplier relationships. Global procurement policies often clash with local relational norms (Dunfee & Warren, 2021). To mitigate this, multinational firms should adopt hybrid procurement models that combine formal compliance mechanisms

with culturally informed relationship management. Employing local procurement managers or “*Guanxi brokers*” and providing cultural training to foreign staff can bridge these gaps, helping to reduce ethical tensions and enhance cooperation (Chung, Wang, & Huang, 2021).

Policy makers and regulators also play a key role in shaping a framework for ethical *Guanxi* practices. While *Guanxi* can promote trust and efficiency, it also carries risks of favoritism and opacity. A *contextual integrity* approach—balancing cultural sensitivity with ethical rigor—is recommended (Tian et al., 2024). Practical measures include ethics training programs, industry codes of conduct, transparent supplier evaluation systems, and anonymous reporting platforms to discourage misuse.

Ultimately, all stakeholders must move beyond simplistic or Western-centric interpretations of *Guanxi*. When embedded within ethical boundaries, *Guanxi* is not a relic of tradition but a dynamic organizing logic that fosters adaptability, resilience, and trust in procurement systems. Whether operating domestically or across borders, sustainable and strategic procurement depends on the culturally informed and ethically guided use of *Guanxi*.

Limitations and Future Research

This conceptual paper, in offering an integrative framework for the examination of the role of *Guanxi* in supplier selection in Chongqing's luxury hotel sector, is susceptible to a variety of limitations worthy of note. These also specify the potential for future empirical studies.

To begin with, as a non-empirical, theory-driven study, this conceptual paper does not entail primary data collection. While this facilitates theoretical richness and convergence among frameworks, it precludes consideration of recent, real-time practice or determining practical omnipresence of some *Guanxi* mechanisms in some hotel settings. Follow-up studies should therefore incorporate qualitative fieldwork, e.g., in-depth interviewing, ethnographic field observation, or case studies to test or disprove the conceptual hypotheses outlined here (Sun & Xu, 2021; Fang & Liu, 2023).

Next, the contextual focus on Chongqing's luxury hotel sector, although deliberate, may limit the transferability of findings to other cities or industry settings. *Guanxi* is not a monolithic concept; its forms and expressions vary across regions, industries, and generational cohorts. Comparative research between first-tier cities like Shanghai and emerging cities like Chongqing could reveal how regional economic development, regulatory regimes, or generational attitudes toward tradition influence *Guanxi*'s operationalization in procurement (Tang & Guo, 2022).

Furthermore, the article points to cultural embeddedness but the meeting of *Guanxi* with technological or institutional modernization is more worth exploring. WeChat, e-procurement websites, and traceability applications are changing the manner in which hotels and suppliers interact and exchange information with one another on trust. Future studies would be able to examine the digitalization of *Guanxi*, how social technologies mediate or reinforce traditional relational norms (Wu & Chen, 2024; Zhou et al., 2022).

Besides, issues of ethics related to *Guanxi* practices, particularly favoritism, payment of bribes, and blurred boundaries between loyalty and corruption, should be addressed more specifically. Although the current paper provides a culturally focused analysis, future empirical studies

should investigate how procurement officers and suppliers understand and resolve ethical dilemmas in practice (He et al., 2021). It could also utilize longitudinal designs to see how recent Chinese anti-corruption initiatives reshape the ethical lens of Guanxi in procurement contexts.

Last but not least, this proposed theoretical model based on Confucian ethics, stakeholder theory, and social capital theory can be complemented with dynamic capabilities theory or institutional logics to elaborate further on the process through which organizations manage relational expectations and efficiency goals given changing institutional environments (Lu & Ma, 2024).

Table 2: Future Research Directions Chart

Theme	Proposed Focus	Suggested Methodology	Key References
Empirical Validation	Investigate real-world Guanxi practices in hotel procurement	Interviews, ethnography	Fang & Liu (2023); Sun & Xu (2021)
Regional Comparison	Contrast Guanxi dynamics across different Chinese cities	Comparative Case studies	Tang & Guo (2022)
Digital Guanxi	Explore the impact of WeChat and digital tools on Guanxi ties	Digital ethnography, surveys	Zhou et al. (2022); Wu & Chen (2024)
Ethics and Integrity	Study ethical boundaries and dilemmas in Guanxi-related actions	Longitudinal interviews, focus groups	He et al. (2021)
Theoretical Extension	Integrate institutional logics or dynamic capabilities theory	Conceptual synthesis	Lu & Ma (2024)

Conclusion

In summary, this study lays a conceptual foundation for understanding the strategic and cultural dimensions of Guanxi within procurement practices in China's luxury hotel sector. By highlighting Guanxi as both a cultural norm and a managerial strategy, the research offers a nuanced model that integrates trust, reciprocity, and relational embeddedness into procurement decision-making. However, while the current work is theoretical in nature, it opens significant avenues for further empirical, interdisciplinary, and methodologically diverse investigations. Future research is needed to test and refine the proposed model through real-world applications. Particularly, there is a pressing need to explore how Guanxi-based supplier selection operates under different market conditions, cultural pressures, and organizational structures. Bridging theory and practice, follow-up studies can help localize, contextualize, and ethically reorient our understanding of relationship-based procurement, not only within China but across culturally complex procurement environments globally.

To advance this agenda, a dedicated empirical study is planned as a continuation of the present research. This follow-up study will focus specifically on the luxury hotel sector in Chongqing, one of China's most dynamic and commercially active urban centers. The objective will be to

deconstruct how procurement managers apply Guanxi in supplier selection, risk governance, and long-term relationship building. By collecting field data through interviews, case studies, and performance evaluations, the study will serve as a practical application of the theoretical insights offered here. Ultimately, the empirical research will help validate, challenge, and enrich the theoretical model proposed in this paper. In doing so, it will contribute not only to the academic discourse on Guanxi but also to the practical frameworks used by hoteliers, suppliers, and policymakers seeking ethical and effective procurement strategies in complex socio-cultural environments.

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