

# ***Newcastle Graduate School of Business***

**Faculty of Business & Law**

***Guanxi* and sustainable competitive advantage  
in the Malaysian business environment**

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**Declaration of original authorship**

**I hereby certify that the work embodied in this dissertation project is the result of original research and has not been submitted for a higher degree to any other University or Institution.**

**Signed: .....**

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## Abstract

Achieving a sustainable competitive advantage has been identified as a central tenet of success in a competitive business environment. However, the Chinese traditions of familial networking and building links through *guanxi* have seldom been reviewed within this paradigm. The goal is to provide both research and business with insights into how *guanxi* impacts on competitive advantage and how to successfully manage *guanxi* relationships. Before embarking on investigation of such an interrelationship, the study seeks to explore *guanxi* itself in a relatively under researched domain: Malaysia.

*Guanxi* is seen as an act of reciprocity and is often associated with corruption and bribery by Westerners. Notwithstanding, *guanxi* appears to be an important constituent of the Asian culture and can be seen as a form of relationship investment. It is suggested that if *guanxi* is cultivated it can lead to business success. This thesis suggests that businesses do not have to rely only on low-cost, differentiated or focused strategies to achieve competitive advantage. There is a complementary force – *guanxi*. The study looks empirically at *guanxi* within a newly defined ethical context - *guanxi*(+). More importantly, the study concludes by identifying that *guanxi*(+) and trust plus selected key success factors contribute to a Malaysian firm's sustainable competitive advantage.

The research adds to business knowledge through a deeper understanding of the role of *guanxi*(+) in Malaysian business practice and identifies five key contributions:

- A deeper understanding of *guanxi* in Malaysia;
- A deeper understanding of *guanxi*(+) in Malaysia;
- A deeper understanding of *guanxi*(+) and trust in Malaysia;
- A deeper understanding of *guanxi*(+) as sustainable competitive advantage;
- and
- A deeper understanding of sustainable competitive advantage within the context of its inter-relationship with *guanxi*(+).