

The Importance of Improving the Ability of "Guanxi" towards the Implementation of School Business Centers

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Abstract. In Chinese culture applies the value of guanxi to build business networks. Guanxi is a culture that emphasizes interpersonal relationships. The most important thing is who you know, not what you know. The purpose of this research is to find out whether there is an impact between the implementation of guanxi values and the successful implementation of school cooperation in the business development of school units. This study uses a qualitative research method using Participatory Action Research (PAR) techniques. The result is that with the application of guanxi values, namely Ganqing, Renqing and Xinren, this educational institution is able to implement cooperation with the Gresik Regency Aisyiah Regional Leader (PDA) and the Gresik Regency National Land Agency (BPN) Office.

Keywords: Business Networking; Guanxi; Business Center; Relationship

1 Introduction

The world community realizes that the economic growth in China is extraordinary and even exceeds the economic growth of the United States and countries in Europe. One of the main causes that play an important role is their cultural concept called guanxi. The philosophical role of guanxi applies not only in economic activity, but also socially and culturally [15]. The philosophical concept of guanxi offers compatible values, by building strong personal relationships that are one of the main dynamics in Chinese society [3].

Guanxi has become an important and widespread part of the Chinese business world over the past few centuries [7]. It has been recognized that guanxi is the main determinant of the company's performance because the source of macroeconomic life and micro business behavior in society is the guanxi network. Any business in the current globalization period, both local companies and foreign investors, marketers, must face the dynamics of guanxi. Despite the

current academic and practical interest in guanxi, there is no book that discusses at length and systematically and passionately explores the concepts and practices of guanxi from a business perspective [18].

Chinese companies develop guanxi as a strategic mechanism for addressing competitive weaknesses and resources by cooperating and exchanging resources with competitive forces and government authorities. They develop an integrative framework on the development of guanxi according to institutional, strategic, and organizational factors [26].

In fact, the concept of guanxi is very vague and very cross-disciplinary. It also contains the social philosophy behind the cultivation, utilization, and maintenance of guanxi, and outlines the importance of social life. Guanxi is a valuable asset to its owner or whoever runs it and is a tool for economic gain. Guanxi has strong economic implications that must be maintained despite the dynamism within it [27].

Building a network in the context of guanxi will be able to help managers to develop their business strategies. Guanxi has a direct impact, especially in the development of markets, resources, economy and politics, which will certainly have an impact on the sustainability of the company in the long run.

Many foreign businesses are located in China, they benefit better from their competitors, especially in the Chinese domestic market. Guanxi is an effective and efficient tool for developing marketing and sales. This is certainly very important to discuss, how the influence of guanxi on business development, especially in building business sustainability in the long term in the era of globalization [17].

Business people should know how to build, maintain and strengthen guanxi relationships, which is very important for any business in the world. This knowledge has a good influence on effectiveness and efficiency in all aspects of business operations [2].

This is what must be adapted by Amal Usaha Muhammadiyah (AUM). One of the AUM that has implemented the cooperation of SMK Muhammadiyah 5 (SMK Mulia) Gresik which has two majors, namely the agribusiness expertise of pang an and hortikultura crops and ruminant livestock agribusiness expertise.

The school, located on Jalan Raya Sirowiti, Panceng District, Gresik Regency, has held a cooperation in the development of its business unit with PT. Polowijo Gosari and Muhammadiyah Gresik University. The pattern of cooperation carried out is still formal, namely as a place of learning and work practices. In addition, SMK also holds informal relations with other partners such as the Head of the Office of the National Land Agency (BPN) of Gresik Regency. Of course, educators and education personnel already have values that are embedded and practiced in implementing. Then it is necessary to know the values embedded and applied in the implementation of cooperation carried out by SMK Mulia Gresik.

Previous similar research places more emphasis on the effect of implementing Guanxi on employee performance or on sales results in companies whose end is associated with profit measurement [24]. However, this research is to photograph the impact of the implementation of Guanxi with the implementation of school cooperation that is carried out. So that it can be a reference or basis for institutions or organizations, both profit organizations and non-profit organizations in carrying out the cooperation carried out

2 Literature Review And Hypothesis Development

In general, guanxi can be translated as personal connection, relationship, or network, which is a central aspect of Chinese society. Everyone needs guanxi. From birth to death—when you are born, to be big, to school, to medical treatment, to old age, to funerals—all require guanxi [8].

Jack Barbalet considers that the guanxi factor allows the emergence of aspects of interdependence in social relations in Eastern society. Respect and trust (renqing) for one another signifies a strong guanxi between one person and another. The strong relationship allows good cooperation with each other (ganqing). Durkheim's idea, which can be seen as representing the Western world, shows that a person personally, who is able to share his beliefs will gain solidarity from others [5].

There are several important principles underlying guanxi cultivation, utilization, and maintenance. First, guanxi can be diverted [23]. If A has guanxi with B and B is friend C, then B can introduce or recommend A to C or vice versa. Otherwise, contact between A and C is unlikely. The reason is, formal business correspondence usually won't get a reply until direct personal contact has been made. The success of transferability depends on how much satisfaction B feels about his guanxi with A and C. Transferability also means that guanxi is different from friendship.

Guanxi (simplified Chinese: traditional Chinese: pinyin: guānxi) is a term used in Chinese culture to describe an individual's social network of mutually beneficial personal and business relationships. The character guan, means "closed" while the character xi 系 means "system" and together the term refers to a closed system of relationships somewhat analogous to the term old boy network in the West [12].

In Western media, the pinyinromanization of guanxi is used more than common translations such as "connection" or "relationship" because the terms do not capture the importance of one's guanxi for most personal and business dealings in China. Unlike in the West, guanxi relationships are almost never established purely through formal meetings but should also include spending time getting to know each other during tea sessions, dinner parties, or other private gatherings.

Basically, guanxi requires a personal bond before any business relationship can develop. As a result, guanxi relationships are often more closely tied than relationships in private Western social networks. Guanxi had a major influence on the management of businesses based in Mainland China and businesses owned by Overseas Chinese in Southeast Asia (bamboo network) [25].

The guanxi and guanxi networks are based on the Confucian doctrine of proper, hierarchical family structure, and friendly relations within a community, including the need for implied mutual commitment, reciprocity, and trust [1]. Guanxi has 3 subdimensions sometimes abbreviated as GRX which stands for ganqing, a measure of emotional attachment in a relationship, renqing (人情 rénrénqíng / jen-ch'ing), the moral obligation to maintain relationships by reciprocal exchange of favors, and xinren, or the amount of interpersonal trust.

Guanxi is also associated with the notion of "face" (面子, miànzi / mien-tzu), which refers

to social status, propriety, prestige, or a combination of the three. Other related concepts include wu-lun, which supports long-term ideas, developing relationships between a business and its clients, and yi-ren and ren, which promote reciprocity and empathy, respectively.

The guanxi system was developed in imperial, dynastic China. Historically, China did not have a strong rule of law and the government did not subject every citizen to the law [19]. As a result, the law does not provide the same legal protection as in the West. The Chinese developed guanxi together with the concept of personal face and reputation to help ensure trust between one another in business and personal matters [16].

Basically, guanxi describes a personal relationship between two people in which one is able to overpower the other to do some good or service, or is overpowered, one stands with the other [6]. The two people do not necessarily have the same social status. Guanxi can also be used to describe a network of contacts, which a person can call when something needs to be done, and through which he or she can exert influence on behalf of others [7].

3 Research Methods

Based on the object of research, both places and data sources, this research includes research with a qualitative approach and Participatory Action Research (PAR) methods with descriptive types of research. This research is carried out by means of collaboration and dialogue that deceives, motivates, increases confidence and builds group solidarity.

PAR is a study of scientific problems experienced by the object of research which aims to direct, improve and evaluate the actions that have been taken by the object of research [21]. In principle, PAR is research that actively involves all parties by reviewing ongoing actions with a study of the experience of the research object with the aim of a better improvement process [14].

PAR consists of three parts of the process, namely participation, research and action. The results of the research carried out are applied in action [4]. Actions based on the results of this research are right on target. On the other hand, action without a previous research process will be counterproductive. No less important after carrying out the action is the process of evaluation and reflection so that it can be used as research material for the condition of the participants after the action.

This study uses the PAR method because the authors identify the implementation of cooperation carried out by school business units in the context of school development. The steps taken are :

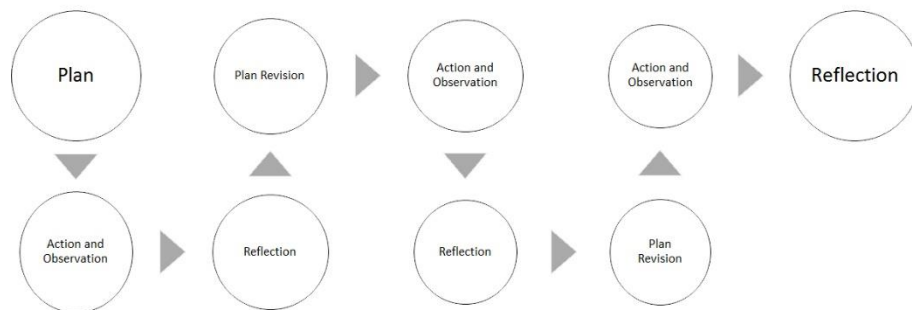


Figure. 1. Architecture of a typical wireless sensor node.

a) **Planning:** at this stage the researcher defines the implementation of the cooperation carried out by the respondent. Then the author develops an action plan or action to reach a solution or improvement again to the problem. To obtain additional data, the authors revise the plan to obtain more valid information so as to obtain better changes.

b) **Action and observation:** this stage is the stage of implementing the planned actions and actions. Before the action, the writer made observations as an exploratory step towards the respondent's problems in the form of FGD (focus group discussions) and creative writing. Furthermore, the authors made observations to obtain the results of the activities carried out. At this stage the writer also conducts counseling for the participants. In fact, the authors involve counselors in this process.

c) **Reflection** at this stage is the stage of data analysis to determine the extent to which interview and observation data obtained through actions show the success of strategies in overcoming participant problems.

FGDs and creative writing were carried out as an exploration process for participants to share their experiences in executing the agreed collaboration. Counseling is carried out by counselors who are part of the research members. Likewise, other members were directly involved in FGD and creative writing activities. This is carried out to generate knowledge and concrete actions to analyze and implement cooperation application systems [9].

While the source of research data is as follows: To explain the thoughts or perceptions of teachers or educators at SMK Muhammadiyah 5 Gresik researchers conduct interviews, observations, or through existing documentation, which is carried out with teachers or educators registered at SMK Muhammadiyah 5 Gresik as many as 10 (ten) people'. To explain the implementation of cooperation activities associated with guanxi values that are associated with existing Islamic values and understood by educators, researchers conduct interviews, observations, or through existing documentation, which are carried out on informants, namely teachers of SMK Muhammadiyah 5 Gresik.

In the validation technique, the author uses triangulation with the reason that the author wants to check data from respondents, namely educators and education staff at SMK Muhammadiyah 5 Gresik. The triangulation carried out includes method triangulation, namely by comparing data and information differently [10].

Research triangulation is also carried out by comparing data taken by researchers so that they can produce valid data. Triangulation of data sources was also carried out not only comparing between respondents but also checking the answers of the same respondents with different times and methods of asking questions [11].

4 Results And Discussion

4.1 Application of Ganqing Value

The implementation of cooperation is carried out through understanding the concept of loyalty and maintaining relationships with friends (Ganqing). Ganqing is by definition the depth of feeling in interpersonal relationships [22]. This value has been proven in the survey results and the implementation of FGD (focus group discussion) which can be concluded that respondents agree with establishing good communication and relationships with partners can increase loyalty and maintain relationships with friends. This is a statement from the teacher of SMK Muhammadiyah 5 Khoirul Anam:

"The concept of loyalty can work well if there is mutual communication and trust with each other." "Good relationships with friends must always be maintained under any conditions both in joy and sorrow." Not only that mutual trust is the main capital in maintaining relationships and cooperation. This is a statement from the teacher of SMK Muhammadiyah 5 Uripin Nada, Lailatul Muflihah, and IsnawatiTitawati. "The concept of loyalty concerns trusting each other and having the same social benefits."

"In social interaction, especially establishing business relationships, trust is an expensive value. So to maintain trust the thing that is done is to maintain loyalty."

"Faithfulness is a devotion based on conscience to live together in a social environment. So that loyalty can strengthen the relationship of fellow friends.

The implementation of the above values is reinforced by islamic religious values. Because Islam has the values of religion as a whole. In its history at the time of the Prophet Muhammad, S.A.W. with the companions to Medina then the people who migrated this was called the muhajirin. While the inhabitants of Medina who at that time named Yathrib called the Anshars.

The Prophet Muhammad, S.A.W. also raised concerns between the Anshars and the Muhajirin. Even phenomenal is the brotherhood between Abdurrahman bin Auf of the Muhajirin and Sa'ad bin Ar-Rabi of the Anshars. This relationship is not only on the level of mutual trust, but on the level of sharing. Not just treasure. However, the wife of Saad bin Rabi who numbered two was willing to be divided into Abdurrahman bin Auf.

However, this belief was not necessarily used by Abdurrahman bin Auf. Abdurrahman bin Auf subtly rejected it and asked Saad bin Rabi to show the location of the market in Medina.

Related to optimizing the implementation of cooperation so far using the concept of ganqing. However, educators and education personnel are unaware that they have applied this concept. This is a statement from the head of SMK Muhammadiyah 5 Muhammad Thoha.

"Every activity we carry out involves stake holders who include the local community and school colleagues."

Based on the observations, SMK Mulia invites the participation of stake holders and citizens when holding celebrations and competition activities in conjunction with the milad SMK Mulia. All available dishes are the result of donations from colleagues. In fact, doorprize gifts do too. Interestingly, colleagues who make donations are colleagues who have no business transactions with SMK Mulia.

This shows that colleagues' trust with SMK Mulia has been formed. And this is the key to SMK Mulia being able to carry out various activities with the support of several parties.

4.2 Application of Renqing Value

For the optimization of partners in order to implement cooperation agreements, SMK Mulia has implemented renqing values. Renqing is a moral obligation to maintain a relationship. Renqing values are also defined in detail by giving special treatment to friends or colleagues. This is a statement from the teacher of SMK Muhammadiyah 5, Mahfudhotun Rosyida, Ulfiyatin and Desy Muwaffaqoh:

"Of course there is a difference between a friend and a no. Karema with friends already knows the character

she has."

"The more you know the character of colleagues, the more you can be invited to work together. Because

you have understood the advantages and disadvantages."

"Yes, to give mutual trust so that everything will make it easier for each other."

This value is actually applied as thoroughly as it is in Islamic values. So that in the interview there appears no special distinction between friends and not. This is a statement from the teacher of SMK Muhammadiyah 5, M. Sholikin and M. Haqiqi Abdullah:

"No, I will treat everyone the same, whether colleagues or not."

"Specificity is contrary to justice, so special treatment is not recommended."

The strengthening or implementation of this value has been understood by educators and education personnel of SMK Mulia. Because even in matters of religion they understand the hadith of the Prophet Muhammad, S.A.W. namely "Make it easy and do not make it difficult for you, give good news and do not make people run away" (Hr. Bukhari: 69 and Muslim: 1734) [20].

In another hadith the Prophet said, "Whoever releases the earthly distress of a Muslim, Allah will let go of his distress on the day of judgment. Whoever makes it easier for a man in distress, God will ease his affairs in the world and the afterlife." (Hr Muslim)

On another occasion the Prophet once prayed "O Allah, whoever is given the responsibility to handle the affairs of my people, and then he makes it difficult for them, then make it difficult for his life. And whoever is given the responsibility to take care of my people, and then he facilitates their affairs, then make his life easier."

For this understanding, all educators and education personnel apply to facilitate affairs, especially for colleagues. Because in religious affairs alone the Prophet ordered to facilitate, especially in business affairs.

4.3 Application of Xinren Value

Xinren is the value of maintaining trust in friends or colleagues. For this value, the education energy and education personnel have understood the importance of trust [13]. This is a statement from the teacher of SMK Muhammadiyah 5, Mahfudhotun Rosyida, Khoirul Anam, and M. Haqiqi

"By establishing consistent communication and applying honesty and this relationship."

"Being open to each other is the key to maintaining trust."

"By maintaining communication and honesty."

"To maintain it, it is necessary to be trustworthy, steadfast and fatonah in the common interest."

This value is reinforced again by understanding and implementing religious values. This is stated in Al-Mu'minun verse 8, namely: and (really fortunately) the one who maintains his mandates and promises.

Furthermore, in Surat Al-Baqarah Verse 283 which means that if you are on your way (and you are not in cash) while you do not get a writer, then there should be dependents held (by those who owe). But if some of you trust others, then let the trust fulfill its mandate (its debt) and let it be afraid of the God of the Lord; and do not you (the witnesses) hide the witness. And whoever hides it, he is the one who sins his heart; God knows what you are doing.

In addition, the school development process can run well and optimally. Because of this trust, the school also received a goat deposit to be bred worth Rp.50 million in cooperation with the Office of the National Land Agency (BPN) of Gresik Regency.

The results of this trust model analysis are able to grow business models. Dianataranya is a breed of udders and cows. In addition, agricultural development is also carried out by planting productive plants, namely sorghum.

SmK Mulia collaborates with the Regional Leadership of Aisyiah (PDA) gresik regency in developing agricultural and livestock cultivation. By using the Tree and Vegetable Planting Program with a Parenting System, PDA provides vegetable and tree seedlings to be developed on land owned by SMK Mulia.

As a result, the vegetables and plants that are granted become another source of income that can be used by the school for school operational costs. Moreover, this school implements a full scholarship system for students until graduation.

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5 Conclusion

In this study, three values contained in guanxi were applied by school stakeholders. The results of research in this educational institution have never been done before. From the research carried out, it resulted that educators and education staff had implemented the ganqing value, namely forming an emotional relationship with relations and other stakeholders. This is reinforced by the emotional bond that has been formed so that it can apply the agreed cooperation.

A well-established moral bond shows the value of renqing has been implemented. SMK Muhammadiyah 5 Gresik applies Islamic values that can bind stakeholders in carrying out collaborative activities. This is reinforced by the maintenance of stakeholder trust, in this case the xinren values have been implemented which are applied to communication and reporting of activity results.

In the future, the results of this research can be applied to other institutions in carrying out collaborative activities that have been agreed upon by institutional stakeholders.

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