

# Construct development and testing of a measure of Guanxi quality : understanding workplace relationships from a cultural perspective

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**CONSTRUCT DEVELOPMENT AND TESTING OF A  
MEASURE OF *GUANXI* QUALITY: UNDERSTANDING  
WORKPLACE RELATIONSHIPS FROM A  
CULTURAL PERSPECTIVE**

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**ABSTRACT**

Research on *guanxi*, and in particular its influence on workplace outcomes, has greatly increased in the past 2 decades. Despite this proliferation, scholars have paid little attention to conceptual development of the construct. My review of the existing literature on *guanxi* highlighted the great variety of ways that *guanxi* has been conceptualized and operationalized, and the fact that existing theoretical models of *guanxi* operation remain largely untested. To address the lack of specificity in defining the construct of *guanxi*, I conducted 5 interrelated studies to define and test the construct. I focused on external *guanxi* between boundary spanners--people from different organizations who interact on behalf of their organizations for work purposes--in the context of the Taiwan workplace. The project entails two parts. In the initial qualitative part, I adopted an indigenous psychology perspective to delineate the contents, processes, and defining characteristics of *guanxi*. The results were useful in assessing the adequacy of existing theoretical conceptualizations for addressing actual workplace *guanxi* dynamics (Study 1, Part 1). They also supported the theoretical postulations, which I categorized as *cultural-based workplace guanxi*. A second objective of the qualitative study was to identify the best way to operationalize workplace *guanxi*, and to generate a set of items to measure it. My analysis indicated that a measure of *guanxi* should capture its dynamic and changeable quality and highlighted 3 dimensions of *guanxi* quality, namely, *ganqing*, *renqing*, and *xinren* (Study 1, Part 2). Based on these results, I generated items to represent each dimension. The second part of the research focused on scale development. I used the items generated in the initial



qualitative study to propose a measure of *guanxi* quality, the *Guanxi* Quality Scale (GQS), which I refined and tested in subsequent studies: pretesting the initial pool of scale items (Studies 2A and 2B), testing the factor structure (Studies 3 and 4), and assessing the construct validity of the new measure (Studies 4 and 5). Results of the factor analyses conducted in Studies 3 and 4 supported a higher-order factor structure of *guanxi* quality that was measured by the 3 latent factors of *ganqing*, *renqing*, and *xinren*. The final 15-item GQS showed high reliability and validity and can be used to measure workplace *guanxi* in future research. The 5 studies of this project represent a concerted effort to provide a comprehensive understanding of *guanxi*. The results of this study provide a common starting point and language for researchers who are investigating *guanxi*. By maintaining an emphasis on obtaining an insider perspective, this research also provides outsiders with valuable insights on the cultural emphasis on relationships in the context of the Taiwan workplace.

## CHAPTER 1: INTRODUCTION

A popular Chinese saying goes, “If you have *guanxi* (social connections), you will be fine. If you do not have *guanxi*, you will be in trouble” (有關係就沒關係，沒關係就有關係). Instead of *what* you know, success is more dependent on *who* you know. *Guanxi* is an indigenous Chinese concept that originated in Confucius’ time around 500 B.C. (Hwang & Staley, 2005). It is the social fabric of Chinese societies and it has been analogized to lifeblood in Chinese businesses (Davies, Leung, Luk, & Wong, 1995). As a result of China’s expanding position on the global stage, as well as the rapid rate of growth of overseas Chinese economies, such as Taiwan, Hong Kong, and Singapore (Ahlstrom, Chen, & Yeh, 2010; Tong & Yong, 1998), *guanxi* has received tremendous attention in research. Chen, Chen, and Huang (2013) found significant growth in the number of publications on *guanxi* from 1990 to 2010. In an examination of the progress of indigenous research conducted in Asia, *guanxi* was found to be the most studied concept in management research in a ten year range from 2001 to 2011 (Mao, Peng, & Wong, 2012).

### 1. The Basic Structure of Social Relations in Chinese Societies

The importance of *guanxi* in the workplace can be better appreciated through an understanding of the basic social mechanism that governs social structure in Chinese societies. Chinese societies are largely influenced by Confucian teachings (Chen & Chen, 2004; Tsui & Farh, 1997) and Confucian influence remains relevant in contemporary Chinese societies (Hofstede & Bond, 1988; Hutchings & Murray, 2002; Young & Corzine, 2004).

Confucius emphasized *wu lun*, a differentiated system that comprises the

five fundamental relationships in Chinese societies (Mao et al., 2012). As written in *The Doctrine of the Mean (Zhongyong)*, Confucius identified the five relations as follows: ruler and subject, father and son, husband and wife, elder brother and younger brother, and friends. There are norms attached to the roles in each relationship (Park, 2007):

Justice and righteousness should mark the relations between sovereign and subject. There should be proper rapport between father and son. There should be separation of function between husband and wife. The younger should give precedence to the elder. Faith and trust should reign over relationships between friends. (Confucius, 1983, p. 60)

Individuals are expected to behave according to their roles so that mutual expectations can be fulfilled (Yang, 1995). The lack of adherence to relationship norms breaks down *lun*, which reflects negatively on an individual's character (Mao et al., 2012). In contrast, those who play their roles well are highly complimented (Wong, 2007). Adherence to relationship expectations maintains harmony in relationships, which facilitates the integration of communities and organizations, and in turn leads to stable social and political order (Park, 2007; Yang, 1995).

Among the five relationships, three are familial relationships, specifically, relationships between father and son, husband and wife, and younger brother and elder brother. Relationships between ruler and subject belong to the national level. Relationships between friends consist of the rest of the relationships outside the family. Societal progress follows an inside out structure, moving from family to nation to world level, thus the family ethic forms the basis of Chinese human relations (Wong, 2007). Individuals are

expected to sacrifice their own interests and prioritize that of their families' and communities', people of who provide meaning and significance in their lives. Filial piety is demonstrated through respect for elders and parents, who hold the highest authority in the family (Kang, 2014).

In practice, the rules for proper behavior are borrowed when *guanxi* cannot be clearly defined (Park, 2007). When doing businesses with strangers, there are no obligations, until a mutual sense of credibility and identity is fostered. Then, two parties may be able to regard each other as insiders and treat each other like brothers or friends (Park, 2007).

Fei, Hamilton, and Wang (1992) explained that individuals are connected in a differentiated mode of association (*chaxu geju*). Every individual is surrounded by a concentric pattern of social relationships, in which the self is placed at its center. The closer an individual is to the self in the center, the stronger the relationship. The relationship determines how one should treat the other person, which Yang (1995) labeled relational determinism. These different behavioral standards have direct implications for working relationships. The relationship (*guanxi*) you have with others determines how others react to you as well as how you should treat others. Indeed, a study of *guanxi* between service providers and their clients in the insurance industry showed that the level of *guanxi* determined the service quality that insurance sales representatives provided their clients; the clients trusted the insurance sales representatives with whom they have *guanxi* and were less concerned with other factors, such as their budget limit, the capability of their sales agents, or the culture of the insurance company (Wong, 2007).

To be able to get things done at work, people need special *guanxi*. This is

the reason *guanxi* is regarded as a closed system, in which insiders have more access to resources in the network than anyone else outside the *guanxi* network. According to Anderson and Lee (2008), *guanxi* provides meaning, identity, and purpose by setting the standards that indicate what types of behaviors are accepted and appropriate.

## 2. The Importance of *Guanxi* in Business

*Guanxi* has gained significant research attention, particularly in the business literature. Scholars have recognized *guanxi*'s prominent role in the Chinese market and incorporated the construct into their studies, for example, in marketing (Giannakis, Doran, & Chen, 2012; Liu & Gao, 2014; Wong & Tam, 2000; Zhang & Zhang, 2013), economics (Cao, Baker, & Schniederjans, 2014; Cheng, Yip, & Yeung, 2012; Lee, 2010; Qin, 2011), knowledge sharing (Qian, 2012), entrepreneurship (Fu, Tsui, & Dess, 2006), and banking (Armstrong & Boon Seng, 2000), to name a few.

Its importance to firm performance has also been widely studied. A meta-analysis conducted by Luo, Huang, and Wang (2012) supported the role of *guanxi* in driving firm performance and found that *guanxi* development is an effective organizational strategy as measured by economic performance (e.g., return on assets, profit growth) and operational performance (e.g., market share, sales growth). As identified in Chen et al.'s (2013) review, *guanxi* has a significant impact on a wide range of outcomes, such as market entry and expansion into global markets (e.g., Luo & Liu, 2009; Tung & Worm, 2001; Zhao & Hsu, 2007), enhanced inter-firm cooperation and problem solving (e.g., Jiang & Jin, 2008; Zhuang, Li, & Cui, 2008), and knowledge transfer and sharing (e.g., Buckley, Clegg, & Tan, 2006; Gao, Xu, & Yang, 2008). Other

outcomes of *guanxi* include negotiation success (Leung & Yeung, 1995) and mobilization of entrepreneurship and venture capital investment (e.g., Bian, 2007; Lee & Anderson, 2007; Namazaki, 1996).

### 3. Research Gap and Study Objective

Although ample research has examined the outcomes of *guanxi*, little work has been done to systematically and empirically develop a solid and consistent understanding of the construct (Chen & Chen, 2012; Yang, 2001a, 2001b), which is necessary for testing theory about its antecedents, correlates, and outcomes. The conceptual understanding of *guanxi* is rarely the focus in *guanxi* research and is usually derived from cultural concepts and theories that have been emphasized since early history on the presumption that they remain relevant in the current society. As Chen and Chen (2004) highlighted, the previous literature has been “primarily concerned with the pragmatic utility of *guanxi*, but not with construct building and operationalization” (p. 309). Most studies lack attention to the objectives and functions of *guanxi*. In fact, given the amount of research conducted on *guanxi*, it is surprising that only a handful of studies have been dedicated to its conceptual development. As a result, the conceptual foundations of *guanxi* are not fully developed as yet.

In the current literature, *guanxi* is operationalized in various ways. Chen and Chen (2004) highlighted two major perspectives. Firstly, there is the categorical-dimensional conceptualization. Categorical conceptions regard *guanxi* as representing various types of ties, and thus emphasize *guanxi* bases (e.g., Farh, Tsui, Xin, & Cheng, 1998; Yang, 1986). Dimensional conceptions focus on the contents and purposes of *guanxi* (e.g., Hwang, 1987; Yang, 2001a, 2001b). A second difference lies in whether *guanxi* is conceptualized at a

network or a dyadic level. The network perspective regards the fundamental unit of *guanxi* as “the group” and views its function as maintaining social order in areas without formal institutional structures (e.g., Alston, 1989; Bian, 1997; Chou, Cheng, Huang, & Cheng, 2006). The dyadic perspective examines *guanxi* at the interpersonal level between two *guanxi* partners, regarding dyadic relations as the fundamental units of *guanxi* networks (e.g., Jacobs, 1982; Law, Wong, Wang, & Wang, 2000).

In another review of the variation of *guanxi* conceptualizations, Chen et al. (2013) identified four broad typologies of *guanxi* ties, namely (a) family versus nonfamily ties, (b) affective versus instrumental ties, (c) personal versus formal ties, and (d) mixed ties. The absence of a single, unified working definition of *guanxi* has resulted in a lack of precision in defining the construct in studies. Without a clearly defined *guanxi* construct, scholars have to interpret their study findings with caution. Kriz and Keating (2010) noted that *guanxi* is often treated in a generic sense and left as “a ‘black box’ shaped by expressive, mixed and instrumental ties” (p. 310) in the majority of existing studies. Chen et al. (2013) shared a similar view. In their review of the current *guanxi* literature, they found diversified research findings and multiple perspectives pertaining to the *guanxi* construct. They highlighted the need for conceptual specificity and cautioned against using an umbrella term for *guanxi*. The lack of acknowledgement in how to best operationalize *guanxi* makes it difficult for scholars to build on each other’s work, which may in turn impede the progress of *guanxi* research. Scholars must share a common starting point in order to advance knowledge about *guanxi*. My research is an attempt to establish this starting point by providing the necessary conceptual and empirical groundwork

for construct development and testing of *guanxi* in the context of the workplace.

#### 4. Five Studies

I conducted a series of five interrelated studies for this purpose. There are two parts to this research. For the initial qualitative part of this project, I adopted an indigenous psychology perspective to explore the social and psychological processes of *guanxi*. Specifically, insights into the following two areas were generated: (1) What are the main processes and defining qualities of *guanxi*? (Study 1, Part 1), and (2) How is *guanxi* evaluated? (Study 1, Part 2).

The results from the qualitative studies served as the foundation for second part of this thesis, which focused on scale development and validation of the construct of *guanxi* quality. Based on the results of Study 1, the *Guanxi* Quality Scale (GQS) was developed and tested in four subsequent studies. The final multi-item GQS, which consists of 15 indicators, is posited to be an effective and accurate way to operationalize the evaluation of *guanxi* quality between two people who interact with each other on behalf of their organizations.

Ethics approval was obtained through the Institutional Review Board of Nanyang Technological University to conduct this research. The studies were conducted in a four-year period from 2011 to 2015.

#### 5. Scope of Research

This research examines external workplace *guanxi*, which refers to the *guanxi* of people who interact with others on behalf of their firms, or in short, boundary spanners or boundary personnel. The terms *workplace guanxi*, *external guanxi*, or simply, *guanxi*, are used interchangeably in this thesis and they all refer to external workplace *guanxi*, unless otherwise stated.



### 5.1. External *Guanxi* Between Boundary Personnel

The choice to focus on external *guanxi* is in consideration of the following three reasons. First, understanding external *guanxi* is important because research has shown that interorganizational ties are still critical in modern Chinese businesses. A meta-analysis (Luo et al., 2012) found that while there is decreasing dependence on ties with the government in the face of the changing institutional environment and maturing rational-bureaucratic system, ties with other organizations remain valuable as a strategic tool in influencing firm performance.

Second, external *guanxi* is more closely associated with direct benefits, in comparison to internal *guanxi*. For instance, a client's buying decisions due to existing *guanxi* with a supplier directly impacts the supplier's sales performance (Luo et al., 2012). As such, there may be stronger motivation to pursue and strengthen external *guanxi*, rather than *guanxi* within the workplace (e.g., coworker *guanxi*, supervisor-subordinate *guanxi*). Due to more direct, observable *guanxi* benefits, there is also a higher possibility for external *guanxi* to serve as a potential site for corruption (Su & Littlefield, 2001). The negative impact of *guanxi* on society has received increasing attention due to the recent stream of media reports on corruption in China, such as those relating to Bo Xilai's graft (e.g., Branigan, 2013; Kochan, 2013). Luo (2008) posited that as *guanxi* becomes increasingly intertwined with corruption, public perception of *guanxi* is likely to shift towards the negative impact of its related practices. In fact, an ethical paradox surrounds *guanxi*. On the one hand, the adherence to role expectations and relationship obligations connotes ethical behavior (Mao et al., 2012). On the other hand, some researchers have argued that the various

kinds of favors and preferential treatment obtained through the use of *guanxi* could be perceived as a form of favoritism, unfair competition, or bribery (Fan, 2002; Huang, Huang, & Dubinsky, 2014; Lovett, Simmons, & Kali, 1999). For example, Huang et al. (2014) noted that the reliance on *guanxi* to obtain benefits and resources put others outside the relationships at a disadvantage and is ethically questionable. They examined unethical business behaviors related to *guanxi* and found that the type of shared tie influenced Taiwanese salespersons' perceptions of ethically problematic situations. In view of the controversy surrounding the ethicality of *guanxi*, my research will help to create a consistent understanding of *guanxi* norms in Chinese societies, which can be used in future business ethics research to identify behaviors that deviate from what people consider as culturally ethical.

Third, external *guanxi* is the most likely context for interaction between foreigners and Chinese. However, foreigners have expressed difficulty in attempting to enter the closed *guanxi* system (Lovett et al., 1999). Explicit knowledge of what exactly *guanxi* is and how people evaluate their *guanxi* has practical value in helping outsiders integrate into Chinese work culture or for creating a shared culture that facilitates cooperation.

I focused on studying *guanxi* at the dyadic level because this form of *guanxi* serves as the basic building block of *guanxi* networks. According to Chen and Chen (2004), *guanxi* entails more personal than group commitment. In one study that compared Japanese and Chinese familial relationships, the former was based on group identity and membership, while the latter was developed on a interpersonal, dyadic level, although both cultures are relationship-oriented (King, 1991). A micro-dyadic approach is able to provide more specificity and

depth for studying *guanxi* and such analysis serves as a foundation for examining *guanxi* networks (Chen & Chen, 2004).

## **5.2. Research Context**

This research focuses on Taiwan, a Chinese society strongly influenced by Confucian culture (Gold, Guthrie, & Wank, 2002). In comparison to China, where Confucianism originated, Taiwan has better preservation of Confucian traditions and practices, although the two societies are similar in terms of the ancestry, language, and culture (Liu, Meng, & Wang, 2014). The erosion of Confucianism in China has been attributed to the impact of the Cultural Revolution, which took place from 1966 to 1976 (Ip, 2009). The Cultural Revolution was a socio-political movement, during which Confucius was harshly criticized as a “political swindler” and a hypocrite. His philosophy was denounced and “equated with poison and deception” (Lu, 2004, p. 63). In contrast, at the same time politicians in China were rejecting Confucian traditions, Taiwan’s leaders were promoting a Chinese cultural renaissance movement to instill moralistic Confucianism through education to garner support for their regime (Fetzer & Soper, 2013).

Studies have supported that Confucianism remains the major philosophy of life in Taiwan. Lin and Ho’s (2009) cross-cultural study found that among China, Hong Kong, and Taiwan, Taiwan ranked the highest on the dimension of Confucian dynamism, which refers to the endorsement of Confucian values associated with hierarchy, perseverance, thrift, and social obligations (Hofstede & Bond, 1988). In a recent study, Chinese and Taiwanese participants showed different reactions when primed with Confucianism (Liu et al., 2014). Specifically, in comparison with a control group, Chinese participants exhibited

behaviors that were not in accordance with Confucian values, showing higher risk loving, lower loss aversion, and impatience. In contrast, Taiwanese participants showed higher degree of trustworthiness and patience, which were more aligned with Confucian values, in relation to the control group. Thus, Taiwan makes a good context for the purpose of this research given the prevalent influence of Confucianism.

## **6. Outline of Chapters 2 to 4**

In the following, I outline the contents of the subsequent chapters of this thesis. In Chapter 2, I present a literature review of three areas. First, I justify the approach of studying *guanxi* as an indigenous construct that cannot be fully addressed by equivalent Western concepts. The discussion is helpful in facilitating the understanding of what *guanxi* is through a comparison with familiar Western concepts. Next, I review existing work that has been done on construct building and testing of *guanxi*, discuss their limitations, and justify the need for more systematic and empirical research in this area. Based on the review, I conclude that more empirical research needs to be conducted to test the adequacy of conceptual models in addressing external *guanxi*, and to develop a new measure for external *guanxi* that overcomes the limitations of the current ones. Finally, I explain why a mixed-method approach is suitable for the purpose of developing a strong conceptual foundation of the indigenous construct of *guanxi*.

Chapter 3 consists of the five studies conducted with the objective of building and testing the *guanxi* construct. I used a mixed-method approach to achieve conceptual precision and triangulation of research findings (Chen et al., 2013). In Study 1, I adopted an inductive, bottom-up approach to understanding

what constitutes *guanxi* using qualitative methods. An inductive approach is recommended in scale development when it is difficult to generate items to represent abstract constructs (Hinkin, 1998). The lack of a consistent set of working principles for *guanxi*, as reviewed in Chapter 2, justifies the use of such an approach. The goal of Study 1 was to identify the major dynamics that underlie external workplace *guanxi*. The results were useful in painting a comprehensive picture of *guanxi* (Study 1, Part 1) and guiding the generation of items representing the dimensions of the new measure (Study 1, Part 2).

After items were generated based on the findings of Study 1, I adopted an iterative approach in Studies 2 to 4 to develop a measure, progressively moving from the testing of the adequacy of the initial pool of items in representing the respective dimensions (Studies 2A and 2B), to an assessment of the proposed structure of *guanxi* quality and item reduction (Study 3), and finally to the confirmation of the structure of the construct (Study 4). After the measure was finalized, I examined its construct validity and incremental validity, so as to demonstrate its correspondence with the construct of *guanxi* and its usefulness in predicting variables of interest, in this case the antecedents and outcomes of *guanxi* quality (Studies 4 and 5). The development of the new measure in Studies 2 to 5 was guided by steps advocated in the psychometric literature, as reviewed and summarized by Clark and Watson (1995) and Hinkin (1995, 1998).

Finally, Chapter 4 concludes the research project by presenting a summary of the five studies and discussing its contributions and limitations, as well as suggestions for future areas for investigation.

## 7. Notes on Terms and Concepts

Two points with regards to the terms and concepts used in this study should be clarified. First, a list of Chinese terms and their corresponding English translations is included in Appendix A. However, many Chinese terms cannot be explained by a single corresponding English term, and some Chinese terms may have multiple uses and translations. As such, the translation provided is the main one used in this report. When an alternate meaning is intended, it is provided in the text. When terms are cited from the existing literature, they are applied in this report as they were in the original source as far as possible.

The second point relates to when and how the two core concepts of this thesis, namely, *guanxi* and *guanxi quality*, are used. In Study 1 Part 1, the focus is on the concept of *guanxi* – what it is and how to best operationalize it. From Study 1 Part 2 to Study 5, the emphasis is on *guanxi quality*, a measure of the construct of *guanxi*. The decision to measure *guanxi* in terms of its quality was guided by the results of Study 1. In the subsequent studies, the discussion on *guanxi quality* still centers on the concept of *guanxi* because a measure, which is regarded as “an observed record or trace that serves as imperfect empirical evidence of a construct” (Edwards, 2003, p. 329), cannot be discussed in isolation from the construct.

## CHAPTER 2: LITERATURE REVIEW

In this chapter, I present a literature review of three areas. First, an understanding of *guanxi* as an indigenous construct is presented. The discussion is helpful in facilitating an understanding of *guanxi* through a comparison with familiar Western constructs, and also to highlight my contention that the cultural essence of *guanxi* cannot be fully addressed by equivalent Western concepts. Next, I review existing research that has been conducted on the construct development and testing of *guanxi*. I focus on two aspects, namely existing theoretical models of *guanxi*, and current measures used to operationalize *guanxi*, and highlight the shortcomings in each area of work. I address the shortcomings in the subsequent studies of this research. Finally, I conclude the chapter with a discussion of the use of a mixed-method approach to develop a strong conceptual foundation of the indigenous construct of *guanxi*.

### 1. Understanding *Guanxi* as an Indigenous Construct

As Li (2012) argued, an indigenous concept will always have an etic component and an emic component. The etic component refers to features that are common or shared by many cultures, and the emic component is defined as the unique characteristics of the local phenomenon. Delineating the etic and emic aspects of *guanxi* has value in distinguishing it from similar constructs. This clarification will help people from other cultures to grasp the concept better. Since most people are familiar with Western culture, it is a starting point for comparison. The majority of work done in supporting the uniqueness of *guanxi* has adopted this approach. It is the most effective and comprehensible

way to provide a frame of reference for appreciating a different culture, and, ultimately, for understanding indigenous concepts.

Based on the observation that not enough attention has been given to substantiating the uniqueness of *guanxi*, Mao et al. (2012) reviewed the etic and emic aspects of *guanxi* components by comparing them to Western interpersonal relationship constructs. The researchers regarded *guanxi* as an indigenous concept that can be differentiated from general interpersonal relations due to its emphasis on obligations rooted in social and ethical norms. They discussed commonalities in the concepts of liking, kinship, friendship, social network, and social capital, and suggested the following dimensions as the emic aspects of *guanxi*: (1) social norms and obligations, (2) pressure to protect *guanxi* partners' interests, (3) emphasis on hierarchical relations, (4) sharedness (*guanxi* base) and transferability of ties, and (5) clearer relationship obligations in comparison to other cultures. The discussion focused on *guanxi* in the general society; most of the arguments centered on the qualities of expressive ties among family and kin. Therefore, the applicability of Mao et al.'s discussion to the workplace, and its relevance to external workplace *guanxi* is limited, although the general framework that emphasizes the unique aspect of obligation and social norms is useful.

Yeung and Tung (1996) provided a more specific discussion by differentiating *guanxi* and Western relationship patterns in the business context. Comparisons were made in six aspects: (1) motives in social relations, (2) reciprocation in social exchanges, (3) time-orientation, (4) power orientation, (5) nature of power, and (6) sanction practice. The three aspects pertaining to motives, time orientation, and the nature of power describe qualities of the



overall *guanxi* construct, while comparisons in reciprocation, power, and sanction address the specific features of *guanxi* in terms of its core values or components.

In the following, I review Mao et al.'s (2012) and Yeung and Tung's (1996) arguments and present a comparison between *guanxi* and Western relationship patterns that is specific to the context of external *guanxi* in the workplace.

### **1.1. Universalistic Versus Particularistic Ethics System**

It is important to understand cultural differences between Chinese societies and Western societies, as many points of construct comparison use cultural influence as the central premise for distinction. A summary of Lovett et al.'s (1999) analysis of the ethical systems in Western versus Chinese culture and their influence on business relations is useful in setting the stage for further comparison of relationships in these two cultures. According to Lovett et al., Western cultures are influenced by Protestant ethics, which advocate universalistic principles. The central proposition of universalism is applicability to everyone. Justice is equality in opportunity, access, and treatment. As a reflection of the universalistic ethics perspective, contractual law follows a discrete-transaction paradigm; a transaction begins when an agreement is reached and ends with performance. The exact parties in the transaction are irrelevant and agreements are formalized in as much detail as possible, delineating any remedies in the event of failure to perform or anticipated circumstances (Williamson, 1979).

In contrast, Chinese cultures are influenced by Confucian traditions. Although Chinese societies have undergone major changes, the emphasis in contemporary Chinese cultures is still on relationships; loyalties and obligations

govern social functioning. Confucian ethics are particularistic, and principles apply only to a specific individual in relation to another specific individual, in contrast to the universal ethics of Western societies. As a result, human-heartedness, or *renqing* (which refers to human feelings, respect, and caring, for people who are important), is the center of the Chinese ethical perspective.

## **1.2. Delineating the Etic and Emic Aspects of *Guanxi***

The main arguments put forward by Mao et al. (2012) and Yeung and Tung (1996) to substantiate the distinctiveness of *guanxi* centered on cultural explanations, specifically on role obligations and social expectations rooted in Confucian traditions. In reviewing their work, I identified six major areas of comparison. I begin with a broad-level comparison of the structure and functions of a social network, which includes consideration of the association between *guanxi* and social capital, the importance of sharedness or commonality in *guanxi* establishment, and the transferability of *guanxi* ties. Then, I proceed to a comparison of *guanxi* with Western relationships in more specific areas that focus on unique qualities, contents, or values of *guanxi*. Specifically, I describe the emphasis on role obligations and norms in influencing social relations, followed by a discussion related to the nature of reciprocation, affect, liking, and friendship, facework, sanction, and power differentiation, and time-orientation.

**1.2.1. Structure and functions of the social network.** On a broad level, *guanxi* relations are similar to other social relations, in that they can be distinguished in terms of size (Burt, 1992) and strength (Granovetter, 1973). However, *guanxi* has certain features that differentiate it from general

relationships. First, it is possible to distinguish between *guanxi* and social capital. Social capital can be regarded as the combination of networks and the assets derived from these networks (Burt, 1992; Nahapiet & Ghoshal, 1998). Mao et al. (2012) posited that *guanxi* itself is not social capital, although it does provide social capital. Social capital has a depersonalized nature (Li, 2007), while *guanxi* is highly personalized, be it between two individuals or as a group-based network.

Mao et al. (2012) highlighted another unique characteristic of *guanxi* structure with respect to its emphasis on sharedness or *tong*. Sharedness is an important source of *guanxi* (Jacobs, 1982). For example, *tongxue* (common school), *tongmen* (common teacher or supervisor), *tongxiang* (common locality) can be regarded as different types of *guanxi*. While these relations are also present in the West, they are no different from stranger ties unless there has been personal interaction. In contrast, sharing such commonalities directly places an individual in a closer circle in a person's relationship network in Chinese societies, and leads to better treatment as compared to a stranger.

Another feature that distinguishes *guanxi* is in the transferability of ties (Mao et al., 2012). Individuals who are connected by an intermediary who is close to the focal person can more easily occupy a closer starting point in the *guanxi* circle. For relationships in the West, factors involved in actual interaction, such as liking, value congruence, and friendships, have a stronger role in relationship development (Mao et al., 2012).

**1.2.2. Emphasis on role obligations and norms in influencing social relations.** The preceding discussion relates to the emphasis on role obligations and social norms in determining behavioral standards in *guanxi*, which

distinguishes it from relationships or social networks in the West (Mao et al., 2012; Yeung & Tung, 1996). In Confucian societies, *lun* governs social order and stability by requiring that individuals play their social roles (Mao et al., 2012). The closer a focal person is to another individual, the stronger the obligation to that particular person. If relationship expectations are not met, *lun* breaks down and the focal person's behavior may be considered unethical. For example, it is more acceptable in Chinese than in Western societies to use *guanxi* to influence an interview decision. An interviewer who refuses to help a close friend in an interview may be regarded as unfeeling and even unethical. Similarly, Yeung and Tung (1996) noted that as individuals belong to part of a system that comprises of interdependent relationships, the fulfillment of role obligations ensures social order and functioning. In contrast, for people in the West, behaviors are more strongly motivated by the independent self (Yeung & Tung, 1996).

As a reflection of the role obligations and the differentiated treatment of relationships (Fei et al., 1992), the clarity of relationships is stronger in Chinese societies than in other cultures (Mao et al., 2012). Although differential treatment as a result of relationship closeness may be regarded as universal, in that how an individual treats another individual depends on how close they are, the obligations in *guanxi* are clearer and stronger. Furthermore, the pressure to fulfill the obligations towards people with strong *guanxi* as compared to those with weaker *guanxi* is seldom seen in Western workplaces because of the principle of universality, which supports fairness. Chinese individuals are expected to sacrifice the interests of people more distant in the *guanxi* circle to meet the needs of those in inner circles. This requirement explains the

motivation of people to minimize relationship distance so as to be positioned in the inner circle. In fact, choosing open competition over the utilization of connections may be regarded as disloyal and unintelligent (Xin & Pearce, 1996). In contrast, from a Western perspective, situations involving decisions based on connections instead of an objective evaluation of performance or ability constitutes nepotism with a negative connotation (Yeung & Tung, 1996).

### **1.2.3. The nature of reciprocation and the impact on individuals.**

*Guanxi* comprises of exchanges of favors, and reciprocity is the primary norm of *guanxi* (Chen & Peng, 2008). *Guanxi* is similar to other social exchanges in that it also adheres to the reciprocity rule, which is regarded as a universal ethic law (Mao et al., 2012). Violation of the rule of reciprocity can result in social rejection and criticism of one's character (Gouldner, 1960). Mao et al.

highlighted a quality of *guanxi* that sets it apart from other relations.

Specifically, for people who are close to the focal person in the *guanxi* circle, role obligations or responsibilities play a bigger part than reciprocal exchanges.

This requirement particularly applies to people who share a very strong expressive tie.

Yeung and Leung also compared *guanxi* to relationships in the West in terms of reciprocation, with a focus on discussing the implications of unequal reciprocity. They noted that unequal reciprocity is a possibility in all kinds of relationships. Blau's (1964) social exchange theory states that an unreciprocated favor creates a disadvantage for the other party. In other words, the person who fails to receive repayment suffers a disadvantage. While this is true in the context of Western relationships, the converse is true for Chinese. According to Confucianism, the act of reciprocation allows individuals to

become *yiren* (a righteous person). An individual should repay favors in a greater amount than the favor received. Thus, reciprocation has stronger moral implication for a Chinese person than for a Westerner. Consequently, the failure to reciprocate creates a disadvantage for the self because it negatively impacts other people's perceptions of one's moral character.

**1.2.4. Affect, liking, and friendship.** Liking or affection is an important base for forming and maintaining *guanxi* (Jacobs, 1982). Across cultures, people who are similar tend to like each other more in comparison to people who are less similar, and these people are more likely to form a connection. People who have become friends have the obligation to support each other in difficult times, show care for each other, and spend time together. Mao et al. (2012) argued that the emic aspect of *guanxi* lies in the possibility of establishing *guanxi* in the absence of affection. This possibility is especially significant in the workplace, where *guanxi* clearly serves an instrumental function. I will return to this point in the review of *guanxi* models and conceptualizations in Section 2. The conceptualizations classified under *power-oriented workplace guanxi* address this form of highly instrumental relations in detail. While the point regarding the possibility of sustaining a purely instrumental tie is valid, it is still important to emphasize the role of affection in workplace *guanxi*. As reviewed in Section 2, affection or *ganqing* is the core value that has been emphasized in all five theoretical models of *guanxi*, classified under *culturally-based workplace guanxi*. Results of Study 1 also supported the importance of affect in facilitating *guanxi* exchanges (see Chapter 3).

**1.2.5. Facework, sanction, and power differentiation.** Different societies have their own social norms that invoke sanctions for deviant behaviors. Western societies are influenced by Judeo-Christianity and the moral emotion of guilt is significant (Bedford & Hwang, 2003; Yeung & Tung, 1996). If behaviors deviate from cultural norms, people feel guilty due to an internalized knowledge of sin. In contrast, Yeung and Tung (1996) noted that shame is the main deterrent of immoral or unethical behaviors. This is due to the emphasis on face, which is defined as the “positive, respectable public self-image that a person, a family or a community claims for themselves in social interaction” (Wu, 2009, p. 91). Face is highly valued in Chinese societies. It denotes something greater than reputation. In fact, without face, individuals and their family members are treated as social outcasts who are unable to function properly in society. Face is contextual; it can only be given or taken away during the course of interaction, which makes doing facework very important in *guanxi* exchanges.

**1.2.6. Time-orientation.** Another differentiating quality of *guanxi* is in its time-orientation (Yeung & Tung, 1996). Confucianism assumes interdependence of events and seeks long-term balance in social interactions. Individuals treat *guanxi* like “stock to be put away in times of abundance and plenty,” such that the “stock will then be at their disposal in times of need and trouble” (Yeung & Tung, 1996, p. 55). Unlike *guanxi*, which is usually sustained for a long-term through continuous interaction, social transactions in the West are usually perceived as short term with an emphasis on immediate gains as well as a balance in transactions.

### 1.3. Application of Existing Western Frameworks in Understanding

#### *Guanxi*

The preceding discussion explicates the etic and emic aspects of the indigenous construct of *guanxi*. Existing theories, mostly theories of social relations developed in the West, are able to address *guanxi* to a certain extent, but not in totality because they are unable to capture the cultural essence of *guanxi* (Hwang, 1987). Two theories are commonly used in *guanxi* research, namely, social exchange theory and social capital theory. The former is used to explain the social exchanges that take place among *guanxi* partners, while the latter is usually applied for understanding the outcomes of *guanxi*. I provide a brief summary of the use of these two perspectives in understanding *guanxi* and their application in the current research.

**1.3.1. Social exchange theory.** Researchers have used social exchange theory to explain relationship dynamics between *guanxi* partners (e.g., Huang et al., 2014; Hwang, 1987; Warren, Dunfee, & Li, 2004). Social exchange entails exchanges of favors between individuals with unspecified obligations for reciprocation (Adler & Kwon, 2002; Blau, 1964). Hwang (1987) applied social exchange theory to address exchanges that take place in *guanxi*. Postulating that the almost universal rules of exchange, namely, the equity rule, the equality rule, and the need rule, do not adequately capture the rich cultural influence on the ways individuals think about and approach their interpersonal relations, he proposed the *renqing* rule as a variant of the equality rule. In Hwang's resource allocation model, the need rule, the equity rule, and the *renqing* rule were proposed to explain relationship exchanges in the three types of ties present in Chinese societies, namely expressive, instrumental, and mixed ties. This model



is applicable in the context of this study due to my focus on *guanxi* between boundary spanners, in which social interaction mainly involves the allocation of resources. Resources in this case may refer to tangible (e.g., business deal, profit) or intangible benefits (e.g., solidarity, flexibility, favors). In the next section (Section 2), I elaborate on the three types of ties and their corresponding rules of exchange and review their application in the conceptualization of *guanxi* to shed light on social interaction in *guanxi* exchanges.

**1.3.2. Social capital theory.** Another theory that has been applied in *guanxi* research is social capital theory. Social capital refers to embedded resources in network relationships that are accessible through exchanges of favors and gifts (Adler & Kwon, 2002; Bourdieu & Wacquant, 1992; Nahapiet & Ghoshal, 1998). Like social capital, *guanxi* entails reciprocal exchanges of future-oriented obligations or favors (Chen & Chen, 2004; Park & Luo, 2001). Thus, some researchers regard *guanxi* as the Chinese variant of social capital (e.g., Batjargal & Liu, 2004; Knight & Yue, 2008; Park & Luo, 2001; Qi, 2013). Others have used measures of *guanxi* as measures of social capital and vice versa, regarding the two concepts as interchangeable (Luo, Griffith, Liu, & Shi, 2004; Zhang & Fung, 2006). Mao et al. (2012) argued that the nature of *guanxi* and social capital is different. The former is highly personalized and the latter has a depersonalized quality (Li, 2007). *Guanxi* is not social capital, but it provides social capital. Consistent with this line of thought, researchers have also used social capital theory to interpret the outcomes of *guanxi* (e.g., Gu, Hung, & Tse, 2008; Luo et al., 2004; Park & Luo, 2001; Wu & Leung, 2005). Whether *guanxi* is conceptualized as a variant form of social capital or whether it provides social capital is likely a matter of perspective, and how the concept

of social capital is defined. Burt's (1992) definition, which interprets social capital as "friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital" (p. 9), would support *guanxi* as a form of social capital. The bottom line is that *guanxi* is instrumental in providing individuals with resources by virtue of the shared tie. With this fundamental association between *guanxi* and social capital, I apply social capital theory to examine the possible outcomes of *guanxi* and tested the outcomes in Study 4.

## **2. A Review of Existing Research on Construct Development and Testing of External Workplace *Guanxi***

In this section, I review existing work that has been conducted on construct building and testing of external *guanxi* and highlight the limitations in each area of work, which supports the need for more empirical research in examining what *guanxi* is and how best to operationalize it. There are two predominant areas in conceptualizing and operationalizing *guanxi*, namely, model construction and measure development. First, scholars have constructed models in an attempt to address the different types or modes of *guanxi* (e.g., Bedford, 2011; Chen & Chen, 2004; Fan, 2002; Hwang, 1987; Wong, Leung, Hung, & Ngai, 2007; Yang, 1995). However, few models have been specific to the workplace, and the majority of the models that address workplace *guanxi* remain theoretical and lack empirical support (e.g., Bedford, 2011; Fan, 2002; Su & Littlefield, 2001; Wong et al., 2007).

The second area of research has focused on the development of *guanxi* measures. This area provides the large bulk of existing empirical work conducted in construct development. However, as a variety of *guanxi* measures

have been developed (e.g., Chen, Friedman, Yu, Fang, & Lu, 2009; Knight & Yue, 2008; Law et al., 2000; Yen, Barnes, & Wang, 2011), there is a lack of consistency in them across studies. In addition, existing measures face several limitations that need to be addressed. A review of each area of research is presented in the following.

## **2.1. Review of Current Workplace *Guanxi* Models**

In order to identify models relevant to the development and maintenance of *guanxi* in the workplace, we conducted a search using the keywords “*guanxi* + development + model” in the PsycINFO and Business Source Premier databases. Including the terms *development* and *model* helped to sift out articles that briefly mentioned *guanxi* without elaborating on the concept. I identified an initial list of 36 articles, after excluding eight articles that were not relevant to this study because they addressed a different topic area or focused on other cultural contexts.

Next, I eliminated 25 articles from the following categories: (a) articles that focused only on identifying precedents and/or predicting outcomes from the presence (or absence) of *guanxi* without addressing the dynamics or process of *guanxi* development or maintenance, (b) articles that approached the topic of *guanxi* from other angles, including business ethics and environmental and political risk, and (c) articles that included *guanxi* in the discussion in other focal areas, including information system development, leadership, small vegetable farming, trust sharing, management philosophy, tourism, and cross-cultural analysis, instead of delineating development of *guanxi*.

Eleven likely candidates remained (Bedford, 2011; Buttery & Wong, 1999; Chen & Chen, 2004; Fan, 2002; Guo & Miller, 2010; Lee, 2010; Leung et al., 2011; Luo, 2011; Su & Littlefield, 2001; Su et al., 2007; Wong et al., 2007). After closer examination of these articles, I excluded Buttery and Wong's (1999) model because although it highlighted possible routes of *guanxi* development, it lacked elaboration of the exact underlying processes. I omitted Lee's (2010) study because it focused on using *guanxi* characteristics to model an interpersonal investment game. I eliminated Guo and Miller's (2010) and Leung et al.'s (2011) models, which specifically addressed the context of entrepreneurship and negotiation success respectively, instead of proposing general models, and we omitted Su et al.'s (2007) hierarchical stakeholder model as its focus is on identifying important stakeholders in *guanxi* relationships, rather than a general conceptualization of the operation of *guanxi*. Chen and Chen's (2004) process model of *guanxi* was not developed with respect to a workplace context, so we eliminated it, especially since we found that Bedford's (2011) model refined and extended Chen and Chen's process model into the workplace context.

As a result, I identified five articles that address the process or mechanisms of development of workplace *guanxi* to target for analysis. All except one of these five (Luo, 2011) are theoretical conceptualizations without empirical support. All five models employed either Hwang's (1987) or Yang's (1995) general relational classification system, which was originally proposed to address all social relationships in Chinese societies. However, we classified the models into two categories based on their scope. The first category consists of the two models that address development of workplace *guanxi* (i.e., Luo, 2011;

Wong et al., 2007). The second category consists of three models that also encompassed ethical implications of *guanxi* (i.e., Bedford, 2011; Fan, 2002; Su & Littlefield, 2001). In other words, the second set extended the first pair of models into the realm of ethics.

A summary of the focus of the five models is provided in Table 1. Model illustrations are provided in Appendix B. All five models employed one or more of Hwang's (1987) and Yang's (1995) conceptualizations. I first present an overview of these conceptualizations, followed by a chronological review of the models in each category.

Table 1

*Scope and Focus of the Five Guanxi Models*

Category of models	Author(s)	Scope of model	Direction and focus of discussion
Models focusing on the application of a general <i>guanxi</i> conceptualization to the workplace context	Wong et al. (2007)	External <i>guanxi</i>	<i>Guanxi</i> in the business context; business-to-business (B2B) <i>guanxi</i>
	Luo (2011)	General workplace <i>guanxi</i>	Discussed the general social structure; empirical study was focused on <i>guanxi</i> within a single firm
Models focusing on the application of a general <i>guanxi</i> conceptualization to the workplace context and extending application into the realm of ethics	Su and Littlefield (2001)	External <i>guanxi</i>	<i>Guanxi</i> in the business context, particularly business-to-government (B2G) <i>guanxi</i> (i.e., rent-seeking <i>guanxi</i> )
	Fan (2002)	External <i>guanxi</i>	<i>Guanxi</i> in the business context
	Bedford (2011)	General workplace <i>guanxi</i>	<i>Guanxi</i> in the general workplace; both internal and external <i>guanxi</i>

**2.1.1. Overview of Hwang's and Yang's conceptualizations.** Hwang's (1987) expressive ties, instrumental ties, and mixed ties have been widely cited in the *guanxi* literature (e.g., Bian, 1997; Tsang, 1998; Xin & Pearce, 1996). The same goes for Yang's (1995) *jiaren* (family) relations, *shengren* (strangers) relations, and *shuren* (familiar people) relations (e.g., Chen, Chen, & Xin, 2004; Farh, Zhong, & Organ, 2004; Tsui & Farh, 1997). In fact, Yang's *jiaren* relations, *shengren* relations, and *shuren* relations can be likened to Hwang's expressive ties, instrumental ties, and mixed ties respectively as they share similar characteristics, such as the relation between *guanxi* partners, core values, and rules of exchange (Luo, 2011).

According to Hwang, three types of ties that dominate in Chinese societies, namely, the expressive tie, the instrumental tie, and the mixed tie. As I explained in Chapter 1, individuals in Chinese societies are connected in a differentiated mode of association, in which they tend to adopt varying behavioral standards when interacting with different people (Fei et al., 1992). In each type of tie, there is a different rule of exchange. Specifically, the need rule, the equity rule, and the *renqing* rule govern the expressive tie, the instrumental tie, and the mixed tie, respectively. Hwang derived the three rules from the norm of reciprocity, which is a universal and generalized rule that has been accepted as the basic governing principle of social cohesion in most cultures (Gouldner, 1960; Levi-Strauss, 1969). The rules differ from each other in terms of the domains of application (type of ties), ways of repayment, and the time period for repayment. Yang proposed similar rules of exchange that governs the *jiaren*, *shengren*, and *shuren* relationships. They are the principle of *zeren* (responsibility), the principle of *lihai* (gains and losses), and the principle of

*renqing*, respectively. In the following, I present a discussion of the three types of ties, the rules of exchange, and an argument why mixed ties (*shuren* relations) are an important focus for the subsequent studies in this project.

Expressive ties (*jiaren* relations) exist among members of the primary group, such as family and close friends. The expressive component takes precedence over the instrumental component, and unconditional affection and trust are the core values in expressive ties. The need rule (*zeren* rule) states that family members are obliged to do their best to meet the needs of the family. For example, parents expend significant effort in taking care of and raising their children, who are expected to care for their parents when they are in their old age. In this sense, the returns are unlimited and unspecified as they could stretch into a lifetime.

Instrumental ties (*shengren* relations) exist among strangers. They are based on the equity rule (*lihai* rule). There is little, if any, expressive component and people make decisions by objectively weighing costs and returns. As such, repayment is almost immediate, if not definite with agreement from the two parties involved. Without having to consider any form of affection between them, negotiation usually takes place in a more calculative and objective manner, with an emphasis on fairness. This type of relationship is usually temporary and unstable, as people do not anticipate any subsequent development of affective connection.

Mixed ties (*shuren* relations) contain a certain degree of expressive component, albeit less so than expressive ties. In this type of tie, the *renqing* rule dominates social interaction. *Renqing* can take on different meanings: (a) individual feelings or emotions (e.g., happiness, anger, empathy), (b) a resource

for social exchange (e.g., gift-giving during special occasions, assistance in times of need), and (c) a set of norms that ensure social harmony (i.e., maintaining contact with *guanxi* partners and helping *guanxi* partners during difficult times). Together with *mianzi* (face, as represented by honor and status), *renqing* helps to develop and maintain mixed ties. The *renqing* rule connotes the need to consider both utilitarian and affective components in the course of social exchange; exchange partners are prepared to give favors as a way of developing relationships with others or to save others' *mianzi*. Once a favor is received, the receiver should be ready to pay back the *renqing* debt once circumstances permit. The anticipation of return motivates people to do *renqing* for their exchange partners. While reciprocity is expected, the timeframe could be uncertain. The failure to reciprocate results in the loss of *mianzi* and in turn, impacts negatively on the relationship.

According to Yang (1995), *jiaren* relations are limited to family members and marriage is its only way of entry. In contrast, moving from a *shengren* (stranger) relationship to a *shuren* (familiar) relationship is possible through different methods such as showing commitment to the relationship, displaying altruism, giving face, showing empathy or through the efforts of an intermediary. These possible routes of entry encourage people to be proactive in establishing their ties with successful others and in developing those ties from *shengren* relationships to *shuren* relationships, so as to enjoy the privileges given to the latter (Yang, 1995).

According to Su and Littlefield (2001), people who are connected by *shuren* relationships would deem their *guanxi* partners as insiders and interact with them by exchanging favors and *renqing* (sympathy and understanding), as



guided by traditional ethics. Given the relatively higher probability of entering *shuren* relationships as compared to *jiaren* relationships, it seems reasonable to expect that *shuren* relationships would be the most ideal type of *guanxi* people would want to share with those with whom they work. In fact, Hwang also emphasized the far-reaching influence that mixed ties has on social behavior bases because this type of relations can have a lasting duration when exchange partners invest in relationship building.

In sum, three relational ties, namely expressive ties or *jiaren* relations, instrumental ties or *shengren* relations, and familiar ties or *shuren* relations, have been proposed to address the different types of relationships prevalent in Chinese societies. The specific type of tie determines how people interact with each other. Mixed ties or *shuren* relations are expected to have the strongest applicability in the context of the workplace, particularly in understanding the relationship dynamics between boundary spanners.

**2.1.2. Models focusing on the application of a general *guanxi* conceptualization to the workplace context.** The two models proposed by Wong et al. (2007) and Luo (2011) that applied general relationship conceptualizations to the workplace will be reviewed first. Wong et al. applied Hwang's (1987) categorization of Chinese interpersonal relationships to a workplace context, while Luo (2011) did the same using Yang's (1995) conceptualization. Wong focused on delineating the specific dimensions that constitute expressive and instrumental ties, whereas Luo concentrated on the role of mixed ties, or what he termed familiar ties, in hierarchical economic systems and provided empirical data to distinguish between the three types of *guanxi*.

**2.1.2.1. Wong et al.'s model.** Wong et al.'s (2007) model adopted Hwang's (1987) expressive ties, instrumental ties, and mixed ties and developed a conceptual framework connecting expressive ties, instrumental ties, and *guanxi* quality. The researchers proposed three dimensions of expressive ties and three dimensions of instrumental ties, and theoretically mapped out how the dimensions relate to one another in the process of *guanxi* building.

According to Wong et al., expressive ties consist of the three dimensions of face, favor-exchange, and flexibility, while instrumental ties consist of cooperation, continuity, and commitment. The first dimension of face in expressive ties refers to reputation, social status, and respect from others. To gain face, people are inclined to develop *guanxi* or to become insiders with powerful figures who are capable of providing them with benefits. To avoid losing face or forming a bad reputation, people are expected to form good impressions of themselves, for example, by giving *renqing* (favors). Once *renqing* is initiated, reciprocity is expected. Failure to reciprocate will result in a loss of face (Yau, Lee, Chow, Sin, & Tse, 2000). Face and *renqing*, therefore, ensure the reciprocity of favors, which illustrates the second dimension of favor-exchange (Lee & Ellis, 2000). The last dimension in expressive ties is flexibility, which entails providing conveniences and favors to people who are within the *guanxi* network.

As for instrumental ties, the three dimensions are relationship-specific cooperation, relationship continuity, and commitment. Firstly, relationship-specific cooperation refers to satisfaction and a mutual desire to maintain a relationship. The second dimension of relationship continuity was defined as "a long-term orientation perceived and expected by the exchange partners in a

business relationship in which partners see value in putting effort and resources [into] maintaining the relationship further” (Wong et al., 2007, p. 880). One way to lengthen the relationship is to store favors and create indebtedness (Yau et al., 2000). Wong et al. postulated that relationship-specific cooperation, in terms of satisfaction, is positively related to relationship continuity (i.e., long-term orientation of relationships), as supported by a previous study (Ganesan, 1994). Lastly, commitment is the result of trust and confidence in *guanxi* partners’ credibility and integrity.

The expressive tie and the instrumental tie are connected by the relationship between flexibility (expressive tie dimension) and continuity (instrumental tie dimension) and between flexibility and cooperation (instrumental tie dimension). That is, Wong et al., posited that the flexibility granted to an exchange partner, in terms of favors, convenience, and favoritism, leads to relationship continuity and cooperation, which in turns results in commitment. Once commitment is developed, exchange partners have established *guanxi*.

While the proposed relationships make sense (i.e., doing favors helps to develop commitment), it is unclear how the authors categorize the dimensions under the each type of tie. The dimensions of cooperation, continuity, and commitment are contradictory to the unstable and temporary nature of instrumental ties. In addition, face and favor, which the authors posited as dimensions of expressive ties, are much more important in mixed ties than in expressive ties (Hwang, 1987). Mixed ties were mentioned in the beginning of the study, but they were given little attention or elaboration in the rest of the study. Although it was not explicitly stated, the authors seemed to imply that all six dimensions come together to represent mixed ties. In fact, the authors

regarded face, favor-exchange, and flexibility as an expressive tie approach that is based in the heart, and cooperation, continuity and commitment as an instrumental tie approach that is based in the mind. For the purpose of clarity, I argue that it would have been more accurate to conceptualize the six constructs as the contents of the expressive and instrumental *components* of mixed ties, instead of the dimensions of expressive and instrumental ties.

**2.1.2.2. Luo's model.** Similar to Wong's et al. (2007) approach, Luo (2011) applied the general *guanxi* conceptualizations to a workplace context, using Yang's (1995) *jiaren guanxi*, *shengren guanxi*, and *shuren guanxi*. However, Luo termed these *guanxi* types as pseudo-familial ties, acquaintance or stranger ties, and familiar ties, respectively. Luo used the term pseudo-familial ties to represent relationships outside the family, which are governed by the need rule.

Unlike Wong et al., who focused on understanding the dimensions within the different types of ties and the interaction among the dimensions, Luo was interested in the interplay between the expressive and instrumental components within each type of tie. A two-dimensional model of *guanxi* was proposed. The two dimensions include the expressive dimension and the instrumental dimension, which are characterized by the equity norm and the need rule respectively. Each of the three types of tie is characterized by different levels of expressive and instrumental components. Comparatively, pseudo-familial ties consist of a strong expressive component and a weak instrumental component, acquaintance ties are weak in both expressive and instrumental components, and familiar ties have a strong instrumental component and a moderate expressive component. Based on data collected from one company, Luo found that the three types of ties exist in the workplace. Familiar ties were found to be

characterized by as much trust as pseudo-familial ties and more trust than acquaintance ties. Luo posited that the high level of trust in mixed ties facilitates complex transactions in hierarchical markets. Recognizing such practical value, people will be motivated to transform trustworthy and frequent relations into mixed ties to gain access to valuable resources for economic transactions, such as introduction to important people, or access to key information (Luo, 2011; Yang, 1995).

Luo's study was important in emphasizing the role that familiar ties plays in enabling the execution of complex transactions in the workplace. However, although his model was conceptualized in the context of the workplace in general, the support for the model was limited in two ways. First, it focused on *guanxi* networks within the company, which means that findings may not be applicable to external *guanxi*. Second, data was only collected from one company. Therefore, the generalizability of the results is limited. The study made an important empirical contribution to *guanxi* research insofar as internal *guanxi* is concerned, but whether the results are generalizable and whether model applies to external *guanxi* remains to be tested.

Another issue arises in making the case for a clear conceptual distinction between pseudo-familial ties and familiar ties. Luo postulated that it is possible to have pseudo-familial ties in the workplace settings that can be measured by friendship behaviors, based on the rationale that friendship is maintained for its own sake, and therefore has a strong expressive component that is similar to familial ties. Measuring friendship behaviors in workplace settings was therefore assumed to be equivalent to measuring pseudo-familial ties. Familiar ties, on the other hand, carry a stronger instrumental purpose and were

measured by sharing behaviors. However, at a conceptual level, instead of construing friendship behaviors and sharing behaviors as indicative of two distinct types of ties (i.e., pseudo-familial ties and familiar ties respectively), it seems possible to interpret the two types of behaviors as reflective of two dimensions within a single type of ties. In other words, friendship behaviors could indicate a strong expressive component within familiar ties, instead of representing another distinct type of ties (i.e., pseudo-familial ties).

### **2.1.3. Models addressing the ethical considerations of workplace**

*guanxi*. The next three models (i.e., Bedford, 2011; Fan, 2002; Su & Littlefield, 2001) are similar to the previous two models in that they also employed the general conceptualizations proposed by Hwang (1987) and Yang (1995). The difference lies in the extension of their discussion to workplace ethics in view of the ongoing controversy in the literature with regard to the ethicality of *guanxi*.

Some scholars regard *guanxi* as being synonymous with corruption (e.g., Fan, 2002; Gold, 1985; Ip, 2008; Khatri, Tsang, & Begley, 2006). This view has been supported by the survey finding that 96.3% of a sample of managers in China associated *guanxi* with negative outcomes, such as unfair competition, nepotism, and fraud (Fu & Zhu, 1999). Fan's (2002) model can be regarded as a representation of this view as it addresses all workplace *guanxi* with a single conceptualization that regards all workplace *guanxi* as inherently negative.

Other researchers view workplace *guanxi* in a different light (e.g., Bedford, 2011; Su & Littlefield, 2001; Su et al., 2007). As Bedford (2011) highlighted, while it is possible for *guanxi* to fall into the unethical realm, it seems unfair to label all workplace *guanxi* as negative. Adopting this view, the models

proposed by Su and Littlefield (2001) and Bedford (2011) each distinguished between two types of *guanxi*: one rooted in cultural values and one that is power-dependent. The latter is the type of *guanxi* that is often associated with negative outcomes. Together, the three models proposed by Su and Littlefield (2001), Fan (2002), and Bedford (2011) present an overview of two different perspectives on the ethicality issue.

**2.1.3.1. *Su and Littlefield's model.*** The first model proposed to address the ethical issue of workplace *guanxi* was developed by Su and Littlefield (2001). Two types of workplace *guanxi* were conceptualized, namely, favor-seeking *guanxi* that is culturally-based, and rent-seeking *guanxi* that is institutionally-based.

Favor-seeking *guanxi* include Yang's (1995) classification of *jiaren*, *shuren*, and *shengren* relations, which are based in cultural values. As posited by Luo (2011) and Yang (1995), it would be reasonable to assume that *shuren guanxi*, which is based in both expressive and instrumental ties, would be the most important type of relationship in the workplace, as people would be motivated to bring *shengren guanxi* to the level of *shuren guanxi* so as to enjoy the privileges given to insiders. Indeed, Su and Littlefield posited that *shuren guanxi* forms the fundamental content of people's lives where the exchange of favors is the basic rule for interaction.

In contrast to favor-seeking *guanxi*, rent-seeking *guanxi* is institutionally defined and is based on power exchange. The term "rent" refers to "the returns over and above the costs of employing a monopolistic resource (e.g., bureaucratic power) by manipulating government policy" (Su & Littlefield, 2001, p. 202). People who do not own or have access to resources capitalize on

their *mianzi* and *guanxi* with powerful people to seek favors (Segliman, 1999). To reciprocate favors not provided legitimately, gifts are presented in return and this sort of behavior constitutes what is termed the *gift economy* or *houmen guanxi* (relationship characterized by backdoor deals) (Yang, 1994, as cited in Su & Littlefield, 2001, p. 203).

Rent-seeking *guanxi* addresses the type of *guanxi* that is ethically questionable. In rent-seeking *guanxi*, rent-seekers or powerful people, reap personal benefits through power exchange, while favor-seekers or powerless people, are able to obtain benefits through *guanxi* with powerful people. In other words, *guanxi* becomes the connection between rent-seekers and favor-seekers. An example of rent-seeking behavior is bureaucratic corruption that capitalizes on monopoly power and favor-seeking from common people, and in which rent is obtained unofficially through back-door deals. Su and Littlefield also equated rent-seeking *guanxi* with nepotism, patronage, faction, *houmen guanxi*, and *jiurou* (wining or dining) *guanxi*. In this type of relationship, it makes no difference whether an individual is a *shengren* or a *shuren* as one type of *guanxi* may evolve into the other with the gain or loss of power.

In summary, Su and Littlefield's model presents two types of *guanxi* that differ in terms of the bases of exchange, core values, ethicality implications and outcomes. Favor-seeking *guanxi*, more specifically, *shengren* and *shuren guanxi*, pertains to an exchange of goods that is based on the cultural values of *renqing*, *mianzi*, trust, and commitment, while rent-seeking *guanxi* involves an exchange of power and goods and is institutionally defined. The former is ethical and promoted, while the latter lacks moral power and is associated with negative outcomes.



**2.1.3.2. Fan's model.** Fan's (2002) model reflects a contrasting attitude towards workplace *guanxi* and a significant departure from Su and Littlefield's (2001) view that some workplace *guanxi* are ethical, while others are not. According to Fan, all *guanxi* in the workplace is inherently bad.

Fan recognized three types of *guanxi* in Chinese societies, namely, family *guanxi*, helper *guanxi*, and business *guanxi*, and likened family *guanxi* and helper *guanxi* to Hwang's (1987) expressive ties and instrumental ties respectively. Business *guanxi* was defined as "the process of finding a solution to a business (rather than *personal*) solutions through *personal* connections" (Fan, 2002, p. 551). Unlike family and helper *guanxi*, which are based on traditional values, business *guanxi* is a result of political and socio-economic systems. It is opportunistic, short term, contains little trust and is based purely on power and monetary exchanges.

Fan posited that only family *guanxi* and helper *guanxi* are regarded as "good *guanxi*" and business *guanxi* is "ethically questionable" (Fan, 2002, p. 557). In this view, business *guanxi* inevitably leads to corruption because it is the matchmaker that connects money with power. It also leads to other negative outcomes, such as social loss due to the stifling of competition and negative impact on people who are not within the *guanxi* network. While Fan acknowledged the difficulty of establishing the relationships among the three types of *guanxi*, as well as the possibility for relationships to evolve from one type to another, the only type of *guanxi* discussed in his research with respect to the workplace is business *guanxi*.

There are two limitations to Fan's model that make it appealing to include helper *guanxi* in the discussion of workplace *guanxi*. Firstly, Fan's business

*guanxi* does not seem to be able to fully address all relationships in the workplace. The conceptualization of business *guanxi* was mainly discussed in the context of B2G *guanxi*, which involves business people and “government officials who hold powerful positions”, where “suppliers and customers may not even be counted” (p. 556). Fan regarded this form of *guanxi* as “the predominant form of business *guanxi* in China” (p. 554). In this sense, there is a lack of consideration of other possible types of relationships that exist in the workplace, such as relationships between business partners, which are likely to form the majority of external workplace relationships.

Secondly, contrary to Fan’s proposition that helper *guanxi* is similar to Hwang’s (1987) instrumental tie, Bedford (2011) asserted that Fan’s helper *guanxi* is more similar to Hwang’s mixed tie instead. According to Fan, helper *guanxi* is similar to Hwang’s instrumental *guanxi* in that they both serve instrumental purposes. However, Hwang’s instrumental *guanxi* exists among *shengren*, while Fan’s helper *guanxi* exists among *shuren*. In addition, Bedford pointed out that the equity rule, which emphasizes equal treatment for every individual, underlies Hwang’s instrumental *guanxi*, while *renqing* and *mianzi* are the core values of Fan’s helper *guanxi*. In this sense, Fan’s helper *guanxi* appears to be more similar to Hwang’s mixed ties, which are also guided by rules of *renqing* and *mianzi* among *shuren*. Since people at work are likely *shuren* who share mixed ties, helper *guanxi* may represent the type of relationships in the workplace that are not addressed by Fan’s business *guanxi* and could be included in the model to address workplace *guanxi*.

The ability of Su and Littlefield’s dual-conceptualization model to more adequately address the different types of relationships in the workplace reflects

its superiority over Fan's single conceptualization. Fan's business *guanxi* only captures the type of *guanxi* addressed in Su and Littlefield's rent-seeking *guanxi*, and both these conceptualizations address the type of workplace relationships that can be regarded as the artifacts of political and socio-economic systems controlling scarce resources.

**2.1.3.3. Bedford's model.** The last model in this review was proposed by Bedford (2011). Similar to Su and Littlefield's proposition that there are mainly two types of *guanxi* in the Chinese societies, Bedford made a distinction between two modes of *guanxi*, namely, working *guanxi* and backdoor *guanxi*.

Working *guanxi* is based on mixed ties. It is defined as "a process between individuals who have or are building a relationship over time that includes affective components (expressive ties) to get things done at work (instrumental ties)" (Bedford, 2011, p. 4). Working *guanxi* is likely to exist among people of comparable status, who are in frequent contact, which provides opportunities for the development of affective ties. Individuals may share an anticipatory base, in which *guanxi* is formed due to the expectation of future exchange (Bedford, 2011; Chen & Tjosvold, 2007).

Backdoor *guanxi* refers to "the use of *guanxiwang* (social networks) to negotiate business solutions that include personal gain for at least one of the parties involved" (Bedford, 2011, p. 5). It is largely based on instrumental ties, with little need for affective connections or frequent contact. Exchange partners may be connected through an intermediary, meaning that partners may share close ties with the intermediary without being directly acquainted with each other. These type of transactions likely involve *gao guanxi*, which refers to the exploitation of relationships or social network to solicit favors from people who

have control over scarce resources, and bears a negative connotation (Huang, 2000; Luo, 2007).

Bedford explained how the two forms of face, *lian* and *mianzi*, play out in *guanxi*. *Mianzi* and *lian* both refer to face, but they denote different aspects of face. *Mianzi* is referred to as *social* face; it denotes an individual's prestige or reputation as ascribed by other people in the social environment (Cheng, 1986; Hu, 1994). *Lian* is referred to as *moral* face; it concerns other people's judgments of or the respect of a group for an individual's moral character (Cheng, 1986; Hu, 1994). The loss of *lian* is regarded as having more serious consequences than *mianzi*, such that the loss of *lian* is often accompanied by the loss of *mianzi* (Hu, 1994). Bedford posited that *lian* underlies working *guanxi*; people establish trust in *lian* through doing *renqing* (favours) and repaying *renqing*, the latter of which demonstrates adherence to *li* (social norms). Establishing trust in *lian* and developing *ganqing* (affection) by showing personal consideration in long-term partnerships help to develop working *guanxi*. Backdoor *guanxi*, on the other hand, is related to *mianzi* (face/status). As the mode of exchange in backdoor *guanxi* is power- or commodity-based, it is likely to occur between someone who needs a resource pertaining to his or her business and the gatekeeper who owns or has access to that resource, with the former seeking *guanxi* with the latter because of the *mianzi*, which refers to power associated with the gatekeeper's position. Therefore, *mianzi*, not *ganqing*, is the basis for seeking such exchange. There is an inherent risk for backdoor *guanxi* to fall into the realm of unethical acts and Bedford (2011) proposed using *ganqing* (affect) as a benchmark to differentiate between corruption or bribery from backdoor *guanxi*.

Bedford's model is superior to the other four models in two ways. Firstly, it is specific in addressing mixed ties, which I have repeatedly highlighted as the most important type of relationships in the workplace. The only other model that has a similar approach was Luo's (2011) model. However, Bedford's model has an edge over Luo's model due to its incremental value in addressing the ethical issue surrounding workplace *guanxi*. The model provides a clear distinction between the two types of *guanxi* on various dimensions and differentiated between two forms of face: *lian* and *mianzi*. The distinction between these two forms and their relation to *guanxi* has been largely overlooked in the literature.

Secondly, Bedford's model can be used to summarize the two broad categories of *guanxi* conceptualizations that emerged from a comparison of the five models reviewed, which will be presented shortly (see Table 3). This reflects its representativeness of the possible types of workplace *guanxi*. Although Su and Littlefield's model resembles Bedford's model, Bedford's conceptualization of backdoor *guanxi* provides more flexibility. In conceptualizing the type of *guanxi* that has been deemed as negative, Su and Littlefield limited the relationship (i.e., rent-seeking *guanxi*) to that between a person in power (i.e., rent-seeker) and a person without power (i.e., favor-seeker), while Bedford postulates that people in backdoor *guanxi* may be indirectly connected through intermediaries.

**2.1.4. Comparison of workplace *guanxi* conceptualizations.** I presented a review of five existing models of workplace *guanxi*. They are Wong et al.'s (2007) expressive ties, instrumental ties, and mixed ties, Luo's (2011) pseudo-familial ties, acquaintance ties, and familiar ties, Fan's (2002) business *guanxi*,

Su and Littlefield's (2001) favor-seeking *guanxi* (i.e. *shuren guanxi*) and rent-seeking *guanxi*, and lastly, Bedford's (2011) working *guanxi* and backdoor *guanxi*. Several limitations of Wong et al.'s, Luo's, and Fan's models have also been discussed. Table 2a and 2b show a comparison of the five models on various important dimensions. A comparison of the five models points to two broad categories of *guanxi*, namely, *guanxi* that is largely dependent on benefits and power exchange, and *guanxi* that is essentially based on traditional cultural values (Table 3).

**2.1.4.1. Power-oriented workplace *guanxi*.** There is a similarity among Fan's (2002) business *guanxi*, Su and Littlefield's (2001) rent-seeking *guanxi* and Bedford's (2011) backdoor *guanxi* in that these three conceptualizations address the type of workplace *guanxi* that falls into or has the possibility of falling into the unethical realm. They address the type of *guanxi* that is based on power and benefits, is purely utilitarian, and contains low expressive ties. People can be connected through intermediaries (Bedford, 2011; Fan, 2002) or through work-related socialization (Bedford, 2011). According to Su and Littlefield, rent-seekers are connected to favor-seekers through *guanxi* (2001). Face or *mianzi*, power and influence are the core values of this type of power-dependent relationship. It is used for specific purposes such as to obtain scarce resources and reciprocity of favors is expected. I termed this type of *guanxi* as *power-oriented workplace guanxi*, due to its sole focus on obtaining power and benefits.

**2.1.4.2. Culturally-based workplace *guanxi*.** It is likely that Luo's (2011) familiar ties, Bedford's (2011) working *guanxi*, Su and Littlefield's (2001) favor-seeking *guanxi* represent the most common type of *guanxi* that can be

found in work-related exchanges. This type of *guanxi*, which I termed as *culturally-based workplace guanxi*, is built on the integrative foundation of affection, face, *renqing*, and trust, which are important values advocated in Chinese relationships. It consists of mixed tie, which is both instrumental and expressive, and functions as a kind of investment to get things done in future, or to obtain better treatment (Su & Littlefield, 2001). Not only does the relationship serve as means, it is also an end in itself, particularly when there is a strong affective connection. It involves exchanges of favors and a high expectation of reciprocation. As noted by Luo (2007, p. 53), “when people weave their *guanxi* network, they also weave a web of *renqing* obligations.” Therefore, a possible downside of this type of relationship is *renqing* debts.

An additional proposition made by Bedford (2011) is the distinction between the two definitions of face: *lian* and *mianzi*. *Lian* underlies working *guanxi*, while *mianzi* underlies backdoor *guanxi*. Bedford (2011) suggested that it is backdoor *guanxi* that is concerned with *mianzi* that more appropriately describes Fan’s (2002) business *guanxi*. Although it is clear that *guanxi* can lead to negative outcomes, it might not be accurate to attach a negative connotation to all workplace *guanxi*.

As noted earlier, Bedford (2011) posited that Fan’s (2002) helper *guanxi* resembles Hwang’s (1987) conceptualization of mixed ties more than instrumental ties, which makes helper *guanxi* applicable in the discussion of workplace *guanxi*. However, a comparison of Fan’s helper *guanxi*, Bedford’s working *guanxi* and Su and Littlefield’s *shuren guanxi* reveals several differences (see Table 2b). Firstly, the core value of affection in working *guanxi* and *shuren guanxi* is missing from helper *guanxi*. In addition, helper *guanxi*

serves as a means to get things done, while working *guanxi* and *shuren guanxi* are both regarded as a means and an end in itself.

As for Wong's et al. (2007) mixed ties, the concept resembles Bedford's (2011) working *guanxi* and Su and Littlefield's (2001) favor-seeking *guanxi*, which are based in traditional values, such as *renqing* and face. Therefore, Wong's et al. mixed ties may also fall under the broad category of culturally-based *guanxi*. However, I did not include the concept in Table 3 due to its lack of elaboration.

**2.1.4.3. Summary and limitations of existing *guanxi* models.** In summary, I reviewed five models that applied Hwang's (1987) and Yang's (1995) conceptualizations of expressive ties/*jiaren* (family) relations, instrumental ties/*shengren* (strangers) relations, and mixed ties/*shuren* (familiar people) relations, to explain relationships in the workplace. Based on my review, I found a strong emphasis on mixed ties in Luo's (2011), Su and Littlefield's (2001), and Bedford's (2011) models. I classified these conceptualizations, namely, Luo's familiar ties, Su and Littlefield's *shuren guanxi*, and Bedford's working *guanxi*, under culturally-based workplace *guanxi*. Wong (2007) focused on delineating specific dimensions that characterize expressive and instrumental ties, but did not elaborate on the contents of mixed ties. Fan's (2002) business *guanxi* addresses opportunistic and often corruptive relationships. This type of *guanxi* was also addressed in Su and Littlefield's conceptualization of rent-seeking *guanxi* and Bedford's backdoor *guanxi*. I classified these conceptualizations under power-oriented workplace *guanxi*.

Power-oriented workplace *guanxi* is a deviant form of *guanxi* and not one that is characteristic of all social relations that can be found in the workplace.



Instead, culturally-based workplace *guanxi*, the form of ties that is both affective and instrumental (mixed ties), forms the core basis of workplace relations. Based on the review, I conclude that mixed ties are the most ideal type of relationships to have in the workplace due to the implicit power embedded within the relationship to obtain influence. Individuals are expected to have a strong motivation to develop instrumental ties into mixed ties to gain access to important resources. Unless the focus is exclusively on family businesses, expressive ties are unlikely to be representative of the relationships that people share in the context of the workplace. Purely expressive ties may be even less common in the context of external workplace *guanxi* in comparison to internal workplace *guanxi* for two reasons. First, in contrast to people working within the same company, there is less time for people to build an affective bond with those outside the company. Even for jobs that mainly involve relationship building (e.g., sales, public relations), it is a much more active and time-consuming process to develop relationships with people outside the company.

Second, the primary motivation for individuals to maintain relationships outside of the workplace lies in their instrumental value in helping them to get things done. The benefits of having mixed ties, coupled with the pragmatic concerns pertaining to the investment needed in relationship development, suggest that mixed ties are likely to represent a significant portion of workplace *guanxi*, in comparison to expressive ties and instrumental ties. It is important to note that *guanxi* in reality is far more complicated than these three types of ties as there are no distinct psychological boundaries between the three types of ties, and there is fluidity in moving from one type of tie to the other (Hwang, 1987;

Zhang & Zhang, 2006). Despite the fluidity, the classification is still useful for analytical purposes to identify the kind of *guanxi* under study (Zhang & Zhang, 2006).

There has been limited research done on evaluating the adequacy of existing models in addressing workplace *guanxi*, particularly in the context of external *guanxi*. The only relevant study to date was conducted by Luo (2011) in support of his hypothesis that familiar ties exist within the workplace. The focus of Luo's study was on understanding the nature of the types of ties, specifically, the relative levels of expressive and instrumental components in each type of ties and empirical support was limited to the context of internal *guanxi*. More research is needed to investigate the relevance and importance of the proposed relational concepts and processes in explaining the *guanxi* construct in the context of external *guanxi*, which will be useful in the evaluation of the applicability and adequacy of existing models. To this end, I conducted the first qualitative study of this project to explore the social and psychological dynamics underlying *guanxi* between external *guanxi* partners, working on the assumption that mixed ties are the most common type of *guanxi* in the workplace. With the results obtained, I discussed the adequacy of the conceptual propositions that have been categorized under culturally-based workplace *guanxi* in addressing external *guanxi*.

## **2.2. Review of Existing *Guanxi* Measures**

While *guanxi* models are helpful in providing the theoretical foundation in understanding the construct, they remain largely conceptual. The bulk of the empirical work on testing the construct comes from studies that developed instruments to measure *guanxi*, mostly with the primary purpose of examining

relationships between the construct and other variables of interest (e.g., Ambler, Styles, & Wang, 1999; Leung, Lai, Chan, & Wong, 2005; Park & Luo, 2001).

As a result of the varying approaches adopted in operationalizing *guanxi*, different types of measures have been developed. First, there is the categorical versus dimensional difference in conceptualization. The categorical perspective seeks to measure *guanxi* by establishing whether certain particularistic ties exist between people (e.g., Farh et al., 1998; Knight & Yue, 2008; Zhang & Fung, 2006). In contrast, instead of focusing on the existence of *guanxi* ties, the dimensional perspective emphasizes the quality and contents of *guanxi* (e.g., Lee & Dawes, 2005; Leung et al., 2005; Luo, 2001; Yen et al., 2011).

Apart from direct categorical and dimensional scales, scholars have also used indirect measures as a proxy for *guanxi* (e.g., Luo & Chen, 1997; Zhang & Fung, 2006). I review these various types of measures and highlight some of their limitations in the following. For the purpose of this study, I focus my review on the different types of measures of external *guanxi* as well as general measures of *guanxi* that include external *guanxi*,

**2.2.1. Direct *guanxi* measures.** Two types of *guanxi* measures have dominated the *guanxi* literature: categorical measures and dimensional measures. I elaborate on each type of measures in the following.

**2.2.1.1. Categorical measures.** Categorical measures emphasize the presence of *guanxi* ties. Some categorical measures model *guanxi* as a dichotomous variable (e.g., Farh et al., 1998; Zhang & Fung, 2006). For instance, Farh et al. (1998) measured dyadic *guanxi* between business executives through the presence of various categories of *guanxi* ties, which included same natal origin, relatives, former classmates, acquaintance through

political activities, and work socialization. There are also categorical measures that construe *guanxi* as a continuous variable (e.g., Knight & Yue, 2008; Li, Yao, Sue-Chan, & Xi, 2011). For example, Knight and Yue (2008) measured *guanxi* by quantifying the number of people with whom their respondents exchanged gifts or maintained contact in the past year.

**2.2.1.2. Dimensional measures: Single-dimensional versus multidimensional measures.** While categorical measures place their emphasis on quantification, dimensional measures stress the quality and contents of *guanxi* (e.g., Chen, Huang, & Sternquist, 2011; Lee & Dawes, 2005; Leung et al., 2005; Peng & Luo, 2000; Yen et al., 2011). For example, some measures require respondents to rate the degree of their behavioral and/or psychological involvement with their *guanxi* partners (e.g., Chen et al., 2011; Leung et al., 2005). There are also other dimensional measures that examine the extent of *guanxi* utilization (e.g., Park & Luo, 2001; Peng & Luo, 2000) and *guanxi* orientation (e.g., Ang & Leong, 2000; Su, Yang, Zhuang, Zhou, & Dou, 2008).

Among dimensional measures, some assume a unified *guanxi* construct (e.g., Chen et al., 2011; Leung et al., 2005), while others regard *guanxi* as multidimensional (e.g., Lee & Dawes, 2005; Yen et al., 2011). For example, in adopting a single-dimensional, behavioral perspective, Chen et al. (2011) assumed that buyer-seller *guanxi* could be represented by the extent of involvement in activities such as gift-giving, spending personal time together, and favor exchange. Similarly, Leung et al. (2005) regarded *guanxi* as an unified construct and measured client-supplier *guanxi* by the extent of behavioral involvement that includes harmonious interaction, providing flexibility, and doing favors.

Table 2a

*Characteristics of the Various Conceptualizations of Workplace Guanxi*

	Wong et al. (2007)			Luo (2011)		
	Expressive tie	Instrumental tie	Mixed tie	Pseudo-familial tie	Acquaintance tie	Familiar tie
Nature	Expressive	Purely utilitarian	Medium expressive, medium instrumental	High expressive, low instrumental	Low expressive, low instrumental	Moderate expressive, high instrumental
Core values	Face, favor-exchange, flexibility	Relationship-specific cooperation, relationship continuity (long term orientation), commitment (trust)	<i>Renqing</i> , face ( <i>mianzi</i> )	Need rule, obligations, affection, high trust	Equity rule, low trust	<i>Renqing</i> , face ( <i>mianzi</i> ), high trust
Motivation/purpose	To save face (means or end)	To get things done (means)	---	Unconditional (end)	---	To complete complex transactions (means and end)
Exchange	Favor, affection	Favor	---	Favor, affection	Favor	Favor, affection
Condition	Reciprocity expected	Reciprocity expected	---	None, reciprocity not expected	Reciprocity expected	Reciprocity expected
Downside	---	---	---	---	---	<i>Renqing</i> debt

Table 2b

*Characteristics of the Various Conceptualizations of Workplace Guanxi*

	Su and Littlefield (2001)		Fan (2002)		Bedford (2011)	
	<i>Shuren guanxi</i> (Favor-seeking <i>guanxi</i> )	Rent-seeking <i>guanxi</i>	Helper <i>guanxi</i>	Business <i>guanxi</i>	Working <i>guanxi</i>	Backdoor <i>guanxi</i>
Nature	Medium expressive, medium instrumental	Low expressive, low utilitarian	Instrumental/ utilitarian	Purely utilitarian	Medium expressive, medium instrumental	Low expressive, low utilitarian
Core values	Culturally rooted: <i>renqing</i> , face ( <i>mianzi</i> ), trust, commitment	Institutionally defined: power, face ( <i>mianzi</i> )	<i>Renqing</i> , face, trust, credibility	<i>Renqing</i> , face, power, influence	Face, <i>renqing</i> , trust, feeling	<i>Renqing</i> , face ( <i>mianzi</i> ) due to power, influence
Motivation/ purpose	Investment: to obtain particularistic privileges and better social treatment (means or end)	To obtain rent (rent-seeker); to obtain scarce resources (favor-seeker) (means)	To get things done (means)	To acquire scarce resources or special treatment (means)	Investment: solve problems, get things done (means or end)	Specific goal (means)
Exchange	Favor, affection	Money for power	Favor	Money for power deal	Favors, consideration, affection, care	Money for power/social capital for economic
Condition	Reciprocity expected	Reciprocity expected, resulting in <i>houmen guanxi</i>	Reciprocity expected	Strictly reciprocal win-lose bargaining	Reciprocity expected but uncertain	Reciprocity expected but uncertain
Downside	<i>Renqing</i> debt	Corruption	Burden of <i>renqing</i>	Corruption, social loss	Burden of <i>renqing</i>	Corruption, social harm

Table 3

*Characteristics of the Two Broad Categories of Workplace Guanxi Conceptualizations*

	Power-oriented <i>Guanxi</i>	Culturally-based <i>Guanxi</i>
Definition	<i>Guanxi</i> that is based on power and benefits	<i>Guanxi</i> that is based on traditional cultural values
Nature	Utilitarian, low expressive	Instrumental, medium expressive
Core values	Face (Bedford, 2011; Fan, 2002; Su & Littlefield, 2001)	Affection/Feeling (Bedford, 2011; Fan, 2002; Luo, 2011; Su & Littlefield, 2001)
	Power, influence (Bedford, 2011; Fan, 2002; Su & Littlefield, 2001)	Commitment (Su & Littlefield, 2001)
	<i>Renqing</i> (Bedford, 2011; Fan, 2002)	Face (Bedford, 2011; Fan, 2002; Luo, 2011; Su & Littlefield, 2001)  <i>Renqing</i>  Trust (Bedford, 2011; Fan, 2002; Luo, 2011; Su & Littlefield, 2001)
Motivation/ purpose	To obtain specific purpose, such as scarce resource (Fan, 2002), or “rent”, as termed in Su and Littlefield’s (2001) rent-seeking <i>guanxi</i>	Investment: solve problems, get things done, better treatment, complete complex transactions
Function	Means	Means (Fan, 2002) Means or ends (Bedford, 2011; Luo, 2011; Su & Littlefield, 2001)
Exchange	Money for power, power	Favor (Bedford, 2011; Fan, 2002; Luo, 2011; Su & Littlefield)
		Affection (Bedford, 2011; Luo, 2011; Su & Littlefield)
Condition	Reciprocity expected	Reciprocity expected
Downside	Corruption, social harm	<i>Renqing</i> debt

In contrast to single-dimensional measures, Lee and Dawes (2005) construed *guanxi* as the latent construct behind three first-order dimensions, namely, face preserving, reciprocal favor, and affect. Yen et al. (2011) also adopted a multidimensional approach and measured *guanxi* using the concepts of *ganqing* (affect), *renqing* (favor and reciprocity), and *xinren* (trust).

**2.2.2. Indirect *guanxi* measures.** As Luo et al. noted (2012), apart from measuring *guanxi* directly, some studies used indirect measures as a proxy for *guanxi*. For example, Luo and Chen (1997) measured *guanxi* using the two concepts of sales force marketing and credit liberalization. Sales force marketing is a form of marketing that is “heavily dependent on *guanxi* and usually relying on partner firms (*guanxi hu*)” and credit liberalization refers to credit-granting practices (Luo, 2000, p. 137). Another indirect measure was used in Zhang and Fung’s (2006) study, in which entertainment costs were regarded as indicative of investment in *guanxi*.

**2.2.3. Limitations of existing measures.** Table 4 contains examples of representative studies of the different types of *guanxi* measures. Each type of measure has its own limitations. Firstly, categorical measures that require respondents to make a dichotomous response for a list of particularistic ties are unable to capture *guanxi* developed in contexts that have not been listed as options (Chen et al., 2009). Another potential confound is the possible overlap in the type of ties shared between two individuals (Chen et al., 2009). Most important, categorical measures that attempt to quantify *guanxi* by measuring the number of existing particularistic ties run the risk of an oversimplification of the construct. The assumption that *guanxi* can be construed as all-or-none neglects its complex and dynamic nature.



Table 4  
*Representative Measures of External Guanxi*

Type of measure	Representative measures	Brief description of measures and sample questions
Categorical measures	Farh et al. (1998)	Participants indicated which of the 5 categories (relatives, same hometown, former classmates, political activities, and work socialization) represented the primary tie that exists between them and their connections. (dichotomous variable)
	Zhang and Fung (2006)	Participants indicated whether they possess memberships in private entrepreneurs association, guilds, business association, and communist and democratic parties. (dichotomous variable)
	Knight and Yue (2008)	Reported number of close contacts of the respondent in any context, social or economic (i.e., “In the past year, how many relatives, friends, colleagues or acquaintances did you exchange gifts with or often maintain contact?”) (continuous variable)
Single-dimensional measures	Leung et al. (2005)	4-item measure of <i>guanxi</i> quality through the extent of behavioral involvement (Likert scale) “You and your suppliers are flexible in managing terms in negotiation situations.” “You and your suppliers maintain harmony.” “You and your suppliers do favors for one another.” “You and your suppliers have many social interactions.”
	Park and Luo (2001)	3-item measure of <i>guanxi</i> with business community (focusing on <i>guanxi</i> use) (Likert scale) “Please circle the number best describing the extent to which your firm has utilized <i>guanxi</i> connections with buyers/ suppliers/ competitors.”
	Gu et al. (2008)	5-item measure of <i>guanxi</i> use (regarding <i>guanxi</i> as a form of social capital) (Likert scale) “Our senior management has personal relationships with important people.” “Our senior management is able to obtain valuable and important information.” “Our senior management is able to obtain financing or list stocks.”
Multidimensional measures	Lee and Dawes (2005)	3-dimension measure of <i>guanxi</i> quality (Likert scale) 1. Face preserving (e.g., “Both we and the salesperson care for face.”) 2. Reciprocal favor (e.g., “We will do the salesperson a favor if he did one for us before.”) 3. Affect (e.g., “The salesperson sometimes presents (nonexpensive) souvenirs to us.”)
	Yen et al. (2011)	3-dimension measure of <i>guanxi</i> quality (Likert scale) 1. <i>Ganqing</i> (e.g., “My supplier’s representative and I are able to talk openly as friends.”) 2. <i>Renqing</i> (e.g., “I feel a sense of obligation to this supplier’s representative for doing him/her a favor.”) 3. <i>Xinren</i> (e.g., “This supplier’s representative is trustworthy.”)
Indirect measures	Zhang and Fung (2006)	Investment in social capital (i.e., donation and cost of entertainment) (continuous variable)

Although dimensional measures are able to better reflect the complexity of *guanxi* dynamics as compared to categorical measures, there is a lack of agreement on the dimensionality of the *guanxi* construct. Some scholars adopted the single-construct approach, while others modeled *guanxi* as a latent construct that is measured by specific first-order dimensions. The multidimensional approach is likely to be superior to the single-dimensional approach. There is no strong theoretical foundation or empirical justification for *guanxi* to be regarded as a single-dimensional construct. In contrast, scholars have supported the importance of various relational concepts (e.g., affect, face, reciprocal favor) in the understanding of *guanxi* (e.g., Hwang, 1987; Kipnis, 1997; Lovett et al., 1999).

Although multidimensional measures are superior to single-dimensional measures in representing the multifaceted *guanxi* construct, they are not without their shortcomings. There are two existing multidimensional measures that address external *guanxi*, specifically, buyer-seller *guanxi* (i.e., Lee & Dawes, 2005; Yen et al., 2011). Both of these measures were developed primarily through a deductive approach using predetermined concepts, which relies strongly on the theoretical orientation of individual researchers. Items were then generated to represent the concepts through qualitative interviews. Lee and Dawes (2005) construed *guanxi* as consisting of the three dimensions of affect, reciprocal favor, and face preserving and regarded trust as an outcome of *guanxi*, while Yen et al. (2011) reviewed the literature and found extant support for the three concepts of *ganqing* (affect), *renqing* (favor and reciprocity), and *xinren* (trust). Although both measures were developed to measure external *guanxi*, different dimensions were selected to represent the construct. Other

perspectives in terms of what should be included in a measure of *guanxi* also exist. For example, Mao et al. (2012) argued that measures should address the obligations inherent in *guanxi* and those that focus on addressing attitudes or emotional attachment may not be useful in measuring *guanxi*. The lack of agreement in what constitutes *guanxi* poses a problem in comparing findings across studies that use different *guanxi* measures. Another issue that arises with the use of the deductive method is that despite being grounded in strong theoretical bases, it runs the risk of preventing insights that may otherwise emerge from an inductive, bottom-up approach.

As for indirect measures, they provide little insight into the psychological processes and social contract between *guanxi* dyads. Such pseudo measures are unlikely to be accurate measures of *guanxi*. In fact, Luo et al. (2012) conducted a meta-analysis of the influence of *guanxi* on organizational performance and concluded that direct measures were more effective in uncovering underlying relationships between *guanxi* and organizational performance.

In addition to the limitations that each type of measure faces, there are two other shortcomings in existing *guanxi* research. First, Chen et al. (2013) highlighted the measurement challenges that studies on inter-firm *guanxi* face. Specifically, there is a discrepancy between definition and operationalization. Many of the studies that focused on the relationship between *guanxi* and firm outcomes conceived of *guanxi* in terms of quality or strength, but operationalized it in terms of *guanxi* strategies or the number of ties. Second, there is a methodological shortcoming in the way in which most external *guanxi* measures were developed. Most of the measures were developed in studies that concentrated on the economic outcomes of *guanxi*, rather than on

understanding the construct per se (e.g., Chen et al., 2011; Luo et al., 2004; Park & Luo, 2001; Peng & Luo, 2000). As a result, there is a lack of rigor in the testing of construct validity. The assessment of construct validity is an important step in scale development to ensure that measures adequately represent the constructs under examination (Hinkin, 1998). For instance, tests of construct validity were absent from the development of the two existing multidimensional measures of external *guanxi* developed by Lee and Dawes (2005) and Yen et al. (2011).

In sum, existing measures can be broadly categorized into direct and indirect measures. The former can be further differentiated depending on whether they adopted the categorical or dimensional perspective. Lastly, dimensional measures are either single- or multidimensional. Each category of measures has its own limitation(s). Categorical measures represent an oversimplification of the construct of *guanxi*, while dimensional measures lack agreement on the structure and the specific dimensions of the construct. Other shortcomings of current measures include the discrepancy between conceptualization and operationalization and the lack of rigor in construct validation. In short, the limitations of each type of measures as well as the methodological shortcomings of majority of the external *guanxi* measures highlight the need for more research in scale development.

### **2.3. Summary**

Existing research that has sought understanding of the construct of *guanxi* has concentrated on two domains, namely proposing theoretical models to address workplace *guanxi*, and developing *guanxi* scales to measure the construct. Each of these has its shortcomings. Current models are largely

conceptual and lack empirical support for their adequacy in addressing workplace *guanxi*. In fact, no study to date has examined the applicability of existing models in addressing external *guanxi*. In the case of *guanxi* measures, the existing variety reflects the dynamic nature of the construct and the lack of agreement in operationalization. These limitations highlight the lack of a unified and valid *guanxi* construct in the literature.

### **3. Adopting a Mixed Method Approach**

In the first part of the current research (Study 1), which focused on theory building and conceptualization, I employed a qualitative method in examining the content and processes of the indigenous concept of *guanxi*. Li, Leung, Chen, and Luo (2012) emphasized the suitability of qualitative methods in studying inter-subjective social phenomena, particularly for the purpose of theory building in the exploratory stage. This approach explicitly takes into account the influence of context to generate an understanding of *guanxi* in the Taiwanese workplace inductively from data gathered through the input of local participants. This approach is in line with the indigenous psychology approach, which aims to study “local phenomena using local language, local subjects, and locally meaningful constructs” (Tsui, 2004, p. 501). Such contextualized knowledge, which helps to identify and explain culturally relevant concepts in the Taiwan workplace, will address the concern over the overgeneralization of cultural explanations in Confucian terms applied in the interpretation of organizational behaviors across Chinese and East Asian cultures, including China, Hong Kong, Taiwan, South Korean, Japan, and Singapore, all of which are influenced by Confucian traditions (Clegg, 1990; Tong & Yong, 1998). The overgeneralization of the Confucian culture explanation is too general to

discern differences in organizational structure across cultures (Hamilton & Biggart, 1988).

In the second part of the research, quantitative survey methods were used to test the validity of the findings generated from the qualitative research. By employing and integrating qualitative and quantitative methods to construct and sharpen the understanding of the construct of *guanxi* within a specific culture, this research answered the call for more rigorous methodology for advancing indigenous research (Li et al., 2012).

### **CHAPTER 3: FIVE STUDIES ON CONSTRUCT DEVELOPMENT AND TESTING OF WORKPLACE *GUANXI***

In this chapter, I present five studies that I conducted to develop and test the construct of *guanxi* in the context of external workplace relations. Each study is presented in a subchapter. In Study 1 (Chapter 3.1), I used an inductive approach to create a set of working principles regarding *guanxi* exchanges to help me to explore whether existing theoretical models, as reviewed in Chapter 2, Section 2, are adequate for addressing *guanxi* dynamics (Part 1), and to generate a set of indicators to operationalize *guanxi*, in terms of *guanxi* quality (Part 2). Then, in Studies 2A and 2B (Chapter 3.2), I assessed the content adequacy of the items generated in Study 1, Part 2 in addressing *guanxi* quality. In Study 3 (Chapter 3.3.), I assessed the proposed structure of the new *guanxi* quality measure (GQS). In Study 4 (Chapter 3.4), I replicated the structure from Study 3, and examine the construct validity of the GQS. Finally, in Study 5 (Chapter 3.5), I investigated the incremental validity of the GQS.

#### **Chapter 3.1. Study 1**

##### **1. Study 1: What Is *Guanxi* And What Is The Best Way To Conceptualize And Operationalize It?**

Study 1 provides a comprehensive understanding of external workplace *guanxi*, which refers to *guanxi* that exists between two boundary spanners, or people who work for different organizations, from an insider perspective. I conducted a qualitative study to achieve the two major objectives of this study, which are: (1) to delineate the contents, processes, and the defining characteristics of external *guanxi* (in order to assess the adequacy of existing

theoretical conceptualizations for addressing actual workplace *guanxi* dynamics in the context of external *guanxi*), and (2) to identify the best way to operationalize external *guanxi* and its key indicators that should be included in a measure of external *guanxi*.

The two objectives of this study were designed to address the shortcomings of existing work in the conceptualization and operationalization of external *guanxi*, as reviewed in Chapter 2, Section 2. In the literature review in Chapter 2, I presented a summary of the three types of ties present in Chinese societies, proposed by Hwang (1987) and Yang (1995). I also reviewed five *guanxi* models that adopted the three types of ties as a starting point for their conceptualization in creating an understanding of the construct of *guanxi* in the context of the workplace (i.e., Bedford, 2011; Fan, 2002; Luo, 2011; Su & Littlefield, 2001; Wong et al., 2007). I concluded that culturally-based workplace *guanxi* is the predominant type of *guanxi* in the workplace and summarized the nature (i.e., mixed ties), core values (i.e., affection, commitment, face, *renqing*, trust), purpose (i.e., investment), contents of exchange (i.e., favor, affection), conditions of exchange (i.e. reciprocity expected), and possible downside (i.e., *renqing*) of this type of *guanxi*. No empirical study has validated the adequacy of the postulations of this type of tie in addressing external *guanxi*. As such, the first objective of this study is to bridge this gap in research by delineating the key processes and characteristics of *guanxi*.

Second, based on my review of the existing measures of external *guanxi*, I found that a variety of ways exist to operationalize the construct. In other words, there is no agreement on the best way to measure external *guanxi*, which



stems from the lack of rigor in conceptualization and construct validation. Therefore, the second objective of this study is to identify the best way to operationalize *guanxi* and to discover the key indicators of good *guanxi*. The findings of the current study will serve as the theoretical foundation for framing *guanxi* dynamics for the development of a new *guanxi* measure. Adopting an inductive, bottom-up approach to understanding *guanxi* addresses the issue of conceptualization, which is an essential consideration in scale development (Clark & Watson, 1995). Based on the qualitative insights obtained from this study, I aimed to identify the dimensions of *guanxi* quality and generate an initial pool of questionnaire items to represent the dimensions. The new measure will then be further validated in the subsequent four studies of this research project.

I collected in-depth interviews with 27 Taiwanese working adults, who were asked to share their processes involved in building and using *guanxi* at work. Analysis of the qualitative data was split into two parts. Results from Part 1 of the analysis helped to identify the main processes and defining qualities of external *guanxi*, which validated the postulations regarding culturally-based workplace *guanxi*. Results from Part 2 set the foundation for developing a valid measure of the construct.

## **2. Part 1 Method**

### **2.1. Paradigm and Study Design**

An interpretative paradigm was adopted in this study. My approach is based on a relativist ontological stance in understanding reality; it assumes that reality is subjective and knowledge is the result of social construction (Howitt, 2010). Specifically, I used a symbolic interactionist perspective, which focuses on

shared meanings created through human interaction, to uncover the patterns of human activity, action, and meaning (Berg, 2009).

I adopted a qualitative design to examine *guanxi* between Taiwanese working adults, focusing on perceptions of relationships between people who interact with each other on behalf of their organizations (i.e., boundary spanners). The aim of the study was to generate insights into relationship mechanisms in a Chinese workplace.

## **2.2. Sampling and Interview Procedure**

The inclusion criteria for participation were (1) Taiwanese nationality, (2) working in Taiwan, (3) has at least 1 year of working experience, and (4) has regular work-related contact with people outside one's own organization. Exclusion criterion included people who fulfilled the above inclusion criteria but were not willing to participate in the study (i.e., share about experiences related to *guanxi*). A snowball sampling method was used to recruit participants (Goodman, 1961). The first few interviewees were acquaintances of the researcher or the research assistants. These participants were asked to refer other potential individuals who were not acquainted with their own referrers. These potential participants were then contacted by the researchers about participating in the study. The person who conducted the interview was not the direct acquaintance of any of the interviewees. This sampling process was repeated until it was clear that no new themes or concepts were encountered, as is the case when data saturation is achieved (Lincoln & Guba, 1985).

A total of 27 participants were recruited for this study. Douglas (1985) suggested that data saturation could be reached with a sample size of 25, while Lincoln and Guba (1985) recommended 12 to 20 participants. Therefore, the

sample was adequate for a qualitative study. Participant demographics are included in Appendix C. The sample included 18 women and 9 men, with an age range of 25 to 68 ( $M = 39.67$ ) from diverse industries and occupations, including managers, sales representatives, media personnel, and lawyers. All participants had at least three years' experience in a position requiring frequent contact with external professionals such as clients, suppliers, and journalists. No two participants worked at the same organization. The majority of participants were single (67%) and all had completed an undergraduate degree (100%).

A female Taiwanese research assistant conducted the interviews. Each interview lasted 1.5 to 2 hours and took place at either a quiet coffee shop or a private room at the interviewee's place of work. Before starting, participants were reminded they could refuse to talk about any topic or end the interview at any time but none did either. Permission for audio recording was obtained prior to the start of the interviews. The researcher used a semi-structured interview approach. The technique is less constrictive than structured interviews, and thus allowed participants to talk about various aspects of *guanxi*

The interviewer began by asking for the participant's socioeconomic details. Then, general questions of the following topics were asked: importance of *guanxi* (e.g., Is *guanxi* important in your job?), *guanxi* building (e.g., How do you build relationships that help you at work?), and use of *guanxi* (e.g., How do you use your *guanxi*? How do others use their *guanxi* with you?). The semi-structured interview guide is included in Appendix D. All questions were addressed with each participant, but not necessarily in the same order. Reflexive listening was used to prompt the participants through stories or to

encourage explanations, when interviewees mentioned terms of interest.

Verbatim transcription was done promptly after the interview by a native Chinese speaker. The transcribed data was then translated into English through collaboration between the interviewer, who was a native Chinese speaker, and a bilingual researcher.

### **2.3. Data Analysis**

Data analysis was conducted in two parts. Part 1 sought to delineate the core processes and characteristics of external *guanxi*, while Part 2 focused on understanding the best way to operationalize the construct, and the contents that should be included in the new measure. Part 2 is elaborated after the presentation of the results and discussion of Part 1 because its direction was driven by the results of Part 1.

In each part of the analysis, the main approach used was Spradley's domain analysis (1979). This approach helps "to uncover the system of cultural meanings that people use" by "[searching for] cultural symbols which are included in larger categories (domains) by virtue of some similarity" (Spradley, 1979, p. 94). This approach is well-suited with the perspective of symbolic interactionism. In symbolic interactionism, people actively construct meanings through their interaction with their social world, mainly through the basic social mechanism of communication, and respond and adjust to the behaviors of other people (Howitt, 2010). Domain analysis has its basis in ethnographic analysis, which aims to "search for the parts of a culture and their relationships *as conceptualized by informants*" (Spradley, 1979, p. 93). It adopts the same perspective as symbolic interactionism that people are not passive recipients of meanings. Instead, people are constantly communicating and conveying

elaborate meanings and they order their lives around these meanings. Similar to symbolic interactionism, where it is possible to “treat the actions of others symbolically and treat these actors as symbolic objects” (Howitt, 2010, p. 281), domain analysis regards all cultural meaning as created using symbols and views cultural knowledge as “an intricately patterned system of symbols” (Spradley, 1979, p. 97).

I followed a two-stage data analysis procedure adapted from Bedford and Hwang’s (2013) study, in which codes or meaning units were generated in the first stage by open coding, followed by further analysis in the second stage. In the open coding stage, I conducted line-by-line coding to break down each participant’s interview data by creating categories to represent each meaning unit. In the second stage, all meaning units were listed together for further analysis using domain analysis. A domain refers to “any symbolic category that includes other categories”. Each domain consists of a *cover term* (names for a category of cultural knowledge), the *included terms* of the cover term, and a *semantic relationship* that links the cover term to the included terms (Spradley, 1979, p. 100). I examined the meaning units coded in the first stage to determine if they can be grouped under any domains using certain semantic relationships. In other words, I searched for similarities among the meaning units (included terms) and grouped them into larger groups of meaning units (cover terms) and connected the included terms with their respective cover terms using semantic relationships. The resulting domains were then further grouped into broader themes if they related to a common set of meanings or fell into the same content area.

In Part 1, I was interested in understanding the social and psychological

processes and characteristics of *guanxi*. The first stage of coding enabled an identification of all meaning units relevant to the contents of *guanxi* exchanges and qualities of *guanxi*. Next, these units, together with their codes (labels), were listed together for further analysis. Using domain analysis in the second stage, I identified the respective semantic relations (i.e., rationale, strict inclusion, means-end, and attribution) that helped to connect the codes or included terms with their cover terms. Table 5 shows a summary of the use of domain analysis in generating four main themes.

I use the theme, “*guanxi* interaction is dominated by face and favor exchange”, as an example to further illustrate the process of domain analysis conducted in the second stage. From the results of open coding, I identified a group of included terms that relate to exchanges between *guanxi* partners. They include “examples of doing and receiving favors” and “obtaining *renqing* through using *mianzi* (face)”, “repayment helps to build trust and is important in favor exchange”, “doing favors worked like a form of investment”, and “doing favors helped to create a safety net”. Applying the semantic relation of strict inclusion (X is a kind of Y, where Y refers to the resources used in *guanxi* exchanges), I conclude that favors and face are two types of resources used in the course of social exchange between boundary spanners. In addition, the code “repayment helps to build trust and is important in favor exchange” relates to a form of working principle that helps to sustain favor exchange. Thus, using the semantic relation of means-end (X is a way to do Y, where Y refers to sustenance of favor exchange), I conclude that reciprocity is a way to sustain favor exchange. Lastly, “doing favors worked like a form of investment”, and “doing favors helped to create a safety net” shed light on the rationale as to why

participants granted favors to their *guanxi* partners. Therefore, using the semantic relation of rationale (X is a reason for doing Y, where Y refers to doing favors), I concluded that participants perceived doing favors as a form of investment or safety net that is useful in times of need. These findings shared a common content area that centers on the resources used during the course of social exchanges and were thus grouped together to support the theme, “*guanxi* interaction is dominated by face and favor exchange”. I followed the same data analytic procedures in generating the rest of the three themes in Part 1.

To ensure researcher triangulation, two additional research assistants were involved in data coding. After the two research assistants analyzed the data independently, any differences or disagreements in coding were discussed. Codes were only applied when there was agreement between at least two of the researchers. There was a continual effort to relate the themes back to the data for verification and to maintain emphasis on the participants’ perspectives regarding *guanxi* and its processes. All coding was done using the qualitative data analysis software NVIVO 10.1.

### **3. Part 1 Results**

I present the results of my analysis and illustrate the following four main themes with support from the rich descriptions provided by the participants: (1) *guanxi* is a necessary but insufficient condition for success (48.1%), (2) *guanxi* is dominated by exchanges of favors and face (77.8%), (3) instrumental ends are acquired through expressive means (74.1%), and (4) *guanxi* is dynamic (55.6%). Percentages in parentheses indicate the proportion of participants whose interview data supported the findings. They are provided as an indication of the pervasiveness of the responses. As the sample is not representative of the

population, the percentages are not intended to be generalized. Participant codes are used whenever quotes are included as supporting data to illustrate the respective themes.

### **3.1. *Guanxi* is a Necessary but not Sufficient Condition for Success**

Participants recognized *guanxi* as necessary for their work. According to P18, good *guanxi* precedes good business outcomes. P12 highlighted the importance of personal relationships in business.

After that, *guanxi* has a good foundation, you start talking about business and you will see a good result. (P18)

Maybe in other countries they think professionalism is more important than trust. For Taiwan, maybe personal is more important than professional. You can't do business without a personal relationship. (P12)

Participants spoke of a variety of examples in which *guanxi* helped them to get things done. In the following quotes, participants noted that *guanxi* provides salespersons with a competitive advantage. P8 explained that with *guanxi*, clients would be more willing to reveal their exact needs and such information is helpful to the suppliers in selling their products.

For example, it is quite competitive in this industry. There are many similar products in the market. Many sales people are selling the same thing. If the basis of the mutual fund is the same, then the customer will choose the sales person they are more familiar with. That is why *guanxi* is important. (P7)

In the end if you have good *guanxi* you have good performance. It shows in the end.... If you have a good relation, they will reveal what they need more exactly, and then price is not the most important factor, because the market size is an important factor. If you have good contact with the purchase person, you will win big in the sales. (P8)



Table 5

*A Summary of the Four Themes Relating to the Processes and Contents of External Guanxi that Resulted from Domain Analysis*

Themes	Semantic relations (X refers to included term, Y refers to cover term)	Structural questions	Included terms*	Conclusions
1. <i>Guanxi</i> is a necessary but not sufficient condition for success.	Rationale: X is a reason for doing Y, where Y refers to <i>guanxi</i> building.	Why do people build <i>guanxi</i> ?	<ul style="list-style-type: none"> <li>• Good <i>guanxi</i> precedes good business outcomes</li> <li>• Importance of personal relationships in business</li> <li>• Consequences of having and not having <i>guanxi</i></li> <li>• Other objective factors (e.g., capability, product pricing) also influence work outcome</li> </ul>	Participants engaged in <i>guanxi</i> building because <i>guanxi</i> was necessary in getting things done, although it was not the only determining factor.
2. <i>Guanxi</i> interaction is dominated by face and favor exchange.	<p>Strict inclusion: X is a kind of Y, where Y refers to the resources used in <i>guanxi</i> exchanges.</p> <p>Means-end: X is a way to do Y, where Y refers to sustenance of favor exchange.</p> <p>Rationale: X is a reason for doing Y, where Y refers to doing favors.</p>	<p>What are the resources for exchange?</p> <p>How is favor exchange sustained?</p> <p>Why does an individual do favors for another?</p>	<ul style="list-style-type: none"> <li>• Examples of doing and receiving favors</li> <li>• Obtaining <i>renqing</i> (favors) through using <i>mianzi</i> (face)</li> <li>• Repayment helps to build <i>xinren</i> (trust) and is important in favor exchange</li> <li>• Doing <i>renqing</i> (favors) worked like a form of investment</li> <li>• Doing <i>renqing</i> (favors) helped to create a safety net</li> </ul>	<p>Face and favors are resources that are exchanged in the course of interaction.</p> <p>Reciprocity is a way to sustain favor exchange.</p> <p>Doing favors was perceived as a form of investment or safety net that is useful in times of need.</p>
3. Instrumental ends are accomplished through expressive means.	Means-end: X is a way to do Y, where Y refers to using <i>guanxi</i> .	How do people gain access to <i>guanxi</i> benefits?	<ul style="list-style-type: none"> <li>• Catering to emotional needs</li> <li>• Minimizing the distance between work and private interaction</li> <li>• High emotional involvement in <i>guanxi</i> investment</li> </ul>	Participants needed to pay attention to the emotional aspects in order to gain access to instrumental benefits.
4. <i>Guanxi</i> is dynamic.	Attribution: X is an attribute/characteristic of Y, where Y refers to <i>guanxi</i> .	What are the attributes of <i>guanxi</i> ?	<ul style="list-style-type: none"> <li>• <i>Guanxi</i> involves an active process of giving and receiving <i>renqing</i> (favors)</li> <li>• <i>Guanxi</i> can grow in size and strength</li> <li>• The strength of <i>guanxi</i> influenced the quality of exchanges</li> <li>• <i>Guanxi</i> needs to be continuously maintained</li> </ul>	<i>Guanxi</i> is dynamic.

\* These are codes/ labels of categories of meaning units.

The importance of *guanxi* was not limited to business transactions.

Participants noted that *guanxi* was particularly important in getting favors to make it through difficult times. For example, P8 said that her clients did not end their partnership with her during the Asian financial crisis, so now “If I promised supply, and now there is a shortage, I can return the favor when they supported me during the Asian financial crisis.” When *guanxi* is involved, *renqing* is involved. Individuals tend to give people *mianzi* and do them favors, with the implicit expectation of return. I return to this point with more elaboration in the second theme on face and favor.

In contrast, the absence of *guanxi* meant that individuals have to engage in negotiation on an equal footing, in which each side weighs its own costs and benefits. P17 described such processes as “*yin peng yin* (one hard part strikes the other)... real communication will be straight-forward, but very formal.” P6 mentioned that people who have no *guanxi* and only do “*yingchou* (socializing) when [they] need help, both parties are equal.” P16 emphasized the importance of building *guanxi* with key resource allocators and said that people who approach the key resource allocators only when there is an issue can hardly solve problems.

For other people in other shops and counters, the person in the department will just go and say hello. They only go to the supervisor when there is a problem, and they will start an argument. They will complain about the printing on the advertising material or brochure. That brings down the level...you are not doing things at a larger scope. (P16)

Participants acknowledged that although *guanxi* was important in their work, it was not a sufficient condition for success. Other influencing factors include work capability and professional knowledge and business competitiveness, in terms of pricing and quality. For example, P17 highlighted

that although *guanxi* helps people to occupy a good starting point, performance-based factors are important for success.

At the end, it still depends on your capability. But having *guanxi* definitely will help at the beginning... *Guanxi* is only like the entry ticket. If you want to go further, it is not just *guanxi* alone. Then it has to do with your work capability and your professional knowledge. (P17)

P26 explained the benefit of *guanxi* in the situation that competing firms offer the same terms.

For example, if a particular product is available at both your company and another company, and both companies' prices for that product are the same...when that happens, the purchaser will think to himself that he has a better relationship with you. Hence, he will order from you. This is how it works. If your pricing is not good, he will not order from you. If your service is not good, he also won't order from you. (P26)

### **3.2. *Guanxi* Interaction is Dominated by Face and Favor Exchanges**

Most of the social exchanges between *guanxi* partners took the form of favors. According to P17, "if it is someone you know well, then doing a favor is just part of your daily interaction with that person." The dominance of favor exchange in *guanxi* interaction could be understood as a reflection of the *renqing* culture. Participants described *renqing* as the way of life in the workplace. That is, people do *renqing* (favors) because they know *renqing* (*dong de renqing shigu*/ has empathy).

Usually there is *renqing* involved in Chinese culture. It is softer. But it depends on what your objective is. If your motive is for the official to do something illegal for you, then that is not a good motive. But, if because you know that person you ask them to make the decision based on their contact then there is not anything really wrong about it. (P18)

It is a society where people help each other. It is having benefit for others—creating benefit for others—altruistic. Mutually. If you take the perspective of benefiting others, then the *guanxi* for you is just an additional point. (P9)

There were many instances in which participants shared specific examples of doing favors for and receiving favors from their *guanxi* partners.

I build *guanxi* for this purpose [using *guanxi* for personal favors]. I have an example. The bid will be announced tomorrow. I happen to know the person in charge of the bid. He will reveal it to me—this is *guanxi* at a private level. Of course, or why would I try to build the *guanxi*? (P2)

Sometimes we [lawyers] do free services, or offer reminders to our clients. The motivation is that they will think we treat them well and they will think of us when they have legal issues and they will pay us. So we do think favors are important. (P11)

Asking someone to speak or endorse my product at a conference or in a hospital, it is possible that it will happen. A doctor may be asked to prescribe more of the product. We are trying to influence the person with whom we *yingchou* (socialize) to do us a favor and give us an advantage. There is this possibility. (P17)

**3.2.1. Functions of favor exchange: An investment and a safety net.** As the above excerpts suggest, favors are an important form of resource in *guanxi* exchanges; they could be used to communicate a sense of willingness to invest in a relationship (as illustrated in P11's excerpt), or they could be requested on account of the shared relationship (as portrayed in P2's and P17's quotes). As evident in these accounts, favor exchange serves a functional purpose. One participant underscored the pragmatic aspect of *guanxi* and stated that he would not expend energy investing in favors if they were not beneficial for him or the company.

For me if it is beneficial to my interests, and at the same time I can also help another person out I would be more than happy to do it. If helping that person out does not help me or help the company, I won't do it. (P18)

From the perspective of the receivers, favors helped them to get things done. *Guanxi* was maintained for the very purpose of getting things done.

I would be invited by the suppliers to go out for a meal because they had a favor to ask from me. They took me out for dinner. The suppliers need something from me, and I have something I need from my customers.  
(P19)

From the givers' point of view, doing favors was instrumental in communicating a sense of willingness to invest in the relationship, hence it worked like a form of investment. One participant analogized the accumulation of favors to "investment in mutual funds" and emphasized the importance of saving good credits through doing favors for others like "saving money in a bank account" so that these credits could be withdrawn to obtain favors in future should the need arises.

When you help someone else, next time when you need some help from someone, you can withdraw this help from them... At least you have someone to go to when you have trouble with some issue, or emotionally. Sometimes things are complex. It can be colleagues, friends, or people you know through another person. Some people can help solve the problem. It is really like a bank account. Like saving money. If you help them it is like saving money in a bank account...If you have good credit in this person's account, next time you can withdraw them. That person will remember. So giving and receiving you can allow them to owe you some favor. There is a chance they can return the favor next time. You have to accumulate that little by little on a daily basis. (P6).

Other participants also talked about *guanxi* building as a form of investment with returns. P11 noted that when she meets people, "[she] will have some instinct whether [the] individual is worth investing [her] time and resources in", and P9 felt that "the time you invest [in *yingchou*] should be worthwhile", implying the expectation of reaping some form of return in the future for building *guanxi*. She explained that "when you have *guanxi* [with a person], the impact will be quite large" and "[she] will have influence with her or him".

Another participant, who worked as a sales manager in the food and beverage industry, regarded *guanxi* as a safety net. To him, having “maintained good *guanxi* on a daily basis” was “like buying insurance”, in which the trust he built in the relationship ensures that his *guanxi* partners, in this case, journalists, “will call [him] first to check” and validate any news related to his company.

**3.2.2. Favor exchange is governed by the principle of reciprocity, and reciprocation helps to build *xinren* (trust).** The idea of *guanxi* as a form of investment embeds the idea of an expectation of return. Many participants emphasized the principle of reciprocity in doing and receiving favors. For example, Participant P12 mentioned the principle of “*huxiang*,” in that “you treat me nice not for nothing, but because I can also do something for you.” In fact, *guanxi* partners were bounded by an implicit social contract that ensured the repayment of favors. P6 mentioned, “There is a saying, when people help you with drips of water, you have to return them a spring. You have to remember this, and second you have to say thank you, and third, when the person needs help next time we will automatically help.” An unreciprocated favor would have a negative impact on the state *guanxi*. Interestingly, the following quote also reflects that not only was it important to return favors, the returned favor ought to be bigger than received, a notion that was similarly reflected in the next quote by P22.

When other people help out, it is a custom in my industry that you will have to return it 2 times more or even 3, 4, 5 times more. If someone else has helped you and you fail to help them out, your relationship will go sour later... If you do not return the favor, this will become an obstacle in your relationship. (P22)

The following account provides a comprehensive understanding of the principles underlying favor exchange. According to P18, helping others and

showing gratitude through repayment was necessary in Chinese society as such interaction was important in building *xinren* (trust) because by creating the opportunity for *guanxi* partners to evaluate each other's credibility.

Helping others is very important. In terms of legal aspect, if it does not break the law and it is reasonable you should always help other people when you can because you never know, someday you may harvest the result.... Very important to show others your gratitude. Of course you have to, it is only natural. It is the way Chinese people are... I will at least [return] the same, equal or even more.... People interact in order to know each other and have a better understanding of each other. Through the interaction process if you find out that person is not trustworthy, or he is trustworthy and you have different findings. During the interaction process you will find out if that person is trustworthy or not. You will find out about the reality. In the future if you really need something from that person, you will already have your own judgment. (P18)

**3.2.3. Face as a resource in social exchange.** One type of favor that was mentioned in the interviews relates to the concept of face, in terms of *mianzi*. Participants spoke of the concept in different ways. First, a person can use his *mianzi* (power and social status) to obtain *renqing*. Second, a person who has *mianzi* has the power to do *renqing* for others. Therefore, people are likely to want to build good *guanxi* with such people. Third, giving face demonstrates that one understands *renqing* (is sensitive to human feelings).

**3.2.3.1. Obtaining *renqing* (favors) through *mianzi* (influential power).**

P14 shared that people could use their *guanxi* to ask for *renqing* (favors), in this case, to ask for special care to be taken of people with whom they have *guanxi*. It was also possible for people to use their *mianzi* (influential power) to obtain *renqing*. She gave an example of government authority figures who would attempt to use their *guanxi* to influence others by virtue of their status and power.

The other kind of *guanxi* is someone, your father or one of your relatives says, this guy is very good. Look after him. In Chinese society,

a lot of *guanxi* is good. Schoolmates and relatives have *guanxi*. The most important *guanxi* is like Ma Ying Jiu will introduce someone and say please, my sister's daughter and she is very good, please take care of her. He would never do that, Ma Ying Jiu. But usually people like Lian Chan, will do this. Look after this person he is my nephew. Then I would have to pay special attention to the person introduced by some high level officials. (P14)

**3.2.3.2. Identifying the gatekeepers of resources.** People who have strong influential power are able to obtain *renqing* by virtue of their *mianzi*. Similarly, they are also the people who would have the power to do *renqing* for others. Several participants noted that *guanxi* building often involved the consideration of power. P16, a sales manager in the pastry industry, mentioned, "When you do *yingchou* you are not doing it to the person, but to the position this person is holding." For him, maintaining positive relationships with the supervisors in departmental stores helped to ensure that they "will definitely support [him] in the public domain at a professional level" because "the floor supervisor has the most power on that floor. His position is clear in the whole organization. You still have to be on friendly terms with him." P21 shared a similar view, positing that it was important to personally know the gatekeepers of resources because they were the ones who would have the power to do *renqing*.

For example, if a factory is releasing their bid and there could be several bidders. The factory would need to entertain the big boss. Usually they do not work on the subordinates. Their target is the boss. Sometimes the key person may not be the boss himself, it could be one of the subordinates if the project amount is too small, the big boss will not look after it.... Usually one of his managers will handle it. I have to build good *guanxi* with the key manager. (P21)

**3.2.3.3. Giving *mianzi* (face) connotes sensitivity to *renqing* (feelings).**

Another meaning of *mianzi* that was mentioned in this study was closely associated with the concept of *renqing*. P27 said that as buyers, they accepted invitations to drinking sessions to "give the manufacturers face." These



activities “increased mutual interaction. With more understanding, it will be easier to do things in the future.” Another participant, P26, further explained that attending *yingchou* helped to develop *renqing*, which seemed to imply that a rejection of such invitations might portray someone to appear insensitive or *budong renqing* (unaware of human feelings).

I wondered why it had to be this way. Initially, I could not understand, after *yingchou* in this job, I finally understood because it is very hard to reject. Sometimes it's to develop personal relations [*renqing*], sometimes you cannot not attend, so I really feel sometimes, it's difficult to reject. (P26)

### 3.3. Instrumental Ends are Accomplished Through Expressive Means

In many of the accounts related to obtaining favors, the expressive aspect appeared to be as significant as the instrumental component. For example, P6 mentioned, “You remember that person’s birthday, or people that person cares about, their parents. This will touch that person’s heart, their emotion. Then you lead them to help you even better”. To her, “The matter and emotion are related. If you take care of one side it will add value to the other side”. In other words, the expressive and instrumental components in favor exchange were difficult to distinguish.

**3.3.1. Working on *ganqing* (the emotional aspect of the relationship) builds *xinren* (trust).** Gaining access to favors and giving favors as a way to build *guanxi* often involved getting at the emotional needs of the other party in a relationship. In other words, the instrumental ends of *guanxi* were accessed through expressive means, which explained the reason participants felt the need to expend a significant amount of attention to develop the emotional aspect of the relationship.

Because we are selling products, if you spend more time taking care of their needs it is also a way to build *guanxi* with the client. (P22)

In terms of the *guanxi* you are trying to build reaches that person's mind, there are some methods. For example, you should try to be very considerate. You should find out what that person needs exactly, what that person's emotional need is, and how they express it, for example, a birthday or a wedding anniversary, we would send a nice gift. To make that person know that his existence is very important, that he or she is one of your important friends. If you could do that, it would be even better. (P9)

I am good at taking away the rigid side of business, personal trait is to make people around me my friends. It does not mean that once we are friends you don't follow the rules. I still follow the rules. Since the clients were like my family, of course I will try to resolve problems for them. That was my attitude. (P8)

Working on the emotional side of the relationship was important because it helped to build trust in the relationship. As P8 put it, "*Guanxi* is important, but the real thing is that they trust you. But the precondition is that they like you, but that is subjective." With trust, people would be willing to help their exchange partners out even more. As what P12 mentioned, "I will trust you so I will help you."

**3.3.2. The emotional component (*ganqing*) of *guanxi*.** Emotional connection, or *ganqing*, was an important component in the relationships. This was supported in two ways. First, there was a lack of professional-personal boundary in most of the participants' *guanxi*. Second, the high emotional involvement in *guanxi* investment resulted in the perception of *guanxi* as a form of personal asset.

**3.3.2.1. Strong professional-personal domain overlap.** The use of an affective platform through which instrumental ends were met suggests a lack of professional and personal boundary between *guanxi* partners. Indeed, most participants did not distinguish between professional and personal favors. For

example, P1 said that she would go to her *guanxi* partners for help in both professional and personal domains. P15 listed ways in which he provided help to his clients in areas that were not directly related to work.

People who have private contact with me, I will go to them for help. Not always business related. When I have personal problem I will also go to them to ask them their opinion. (P1)

For example, if my client has a computer problem, I will resolve the problem. That is not *yingchou*... I will apply professional knowledge to help the client in order to improve the *guanxi*. Maybe bringing the client new information. For example, a new mobile phone technology with better function. It would be more for the client's professional need than personal need. (P15)

Many participants spoke of establishing friendships with their exchange partners as an outcome of developing *guanxi* or as a goal that they wished to achieve in *guanxi* building. For example, P7 said that she likes to maintain relationships with her clients: "even if we don't have a client/salesperson relation anymore, I still want them to treat me as a friend." P4 hoped that her clients "would become my good friends. A good friend means when you encounter trouble in your personal life you would go to them for help." P26 felt that with her customers, "it is not only on the business level, you should be part of their lives." P23 mentioned that "if you click" and "have the same likes,...maybe privately you will get together and go out." Similarly, P10 "become personal friends with all [of her clients] eventually," although "there are some I know better and some that remain at acquaintance level."

Participants were inclined to develop long-term, lasting friendships with their exchange partners. Friendships were found to last beyond the length of the actual work relationship. P8 said that once *guanxi* was established, the root was very deep, even in the case of relocation to a new company. P19 concurred with this view, saying that his *guanxi* would remain even after he changes his job

and will still be useful if he stays in the same industry. Otherwise, the relationship remains a friendship. I return to this point in fourth theme on *guanxi* as a form of personal asset, which supports that *guanxi* exists at the interpersonal level instead of the firm level.

Even if I change my job, but stay in the same industry, then the *guanxi* is still there. If it is a totally new industry, then they will just be friends. (P19)

**3.3.2.2. Preference to separate work and personal life.** In contrast to participants who did not set a boundary between work and personal domains, there were a handful of participants who used a distinction to separate the two. For example, P17 believed that *guanxi* was important but professional and personal favors should not overlap, while P24 felt that it was not necessary to mix her work life with her personal life.

Business is business. Usually you should not give favors to someone else. If someone helps me to finish something at work, helps me advance, that is my personal matter. The return I will give will be on a personal level. I should not return the favor in the office setting. (P17)

Basically, I don't feel there is a need to mix my work with my personal life. I will want to keep them separated. (P24)

**3.3.2.3. Guanxi as a form of personal asset.** As a consequence of the amount of personal investment expended in *guanxi* development through the exchange of favors and the development of an affective bond, *guanxi* was highly personalized and was often regarded as a form of personal asset. According to P16, "Because people like you so they like helping you. They are willing to help you. That is your personal asset that will add value to your company." He perceived *guanxi* as "a personal platform," which "does not directly help with career progression, but it makes it much easier for [his] work." Hence, to him, *guanxi* serves as a safety net. In his words, "at least you

are safe because you have maintained a good *guanxi* on a daily basis.”

Similarly, P23 viewed *guanxi* as something personal and nontransferable.

If I have a good relationship with the client, and if the boss has a good relationship with the client, they are two different matters. If I have a good connection, it does not mean that the boss will too. (P23)

The quality of *guanxi* as a personal asset carries two important implications.

First, in the face of an organizational exit, individuals would leave with the *guanxi* that they have built at work. As P8 put it, once *guanxi* was built, its foundation remained even though she was no longer working in the original company.

Many clients told me afterwards, after I worked there four years, and during this time, there were four purchasers for this one company. I still keep in contact by email with the first one. Now, we still keep in touch. They like to know where I work now. Once you have established *guanxi*, the root is very deep. Even though I left the company, they still treat me well. (P8)

The second implication concerns the way companies could benefit from *guanxi*. As the following quotes provided by P3 and P17 illustrate, individuals have a preference to work with those whom they have already established *guanxi*. Therefore, it is easier for *guanxi* partners to do business with each other. Eventually, companies would benefit from the competitive advantage derived from their employees’ personal connections with significant others who act on behalf of their organizations.

In some companies, the decision making power is in the hands of some people, so if the boss from that company knows you, and if you are the contact person representing the company. If you maintain the *guanxi* with them the client will feel that as long as you are with the company, you will do a good job for the project and take care of them. (P3)

If they know you, the channel of communication is already there. If you change to another person, the new person has to start over again to build that level of familiarity. They prefer someone they have known for awhile. (P17)

**3.3.3. Purely instrumental ties without *ganqing*.** So far, the data point towards a form of *guanxi* that is instrumental in opening doors to benefits in the form of favors, and I have emphasized the need to work at the emotional aspects of the relationship because they are the means through which the instrumental ends are met. Participants also mentioned an alternative mode of *guanxi*. Instead of having an expressive focus, this mode of *guanxi* was “money oriented” (P13), and “superficial” (P1). P13 said that *guanxi* to her was “making friends beyond the job,” but mentioned that there were other kinds of people who would talk about *guanxi* only if there is benefit.

A lot of people are very money oriented. If we have nothing more to do with each other, then ok, bye. But they will still talk about *guanxi* if we have a benefit for each other. It is tricky, everyone defines it differently. I know in the career world there are people who go to bed with others to get promoted, to get money, to get business. (P13)

P1 shared her perception on using *yingchou* to build *guanxi* and expressed her skepticism in such *guanxi* building method.

*Guanxi* through *yingchou* in short term may be helpful. In the long term it will not last long. They are just superficial friends. When you need help or when there is interest involved in *yingchou* and there is no more interest in the relationship, then that person will not help you. (P1)

### **3.4. *Guanxi* is Dynamic**

In the discussion of favor exchange, I discussed the reciprocity principle that played the role as a form of social contract against the lack of reciprocity. The potential for *guanxi* to be strengthened through a positive cycle of receiving and doing favors and the possibility for it to weaken in the face of an unreciprocated favor suggest that it is something that is changeable. Unlike a static entity that either exists or not, *guanxi* has the potential to wax and wane. The dynamic nature of *guanxi* was also supported by two subthemes related to

(1) the potential to develop *guanxi*, in terms of size and quality, and (2) the need for continual effort in relationship maintenance.

**3.4.1. *Guanxi* can grow in size and strength.** Participants spoke of *guanxi* as something that could be developed in terms of its size and strength. Motivated by the competitive edge that *guanxi* brings, some participants were active in establishing new connections with people. Once the new *guanxi* bases were established, they had to work on developing the relationship in terms of minimizing the psychological distance between their exchange partners and them.

The benefit of favor exchange suggests that the larger your *guanxi* network, the more influence you would have in getting things done. People are motivated to expand their circle of influence. I found that participants talked about how their *guanxi* network expanded through introductions by existing *guanxi* partners. *Guanxi* network expansion was the result of prior good working experiences for some, and the result of active effort in seeking out new *guanxi* bases through the help of intermediaries for others.

If we had a good cooperation experience, when that client moved to a new company, he would contact me and introduce me to an OEM [original equipment manufacturer] project. Maybe the person would not have direct authority, but he would let them know to contact me. It is another kind of extension of *guanxi*. (P16)

For example, if I go to visit a client I know, and this client has other friends in the industry who are there, then I will introduce myself to these new potential clients. When the new potential clients know I am in the same industry, they will think of me when they need to look for someone. (P21)

I look for common interests or a similar hobby in order to build *guanxi*. What if they do not share the same hobby. I have to look for other kinds of *guanxi*. Maybe I will get the introduction from a mutual friend in order to build *guanxi*.... For example, if I do not know the teacher, I will go through some friends who know the circle of teachers well, in order to get to know the teacher. (P20)

Interestingly, P16 shared that one strategy he used to strengthen *guanxi* was to establish a hierarchical *guanxi* base. He said that by introducing his client to an MBA program, which he was already enrolled in, made him his client's senior, and that helped to build a positive working relationship.

For example, I will introduce the floor supervisor from one branch to also enroll in my MBA program so that guy will become my junior classmate. Another kind of *guanxi* was built there. And then I am the senior classmate, and in Taiwanese culture you will respect the senior classmate. The junior one will try his best within his job capability to help me out and give me favors. We have a pleasant work relationship. This guy is someone at the top position in the ShinKong group, not just a branch manager. (B02)

This strategy worked because of the respect for hierarchy in Chinese societies. P4 said, "Because I am in Taiwanese society, no matter how well or how badly I perform I have to respect my supervisor." Similarly, P12 felt that her communication style with her boss should be "subtle" even if her boss has done something wrong "because he is the boss." These accounts were mentioned in the context of internal, supervisor-subordinate *guanxi* and they reflect a general sense of respect for hierarchical relationships in the culture and would likely apply to external *guanxi*.

**3.4.1.1. The quality of *guanxi* matters.** Although it was possible to establish a *guanxi* base through intermediaries in the initial stage, participants highlighted the need to cultivate the relationship actively. P17 posited that although it was possible to get an intermediary to make an introduction to connect with a potential *guanxi* partner, subsequent *guanxi* building effort was needed to develop the relationship. Similarly, P21 said that no matter how the *guanxi* was established in the first place, "you still have to manage it you still have to cultivate it."



Through family connections. Like if your father knows someone. Through introduction of classmates... But after the introduction has been done, you are the one to continue this *guanxi*. You cannot keep asking an external party to help you. You have to follow up with this *guanxi* after your friend has organized this for you. (P17)

Initially, how you get to know this person is different, but how you maintain it and how you keep this friendship is up to you. It is the same. You still have to manage it you still have to cultivate it, no matter how you got to know the person at the first stage. (P21)

In other words, not only was having *guanxi* important, the strength of *guanxi* was also an important determining factor that influenced the quality of the exchanges that took place between individuals. For example, P24 noted *guanxi* makes a difference particularly in times of difficulty. According to her, "If your *guanxi* is better, for example, if there is a lack of product, [the vendors and suppliers] will render quicker support or supply more product when the need arises." P8 concurred on the importance of having a good relationship with her clients.

If you have a good relation, they will reveal what they need more exactly, and then price is not the most important factor, because the market size is an important factor. If you have good contact with the purchase person, you will win big in the sales. (P8)

A PR manager who worked closely with the media noted that by strengthening the emotional connectedness in the relationships with reporters and editors, she was able to use her "personal *guanxi*" to obtain a larger exposure in the media for her company. Importantly, success in influencing the behavior of her *guanxi* partner depended on how her *guanxi* fared in comparison to her competitors', which implies that *guanxi* partners were treated differently depending on the strength of their relationships.

I use it [personal connections] at work a lot. Once I build *guanxi*, personal *guanxi*, that person gave larger exposure for my company's event. Especially when our competitor TV station has a media conference at the same time as ours with an actor, we can compare how

much space our conference took on the page compared to the competitor, what kind of coverage they gave us, and then we can know how important we are to that person. The *guanxi* did not come from me alone, there is also the *guanxi* between the actor and the chief editor. It is all involved. But at least we achieved the event. (P9)

#### 3.4.2. The need for continual effort in *guanxi* maintenance.

Complementing the theme pertaining to the accumulation of *renqing* as a form of investment, participants mentioned expending a long-term effort in developing and maintaining relationships with their exchange partners. P21 noted, “If you don’t keep in regular contact, after a while the friendship is a bit distant.” In the context of *guanxi* building through spending time in *yingchou*, P19 explained that “[*yingchou*] is back and forth to maintain the *guanxi*. People do it because they want the *guanxi* to continue. It is maintained on a regular basis. Every few months or so.”

P3 and P25 regarded the process of *guanxi* building as an active, long-term process. The need for continual effort in *guanxi* maintenance was for future-oriented benefits.

Usually I am trying to build long term *guanxi*. Short term is very difficult. It is difficult to build *guanxi* in the short term as both parties do not know each other well. *Guanxi* needs time to cultivate. As a sales person you usually have an annual target to achieve. In order to meet this target you have to meet the clients often. You establish *guanxi*. You hope they will give you a lot of orders and trust my company’s products, and trust that the products I am selling are of good quality. (P3)

...the *guanxi* is not built overnight; we actively cultivate this relationship such that when [the clients] start on a new project, they come directly to us with a request. We built up the relationship slowly, step-by-step.... When you have established relationships with your client, it will be easier and they might approach you directly without you having to hard sell your components and needing to probe about their current projects. They will tell you directly. (P25)

### 3.5. Summary

Through the analysis of interview data from Taiwanese working adults, I discovered four interrelated themes related to *guanxi*. (1) First, *guanxi* was found to be an important condition that provided participants with a competitive advantage at work. With other conditions being equal (e.g., competitiveness of price and quality), having *guanxi* provided access to preferential treatment from their *guanxi* partners. Such preferential treatment manifested in the form of *renqing*, which was the second theme presented. (2) In the second theme, I identified examples of doing *renqing* and discussed the function of *guanxi* as a form of investment to accumulate favors that could be withdrawn in times of need. As such, *guanxi* was also perceived as a safety net. The mechanism of favor exchange was governed by the principle of mutual benefit and the desire to continue to invest in *guanxi*. Due to the instrumental value of *guanxi*, it was important for participants to identify the important gatekeepers of resources because they were the ones who had the power to provide help. While the pragmatic aspect of *guanxi* that manifested in the form of favors was a recurring topic in participants' account, it was also important to consider the affective aspect of the exchanges, which was discussed in the third theme. (3) The third theme pertained to the strong overlap between the expressive and instrumental components of *guanxi*. Personal and emotional investment formed a significant part of *guanxi* building. As such, the distinction between the professional and private domains of life was missing from the majority of the participants' description, although two participants shared their personal preference in keeping the two aspects separate. Due to the high personal investment in the relationships, *guanxi* was strongly personalized and was

commonly regarded as a form of personal asset. (4) While the second and third theme was more specific in describing the nature of favor exchange in *guanxi*, the last theme provided a broader understanding of *guanxi* by delineating one important quality of the construct – the dynamic and changing nature of *guanxi*. That is, *guanxi* can be extended through introductions by existing *guanxi* partners. After which, continual effort is required to develop and maintain the relationship.

#### 4. Part 1 Discussion

The following discussion of the results of Part 1 focuses on five major areas. First, I discuss the importance of *guanxi* in modern Taiwanese society. Second, I apply the findings presented in the second and third theme to provide a comprehensive understanding of relationship dynamics between *guanxi* partners, and I discuss the relationships among the core components of *guanxi* (*renqing*, *mianzi*, *ganqing*, and trust), and the underlying governing principle of *guanxi*, specifically, the *renqing* rule. Third, I elaborate the final theme pertaining to the dynamic nature of *guanxi*. Then, with respect to the findings on *guanxi* as a dynamic construct and the perception of *guanxi* as a personal asset, I explain the implications for the conceptualization and operationalization of the *guanxi* construct. Lastly, I examine the postulations of culturally-based workplace *guanxi* using the overall results of Part 1.

##### 4.1. The Importance of *Guanxi* in the Taiwanese Workplace

From an insider perspective, *guanxi* is important in the workplace. This finding complements existing research that supports the role of *guanxi* in contemporary Chinese businesses (Drew & Kriz, 2014). Some of the participants in this study emphasized the importance of building personal

relationships before doing business. Participants noted that in the absence of *guanxi*, people were unlikely to show *renqing*, and individuals would have to negotiate on equal ground. This type of interaction coincides with the equity rule that governs the instrumental tie, where the expressive component is minimal and costs and benefits are weighed objectively (Hwang, 1987). The equity rule tends to predominate interaction where a person is perceived to be an individual rather than someone belonging to a social position (Lerner, 1975, 1977). Between people who share an instrumental tie, it is possible for a quarrel to occur when an interaction is perceived as unfair, especially when the quarrel is justified by defending the interests of the group (Hwang, 1987). Indeed, one participant mentioned a similar situation that ended up in an argument, and criticized such a negotiation method as ineffective.

*Guanxi* was important to the extent that other conditions, such as work quality and product competitiveness, were in place. This finding is consistent with research that construed *guanxi* as one of the factors amongst other antecedents in predicting business performance. For example, Wang, Wang and Zheng (2013) found that *guanxi* investment (personal investments in cultivating relationships, in terms of time, effort and resources) interacts with inter-organizational relationship-specific investment (investments in physical capital and human assets) in contributing to relationship performance. In short, this study supports the contention that *guanxi* is a necessary, but not sufficient, condition in the modern Taiwanese workplace.

## 4.2. A Comprehensive Understanding of the Important Processes and Components of *Guanxi*

The second theme (pertaining to the dominant mode of exchange in *guanxi*), and the third theme (emphasizing the role of the expressive component in *guanxi*) support the importance of four core values that characterize *guanxi* processes, namely, *renqing*, *mianzi*, *ganqing*, and *xinren*. A discussion of the relationships among these four core components is presented in the following.

**4.2.1. The role of *renqing*, *mianzi*, and the *renqing* rule in *guanxi*.** In support of the face and favor model, I found that the dominant form of social interaction that took place in between *guanxi* partners was comprised of continuous exchanges of favors (*renqing*). According to Hwang (1987), *renqing* is a multifaceted concept that carries different meanings. Indeed, I found that participants referred to it in ways that were consistent with Hwang's three interrelated definitions: (a) human emotions, (b) a set of norms that serves to maintain social harmony, and (c) a form of resource used in the course of social exchange (i.e., favors).

The *renqing* norm in Hwang's (1987) second definition advocates two basic kinds of social behaviors. The first kind of behavior involves keeping in regular contact with people within the social networks through gift-giving, regular visits, and greetings. On the other hand, a rejection to participate in *guanxi* building and the failure to maintain relationships reflects that an individual *budong renqing* (i.e., does not know or fails to consider human emotions). The participants of this study spoke of *renqing* as a sense of awareness or sensitivity to peoples' feelings, which was manifested in the form of participation in socializing and involvement in helping behaviors.

The second kind of behavior involves offering help and doing *renqing* for members in the social networks in difficult times. Consistent with this postulation, I found various examples of *renqing* exchanges between people who deemed themselves as having *guanxi*. In this case, *renqing* can be interpreted as a form of resource in social exchange. The results suggest that the stronger the *guanxi*, the better the treatment that one receives from his or her *guanxi* partners.

I found face to be another type of resource that can be used in social exchange. Specifically, *mianzi* (prestige and social status) can be used to obtain *renqing*, and giving *mianzi* can demonstrate that a person doing *renqing* (has empathy). Participants also highlighted a pragmatic nature of *guanxi* and emphasized the importance of identifying key resource allocators who have the power to help them get things done.

Favor exchange was governed by the principle of reciprocity, in which one party of a *guanxi* relationship was expected to return the accumulated *renqing* debt should the other party need a helping hand. In this study, I found participants talking about a defining characteristic of reciprocity that differentiates the social mechanism in Chinese societies from the universal norm of reciprocity. That is, not only is repayment necessary in sustaining the relationship, the repayment had to be bigger than received. Hwang (1987) noted that reciprocity is a form of etiquette in Chinese societies and “if one gives you a peach, you should requite his favor with a plum.”(p. 957). Another similar saying goes, “If someone pays you an honor of a linear foot, you should reciprocate by honoring the giver with ten linear foot” (Yeung & Tung, 1996). According to Confucianism, the quality of moral rightness or goodness is

relational; a man is considered a righteous person (*yiren*) when his behaviors conform to that of a righteous person by the society (Lin, Ho, & Lin, 2012). One form of righteous behavior to be performed as a form of self-cultivation to become a righteous person (*yiren*) is to repay favors and increase the value of the favor given (Yeung & Tung, 1996). A failure to reciprocate creates a disadvantage that is tilted towards the person who failed to adhere to the social norms, which negatively impacts on the person's character. In contrast, in Western cultures, an unreturned favor simply disadvantages the other party, according to the social exchange theory (Blau, 1964).

**4.2.2. The strong expressive component in *guanxi*.** The third theme discussed was related to the strong expressive and instrumental components in *guanxi*. Specifically, participants accessed *guanxi* benefits through an expressive channel, thus the expressive component of the relationship was as important as the instrumental value of *guanxi* and participants emphasized the importance of taking care of the emotional needs of their *guanxi* partners. The importance of *ganqing* in *guanxi* was also reflected in two areas. First, I found that for most participants, *guanxi* meant a lack of professional-personal boundary. Favors are done for each other at work as well as for personal matters. Taking care of the affective aspect of *guanxi* helped to improve *guanxi* quality, which promised subsequent relational benefits. In this sense, doing *renqing* or favors (i.e., the instrumental aspect of *guanxi*) may be regarded as a manifestation of *ganqing* (i.e., the expressive aspect of *guanxi*). Furthermore, there was a strong tendency for participants to consider their *guanxi* partners as friends who were part of their personal lives.

Second, due to the strong affective involvement in *guanxi* building, I found



*guanxi* to be highly personalized. Although participants were in effect representing their organizations in interacting with people from other organizations, the relationships that were built with other boundary spanners did not remain at the firm level. Instead, *guanxi* belonged solely to the two individuals in a relationship. In other words, once *guanxi* was established, it became a personal asset, one of which individuals could use to help them get things done at work, mainly through favors.

Despite the majority consensus on the importance of *ganqing*, there were two participants who spoke of another mode of *guanxi* that was primarily based in profits. This mode of *guanxi* may be related to the conceptualizations classified under power-oriented workplace *guanxi* in the review conducted in Chapter 2. However, there was too little data for a meaningful analysis on this alternative mode of *guanxi*. Another study would be needed to further investigate the mechanisms of this mode of *guanxi*.

**4.2.3. *Renqing* and *ganqing* work together in contributing to the development of *xinren*.** Together, results pertaining to the second theme on the processes and principles that underlie in face and favor exchanges, and the third theme on expressive nature of *guanxi* reflect the intertwining relationship between the instrumental and the expressive aspects of *guanxi*. This study found that these two aspects worked as a whole in enabling *guanxi* to function.

Both these aspects of *guanxi* were important in building *xinren* (trust) in the relationship. The current study found that *guanxi* was perceived in terms of the accumulation of *renqing*, which was analogized to a type of investment or a bank account, from which favors could be withdrawn in times of need. In this sense, future-oriented return connotes a certain degree of risk taken by the

resource allocator in granting *renqing* to the exchange partner because return is uncertain, albeit expected. The results suggest that one factor that may influence a person's decision whether or not to grant a favor was the *mianzi* of the exchange partner. Someone who has more *mianzi* by virtue of his or her social prestige and status may have greater power to return the *renqing*, which explains why participants were inclined to build *guanxi* with people with *mianzi*. At the same time, people with higher social status may feel a stronger need to return *renqing* to save *mianzi*.

A second factor that may influence the decision to do *renqing* stems from past history of favor exchange. That is, reciprocation of favors or the lack thereof was found to demonstrate the character of the exchange partners. One participant noted that through the interaction with *guanxi* partners, it is possible to get a sense of how trustworthy they are, and gives an idea of whether they would provide help in the future. This observation can be interpreted in association with the concept of *lian* (moral character). According to Hu (1944), individuals maintain *lian* by fulfilling obligations and carrying themselves decently under all circumstances. One way to do so is through the display of *renqing* and the exchange of favors (Bedford, 2011). Individuals are viewed as untrustworthy upon the refusal to return a favor (Alston, 1989). While it is difficult to make the case for whether *renqing* or trust comes first, it is likely that both influence each other in a positive feedback loop that serves as an important *guanxi* mechanism.

I found that the expressive component of *guanxi* (*ganqing*) was closely related to doing *renqing*. Specifically, *ganqing* was important in motivating people to do *renqing* for their exchange partners. Doing *renqing* can be

regarded as a way to show empathy (Hwang, 1987). *Ganqing* was also important because of its contribution to trust development. Most participants did not use a distinction between the professional and personal domains of their lives. In fact, they were keen in including exchange partners with close *guanxi* in their personal lives and regarded these people as their personal friends. Sharing a close bond likely helped to build mutual trust, which encouraged favor-exchanges.

In sum, both the instrumental and expressive components contribute to the development of trust, which is important in serving as the foundation of continuous exchanges of face and favor. With the trust and assurance that the other party in a relationship will not reject a plea for favor in future, the cycle of favor exchange is likely to be sustained, further developing trust and affection.

#### **4.3. *Guanxi* is Dynamic in Terms of Network Size and Strength**

The last theme found in this study was related to the dynamic nature of *guanxi*. In terms of the size of the *guanxi* network, *guanxi* could be extended. Participants were able to establish new connections through existing *guanxi* partners. According to Hwang (1987), the behavior of seeking relations with other people with no ascribed commonality was termed *altercasting* and one of the ways to establish new connections is through the introduction of someone who knows both the person seeking the relation and the target person whom the relation-seeker wishes to be connected to. While establishing new *guanxi* bases was important, participants regarded the mere acquisition of new connections as insufficient; subsequent *guanxi* building has to be ensued to strengthen the quality of *guanxi*. Due to changeable quality of *guanxi* in being able to wax and wane, there was a need for long-term, effortful maintenance of the

relationships. Existing exchange partners were expected to expend continuous effort in relationship investment through instrumental (exchanges of favors) and expressive means (showing concern and doing personal favors catered to individual needs) to sustain the emotional bond.

#### **4.4. Implications for the Conceptualization and Operationalization of *Guanxi***

That *guanxi* is a dynamic construct with the potential to wax and wane carries implications for operationalizing *guanxi* in empirical research. First, *guanxi* should be understood in terms of its underlying social and psychological processes (Bedford, 2011), instead being conceptualized as a static entity that either exists or not. Consequently, it is important to study *guanxi* in terms of the subjective state of the relationship (i.e., *guanxi* quality), rather than to quantify it in terms of its existence or lack thereof. The latter neglects the complex nature of *guanxi* mechanisms. This assertion is supported by Chen and Chen's (2004) notion that *guanxi* can vary in closeness or strength. According to them, two strangers (*shengren*), who share a strong rapport, may become friends (*shuren*) in a short period of time, and start adhering to the implicit obligations and expectations embedded in the relationship. The development of *guanxi* could also go in the reverse direction, in which a *shuren* relationship may break down for various reasons. Given the permeability of different relational ties, it is more important to focus on the quality of a relationship in the study of *guanxi*. In short, a good measure of *guanxi* needs to consider the quality or strength of the relationship. This argument served as the foundation for the development of the new *guanxi* quality measure in the subsequent four studies of this research.

The theme on *guanxi* being a personal asset carries another implication for *guanxi* conceptualization and operationalization. The current study found that participants regarded *guanxi* as a personal possession, which followed them even if they were to leave the original company where they had first built the relationships. This finding is consistent with that made by Tung and Worm (2001) more than a decade ago. Tung and Worm found that in a sample of expatriates working in China, the majority (i.e., 63%) regarded *guanxi* as a form of personal asset, which follows them when they relocate to another company and only 20% considered it as a form of organizational asset. Results of this study support that *guanxi* was still beneficial in providing people with a competitive advantage in the workplace as a form of personal asset in today's society. The implication is that it is important for research interested to examine the benefits of *guanxi* to do so at the interpersonal level, or to use interpersonal *guanxi* as a starting point to understand how firms can benefit from *guanxi*. The micro-macro association model that several researchers have proposed to investigate how firms are able to benefit from interpersonal *guanxi* would be a useful framework for studying the outcomes of *guanxi* (Peng & Luo, 2000; Wu & Leung, 2005; Zhang & Zhang, 2006). This framework, which essentially posits that individual-level *guanxi* benefits precede firm-level outcomes, was adopted in Study 4 as part of the effort to assess the construct validity of the new *guanxi* quality measure.

#### **4.5. Examining the Postulations in Culturally-Based Workplace *Guanxi***

I used the findings generated from this study to evaluate the adequacy of existing conceptualizations in addressing the predominant type of *guanxi* that exists in the workplace. As a result of the review in Chapter 2, I grouped three

existing conceptualizations of *guanxi* under the umbrella concept of culturally-based workplace *guanxi*. The three conceptualizations included Su and Littlefield's (2001) conceptualization of favor-seeking *guanxi*, Fan's (2002) helper *guanxi*, and Bedford's (2011) workplace *guanxi*.

Results of this study largely supported the postulations of culturally-based workplace *guanxi*. First, in terms of the nature of *guanxi*, I found a strong instrumental component, as well as a relatively strong expressive component in most of the relationships that participants shared. One component was as significant as the other. As I did not include a detailed analysis of other types of *guanxi*, the strength of the expressive and instrumental components could only be interpreted in relation to each other in the predominant type of *guanxi*.

In terms of core values, I found four main concepts that were important in *guanxi*, namely, *ganqing* (affection), *renqing* (favors and reciprocity), face, and trust. Specifically, the exchange of favors and face was governed by the cultural norm of *renqing*, and it operated through an affective channel, which helped to build trust. The presence of trust, in turn, encouraged further social exchanges. The long-term effort invested in *guanxi* development and maintenance could be interpreted as a form of support for the importance of commitment. In short, results of this study supported that the core values in *guanxi* include *renqing*, face, *ganqing* (affection), trust, and commitment.

The motivation or purpose that drove *guanxi* development and maintenance was the anticipation of return. *Guanxi* was regarded as a form of investment that helped people get things done at work through obtaining favors or influence. It served as a safety net, particularly in times of need. Thus, the postulation that culturally-based *guanxi* served as a form of investment to solve

problems, obtain better treatment, and get things done was supported.

Therefore, consistent with expectation, *guanxi* served as a means to achieve good work performance. *Guanxi* could also be regarded as an end in itself because of the strong emphasis on the personal aspect of the relationship. That is, participants were inclined to bring their *guanxi* to a personal, friendship level. Some mentioned that even if the work relationship were to end, the friendships that they have built with their exchange partners would still last.

Exchanges between *guanxi* partners mainly took the form of favors. Giving face was found to be closely related to doing *renqing*. Being willing to give face to another person connotes that the actor knows *renqing*. Giving face can also be regarded as the manifestation of doing *renqing*. Affection was also used as a form of currency for exchange. Participants spoke of showing care and concern and doing favors that catered to the needs of their exchange partners. In the latter case, doing *renqing* can be perceived as the manifestation of *ganqing*.

Lastly, in terms of the condition and downside of *guanxi*, repayment of favors was expected in accordance to the *renqing* rule. No participant explicitly mentioned any *renqing* debt, although emphasis was given to the importance of showing gratitude by repaying more than received as a cultural norm. The pragmatic value of *guanxi* seemed to overshadow the burden of repayment. In sum, the results of this study support the major postulations of the culturally-based workplace *guanxi*. A summary of this discussion is provided in Table 6.

Table 6

Examining the Adequacy of the Postulations of Culturally-Based Workplace Guanxi

	<u>*Propositions of culturally-based workplace guanxi</u>	<u>Findings (Themes)</u>
Definition	<i>Guanxi</i> that is based on traditional cultural values	
Nature	Instrumental, medium expressive	Strong expressive and instrumental components; intertwining relationship between the two components (Theme 3)
Core values	<ol style="list-style-type: none"> <li>1. Affection/Feeling (Bedford, 2011; Fan, 2002; Luo, 2011; Su &amp; Littlefield, 2001)</li> <li>2. Commitment (Su &amp; Littlefield, 2001)</li> <li>3. Face (Bedford, 2011; Fan, 2002; Luo, 2011; Su &amp; Littlefield, 2001)</li> <li>4. <i>Renqing</i></li> <li>5. Trust (Bedford, 2011; Fan, 2002; Luo, 2011; Su &amp; Littlefield, 2001)</li> </ol>	<ol style="list-style-type: none"> <li>1. Affection (liking, emotional connection) (Theme 3)</li> <li>2. Commitment in the form of continued exchange of favors and continual effort expended in long-term <i>guanxi</i> building. (Theme 4)</li> <li>3. Face (Theme 2.3)</li> <li>4. Favor (Theme 2)</li> <li>5. Trust (Theme 2.2 and 3.1)</li> </ol>
Motivation/purpose	Investment: solve problems, get things done, better treatment, complete complex transactions	<i>Guanxi</i> was regarded as a form of investment and safety net that helped participants to get things done at work and was especially important in tiding them through difficult times. (Theme 2.1)
Function	Means (Fan, 2002) Means or ends (Bedford, 2011; Luo, 2011; Su & Littlefield, 2001)	<i>Guanxi</i> is valued for its instrumental benefits that are accessible through the expressive channel. (Theme 3)
Exchange	Favor (Bedford, 2011; Fan, 2002; Luo, 2011; Su & Littlefield) Affection (Bedford, 2011; Luo, 2011; Su & Littlefield)	<i>Guanxi</i> was largely comprised of exchanges of <i>renqing</i> (human feelings and favors) and <i>mianzi</i> . (Theme 2)
Condition	Reciprocity expected	<i>Ganqing</i> : <i>renqing</i> could also be regarded as the manifestation of <i>ganqing</i> (Theme 3)
Downside	<i>Renqing</i> debts	Favor exchange was governed by the <i>renqing</i> rule. Repayment expected to be larger than received. (Theme 2.2)

\*Original sources of the propositions: Su and Littlefield's (2001) conceptualization of favor-seeking *guanxi*, Fan's (2002) helper *guanxi*, and Bedford's (2011) workplace *guanxi*



## 5. Part 2 Method

The purpose of Part 2 of the data analysis was to identify the key indicators that should be included in a new measure of *guanxi*. The results of Part 1 serve as the foundation for the data analysis in Part 2. Specifically, in Part 1, I found that (1) *guanxi* has a dynamic and changing nature and (2) the extent of access to benefits is a function of the strength of the *guanxi* between the two parties. Based on these conclusions, a valid measure of *guanxi* needs to take into account the dynamic and changing quality of *guanxi* between two exchange partners. In other words, the focus of a valid *guanxi* measure should be on the quality of the relationship between exchange partners. The purpose of data analysis in Part 2 was thus to discover the key indicators of a good *guanxi* by exploring the concept of *guanxi* quality. Adopting Chen and Chen's (2004) definition, I refer to *guanxi* quality as "subjective judgment made by the *guanxi* parties regarding the current state of their *guanxi*" (p. 213).

### 5.1. Data Analysis

Part 2 of the data analysis followed the two-stage procedure employed in Part 1. In the first stage, an open coding process using line-by-line coding was used to identify the different kinds of criteria people used to evaluate *guanxi*, paying attention to instances in which participants explicitly mentioned qualities of positive *guanxi*. In addition, taking a pragmatic approach and assuming that good *guanxi* facilitates access to benefits, I also coded for instances in which participants spoke of characteristics of *guanxi* that were associated with relationship advantages. This process resulted in various meaning units created under the categories of "examples of good/positive *guanxi*" and "relationship advantages". Next, units from these two categories

were listed together for further analysis in the second stage. Using Spradley's (1979) domain analysis, specifically, the semantic relation of strict inclusion (X is a kind of Y, where Y refers to dimensions of *guanxi* quality), I identified the four themes that are related to the respective dimensions of *guanxi* quality. For example, the first theme, "good *guanxi* is reflected in *ganqing*, which refers to being emotionally involved and included in each other's personal life" includes the supporting included terms of "presence of an emotional bond and positive feelings", "personal life inclusion and establishing friendships", and "showing care for each other", which focus on the importance of having *ganqing* between people who share good *guanxi*. Table 7 illustrates the use of domain analysis in delineating the four themes in Part 2. Similar to Part 1, multiple coders were used to ensure researcher triangulation and there was constant checking of themes by returning to the data for verification.

## 6. Part 2 Results

The analysis resulted in four key constructs that are useful in understanding the evaluation of *guanxi* quality, namely *ganqing* (66.7%), *renqing* (40.7%), *mianzi* (18.5%), and *xinren* (48.2%). The percentages in parentheses serve as an indication of the number of participants whose data supported the respective themes. In the following, I present the results of my analysis.

### 6.1. Lay Definitions of *Guanxi* Quality

There was variation in the ways in which participants spoke of *guanxi*. Some participants regarded it as a particular type of relationship. For instance, P13, who holds a sales-related job, mentioned that there is "[a] kind of *guanxi*" that she pursues – a long-term one that enables two parties to "dig into opportunities" together. There were also participants who focused on the

qualitative nature of *guanxi*. To this group of participants, *guanxi* can differ in terms of levels, personal or professional, good or bad, and genuine or superficial. For example, the following interview excerpt from P16 explains the personal-professional distinction:

[If the *guanxi*] is more business-oriented, we just talk about business. It stays superficial. If it is with a group then you just do business talk. But if you are able to bring in your relationship to a one-on-one level, that means you have an ok relationship. That is like an index. (P16)

There were others who evaluated *guanxi* in quantitative terms, emphasizing qualities, such as the strength, length, and depth of *guanxi*. For instance, P6 described *guanxi* as varying in depth and shared an analogy, in which she likened *guanxi* depth to the extent of access in a house.

For example, let's say a house represents a person. Your house is equal to you. Some people can sit in the living room. Some people can go to the study. Some friends can sleep in the guest room. It depends how deep the *guanxi* is. Some people you just leave them on the balcony. Some you do not allow in your house. (P6)

While there were different ways of talking about *guanxi* evaluation, most of the participants used them interchangeably. This implies that the lay definition of *guanxi* quality is not definite, at least in terms of language or how native people talk about it. For this reason, the following findings were not differentiated based on participants' definitions of *guanxi* quality. Instead, the focus was on qualities that were deemed to be characteristic of positive and useful *guanxi*.

Table 7

*A Summary of the Three Themes Relating to the Key Dimensions of Guanxi Quality that Resulted from Domain Analysis*

Themes (Good <i>guanxi</i> is reflected in...)	Semantic relations (X refers to included term, Y refers to cover term) and structural questions	Included terms*	Conclusions
1. ... <i>ganqing</i> , which refers to the degree of being emotionally involved and included in each other's personal life	Semantic relation: strict inclusion (X is a kind of Y, where Y refers to dimensions of <i>guanxi</i> quality)	<ul style="list-style-type: none"> <li>• Presence of an emotional bond and positive feelings</li> <li>• Personal life inclusion and establishing friendships</li> <li>• Showing care for each other</li> </ul>	<i>Ganqing</i> is a dimension of <i>guanxi</i> quality.
2. ... <i>renqing</i> , which refers to the degree to which <i>guanxi</i> partners are willing to do <i>renqing</i> for each other, in terms of doing favors and giving or saving face, and the extent of adherence to the norm of reciprocity.	Structural question: What are the dimensions of <i>guanxi</i> quality?	<ul style="list-style-type: none"> <li>• Tendency to offer preferential treatment (do <i>renqing</i>)</li> <li>• Adherence to the norm of reciprocity</li> </ul>	<i>Renqing</i> is a dimension of <i>guanxi</i> quality.
3. ... willingness to do <i>renqing</i> by giving face ( <i>mianzi</i> ).		<ul style="list-style-type: none"> <li>• Willingness to give <i>mianzi</i> by doing <i>renqing</i></li> </ul>	<i>Mianzi</i> is a dimension of <i>guanxi</i> quality.
4. ... <i>xinren</i> , which refers to the amount of confidence in an exchange partner's dependability and trustworthiness.		<ul style="list-style-type: none"> <li>• Having a general sense of assurance due to trust in character</li> <li>• Having trust that is based on emotional connection and confidence in performance or ability</li> </ul>	<i>Xinren</i> is a dimension of <i>guanxi</i> quality.

\* These are codes/ labels of categories of meaning units.

## 6.2. Having *Ganqing*: Being Emotionally Involved and Included in Each

### Other's Personal Life

One major theme that resulted from my analysis was that good *guanxi* has a strong expressive component, as summarized by the construct of *ganqing*.

Participants regarded two people who have good *guanxi* to be (a) being emotionally connected and bonded by positive feelings, (b) inclusive of each other in their private lives, and (c) being concerned about each other's well-being.

**6.2.1. Presence of an emotional bond and positive feelings.** Good *guanxi* was characterized by the presence of an emotional bond. As P2 mentioned, “Chinese people are 30% *qing* for the relationship.” Similarly, P6 said that “[people] can have good *guanxi* with [others] emotionally.” The affective connection was a differentiating factor in *guanxi* evaluation. According to P15, how a person treats another depends on how deep their *guanxi* is, which “is about how you connect with [the] person, how you feel about [the] person.” If *guanxi* is deeper, people tend to give or do more for the other party, in comparison to someone who is not as emotionally connected.

The affective indicator of good *guanxi* was also supported by participants’ emphasis on a general sense of positive affect, including having chemistry, getting along well, and having mutual liking. According to P23, exchange partners “can become friends if [they] match, if [they] have the same likes” and “then in business it will also help, it will be easy to cooperate.” In a similar vein, P19 talked about having the right chemistry.

If you are doing [*yingchou*] for business, but at the same time you have discovered that this person seems to click well with you and the chemistry is right, then maybe you will become good friends. (P19)

Other participants concurred that without positive feelings, *guanxi* could only stay business-oriented or professional.

Sometimes the chemistry is not right, so I can only stay on a business level. (P16)

Some clients I don’t really like. I just treat them at a work level—work contact. (P10)

Maybe one likes me a lot and the other not so much. It has to do with the subjective point of view [of the other party]. Like the first impression, which is very important. It is not reversible. If you are given a big “x” it is difficult to reverse the situation. (P21)

In instances where two people were unable to get along, it was still important to avoid building a negative *guanxi*, suggesting that there is a cost to bad relationships in doing businesses.

If you don't get along with them then there is only business communication. I don't particularly try to build *guanxi*, I just try not to have negative *guanxi* with them. (P15)

**6.2.2. Personal life inclusion and establishing friendships.** The same participant (P16), who spoke of keeping the relationship only at the business level with people with whom he feels a lack of chemistry, also mentioned that “[staying] at a professional or business level” means that he “[does] not try to turn it into a more friendly *guanxi*.” From this, it can be inferred that participants were inclined to bring *guanxi* into the personal domain if people felt comfortable with each other. Indeed, other participants concurred that the ideal case was for work relations to develop into friendships. As P10 put it, “if you can become friends with the clients, that will be best.” She explained that during the course of relationship building, people “slowly, naturally consider you as friends. Then you can say you have a good friendship, and not just a client *guanxi* only.” Another participant (P4) shared that “good *guanxi*” refers to “[bringing] her clients to a friendship level,” but as the following excerpt illustrates, friendship development was selective as not all *guanxi* established at work were developed into friendships.

Usually I would hope that [clients] would become my good friends. A good friend means when you encounter trouble in your personal life, you would go to them for help. For people who have established good *guanxi* at work, they are not necessarily part of my personal life. (P4)

To P8, the expressive component in some of her working relationships was so strong that she treated her clients like her family members.

I am good at taking away the rigid side of business, personal trait is to make people around me my friends. It does not mean that once we are friends you don't follow the rules. I still follow the rules. Since the clients were like my family, of course I will try to resolve problems for them. That was my attitude... I have a ruler in my mind. For some clients, I am a very good supplier. Others know I am also a good friend. (P8)

The perceived equivalence between good *guanxi* and friendships suggests that strong *guanxi* were those that are not limited by the professional boundary. P26, when being probed by the interviewer on her company's stand on cultivating a personal relationship with her clients, said, "I think it is not only on the business level, you should be part of their [clients'] lives. I think this is not bad." Other participants talked about including their *guanxi* partners in their private lives once they felt emotionally close to them and had trust in them. For example, P16 said that once there is trust, people are willing to share personal issues other than business with you. Trust is a key construct, which will be discussed in a later section.

The floor manager might complain about his own company to me. If he is willing to share his complaints about his company, they are willing to share their private domain with you. They trust you. (P16)

Another participant, P6, spoke of having more personalized interaction once people got to know each other better.

*Guanxi* begins with contact over the matters in the things we want to complete... Once I get to know them a bit better, in the private domain. Maybe we will go have afternoon tea together, or I will bring them juice, or have dinner with them after the project is finished. (P6)

P16 shared that once two people have an "ok relationship," they would start to have "private conversations," which "touch on the subjects that [both parties] want to know about." They would share useful knowledge beneficial for each other and that information may not be directly related to the work that both parties are engaged in. *Guanxi* partners would also start to give each other

favours, which in turn further improve their *guanxi*. I will return to the topic of favours in the discussion of findings related to the key construct of *renqing*.

**6.2.3. Showing care for each other.** As mentioned earlier, when participants faced difficulty getting along, they would keep the relationship strictly professional so that interaction was restricted to work-related matters. Only when *guanxi* has progressed into the personal domain that people regard themselves as being in the position to show care and concern for their *guanxi* partners. P10 noted, in a similar notion, “If you have a closer relationship with the client, you can also ask how they are.” P18 mentioned that in Chinese society, being “always willing to help other people out and show other people they care about them, that is really about *guanxi*.” P18 also mentioned that good *guanxi* was characterized by the willingness to help (*renqing*) and caring for *guanxi* partners.

### **6.3. Showing *Renqing*: Being Willing To Do *Renqing* (Preferential Treatment and Favours) and Repay Each Other**

Consistent with the participant, who said that *guanxi* is about being “always willing to help people out” (P18), other participants also spoke of good *guanxi* as being characterized by the willingness to do favours (*renqing*) for each other. In addition, people with close *guanxi* emphasized the norm of reciprocity.

**6.3.1. Tendency to offer preferential treatment (*renqing*) to close *guanxi* partners.** Participants built *guanxi* for the very purpose of gaining access to the benefits offered by having a good relationship, so that “when you need help, [your *guanxi* partners] will help you. People you know might not help you otherwise” (P5). Being in a good *guanxi* provided participants with the power to ask for favours. For example, it was possible to “ask [*guanxi* partners] to make



decisions based on their contact” (P18). An analysis of the interview data highlighted that the benefits of good *guanxi* were mostly manifested in the form of favors. As P13 illustrated, good *guanxi* is a relationship that is built “really well,” such that exchange partners are willing to do *renqing* for each other.

To help you when you need them. This is the *guanxi* that we are talking about. To build the relationship really well so they will help you when you really need it. If you have a production issue or something. (P13)

Participants also shared various ways in which people with good *guanxi* do *renqing* for their *guanxi* partners. Two of the examples are presented as follow.

For example, if the client has become a friend, and they are responsible for advertising budget. They probably will allocate more budget for my magazine. Since we are friends, based on *renqing*. (P10)

For example, if a particular product is available at both your company and another company, and both companies’ prices for that product are the same...when that happens, the purchaser will think to himself that he has a better relationship with you. Hence, he will order from you. This is how it works. (P26)

The willingness to do *renqing* for close *guanxi* partners reflects the differentiated rules of exchange, which states that people connected by good *guanxi* tend to treat each other better than those without *guanxi*, or whose *guanxi* is weaker.

**6.3.2. Adherence to the norm of reciprocity.** In the initial stage of *guanxi* building, the party with a higher motivation to cultivate *guanxi* is expected to invest more in the relationship. Particularly for exchange partners whose relationships involve monetary transactions, there is a power disparity. The parties who are higher in power, for instance buyers or clients, are likely to be at the receiving end of the exchange. Indeed, participants spoke of various ways to leave a positive impression in their clients, such as through *yingchou*, gift giving, visiting, and proactively offering them help.

Once *guanxi* has been developed and both parties recognize the significance of the relationship, *renqing* is not simply done solely by the suppliers or sellers to please their clients or buyers. Instead, doing *renqing* now goes in both directions, from clients to suppliers and from suppliers to clients. This notion was reflected in one of the preceding excerpts provided by P13, which talked about customers providing help in difficult times, such as when there is a production issue at the suppliers' side. The lack of power difference may be the product of the successful development of private relationships, which, as discussed earlier, were often referred to as strong friendships. I found that good *guanxi* involved exchanges of favors that were not limited to work-related domains. One participant, P1, mentioned, "People who have private contact with me, I will go to them for help. Not always business related. When I have personal problem I will also go to them to ask them their opinion." Other examples of personal favors included helping the other party to resolve computer problems (P15) or recommending a lawyer based on personal contact at a reasonable cost (P5).

As doing *renqing* is a two-way exchange, it was essential to return favors to sustain the reciprocal cycle. In Study 1 Part 1, I quoted P12, who described *guanxi* exchange as "*huxiang*", where *guanxi* partners do mutual favors. I also quoted P6 in saying that once a favor is received, "when the person needs help next time, [she] will automatically help". She "will definitely return [the] favor" and "will remember what kind of feedback they need". P6 also mentioned that for "some [relationships] you know that if you save little by little after ten years you know that you will have a big amount. So when you need help the person will do 100%". Other participants shared similar accounts related to the

reciprocity of favors. P15 trusted that “once [he] helped the client out the client will return to [him] next time”. P16 concurred on the need to return favors and said, “if someone helps me out, I will always remember it and I will pay it back”. Importantly, P16 noted, “If someone has helped [him] out the return is not just once. It is continuous”, supporting that reciprocity helps to sustain the relationship.

I discussed in Part 1 that the emphasis on adhering to the norm of reciprocity was supported by the potential, negative consequence to *guanxi* quality in the face of an unreturned *renqing*. The failure to reciprocate will cause the relationship to “go sour” and it “will become an obstacle in [the] relationship” (P22). One participant noted that reciprocation is regarded as so important that if he is unable to return the favor, he will turn to others who may have the resources to help the benefactor.

Whether I return the same, less, or more than was given to me depends. I will do what I can, but my abilities may be limited. If the help I received is greater than the return I can give, I will do my best to get my other friends to help this person. (P20)

The size of the return mattered. P16 mentioned, “Even if it is a drop of benefit, I will always remember. I will return much more”. Another participant provided a more detailed insight into this issue. According to him, the repayment of favors “depends on the *guanxi* [one person] have with [the other] person. The *guanxi* with each person is different... If the *guanxi* is ordinary, not so deep he will give equal. If it is deeper [the other party] will give more. It is not about how long the history is, it is about how you connect with this person, how you feel about this person” (P15). In other words, the expected size of a returned favor depended on the strength of emotional connection. In short, people would do more for others with whom they have a stronger *guanxi*.

While reciprocity of favors was important, an occasional rejection of plea for favors may not be as detrimental to relationships when *guanxi* parties have accumulated sufficient good credit through a history of favor exchanges. In other words, a strong *guanxi* was able to cushion the negative impact of unreturned favors by providing a form of assurance that the resource allocator will make it up in future. Without *guanxi*, it would be easy to walk away from the other party when people feel that they have been taken advantage of. The belief that the other party would not take advantage of you, as addressed by the construct of *xinren*, will be explored shortly.

If you personally have good *guanxi*, but did not get the sale, maybe next time there is a chance for business and that person would try to give it to me, I will still try to have *guanxi* with them. If I spent a lot of time and did not get the sale, there is probably a reason. If it did not happen this time, the client will try to make it up next time. That is ok. If I do not know the person well, and only did some social things and did not get the deal, I would feel like he took advantage and so I would walk away. (P15)

#### **6.4. Giving *Mianzi*: Being Willing to do *Renqing* by Giving Face**

The third construct that was found to be important in the understanding of *guanxi* quality was *mianzi*. This study found that *mianzi* (face) was still highly valued in the current Chinese society. For example, P2 emphasized the importance of considering people's statuses in business negotiation by saying, "For Chinese it is important that the same level people talk to each other." People connected by *guanxi* were concerned with helping to build each other's *mianzi*. This was done by giving face to *guanxi* partners in public. Participants spoke of giving *mianzi* by showing respect to *guanxi* partners in front of their subordinates (P16), complimenting them in front of others (P3, P22), personally inviting clients and sending people of equal statuses to discuss business projects (P2), and turning up for social events upon invitation (P25). Some of these

examples are presented in the following.

Sometimes when people are with a subordinate, they want you to treat them as a supervisor. I think every supervisor will care about this kind of situation. Although I know the floor supervisor well, I will still be really polite as if we did not know each other that well when there are other subordinates around. (P16)

When you do *yingchou* and build *guanxi* and the client likes you, he will transmit this to the boss. Then the importance of you to the client and to your role in the company grows (P3)

Because I knew the existing client first, I have to build up *guanxi* with the existing client to have a good bond with him. And then when he has a good impression of me, he will introduce me to his friends. I will try to give the impression and the client will give the impression that I am number one. There is no one better. (P22)

**6.4.1. Willingness to give *mianzi* by doing *renqing*.** On the front stage, *mianzi* refers to facework done in public. At the back of the stage, *mianzi* can be used to obtain *renqing*. One participant (P2) spoke of using *mianzi* as a way to obtain preferential treatment in the context of hiring. According to her, someone who has a lot of *guanxi* is able to use her *mianzi* to ask for *renqing* and influence hiring decisions. In this case, the petitioner of the favor is given *mianzi* when people do her the favor. Essentially, giving an individual *mianzi* and doing him/her *renqing* refers to the same thing.

If we talk about getting hired, if there are 300 applicants and someone calls and has a lot of *guanxi* and wants to get an applicant hired into the company, of course it will be better. If all the applicants have similar capability, for example all have a masters degree. As long as you are qualified, people will not gossip. And then I can use the caller's *mianzi* to sell this person to the company, and then this person will very likely get this job. There were many cases like this. (P2)

## **6.5. Having *Xinren*: Being Able to Believe In and Depend On Each Other**

In addition to *ganqing*, *renqing*, and *mianzi*, *xinren* was another common topic in *guanxi* evaluation. Participants referred to good *guanxi* as a relationship characterized by trust. For example, in the earlier discussion on the ways

participants defined *guanxi* quality, I presented an analogy that likened *guanxi* depth to the extent of access to a house, which was provided by P6. The participant had said that people with deeper *guanxi* could access the house to a further extent than those whose *guanxi* were not as deep. She further explained that all that “is a matter of trust. How to build the trust. It takes time and you have to build an understanding of the person.” Another participant mentioned that “once you have reached the stage of trust, then you have moved on to the second stage” (P5). In fact, P12 said, “[*guanxi*] is about how to let your partner to trust you and give you their money.

The role of trust in evaluating *guanxi* was supported by the potential benefits of having trust. For example, people who had good *guanxi* with clients could “use the trust with the old customers to get new ones” (P12). In another example, P21 mentioned that “having *guanxi* is a benefit” and gave an example of how a trust-based *guanxi* could help to ease work processes.

For example when I submit documents to the Bureau of Environmental Protection and I know the person who reviews the paper very well and that person has a level of trust with me, he will review it quickly and approve it. (P21)

#### **6.5.1. Having a general sense of assurance due to trust in character.**

Exchange partners in a good *guanxi* were confident that the other party would not behave in ways that would put them in disadvantage. P16 described *guanxi* as a personal relationship, which is “like buying insurance.” He described his relationship with his *guanxi* partners as providing a form of assurance that they would not do anything that would jeopardize his work performance.

In the long run, the journalist will at least not write something bad and they will not suddenly surprise you with a bad article in the newspaper. If the journalist has something negative about the company, they will call me first to check if it is true or not. It is like buying insurance. (P16)

This sense of assurance stems from having confidence in the character of a person. In Study 1 Part 1, I quoted P18, who shared that through the course of social exchange, *guanxi* partners are able to evaluate each other's credibility through repayment (or the lack of repayment) of favors. Another participant, P13, who was working as a salesperson for medical products, talked about having a "good reputation" in that people admired her for working really hard and putting in effort, which was important in the medical industry. To her, the "kind of *guanxi*" she pursues "is making more friends beyond the job. If [she says] something, they will really believe [her]."

P6 emphasized the importance of understanding and trusting the character of the *guanxi* partners. She shared an incident in which she declined to be a guarantor for a house for someone with whom she had worked with, but was not particularly close to. She regarded the request as exceeding what she would do for the petitioner given the state of their relationship and said that the person had "made a wrong judgment in evaluating the *guanxi*." The participant further justified her decision:

If it was someone I knew well and that person really needed my help and I trusted that person, then being a guarantor would not bring me pressure. Doing it would be worthwhile. It would be an exchange of value. (P6)

**6.5.2. Having trust that is based on emotional connection and confidence in performance or ability.** As highlighted in Study 1, Part 1, trust in a person may stem from affective factors. For instance, P5 noted, "the main point [in *guanxi* building] to feel that they have received your friendship and that you are worth trusting. That is the goal." Similarly, P6 made reference to the affective aspect of trust and said, "Once you feel their emotions they will trust you to get things done."

Exchange partners' trust in each other could also be based on more objective factors, such as work performance and professionalism. P6 noted, "*Guanxi* is more related to word-of-mouth... This kind of *guanxi* is based on the fact that the previous project was successful, and the client trusts your service." P13 said that people trusted her because "they know [she] works very hard. I work long hours... They know I dedicate a lot of time."

In fact, trust is likely to be based a mix of affective and performance-based factors. The following excerpt provided by P12 describes good *guanxi* as one that leads to positive outcomes and shared an example of how an individual was able to obtain support in times of difficulty due to the investment made in cultivating good *guanxi*.

Trust is very important in Taiwan. Maybe in other countries they think professionalism is more important than trust. For Taiwan, maybe personal is more important than professional. You can't do business without a personal relationship. My former boss is quite professional. In the end his customers always follow what he says. I think he spent a lot of time to build *guanxi* with his customers. Even when business is down, they still support him. (P12)

In the preceding account, the basis of trust seemed to relate closely to both the personal aspect of the relationship, as well as the ability and credibility of the exchange partner. Similarly, P14, who was working as a reporter, spoke of *guanxi* with her informants as characterized by trust that was earned through the demonstration of her capability, as well as the affective bond developed between her *guanxi* partners and her. The following excerpt was about how she thought her *guanxi* partners would describe her.

This reporter [referring to herself] is so good, knows how to handle very hot stuff. She didn't burn us, but still writes so well. The next time they will give me more. They trust me... Trust plus affection I like your style. We have done this before and you did not get me into trouble, I can feed you something (P14).



## 7. Part 2 Discussion

Analysis of the data resulted in four aspects that contribute to the understanding of *guanxi* evaluation. Strong *guanxi* between two *guanxi* partners was reflected in terms of (1) being emotionally involved and included in *guanxi* partners' personal life domains (having strong *ganqing*), (2) being willing to do *renqing* and adhere to the norm of reciprocity (display of *renqing*), (3) being willing to do facework (i.e., give *mianzi*) for each other as a form of *renqing*, and (4) having confidence that the other party is trustworthy (*xinren*). I discuss the implications of these results on the development of a measure of *guanxi* quality, which was the research objective for the subsequent studies in this project. I also highlight the potential value of the new proposed measure.

### 7.1. Measuring *Guanxi* Quality

**7.1.1. *Ganqing*.** The current study supported the highly expressive quality of strong *guanxi*. *Guanxi* partners are connected by friendships; they are people who have been included in each other's personal life domain, know about each other at the personal level, and show care and concern whenever deemed appropriate. As participants noted, being able to bring *guanxi* to the friendship level is desirable, but not all *guanxi* is able to advance to that level. Some of the influencing factors included mutual liking, having chemistry and a positive impression of each other, and feeling comfortable around each other.

The importance of *ganqing* in *guanxi* highlights the lack of boundary between professional and personal domains in the Chinese workplace. The overlap between professional and private relationships in Chinese culture is much more prevalent than in the West (Yg & Huo, 1993). The lack of distinction between work and private life reflects the concept of familial

collectivism, which states that Chinese social relationships are modeled on family ties, which are highly expressive and personal (Chen et al., 2013). As Bu and Roy (2005) noted, individuals need to be willing to get involved in the lives of their exchange partners and also be willing to include their exchange partners in their non-work life, which goes beyond interaction within the workplace to include exchanges over social or recreational activities, like eating together and visiting each others' homes. Given that instrumental ends are often obtained through expressive exchanges, interaction between *guanxi* partners includes both expressive and instrumental transactions (Bu & Roy, 2005).

**7.1.2. *Renqing* (face and favor).** As with *ganqing*, the presence and extent of *renqing* was found to be an indicative benchmark of strong *guanxi*. As illustrated in the second and third theme, results supported two aspects of *renqing*, specifically, favors and face. First, the quality of *guanxi* is reflected in individuals' willingness to fulfill the obligation of taking care of their exchange partners by doing *renqing* (favors). Hence, there is a strong level of particularism in *guanxi* exchanges, given the implied obligation imposed on individuals to take care of their *guanxi* partners. I found that people are willing to do *renqing* or give preferential treatment to those whom they regard as close *guanxi* partners. In contrast to a universalistic exchange culture, relational importance seemed to take precedence over the principle of fairness for the participants in this study. Particularism in *guanxi* can be interpreted in terms of Fei et al.'s (1992) concept of *chaxugeju* or the differentiated mode of association, which states that every individual is surrounded by a set of concentric circles representing a web of *guanxi*, with the self as its center. The further from the center, the more distant and insignificant the circle. In this

sense, people are expected to treat their *guanxi* partners differently depending on where they are located in the web of relations (Yang, 1995). A stronger adherence to fulfilling the obligation to do *renqing* for exchange partners would reflect a stronger *guanxi*.

Doing both personal and professional favors are common among *guanxi* partners who share a strong relationship. The lack of a discrete professional-personal boundary in the Chinese workplace as reflected in the nature of favors is consistent with the tendency to include exchange partners in each others' personal life domains, as shown in the earlier discussion on *ganqing*.

Once favors are initiated, there is a need to reciprocate because the failure to repay the *renqing* debt damages the relationship. In fact, the consequence of the lack of repayment is so severe that it is considered immoral (Luo, 2000). The willingness to invest in the sustenance of the *renqing* cycle through receiving and repaying favors is an indicator of the perceived favorable state of *guanxi* that exchange partners wish to maintain. The extent of the willingness to fulfill the norm of reciprocity norm hence serves as an indication of *guanxi* quality.

The second aspect of *renqing* that was important in shedding light on *guanxi* evaluation pertained to the concept of *mianzi* or face. Given the importance of face (reputation, social status) in Chinese society, showing consideration for people's *mianzi* portrays that the actors understand *renqing* (are sensitive to human emotions), which can also be regarded as doing *renqing* (favors) for the receivers (Huang, 2008). Indeed, participants in this study emphasized the attention paid to the consideration of *mianzi*, for example, by paying particular attention to the social statuses of people during work interaction, accepting invitations to social events, and showing respect in

public. During the course of exchange, if a person fails to accede to the exchange partner's request, it connotes a reluctance to give *mianzi*, which may cause the petitioner to feel insignificant (Hu, 1944). Ruhi and Kádár (2011) also noted that giving *mianzi* acts as a form of compliance to certain social expectations so as to protect the receiver's self-esteem. That is, doing favors is a way to give *mianzi* to the petitioner. Another way to interpret this behavior is that giving *mianzi* to the petitioner is a favor done for him or her, given the paramount importance of *mianzi*. In short, it seems reasonable to regard *renqing* and *mianzi* as interchangeable concepts (Huang, 2008).

**7.1.3. *Xinren*.** Past research has modeled trust as an outcome of *guanxi* (e.g., Chen et al., 2004; Farh et al., 1998; Lee & Dawes, 2005; Leung, Chan, Lai, & Ngai, 2011). However, the results of this study suggest that trust is a useful indicator of *guanxi* quality. Specifically, a strong *ganqing* and *renqing*, coupled with a high level of *xinren*, reflects a good *guanxi*. According to the participants in this study, with trust comes assurance. Having confidence in one's *guanxi* partners based on an existing bond (affective-based trust) or an evaluation of past work performance (performance-based trust) provides individuals with a sense of security that their partners are dependable, be it in terms of providing quality work or in supporting them in as a personal friend. In other words, strong *guanxi* characterized by a high level of *xinren* helps people to get things done. The more trust *guanxi* partners have of each other, the more likely they were to believe that the other party will behave in ways that are expected of them. The development of trust facilitates social interaction and encourage further exchanges of favors and affection. The relationships between these core components in *guanxi* are intertwining and intricate.

The importance of trust can be interpreted in the context of the Chinese culture. Chinese societies are known to be low in general trust and high in particularistic trust (Chen & Chen, 2004). As Chen and Chen (2004) noted, to the extent that *guanxi* building represents effort in building particularistic trust in a society that is low in general trust, interpersonal trust is a characteristic quality of strong *guanxi*.

I found that *xinren* can be affective-based, cognitive-based, and/or built through interaction (process) and there could be possible overlap of the various types of trust. The fuzzy boundary between affective- and performance-based trust is consistent with existing research showing that these two types of trust are more intertwined in Chinese than in American networks (Chua, Morris, & Ingram, 2009), possibly relating back to the lack of professional-private distinction.

Findings from this study support Kriz and Keating's (2010) definitions of *xinren*. According to them, *xinren* refers to a type of deep trust that is defined "as the heart-and-mind confidence and belief that the other person will perform, in a positive manner, what is expected of him or her, regardless of whether that expectation is stated or implied" (p. 309). It is developed through subjective assessment of honesty, sincerity, and liking, as well as more objective evaluation of positive cooperation, engendered through provision and reciprocating help and positive performance. That good *guanxi* has to involve *xinren* is also consistent with Kriz and Keating's conclusion that having a connection is insufficient, there has to be *xinren* for exchange partners feel emotionally connected and to be assured against deceit.

## 7.2. *Guanxi* Quality as a Higher-Order Construct

In sum, *guanxi* quality is reflected in the extent of *ganqing*, *renqing*, and *xinren* between exchange partners. Simply put, the stronger the *guanxi* between two exchange partners, the higher the extent of emotional connectedness, the stronger the willingness to do *renqing* (do favors and repay for favors received), as well as the extent of trust between them. Results of this study supported the integrative approach adopted by other researchers in conceptualizing the relational constructs “as a syndrome” (Kipnis, 1997; Lee & Dawes, 2005; Wang et al., 2013). *Ganqing*, *renqing*, and *xinren* complement and constrain each other to contribute to a positive state of *guanxi*. *Renqing* signifies the willingness to help exchange partners out in both work-related and personal matters, which in turn, strengthens *ganqing*, the emotional connectedness between individuals. *Ganqing*, on the other hand, could also be influencing factor that motivates people to do *renqing* for each other. The accumulation and repayment of *renqing* cultivate trust. With the assurance that the relationship is worth investing in, both psychologically and economically, the emotional bond is further strengthened. All these intricate social and psychological processes are integrated in the interaction between *guanxi* partners and reflect the state of *guanxi* as a whole. Therefore, *guanxi* quality is postulated to be a higher-order construct reflected by three first-order dimensions of extent of *ganqing*, extent of *renqing*, and extent of *xinren*.

Integrating the preceding results and discussion of these three *guanxi* quality dimensions, I developed a definition representing each of them in the specific context of *guanxi* evaluation. First, the extent of *ganqing* refers to the degree of emotional inclusion and involvement in the personal life domains

between exchange partners. Second, the extent of *renqing* denotes the degree to which *guanxi* partners are willing to do *renqing* for each other, in terms of doing favors and giving face, and the extent of adherence to the norm of reciprocity. Third, the extent of *xinren* is defined as the amount of confidence in an exchange partner's dependability and trustworthiness.

I generated indicators to represent each of the three dimensions for the proposed *guanxi* quality scale (GQS), which is tested in the remaining four studies of this project. A total of 34 items (13 items for *ganqing*, 13 items for *renqing*, and 8 items for *xinren*) were created to represent the major content areas in correspondence to the findings of Part 2 (see Table 8). If there are items in existing measures that address a particular aspect found in Study 1, they were adapted for inclusion in the new measure. Nine relevant indicators were adapted from existing measures (Chua et al., 2009; Huang, 2008; Lee & Dawes, 2005; Yen et al., 2011), which have been applied in Chinese samples. Since these items have been tested in prior research, it is useful to include them in the new measure if they are able to address the same idea. The 34 items were screened by three other people independently, namely, an expert researcher in *guanxi*, a Singaporean graduate who had completed a major in Chinese studies, and a researcher who specializes in scale development.

The psychometric literature recommends the use of at least four items to generate overidentifying restrictions in order to test the homogeneity of each latent construct (Harvey, Billings, & Nilan, 1985; Kenny, 1979). As approximately half of the items are expected to be retained in the final measure, the initial list of items should be twice the target scale length (Hinkin, 1998). For the purpose of my measure, the target scale length was 12, given

approximately four items per dimension. Therefore, a proposed 34 item-measure was adequate at this stage of the project.

Table 8

*Proposed 34-Item Measure to Assess the Construct of Guanxi Quality*

Study 1 major themes	34-item GQS
<b>1. <i>Ganqing</i>: the extent of <i>ganqing</i> refers to the degree of emotional inclusion and involvement in the personal life domains between exchange partners</b>	
Presence of an emotional bond and positive feelings	(G1) I like him/ her. [Original item: "We like the salesperson, and he likes us." (Lee & Dawes, 2005)] (G2) We share an emotional connection. (G3) I would feel disappointed if we had to stop working together. (G4) We have good chemistry.
Showing care for each other	(G5) We sometimes present gifts or souvenirs to each other. (G6) We keep in contact as much as possible with each other to maintain our relationship. (G7) He/she would consider my feelings before he/she makes an important decision. (G8) I would consider his/her feelings before I make an important decision. [Original item: "I would consider whether my supplier representative's feelings would be hurt before I made an important decision." (Yen et al., 2011)]
Personal life inclusion	(G9) We talk about our personal lives. (G10) I know about his/her family members. (G11) He/she knows about my family members.
Establishing friendship	(G12) I regard him/her as a personal friend. (G13) I consider him/her to be my good friend
<b>2. <i>Renqing</i>: the degree to which <i>guanxi</i> partners are willing to do <i>renqing</i> for each other, in terms of doing favors and giving or saving face, and the extent of adherence to the norm of reciprocity.</b>	
Tendency to offer preferential treatment (do <i>renqing</i> )	(R1) I feel that I should take special care of him/her whenever possible. (R2) I feel obligated to do him/her a favor when he/she requests for one. (R3) He/she should do favors for me because of our relationship. (R4) I give him/her preferential treatment because of our relationship. (R5) I am willing to help him/ her. [Original item: "I am happy to do a favor for this supplier's representative, when he/she requests one." (Yen et al., 2011)] (R6) If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend. (R7) I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.
Adherence to the norm of reciprocity	(R8) I will do him/her a favor if he/she did one for me before. [Original item: "The salesperson will do us a favor if we did one for him before." (Lee & Dawes, 2005)] (R9) He/she will do me a favor if I did one for him/her before. [Original item: "When I have a favor to ask, they will give us face and render their help." (Huang, 2008)]



Table 8 (continued)

*Proposed 34-Item Measure to Assess the Construct of Guanxi Quality*

Study 1 major themes	34-item GQS
<b>2. <i>Renqing</i>: the degree to which <i>guanxi</i> partners are willing to do <i>renqing</i> for each other, in terms of doing favors and giving or saving face, and the extent of adherence to the norm of reciprocity.</b>	
Willingness to give <i>mianzi</i> as a way to do <i>renqing</i> /	(R10) When he/she has a favor to ask, I will give him/her face and render my help. (R11) I give face to him/her whenever possible.
Willingness to do <i>renqing</i> as a way to give <i>mianzi</i>	[Original item: "We give "face" to the salesperson, and he also gives us face." (Lee & Dawes, 2005)] (R12) He/she gives me face whenever possible.  [Original item: "We give "face" to the salesperson, and he also gives us face." (Lee & Dawes, 2005)] (R13) When I introduce him/her to others, I will emphasize his/her strengths.
<b>3. <i>Xinren</i>: the amount of confidence in an exchange partner's dependability and trustworthiness.</b>	
Having a general sense of assurance due to trust in character	(X1) I trust him/her. (X2) He/she trusts me. (X3) We trust each other.
Having trust that is based on emotional connection and confidence in performance or ability	(X4) I am confident that he/she will not make use of our relationship for his/her own benefit. (X5) I trust him/her because he/she is my friend. (X6) I am confident that he/she has the knowledge and competence in getting tasks done.  [Original item: "Rate the extent to which the contact could be relied on to have the knowledge and competence for getting tasks done. (Chua, Morris, & Ingram, 2008)] (X7) I trust that he/she will deliver what he/she promises.  [Original item: "Rate the extent to which the contact could be relied on to complete a task that he or she has agreed to do." (Chua et al., 2008)] (X8) I am confident in his/her qualifications.

**7.2.1. GQS as a reflective measure of *guanxi* quality.** The proposed *Guanxi* Quality Scale (GQS) was construed as a reflective measure. That is, *guanxi* quality (unobservable construct) causes the *guanxi* quality outcomes (observable indicators). Unlike the case of formative measures, in which observed indicators cause a change in the latent construct, causality in reflective measures flows in the opposite direction, from the latent construct to the observed indicators (Coltman, Devinney, Midgley, & Veniak, 2008). In reflective measures, changes in the observed indicators reflect the change in the

latent construct. Reflective measurement items could be refined using conventional scale development guidelines to generate a multi-item measure (Diamantopoulos & Siguaw, 2006).

**7.2.2. Comparing GQS to other measures of external *guanxi*.** As reviewed in Chapter 2, there have been other multidimensional measures developed to measure *guanxi* quality. I compare my current proposed measure with two existing ones. First, Lee and Dawes (2005) measured *guanxi* as a higher-order construct using the three dimensions of face, reciprocal favor, and affect. They regarded trust as an outcome in their study. However, as illustrated in this study, trust cannot be detached from *ganqing* and *renqing* in determining *guanxi* quality. It should not be regarded as only an outcome of *guanxi* quality--the presence of trust motivates continuous *renqing* exchanges in *guanxi* interaction. The second multidimensional measure that focused on *guanxi* quality was developed by Yen et al. (2011), who addressed the same three constructs as postulated in this study, namely, *ganqing*, *renqing*, and *xinren*. The difference between Yen et al.'s measure and my GQS lies in the contents of *renqing*. In Yen et al.'s measure, *renqing* refers to the special treatment of exchange partners and reciprocal favors. In the GQS, *renqing* represents a broader concept, encompassing the aspect of face (giving face), in addition to the aspect on fulfilling the obligation to do each other favors. The proposed GQS will be tested in the subsequent scale development studies of this project.

### Chapter 3.2. Pretest Study 2A and Study 2B

I conducted pretest Studies 2A and 2B to improve the validity of the *guanxi* quality scale (GQS) before administering the measure to larger samples of participants for factor analysis in Studies 3 and 4. Study 2A was a construct validation effort that specifically addressed the issue of content validity, while Study 2B served to identify method bias caused by item social desirability effect.

#### 1. Study 2A: Examination of the Content Validity of the GQS

As part of the effort to establish construct validity, Study 2A assessed the content validity of the GQS, which was developed in Study 1, Part 2. Content validity refers to “the degree to which elements of an assessment instrument are relevant to and representative of the targeted construct for a particular assessment purpose” (Haynes, Richard, & Kubany, 1995, p. 240). Construct validation involves the validation and refinement of targeted constructs (Smith & McCarthy, 1995). In this case, I focused on the four *guanxi* constructs, namely, *ganqing*, *renqing*, *mianzi*, and *xinren*. At this stage of the research, the postulation that *mianzi* and *renqing* are interchangeable concepts has yet to be tested, therefore the two concepts were regarded as separate in this study.

Using a questionnaire, participants were instructed to complete two tasks. Task 1 required participants to write down what each of the four concepts of *ganqing*, *renqing*, *mianzi*, and *xinren* meant to them in the context of interpersonal relationships. Task 1 was conducted in view of the shortcomings of Study 1. Study 1 was conducted by asking people to talk about their experiences related to *guanxi*. While that method of data collection is effective

in illuminating the complex and intricate details of *guanxi* dynamics, the lack of explicit definition of *guanxi* constructs could be a limitation. Therefore, in Study 2A, I examined whether the meanings of the constructs developed in Study 1 matched how Taiwanese working adults defined them when asked to do so explicitly (Task 1).

Task 2 served to identify items that did not clearly represent the respective *guanxi* constructs that they were designed to measure. The conceptually inconsistent items were then modified or deleted before being administered to a larger sample of Taiwanese working adults in Study 3 (Hinkin, 1998). Task 2 was a rating task. The general hypothesis was that an item that is designed to measure a dimension will be rated significantly higher on that particular dimension than on the other dimensions. For example, it was expected that a *ganqing* item would be rated as most appropriately descriptive of the *ganqing* dimension as compared to the *renqing*, *xinren*, or *mianzi* dimensions. As a follow up of the postulation in Study 1 that *renqing* consists of both the face aspect and the favor aspect, the second hypothesis was that there will be no significant differences between the appropriateness mean ratings for each *mianzi* item on the *renqing* dimension and the *mianzi* dimension.

## 2. Method

Data were collected from 35 Taiwanese postgraduate students. Nearly all (34) were enrolled in MBA courses; one was doing a PhD in business management. Their ages ranged from 23 to 32 years ( $M = 25.8$ ). The average working experience was six months to a year.

### 2.1. Recruitment and Data Collection

Participant recruitment was done via convenience sampling. The inclusion

criteria for participation were (1) Taiwanese nationality and (2) knowledge in business-related domains. People who fulfilled the above criteria but were not willing to complete the questionnaire were excluded. I contacted 17 professors, who were teaching graduate courses in Taiwan universities, to request their help in disseminating the survey invitation to their students. Five professors responded positively and four helped to disseminate the survey invitation to their students, resulting in 14 sets of responses received through the online survey platform, Qualtrics. One professor allowed a research assistant to conduct the study in one of her classes, which consisted of 36 students. All participants were informed that their participation was voluntary prior to the start of the study and they were also assured of their confidentiality. Out of the total 50 data sets collected, 15 cases with missing data and five cases that belonged to participants who were not Taiwanese were excluded from the analysis. The final sample consisted of 35 sets of responses. Participant demographics are included in Appendix E. The sample size was adequate and above the target sample size of 30 (Girden, 1992). The sample size of 30 is required to reach 80% power when repeated measures ANOVA is applied (Ma, Mazumdar, & Memtsoudis, 2012). For this method, VanVoorhis and Morgan (2007) recommended between 7 to 30 participants per cell for a medium to large effect size. One way repeated measures ANOVA was proposed as the data analytic method in the study design, but the nonparametric test, namely, Friedman's Test, was applied during data analysis, and the reason for which is explained shortly.

## **2.2. Measures**

I followed procedures that were similar to Hinkin and Tracey's (1999)

study, which involved rating items with respect to provided definitions. Instead of giving participants the definitions and asking them to rate the items with respect to the definitions, which makes it a purely cognitive task, participants were required to (1) define the meaning of each of the four concepts (Task 1: definitions task), and (2) rate the extent to which each of the 34 items described each of the four concepts (*ganqing*, *xinren*, *mianzi*, and *renqing*) in the context of workplace relationships (Task 2: appropriateness-rating task). Specifically, participants were asked to rate the extent of appropriateness of each of a list of statements in describing the four concepts (*ganqing*, *renqing*, *xinren*, and *mianzi*) using a five-point Likert scale, ranging from 1 = *very inappropriate* to 5 = *very appropriate*. Requiring participants to generate their own definitions before rating the items prompted them to think more about the meaning of each concept. A match between the participants' self-generated definitions in the current study, and those generated in Study 1 would further support the content validity of my measure. Lastly, basic demographic details, such as age, course of study, and number of years of working experience, were collected.

### 3. Analyses and Results

Qualitative data resulted from the definitions task and quantitative data from the appropriateness-rating task. Separate analyses for each set of data were conducted.

#### 3.1. Analysis of Qualitative Definitions (Task 1)

First, I translated the responses to the definitions task from Chinese to English. Then, another bilingual research assistant checked that there was no loss of meaningful data during translation. All qualitative data management and analysis was conducted using NVIVO 10.1.

### 3.1.1. Stages of data coding: data-driven coding and domain analysis. I

created data-derived codes to represent each new meaning unit using an open coding process in the first stage of data analysis, similar to the approach taken in Study 1. A data-driven approach means that the data were coded using a bottom-up approach without applying any preexisting categories derived from the existing literature. For example, the participants' definitions of *ganqing* as "some form of emotional connection necessary at work" (P13) and the "extent of pleasure working together" (P18) were coded as "emotional connection" and "feelings about working together," respectively. This step allowed me to generate a list of codes for each concept (see Table 9, column III).

In the second stage of domain analysis, I used the semantic relation of strict inclusion to further analyze the list of codes in order to identify the different ways of defining each concept (Spradley, 1979). Specifically, codes that fell under similar themes were grouped together into major content areas (see Table 9, column IV). These major content areas are presented and illustrated with sample data and codes in the following section. Codes that illustrated attitudes and perceptions towards the concepts instead of what the concepts mean were grouped in an "others" category for further analysis. Examples of such data included "can easily ruin matters" (P15's input for *ganqing*) and "difficult to give trust to someone" (P6's input for *xinren*).

The percentages presented in parentheses serve as an indication of the proportion of participants whose interview data supported the findings. As the sample was not intended to be representative, the figures should be interpreted with caution in terms of generalizability to the population. Some participants provided more than one input for some concepts, thus the total percentage for

some concepts exceeded 100%. I illustrate the analytic processes in Table 9 with some examples.

### 3.2. Results of Definitions Task (Task 1)

**3.2.1. *Ganqing* as emotional connection and personal interaction.** A total of 29 out of the 35 participants provided input related to the meaning of *ganqing* (82.9%), defining it in (a) affective and (b) behavioral terms. The majority of the participants defined *ganqing* in affective terms (74.3%). Some of the codes in this theme included “emotional connection”, “feelings”, “emotional sustenance towards people, issues, and things”, and “friendship”. Interestingly, one participant described *ganqing* as the “extent of a person’s truthfulness”, which likely highlights the potential overlap between *ganqing* and affective trust.

Participants also defined *ganqing* in behavioral terms. Specifically, *ganqing* was about personal interaction, which includes effort expended in relationship development (11.4%). This content area consisted of the following codes: “non interest-based interaction at work”, “extent of time and effort spent”, “developing contacts and expending network of friends” and “providing help to others in times of need”. The last referent relating to providing help draws attention to the *willingness* to provide help, although providing help in itself was one found to be one of the major content areas of *renqing*, as elaborated shortly.



Table 9

*Illustration of the Coding Process*

(I) Major concepts	(II) Responses (Participant code)	(III) Stage 1: Data-driven codes	(IV) Stage 2: Major content areas
<i>Ganqing</i>	An emotional connection with the other party (P32) Psychological level, developed through mutual and long-term interaction, feelings that have less to do with interest-based <i>guanxi</i> (P31) Friendship, some form of emotional connection necessary at work (P13) Contacts development. Friendship circle expansion. (P20); The extent of time and effort spent (P1)	Emotional connection Feelings  Friendship  Spending time and effort in building social network	Emotional connection   Personal interaction
<i>Mianzi</i>	My dignity in the workplace (P2); Image that is equipped with ability, power, and positive influence (P31) Behavior that is performed in the situation of distant <i>guanxi</i> because of background conditions (P10)	Dignity, image  Behaviors performed to minimise relational distance Saving self-esteem	Self-esteem and reputation Giving and saving self-esteem and reputation
<i>Renqing</i>	Maintenance of self-esteem (P28); An external portrayal of self-esteem (P22) Maintenance of contact network (P15)  Implicit rule of society (P18); A norm that is naturally developed during interaction between people (P2); Behavior that is performed due to acquaintanceship or the possibility of potential <i>guanxi</i> in future (P10) Capital (P21); Capital and debt accumulated during the course of cooperation and mutual helping between customers and coworkers (P3) Behavior that provide help when someone most needs it (P13); Interest- or exchange-based favor (P26) <i>Renqing</i> owed due to previous help received (P17); Promises owed to others, debt that has to be paid in future (P24)	Maintenance of social contacts  Expectations tied to relationships  A form of tool/capital  Helping/ Favors  Debt	Maintenance of relationships Relational norms   Instrumental behaviors  A form of debt

Table 9 (continued)

*Illustration of the Coding Process*

(I) Major concepts	(II) Responses (Participant code)	(III) Stage 1: Data-driven codes	(IV) Stage 2: Major content areas
<i>Xinren</i>	Being understanding and reasonable beyond the rules (P30)	Being understanding	Empathy/ Care/ Feelings
	Depth of friendship/relationship (P16)	Friendship	
	A form of concern that exists due to the relationship between people (P5); Personal feelings that are taken into consideration during decision or policy making during the course of social interaction (P28)	Personal feelings	
	No communication cost between each other, able to work together with one heart (P4)	Able to work together with one heart	A sense of general assurance
	Whether you feel at ease handing work to others (P19); Able to be at ease in handing tasks, no need to be worried about being stabbed in the back (P24)	Willingness, confidence, and being able to entrust	
	How much true feelings could be shown to a person, depends on trust (P12); Emotions that can afford promises (P22)	Trust based in emotion	Affective trust
	Affirmation towards a person's ability and attitude (P5); Reputation, ability built at work, brings mutual trust (P3)	Affirmation of ability and attitude; reputation and ability at work	Performance-based trust
	Allocating things to other people, able to timely receive relevant information in return (P7); Because of the other party's character, performance or ability, therefore one-sidedly I believe (P10)	Belief in being able to get returns; belief in character, performance, ability	Trust in character

The “others” category consisted of seven participants’ attitudes regarding the existence of *ganqing* in the context of the workplace (20%). The codes created to represent the data in this category were “a basic foundation in life”, “difficult to develop”, “a form of restraint”, “can ruin matters”, “good to have, but can also be without it”, “unprofessional”, “non-interest based”, and “overemphasis is detrimental to career advancement”.

### **3.2.2. *Mianzi* as (building and maintaining) self-esteem and reputation.**

For the concept of *mianzi*, 31 participants provided a definition (88.6%). *Mianzi* was defined as (a) a form of self-esteem and reputation and (b) also in terms of behavioral of giving and saving self-esteem. Most of these participants spoke of *mianzi* as a form of self-esteem and reputation (27 respondents, 77.1%). Sample codes in this content area included “dignity”, “image”, “power and status”, “prestige”, “reputation”, “respect”, “self-esteem”, and “symbol of achievement, ability, and self-confidence”.

Four participants spoke of the more variable nature of *mianzi* in terms of giving and saving self-esteem (11.4%). This content area consisted of the following codes: “behaviors performed to minimize relational distance”, “external portrayal of self-esteem”, “maintenance of self-esteem”, and “whether a person feels a loss of face or uncomfortable”. The code “behaviors performed to minimize relational distance” suggests that giving or saving *mianzi* is a way to develop *guanxi* by bringing exchange partners closer psychologically, which is similar to one of the meaning of *renqing*. I will elaborate on this point shortly and highlight the interchangeable nature of *mianzi* and *renqing*.

Instead of providing a definition of *mianzi*, seven participants described their attitudes towards the concept in the context of the workplace (20%). The

following codes were created to represent the data in this category: “important”, “important but can be abandoned during critical moments”, “dependent on others’ evaluation”, “there is pressure to maintain”, “desire to have good *mianzi*”, “insecure and irrational”, and “trash”.

**3.2.3. *Renqing* as the maintenance of relationships, relational norms, instrumental behaviors, a form of debt, and personal feelings.** A total of 30 participants contributed descriptions relating to the meaning of *renqing* (85.7%). Analysis of this data resulted in several content areas that defined *renqing*, namely (a) maintenance of relationships, (b) relational norms, (c) instrumental behaviors, (d) a debt that has to be returned, and (e) personal feelings.

First, two participants referred to *renqing* as the maintenance of relationships (5.71%). They referred to *renqing* as the “maintenance of contact network” (P15) and “the interaction in social relationships” (P1).

Second, related to the maintenance of relationships, some participants defined *renqing* in terms of relational norms or expectations tied to relationships (six participants, 17.1%). The two codes grouped under this content area were “behaviors performed in consideration of the underlying relationship” and “social norms”. In the first code, one participant gave a more specific example, mentioning that “even if unwilling to help, but feels indebted, have to go” (P33). “Having to go” refers to accepting invitations for social activities. The second code, “social norms”, included referents, such as “implicit social contract between people” (P4) and “a norm that is naturally developed during interaction between people” (P2).

Third, some participants were specific in describing the instrumental

aspects of *renqing* (15 participants, 42.9%). Specifically, they defined *renqing* in terms of instrumental behaviors. For example, participants regarded *renqing* as “[doing] good things and [providing] convenience” (P20), “being understanding and reasonable beyond the rules” (P30), “mutual helping relationship developed through extra help received from other people outside the boundary of formal work allocation” (P31), and “everything that others expend on oneself” (P20). Some of the codes in this content area included “a form of capital or tool”, “helping and doing favors”, “interest-based social exchanges”. One participant described *renqing* as “capital and debt accumulated during the course of cooperation and mutual helping between customers and coworkers” (P3), which highlighted the notion of reciprocity that is embedded in these instrumental behaviors. Similarly, several other participants described *renqing* as a kind of debt that needs to be returned. Examples included “promises owed to others, debt that has to be paid in future” (P24), “*renqing* owed due to previous help received” (P17), and “debt owed after seeking other people’s help” (P22). Therefore, the fourth content area of *renqing* is a form of accumulated debt that people ought to return (5 participants, 14.3%).

The last content area of *renqing* was closely related to *ganqing* in the sense that it contained codes that carried an affective tone (5 participants, 14.3%). Specifically, participants described *renqing* as “being understanding and reasonable beyond formal rules” (P30), “everything that others’ expend on oneself” (P8), “personal feelings that are taken into consideration during decision or policy making during the course of social interaction” (P28), and “a form of concern that exists due to the relationship” (P5). Another participant

regarded *renqing* as the “depth of friendship or relationship” (P16).

Eleven participants’ responses were related to their perceptions of *renqing* in the workplace and were grouped in the “others” category (31.4%). These data were coded as “a form of burden or fetter”, “difficult to quantify, goal-motivated”, “insincere”, “over-accumulation leads to imbalance, subjectivity, and unfairness”, “superficial”, and “varies from person to person”.

**3.2.4. *Xinren* as general assurance, affective trust, competence-based trust, and trust in character.** Input from 29 participants was useful in defining *xinren* (82.9%). *Xinren* was defined in terms of (a) a general sense of assurance in enabling work processes, (b) trust with affective basis, (c) trust related to work performance and ability, and (d) trust in character. First, *xinren* was referred to as a form of general assurance and confidence in achieving work goals (17 participants, 48.6%). Some of the codes in this content area included “being able to work together with one heart”, “a form of affirmation”, “extent of trust”, “information sharing and transparency”, “willingness, confidence, and being able to entrust”, “the precondition to doing things”, “provides assurance during power allocation”, and “sense of stability”. For example, one participant wrote that *xinren* refers to “no communication cost between each other, able to work together with one heart” (P8). Another mentioned that it is about “believing that what the other party says and does is correct, no matter they are sincere or not or whether the intentions are good” (P28). P24 said that it is about being “able to be at ease in handing tasks, no need to be worried about being stabbed in the back.” All these point to a general sense of trust that helps to smooth out work processes.

Second, participants described *xinren* in affective terms (seven participants,

20%). Some of the codes included “trust based on feelings developed through long-term interaction”, “the extent to which true feelings can be expressed”, and “something which friends can provide”.

The third content area of *xinren* is trust in ability and work performance (4 participants, 11.4%). In this sense, *xinren* was defined as a form of affirmation of ability, attitude, performance, and judgment. For instance, P10 mentioned, “because of the other party’s character, performance or ability, therefore one-sidedly I believe in him/her,” and P3 wrote about “reputation, ability built at work [that] brings mutual trust.”

Apart from trust in ability *xinren* was also referred to as trust in a person’s character (4 participants, 11.4%). This content area consisted of the following codes: “affirmation of attitude”, “being calm and honest”, “belief in character”, and “belief in being able to get returns”. The last code was based on P33’s definition of *xinren* as “allocating things to other people and able to timely receive relevant information in return.” This notion relates closely to the reciprocity rule in *guanxi* exchanges.

Seven of the participants provided their views on the concept of *xinren* (20%). Most of them mentioned that *xinren* is necessary in the workplace. For example, one participant said that “[*xinren*] ought to be given to the other party and ought to be received” (P20), and another participant mentioned that it is a “necessary quality to possess” (P18). Apart from the importance of *xinren*, one participant highlighted that *xinren* is something that is “very difficult to be given in totality” and it “needs time to accumulate” (P6).

**3.2.5. Agreement between the definitions derived in Study 1 and the current study.** In Study 1, I identified three major dimensions that defined

*guanxi* quality, namely, *ganqing*, *renqing*, and *xinren*, based on a bottom-up approach. Specifically, *ganqing* denotes positive feelings, caring, and personal life inclusion. *Renqing* is defined as the willingness to offer preferential treatment and reciprocate favors done, and the willingness to do facework (*mianzi*). Lastly, *xinren* refers to the belief that an individual's *guanxi* partner will not take advantage of him or her and that the partner is trustworthy.

Results from the qualitative data analyses of Task 1 highlighted several content areas that defined each concept that were consistent with the definitions of the concepts generated in Study 1. First, consistent with my definition of *ganqing*, participants in the current study defined the concept as a form of emotional connection, which includes descriptions relating to feelings and friendship. They also defined *ganqing* as a form of personal interaction that encompasses the active aspect of *guanxi* building, which includes behaviors, such as spending time and effort in relationship building, or more specifically, providing help in times of need.

For the concept of *renqing*, which I postulated to include both *renqing* (favors) and *mianzi*, participants' interpretations were consistent with my definition. Participants defined *renqing* as the maintenance of relationships, a set of relational norms or expectations, and behaviors that are instrumental in *guanxi* development, such as helping, providing convenience, and being understanding. *Renqing* was also referred to specifically as a form of debt accumulated from favors received. These content areas supported that *renqing* refers to the reciprocal exchange of preferential treatment or favors, either willingly or out of obligation, during the course of *guanxi* building. One content area that requires more attention is *renqing* as personal feelings, which overlaps



with the meaning of *ganqing*.

Results of the current study support that *mianzi* denotes self-esteem and reputation, and that the concept is applied in terms of giving and saving face. As noted earlier, *mianzi* was also used to refer to behaviors that are performed to minimize relational distance, which is closely related to one of the meanings of *renqing* in terms of relationship maintenance. This association lends some support to the postulation regarding the interchangeable meaning of *mianzi* and *renqing*.

The results of this study support that *xinren* refers to a general sense of trust that is present in the relationship. It also refers more specifically to affective and competence-based trust. The former is based in feelings and friendships, while the latter relies on the work ability and performance of the *guanxi* partner. Lastly, *xinren* also denotes trust in a person's character. Although trust in a person's character relates to trusting that the other party would not take advantage of the relationship, which is addressed in item X4 ("I am confident that he/she will not make use of our relationship for his/her own benefit."), the aspect on trusting that the other party will engage in reciprocity was not explicitly included in the original definition, and thus no items were created to represent it. Adhering to the rule of reciprocity helps to demonstrate *lian* (moral character) (Hu, 1944) and thus could be an important element of trust. Therefore, to examine whether trust in *lian* is important in reflecting *guanxi* quality, an additional item ("If I had helped him/her before, I trust that he/she will return the favor to me in future.") was added to the measure. As presented in the second part of the analysis for Task 2 (appropriateness-rating task), a similar finding supports the decision to include this addition item.

In sum, the results of the analysis of Task 1 largely support that the definitions used in this research adequately capture the meaning of *ganqing*, *renqing*, and *xinren*.

### **3.3. Analysis and Results of Appropriateness-Rating Scores (Task 2)**

The second part of the analysis focused on the appropriateness rating scores collected in Task 2. All analyses were conducted using SPSS version 21.0. First, to analyze the results of participants' responses to Task 2, I calculated the four mean rating scores on the four concepts of *ganqing*, *renqing*, *xinren*, and *mianzi* for each of the items. As the data did not follow a normal distribution, nonparametric tests, which are free of distributional assumptions, were used in the subsequent analyses. No transformation was done due to concerns over interpretability. First, Friedman's Test was conducted to examine whether the four mean ratings of each item were significantly different from each other. This was similar to Hinkin and Tracey's method, as demonstrated by Yao, Wu, and Yang (2007), in which a one-way repeated measures ANOVA was used to assess whether an item's means of appropriateness rating on one dimension of the construct differed from other dimensions of the construct, except that a nonparametric test was used in the current study. For items with significant differences, further post hoc analyses using the Wilcoxon signed-rank test were used to examine which specific pairs of mean ratings were significantly different from each other. The primary purpose of these analyses was to identify items that were not perceived by participants to be measuring the concept they were designed to measure. The results are summarized in Table 10 and are presented as follows.

**3.3.1. Mean rating scores of each individual item across the four concepts.** The mean of each item's ratings on each of the four concepts is shown in Table 10. Of the 34 items analyzed, 32 had the highest appropriateness ratings on the concept that they were designed to measure. For example, item G1 ("I like him/ her.") had the highest mean rating on the *ganqing* concept ( $M = 4.11$ ,  $SD = .72$ ).

The five items, G5, R4, R5, R7, and X5, were not rated the highest only on the concept that they were intended to measure. G5 ("We sometimes present gifts or souvenirs to each other.") was rated equally highly on the *ganqing* concept ( $M = 4.31$ ,  $SD = .63$ ) and the *renqing* concept ( $M = 4.31$ ,  $SD = .58$ ). Three *renqing* items, namely, R4 ("I give him/her preferential treatment because of our relationship.") ( $M = 4.57$ ,  $SD = .56$ ), R5 ("I am willing to do favors for him/ her.") ( $M = 4.29$ ,  $SD = .75$ ), and R7 ("I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.") ( $M = 4.31$ ,  $SD = .72$ ), were rated the highest on the *ganqing* concept. Lastly, X5 had the highest rating on the *ganqing* concept ("I trust him/her because he/she is my friend.") ( $M = 4.44$ ,  $SD = .61$ ).

**3.3.2. Results of Friedman's Tests on each individual item.** Friedman's test was run on the mean ratings of each item to examine whether they were significantly different across the four concepts. Friedman's test is a nonparametric method equivalent to one-way repeated measures ANOVA. Application of the Friedman's test showed that all but two items had ratings that differed significantly across the four concepts (see Table 10). For example, the differences among the mean appropriateness ratings for item G1 were statistically significant across the four dimensions,  $\chi^2(3) = 39.14$ ,  $p < .001$ . The

two items, which were not rated significantly different across the four concepts, were G7 and R13. The mean appropriateness ratings of G7 (“He/she would consider my feelings before he/she makes an important decision.”) did not differ significantly across the four concepts,  $\chi^2(3) = 6.80, p = .08$ . Similarly, there were no significant differences across the mean appropriateness ratings of R13 (“When I introduce him/her to others, I will emphasize his/her strengths.”) on the four concepts,  $\chi^2(3) = 4.52, p = .21$ .

**3.3.3. Results of Wilcoxon Tests on each individual item.** For the 32 items, excluding G7 and R13, with mean appropriateness ratings that differed significantly across the four concepts (12 *ganqing* items, 12 *renqing* items, and 8 *xinren* items), post hoc analysis with Wilcoxon signed-rank tests was conducted, with the application of a Bonferroni correction that resulted in a significance level of  $p < .00833$  (see Table 10). For each item, three pairs of comparisons were of interest. For example, with item G1, I was interested to examine whether the following pairs of mean appropriateness ratings were significantly different from each other: (1) mean appropriateness rating of G1 on the *ganqing* concept and on the *renqing* concept, (2) mean appropriateness rating of G1 on the *ganqing* concept and on the *xinren* concept, and (3) mean appropriateness rating of G1 on the *ganqing* concept and on the *mianzi* concept.

In the following, I report the items with the pairs of means that had insignificant differences because they highlight problematic items for my measure. Application of the Wilcoxon tests resulted in a total of 19 items (9 *ganqing* items, 9 *renqing* items, and 1 *xinren* item) that contained one or more pairs of mean ratings that were not significantly different from each other.

**3.3.3.1. Ganqing items.** Of the 12 *ganqing* items, seven had mean appropriateness ratings that were not significantly different between the *ganqing* concept and another concept (insignificant difference between one pair of compared means) and two items had mean appropriateness ratings that were not significantly different between the *ganqing* concept and two other concepts (insignificant differences between two pairs of means). That is, the mean appropriateness ratings for G1 ( $Z = 0.60, p = .55$ ), G4 ( $Z = 1.80, p = .07$ ), G9 ( $Z = 0.71, p = .48$ ), G10 ( $Z = 0.85, p = .40$ ), G11 ( $Z = 1.77, p = .08$ ), and G13 ( $Z = 1.51, p = .13$ ) on the *ganqing* concept were not significantly different from those on the *xinren* concept, and the mean appropriateness ratings for Item G5 ( $Z = 0.02, p = .98$ ) on the *ganqing* concept was not significantly different from that on the *renqing* concept. For G6, the mean appropriateness ratings between the *ganqing* concept and the *renqing* concept ( $Z = 1.36, p = .17$ ), as well as between the *ganqing* concept and the *xinren* ( $Z = 2.59, p = .01$ ) were not significantly different. Lastly, for G8, the mean appropriateness ratings between the *ganqing* concept and the *renqing* concept ( $Z = 1.02, p = .31$ ), as well as between the *ganqing* concept and the *xinren* ( $Z = 2.34, p = .02$ ) were not significantly different.

**3.3.3.2. Renqing items.** Of the 12 *renqing* items (9 items that address the *favor* aspect, 3 items that address the *face/mianzi* aspect), five had mean appropriateness ratings that were not significantly different between *renqing* and one other concept. Specifically, R1 ( $Z = 0.28, p = .78$ ), R2 ( $Z = 1.83, p = .07$ ), and R3 ( $Z = 2.49, p = .01$ ) had mean appropriateness ratings that were not significantly different between the *renqing* concept and the *ganqing* concept; R4 ( $Z = 0.45, p = .65$ ) and R12 ( $Z = 2.13, p = .03$ ) had mean appropriateness

ratings that were not significantly different between the *renqing* concept and the *xinren* concept.

Four items, R5, R6, R7, and R9, had mean appropriateness ratings that were not significantly different between the *renqing* concept and two other concepts. R5 ( $Z = 1.21, p = .23$ ), R6 ( $Z = 1.13, p = .26$ ), R7 ( $Z = 0.62, p = .54$ ), and R9 ( $Z = 1.23, p = .22$ ) had mean appropriateness ratings that were not significantly different between the *renqing* concept and the *ganqing* concept. The same five items, R5 ( $Z = 2.45, p = .01$ ), R6 ( $Z = 1.64, p = .10$ ), R7 ( $Z = 1.60, p = .11$ ), R9 ( $Z = 1.79, p = .07$ ) also had mean appropriateness ratings that were not significantly different between the *renqing* concept and the *xinren* concept.

I examined an additional pair of mean appropriateness rating for the three *renqing* items that address the face/*mianzi* aspect of *renqing*, namely, R10, R11, and R12. No significant difference between the mean appropriateness ratings of these items on *renqing* and on *mianzi* was expected. Results of the Wilcoxon tests showed that all three items had *renqing* and *mianzi* ratings that were not significantly different from each other.

**3.3.3.3. Xinren items.** Of the eight *xinren* items, one, X5, had mean appropriateness ratings that were not significantly different between the two concepts of *xinren* and *ganqing* ( $Z = 0.79, p = .43$ ), as well as between the concepts of *xinren* and *renqing* ( $Z = 1.95, p = .05$ ).

Table 10  
Mean Rating Scores, Friedman's Tests Results, and Wilcoxon Tests Results

Items		Appropriateness rating scores (on its own intended concept unless otherwise stated)		Friedman Test <sup>a</sup>		Wilcoxon Signed Ranks Test <sup>b</sup> (z-values)			
		<i>M</i>	<i>S.D.</i>	$\chi^2$	<i>p</i>	<i>Ganqing</i>	<i>Renqing</i>	<i>Xinren</i>	<i>Mianzi</i>
G1	I like him/ her.	4.11	0.72	39.14	***		3.55*	<u>0.60</u>	4.19*
G2	We share an emotional connection.	4.74	0.44	64.61	***		4.26*	3.87*	5.08*
G3	I would feel disappointed if we had to stop working together.	4.49	0.51	34.02	***		3.66*	2.72*	4.28*
G4	We have good chemistry.	4.49	0.66	57.47	***		4.20*	<u>1.80</u>	4.51*
G5	We sometimes present gifts or souvenirs to each other.	4.31	0.63	48.32	***		<u>0.02</u>	4.67*	3.25*
		4.31 ( <i>renqing</i> )	0.58						
G6	We keep in contact as much as possible with each other to maintain our relationship.	4.31	0.76	41.07	***		<u>1.36</u>	<u>2.59</u>	4.28*
G7	He/she would consider my feelings before he/she makes an important decision.	4.23	0.69	6.80	<u>0.08</u>				
G8	I would consider his/her feelings before I make an important decision.	4.29	0.67	17.24	0.001**		<u>1.02</u>	3.62*	<u>2.34</u>
G9	We talk about our personal lives.	4.69	0.47	81.46	***		4.64*	<u>0.71</u>	5.14*
G10	I know about his/her family members.	4.31	0.63	68.36	***		4.65*	<u>0.85</u>	4.87*
G11	He/she knows about my family members.	4.46	0.74	70.22	***		4.63*	<u>1.77</u>	4.90*
G12	I regard him/her as a personal friend.	4.74	0.51	59.94	***		3.86*	3.05*	4.84*
G13	I consider him/her to be my good friend	4.54	0.51	57.96	***		4.16*	<u>1.51</u>	4.78*
R1	I feel that I should take special care of him/her whenever possible.	4.46	0.66	48.24	***	<u>0.28</u>		4.07*	4.18*
R2	I feel obligated to do him/her a favor when he/she requests for one.	4.29	0.67	28.08	***	<u>1.83</u>		3.18*	3.73*
R3	He/she should do favors for me because of our relationship.	4.46	0.61	30.26	***	<u>2.49</u>		3.63*	4.05*
R4	I give him/her preferential treatment because of our relationship.	4.03	0.86	52.70	***	2.77*		<u>0.45</u>	4.36*
		4.57 ( <i>ganqing</i> )	0.56						
R5	I am willing to help him/ her.	4.10	0.58	29.66	***	<u>1.21</u>		<u>2.45</u>	4.14*
		4.29 ( <i>ganqing</i> )	0.75						
R6	If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	4.34	0.64	18.39	***	<u>1.13</u>		<u>1.64</u>	3.63*
R7	I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.	4.20	0.76	14.54	0.002**	<u>0.62</u>		<u>1.60</u>	2.92*
		4.31 ( <i>ganqing</i> )	0.72						

Table 10 (continued)

Mean Rating Scores, Friedman's Tests Results, and Wilcoxon Tests Results

Items		Appropriateness rating scores (on its own intended concept unless otherwise stated)		Friedman Test <sup>a</sup>		Wilcoxon Signed Ranks Test <sup>b</sup> (z-values)			
		<i>M</i>	<i>S.D.</i>	$\chi^2$	<i>p</i>	<i>Ganqing</i>	<i>Renqing</i>	<i>Xinren</i>	<i>Mianzi</i>
R8	I will do him/her a favor if he/she did one for me before.	4.63	0.55	37.11	***	2.85*		3.85*	4.28*
R9	He/she will do me a favor if I did one for him/her before.	4.40	0.95	28.17	***	1.23		1.79	3.62*
R10	When he/she has a favor to ask, I will give him/her face and render my help.	4.31 ( <i>renqing</i> ) 4.40 ( <i>mianzi</i> )	0.68 0.68	26.88	***	3.29*		3.24*	0.57
R11	I give face to him/her whenever possible.	4.23 ( <i>renqing</i> ) 4.31 ( <i>mianzi</i> )	0.60 0.76	22.27	***	3.47*		2.98*	0.44
R12	He/she gives me face whenever possible.	4.26 ( <i>renqing</i> ) 4.43 ( <i>mianzi</i> )	0.51 0.74	17.01	0.001**	2.83*		2.13	1.37
R13	When I introduce him/her to others, I will emphasize his/her strengths.	4.20 ( <i>renqing</i> ) 3.94 ( <i>mianzi</i> )	0.68 0.77	4.52	0.21				
X1	I trust him/her.	4.63	1.07	47.85	***	3.27*	4.37*		4.58*
X2	He/she trusts me.	4.71	0.99	58.99	***	3.89*	4.64*		4.80*
X3	We trust each other.	4.77	1.07	63.70	***	3.63*	4.74*		4.83*
X4	I am confident that he/she will not make use of our relationship for his/her own benefit.	4.80	0.91	81.94	***	3.21*	4.78*		5.15*
X5	I trust him/her because he/she is my friend.	4.29 4.44 ( <i>ganqing</i> )	1.06 0.61	39.98	***	0.79	1.95		3.52*
X6	I am confident that he/she has the knowledge and competence in getting tasks done.	4.80	1.07	68.75	***	4.74*	5.21*		4.87*
X7	I trust that he/she will deliver what he/she promises.	4.66	0.97	57.64	***	4.10*	4.64*		5.03*
X8	I am confident in his/her qualifications.	4.71	1.12	64.83	***	4.84*	5.10*		4.95*

Note.

<sup>a</sup> \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ <sup>b</sup> A  $p$ -value less than 0.00833 (corrected  $p$ -value) is significant; two-tailed.



**3.3.4. Dealing with unclear items.** A total of 21 items were identified as potentially problematic based on the results of the Friedman's tests and Wilcoxon tests. I examined each item to decide whether it should be eliminated, retained as is, or modified for further testing. As far as possible, unclear items (i.e., items that did not show significant differences across the mean ratings appropriateness ratings on the four concepts) were deleted from the original list of items. As such, nine out of the 21 problematic items were deleted. The remaining 12 were retained for further testing, the reasons for which are explicated shortly.

**3.3.4.1. Elimination of items.** Based on the analyses, I eliminated nine problematic items for the purpose of obtaining a clear factor solution in the subsequent studies of this research (Studies 3 and 4). These items were expected to load on more than one factor (have cross-loadings) in the factor solution if they were to be retained for further testing. First, based on the results of Friedman's tests, I eliminated the item (G7) that had mean appropriateness ratings that were not significantly different across the four concepts. Next, based on the results of the Wilcoxon tests, I eliminated eight items (G5, G6, G10, G11, G13, R2, R9, and R12) that contained one or more pairs of mean ratings that were not significantly different from each other.

**3.3.4.2. Retention of unclear items.** 12 items were retained due to one or more of the following reasons: (1) the item addresses an important theme that resulted from my analysis of interview data in Study 1, and thus is retained for further testing using factor analyses in subsequent studies; (2) the item was rated the highest on the intended concept in the current study; and/or (3) the item is included in an existing *guanxi* measure. Details are provided in Table

11, column III.

**3.3.4.3. Modification of items and addition of new items.** For the purpose of clarity, I modified three retained items (R3, R4, and R5) from the *renqing* dimension, which entails offering *renqing* as a form of preferential treatment. To emphasize *the behavior of doing favors* instead of the *underlying relationship* between two partners, I modified the clause “because of our relationship” in R3 (“He/she should do favors for me because of our relationship”) and deleted the same clause from R4 (“I give him/her preferential treatment because of our relationship”). The final versions were: “He/she should do me a favor if I request one” (revised R3), and “I give him/her preferential treatment” (revised R4). R5 (“I am willing to help him/her”) was made more precise by including the clause “when he/she needs help”. The final version was “I am willing to help him/her, when he/she needs help” (revised R5).

A total of five new items were added. Four of these items were added to three aspects, namely, taking care of *ganqing* (*ganqing* dimension), personal life inclusion (*ganqing* dimension), and reciprocity of favors (*renqing* dimension) to ensure that there are at least two items per aspect in the measure that will be administered in the subsequent scale development studies of this research. The four new items added to these three aspects included: “We will always show concern for each other” (taking care of *ganqing*), “Our interaction is not only restricted to the official domain” (personal life inclusion), “We have a strong friendship” (personal life inclusion), and “We will do each other favors” (reciprocity of favors). A fifth item was added in consideration of the results related to R10 (“He/she will do me a favor if I did one for him/her

before"). The insignificant difference in ratings between *renqing* and *xinren* concepts suggested that this item may be tapping into *trust that the other party will reciprocate (trust in lian)* rather than *reciprocity* itself. To test if trust in *lian* is an important aspect of *xinren*, a new item was added to the *xinren* dimension ("If I had helped him/her before, I trust that he/she will return the favor to me in future"). This decision was made also in part due to the consideration of one of the findings from the qualitative analysis of Task 1 as presented earlier, which pertains to the definition of *xinren* as a sense of trust in a person's character, demonstrated through the reciprocity of favors. Other researchers have noted that the refusal to return favors or the lack of adherence to the reciprocity rule could cause someone to be regarded as untrustworthy (Alston, 1989; Park & Luo, 2001). Hence, this aspect of *xinren* was included for further testing.

The retained and modified items were further screened by two doctoral students, one Psychology major, and one Business major, who are native Taiwanese. Based on their feedback, two more changes to the questionnaire were made. First, the Chinese translation of R11 was modified to achieve better phrasing. Second, X8 was replaced with an item on trust in work ability because of the inconsistent phrasing between the English and Chinese translation of the original item. Columns IV and V of Table 11 provides a summary of all the revisions to the items.

**3.3.5. Final list of items.** All revisions are summarized in Table 11. The revised 30-item measure is also displayed in the Table 12. The revised GQS consisted of 30 items (10 *ganqing* items, 11 *renqing* items, 9 *xinren* items) to be tested in the subsequent studies. The targeted length of the final measure was

approximately 12 items (estimated 4 items for each dimension), so the current measure had at least twice as many items as the expected number of items, as recommended in the psychometric literature (Hinkin, 1998).

#### **4. Discussion**

The current pretest study sought to validate the content adequacy of the new measure through the examination of: (1) the definitions/content areas of each dimension (Task 1), and (2) the appropriateness of the items in addressing each content area of the dimension (Task 2). Results support the content adequacy of the GQS. Participants' definitions collected in the current study support the definitions of *ganqing*, *renqing*, *mianzi*, and *xinren* that were generated in Study 1. The original 34 GQS items created in Study 1 were also examined, reviewed, and revised in the current pretest. The revised measure consisted of 30 items.

##### **4.1. Explaining Possible Overlap Between Certain Aspects of the *Guanxi* Concepts**

The results of this study, from both the qualitative (Task 1) and quantitative tasks (Task 2), highlight the intricate overlap among some content areas of the *guanxi* concepts. The overlap suggests that the interaction among the various *guanxi* dimensions characterizes *guanxi* dynamics, which in turn determines *guanxi* quality.

Table 11

*Summary of Item Revisions*

I. Major content areas	II. Items examined in current study	III. Decisions and rationale	IV. New/ modified items	V. Rationale for adding/ modifying item
1. <i>Ganqing</i> (the extent of ganqing refers to the degree of emotional inclusion and involvement in the personal life domains between exchange partners)				
Presence of an emotional bond and positive feelings	G1. I like him/ her.	Retained	(1) Item retained to test theme that came from participants' accounts. (2) Item had the highest mean on the <i>ganqing</i> concept.	
	G2. We share an emotional connection.	Retained		
	G3. I would feel disappointed if we had to stop working together.	Retained		
	G4. We have good chemistry.	Retained		
Showing care for each other	G5. We sometimes present gifts or souvenirs to each other.	Deleted and replaced	(new) We will always show concern for each other.	Added to replace Item G7 in addressing consideration of feelings and to ensure each aspect has at least 2 items
	G6. We keep in contact as much as possible with each other to maintain our relationship.	Deleted and replaced		
	G7. He/she would consider my feelings before he/she makes an important decision.	Deleted		
	G8. I would consider his/her feelings before I make an important decision.	Retained		

Table 11 (continued)  
*Summary of Item Revisions*

I. Major content areas	II. Items examined in current study	III. Decisions and rationale		IV. New/modified items	V. Rationale for adding/ modifying item
1. <i>Ganqing</i> (continued)					
Personal life inclusion	G9. We talk about our personal lives.	Retained	(1) Item retained to test theme that came from participant’s account. (2) Item had the highest mean on the <i>ganqing</i> concept. (3) Item was used in Yen et al's (2011) measure to address <i>ganqing</i> .	(new) Our interaction is not only restricted to the official domain.	To ensure that the aspect of personal life inclusion had at least 2 items
	G10. I know about his/her family members.	Deleted	The ratings of G10, G11, and G13 were not significantly different on the <i>ganqing</i> and <i>xinren</i> construct. A new item was added in replacement of these three items.	(new) We have a strong friendship.	Added to replace Item G13 in addressing the friendship aspect. To ensure that the friendship aspect had at least 2 items
	G11. He/she knows about my family members.	Deleted			
Establishing friendship	G13. I consider him/her to be my good friend	Deleted			
	G12. I regard him/her as a personal friend.	Retained			

Table 11 (continued)  
*Summary of Item Revisions*

I. Major content areas	II. Items examined in current study	III. Decisions and rationale		IV. New/modified items	V. Rationale for adding/modifying item
2. <i>Renqing</i> (the degree to which <i>guanxi</i> partners are willing to do <i>renqing</i> for each other, in terms of doing favors and giving or saving face, and the extent of adherence to the norm of reciprocity)					
Tendency to offer preferential treatment (do <i>renqing</i> )	R1. I feel that I should take special care of him/her whenever possible.	Retained	(2) Item had the highest mean on the <i>renqing</i> concept.		
	R2. I feel obligated to do him/her a favor when he/she requests for one.	Deleted	All three items (R1, R2, and R3) that address <i>obligation to provide better treatment</i> had insignificant differences between <i>renqing</i> and <i>ganqing</i> . R1 and R3 had the highest mean appropriateness ratings on the <i>renqing</i> concept, and were retained for further testing.		
	R3. He/she should do favors for me because of our relationship.	Retained	(2) Item had the highest mean on the <i>renqing</i> concept.	He/she should do me a favor if I request for one.	Modified to improve item clarity
	R4. I give him/her preferential treatment because of our relationship.	Retained	Items did not have the highest mean ratings on the <i>renqing</i> concept. Instead, they were rated the highest on <i>ganqing</i> . One possibility is that <i>willingness to help</i> addresses <i>ganqing</i> , but the <i>tendency to help</i> addresses <i>renqing</i> . Items were retained to further test whether <i>willingness to offer preferential treatment</i> more appropriately addresses <i>renqing</i> or <i>ganqing</i> . Additional item on the <i>tendency to help</i> was added.	I give him/her preferential treatment.	Modified to improve item clarity
	R5. I am willing to help him/ her.			I am willing to help him/her, when he/she needs help.	Modified to improve item clarity
	R6. If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	Retained	(2) Item had the highest mean on the <i>renqing</i> concept.		
	R7. I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.	Retained	(2) Item had the highest mean on the <i>renqing</i> concept.		

Table 11 (continued)  
*Summary of Item Revisions*

I. Major content areas	II. Items examined in current study	III. Decisions and rationale	IV. New/modified items	V. Rationale for adding/modifying item
<b>2. Renqing (continued)</b>				
Adherence to the norm of reciprocity	R8. I will do him/her a favor if he/she did one for me before.	Retained		
	R9. He/she will do me a favor if I did one for him/her before.	Deleted	(new) We will do each other favors.	Added to replace Item R9 in addressing the <i>reciprocity of favors</i> aspect
Willingness to give <i>mianzi</i> as a way to do <i>renqing</i> /Willingness to do <i>renqing</i> as a way to give <i>mianzi</i>	R10. When he/she has a favor to ask, I will give him/her face and render my help.	Retained		
	R11. I give face to him/her whenever possible.	Retained	I give face to him/her whenever possible.	Modified to improve translation
	R12. He/she gives me face whenever possible.	Deleted		
	R13. When I introduce him/her to others, I will emphasize his/her strengths.	Retained	(1) Item was retained to test theme that came from s account. (2) Item had the highest mean on the <i>renqing</i> concept. (3) Item was used in Taormina and Gao's (2010) measure to address <i>giving face</i> .	



Table 11 (continued)

*Summary of Item Revisions*

I. Major content areas	II. Items examined in current study	III. Decisions and rationale	IV. New/ modified items	V. Rationale for adding/ modifying item
<b>3. <i>Xinren</i> (the amount of confidence in an exchange partner's dependability and trustworthiness_</b>				
Having a general sense of assurance due to trust in character	X1. I trust him/her.	Retained		
	X2. He/she trusts me.	Retained		
	X3. We trust each other.	Retained		
			(new) If I had helped him/her before, I trust that he/she will return the favor to me in future.	Added to address finding related to the trust developed through reciprocity.
Having trust that is based on emotional connection and confidence in performance or ability	X4. I am confident that he/she will not make use of our relationship for his/her own benefit.	Retained		
	X5. I trust him/her because he/she is my friend.	Retained	(1) Item was retained to test theme that came from participants' accounts. (2) Item had the highest mean on the <i>xinren</i> concept.	
	X6. I am confident that he/she has the knowledge and competence in getting tasks done.	Retained		
	X7. I trust that he/she will deliver what he/she promises.	Retained		
	X8. I am confident in his/her qualifications.	Deleted and replaced	Deleted due to inconsistent phrasing between the English and Chinese translation of the original item.	(new) I am confident in his/her work ability.

Table 12

*Revised 30-Item Guanxi Quality Scale (GQS)*

Dimensions	Items	
<b><u>1. Ganqing (10 items)</u></b>		
Presence of an emotional bond and positive feelings	1. I like him/ her.	我欣賞他/她。
	2. We share an emotional connection.	我與他/她有某種程度的情感連結。
	3. I would feel disappointed if we had to stop working together.	假設我們必須結束合作關係，我會感到失望。
Showing care for each other	4. We have good chemistry.	我們很對盤。
	5. We will always show concern for each other.	我們時常給予彼此關心。
	6. I would consider his/her feelings before I make an important decision.	我在做重要的決定前，會顧及到他/她對此決定的感受。
Personal life inclusion	7. We talk about our personal lives.	我們會談論到私人生活。
	8. Our interaction is not only restricted to the official domain.	我們的互動不只侷限於工作範圍。
Establishing friendship	9. I regard him/her as a personal friend.	我將他/她視為私人朋友。
	10. We have a strong friendship.	我們之間存在深厚的友情。
<b><u>2. Renqing (11 items)</u></b>		
Tendency to offer preferential treatment (do renqing)	11. I feel that I should take special care of him/her whenever possible.	我覺得在任何有可能的機會或場合中，我應該給予他/她特別的關照。
	12. He/she should do me a favor if I request for one.	如果我求要他/她幫忙，他/她應該要幫忙我。
	13. I give him/her preferential treatment.	我對他/她比對其他人更好。
	14. I am willing to help him/her, when he/she needs help.	在他/她有需要的時候，我願意幫助他/她。
	15. If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	如果他/她需要幫忙，而我有認識朋友可以提供相關資源，我會將他/她介紹給這位有相關資源的朋友。
	16. I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.	如果他/她有困難，我會動用自己的個人資源（例如：金錢、社交關係等）來協助他/她。
Adherence to the norm of reciprocity	17. We will do each other favors.	我們會互相幫助。
	18. I will do him/her a favor if he/she did one for me before.	如果他/她之前曾經幫助我，我也會反過來幫助他/她。
Willingness to give mianzi as a way to do renqing/ Willingness to do renqing as a way to give mianzi	19. When he/she has a favor to ask, I will give him/her face and render my help.	當他/她請求我協助幫忙時，我會給對方面子，提供協助。
	20. I give face to him/her whenever possible.	在有合適的場合或機會中，我會盡可能給他/她面子。
	21. When I introduce him/her to others, I will emphasize his/her strengths.	當我介紹他/她給其他人時，我會強調他/她的優點。

Table 12 (continued)

*Revised 30-Item Guanxi Quality Scale (GQS)*

Dimensions	Items	
<b>3. <i>Xinren</i> (9 items)</b>		
Having a general sense of assurance due to trust in character	22. I trust him/her.	我信任他/她。
	23. He/she trusts me.	他/她信任我。
	24. We trust each other.	我們彼此信任。
	25. If I had helped him/her before, I trust that he/she will return the favor to me in future.	如果我幫助過他/她，我相信他/她將來會還我人情。
Having trust that is based on emotional connection	26. I am confident that he/she will not make use of our relationship for his/her own benefit.	我相信他/她不會為了自己的利益而利用我們的關係。
	27. I trust him/her because he/she is my friend.	因為他/她是我的朋友，所以我信任他/她。
Having trust that is based on confidence in performance or ability	28. I am confident that he/she has the knowledge and competence in getting tasks done.	我對於他/她具備相關的知識與能力可以完成任務這點很有信心。
	29. I trust that he/she will deliver what he/she promises.	我信賴他/她能完成交付的任務。
	30. I am confident in his/her work ability.	我對的他/她工作能力很有信心。

**4.1.1. The overlap between *ganqing* and *renqing*: The affective aspect of *guanxi*.** Results from the definitions task highlight some overlap in the connotation of *ganqing* and *renqing*. Both *ganqing* and *renqing* were defined as feelings and providing help in times of need. The quantitative analyses of the responses for the appropriateness-rating task revealed similar overlap. Results from the Wilcoxon tests showed that three *ganqing* and seven *renqing* items had insignificant differences between their mean appropriateness ratings on the *ganqing* concept and on the *renqing* concept. The three *ganqing* items were generated to address the aspect of taking care of *ganqing* through gift giving (G5), maintaining contact (G6), and considering the *guanxi* partner's feelings (G8). Behaviors that enable *guanxi* partners to take care of *ganqing* could be addressing the idea of *renqing* because *renqing* also refers to a willingness to

offer preferential treatment to exchange partners. Hwang (1987) defined *renqing* as a set of norms that govern social interaction. Showing consideration of *guanxi* partner's feelings is also related to Hwang's second definition of *renqing* as the awareness and consideration of people's feelings.

The appropriateness ratings of seven *renqing* items that address the aspects of offering preferential treatment (R1, R3, R3, R5, R6, R7) and reciprocating favors (R9) were not significantly different from *ganqing*. These results suggest that whether an individual feels obliged to and is willing to do *renqing* for the *guanxi* partner, including giving and saving *mianzi*, are in part related to whether there are positive feelings between exchange partners.

**4.1.2. The overlap between *ganqing* and *xinren*: Affective trust.** Results from Wilcoxon tests also suggest a possible overlap between several *ganqing* and *xinren* items, given the insignificant differences between their mean appropriateness ratings. The seven *ganqing* items that were not rated as significantly different from *xinren* (G1, G4, G6, G9, G10, G11, and G13) may be addressing some form of trust that is based on affection, particularly for items that address the aspect of personal life inclusion (G9, G10, G11, and G13). In other words, there has to be some degree of trust in order for people to feel positively about each other and to be included in each other's personal life domain. Item X5 ("I trust him/her because he/she is my friend."), which targets trust built on affective terms was not rated differently from *ganqing*. In short, affective trust could be the underlying concept that gave rise to the insignificant differences between the ratings on the *ganqing* and *xinren* concepts for these eight items.

**4.1.3. The overlap between *renqing* and *xinren*: Trust in *lian*.** The differences in the mean appropriateness ratings between the *renqing* and *xinren* concepts were not significant for six *renqing* items. The six items address all three aspects of *renqing*: *renqing* as preferential treatment (R4, R5, R6, and R7), reciprocity of favors (R9), and doing face work (R12). Being willing to do *renqing* for someone, either by doing favors or giving and saving face, may reflect some sense of trust in the person. In other words, it is unlikely for an individual to help or compliment someone whom he/she does not trust. It may also implicate a sense of trust that the person is able and willing to return the *renqing*. In other words, doing *renqing* may involve the consideration of other party's credibility and ability to return favors (trust in *lian*).

The overlapping aspects as discussed above reflect the interwoven nature of the concepts, which support the postulation to model *guanxi* as a higher-order factor behind the first-order factors of *ganqing*, *renqing*, and *xinren*. The strong associations among these *guanxi* concepts should be seen in the factor analysis results of the GQS in the next two studies (Studies 3 and 4).

## **4.2. Attitudes Toward the *Guanxi* Concepts**

Although it is not within the scope of this study to examine attitudes and perceptions towards *guanxi* and its related concepts, several participants' responses provide some interesting insights into this area, which can be explored in future studies. For example, while *xinren* seemed to be perceived rather positively as a valuable component that is necessary at work, it was less so than the other three *guanxi* concepts. A small number of participants seemed to have adopted a negative stance towards *ganqing*, *renqing*, and *mianzi* and regarded them as a burden. One participant deemed *ganqing* to be

unprofessional and another associated *renqing* with unfairness due to subjectivity. These views could be further examined from an ethical perspective, where the violation of fairness may constitute an issue in and of itself to be examined, particularly in the context of globalization and increasing international partnerships that involve the need to build a shared culture through negotiation of different cultural norms.

### **5. Study 2B: Identification of Item Social Desirability Bias**

The current study aimed to reduce potential method bias so as to increase the validity of the GQS. Due to the emphasis on relationships in Chinese culture, the importance of being perceived as an individual who values relationships for their own sake may influence a participant's responses on the GQS. To reduce such bias, it is important to avoid creating items that may invoke the social desirability effect, which is the desire to be seen in a favorable light (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

I sought to reduce any social desirability effect by ensuring items were not written in a way that reflected socially desirable attitudes, behaviors, or perceptions (Podsakoff et al., 2003). Eliminating item social desirability is one way to improve scale items, which can be accomplished by using social desirability ratings to identify items that need revision or elimination (Nederhof, 1985).

## **6. Method**

To measure social desirability, I used the short form of the Marlow-Crown Social Desirability Scale (MCSDS) (Ballard, 1992), which was translated into Chinese and tested by Tao, Dong, and Brody (2009). This measure includes 14

true-false items (see Appendix F). I also administered the 30-item GQS, and questions on personal demographics.

Inclusion criteria for participation included (1) Taiwanese nationality, (2) working in Taiwan, and (3) has regular work-related contact with people outside one's own organization. A sample of 50 Taiwanese working adults (13 men, 37 women) completed the questionnaire. The sample size of 50 is adequate for correlational analysis (VanVoorhis & Morgan, 2007). Sampling was done using a combination of convenience sampling and snowballing, where the first participants were contacts of the researcher, who helped to recruit the remaining participants. The average age range was between 30 to 39 years old. A total of 92 percent had attained at least a bachelor's degree.

## 7. Analysis and Results

Correlational analysis of the 30 GQS items with the social desirability bias (SDB) scores was conducted to identify items that may induce socially desirable responses using SPSS version 21.0. The correlations were calculated using Spearman rank correlation (Spearman's rho). Four of the *guanxi* quality indicators had distributions that deviated from normality. One variable (G4) had significant skewness and kurtosis, while the remaining four items (G5, R6, and R12) had significant kurtosis. Spearman's rho is a nonparametric test that does not require any distributional assumption and is suitable for the data, since some of the GQS items had significant skewness and kurtosis. All correlations were small, with absolute values ranging from 0 to 0.28 (see Table 13). None of the correlations were significant at  $p = .01$  (two-tailed). There was no significant correlation between SDB scores and any of the 30 items, therefore, no changes were made to the measure.

Table 13  
*Correlation of SDB score with 30 GQS items*

30-item GQS	<i>M</i>	<i>SD</i>	*Correlation with SDB score	
			Spearman's rho	<i>p</i>
SDB score	8.00	2.00		
1. I like him/ her.	3.76	0.69	-0.08	0.57
2. We share an emotional connection.	3.28	0.83	0.19	0.19
3. I would feel disappointed if we had to stop working together.	3.52	0.81	-0.01	0.96
4. We have good chemistry.	3.50	0.68	-0.15	0.30
5. We will always show concern for each other.	3.60	0.88	-0.16	0.28
6. I would consider his/her feelings before I make an important decision.	3.72	0.73	-0.09	0.52
7. We talk about our personal lives.	3.34	1.00	0.14	0.33
8. Our interaction is not only restricted to the official domain.	3.06	1.10	0.06	0.69
9. I regard him/her as a personal friend.	3.16	0.96	0.02	0.91
10. We have a strong friendship.	3.28	0.95	0.14	0.34
11. I feel that I should take special care of him/her whenever possible.	3.58	0.70	-0.28	0.05
12. He/she should do me a favor if I request for one.	3.66	0.72	0.13	0.39
13. I give him/her preferential treatment.	3.12	0.77	0.16	0.26
14. I am willing to help him/her, when he/she needs help.	3.96	0.49	-0.13	0.35
15. If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	3.94	0.59	0.00	0.999
16. I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.	3.34	0.90	-0.18	0.22
17. We will do each other favors.	4.14	0.50	-0.03	0.83
18. I will do him/her a favor if he/she did one for me before.	3.74	0.72	0.07	0.64
19. When he/she has a favor to ask, I will give him/her face and render my help.	3.94	0.42	-0.10	0.51
20. I give face to him/her whenever possible.	4.08	0.57	-0.21	0.15
21. When I introduce him/her to others, I will emphasize his/her strengths.	3.98	0.55	-0.19	0.19
22. I trust him/her.	3.74	0.69	-0.11	0.44
23. He/she trusts me.	3.78	0.58	-0.25	0.08
24. We trust each other.	3.70	0.68	-0.11	0.47
25. If I had helped him/her before, I trust that he/she will return the favor to me in future.	3.52	0.65	0.08	0.57
26. I am confident that he/she will not make use of our relationship for his/her own benefit.	3.68	0.65	0.09	0.56
27. I trust him/her because he/she is my friend.	3.58	0.86	-0.06	0.69
28. I am confident that he/she has the knowledge and competence in getting tasks done.	3.94	0.55	-0.06	0.69
29. I trust that he/she will deliver what he/she promises.	3.92	0.57	-0.13	0.36
30. I am confident in his/her work ability.	4.02	0.52	-0.15	0.31

\* None of the correlations were significant at the 0.05 level (2-tailed).



## **8. Conclusion**

The threat of item social desirability bias was not found in the 30 items of the GQS. Results of this study complement Study 2A in establishing the validity of the new measure. The 30-item measure was retained without modification for further testing in Study 3.

### Chapter 3.3: Study 3

#### 1. Study 3: Testing the Higher-order Factor Structure of *Guanxi* Quality

The current study tested the hypothesized second-order, three-factor model of *guanxi* quality. Results of Study 1 suggested three relational concepts that were important in characterizing strong external *guanxi* that exist between boundary spanners, namely, *ganqing*, *renqing*, and *xinren*. First, there needs to be strong *ganqing*, which refers to the extent of emotional involvement in the partner's personal life domain. Second, *guanxi* partners are willing to do *renqing* for each other, which includes doing favors and giving face. And, third, *xinren*, which denotes the sense of confidence that a partner will not exploit the relationship for personal gain, and will demonstrate sufficient work ability, needs to be present. In short, strong *guanxi* is reflected by strong *ganqing*, *renqing*, and *xinren*. Thus, as discussed in Study 1, *guanxi* quality is construed as a reflective construct in the current study. Causality runs from *guanxi* quality to the individual relational constructs (Coltman, Devinney, Midgley, & Veniak, 2008).

##### 1.1. Higher-order CFA of the *Guanxi* Quality Construct

The two preceding studies, Studies 2A and 2B, served as pretests to the current study. The pretests resulted in a 30-item *Guanxi* Quality Scale (GQS), which was comprised of ten *ganqing* items, 11 *renqing* items, and nine *xinren* items. These items represent each of the three first-order constructs of *ganqing*, *renqing*, and *xinren*.

Confirmatory factor analysis (CFA) was used to test the higher-order structure of *guanxi* quality. CFA is a theory-driven approach in which “the researcher uses a hypothesized model to estimate a population covariance

matrix that is compared with the observed covariance matrix” with the aim of “[minimizing] the difference between the estimated and observed matrices” (Schreiber, Nora, Stage, Barlow, & King, 2006, p. 323). In the proposed second-order *guanxi* quality factor model, each item had a non-zero loading on the first-order factor that it was designed to measure and zero-loadings on the other two first-order factors that it was not meant to measure. The correlations among the three first-order factors were fully explained by their regression on the second-order *guanxi* quality factor (Byrne, 2013).

### 1.2. Alternative models

Determining the best fitting model among other competing models provides support for structural validity (Kline, 2005). In other words, comparing model fit among alternative models leads to a better understanding of the dimensional structure of the construct. Two alternative models were tested in this study, specifically, a one-factor model (single-dimensional structure) and a four-factor hierarchical model. The one-factor model was tested in view of the competing postulation that *guanxi* is a single-dimensional construct, which has been the approach adopted in a number of studies (e.g., Chen, et al., 2011; Leung et al. 2005). The four-factor model was comprised of the same *ganqing* and *xinren* factors, but the face and favor variables that were created to measure *renqing* were modeled as separate factors (face factor and favor factor). The comparison between the three-factor hierarchical model (*ganqing*, *xinren*, *renqing*) and the four-factor hierarchical model (*ganqing*, *xinren*, face, favor) assessed whether the face and favor variables should be modeled as one factor or two separate factors, and tested the hypothesis that face and favor are interchangeable concepts, which was proposed in Study 1.

## 2. Method

### 2.1. Recruitment and Sample

A list of companies and educational institutes, which were selected at random from a master list generated from the websites of Taiwantrade, the official trade portal of Taiwan, and the Taiwan Ministry of Education, were contacted through invitations to participate in filling out the questionnaires. Two companies and three educational institutes were willing to provide help in data collection.

Similar to Study 2B, the inclusion criteria for participation included the following: (1) Taiwanese nationality, (2) working in Taiwan, and (3) has regular work-related contact with people outside one's own organization. I excluded people who fulfilled the above criteria but whose point(s) of contact was not of Taiwanese nationality. People who were unwilling to participate were also excluded. The same set of criteria were applied for Studies 4 and 5. A total of 312 working adults completed the questionnaires. 213 of them accessed the questionnaire through the online survey platform, Qualtrics. The remaining 99 participants completed a hard copy of the questionnaire, which was mailed to participating companies and institutions. I kept the format of the questionnaire as similar as possible in online and printed versions so as to reduce any potential noise due to mode difference. Data collected using the hard copy questionnaire was coded into computerized data by a research assistant using Qualtrics. Out of these 312 sets of responses, 14 were invalid. These 14 cases included five participants who were not Taiwanese, two participants who completed less than half of the questionnaire, and seven participants who answered the questionnaire based on their relationship with

their colleagues in the same firm or with their supervisors, instead of based on external relations as directed. These responses were excluded from the analyses.

The final sample size of 298 was considered adequate for the purpose of this factor analytic study. According to Comrey and Lee (2013), a sample size of 200 to 300 falls in the fair to good range. In fact, MacCallum, Widaman, Zhang, and Hong (1999) found that when communalities are consistently high ( $> 0.60$ ), as was the case in this study, the impact of sample size is reduced. Among the 298 respondents, 142 (47.7%) were men and 145 (48.7%) of the sample were women. Eleven participants (3.7%) did not fill in their gender data. The age range was 18 to 67 years old, with a mean age group of 30 to 39 years. All participants had attained at least a high school qualification and 92 percent had completed a university degree. Nine participants did not indicate their education level. On average, participants had worked for three to five years. Participants came from diverse industries, including finance, insurance, and real estate (20.1%), manufacturing (13.8%), information and communication (13.4%), professional, scientific, and technical services (12.4%), and education (7.4%).

## **2.2. Measure: 30-Item *Guanxi* Quality Scale (GQS)**

The 30-item GQS consisted of 10 *ganqing* items, 11 *renqing* items, and nine *xinren* items. Items were presented in a randomized order. Participants were told to think of someone from another organization with whom they have contact for work purposes and rate the extent to which they agree with each of the 30 statements on a five-point Likert scale, ranging from 1 = *strongly disagree* to 5 = *strongly agree*. Participants were asked to think of someone from another organization because the focus of the measure is on external

*guanxi*, or *guanxi* between two people who represent different organizations. The GQS utilizes a five-point Likert scale, as reliability with Likert scales levels off after the use of five points (Lissitz & Green, 1975). The questionnaire also included demographic questions at the end to collect personal details. The questionnaire was translated to Chinese using the method of back translation (Brislin, 1970). That is, the original English questionnaire was translated into Chinese by one translator first, and then translated back into English by another translator who was blinded to the original questionnaire. Following which, the two versions were compared to minimize any differences. The 30-item GQS is included in Appendix G. Items are represented by their item codes in the reporting of the results.

### 3. Results

#### 3.1. Screening of Data Prior to Analysis

Data were screened prior to factor analysis. According to Tabachnick and Fidell (2007), the following procedures should be taken to ensure that the data are appropriate for multivariate data analysis: evaluate missing data, check for univariate and multivariate outliers, screen for nonnormal variables, and identify multicollinearity and singularity threats. Schreiber et al. (2006) and Harrington (2008) emphasized the same steps should be taken in the pre-analysis stage of CFA and SEM.

**3.1.1. Missing data.** First, there were no missing cases for the 30 *guanxi* variables of interest, although some participants did not provide full demographic details, as mentioned in the description of the sample.

**3.1.2. Screening for outliers.** Data were screened for potential outliers. Standardized scores were used to identify univariate outliers. Hair, Black,

Babin, Anderson, and Thatham (2010) and Harrington (2008) recommended the use of absolute standardized scores of 4.0 as a cutoff for large sample sets, noting that the usual threshold of 2.5 or 3.0 may be too conservative. For the current study of 298 observations, five cases (155, 216, 269, 272, and 298) were identified as univariate outliers with absolute standardized scores greater than 4.0. Three of them exceeded the threshold on more than one variable.

Outliers should only be deleted if there is strong support that they are not representative of the population (Hair et al., 2010). After independent examination, all five univariate outliers were retained to maintain generalizability to the entire population after checking that they represented respondents from the intended sample. Moreover, the scores on these five observations did not drastically affect the overall measures of the variables, such as the means and standard deviations.

Next, I examined the data for multivariate outliers. Mahalanobis distance ( $D^2$ ) was calculated using the 30 *guanxi* indicators. Then,  $D^2$  values were divided by the number of variables to produce  $D^2/df$  ( $df = 30$ ) estimates.  $D^2/df$  estimates are approximately distributed as *t-values* and can be used to identify outliers through an approximate test of statistical significance using the threshold of 2.5 in small samples and 3.5 or 4 in large samples (Hair et al., 2010). In the current study, which consists of 298 observations, the threshold of 3.5 was used as the cutoff. No observations were greater than 3.5, which supported that there were no cases with an unusual combination of scores on two or more of the variables.

**3.1.3. Normality check.** To assess whether the data were normally distributed, skewness and kurtosis indices were calculated. Skewness relates to

the symmetry of the distribution, while kurtosis relates to the peakness of a distribution (Tabachnick & Fidell, 2001, p. 73). Results of data screening suggested some degree of negative skewness for all of the variables, which refers to a concentration of cases to the right of the distribution. However, none of the 30 variables had skewness and kurtosis indices exceeding 2 and 7 respectively, which are the criterion for a factor analytic study to be regarded as normally distributed (Curran, West, & Finch, 1996). The current data was considered normal for confirmatory factor analysis. Despite this, a robust estimator was used in the factor analysis in consideration of the skewness of the data, as elaborated shortly.

**3.1.4. Checking linearity.** The examination of all possible pairwise scatterplots was impractical. Thus, linearity was assessed through the graphing of scatterplots between random pairs of variables. While several items showed some departure from linearity, including items g7 (“We talk about our personal lives.”), r8 (“I will do him/her a favor if he/she did one for me before.”), and g2 (“We share an emotional connection.”), none of the plots provided evidence of true curvilinearity. Although graphical examination of the data highlighted some potential problems for the assumption of linearity, CFA conducted with robust estimation has been found to be unbiased for nonnormal data with properly specified models (Curran, 1994).

**3.1.5. Screening for multicollinearity and singularity.** To assess multicollinearity and singularity, the squared multiple correlation (SMC) of each variable was calculated. The SMCs ranged from 0.389 to 0.709. As none of the values was one, there was no indication of singularity (Tabachnick & Fidell, 2007). However, as the moderately large SMCs suggested possibility of



multicollinearity, the condition indexes (CI) and variance proportions of the variables were further examined. Multicollinearity is detected when a given variable contains a CI exceeding 30, coupled with two variance proportions greater than 0.50 (Belsley, Kuh, & Welsch, 1980, as cited in Tabachnick & Fidell, 2001). As none of the variables in this study that had a CI larger than 30 were coupled with two variance proportions greater than 0.50, multicollinearity was not a major concern for this study. In fact, Hair et al. (2010) noted that some degree of multicollinearity is desirable for the purpose of identifying interrelated sets of items in factor analysis.

### **3.2. Estimator Choice: Satorra-Bentler Scaled Chi-Square Statistic (MLM)**

Maximum likelihood (ML) estimation is the most commonly used estimator in CFA (Flora & Curran, 2004). However, it is highly sensitive to violations of normality and requires data to be continuous (Brown, 2012). These requirements may pose a problem in analyzing the current data, which was obtained using Likert-type ratings. As Schmitt (2011) noted, ordinal data can result in categories that are not continuous and not normally distributed, although the data may be purported to represent continuous, normally distributed constructs. The use of ML estimation for such data may produce biased parameter estimators and standard errors (Schmitt, 2011). As noted in the preceding section on data screening, the data used in this study showed a minor departure in normality in terms of skewness and kurtosis. To address the concern, the robust continuous ML estimation, known as the Satorra-Bentler scaled chi-square statistic ( $SB\chi^2$ ) or MLM for short, was used to analyze the current data. The MLM was developed by Satorra and Bentler (1988, 1994) to adjust the goodness of fit chi-square value for multivariate nonnormality. When

MLM is applied, the chi-square value is divided by the scaling correction factor ( $c$ ), which measures the amount of average multivariate kurtosis influencing the test statistic in the data, to obtain the Satorra-Bentler scaled chi-square ( $SB\chi^2$ ) (Bryant & Satorra, 2012). The MLM has been recommended as an alternative to maximum likelihood (ML) estimation for estimating models for ordinal (Likert) data with five or more categories, as it is able to yield efficient parameter estimates with minimal bias in CFA (Dimitrov, 2014; Schmitt, 2011). MPLUS version 6.0 was used to conduct factor analyses and structural equation modeling in this study as well as in Study 4.

### **3.3. Application of Fit Indices for Model Evaluation**

Most researchers recommend the use of several fit indicators for model evaluation (Bentler & Wu, 2002; Hair, Anderson, Tatham, & Black, 1998; Wen, Hau, & Marsh, 2004) so as to compensate for possible over-rejection of reasonably fitting models due to overly stringent cutoffs used for the fit indices (Hu & Bentler, 1999). A number of fit indices were used in this study, including the chi-square statistic ( $\chi^2$ ), comparative fit index (CFI), the nonnormed fit index--also known as the Tucker-Lewis index (NNFI/TFI), the root mean square error of approximation (RMSEA), and the standardized root mean square residuals (SRMR).

While  $\chi^2$  is the most common method used in the evaluation of goodness of fit, it is highly sensitive to sample size, particularly for a dataset with more than 200 observations. An alternative to  $\chi^2$  is the ratio of  $\chi^2$  to the degrees of freedom ( $\chi^2/df$ ) (Jöreskog & Sörbom, 1993). A  $\chi^2/df$  ratio of less than two suggests a good fit, two to three indicates acceptable fit, and three to five reflects approaching acceptable fit (Bollen, 1989; Kelloway, 1998). As this

study used the  $SB\chi^2$  statistics,  $SB\chi^2$  was multiplied by the scaling factor to calculate  $\chi^2$  and the  $\chi^2/df$  ratio. The CFI and NNFI are incremental or comparative fit indices that compare the proposed model's fit to a baseline model (Hooper, Coughlan, & Mullen, 2008). The CFI was developed as a noncentrality parameter-based index to address the limitation pertaining to the effects of sample size (Bentler, 1990). The NNFI adjusts for parsimony by assessing the degrees of freedom from the proposed model to that of the null model. It is highly recommended due to its robustness against sample sizes. Models with CFI and NNFI values more than 0.95 are considered good-fitting, values more than 0.90 reflect acceptable fit, and values less than 0.90 indicate approaching acceptable levels of fit (Bollen, 1989; Marsh, Hau, & Wen, 2004). The RMSEA is a type of absolute index that depends how well the hypothesized model fits the data without comparison to a reference model (Hooper et al., 2008). It "measures the discrepancy between the observed and estimated covariance matrices per degree of freedom" (Hoe, 2008, p. 78). A RMSEA index of less than 0.08 indicates acceptable fit and values less than 0.06 are regarded as good fit (Hu & Bentler, 1999; MacCallum, Browne, & Sugawara, 1996). Lastly, the standardized root mean square residuals (SRMR) represents the standardized difference between the sample observed covariance and the hypothesized covariance model (Hooper et al., 2008). A value of less than 0.08 indicates good fit (Dimitrov, 2014). In view of the above rules of thumb, the following criteria were applied to assess model fit in the current study:  $\chi^2/df$  ratio lesser than 5.00, CFI and NNFI/TFI greater than 0.90, RMSEA less than 0.08, and SRMR less than 0.08.

### 3.4. Screening for Common Method Bias

Harman's single-factor test was used to examine whether common method bias (CMB) was a problem for this study (Podsakoff et al., 2003). CMB refers to variance caused by the measurement method rather than the measured constructs (Podsakoff et al., 2003). A one-factor model was fitted to the data. The model fit statistics were as follows:  $SB\chi^2$  (405,  $N = 298$ ) = 1197.31 (scaling correction factor,  $c = 1.22$ ),  $p < .001$ ;  $\chi^2/df = 3.61$ ; CFI = 0.82; NNFI = 0.81; RMSEA = 0.08; SRMR = 0.07. All fit indices except SRMR indicated that a one-factor model was not acceptable, thus supporting that CMB was not a problem in this study.

### 3.5. Testing the Hypothesized Second-Order, Three-Factor Model of *Guanxi* Quality

The means, standard deviations, and sample covariance matrix of the 30 observed indicators are displayed in Table 14. First, to test the theorized second-order, three-factor model of the *guanxi* quality construct, a CFA using a robust estimator was fitted to the data. Fit indices suggested that the model fit was less than adequate:  $SB\chi^2$  (403,  $N = 298$ ) = 975.51,  $c = 1.23$ ,  $p < .001$ ;  $\chi^2/df = 2.98$ ; CFI = 0.87; NNFI = 0.87; RMSEA = 0.07; SRMR = 0.07. Table 15 displays the unstandardized and standardized parameter estimates with their standard errors of the 30 indicators, as well as the  $R^2$  values (squared multiple correlation coefficients), error variances, and factor variances.

**3.5.1. Model respecification: Revisions to the 30-item GQS.** As a follow-up to the poor-fitting model, post hoc modifications were conducted. Schmitt (2011) cautioned against the application of CFA in an exploratory manner to obtain an adequate-fitting model if respecification is unsupported by theory,

and suggested the use of EFA as a follow up for a poor-fitting CFA model. However, with Study 1 as the supporting theory for the current model, the application of CFA for model respecification was appropriate. The purpose of respecification was to identify (and subsequently remove) fuzzy items that did not load well on their intended factor. Problematic items include: (a) indicators with factor loadings lower than 0.50, (b) indicators with low squared multiple correlation (SMC), and (c) indicators that loaded on more than one factor (i.e., cross-loadings) as indicated by a combination of high modification indices (MI) and expected parameter change (EPC) values interpreted in terms of magnitude and direction (Byrne, 2013).

Factor loadings refer to correlations between the variable and factor. As a rule of thumb, factor loadings above 0.71 are considered excellent (50% variance accounted for), 0.63 very good, 0.55 good, 0.45 fair, and 0.32 poor (10% variance accounted for) (Tabachnick & Fidell, 2007). A factor loading is considered to carry practical significance if it exceeds 0.50 (Hair et al., 2010). Squaring the factor loadings provides the variance accounted for, which is the SMC, also referred to as the  $R^2$ .

The first round of CFA conducted with 30 indicators resulted in five variables with  $R^2$  values lower than 0.40 (items r2, r3, g3, x4, and x7). Out of the five variables with low  $R^2$  values, one had an unsatisfactory standardized factor loading of 0.442 (r2) and three of them showed cross-loadings (r2, r3, and g3), as given by modification indices. Modification indices also suggested five other variables with cross-loadings (r6, g1, g4, g6, and x6). As parsimony or simple structure is a target for scale development (Thurstone, 1947), three other variables (g9, x3, and x9) were deleted from the factor model. These three

Table 14

*Means, Standard Deviations, Covariance Among the 30 Observed Variables*

Item	<i>M</i>	<i>SD</i>	Covariance Matrix																													
			<u>g1</u>	<u>g2</u>	<u>g3</u>	<u>g4</u>	<u>g5</u>	<u>g6</u>	<u>g7</u>	<u>g8</u>	<u>g9</u>	<u>g10</u>	<u>r1</u>	<u>r2</u>	<u>r3</u>	<u>r4</u>	<u>r5</u>	<u>r6</u>	<u>r7</u>	<u>r8</u>	<u>r9</u>	<u>r10</u>	<u>r11</u>	<u>x1</u>	<u>x2</u>	<u>x3</u>	<u>x4</u>	<u>x5</u>	<u>x6</u>	<u>x7</u>	<u>x8</u>	<u>x9</u>
g1	3.65	0.77	0.59																													
g2	3.33	0.94	0.33	0.88																												
g3	3.66	0.89	0.29	0.28	0.78																											
g4	3.61	0.75	0.33	0.38	0.33	0.56																										
g5	3.51	0.89	0.40	0.34	0.31	0.32	0.78																									
g6	3.57	0.78	0.29	0.34	0.28	0.25	0.35	0.60																								
g7	3.17	1.05	0.35	0.49	0.40	0.37	0.54	0.33	1.10																							
g8	3.11	1.11	0.33	0.59	0.36	0.40	0.53	0.40	0.70	1.22																						
g9	3.24	1.05	0.31	0.59	0.40	0.41	0.50	0.40	0.69	0.88	1.11																					
g10	3.26	0.96	0.34	0.57	0.32	0.41	0.49	0.38	0.60	0.74	0.70	0.91																				
r1	3.69	0.75	0.26	0.37	0.28	0.28	0.32	0.27	0.37	0.35	0.40	0.38	0.56																			
r2	3.54	0.80	0.14	0.24	0.17	0.16	0.21	0.17	0.20	0.22	0.21	0.26	0.16	0.65																		
r3	3.18	0.87	0.33	0.44	0.28	0.34	0.33	0.28	0.37	0.47	0.45	0.46	0.29	0.22	0.75																	
r4	3.96	0.64	0.24	0.28	0.23	0.25	0.24	0.27	0.31	0.29	0.34	0.29	0.25	0.15	0.21	0.41																
r5	3.93	0.65	0.22	0.22	0.28	0.23	0.27	0.21	0.29	0.30	0.34	0.29	0.24	0.14	0.25	0.27	0.43															
r6	3.31	0.90	0.35	0.37	0.34	0.34	0.40	0.31	0.54	0.52	0.54	0.46	0.32	0.14	0.34	0.31	0.25	0.82														
r7	3.86	0.69	0.26	0.27	0.26	0.26	0.34	0.25	0.33	0.38	0.36	0.34	0.26	0.17	0.23	0.24	0.23	0.28	0.47													
r8	4.18	0.62	0.17	0.17	0.22	0.18	0.19	0.19	0.23	0.21	0.24	0.20	0.23	0.15	0.15	0.22	0.21	0.20	0.21	0.38												
r9	3.89	0.59	0.22	0.26	0.22	0.22	0.21	0.26	0.22	0.26	0.27	0.24	0.22	0.16	0.19	0.27	0.21	0.24	0.21	0.19	0.35											
r10	4.03	0.60	0.19	0.19	0.21	0.18	0.23	0.18	0.21	0.22	0.23	0.23	0.20	0.12	0.16	0.20	0.21	0.21	0.17	0.17	0.18	0.36										
r11	3.98	0.68	0.22	0.21	0.28	0.22	0.22	0.21	0.28	0.25	0.27	0.25	0.23	0.16	0.21	0.23	0.23	0.23	0.21	0.23	0.22	0.23	0.47									
x1	3.83	0.67	0.25	0.31	0.28	0.31	0.30	0.25	0.34	0.33	0.33	0.32	0.26	0.23	0.25	0.24	0.23	0.29	0.26	0.21	0.24	0.19	0.25	0.45								
x2	3.73	0.67	0.24	0.34	0.26	0.29	0.31	0.26	0.34	0.34	0.33	0.32	0.28	0.25	0.27	0.24	0.23	0.31	0.26	0.23	0.24	0.19	0.24	0.33	0.45							
x3	3.74	0.71	0.28	0.34	0.27	0.30	0.36	0.29	0.37	0.40	0.38	0.38	0.27	0.20	0.26	0.26	0.23	0.32	0.28	0.21	0.27	0.17	0.24	0.34	0.33	0.50						
x4	3.60	0.77	0.14	0.20	0.22	0.21	0.20	0.18	0.21	0.23	0.25	0.21	0.21	0.32	0.21	0.20	0.18	0.22	0.21	0.20	0.20	0.12	0.17	0.23	0.27	0.22	0.59					
x5	3.57	0.80	0.27	0.28	0.28	0.33	0.29	0.26	0.34	0.34	0.37	0.37	0.27	0.22	0.27	0.25	0.25	0.29	0.26	0.18	0.24	0.19	0.25	0.32	0.30	0.31	0.25	0.64				
x6	3.63	0.84	0.32	0.45	0.37	0.35	0.40	0.34	0.48	0.53	0.57	0.54	0.36	0.23	0.36	0.30	0.31	0.42	0.31	0.23	0.26	0.25	0.28	0.34	0.37	0.35	0.24	0.35	0.70			
x7	3.98	0.66	0.26	0.20	0.23	0.25	0.21	0.20	0.16	0.20	0.19	0.21	0.22	0.13	0.16	0.20	0.18	0.20	0.19	0.18	0.19	0.18	0.19	0.24	0.20	0.22	0.12	0.24	0.24	0.44		
x8	3.89	0.66	0.23	0.23	0.26	0.25	0.23	0.22	0.22	0.22	0.24	0.20	0.21	0.21	0.20	0.24	0.22	0.24	0.24	0.22	0.22	0.17	0.25	0.29	0.28	0.29	0.24	0.28	0.26	0.24	0.44	
x9	3.91	0.65	0.23	0.21	0.22	0.24	0.19	0.18	0.17	0.19	0.18	0.17	0.17	0.16	0.18	0.19	0.17	0.21	0.18	0.16	0.21	0.16	0.21	0.25	0.24	0.24	0.16	0.24	0.20	0.28	0.29	0.42

Table 15

*CFA Results of Second-Order, Three-Factor Guanxi Quality Model*

		Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	Standardized error/ residual variance	
		Parameter estimate	SE	*Parameter estimate	SE		Estimate	SE
<u>First-order</u>								
<u>Renqing</u>								
(r1)	I feel that I should take special care of him/her whenever possible.	1.00	0.00	0.70	0.03	0.49	0.51	0.05
(r2)	He/she should do me a favor if I request for one.	0.67	0.10	0.44	0.06	0.20	0.81	0.06
(r3)	I give him/her preferential treatment.	0.92	0.09	0.57	0.04	0.32	0.68	0.05
(r4)	I am willing to help him/her, when he/she needs help.	0.96	0.07	0.80	0.03	0.64	0.36	0.05
(r5)	If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	0.90	0.08	0.74	0.04	0.54	0.46	0.05
(r6)	I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.	1.08	0.10	0.64	0.05	0.40	0.60	0.06
(r7)	We will do each other favors.	0.91	0.07	0.71	0.04	0.50	0.50	0.06
(r8)	I will do him/her a favor if he/she did one for me before.	0.78	0.08	0.68	0.05	0.46	0.54	0.06
(r9)	When he/she has a favor to ask, I will give him/her face and render my help.	0.86	0.07	0.78	0.03	0.61	0.39	0.05
(r10)	I give face to him/her whenever possible.	0.73	0.09	0.65	0.05	0.42	0.58	0.07
(r11)	When I introduce him/her to others, I will emphasize his/her strengths.	0.88	0.08	0.69	0.04	0.47	0.53	0.05
<u>Xinren</u>								
(x1)	I trust him/her.	1.00	0.00	0.84	0.02	0.71	0.29	0.04
(x2)	He/she trusts me.	1.01	0.06	0.84	0.02	0.71	0.30	0.04
(x3)	We trust each other.	1.02	0.07	0.81	0.03	0.66	0.34	0.04
(x4)	If I had helped him/her before, I trust that he/she will return the favor to me in future.	0.75	0.09	0.54	0.05	0.30	0.71	0.06
(x5)	I am confident that he/she will not make use of our relationship for his/her own benefit.	0.99	0.07	0.69	0.03	0.48	0.52	0.05
(x6)	I trust him/her because he/she is my friend.	1.13	0.09	0.75	0.03	0.57	0.43	0.04
(x7)	I am confident that he/she has the knowledge and competence in getting tasks done.	0.74	0.06	0.62	0.04	0.39	0.61	0.05
(x8)	I trust that he/she will deliver what he/she promises.	0.89	0.05	0.76	0.03	0.58	0.42	0.05
(x9)	I am confident in his/her work ability.	0.77	0.05	0.67	0.04	0.44	0.56	0.05

Table 15 (continued)

*CFA Results of Second-Order, Three-Factor Guanxi Quality Model*

		Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	Standardized error/residual variance	
		Parameter estimate	SE	*Parameter estimate	SE		Estimate	SE
<u>First-order</u>								
<i>Ganqing</i>								
(g1)	I like him/ her.	1.00	0.00	0.64	0.04	0.41	0.59	0.05
(g2)	We share an emotional connection.	1.36	0.12	0.72	0.03	0.52	0.49	0.04
(g3)	I would feel disappointed if we had to stop working together.	1.02	0.10	0.57	0.05	<u>0.32</u>	0.68	0.06
(g4)	We have good chemistry.	1.09	0.08	0.72	0.03	0.52	0.48	0.04
(g5)	We will always show concern for each other.	1.29	0.09	0.72	0.03	0.52	0.48	0.04
(g6)	I would consider his/her feelings before I make an important decision.	1.02	0.09	0.65	0.04	0.42	0.58	0.05
(g7)	We talk about our personal lives.	1.54	0.13	0.73	0.03	0.53	0.47	0.04
(g8)	Our interaction is not only restricted to the official domain.	1.73	0.16	0.77	0.03	0.60	0.40	0.04
(g9)	I regard him/her as a personal friend.	1.70	0.15	0.80	0.03	0.63	0.37	0.04
(g10)	We have a strong friendship.	1.57	0.14	0.82	0.02	0.66	0.34	0.04
<u>Second-order</u>								
	<i>Renqing</i>	0.51	0.04	0.96	0.01	0.92	0.08	0.02
	<i>Xinren</i>	0.54	0.04	0.96	0.01	0.93	0.07	0.01
	<i>Ganqing</i>	0.43	0.04	0.87	0.02	0.75	0.25	0.03

Note. Model fit:  $SB\chi^2(403, N = 298) = 975.51, c = 1.23, p < .001, \chi^2/df = 2.98, CFI = 0.87, NNFI = 0.87, RMSEA = 0.07, SRMR = 0.07$ .

\*All standardized factor loadings were statistically significant at  $p < .001$ .

$R^2$  is also referred to as squared multiple correlation or proportion of variance explained.



items belonged to three different themes in the *ganqing* and *xinren* factors, all of which had more than one representing item after removing the ten problematic indicators. Items g9, x3, and x9 were removed because they had the lowest factor loadings and  $R^2$  with respect to the other item(s) representing the same theme (see Table 16).

In sum, a total of 13 variables were deleted before a second CFA was conducted on the remaining 17 items. A second CFA on 17 variables highlighted two indicators, namely, r1 and r7, with cross-loadings and were thus removed. Table 17 provides a summary of the 15 deleted items. The final GQS consisted of 15 indicators. A final CFA was applied to the 15 retained items.

Table 16

*Items Compared for Retention/Deletion for Purpose of Model Parsimony*

Aspect (factor)	Item	Standardized factor loading	$R^2$	Decision
Friendship ( <i>ganqing</i> )	(g9) I regard him/her as a personal friend.	0.80	0.63	Deleted
	(g10) We have a strong friendship.	0.82	0.66	Retained
Performance-based trust ( <i>xinren</i> )	(x8) I trust that he/she will deliver what he/she promises.	0.76	0.58	Retained
	(x9) I am confident in his/her work ability.	0.67	0.44	Deleted
General sense of trust ( <i>xinren</i> )	(x1) I trust him/her.	0.84	0.71	Retained
	(x2) He/she trusts me.	0.84	0.71	Retained
	(x3) We trust each other.	0.81	0.66	Deleted

**3.5.2. CFA on the revised 15-item GQS.** The second-order, three-factor model showed a good fit to the final 15-item GQS. The fit indices were as follows:  $SB\chi^2(88, N = 298) = 161.23$ ,  $c = 1.30$ ,  $p < .001$ ;  $\chi^2/df = 2.37$ ; CFI = 0.96; NNFI = 0.96; RMSEA = 0.05; SRMR = 0.04. Table 18 shows the unstandardized and standardized parameter estimates with their standard errors,  $R^2$  values, error variances, and factor variances for the final model. All factor loadings were significant and above 0.50.  $R^2$  values were all greater than 0.40, which suggests substantial variance is explained by the underlying factor (Costello & Osborne, 2005). No specific points of ill-fit were identified as none of the residuals for covariance, which refer to the differences between observed (sample) and predicted (model-implied) covariance, were greater than 0.10 (Kline, 2010). According to Kline (2010), the higher the number of covariance residuals exceeding 0.10, the lower the power of the model to explain specific observed associations.

To evaluate the unidimensionality of the measure, which refers to whether the items assess a single underlying construct, Clark and Watson (1995) recommended an examination of average inter-item correlation. The average inter-item correlation of the 15-item GQS was 0.48, which falls in the recommended range of 0.15 to 0.50 (Briggs & Cheek, 1988), thereby supporting the unidimensionality of the measure.

Cronbach's alpha was 0.93, above the acceptable level of 0.80 as recommended by Nunnally (1978). This result supported that the items in the scale are satisfactorily intercorrelated, and the scale has achieved internal consistency (Clark & Watson, 1995). The coefficient alphas for the *renqing* factor, *ganqing* factor, and *xinren* factor were 0.88, 0.87, and 0.86 respectively,

all within the reported acceptable values (0.70 to 0.95) (Bland & Altman, 1997; DeVellis, 2012; Nunnally & Bernstein, 1994). According to DeVellis (1991), an alpha value between 0.65 to 0.70 is minimally acceptable; 0.70 to 0.80 is respectable, 0.80 to 0.90 is very good. Table 19 displays the final 15 items, and Figure 1 shows the graphical representation of the second-order factor structure of *guanxi* quality.

**3.5.3. Testing alternative models.** Three alternative CFA models were run: a one-factor model, a hierarchical four-factor model, and a hierarchical two-factor model. The rationale for testing the first two models, as described earlier, was to identify the best fitting model among other competing models. The one-factor model, in which all 15 items were modeled to load on the global *guanxi* quality factor, did not show adequate fit. In the hierarchical four-factor model, face and favor were modeled to load on separate first-order factors. The face variables (r9, r10, r11) and the favors variables (r4, r5, r8) were modeled as reflective indicators of two separate factors, face and favor. Although item r9 (“When he/she has a favor to ask, I will give him/her face and render my help”) could be considered as a hybrid item that comprised of both aspects of giving face and providing a favor, the focus of the item was on giving face and was thus modelled to load on the face factor. The CFA results of the hierarchical four-factor model indicate good model fit (see Table 20). A third post hoc model was tested in consideration of the high second-order factor loadings of *renqing* and *xinren* of the hierarchical third-factor model, which suggest potential redundancy and the possibility for the items of these two dimensions to be modelled as a single dimension. The CFA results of the hierarchical two-factor model show a good fit (see Table 20).

Table 17  
*Post Hoc Model Respecification: List of Deleted Items*

Deleted items			Cross-loadings		
		Reason(s) for deletion	Factor(s)	MI	Standardized EPC
<i>Renqing</i>	r1	I feel that I should take special care of him/her whenever possible.	<i>ganqing</i>	13.50	0.32
	r2	He/she should do me a favor if I request for one.			
		Cross-loadings (given by modifications index in 2nd round of CFA)			
		Low factor loading of 0.442			
		Low $R^2$ of 0.20			
	r3	I give him/her preferential treatment.	<i>xinren</i>	17.35	0.95
		Cross-loadings			
<i>Ganqing</i>		Low $R^2$ of 0.32			
	r6	I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty.	<i>ganqing</i>	35.17	0.70
		Cross-loadings	<i>ganqing</i>	31.32	0.62
	r7	We will do each other favors.			
		Cross-loadings (given by modifications index in 2nd round of CFA)	<i>ganqing</i>	14.50	0.32
<i>Xinren</i>	g1	I like him/ her.	<i>renqing</i>	13.65	0.41
			<i>xinren</i>	12.29	0.39
	g3	I would feel disappointed if we had to stop working together.	<i>renqing</i>	15.67	0.47
			<i>xinren</i>	13.63	0.44
	g4	We have good chemistry.	<i>renqing</i>	12.52	0.37
			<i>xinren</i>	25.18	0.52
	g7	We talk about our personal lives.	<i>renqing</i>	12.77	0.40
<i>Xinren</i>	g9	I regard him/her as a personal friend.			
		Removed for model parsimony			
	x3	We trust each other.			
	x4	If I had helped him/her before, I trust that he/she will return the favor to me in future.			
		Low $R^2$ of 0.30			
	x6	I trust him/her because he/she is my friend.	<i>renqing</i>	13.61	0.66
			<i>ganqing</i>	50.52	0.69
<i>Xinren</i>	x9	I am confident in his/her work ability.			
	x7	I am confident that he/she has the knowledge and competence in getting tasks done.			
		Removed for model parsimony			
		Low $R^2$ of 0.39			

*Note.* MI refers to modification indices; EPC refers to expected parameter change.

Table 18  
CFA Results of Second-Order, Three-Factor Model for Final 15 Indicators

	Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	Standardized error/residual variance		AVE	CR	$\alpha$
	Estimate	SE	*Estimate	SE		Estimate	SE			
<u>First-order</u>										
<i>Renqing</i>								0.55	0.88	0.88
r4 I am willing to help him/her, when he/she needs help.	1.00	0.00	0.82	0.03	0.67	0.33	0.05			
r5 If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	0.94	0.06	0.75	0.04	0.57	0.43	0.05			
r8 I will do him/her a favor if he/she did one for me before.	0.82	0.07	0.69	0.05	0.48	0.52	0.07			
r9 When he/she has a favor to ask, I will give him/her face and render my help.	0.91	0.05	0.80	0.03	0.65	0.35	0.05			
r10 I give face to him/her whenever possible.	0.77	0.09	0.67	0.05	0.45	0.55	0.07			
r11 When I introduce him/her to others, I will emphasize his/her strengths.	0.93	0.09	0.71	0.04	0.50	0.50	0.06			
<i>Ganqing</i>								0.58	0.87	0.87
g2 We share an emotional connection.	1.00	0.00	0.71	0.04	0.51	0.49	0.05			
g5 We will always show concern for each other.	0.93	0.09	0.70	0.04	0.49	0.51	0.05			
g7 We talk about our personal lives.	1.16	0.10	0.74	0.03	0.55	0.45	0.05			
g8 Our interaction is not only restricted to the official domain.	1.32	0.10	0.80	0.03	0.64	0.36	0.05			
g10 We have a strong friendship.	1.21	0.08	0.85	0.02	0.72	0.28	0.04			
<i>Xinren</i>								0.63	0.87	0.86
x1 I trust him/her.	1.00	0.00	0.86	0.02	0.75	0.25	0.04			
x2 He/she trusts me.	0.98	0.06	0.84	0.03	0.71	0.29	0.04			
x5 I am confident that he/she will not make use of our relationship for his/her own benefit.	0.96	0.07	0.69	0.03	0.48	0.52	0.05			
x8 I trust that he/she will deliver what he/she promises.	0.87	0.05	0.76	0.04	0.58	0.42	0.06			
<u>Second-order</u>								0.76	0.91	0.93
<i>Renqing</i>	0.48	0.05	0.92	0.02	0.85	0.03	4.47			
<i>Ganqing</i>	0.50	0.05	0.75	0.04	0.56	0.06	7.21			
<i>Xinren</i>	0.54	0.04	0.94	0.01	0.88	0.03	4.47			

Note.  $SB\chi^2(88, N = 298) = 161.23, c = 1.30, p < .001; \chi^2/df = 2.37; CFI = 0.96; NNFI = 0.96; RMSEA = 0.05; SRMR = 0.04.$

\*All standardized factor loadings were statistically significant at  $p < .001$ .

$R^2$  is also referred to as squared multiple correlation or proportion of variance explained.

Table 19

*Final 15-Item GQS*

<i>Renqing</i>	
r4	I am willing to help him/her, when he/she needs help.
r5	If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.
r8	I will do him/her a favor if he/she did one for me before.
r9	When he/she has a favor to ask, I will give him/her face and render my help.
r10	I give face to him/her whenever possible.
r11	When I introduce him/her to others, I will emphasize his/her strengths.
<i>Ganqing</i>	
g2	We share an emotional connection.
g5	We will always show concern for each other.
g7	We talk about our personal lives.
g8	Our interaction is not only restricted to the official domain.
g10	We have a strong friendship.
<i>Xinren</i>	
x1	I trust him/her.
x2	He/she trusts me.
x5	I am confident that he/she will not make use of our relationship for his/her own benefit.
x8	I trust that he/she will deliver what he/she promises.

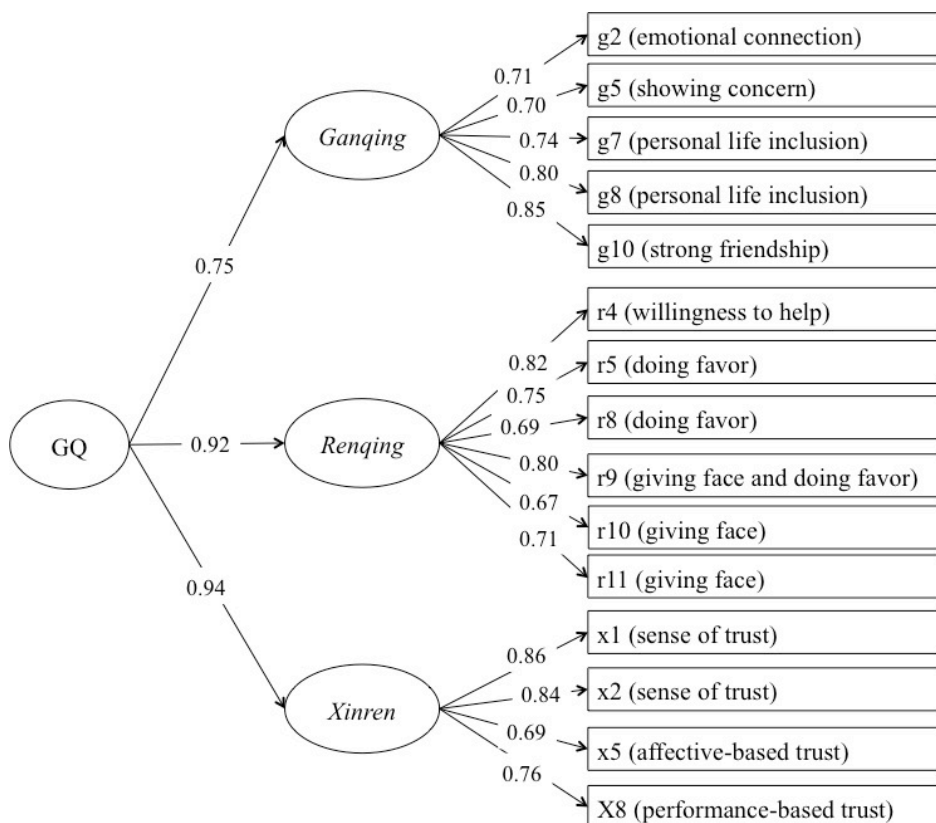


Figure 1. Graphical representation of second-order factor model of *guanxi* quality.

Table 20

*Results of the Testing of Alternative Models*

Model	Model fit indices									
	<u>SB<math>\chi^2</math></u>	<u>df</u>	<u>c</u>	<u><math>\chi^2/df</math></u>	<u>CFI</u>	<u>NNFI</u>	<u>RMSEA</u>	<u>SRMR</u>	<u>AIC</u>	<u>BIC</u>
<u>First-order</u>										
One factor	412.53	90	1.31	6.00	0.84	0.81	0.11	0.07	8000.77	8167.14
<u>Hierarchical second-order</u>										
Two factors ( <i>ganqing</i> and one other factor for <i>renqing</i> and <i>xinren</i> items)	215.80	89	1.30	3.16	0.94	0.92	0.07	0.05	7743.03	7913.10
Three factors ( <i>ganqing</i> , <i>xinren</i> , <i>renqing</i> )	161.23	88	1.30	2.37	0.96	0.96	0.05	0.04	7673.04	7846.81
Four factors ( <i>ganqing</i> , <i>xinren</i> , face, favor)	169.22	87	1.30	2.52	0.96	0.95	0.06	0.05	7685.31	7862.78

As the three hierarchical models contained different numbers of latent factors and were not considered to be nested, the Akaike Information Criterion (AIC) values, which take into account the measure of fit and model complexity (Dimitrov, 2014), were used. A smaller AIC value indicates a better fitting, parsimonious model (Hooper et al., 2008). As presented in Table 20, model fit statistics illustrate that the three-factor hierarchical model displayed the best fit with the current data, given by the lowest AIC value of the hierarchical three-factor model.

#### 4. Discussion

A 15-item measure was developed to measure *guanxi* quality. Results of this study supported that *guanxi* quality is a higher-order construct measured by three first-order factors, which include *ganqing* (the extent of emotional

involvement), *renqing* (the degree of willingness in doing facework and doing favors), and *xinren* (the extent of trust). Results of the comparison between the hierarchical three-factor model and three alternative models (one-factor model, hierarchical four-factor model, and hierarchical two-factor model) showed that *guanxi* quality was a higher-order construct that was best represented by three first-order factors of *ganqing*, *renqing*, and *xinren*.

In contrast to prior research, which construed *renqing* and *mianzi* as related but distinct relational concepts (e.g., Lee & Dawes, 2005; G. Wang et al., 2013; J. Wang & Murphy, 2010), the current study found that doing *renqing* and saving *mianzi* fell under the same construct of *renqing*. This finding supported the hypothesis in Study 1, Part 2 that the two concepts are interchangeable. It complements the finding from Bedford and Hwang's (2013) qualitative study on the social and psychological processes in *guanxi* building that giving *mianzi* is a type of *renqing* and doing *renqing* (favor) is a way to gain face. This is the first study that has included *mianzi* under the umbrella construct of *renqing* in the context of *guanxi* evaluation. A more accurate representation of the *renqing* factor increases the validity of a measure of *guanxi* quality.

One limitation of this study lies in the use of the same data for measure revision and model comparisons. A potential critique of this method is that the measure had been modified to fit a hypothesized three-factor model (target model), and therefore any other factor models would show worse fit than the target model. To overcome this shortcoming, I replicated the comparison among the four models using an independent sample in Study 4, in which the same conclusion was reached: A second-order, three-factor model was the best fit to the data.



### Chapter 3.4. Study 4

#### 1. Study 4: Replicating the High-order Factor Structure of *Guanxi* Quality and Establishing Nomological Validity by Testing the *Guanxi* Quality Model

I conducted Study 4 to achieve two goals. First, I wanted to replicate the higher-order factor structure of *guanxi* quality in an independent sample of Taiwanese working adults. Second, as part of construct validation, I wanted to test the nomological validity of the new *Guanxi* Quality Scale (GQS), which involves testing the proposed theoretical relationships between *guanxi* quality and its antecedents, outcomes, and correlates (Campbell, 1960; Campbell & Fiske, 1959; Edwards, 2003). In the following, I explain the development of the proposed nomological network of *guanxi*, which includes the specific hypotheses pertaining to the proposed antecedents and outcomes of *guanxi* quality. Then, I illustrate the study conducted to test the hypotheses.

##### 1.1. Studying the Nomological Network of *Guanxi* Quality from a Psychological Perspective

The majority of work done on *guanxi* has been published in the business literature, which has maintained a strong focus on economic variables and firm-level outcomes (see Luo et al., 2012). While the importance of understanding *guanxi* in terms of its benefits to organizations cannot be overemphasized because it directly explains the pervasiveness of *guanxi*, it is also imperative to understand the psychology of *guanxi*. An organization's individual employees serve as the windows through which inter-firm collaboration is accomplished (Tsang, 1998). This notion is even more salient in a relation-oriented society,

where relationships precede business (Flambard-Ruaud, 2005). This implies that individuals are the direct contributors to relationship development. Developing a model of *guanxi* should begin at the individual and interpersonal level.

As suggested by the results of Study 1, *guanxi* requires personal investment. In terms of the antecedents of *guanxi* quality, I proposed that psychological variables that relate to an individual's value, perception, and attitudes toward *guanxi*, as well as those that involve both parties in an exchange relationship, are likely to play a part in the development of *guanxi*. As there is no systematic framework of factors influencing *guanxi* development, I used the findings generated in Study 1, the qualitative study, to derive specific hypotheses that test the proposed antecedents of *guanxi* quality.

I also found in Study 1 that *guanxi* is often regarded as a form of personal asset, which helps individuals to get things done in future. Individuals are the direct beneficiaries of their *guanxi*. In terms of the outcomes of *guanxi*, it is important to consider psychological variables that relate closely to the evaluation of *guanxi*. Two existing theoretical frameworks were applied in identifying potential outcomes of *guanxi* quality in this study, namely, the social capital theory, and the multilevel (micro-macro association) model.

In sum, I focused on psychological variables in developing a model that delineates what influences *guanxi* quality and how *guanxi* quality leads to positive outcomes. I integrated findings from Study 1, the qualitative and exploratory study that served as the foundation for the development of the new GQS, and existing theoretical and empirical *guanxi* research to develop and test a proposed model of *guanxi* quality. I explain the development of the proposed

model in the following.

## **1.2. Proposed Nomological Network of *Guanxi* Quality**

**1.2.1. Proposed antecedents of *guanxi* quality.** Several lines of exploratory findings from Study 1 were used to identify the antecedents of *guanxi* quality. I will discuss the implications of the following findings of Study 1 for *guanxi* development: (a) *guanxi* is necessary but not sufficient for success, (b) *guanxi* requires continual effort in building and maintaining it, (c) *guanxi* is regarded as a form of investment with future-oriented returns in the form of favors, and (d) good *guanxi* entails the presence of an emotional bond and positive feelings. The first three findings were from Study 1, Part 1 and the fourth finding was from Part 2.

In Study 1, I found that *guanxi* is a necessary condition for work success, complementing other important factors, such as an individual's capability and the quality of a firm's product. While *guanxi* is deemed to be important at work, there may be variation in the extent to which individuals perceive *guanxi* as beneficial and worthy of investment because not all companies have the same goals and support for their employees to pursue *guanxi*. Perceived importance of *guanxi* takes into account the influence of factors, such as firm level variables (e.g., company size, resources, industry type) and organizational culture (e.g., whether *guanxi* use is prevalent or promoted). Yeung and Tung (1996) found that the emphasis on *guanxi* was stronger in small and medium-sized companies in comparison to large firms, because the latter had greater economic potential and attracted more investment even without the influence of *guanxi*. The same study found that the importance of *guanxi* was dependent on the type of sector under examination. Different sectors had unique needs and

constraints. Park and Luo (2001) found that business-to-business *guanxi* was used to compensate for organizational disadvantages, such as the lack of available resources and small firm size. In such organizations, employees would likely perceive *guanxi* as necessary and worth cultivating, as a result of the organizational culture. A stronger perceived importance of *guanxi* motivates individuals to develop stronger *guanxi*. Therefore, I posited a positive relationship between the importance of *guanxi* and *guanxi* quality.

Hypothesis: The stronger the perceived importance of *guanxi* (IMPT), the better the *guanxi* quality (GQ).

In Study 1, I also found that *guanxi* is a dynamic construct that is able to wax and wane. Individuals expend effort to build and maintain good *guanxi*. Without sustained effort in relationship building, it is possible for *guanxi* to weaken. This finding implies that the length of the relationship and frequency of contact are possible factors that influence the quality of *guanxi*. The longer the relationship, the more likely it is that exchange partners have spent substantial effort in cultivating *guanxi*. Similarly, given that *guanxi* development is a conscious effort, it is likely that the more frequent the contact between two exchange partners, the stronger their *guanxi*.

Hypothesis: The length of the relationship (LENGTH) is positively related to *guanxi* quality (GQ).

Hypothesis: The frequency of contact (FREQ) is positively related to *guanxi* quality (GQ).

The finding that *guanxi* building is a continuous and conscious effort also highlights the long-term nature of *guanxi*. This characteristic is also supported by the finding that *guanxi* is regarded as a form of investment with future-oriented returns. Chinese societies have been found to score high on long-term orientation (LTO) (Hofstede, 2001; Hofstede & Minkov, 2010), which refers to

the cultural value of taking a holistic view towards time, emphasizing both the past and the future, instead of being concerned with the effects of actions in the here and now (Bearden, Money, & Nevins, 2006). The LTO of Chinese cultures helps to explain the pervasiveness of *guanxi*, which operates on the basis of continuous, future-oriented reciprocation of favors. However, despite the cultural value of LTO, there may be individual variation in the value of long-term relationships. It is important to caution against the ecological fallacy of equating aggregate level cultural values to individual-level values (Bond, 2002). Individuals who score high in LTO value planning, perseverance, and hard work for future benefit (Bearden et al., 2006). These individuals are expected to show more motivation than those low with LTO in cultivating *guanxi*, and thus will be likely to possess better *guanxi*. Therefore, it was posited that LTO predicts *guanxi* quality.

Hypothesis: The higher an individual scores on LTO, the better his/her *guanxi* quality (GQ).

Lastly, in Study 1, I observed that mutual liking and having chemistry and similar interests facilitate the development of a close emotional bond. Therefore, one possible antecedent of *guanxi* quality is partner similarity. In collectivistic cultures, people tend to differentiate ingroup members from outsiders based on shared commonalities (Hofstede, 1991). All things being equal, perceived similarity increases the chances of *guanxi* development because people who feel more similar to each other also tend to show more empathy and understanding for each other (Lee, Pae, & Wong, 2001). Three variables were used to represent partner similarity, namely, perceived similarity, age similarity, and gender similarity. Based on the finding in Study 1 that *guanxi* partners who feel an existing chemistry, including having common

interests, show more desire to further develop their *guanxi*, as well as the conclusion from Lee et al.'s (2001) study that perceived similarity predicts *guanxi*, perceived similarity was included as an antecedent in my proposed *guanxi* model.

Hypothesis: The extent of perceived similarity is (PER\_SIMI) positively correlated to *guanxi* quality (GQ).

Apart from perceived similarity, two other variables of partner similarity are also included, namely, age similarity and gender similarity. Age similarity is included in the model due to the emphasis on hierarchical relationships in Chinese societies. In the Confucian tradition, *wulun* provides the fundamental structure for social networks (Huang, 2000). *Wulun* refers to the five cardinal relationships between emperor-subject, friend-friend, father-son, husband-wife, and elder brother-younger brother. It entails the expectation that individuals fulfill their role obligations in order to achieve social harmony. Confucian ethics advocate respect for the superior (Bedford & Hwang, 2013). Of these five fundamental relationships, all are hierarchical except for friend-friend relationships (Bedford, 2011; Luo, 2007). Individuals are expected to show respect for seniority because of the societal belief that the older generations possess greater intelligence and capability (Chou, Yang, & Han, 2014). One possible implication in the context of relationship development is that people who differ in age may face greater psychological distance. Those who are closer in age do not have to overcome the age gap in relationship development. As such, I posit that in the workplace, seniority of the *guanxi* partner, in terms of age, could be an influential factor in *guanxi* development.

Hypothesis: Exchange partners who are closer in age (AGE\_SIMI) are more likely to share better *guanxi* (GQ).

Another type of partner similarity that may affect *guanxi* quality relates to gender. Gender has been found to be one of the factors affecting the composition of social networks. Due to homophily, the principle that people who are more similar have a higher tendency to establish contact than people who are dissimilar, individuals tend to form relationships with others of the same gender (Ibarra, 1992; McPherson, Smith-Lovin, & Cook, 2001). Furthermore, *guanxi* is a gendered concept; some practices of *guanxi* building, such as *he hua-jiu* (recreation activities involving hostesses) and *yingchou* (socializing), take place almost exclusively among men, promoting male-bonding and masculinity (Bedford, 2015; Bedford & Hwang, 2013). Given the higher tendency to build contacts with people of similar gender and the greater opportunities for networking, it is possible that *guanxi* partners of the same gender have stronger *guanxi*, in comparison to cross-gender *guanxi*.

Hypothesis: Exchange partners of the same gender (GEN\_SIMI) are more likely to share better *guanxi* (GQ).

Although perceived similarity, age similarity, and gender similarity represent different forms of partner similarity, their importance in determining *guanxi* quality may not be equivalent. Perceived similarity is hypothesized to carry a stronger influence than age similarity and gender similarity, which are relatively more objective, since relationship development depends strongly on how two individuals feel about each other.

In short, based on the exploratory results of Study 1, I proposed seven variables that influence *guanxi* quality. They can be grouped into three major aspects, namely, *guanxi* orientation (H1a: importance of *guanxi* and H1b: long-term orientation), partner similarity (H2a: perceived similarity, H2b: age similarity, and H2c: gender similarity), and relationship-specific variables

(H3a: length of relationship and H3b: frequency of contact).

H1a: The stronger the perceived importance of *guanxi* (IMPT), the better the *guanxi* quality (GQ).

H1b: The higher an individual scores on LTO, the better his/her *guanxi* quality.

H2a: The extent of perceived similarity is (PER\_SIMI) positively corresponds to *guanxi* quality (GQ).

H2b: Exchange partners who are closer in age (AGE\_SIMI) are more likely to share better *guanxi* (GQ).

H2c: Exchange partners of the same gender (GEN\_SIMI) are more likely to share better *guanxi* (GQ).

H3a: The length of the relationship (LENGTH) is positively related to *guanxi* quality (GQ).

H3b: The frequency of contact (FREQ) is positively related to *guanxi* quality (GQ).

**1.2.2. Proposed outcomes of *guanxi* quality.** I applied two existing frameworks, social capital theory and the multilevel model (micro-macro association), in identifying potential *guanxi* quality outcomes.

**1.2.2.1. *Guanxi* as social capital.** Social capital theory has been used to delineate the possible outcomes of *guanxi*. According to Adler and Kwon (2002), social capital refers to “the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations” (p. 23). Social capital is a product of conscious or unconscious investment strategies. It is considered social for the very fact that it is embedded within social relations, or more specifically, dyadic relationships (Smart, 1993). As Burt (1992) put it, no one individual in a relationship has exclusive ownership of social capital. “If you or your partner in a relationship withdraws, the connection dissolves with whatever social capital it contained” (Burt, 1992, p. 58). Therefore, rather than the mere accumulation of ties (i.e., number of ties or connections), social capital



relies on the value of exchanges, in terms of the potential resources and opportunities, embedded within the relationship dynamics (Warren et al., 2004).

Social capital entails exchanges of obligations and advantages of connections or social position. Obligations are potential because they are embedded in uncertain exchanges of reciprocity (Smart, 1993). *Guanxi* is strikingly similar to social capital, as it operates through reciprocal exchanges of future-oriented obligations and favors (Park & Luo, 2001). In fact, scholars have regarded *guanxi* as a form of social capital (e.g., Gu et al., 2008; Luo, Griffith, Liu, & Shi, 2004; Park & Luo, 2001; Wu & Leung, 2005). For example, Knight and Yue (2008) regarded *guanxi* as the Chinese variant of social capital. In a study of firm performance, Luo et al. (2004) conceptualized business-partner social capital as the extent to which business relations (including *guanxi*) are used. Following this line of thought, the new GQS developed in this study could be regarded as a new measure of social capital in Chinese societies.

The social capital theory identifies three core benefits that could be derived from social relations: (1) power, (2) information, and (3) solidarity (Adler & Kwon, 2002; Lin, 1999; Sandefur & Laumann, 1998). These benefits are consistent with Zhang and Zhang's (2006) micro-macro association framework of *guanxi* outcomes, which will be reviewed shortly. In my discussion, I also include how the results from the preceding studies of this research align with these proposed benefits.

First, individuals gain power, influence, and control from their relationships through the accumulation of obligations. In Study 1, I found that in the context of *guanxi*, doing and repaying *renqing* helps *guanxi* partners to get things done.

There is an implicit expectation of reciprocity of favors, whereby returning favors sustains the relationship and helps to build trust. In contrast, a lack of fulfillment of expected return results in the damage of *guanxi*. As supported by the new GQS, *guanxi* quality is reflected in the extent of *renqing*, which includes the willingness to do favors. The better is the *guanxi* between two people, the more likely they will be in helping the other party. This has implications for resource allocation. As Lin (1999) noted, if a resource seeker shares some form of social ties with the resource allocator, the decision of the latter may be influenced by the relationship connecting the two parties. Such benefits may be especially prominent in Chinese societies, in which relationships are privileged over objective qualities in making decisions concerning opportunities and benefit allocation (Ip, 2009).

Second, social capital facilitates access to information. Getting access to business information and insider news were one of the things that participants in Study 1 mentioned as a result of having *guanxi*. While maneuvering through the network of *guanxi*, the focal actors increase their access to broader sources of information, such as business opportunities and government policies, and information of a better quality, relevance, and timeliness (Davies et al., 1995).

The third benefit of social relationships is solidarity, which could refer to two things. First, it refers to the emotional support provided by social relations that reinforces individuals' identity and builds recognition. I found that *guanxi* quality is reflected in the extent of *ganqing*. When two individuals is connected by a strong *guanxi*, it means that they show emotional support for each other through displaying care and concern and include each other in their personal life domains. Such a strong *ganqing* base of *guanxi* can provide the emotional

support crucial for developing a sense of identification with their *guanxi* partners. Second, solidarity also refers to the reduced need for formal controls. Strong social norms and benefits associated with a closed network promote compliance with rules and customs reduces opportunistic. The norm of reciprocity curtails opportunistic behaviors that serve to fulfill self-interests, and preserves the social capital embedded in relationships (Coleman, 1990). Indeed, the exchange of *renqing* is governed by the implicit expectation of return. A good *guanxi* is reflected in the readiness to return favors to the other party whenever he or she needs it. The return of favors helps individuals earn their credibility as dependable *guanxi* partners, who are worthy of the time and resources invested in the relationships. In other words, adherence to the norm of reciprocity helps to build trust and create a safe and favorable environment for the pursuit of a long-term relationship.

In short, *guanxi*, as a form of social capital, provides access to information, power, and solidarity. The access to information as well as the power that helps to get things done in the course of reciprocal exchanges, largely in the form of favors (*renqing*), are advantageous for the work performance of *guanxi* partners. People with strong *guanxi* are more likely to have access to these benefits, and in turn feel more satisfied with the relationship. In this study, satisfaction was defined as “positive affective state resulting from the appraisal of all aspects of a working relationship” (Jap, 2001, p. 97). The following hypothesis was tested:

H4: The strength of *guanxi* quality (GQ) is positively related to the degree of satisfaction (SAT).

The emotional (solidarity) and instrumental (access to information and power to get things done) benefits of *guanxi* are expected to encourage

relationship continuity. In addition, the strong norms and behavioral standards that act as social sanction against opportunistic behaviors help to create a safe and favorable environment for the pursuit of a long-term relationship. A strong relationship is sustained through the fulfillment of relationship roles and expectations, reflected in all three dimensions of *ganqing* (showing empathy and care), *renqing* (doing and returning favors), and *xinren* (building a sense of trust and dependence). Therefore, it was hypothesized that the stronger the *guanxi* quality, the more likely *guanxi* partners will express the willingness to commit to the relationship. In this study, commitment is defined as the “an implicit or explicit pledge of relational continuity between exchange partners” (Dwyer, Schurr, & Oh, 1987, p. 19).

H5: The strength of *guanxi* quality (GQ) predicts the degree of relationship commitment (COM).

The third outcome of *guanxi* quality is the extent of trust in *guanxi* partner's firm, defined as the confidence in a partner who will not exploit one's vulnerabilities (Barney & Hanson, 1995). In contrast to the Western emphasis on system trust, the Chinese concept of trust is primarily based on interpersonal trust (Kriz & Keating, 2010; Leung et al., 2005), which can be generalized to the system level. In a sample of Hong Kong buyers, Lee and Dawes (2005) found that a buyer's trust in the seller (i.e., proof source) is transferable to the seller's organization. This research proposes a similar relationship between personal trust and system trust. As interpersonal trust (*xinren*) is one of the three interconnected dimensions of *guanxi* quality, it was hypothesized that *guanxi* quality predicts the level of trust a *guanxi* partner has of the other party's organization.

H6: *Guanxi* quality (GQ) is positively related to the degree of trust in the *guanxi* partner's organization (TRUST\_ORG).

#### ***1.2.2.2. Testing the association between guanxi quality and relationship***

***quality.*** In Study 1 Part 1, I discussed the finding on *guanxi* as a personal asset and highlighted the need to examine how firms can benefit from *guanxi* at the interpersonal level. I also noted the possibility of applying the micro-macro framework in this context. In the final hypothesis of Study 4, I tested the micro-macro association between (interpersonal level) *guanxi* quality and (firm level) relationship quality. Specifically, I posited that *guanxi* quality is positively related to relationship quality. Relationship quality is defined as the overall perception of relationship strength (Garbarino & Johnson, 1999). It captures the fundamental quality of relationship marketing (Jap, Manolis, & Weitz, 1999; Ural, 2007). The hypothesis that *guanxi* quality is positively related to relationship quality is derived from two areas of support. First, *guanxi* can be regarded as a precondition for relationship marketing. Second, to the extent that *guanxi* represents relationships that exist at the individual level, while relationship marketing emphasizes relationships at the organizational level, a micro-macro association between the two constructs can be made.

*1.2.2.2.1. Guanxi is a precondition for relationship marketing.* Relationship marketing is a concept with origins in the Western business literature. It is defined as “the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value, at reduced cost” (Parvatiyar & Sheth, 1999, p. 8). Morgan and Hunt (1994) referred to relationship marketing as “all marketing activities directed towards establishing, developing, and maintaining successful relationships” (p. 22), which include buyer partnerships, supplier

partnerships, internal partnerships (i.e., business units, departments, employees), and lateral (firm-to-firm) partnerships. Scholars have applied the concept in studying the relationships between buyers and suppliers, distributors, competitors, and internal functions in generating customer value, across various disciplines of marketing, such as channel marketing, advertising, service marketing, and business-to-business marketing (Parvatiyar & Sheth, 1999).

Some scholars have regarded *guanxi* as the Chinese variant of relationship marketing and used the terms, *guanxi* and relational marketing interchangeably (e.g., Ambler, 1994; Björkman & Kock, 1995). However, there exist fundamental differences between the two constructs, and thus it is more appropriate to regard them as two distinct constructs that are positively related (Shaan, Reast, Johnson, & Tourky, 2013; Wang, 2007). Shaan et al. (2013) conducted a systematic review of the similarities and differences between *guanxi* and relationship marketing and noted that although the two constructs are similar in that they both refer to connections between two or more parties, and they share the quality of having a long-term orientation, they differ in the following areas: (1) orientation (tactical versus strategic), (2) level at which relationship exists (individual versus organizational level) and nature of relationship (personal versus impersonal relational exchanges), (3) nature of commitment, (4) open versus closed system, (5) dimensions in each construct, (6) nature of promises, (7) basis for relationship development.

First, *guanxi* and relationship marketing differ in their orientation. *Guanxi* is used as a tactical approach to resolve current issues, such as obtaining important business information. Relationship marketing adopts a strategic approach, emphasizing on the provision of services and solutions for

stakeholders. Second, the level of networking and the nature of the relationship differ. *Guanxi* is individual-oriented, while relationship marketing is organization-oriented. As Wang (2007) noted, *guanxi* is personal and is likened to friendships. The affective component of the relationship sometimes overweighs the monetary gain from the relationship. Relational marketing, on the other hand, is impersonal; it occurs at the organizational level and relations consist of mainly economic and commercial exchanges (Morgan & Hunt, 1994). Third, the type of commitment in *guanxi* is largely affective because exchanges are mostly personal and involve implicit role obligations and reciprocal favors. For partners in relationship marketing, their roles are made explicit and impersonal, thus commitment is based on costs and benefits and is therefore calculative. Fourth, relationship marketing is universalistic, in that the relationship network is open to any interested parties as long as they play by the rule of the game (Wang, 2007). Most Western societies are high trust culture; people have a high level of trust for each other, despite not being blood related (Fukuyama, 1995). On the other hand, most Chinese societies are characterized by low trust (Fukuyama, 1995). People tend to only trust those whom they regard as insiders or share a common background (*guanxi* base). As such, *guanxi* is particularistic, which means that people have to build their relationship from *shengren* (strangers) to *shouren* (familiar/close people) *guanxi* to receive in-group treatment (Wang, 2007).

Fifth, the dimensions of *guanxi* and relationship marketing are different. As a consequence of the multiple and diverse perspectives employed to study relationship marketing and *guanxi*, different dimensions have been used to represent each construct. Although the two constructs do share some of the

dimensions, namely, bonding, reciprocity, trust, and empathy, the contents are different (Yau et al., 2000).

The characteristics of the dimensions of *guanxi* proposed by Shaalan et al. (2013) to distinguish it from relationship marketing are, in fact, supported by my Study 1. In *guanxi*, bonding serves as a social control that deters opportunistic behaviors detrimental to businesses, a point that has also been emphasized by Bedford (2011). On the other hand, bonding in relationship marketing serves to fulfill the desired organizational goal. Reciprocity in *guanxi* is long-term and future-oriented. Favors are done without any specific type of return, although the return is expected to be larger than what has been received (see Study 1). In the case of relationship marketing, returns are specifically intended and expected immediately, if not shortly. As noted by Wang (2007), the nature of trust, as well as the role it plays, are different in the two constructs. Trust in relationship marketing ensures long-term working relationships because people believe that their relationship partners will not act opportunistically. This form of trust is based on credibility (i.e., being trustworthy and reliable in words and/or writings) and benevolence (i.e., believing that the exchanging party will act in the best interests of the other party) (Anderson & Weitz, 1989; Dwyer et al., 1987; Ganesan, 1994). Moreover, trust in relationship marketing is based on system trust inhered within written contracts (Luhmann, 1979). On the other hand, trust in *guanxi* is built on the fulfillment of the unwritten obligation of favors repayment. The failure of which results in a loss of face, which eventually affects a person's reputation (Yang, 1994). The last shared dimension of empathy differs for the two constructs in that communication in *guanxi* is receiver-centered, while that



in relationship marketing is sender-centered. The sixth aspect that differs between the two constructs relates to promises. In *guanxi*, promises are implicit and have no specific deadlines for fulfillment. Implicit promises are bound by unwritten codes of conduct that carry implications for individuals' reputation. In relationship marketing, promises are made explicitly enclosed with specific timeframe for fulfillment.

The final aspect of comparison made by Shaalan et al. was that *guanxi* and relationship marketing differ in terms of the basis of relationship development, with the former being relational and the latter being transactional. With *guanxi*, relationships precede transactions (Flambard-Ruaud, 2005). As for relationship marketing, the relationship starts off with a transaction without existing relationship. In other words, transactions precede relationships (Flambard-Ruaud, 2005).

According to Shaalan et al. (2013), relationship marketing is a broader concept that extends well beyond *guanxi*. They proposed a theoretical model linking the two constructs, positing that *guanxi* is used in the initial stages, where *guanxi* is employed to attract customers for first transactions after existing *guanxi* bases are used to gain access to new customers. After which, the relationship is further developed using relationship marketing strategies, including social, financial, and structural programs, which eventually leads to customer retention. This model suggests that *guanxi* can be regarded as a precondition for relationship marketing.

*1.2.2.2.2. The strength of guanxi at the interpersonal level predicts the strength of firm-level relationship.* To the extent that *guanxi* represents interpersonal relationships that are highly expressive and relationship marketing

represents firm-level relationships that are more task-oriented, the causal relationship between *guanxi* and relationship marketing can be further interpreted using the micro-macro framework of *guanxi* outcomes. The micro-macro framework has been used to explain how individual-level *guanxi* can benefit firms and positively affect organizational performance (Peng & Luo, 2000; Wu & Leung, 2005; Zhang & Zhang, 2006).

Zhang and Zhang (2006) conceptualized a theoretical framework that address the micro-macro association by identifying five aspects of how *guanxi* can benefit an organization. First, *guanxi* can be regarded as an organizational network. Organizations are a collection of individuals, thus inter-firm relationships are essentially represented by relationships between company representatives. In other words, organizations are connected through individuals who interact with other individuals on behalf of their companies. In this sense, *guanxi* networks parallel organizational networks. Second, in the face of environmental uncertainty, *guanxi* complements or substitutes formal contractual law in acquiring scarce resources, as well as structural and institutional protection (Luo, 2000; Xin & Pearce, 1996). Third, *guanxi* is a strategic tool in advancing economic transactions and reducing administrative costs through long-term, trust-based networks. Fourth, *guanxi* facilitates access to key resources. Inter-firm key stakeholders may share resources, which include soft resources, like important business information, and hard resources, such as material resources and financial load. Sharing of resources provide alliance partners a competitive advantage. Fifth, long-term relationships built on reciprocal transactions and obligatory exchanges are considerably reliable. Trust-based *guanxi* networks reduce transaction costs involved in searching for

potential partners, negotiating contracts, and coordinating transactions.

Zhang and Zhang (2006) asserted that while *guanxi* exists in the organization and is instrumental in bringing firm-level benefits, it does not transform into an organizational asset. This notion is consistent with the finding from Study 1 that *guanxi* exists a form of personal asset, which provides individuals with a competitive advantage by virtue of the relationship. Individual work performance is eventually reflected as organizational performance.

The last four aspects in Zhang and Zhang's framework relate closely to the benefits of social capital. The micro-macro association suggests that *guanxi* pays off for the individuals and in turn, benefits organizations and firms, when it brings benefits of information, power, and solidarity, as explicated by the social capital theory. These benefits can be perceived as the manifestations of a good firm-level relationship quality, which is preceded by good interpersonal *guanxi* quality.

There has been some support for the relationship between *guanxi* and relationship quality. For example, Lu, Trienekens, Omta, and Feng (2008) tested a relationship marketing model in the context of vegetable business networks and found that *guanxi* value, an indicator of the extensiveness of *guanxi* network utilization in facilitating transactions, was an antecedent to buyer-seller relationship quality. In a study of Hong Kong and China business relations, it was found that *guanxi* increases the perception of relationship quality (Lee et al., 2001). In the current study, I posit that *guanxi* quality between boundary personnel is positively associated with relationship quality at the firm-level, such that the stronger an individual's *guanxi* with his or her

exchange partner, the stronger is his or her perceived relationship with the partnering firm. This relationship, if supported in the current study, implies that *guanxi* pays off for the organization when the nature of exchanges transforms from an interpersonal level to a work- or organizational-level.

H7: *Guanxi quality* (GQ) predicts firm-level relationship quality (RQ).

### 1.3. Proposed Structural Models

I have proposed seven antecedents and four outcome variables of GQ. In Study 1, I explored the inter-connectedness of the *ganqing*, *renqing*, and *xinren* dimensions. In Study 3, I showed that the extent of *ganqing*, the degree of *xinren*, and the willingness to do *renqing* work together to reflect *guanxi* quality as a second-order construct. These findings support the contention that no one *guanxi* dimension works without the other, and that *guanxi* quality should be modeled as an integrated construct in determining relationship outcomes.

Figure 2 shows the proposed structural diagram of the nomological network of *guanxi* quality.

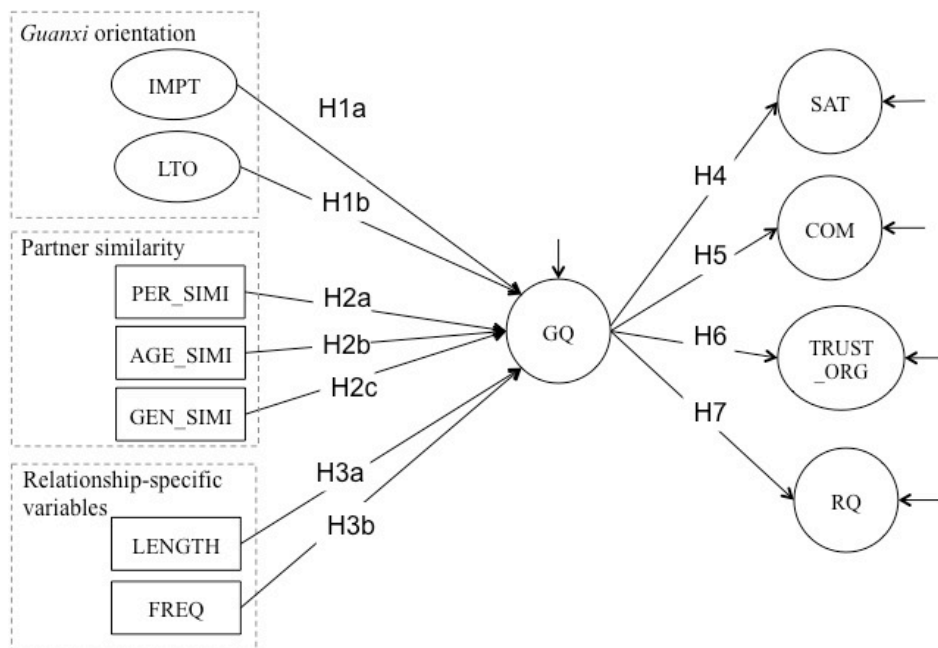


Figure 2. Proposed Model 1.

**1.3.1. Alternative models.** The first model, namely Model 1, tested in this study hypothesized that GQ directly predicts the four outcome variables. Apart from direct effects from GQ to SAT, COM, and RQ, there could be other plausible, competing causal models, as is usually the case with multivariate data, and alternative models should thus also be specified *a priori* and tested in the study (McDonald & Ho, 2002).

I posited two other models that differed from Model 1 in terms of the relationships among the outcome variables. The first alternative model (Proposed Model 2) involves the indirect effects of GQ on SAT and COM through the effect of RQ. That is, *guanxi* quality affects the evaluation of task-oriented relationship performance, which in turn determines the extent of overall relationship satisfaction and relationship commitment. This indirect model tested the hypothesis that satisfaction and commitment are predicted by the evaluation of how beneficial *guanxi* is to an individual's work, and there is no direct relationship between *guanxi* quality and satisfaction, or between *guanxi* quality and commitment.

While it is possible that overall relationship evaluation variables (SAT and COM) are dependent on how beneficial the relationship is, another plausible model is a mediation model that contains both direct effects from GQ to SAT and COM ( $GQ \rightarrow SAT$ ;  $GQ \rightarrow COM$ ) and indirect effects from GQ to SAT and COM through the effect of RQ ( $GQ \rightarrow RQ \rightarrow SAT$ ;  $GQ \rightarrow RQ \rightarrow COM$ ). As found in Study 1, *guanxi* is both a means and an end: it is maintained because people value relationships and the benefits accessible through the use of these relationships. Therefore, proposed Model 3 hypothesized that while SAT and COM are dependent on GQ, they may also be affected by RQ.

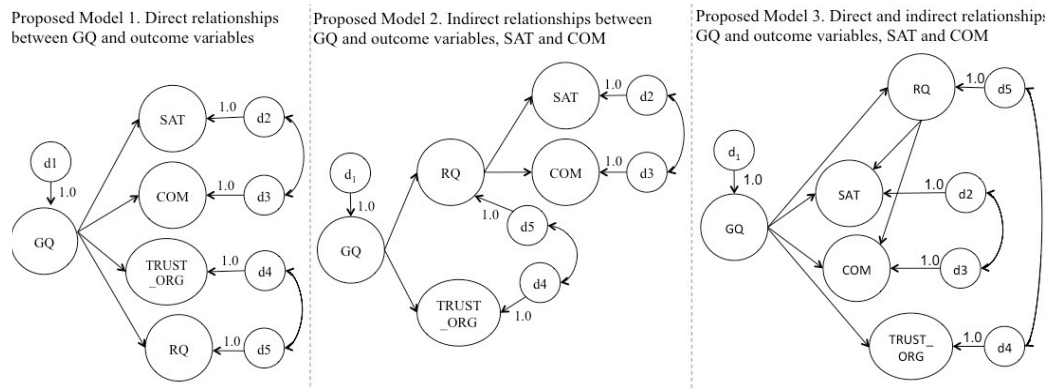


Figure 3. Proposed Models 1, 2, and 3.

In sum, three structural models that differ in terms of the relationships between GQ and the three outcome variables, RQ, SAT, and COM, were tested in this study. Model 1 was a direct effects model, Model 2 was an indirect effects model, while Model 3 was a mediation model. Figure 3 shows the comparison of the three possible models with only the outcome variables shown.

## 2. Method and Analysis

The measures of the variables tested in the proposed nomological network are displayed in Appendix H. Unless otherwise stated, all the measures used a 5-point Likert scale, ranging from 1 = *strongly disagree* to 5 = *strongly agree*. Measures were represented in a randomized sequence in the form of a questionnaire. As with Study 3, the measures in the current study were translated using the back-translation method by two independent and bilingual researchers (Brislin, 1970).

### 2.1. Measures of the Seven Predictor Variables

Long-term orientation was measured using one of the two subscales in Bearden et al.'s (2006) measure. The original scale consists of the long-term

planning subscale and the respect for tradition subscale. As the purpose of this study was to examine the effect of having a future-oriented view on *guanxi* quality, the four-item subscale for long-term planning was used to represent the construct of individual-level LTO. Importance of *guanxi* was measured using a three-item measure that reflects the extent to which personal connections is important for the respondent's work (Shou, Chen, Zhu, & Yang, 2014). Perceived similarity was measured using a single item, with a five-point Likert scale ranging from 1 = *not similar at all* to 5 = *very similar* (Lee et al., 2001). The variables of age similarity and gender similarity were dummy-coded, with 1 being the same age range/gender and 0 being different age range/gender. Length of relationship and frequency of contact were each measured using a single, direct item. Participants indicated how long they had known one another by selecting one of the response categories: 1 = *less than six months*, 2 = *6 months to one year*, 3 = *one to three years*, 4 = *three to five years*, 5 = *more than five years*. Similarly, for frequency of contact, participants chose one option out of the following categories: 1 = *less than once per year*, 2 = *once a year*, 3 = *once every few months*, 4 = *once per month*, 5 = *once a week*, 6 = *more than once a week*.

## **2.2. Measures of the Four Outcome Variables**

Satisfaction was measured using a modified three-item scale, which consists of two items on work-related satisfaction, and one item that addresses the general sense of satisfaction with the relationship (Rajaobelina & Bergeron, 2009). The original scale includes one item on economic satisfaction with monetary benefits, which was replaced by an item that evaluates the use of *guanxi* on work performance, considering that not all the participants are

expected to have direct monetary transactions with their *guanxi* partners. Commitment was measured using Ambler et al.'s (1999) three-item scale, adapted from Morgan and Hunt (1994). A three-item measure was used to represent trust in partner's organization. One of the items that addresses the use of verbal agreement in conducting business was adopted from Wu and Choi's (2004) three-item measure, which was developed based on Williamson's (1975) and Weigelt and Camerer's (1988) arguments. The other two items in Wu and Choi's measure, which focuses on timely payments and the lack of formal contracts, were not included. *Guanxi* partners in my study may not necessary deal with direct payments, so the item on timely payments was replaced with another question that asked about the general sense of credibility of the organization ("The organization can be trusted"). Rather than including the item on the lack of formal contracts in the current measure, which is similar to the verbal agreement item, another item that addresses whether organizations honor the verbal agreement was used ("The firm/organization honors the verbal agreement"). Relationship performance was measured using a nine-item measure adapted from the relationship quality measures used in Woo and Ennew's (2004) and Song, Su, Liu, and Wang's (2012) studies on relationship marketing.

Relationship quality is a higher-order construct reflected in the three dimensions of cooperation, adaption, and atmosphere. Cooperation refers to the joint activities or collaboration directed towards achieving common interests (Young, Wiley, & Wilkinson, 2008). Adaptation refers to transaction-specific organizational changes made to improve the efficiency and durability of the relationship (Song et al., 2012). Atmosphere refers to the shared culture



between the firms, which includes cooperative and competitive norms (Wilson, 1995; Woo & Ennew, 2004).

### **2.3. Recruitment and Sample**

Invitations to participate in the study were randomly sent to a number of educational institutes, including universities with adult classes and academies that provide classes for skills upgrading. Three educational institutes and one financial institute in Taiwan agreed to participate. Data were collected using a questionnaire. The inclusion and exclusion criteria for participation were the same as Study 3. Respondents were told at the beginning of the study that participation was voluntary and they had the right to end their participation at any point during the completion of the survey. Five respondents provided incomplete responses. Among the incomplete responses, two people missed a page of the survey and three completed only the first section of the survey. These responses were removed from the analysis. The hard copy questionnaire responses were entered into a data file for analysis.

The sample size was 315 Taiwanese participants, who were all working adults at the point of data collection. Kline (2005) noted that as a rule of thumb, a sample size of more than 200 is considered large and probably acceptable for most structural equation models. Out of the 315 respondents, 132 (41.9%) were men and 183 (58.1%) were women. All except three participants (99%) had attained at least a bachelor's degree at the point of the data collection. The average age range of the participants was 31 to 35 and the average length of work experience was between 5 to 7 years. Participants came from diverse industries, including finance, insurance, and real estate (49.8%), wholesale and retail trade (8.3%), manufacturing (7.9%), education (6.3%), and

accommodation, food and beverage (4.1%).

### 3. Results

The dataset was analyzed using confirmatory factor analysis (CFA) to confirm the second-order structure of *guanxi* quality and structural equation modelling (SEM) to test the proposed models.

#### 3.1. Data Screening and Assumptions Check

Following the same procedures as in Study 3, as advocated by Harrington (2008), Tabachnick and Fidell (2007), and Hair et al. (2010), the current data set was screened prior to analysis.

**3.1.1. Missing data.** There were no missing data on the main variables of interest after excluding incomplete responses, as noted earlier.

**3.1.2. Screening for outliers.** Data screening followed the same procedures as used in Study 3. All 45 metric variables that were to be used in the subsequent analyses (i.e., CFA and SEM) were screened together to check assumptions (Hair et al., 2010; Tabachnick & Fidell, 2007). First, using the threshold value of absolute standardized variable scores exceeding 4.0 (Hair et al., 2010), 10 cases were identified as univariate outliers, one of which exceeded the threshold on three variables. After examining each individual case, no observation was deleted from the data set, as all belonged to the intended sample, and were therefore retained to maintain generalizability to the entire population (Hair et al., 2010). To identify multivariate outliers, Mahalanobis distance ( $D^2$ ) was calculated using the 45 metric variables to be entered into the SEM. No observation had a  $D^2/df$  value exceeding the threshold level of 3.5 (Hair et al., 2010), thus no multivariate outlier was identified.

**3.1.3. Normality check.** Skewness and kurtosis values were used to

examine the distribution of the data. Skewness indices ranged from 0.0150 to 1.25, which were under the threshold of 3 for SEM (Kline, 2005). Kurtosis indices ranged from 0.024 to 7.66, which were under the threshold of 10 for SEM (Kline, 2005). Therefore, all variables were regarded as normal for SEM. However, for the same reasons provided in Study 3, robust continuous maximum likelihood (MLM) estimation was used to obtain unbiased parameter estimates for the ordinal data.

**3.1.4. Checking linearity.** Linearity was assessed by graphing scatterplots between random pairs of variables, because an examination of all possible pairwise scatterplots was impractical. Although the plots containing variables G3 (“We talk about our personal lives.”) and LTO8 (“Persistence is important to me.”) showed some departure from linearity, there was no evidence of true curvilinearity.

**3.1.5. Screening for multicollinearity and singularity.** To assess multicollinearity and singularity, the squared multiple correlation (SMC) of each variable was examined (Tabachnick & Fidell, 2007). The SMCs ranged from 0.16 to 0.78. There was no indication of singularity, given that none of the SMCs was one. The moderately large SMCs suggested the possibility of multicollinearity, leading to a further examination of the condition indexes (CI) and variance proportions. None of the variable fulfilled both criteria for multicollinearity: (1) a CI exceeding 30 and (2) two variance proportions greater than .50 (Belsley, Kuh, & Welsch, 1980, as cited in Tabachnick & Fidell, 2001). Therefore, multicollinearity was not a concern for this study.

**3.1.6. Screening for Common Method Bias.** To address the potential concern of common method bias, which refers to variance that arises due to the

measurement method rather than the constructs being measured (Podsakoff et al., 2003), Harman's single-factor test was used to examine the data for all 48 items. The model fit statistics for a one-factor model were: Satorra-Bentler scaled  $\chi^2$  (945,  $N=315$ ) = 3225.18,  $p < .001$ , scaling correction factor,  $c = 1.12$ ;  $\chi^2/df = 3.82$ ; CFI = 0.69; NNFI = 0.68; RMSEA = 0.09; SRMR = 0.08. None of the indices met the threshold for acceptable fit, which indicates that the common method bias was not a concern in this study, and thus will not pose a threat to the validity of subsequent analyses.

### **3.2. Replication of Second-Order, Three-Factor Model Structure through the Application of CFA**

Table 21 displays the covariance matrix used in the CFA. The means and standard deviations for all 15 indicators are also included the table. The results of the CFA supported a second-order, three-factor structure of *guanxi* quality. As with Study 3, acceptable model fit is indicated by the following criteria:  $\chi^2/df$  ratio lesser than 5.00, CFI and TFI/NNFI greater than 0.90, RMSEA less than 0.08, and SRMR less than 0.08.

The second-order model had fit indices above the recommended standards:  $SB\chi^2$  (88,  $N = 315$ ) = 177.73,  $c = 1.35$ ,  $p < .001$ ;  $\chi^2/df$  ratio = 2.73; CFI = 0.96; NNFI = 0.95; RMSEA = 0.06; SRMR = 0.04, AIC = 7991.96, BIC = 8168.34. Standardized estimates are reported on the diagrams so that the parameters can be interpreted without reference to scaling. The unstandardized estimates can be found in the corresponding tables. Statistical significance for the factor loadings are also indicated.

Table 22 displays the unstandardized and standardized factor loadings. All first- and second-order factor loadings were significant. No specific points of

ill-fit were identified as none of the values for covariance residuals was greater than 0.10 (Kline, 2010). Absolute residual covariances greater than 0.10 in CFA suggest poor explanation of the observed pairwise correlation between two indicators (Kline, 2010).

**3.2.1. Testing alternative models.** To replicate the results from Study 3 on the comparison of alternative models, three other CFA models were run: a one-factor model, a hierarchical four-factor model, and a hierarchical two-factor model. In the first model, all 15 items were modeled to load on the global *guanxi* quality factor. CFA results did not show adequate fit. In the hierarchical four-factor model, face and favor were modeled to load on separate first-order factors. The hierarchical four-factor model met the criteria for good model fit (see Table 23). Similar to Study 3, the factor loadings of *renqing* and *xinren* were high in the hierarchical three-factor model, which suggest possible redundancy in the number of first-order factors. Therefore, a third factor structure in which the *renqing* and *xinren* items were modelled to load on one factor instead of two factors, was tested. CFA results for the hierarchical two-factor model showed a good fit (see Table 23). The three hierarchical models contained different numbers of latent factors, and were not considered to be nested, thus the Akaike Information Criterion (AIC) values were used to identify the better fitting, parsimonious model (Hooper et al., 2008). As presented in Table 23, model fit statistics illustrate that the three-factor hierarchical model showed the best fit to the current data, as the AIC value of the hierarchical three-factor model was the lowest.

Table 21

*Means, Standard Deviations, Covariances Among 15 GQS Items (N = 315)*

Indicators			<i>M</i>	<i>SD</i>	Covariance Matrix														
Study 3 item number	Items				<u>R1</u>	<u>R2</u>	<u>R3</u>	<u>R4</u>	<u>R5</u>	<u>R6</u>	<u>G1</u>	<u>G2</u>	<u>G3</u>	<u>G4</u>	<u>G5</u>	<u>X1</u>	<u>X2</u>	<u>X3</u>	<u>X4</u>
r4	R1	I am willing to help him/her, when he/she needs help.	3.96	0.66	0.44														
r5	R2	If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	3.94	0.67	0.25	0.46													
r8	R3	I will do him/her a favor if he/she did one for me before.	4.07	0.61	0.22	0.24	0.38												
r9	R4	When he/she has a favor to ask, I will give him/her face and render my help.	3.87	0.63	0.26	0.22	0.20	0.39											
r10	R5	I give face to him/her whenever possible.	3.92	0.63	0.25	0.24	0.22	0.23	0.39										
r11	R6	When I introduce him/her to others, I will emphasize his/her strengths.	3.89	0.67	0.23	0.26	0.21	0.18	0.26	0.45									
g2	G1	We share an emotional connection.	3.29	0.92	0.27	0.27	0.17	0.20	0.26	0.26	0.84								
g5	G2	We will always show concern for each other.	3.37	0.96	0.37	0.32	0.20	0.27	0.34	0.34	0.57	0.92							
g7	G3	We talk about our personal lives.	3.22	1.14	0.34	0.33	0.23	0.28	0.31	0.33	0.59	0.75	1.29						
g8	G4	Our interaction is not only restricted to the official domain.	3.26	1.14	0.39	0.34	0.23	0.29	0.29	0.33	0.60	0.72	0.84	1.30					
g10	G5	We have a strong friendship.	3.33	0.96	0.34	0.33	0.21	0.23	0.30	0.32	0.58	0.65	0.68	0.82	0.93				
x1	X1	I trust him/her.	3.83	0.68	0.25	0.28	0.24	0.22	0.24	0.22	0.27	0.35	0.30	0.36	0.34	0.47			
x2	X2	He/she trusts me.	3.83	0.67	0.23	0.27	0.20	0.21	0.25	0.25	0.26	0.39	0.37	0.39	0.34	0.31	0.45		
x5	X3	I am confident that he/she will not make use of our relationship for his/her own benefit.	3.77	0.76	0.29	0.29	0.24	0.22	0.31	0.28	0.31	0.43	0.41	0.39	0.40	0.28	0.30	0.58	
x8	X4	I trust that he/she will deliver what he/she promises.	3.94	0.61	0.21	0.25	0.20	0.18	0.19	0.22	0.23	0.30	0.25	0.28	0.27	0.26	0.26	0.25	0.37

Table 22

*Results of Second-Order, Three-Factor CFA*

1st-order		Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	Standardized error/ residual variance		AVE	CR	$\alpha$
		Estimate	SE	Estimate	SE		Estimate	SE			
<u>1st-order</u>	<i>Renqing</i>								0.56	0.88	0.88
	R1	1.00	0	0.76***	0.03	0.51	0.49	0.05			
	R2	1.04***	0.08	0.78***	0.03	0.58	0.42	0.04			
	R3	0.87***	0.07	0.71***	0.03	0.49	0.51	0.06			
	R4	0.87***	0.07	0.70***	0.04	0.63	0.37	0.04			
	R5	0.99***	0.07	0.79***	0.03	0.60	0.40	0.04			
	R6	0.96***	0.09	0.72***	0.03	0.52	0.48	0.05			
	<i>Ganqing</i>								0.65	0.90	0.90
	G1	1.00	0	0.74***	0.03	0.67	0.33	0.04			
	G2	1.20***	0.07	0.85***	0.02	0.55	0.45	0.05			
	G3	1.28***	0.09	0.77***	0.03	0.72	0.28	0.04			
	G4	1.36***	0.09	0.82***	0.03	0.59	0.41	0.04			
	G5	1.21***	0.08	0.86***	0.02	0.73	0.27	0.03			
	<i>Xinren</i>								0.60	0.86	0.85
	X1	1.00	0.00	0.79***	0.03	0.62	0.38	0.04			
	X2	1.00***	0.07	0.81***	0.02	0.57	0.43	0.05			
	X3	1.06***	0.07	0.75***	0.03	0.65	0.35	0.04			
	X4	0.85***	0.06	0.76***	0.03	0.57	0.43	0.04			
<u>2nd-order</u>									0.83	0.93	0.94
	<i>Renqing</i>	0.49***	0.04	0.97***	0.01	0.94	0.07	0.02			
	<i>Ganqing</i>	0.53***	0.05	0.78***	0.03	0.60	0.40	0.04			
	<i>Xinren</i>	0.53***	0.03	0.97***	0.01	0.94	0.06	0.02			

Note. Model fit:  $SB\chi^2(88, N = 315) = 177.73, c = 1.35, p < .001; \chi^2/df$  ratio = 2.73; CFI = 0.96; NNFI = 0.95; RMSEA = 0.06; SRMR = 0.04.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$ .

$R^2$  is also referred to as squared multiple correlation or proportion of variance explained.

Table 23

<i>Results of the Testing of Alternative Models</i>										
Model	Model fit indices									
	<u>SB<math>\chi^2</math></u>	<u>df</u>	<u>c</u>	<u><math>\chi^2/df</math></u>	<u>CFI</u>	<u>NNFI</u>	<u>RMSEA</u>	<u>SRMR</u>	<u>AIC</u>	<u>BIC</u>
<u>First-order</u>										
One factor	424.38	90	1.35	6.37	0.85	0.83	0.11	0.07	8319.07	8487.94
<u>Hierarchical second-order</u>										
Two factors ( <i>ganqing</i> and one other factor for <i>renqing</i> and <i>xinren</i> items)	190.28	89	1.35	2.88	0.96	0.95	0.06	0.04	8006.72	8179.34
Three factors ( <i>ganqing</i> , <i>xinren</i> , <i>renqing</i> )	177.73	88	1.35	2.73	0.96	0.95	0.06	0.04	7991.96	8168.34
Four factors ( <i>ganqing</i> , <i>xinren</i> , face, favor)	182.17	87	1.35	2.82	0.96	0.95	0.06	0.04	7999.02	8179.15

**3.2.2. Measurement reliability.** Internal consistency was supported by a Cronbach's alpha of 0.94 for the GQS, 0.88 for the *renqing* construct, 0.90 for the *ganqing* construct, and 0.85 for the *xinren* construct, all within the reported acceptable values (0.70 to 0.95) (Bland & Altman, 1997; Nunnally & Bernstein, 1994). These indices, as displayed in Table 22, suggested that items in the scale are satisfactorily intercorrelated.

Fornell and Larcker (1981) emphasized the use of average variance extracted (AVE) and construct reliability (CR) to assess measurement reliability. The recommended criteria for AVE and CR are values equal to or exceeding 0.50 and 0.60, respectively (Bagozzi, Yi, & Phillips, 1991). As shown in Table 22, all first-order factors and the overall GQS met the requirements for measurement reliability.



### 3.3. Assessment of Construct Validity: Testing the Nomological Network Using SEM

To test the proposed model, a two-step approach to SEM was adopted. First, the measurement model was fitted to the data. After the items had been shown to adequately represent their respective constructs, the structural relationships were examined (Anderson & Gerbing, 1988)

**3.3.1. Assessing measurement model: Testing discriminant validity of latent constructs.** The fit of the measurement model was assessed through the application of CFA on the seven latent constructs, namely, GQS, long-term planning (LTO), importance of *guanxi* (IMPT), satisfaction (SAT), commitment (COM), trust in partner's organization (TRUST\_ORG), and relationship quality (RQ). The average variance extracted (AVE) and the composite reliability (CR) were also calculated for each latent construct. Table 24 shows the descriptive statistics of all 40 observed variables entered into the CFA. The CFA results are summarized in Table 25.

CFA results showed that model did not achieve adequate fit, as indicated by an NNFI index of 0.896, which was lower than the cutoff of 0.90. The other fit indices were  $SB\chi^2(713, N = 315) = 1379.29, c = 1.21, p < .001; \chi^2/df = 2.34; CFI = 0.91; RMSEA = 0.05; SRMR = 0.06$ . The results highlighted a problem with the model structure of the RQ construct that resulted in a non-positive definite latent variable covariance matrix. For this reason, an EFA was conducted to examine the model structure of RQ as a follow up to be inadequate fit of the CFA model (Schmitt, 2011). EFA results showed that a three-factor model did not fit the data well in that the items did not load on their intended factors. Instead, EFA results showed that a two-factor model displayed

good fit as indicated by the fit indices:  $SB\chi^2 (19, N = 315) = 32.2, c = 1.35, p = .03; \chi^2/df = 2.29, CFI = 0.99, TLI = 0.97, RMSEA = 0.05, SRMR = 0.03$ .

However, in the two-factor model, the second factor was only made up of two items, namely, ADAP1, ATM2. Removing the two items (and the second factor), and modelling the RQ construct as a single factor using CFA, showed a good fit to the data:  $SB\chi^2 (14, N = 315) = 25.9, c = 1.51, p < .001; \chi^2/df = 2.79, CFI = 0.98, TLI = 0.98, RMSEA = 0.05, SRMR = 0.06$ . In fact, I noted that the ways item ADAP1 and item ATM2 were worded seemed to address more personal aspects of a relationship, which do not align with the intended purpose of the scale to address relationship quality at the firm-level. The remaining items address behaviors and processes that are more technical and involve more firm-level influence.

Once the model structure of RQ was found to be acceptable, a second CFA on the seven latent variables was then run with two changes made: (1) modelling RQ as a single-factor model with items ADAP1 and ATM2 removed, (2) removing one LTO item with the lowest factor loading (LTO3) from the LTO construct because the AVE for LTO with the original four items was lower than the criteria of 0.50 necessary for measurement reliability (Bagozzi & Yi, 1988). The post-modification measurement model showed a good fit with the data:  $SB\chi^2 (605, N = 315) = 1063.57, c = 2.18, p < .001; \chi^2/DF = 1.78, CFI = 0.93, NNFI = 0.92, RMSEA = 0.05, SRMR = 0.06$ . All items, except one item from TRUST\_ORG (TRUST3: "We usually conclude business with our business partners by verbal agreement"), had significant factor loadings above 0.50. TRUST3 was retained because the AVE and CR for TRUST\_ORG were satisfactory. All other five latent constructs also had AVEs

and CRs that exceeded the criteria of 0.50 and 0.60 respectively, demonstrating measurement reliability. Post-modification results are summarized in Table 26.

**3.3.2. Assessing structural model: Testing proposed nomological network.** After examining the measurement model, SEM was applied to test the proposed nomological model. The covariance matrix, together with the sample size, variable means, and standard deviations are displayed in Table 27.

Model 1, as described earlier, was tested first. Apart from the structural paths corresponding to the 11 hypotheses, covariances between latent exogenous variables and several covariances between disturbance terms of the latent endogenous variables were specified. The covariance between LTO and IMPT was specified in the model as they were expected to share some form of relationship given that they were both related to *guanxi* orientation. Although the observed exogenous variables (covariates) were correlated, their correlations were not specified as model parameters because models are estimated conditioned on the covariates (Muthen, 2012).

As McDonald and Ho (2002) noted, the inclusion of nondirected arcs representing disturbances covariances does not change the causal model, and the choice of including or omitting a nondirected arc should rest on theoretical grounds that support the existence or nonexistence of common omitted causes. Hoyle (2012) stated that the assumption of no omitted common causes is hardly realistic for outcome variables studied in behavioral sciences; researchers should specify disturbance covariances if there are substantive reasons to include them in the model. It is likely that omitted causes of SAT and COM are related, as both outcome variables concerned relationship evaluation at the personal level. Since RQ has been proposed to exist more on the organizational

level (than the interpersonal level), its unexplained variance was likely to be correlated with TRUST\_ORG, which involves one *guanxi* party's psychological assessment towards the other party's employer. Therefore, nondirected arcs were included for the disturbance terms in the following pairs of outcome variables: between SAT and COM and between RQ and TRUST.

SEM results for Model 1 were as follows:  $SB\chi^2(893, N = 315) = 1898.85$ ,  $c = 0.95$ ,  $p < .001$ ;  $\chi^2/DF = 2.03$ ; CFI = 0.89; NNFI = 0.88; RMSEA = 0.06; SRMR = 0.07; AIC = 18136.21; BIC = 18672.83. The CFI and NNFI values indicated less than adequate fit ( $< 0.90$ ). Table 28 displays the standardized path coefficients and the standard errors of the structural paths and Figure 4 displays a graphical representation of the structural model.

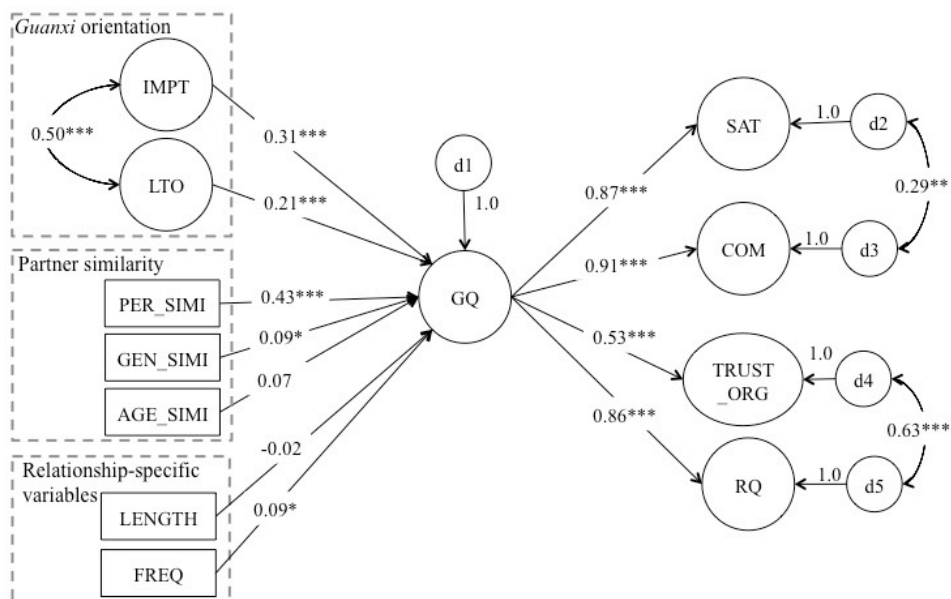


Figure 4. Results of Model 1 prior to respecification.

Note. Model fit:  $SB\chi^2(893, N = 315) = 1898.85$ ,  $c = 0.95$ ,  $p < .001$ ;  $\chi^2/DF = 2.03$ ; CFI = 0.89; NNFI = 0.88; RMSEA = 0.06; SRMR = 0.07; AIC = 18136.21; BIC = 18672.83

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

Table 24

*Means, Standard Deviations, and Covariances Among the 40 Variables Entered in CFA Model to Examine Discriminant Validity of the Seven Latent Constructs*

	<u>M</u>	<u>SD</u>	Covariance Matrix																							
			<u>IMPT1</u>	<u>IMPT2</u>	<u>IMPT3</u>	<u>LTO1</u>	<u>LTO2</u>	<u>LTO3</u>	<u>LTO4</u>	<u>R1</u>	<u>R2</u>	<u>R3</u>	<u>R4</u>	<u>R5</u>	<u>R6</u>	<u>G1</u>	<u>G2</u>	<u>G3</u>	<u>G4</u>	<u>G5</u>	<u>X1</u>	<u>X2</u>	<u>X3</u>	<u>X4</u>		
IMPT1	4.12	0.68	0.46																							
IMPT2	4.00	0.72	0.34	0.52																						
IMPT3	4.00	0.69	0.3	0.4	0.48																					
LTO1	4.03	0.64	0.11	0.15	0.15	0.42																				
LTO2	4.05	0.67	0.16	0.16	0.15	0.29	0.45																			
LTO3	3.58	0.92	0.16	0.12	0.15	0.19	0.23	0.85																		
LTO4	4.08	0.61	0.14	0.19	0.18	0.19	0.22	0.19	0.38																	
R1	3.96	0.66	0.14	0.16	0.17	0.13	0.14	0.08	0.11	0.44																
R2	3.94	0.67	0.16	0.15	0.19	0.15	0.13	0.11	0.13	0.25	0.46															
R3	4.07	0.61	0.17	0.15	0.15	0.13	0.13	0.11	0.14	0.22	0.24	0.38														
R4	3.87	0.63	0.18	0.15	0.15	0.11	0.14	0.13	0.11	0.26	0.22	0.2	0.39													
R5	3.92	0.63	0.14	0.12	0.14	0.15	0.14	0.14	0.13	0.25	0.24	0.22	0.23	0.39												
R6	3.89	0.67	0.14	0.11	0.13	0.12	0.09	0.09	0.12	0.23	0.26	0.21	0.18	0.26	0.45											
G1	3.29	0.92	0.11	0.12	0.15	0.15	0.08	0.18	0.11	0.27	0.27	0.17	0.2	0.26	0.26	0.84										
G2	3.38	0.96	0.14	0.15	0.18	0.16	0.15	0.17	0.11	0.37	0.32	0.2	0.27	0.34	0.34	0.57	0.92									
G3	3.22	1.13	0.15	0.17	0.2	0.12	0.12	0.12	0.06	0.34	0.33	0.23	0.28	0.31	0.33	0.59	0.75	1.29								
G4	3.26	1.14	0.1	0.13	0.16	0.17	0.17	0.15	0.12	0.39	0.34	0.23	0.29	0.29	0.33	0.6	0.72	0.84	1.3							
G5	3.33	0.96	0.1	0.12	0.18	0.14	0.11	0.15	0.1	0.34	0.33	0.21	0.23	0.3	0.32	0.58	0.65	0.68	0.82	0.93						
X1	3.83	0.68	0.15	0.15	0.16	0.11	0.11	0.1	0.11	0.25	0.28	0.24	0.22	0.24	0.22	0.27	0.35	0.3	0.36	0.34	0.47					
X2	3.83	0.67	0.12	0.12	0.13	0.14	0.11	0.14	0.11	0.23	0.27	0.2	0.21	0.25	0.25	0.26	0.39	0.37	0.39	0.34	0.31	0.45				
X3	3.77	0.76	0.12	0.14	0.15	0.18	0.11	0.13	0.12	0.29	0.29	0.24	0.22	0.31	0.28	0.31	0.43	0.41	0.39	0.4	0.28	0.3	0.58			
X4	3.94	0.61	0.14	0.12	0.12	0.09	0.09	0.08	0.1	0.21	0.25	0.2	0.18	0.19	0.22	0.23	0.3	0.25	0.28	0.27	0.26	0.26	0.25	0.37		

Table 24 (continued)

*Means, Standard Deviations, and Covariances Among the 40 Variables Entered in CFA Model to Examine Discriminant Validity of the Seven Latent Constructs*

	<i>M</i>	<i>SD</i>	Covariance Matrix																					
			IMPT1	IMPT2	IMPT3	LTO1	LTO2	LTO3	LTO4	R1	R2	R3	R4	R5	R6	G1	G2	G3	G4	G5	X1	X2	X3	X4
SAT1	3.89	0.70	0.16	0.17	0.18	0.14	0.11	0.11	0.14	0.22	0.27	0.18	0.19	0.23	0.26	0.26	0.36	0.30	0.29	0.32	0.29	0.27	0.31	0.26
SAT2	3.88	0.68	0.15	0.14	0.17	0.16	0.12	0.09	0.15	0.23	0.26	0.19	0.2	0.22	0.23	0.28	0.35	0.29	0.3	0.32	0.29	0.26	0.31	0.26
SAT3	3.73	0.73	0.14	0.16	0.18	0.13	0.12	0.06	0.11	0.17	0.21	0.13	0.13	0.16	0.2	0.22	0.25	0.20	0.24	0.23	0.22	0.17	0.19	0.16
COM1	3.54	0.83	0.11	0.13	0.18	0.14	0.12	0.19	0.13	0.26	0.28	0.17	0.19	0.26	0.28	0.42	0.55	0.47	0.55	0.54	0.27	0.32	0.35	0.24
COM2	3.77	0.78	0.17	0.17	0.20	0.13	0.12	0.14	0.14	0.29	0.32	0.21	0.24	0.28	0.31	0.38	0.46	0.46	0.49	0.45	0.33	0.33	0.35	0.27
COM3	3.67	0.77	0.18	0.16	0.20	0.15	0.10	0.13	0.12	0.28	0.3	0.2	0.22	0.26	0.3	0.36	0.46	0.40	0.43	0.43	0.32	0.31	0.32	0.26
TRUST_O1	3.79	0.64	0.15	0.15	0.14	0.13	0.11	0.13	0.14	0.12	0.18	0.13	0.13	0.15	0.17	0.16	0.14	0.09	0.11	0.11	0.18	0.16	0.17	0.16
TRUST_O2	3.78	0.63	0.13	0.14	0.15	0.13	0.09	0.12	0.11	0.08	0.13	0.10	0.08	0.11	0.12	0.15	0.13	0.08	0.07	0.09	0.15	0.1	0.13	0.10
TRUST_O3	3.32	0.88	0.06	0.11	0.14	0.14	0.10	0.16	0.14	0.18	0.18	0.10	0.12	0.16	0.16	0.31	0.29	0.27	0.28	0.32	0.15	0.18	0.22	0.12
RQ_COOP1	3.91	0.58	0.13	0.11	0.11	0.09	0.07	0.08	0.08	0.14	0.17	0.15	0.12	0.16	0.17	0.13	0.21	0.19	0.15	0.17	0.23	0.19	0.2	0.18
RQ_COOP2	3.65	0.78	0.16	0.17	0.19	0.12	0.08	0.10	0.10	0.22	0.24	0.19	0.2	0.25	0.24	0.25	0.34	0.31	0.3	0.29	0.27	0.24	0.31	0.23
RQ_COOP3	3.68	0.64	0.12	0.10	0.12	0.10	0.07	0.13	0.07	0.16	0.21	0.14	0.18	0.22	0.19	0.22	0.26	0.25	0.25	0.24	0.23	0.2	0.21	0.18
RQ_ATM1	3.86	0.65	0.13	0.12	0.13	0.13	0.13	0.10	0.11	0.22	0.21	0.15	0.17	0.22	0.22	0.27	0.34	0.26	0.32	0.32	0.26	0.25	0.28	0.24
RQ_ATM2	3.28	0.86	0.12	0.14	0.17	0.18	0.14	0.14	0.11	0.28	0.28	0.21	0.21	0.27	0.3	0.45	0.57	0.6	0.63	0.56	0.3	0.32	0.36	0.25
RQ_ATM3	3.83	0.65	0.13	0.11	0.13	0.14	0.09	0.14	0.08	0.20	0.21	0.16	0.18	0.25	0.21	0.23	0.3	0.25	0.25	0.27	0.24	0.26	0.28	0.21
RQ_ADAP1	2.99	0.95	0.05	0.10	0.13	0.10	0.13	0.17	0.06	0.20	0.2	0.09	0.1	0.18	0.2	0.38	0.52	0.51	0.52	0.44	0.19	0.22	0.28	0.16
RQ_ADAP2	3.72	0.70	0.16	0.17	0.21	0.12	0.10	0.13	0.14	0.21	0.26	0.17	0.18	0.23	0.25	0.28	0.31	0.3	0.33	0.3	0.22	0.23	0.26	0.22
RQ_ADAP3	3.78	0.64	0.12	0.13	0.16	0.10	0.07	0.06	0.10	0.16	0.19	0.14	0.16	0.18	0.17	0.19	0.24	0.27	0.17	0.21	0.19	0.21	0.21	0.20

Table 24 (continued)

*Means, Standard Deviations, and Covariances Among the 40 Variables Entered in CFA Model to Examine Discriminant Validity of the Seven Latent Constructs*

	Covariance Matrix																		
	<u>SAT1</u>	<u>SAT2</u>	<u>SAT3</u>	<u>COM1</u>	<u>COM2</u>	<u>COM3</u>	<u>TRUST_O1</u>	<u>TRUST_O2</u>	<u>TRUST_O3</u>	<u>RQ_COOP1</u>	<u>RQ_COOP2</u>	<u>RQ_COOP3</u>	<u>RQ_ATM1</u>	<u>RQ_ATM2</u>	<u>RQ_ATM3</u>	<u>RQ_ADAP1</u>	<u>RQ_ADAP2</u>	<u>RQ_ADAP3</u>	
SAT1	0.48																		
SAT2	0.37	0.46																	
SAT3	0.25	0.28	0.53																
COM1	0.36	0.35	0.30	0.68															
COM2	0.40	0.38	0.29	0.48	0.62														
COM3	0.39	0.37	0.31	0.49	0.48	0.60													
TRUST_O1	0.20	0.19	0.20	0.15	0.22	0.18	0.40												
TRUST_O2	0.16	0.17	0.18	0.14	0.17	0.13	0.29	0.40											
TRUST_O3	0.18	0.16	0.18	0.27	0.24	0.19	0.20	0.23	0.78										
RQ_COOP1	0.24	0.24	0.19	0.19	0.24	0.22	0.15	0.14	0.11	0.33									
RQ_COOP2	0.30	0.29	0.25	0.30	0.31	0.31	0.16	0.15	0.16	0.22	0.61								
RQ_COOP3	0.23	0.21	0.16	0.20	0.24	0.23	0.17	0.13	0.14	0.17	0.28	0.41							
RQ_ATM1	0.27	0.30	0.22	0.29	0.31	0.29	0.18	0.14	0.17	0.22	0.25	0.22	0.42						
RQ_ATM2	0.31	0.31	0.26	0.47	0.40	0.38	0.17	0.14	0.26	0.19	0.34	0.27	0.30	0.75					
RQ_ATM3	0.27	0.27	0.19	0.29	0.30	0.30	0.16	0.14	0.14	0.19	0.28	0.22	0.24	0.30	0.42				
RQ_ADAP1	0.22	0.21	0.19	0.45	0.29	0.30	0.09	0.10	0.29	0.11	0.25	0.17	0.24	0.45	0.21	0.90			
RQ_ADAP2	0.28	0.26	0.25	0.29	0.31	0.31	0.19	0.14	0.16	0.17	0.32	0.26	0.23	0.31	0.25	0.20	0.50		
RQ_ADAP3	0.23	0.22	0.19	0.21	0.23	0.22	0.15	0.13	0.13	0.18	0.30	0.22	0.19	0.23	0.22	0.14	0.27	0.41	

Table 25

*Pre-Modification Measurement Model: Results of CFA on All Seven Latent Constructs to Assess Discriminant Validity Using Original 45 Variables*

Parameter		***Unstandardized parameter estimate		***Standardized parameter estimate		$R^2$	Standardized error/ residual variance		Measurement reliability	
Latent construct	Indicator	Estimate	SE	Estimate	SE		Estimates	SE	AVE	CR
REN	R1	1.17	0.09	0.76	0.03	0.58	0.42	0.04	0.56	0.88
	R2	1.22	0.09	0.78	0.03	0.61	0.4	0.04		
	R3	1.00	0.00	0.7	0.03	0.49	0.51	0.04		
	R4	1.02	0.09	0.7	0.04	0.48	0.52	0.05		
	R5	1.17	0.10	0.8	0.02	0.64	0.36	0.04		
	R6	1.14	0.10	0.73	0.03	0.53	0.47	0.04		
GAN	G1	0.74	0.04	0.74	0.03	0.55	0.45	0.04	0.65	0.90
	G2	0.89	0.04	0.85	0.02	0.72	0.28	0.03		
	G3	0.94	0.05	0.77	0.02	0.59	0.41	0.04		
	G4	1.00	0.00	0.81	0.02	0.66	0.34	0.04		
	G5	0.89	0.04	0.86	0.02	0.73	0.27	0.03		
XIN	X1	1.17	0.08	0.78	0.02	0.61	0.39	0.03	0.60	0.86
	X2	1.17	0.08	0.8	0.02	0.64	0.36	0.04		
	X3	1.26	0.10	0.76	0.02	0.58	0.42	0.04		
	X4	1.00	0.00	0.75	0.03	0.56	0.44	0.04		
SAT	SAT1	1.00	0.00	0.87	0.02	0.75	0.24	0.03	0.64	0.84
	SAT2	0.99	0.05	0.87	0.02	0.76	0.24	0.03		
	SAT3	0.77	0.06	0.64	0.04	0.41	0.59	0.05		
COM	COM1	1.00	0.00	0.83	0.02	0.68	0.32	0.03	0.76	0.91
	COM2	1.03	0.05	0.89	0.02	0.80	0.20	0.03		
	COM3	1.02	0.04	0.90	0.01	0.80	0.20	0.03		
TRUST	TRUST_O1	1.00	0.00	0.87	0.03	0.76	0.24	0.05	0.55	0.77
	TRUST_O2	0.94	0.07	0.83	0.03	0.69	0.31	0.06		
	TRUST_O3	0.72	0.08	0.45	0.05	0.20	0.80	0.04		



Table 25 (continued)

*Pre-Modification Measurement Model: Results of CFA on All Seven Latent Constructs to Assess Discriminant Validity Using Original 45 Variables*

Parameter		***Unstandardized parameter estimate		***Standardized parameter estimate		$R^2$	Standardized error/ residual variance		Measurement reliability	
Latent construct	Indicator	Estimate	SE	Estimate	SE		Estimates	SE	AVE	CR
IMPT	IMPT1	1.00	0.00	0.76	0.03	0.57	0.43	0.04	0.73	0.89
	IMPT2	1.28	0.08	0.91	0.02	0.83	0.17	0.04		
	IMPT3	1.19	0.08	0.89	0.02	0.78	0.22	0.04		
LTO_PLA	LTO1	1.00	0.00	0.78	0.03	0.61	0.39	0.05	0.48	0.78
	LTO2	1.07	0.06	0.81	0.03	0.66	0.34	0.05		
	LTO3	0.82	0.10	0.45	0.05	0.20	0.80	0.04		
	LTO4	0.82	0.07	0.68	0.04	0.46	0.54	0.05		
RQ_COOP	RQ_COOP1	1.00	0.00	0.69	0.03	0.47	0.53	0.05	0.51	0.75
	RQ_COOP2	1.45	0.13	0.74	0.03	0.54	0.46	0.04		
	RQ_COOP3	1.14	0.11	0.71	0.03	0.50	0.50	0.05		
RQ_ATM	RQ_ATM1	1.00	0.00	0.76	0.03	0.58	0.42	0.04	0.55	0.79
	RQ_ATM2	1.24	0.08	0.71	0.03	0.50	0.50	0.04		
	RQ_ATM3	0.99	0.06	0.76	0.03	0.57	0.43	0.04		
RQ_ADAP	RQ_ADAP1	1.00	0.00	0.47	0.05	0.22	0.78	0.05	0.44	0.69
	RQ_ADAP2	1.23	0.15	0.77	0.03	0.59	0.41	0.04		
	RQ_ADAP3	1.03	0.14	0.71	0.04	0.50	0.50	0.05		
GQ	REN	1.00	0.00	0.94	0.01	0.88	0.12	0.03	0.83	0.94
	GAN	1.84	0.16	0.80	0.02	0.64	0.36	0.03		
	XIN	1.13	0.09	0.99	0.01	0.98	0.02	0.02		
RQ	RQ_COOP	1.00	0.00	0.97	0.02	0.95	0.05	0.04	0.96	0.99
	RQ_ATM	1.30	0.10	1.01	0.01	Undefined	-0.03	999.00		
	RQ_ADAP	1.09	0.15	0.95	0.02	0.90	0.10	0.04		

Note. Model fit:  $SB\chi^2(713, N = 315) = 1379.29, c = 1.21, p < .001; \chi^2/df = 2.34; CFI = 0.91; NNFI = 0.896; RMSEA = 0.05; SRMR = 0.06.$

\*\*\*Unstandardized and standardized parameter estimates were all significant at  $p > 0.001$ .

Table 26

*Post-Modification Measurement Model: Results of CFA on All Seven Latent Constructs to Assess Discriminant Validity after Deletion of LTO7 from LTO Construct and ADAP1 and ATM2 from RQ Construct*

Parameter		***Unstandardized parameter estimate		***Standardized parameter estimate		$R^2$	Standardized error/ residual variance		Measurement reliability	
<u>Latent Construct</u>	<u>Indicator</u>	<u>Estimate</u>	<u>SE</u>	<u>Estimate</u>	<u>SE</u>		<u>Estimates</u>	<u>SE</u>	<u>AVE</u>	<u>CR</u>
REN	R1	1.17	0.09	0.76	0.03	0.58	0.42	0.04	0.56	0.88
	R2	1.22	0.09	0.78	0.03	0.61	0.39	0.04		
	R3	1.00	0.00	0.7	0.03	0.49	0.51	0.04		
	R4	1.01	0.09	0.70	0.04	0.48	0.52	0.05		
	R5	1.17	0.10	0.80	0.02	0.64	0.36	0.04		
	R6	1.13	0.10	0.73	0.03	0.53	0.47	0.04		
GAN	G1	0.74	0.04	0.74	0.03	0.55	0.45	0.04	0.65	0.90
	G2	0.88	0.05	0.85	0.02	0.72	0.28	0.03		
	G3	0.94	0.05	0.77	0.02	0.59	0.41	0.04		
	G4	1.00	0.00	0.81	0.02	0.66	0.34	0.04		
	G5	0.89	0.04	0.86	0.02	0.73	0.27	0.03		
XIN	X1	1.17	0.08	0.78	0.02	0.62	0.39	0.03	0.60	0.86
	X2	1.17	0.08	0.8	0.02	0.64	0.36	0.04		
	X3	1.26	0.1	0.76	0.02	0.57	0.43	0.04		
	X4	1.00	0.00	0.75	0.03	0.57	0.43	0.04		
SAT	SAT1	1.00	0.00	0.87	0.02	0.75	10.24	0.03	0.64	0.84
	SAT2	0.98	0.05	0.87	0.02	0.76	20.24	0.03		
	SAT3	0.77	0.06	0.64	0.04	0.41	30.59	0.05		
COM	COM1	1.00	0.00	0.82	0.02	0.68	10.32	0.03	0.76	0.91
	COM2	1.03	0.05	0.89	0.02	0.80	20.20	0.03		
	COM3	1.02	0.04	0.90	0.01	0.80	30.20	0.03		

Table 26 (continued)

*Post-Modification Measurement Model: Results of CFA on All Seven Latent Constructs to Assess Discriminant Validity after Deletion of LTO7 from LTO Construct and ADAP1 and ATM2 from RQ Construct*

Parameter		***Unstandardized parameter estimate		***Standardized parameter estimate		$R^2$	Standardized error/ residual variance		Measurement reliability	
Latent Construct	Indicator	Estimate	SE	Estimate	SE		Estimates	SE	AVE	CR
TRUST	TRUST_O1	1.00	0.00	0.88	0.03	0.77	0.23	0.05	0.55	0.77
	TRUST_O2	0.94	0.07	0.83	0.04	0.68	0.32	0.06		
	TRUST_O3	0.71	0.08	0.45	0.05	0.20	0.80	0.04		
IMPT	IMPT1	1.00	0.00	0.76	0.03	0.57	0.43	0.04	0.73	0.89
	IMPT2	1.28	0.08	0.91	0.02	0.83	0.17	0.04		
	IMPT3	1.19	0.08	0.89	0.02	0.78	0.22	0.04		
LTO	LTO1	1.00	0.00	0.79	0.03	0.63	0.37	0.05	0.58	0.80
	LTO2	1.06	0.06	0.81	0.03	0.66	0.34	0.05		
	LTO4	0.81	0.07	0.67	0.04	0.45	0.55	0.05		
RQ	RQ_COOP1	1.00	0.00	0.70	0.03	0.48	0.51	0.04	0.53	0.89
	RQ_COOP2	1.42	0.12	0.73	0.03	0.54	0.46	0.04		
	RQ_COOP3	1.12	0.10	0.70	0.03	0.49	0.51	0.04		
	RQ_ATM1	1.22	0.09	0.76	0.03	0.58	0.42	0.04		
	RQ_ATM3	1.22	0.10	0.76	0.03	0.57	0.42	0.04		
	RQ_ADAP2	1.29	0.11	0.74	0.03	0.54	0.46	0.04		
	RQ_ADAP3	1.12	0.09	0.70	0.04	0.49	0.51	0.05		
GQ	REN	1.00	0.00	0.94	0.01	0.89	0.11	0.03	0.83	0.94
	GAN	1.80	0.16	0.79	0.02	0.62	0.38	0.03		
	XIN	1.13	0.09	0.99	0.01	0.99	0.01	0.02		

Note. Model fit:  $SB\chi^2(605, N = 315) = 1063.57, c = 2.18, p < .001; \chi^2/DF = 1.78, CFI = 0.93, NNFI = 0.92, RMSEA = 0.05, SRMR = 0.06.$

\*\*\*Unstandardized and standardized parameter estimates were all significant at  $p > 0.001$ .

Table 27  
*Means, Standard Deviations, Covariances Among 45 Items Used in SEM (N = 315)*

Indicators	<i>M</i>	<i>SD</i>	Covariance Matrix																				
			<u>LTO</u>	<u>LTO</u>	<u>LTO</u>	<u>IMPT</u>	<u>IMPT</u>	<u>IMPT</u>	<u>R1</u>	<u>R2</u>	<u>R3</u>	<u>R4</u>	<u>R5</u>	<u>R6</u>	<u>G1</u>	<u>G2</u>	<u>G3</u>	<u>G4</u>	<u>G5</u>	<u>X1</u>	<u>X2</u>	<u>X3</u>	<u>X4</u>
			<u>1</u>	<u>2</u>	<u>4</u>	<u>1</u>	<u>2</u>	<u>3</u>															
LTO1	4.03	0.64	0.42																				
LTO2	4.05	0.67	0.29	0.45																			
LTO4	4.08	0.61	0.19	0.22	0.38																		
IMPT1	4.12	0.68	0.11	0.16	0.14	0.46																	
IMPT2	4.00	0.72	0.15	0.16	0.19	0.34	0.52																
IMPT3	4.00	0.69	0.15	0.15	0.18	0.30	0.40	0.48															
R1	3.96	0.66	0.13	0.14	0.11	0.14	0.16	0.17	0.44														
R2	3.94	0.67	0.15	0.13	0.13	0.16	0.15	0.19	0.25	0.46													
R3	4.07	0.61	0.13	0.13	0.14	0.17	0.15	0.15	0.22	0.24	0.38												
R4	3.87	0.63	0.11	0.14	0.11	0.18	0.15	0.15	0.26	0.22	0.20	0.39											
R5	3.92	0.63	0.15	0.14	0.13	0.14	0.12	0.14	0.25	0.24	0.22	0.23	0.39										
R6	3.89	0.67	0.12	0.09	0.12	0.14	0.11	0.13	0.23	0.26	0.21	0.18	0.26	0.45									
G1	3.29	0.92	0.15	0.08	0.11	0.11	0.12	0.15	0.27	0.27	0.17	0.20	0.26	0.26	0.84								
G2	3.38	0.96	0.16	0.15	0.11	0.14	0.15	0.18	0.37	0.32	0.20	0.27	0.34	0.34	0.57	0.92							
G3	3.22	1.13	0.12	0.12	0.06	0.15	0.17	0.20	0.34	0.33	0.23	0.28	0.31	0.33	0.59	0.75	1.29						
G4	3.26	1.14	0.17	0.17	0.12	0.10	0.13	0.16	0.39	0.34	0.23	0.29	0.29	0.33	0.60	0.72	0.84	1.30					
G5	3.33	0.96	0.14	0.11	0.10	0.10	0.12	0.18	0.34	0.33	0.21	0.23	0.30	0.32	0.58	0.65	0.68	0.82	0.93				
X1	3.83	0.68	0.11	0.11	0.11	0.15	0.15	0.16	0.25	0.28	0.24	0.22	0.24	0.22	0.27	0.35	0.30	0.36	0.34	0.47			
X2	3.83	0.67	0.14	0.11	0.11	0.12	0.12	0.13	0.23	0.27	0.20	0.21	0.25	0.25	0.26	0.39	0.37	0.39	0.34	0.31	0.45		
X3	3.77	0.76	0.18	0.11	0.12	0.12	0.14	0.15	0.29	0.29	0.24	0.22	0.31	0.28	0.31	0.43	0.41	0.39	0.40	0.28	0.30	0.58	
X4	3.94	0.61	0.09	0.09	0.10	0.14	0.12	0.12	0.21	0.25	0.20	0.18	0.19	0.22	0.23	0.30	0.25	0.28	0.27	0.26	0.26	0.25	0.37

Table 27 (continued)

*Means, Standard Deviations, Covariances Among 45 Items Used in SEM (N = 315)*

Indicators	<i>M</i>	<i>SD</i>	Covariance Matrix																				
			<u>LTO1</u>	<u>LTO2</u>	<u>LTO4</u>	<u>IMPT1</u>	<u>IMPT2</u>	<u>IMPT3</u>	<u>R1</u>	<u>R2</u>	<u>R3</u>	<u>R4</u>	<u>R5</u>	<u>R6</u>	<u>G1</u>	<u>G2</u>	<u>G3</u>	<u>G4</u>	<u>G5</u>	<u>X1</u>	<u>X2</u>	<u>X3</u>	<u>X4</u>
COM2	3.77	0.78	0.13	0.12	0.14	0.17	0.17	0.20	0.29	0.32	0.21	0.24	0.28	0.31	0.38	0.46	0.46	0.49	0.45	0.33	0.33	0.35	0.27
COM3	3.67	0.77	0.15	0.10	0.12	0.18	0.16	0.20	0.28	0.3	0.20	0.22	0.26	0.3	0.36	0.46	0.4	0.43	0.43	0.32	0.31	0.32	0.26
COM1	3.54	0.83	0.14	0.12	0.13	0.11	0.13	0.18	0.26	0.28	0.17	0.19	0.26	0.28	0.42	0.55	0.47	0.55	0.54	0.27	0.32	0.35	0.24
SAT1	3.89	0.70	0.14	0.11	0.14	0.16	0.17	0.18	0.22	0.27	0.18	0.19	0.23	0.26	0.26	0.36	0.30	0.29	0.32	0.29	0.27	0.31	0.26
SAT2	3.88	0.68	0.16	0.12	0.15	0.15	0.14	0.17	0.23	0.26	0.19	0.20	0.22	0.23	0.28	0.35	0.29	0.3	0.32	0.29	0.26	0.31	0.26
SAT3	3.73	0.73	0.13	0.12	0.11	0.14	0.16	0.18	0.17	0.21	0.13	0.13	0.16	0.2	0.22	0.25	0.20	0.24	0.23	0.22	0.17	0.19	0.16
TRUST_O1	3.79	0.64	0.13	0.11	0.14	0.15	0.15	0.14	0.12	0.18	0.13	0.13	0.15	0.17	0.16	0.14	0.09	0.11	0.11	0.18	0.16	0.17	0.16
TRUST_O2	3.78	0.63	0.13	0.09	0.11	0.13	0.14	0.15	0.08	0.13	0.10	0.08	0.11	0.12	0.15	0.13	0.08	0.07	0.09	0.15	0.10	0.13	0.10
TRUST_O3	3.32	0.88	0.14	0.10	0.14	0.06	0.11	0.14	0.18	0.18	0.10	0.12	0.16	0.16	0.31	0.29	0.27	0.28	0.32	0.15	0.18	0.22	0.12
RQ_COOP1	3.91	0.58	0.09	0.07	0.08	0.13	0.11	0.11	0.14	0.17	0.15	0.12	0.16	0.17	0.13	0.21	0.19	0.15	0.17	0.23	0.19	0.2	0.18
RQ_COOP2	3.65	0.78	0.12	0.08	0.10	0.16	0.17	0.19	0.22	0.24	0.19	0.20	0.25	0.24	0.25	0.34	0.31	0.3	0.29	0.27	0.24	0.31	0.23
RQ_COOP3	3.68	0.64	0.10	0.07	0.07	0.12	0.10	0.12	0.16	0.21	0.14	0.18	0.22	0.19	0.22	0.26	0.25	0.25	0.24	0.23	0.2	0.21	0.18
RQ_ATM1	3.86	0.65	0.13	0.13	0.11	0.13	0.12	0.13	0.22	0.21	0.15	0.17	0.22	0.22	0.27	0.34	0.26	0.32	0.32	0.26	0.25	0.28	0.24
RQ_ATM3	3.83	0.65	0.14	0.09	0.08	0.13	0.11	0.13	0.2	0.21	0.16	0.18	0.25	0.21	0.23	0.30	0.25	0.25	0.27	0.24	0.26	0.28	0.21
RQ_ADAP2	3.72	0.70	0.12	0.10	0.14	0.16	0.17	0.21	0.21	0.26	0.17	0.18	0.23	0.25	0.28	0.31	0.30	0.33	0.30	0.22	0.23	0.26	0.22
RQ_ADAP3	3.78	0.64	0.10	0.07	0.10	0.12	0.13	0.16	0.16	0.19	0.14	0.16	0.18	0.17	0.19	0.24	0.27	0.17	0.21	0.19	0.21	0.21	0.20
AGE	4.04	1.80	0.07	0.04	0.15	0.08	0.12	0.04	-0.02	0.04	0.08	0.05	0.10	0.14	0.09	0.02	0.03	0.05	0.00	0.09	0.11	-0.02	0.01
GENDER	0.58	0.49	-0.05	-0.03	-0.07	-0.05	-0.08	-0.06	-0.07	-0.05	-0.04	-0.04	-0.05	-0.05	-0.05	-0.05	-0.06	-0.08	-0.09	-0.06	-0.06	-0.06	-0.04
EDU	4.09	0.57	0.01	0.01	-0.02	0.03	0.03	0.04	0.01	0.03	0.03	0.01	-0.01	-0.01	0.01	-0.06	0.02	-0.05	0.00	0.02	-0.01	-0.01	0.02
PER_SIMI	3.09	0.97	0.12	0.12	0.06	0.03	0.05	0.09	0.23	0.24	0.15	0.13	0.21	0.19	0.43	0.45	0.37	0.38	0.45	0.25	0.25	0.27	0.20
AGE_SIMI	0.42	0.55	0.00	-0.01	0.00	0.02	0.05	0.05	0.06	0.03	0.04	0.04	0.03	0.05	0.11	0.11	0.08	0.12	0.12	0.05	0.04	0.05	0.03
GEN_SIMI	0.69	0.50	0.01	0.00	0.01	0.03	0.00	0.00	0.03	0.04	0.03	0.04	0.03	0.02	0.05	0.06	0.07	0.07	0.03	0.03	0.05	0.03	0.03
FREQ	4.04	0.98	0.07	0.07	0.07	0.08	0.06	0.08	0.09	0.07	0.07	0.09	0.04	0.05	0.00	0.09	0.05	0.05	0.01	0.09	0.08	0.06	0.07
LENGTH	3.18	2.87	0.07	0.10	0.12	0.07	0.11	0.08	0.14	0.18	0.13	0.13	0.16	0.16	0.42	0.32	0.42	0.45	0.47	0.20	0.17	0.24	0.19

Table 27 (continued)

*Means, Standard Deviations, Covariances Among 45 Items Used in SEM (N = 315)*

Indicators	Covariance Matrix																								
	COM2	COM3	COM1	SAT1	SAT2	SAT3	TRUST_O1	TRUST_O2	TRUST_O3	RQ_COOP1	RQ_COOP2	RQ_COOP3	RQ_ATM1	RQ_ATM3	RQ_ADAP2	RQ_ADAP3	AGE	GENDER	EDU	PER_SIMI	AGE_SIMI	GEN_SIMI	FREQ	LENGTH	
COM2	0.62																								
COM3	0.48	0.60																							
COM1	0.48	0.49	0.68																						
SAT1	0.40	0.39	0.36	0.48																					
SAT2	0.38	0.37	0.35	0.37	0.46																				
SAT3	0.29	0.31	0.30	0.25	0.28	0.53																			
TRUST_O1	0.22	0.18	0.15	0.20	0.19	0.20	0.40																		
TRUST_O2	0.17	0.13	0.14	0.16	0.17	0.18	0.29	0.40																	
TRUST_O3	0.24	0.19	0.27	0.18	0.16	0.18	0.20	0.23	0.78																
RQ_COOP1	0.24	0.22	0.19	0.24	0.24	0.19	0.15	0.14	0.11	0.33															
RQ_COOP2	0.31	0.31	0.30	0.30	0.29	0.25	0.16	0.15	0.16	0.22	0.61														
RQ_COOP3	0.24	0.23	0.20	0.23	0.21	0.16	0.17	0.13	0.14	0.17	0.28	0.41													
RQ_ATM1	0.31	0.29	0.29	0.27	0.30	0.22	0.18	0.14	0.17	0.22	0.25	0.22	0.42												
RQ_ATM3	0.30	0.30	0.29	0.27	0.27	0.19	0.16	0.14	0.14	0.19	0.28	0.22	0.24	0.42											
RQ_ADAP2	0.31	0.31	0.29	0.28	0.26	0.25	0.19	0.14	0.16	0.17	0.32	0.26	0.23	0.25	0.50										
RQ_ADAP3	0.23	0.22	0.21	0.23	0.22	0.19	0.15	0.13	0.13	0.18	0.30	0.22	0.19	0.22	0.27	0.41									
AGE	0.07	0.04	-0.06	0.06	0.07	0.08	0.10	0.10	-0.05	0.05	0.06	0.08	0.01	0.02	0.05	0.07	3.22								
GENDER	-0.08	-0.07	-0.09	-0.07	-0.06	-0.09	-0.04	-0.02	-0.06	-0.02	-0.05	-0.04	-0.07	-0.05	-0.06	-0.05	-0.03	0.25							
EDU	-0.01	-0.01	-0.04	0.03	0.01	0.03	0.01	0.01	-0.04	0.01	0.04	0.04	-0.02	0.04	0.03	0.02	-0.05	-0.02	0.32						
PER_SIMI	0.28	0.31	0.36	0.26	0.30	0.21	0.17	0.16	0.17	0.15	0.24	0.20	0.29	0.24	0.20	0.17	0.02	-0.06	0.01	0.95					
AGE_SIMI	0.06	0.06	0.10	0.03	0.03	0.01	0.01	-0.01	0.07	0.00	0.04	0.05	0.03	0.02	0.03	0.01	-0.07	-0.03	-0.02	0.07	0.31				
GEN_SIMI	0.04	0.05	0.03	0.02	0.03	0.00	0.02	0.00	0.02	0.02	0.02	0.03	0.02	0.02	0.06	0.02	0.02	0.01	-0.02	0.05	0.06	0.25			
FREQ	0.05	0.07	0.05	0.04	0.06	0.08	0.05	0.02	-0.01	0.08	0.06	0.06	0.08	0.11	0.08	0.08	-0.34	-0.04	0.04	0.04	-0.11	-0.05	0.95		
LENGTH	0.32	0.23	0.25	0.01	0.20	0.17	0.12	0.12	0.25	-0.06	0.18	0.21	0.17	-0.03	0.21	0.12	0.22	-0.19	-0.12	0.44	0.71	0.48	0.48	8.26	

Table 28

*SEM Results of Model 1 Prior to Modification*

Hypothesis and structural path			Unstandardized parameter estimate		Standardized parameter estimate	
			<u>Estimate</u>	<u>SE</u>	<u>Estimate</u>	<u>SE</u>
Control variables						
Age		age → GQ	<u>0.01</u>	0.01	<u>0.04</u>	0.04
		age → SAT	<u>0.00</u>	0.01	<u>0.01</u>	0.03
		age → COM	<u>-0.01</u>	0.01	<u>-0.03</u>	0.03
		age → TRUST_ORG	<u>0.02</u>	0.01	<u>0.06</u>	0.05
		age → RQ	<u>0.00</u>	0.01	<u>0.00</u>	0.03
Gender		gender → GQ	<u>-0.05</u>	0.03	<u>-0.06</u>	0.04
		gender → SAT	<u>-0.05</u>	0.04	<u>-0.05</u>	0.03
		gender → COM	<u>-0.07</u>	0.04	<u>-0.05</u>	0.03
		gender → TRUST_ORG	<u>-0.01</u>	0.05	<u>-0.01</u>	0.04
		gender → RQ	<u>0.00</u>	0.02	<u>0.00</u>	0.03
Education		edu → GQ	<u>-0.01</u>	0.04	<u>-0.02</u>	0.06
		edu → SAT	<u>0.04</u>	0.04	<u>0.04</u>	0.03
		edu → COM	<u>-0.07*</u>	0.04	<u>-0.06*</u>	0.03
		edu → TRUST_ORG	<u>0.01</u>	0.04	<u>0.01</u>	0.04
		edu → RQ	<u>0.04*</u>	0.02	<u>0.063*</u>	0.02
Antecedents of <i>guanxi</i> quality						
<i>Guanxi</i> orientation						
	H1a	IMPT → GQ	0.23***	0.045	0.31***	0.06
	H1b	LTO → GQ	0.16**	0.047	0.21***	0.06
Partner similarity						
	H2a	PER_SIMI → GQ	0.17***	0.02	0.43***	0.03
	H2b	GEN_SIMI → GQ	<u>0.07</u>	0.03	<u>0.09*</u>	0.04
	H2c	AGE_SIMI → GQ	<u>0.05</u>	0.03	<u>0.07</u>	0.05
Relationship specific variables						
	H3a	LENGTH → GQ	<u>-0.003</u>	0.01	<u>-0.02</u>	0.04
	H3b	FREQ → GQ	<u>0.04*</u>	0.02	<u>0.09*</u>	0.04

Table 28 (continued)

*SEM Results of Model 1 Prior to Modification*

Hypotheses and structural paths			Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	
			Estimate	SE	Estimate	SE	Estimate	SE
<u>Outcomes of <i>guanxi</i> quality</u>								
Satisfaction	H4	GQ → SAT	1.34***	0.13	0.87***	0.02		
Commitment	H5	GQ → COM	1.49***	0.14	0.86***	0.02		
Trust in partner's organization	H6	GQ → TRUST_ORG	0.77***	0.10	0.53***	0.05		
Relationship quality	H7	GQ → RQ	0.91***	0.09	0.91***	0.02		
<u>Covariance</u>								
LTO WITH IMPT			0.13***	0.02	0.50***	0.05		
<u>Residual covariances</u>								
RQ WITH TRUST			0.02**	0.01	0.29***	0.08		
SAT WITH COM			0.06***	0.01	0.63***	0.06		
<u>Factor variances of exogenous variables</u>								
IMPT			0.26***	0.03	1.00	0.00		
LTO_PLA			0.26***	0.03	1.00	0.00		
<u>Error/Residual variances of endogenous variables</u>								
<i>Guanxi</i> quality			0.08***	0.01	0.57***	0.04	0.44***	0.04
Commitment			0.11***	0.01	0.25***	0.03	0.76***	0.03
Satisfaction			0.08***	0.01	0.22***	0.03	0.78***	0.03
Trust in partner's organization			0.22***	0.02	0.71***	0.05	0.29***	0.05
Relationship quality			0.02***	0.01	0.16***	0.03	0.84***	0.03

Note. Model fit:  $SB\chi^2(893, N = 315) = 1898.85$ ,  $c = 0.95$ ,  $p < .001$ ;  $\chi^2/DF = 2.03$ , CFI = 0.89, NNFI = 0.88, RMSEA = 0.06, SRMR = 0.07;  $AIC = 18136.21$ ;  $BIC = 18672.83$

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$



One common practice to improve model fit is to modify the model by adding parameters and deleting those that are not significant (Byrne, 2013; Hox & Bechger, 1998). As modification indices did not provide information on meaningful paths that should be added to the model, parameter estimates were examined. The purpose of this study was to develop a *guanxi* quality model that provides insights into the significant causes and effects of the construct, therefore insignificant paths and paths that had absolute path strengths with values lower than 2.0 were removed.

The two standardized paths that represent the relationships between AGE\_SIMI and GQ ( $\beta = 0.07$ ,  $SE = 0.05$ ,  $p = .14$ ) (Hypothesis 2c) and LENGTH and GQ ( $\beta = -0.02$ ,  $SE = 0.04$ ,  $p = .63$ ) (Hypothesis 3a) were not significant, and were removed from the model. With the exception of the paths between EDU and COM and between EDU and RQ, the effects of the control variables were not significant. The nonsignificance of the control variables suggests that their inclusion does not affect the parameter estimates and the insignificant paths from the control variables were dropped from the model for the purpose of parsimony. Among the significant paths, the two paths between GEN\_SIMI and GQ ( $\beta = 0.09$ ,  $SE = 0.04$ ,  $p < .05$ ) and FREQ and GQ ( $\beta = 0.09$ ,  $SE = 0.04$ ,  $p < .05$ ) had estimates less than the minimum path strength of 2.0 to be considered meaningful (Chin, 1998), which suggest that they contributed minimally to the understanding of the relationships between gender similarity and *guanxi* quality (Hypothesis 2b) and between frequency of contact and *guanxi* quality (Hypothesis 3b). Therefore, they were also removed.

The final model had an acceptable fit:  $SB\chi^2(688, N = 315) = 1320.72$ ,  $c = 1.18$ ,  $p < .001$ ;  $\chi^2/df = 2.27$ ; CFI = 0.91; NNFI = 0.90; RMSEA = 0.05; SRMR

= 0.07; AIC = 18118.79; BIC = 18591.62. After the evaluation of model fit, the causal paths in the modified model were reviewed in terms of statistical significance and strength of standardized path coefficients. As displayed in Table 27, all standardized paths were significant and above 0.20:  $IMPT \rightarrow GQ$  ( $\beta = 0.33$ ,  $SE = 0.06$ ,  $p < .001$ );  $LTO \rightarrow GQ$  ( $\beta = 0.22$ ,  $SE = 0.06$ ,  $p < .001$ );  $PER\_SIMI \rightarrow GQ$  ( $\beta = 0.45$ ,  $SE = 0.04$ ,  $p < .001$ );  $GQ \rightarrow SAT$  ( $\beta = 0.89$ ,  $SE = 0.019$ ,  $p < .001$ );  $GQ \rightarrow COM$  ( $\beta = 0.87$ ,  $SE = 0.02$ ,  $p < .001$ );  $GQ \rightarrow TRUST$  ( $\beta = 0.54$ ,  $SE = 0.05$ ,  $p < .001$ );  $GQ \rightarrow RQ$  ( $\beta = 0.915$ ,  $SE = 0.02$ ,  $p < .001$ ).

The results suggested that importance of *guanxi*, long-term planning, and perceived similarity lead positively to *guanxi* quality (supporting Hypotheses 1a, 1b, and 2a), and *guanxi* quality is positively related to relationship satisfaction, commitment, trust in partner organization, and task-oriented relationship quality (Hypotheses 4-7). Table 29 displays the results of the final structural model. Figure 5 is a graphical representation of Model 1 post-modification.

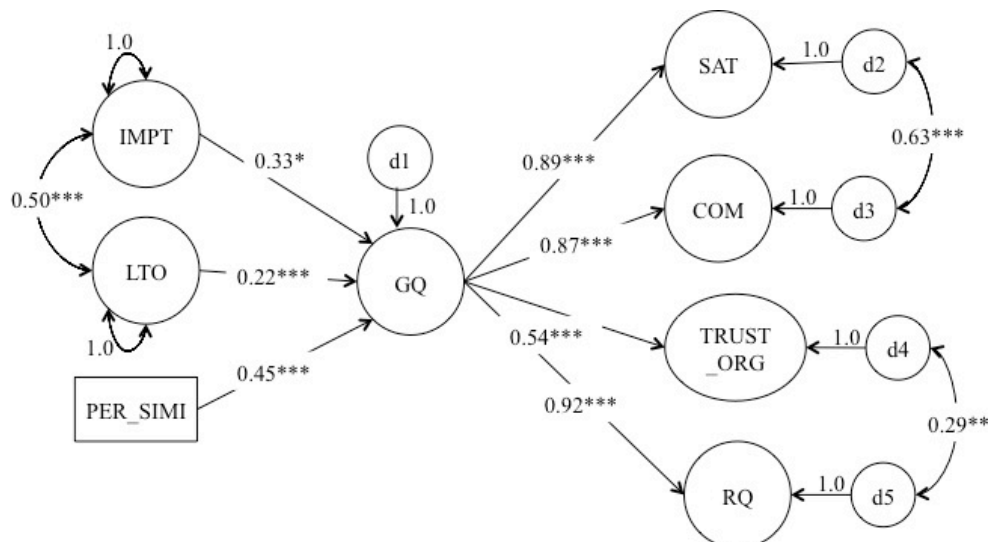


Figure 5. Post-modification structural model (Model 1).

Note. Model fit indices:  $SB\chi^2$  (688,  $N = 315$ ) = 1320.72,  $c = 1.18$ ,  $p < .001$ ;  $\chi^2/df = 2.27$ ; CFI = 0.91; NNFI = 0.90; RMSEA = 0.05; SRMR = 0.07; AIC = 18118.79; BIC = 18591.62.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

**3.3.2.1. Testing alternative models.** The two alternative models, which differed in terms of how the outcome variables were related, were also tested: Model 2 (the indirect effects model) consisted of indirect paths from GQ to SAT and COM ( $GQ \rightarrow RQ \rightarrow SAT$  and  $GQ \rightarrow RQ \rightarrow COM$ ) in the absence of any direct paths from GQ to SAT and COM; Model 3 (the mediation model) consisted of the two indirect paths ( $GQ \rightarrow RQ \rightarrow SAT$ ;  $GQ \rightarrow RQ \rightarrow COM$ ), and two direct paths from GQ to SAT and COM.

Both Model 2 and Model 3 achieved adequate model fit. Model fit indices for Model 2 were:  $SB\chi^2(688, N = 315) = 1316.90$ ,  $c = 1.18$ ,  $p < .001$ ;  $\chi^2/df = 2.26$ ; CFI = 0.91; NNFI = 0.90; RMSEA = 0.05; SRMR = 0.07, AIC = 18114.83, BIC = 18587.66. All standardized structural paths were significant. Fit indices for Model 3 were:  $SB\chi^2(686, N = 315) = 1287.661$ ,  $c = 1.18$ ,  $p = .001$ ;  $\chi^2/df = 2.21$ , CFI = 0.91, NNFI = 0.91, RMSEA = 0.05, SRMR = 0.07, AIC = 18085.73, BIC = 18562.31. In Model 3, the indirect path  $RQ \rightarrow COM$  was not significant, suggesting that GQ directly predicted COM without any influence from RQ. In addition, the direct path  $GQ \rightarrow SAT$  was not significant, meaning that the relationship between GQ and SAT only operated indirectly through the effect of RQ. GQ did not directly predict SAT. These findings did not support the hypothesized mediation model. Tables 30 and 31 show the SEM results of Models 2 and 3, respectively. Figures 6 and 7 display the two structural models with their standardized parameter estimates.

**3.3.2.1.1. Testing nested models.** As Models 1 and 3, as well as Models 2 and 3, were nested models, the Satorra-Bentler scaled chi-square difference test was used to identify the model that had a better fit to the data between the pairs of models under examination. The term *nested models* indicates that the one of

the models could be obtained by eliminating parameters in the other model.

Model 1 (reduced model) was nested within Model 3 (full model) and Model 3 (reduced model) was nested within Model 2 (full model). The null hypothesis tested in each chi-square difference test was that the reduced model was adequate for explaining the data.

Satorra-Bentler scaled chi-square difference tests were significant for the two pairs of models under comparison, namely, Model 1 and Model 3 ( $\Delta\chi^2 = 26.5$ ,  $\Delta df = 2$ ,  $p < .001$ ), and Model 2 and Model 3 ( $\Delta\chi^2 = 48.8$ ,  $\Delta df = 2$ ,  $p < .001$ ). In both cases, the null hypotheses were rejected, which suggest that the full model (Model 3) was a better fit to the data in comparison to Model 1 and Model 2 (reduced models).

*3.3.2.1.2. Testing nonnested models.* The Akaike Information Criterion (AIC) was used to compare the Model 1 and Model 2, as they were nonnested models. The AIC values for Models 1 and 2 were 18118.79 and 18114.83, respectively. The smaller AIC value of Model 2 suggests that it fits the data better than Model 1 (Hooper et al., 2008).

Another SEM was run for Model 3 after dropping the two insignificant paths, namely,  $RQ \rightarrow COM$  and  $GQ \rightarrow SAT$ . Education was also removed in a subsequent analysis as there was no significant effect of the control variable on RQ and COM. Model fit indices for the final version of Model 3 were as follows:  $SB\chi^2(653, N = 315) = 1205.95$ ,  $c = 1.22$ ,  $p < .001$ ;  $\chi^2/DF = 2.25$ ; CFI = 0.92; NNFI = 0.91; RMSEA = 0.05; SRMR = 0.07; AIC = 18091.48; BIC = 18556.81 (see Table 32 for results).

After modification of Model 3, Models 1 and 3, as well as Models 2 and 3, were no longer nested pairs, and thus the two pairs of models were compared

using AIC. The smaller AIC value of Model 3 (AIC = 18091.49) suggested that it fit the data better than Model 1 (AIC = 18118.79) and Model 2 (AIC = 18114.83).

Combining the above results, modified Model 3 was the most appropriate model for the current set of data. Table 33 summarizes the results of chi-square difference tests and the pairwise comparisons of AIC values.

In summary, all except two hypotheses postulated in this study were supported. That is, except for the relationship between age similarity and *guanxi* quality, and between length of relationship and *guanxi* quality, all other relationships were significant. Two significant relationships between gender similarity and *guanxi* quality and between frequency of contact and *guanxi* quality were not included in the final model as the effects were small, and therefore not sufficiently meaningful in predicting *guanxi* quality. The final model (modified Model 3) that had the best fit to the current set of data included three antecedents (long-term orientation, importance of *guanxi*, and perceived similarity between *guanxi* partners), three direct outcomes (relationship performance, commitment, and trust in partner's organization) and one indirect outcome (satisfaction) of *guanxi* quality. Figure 8 shows the final GQ model (modified Model 3).

Table 29

*SEM Results of Model 1 after Modification: Parameter Estimates for Final Structural Model after Dropping Insignificant Paths and Paths with Low Beta Coefficients ( $< \pm 0.20$ )*

Hypothesis and structural path				Unstandardized parameter estimate		Standardized parameter estimate	
				<u>Estimate</u>	<u>SE</u>	<u>Estimate</u>	<u>SE</u>
<u>Control variables</u>							
Education		EDU → COM		-0.09***	0.03	-0.08***	0.02
		EDU → RQ		0.04*	0.02	0.05*	0.02
<u>Antecedents of <i>guanxi</i> quality</u>							
<i>Guanxi</i> orientation	H1a	IMPT → GQ		0.24***	0.05	0.33***	0.06
	H1b	LTO → GQ		0.166***	0.05	0.22***	0.06
Partner similarity							
	H2a	PER_SIMI → GQ		0.178***	0.02	0.45***	0.04
<u>Outcomes of <i>guanxi</i> quality</u>							
Overall satisfaction							
	H4	GQ → SAT		1.36***	0.13	0.89***	0.02
Commitment							
	H5	GQ → COM		1.50***	0.14	0.87***	0.02
Trust in partner's organization							
	H6	GQ → TRUST_ORG		0.78***	0.10	0.54***	0.05
Relationship quality							
	H7	GQ → RQ		0.91***	0.09	0.92***	0.02

Table 29 (continued)

*SEM Results of Model 1 after Modification: Parameter Estimates for Final Structural Model after Dropping Insignificant Paths and Paths with Low Beta Coefficients ( $< \pm 0.20$ )*

	Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	
	Estimate	SE	Estimate	SE	Estimate	SE
<u>Covariance</u>						
LTO WITH IMPT	0.13***	0.02	0.50***	0.05		
<u>Residual covariances</u>						
RQ WITH TRUST	0.02**	0.01	0.29***	0.08		
SAT WITH COM	0.06***	0.01	0.63***	0.06		
<u>Factor variances of exogenous variables</u>						
IMPT	0.26***	0.03	1.00	0.00		
LTO_PLA	0.26***	0.03	1.00	0.00		
<u>Error/ residual variances of endogenous variables</u>						
Guanxi quality	0.08***	0.01	0.57***	0.04	0.43***	0.04
Commitment	0.11***	0.02	0.24***	0.03	0.76***	0.03
Satisfaction	0.08***	0.01	0.22***	0.03	0.78***	0.03
Trust in partner's organization	0.22***	0.02	0.71***	0.05	0.29***	0.05
Relationship quality	0.02***	0.01	0.16***	0.03	0.84***	0.03

Note. Model fit:  $SB\chi^2(688, N = 315) = 1320.72$ ,  $c = 1.18$ ,  $p < .001$ ;  $\chi^2/df = 2.27$ ; CFI = 0.91; NNFI = 0.90; RMSEA = 0.05; SRMR = 0.07; AIC = 18118.79; BIC = 18591.62.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

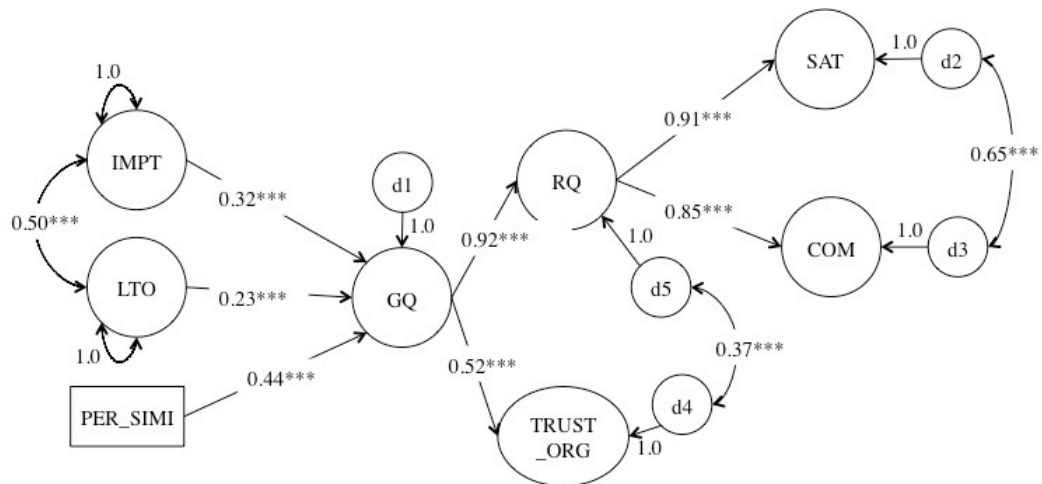


Figure 6. Structural model of Model 2.

Note. Model fit:  $SB\chi^2(688, N = 315) = 1316.90, c = 1.18, p < .001; \chi^2/df = 2.26$ ; CFI = 0.91; NNFI = 0.90; RMSEA = 0.05; SRMR = 0.07, AIC = 18114.83, BIC = 18587.66.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

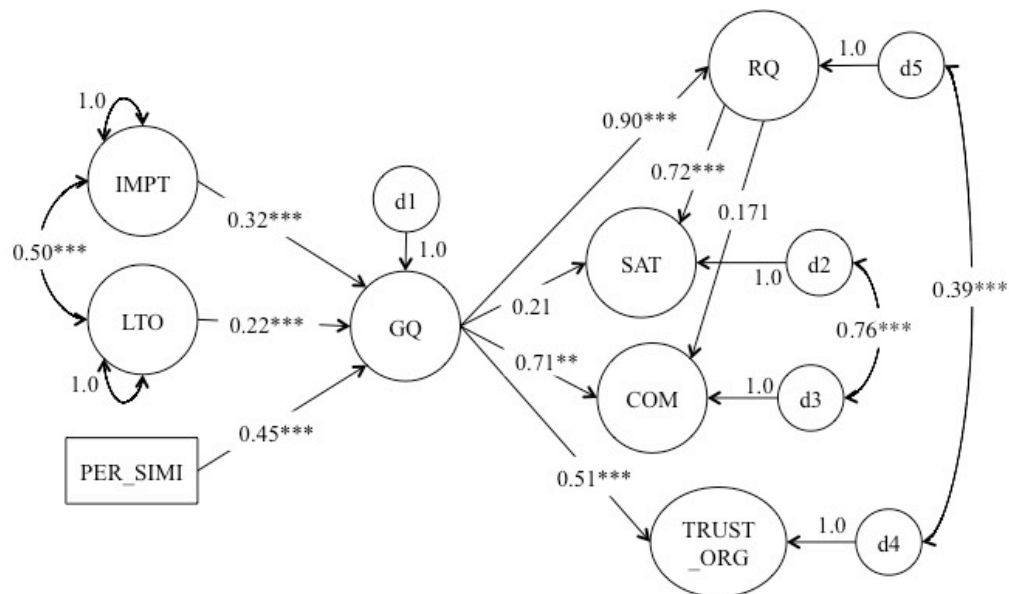


Figure 7. Structural model of Model 3.

Note. Model fit:  $SB\chi^2(686, N = 315) = 1287.661, c = 1.18, p = .001; \chi^2/df = 2.21$ , CFI = 0.91, NNFI = 0.91, RMSEA = 0.05, SRMR = 0.07, AIC = 18085.73, BIC = 18562.31.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$



Table 30

*SEM Results for Model 2*

Structural Path		Unstandardized parameter estimate		Standardized parameter estimate	
		Estimate	SE	Estimate	SE
<u>Control variables</u>					
Education	EDU → COM	-0.12***	0.03	-0.10***	0.02
	EDU → RQ	<u>0.04</u>	0.02	<u>0.05</u>	0.03
<u>Antecedents of <i>guanxi</i> quality</u>					
<i>Guanxi</i> orientation	IMPT → GQ	0.24***	0.05	0.32***	0.06
	LTO → GQ	0.18***	0.05	0.23	0.06***
Partner similarity	PER_SIMI → GQ	0.18***	0.02	0.44***	0.44
<u>Outcomes of <i>guanxi</i> quality</u>					
Trust in partner's organization	GQ → TRUST_ORG	0.73***	0.09	0.52***	0.05
	GQ → RQ	0.90***	0.09	0.92***	0.01
<u>Outcomes of relationship quality</u>					
Satisfaction	RQ → SAT	1.40***	0.11	0.91***	0.02
	RQ → COM	1.48***	0.11	0.85***	0.02

Table 30 (continued)

*SEM Results for Model 2*

	Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	
	Estimate	SE	Estimate	SE	Estimate	SE
<u>Covariance</u>						
LTO WITH IMPT	0.13***	0.02	0.50***	0.05		
<u>Residual covariances</u>						
RQ WITH TRUST	0.03***	0.01	0.37***	0.08		
SAT WITH COM	0.06***	0.01	0.65***	0.06		
<u>Factor variances of exogenous variables</u>						
IMPT	0.26***	0.03	1.00	0.00		
LTO_PLA	0.26***	0.03	1.00	0.00		
<u>Error/residual variances of endogenous variables</u>						
<i>Guanxi</i> quality	0.09***	0.01	0.58***	0.04	0.42***	0.04
Commitment	0.12***	0.02	0.28***	0.03	0.72***	0.72
Satisfaction	0.06***	0.01	0.17***	0.03	0.84***	0.84
Trust in partner's organization	0.22**	0.02	0.73***	0.05	0.27***	0.27
Relationship quality	0.02**	0.00	0.15***	0.02	0.85***	0.02

Note. Model fit:  $SB\chi^2(688, N = 315) = 1316.90, c = 1.18, p < .001; \chi^2/df = 2.26; CFI = 0.91; NNFI = 0.90; RMSEA = 0.05; SRMR = 0.07, AIC = 18114.83, BIC = 18587.66.$

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

Table 31

*SEM results for Model 3*

Structural path		Unstandardized parameter estimate		Standardized parameter estimate	
		Estimate	SE	Estimate	SE
<u>Control variables</u>					
Education	EDU → COM	-0.07**	0.02	-0.08**	0.03
	EDU → RQ	<u>0.06</u>	0.03	0.04	0.02
<u>Antecedents of <i>guanxi</i> quality</u>					
<i>Guanxi</i> orientation					
	IMPT → GQ	0.25**	0.05	0.32***	0.06
	LTO → GQ	0.17**	0.05	0.22***	0.06
Partner similarity					
	PER_SIMI → GQ	0.18***	0.02	0.45***	0.04
<u>Outcomes of <i>guanxi</i> quality</u>					
Trust in partner's organization					
	GQ → TRUST_ORG	0.73***	0.10	0.51***	0.05
Relationship quality					
	GQ → RQ	0.90***	0.09	0.90**	0.02
Satisfaction					
	GQ → SAT (total effect)	1.28***	0.12	0.85***	0.02
	Direct effect	<u>0.31</u>	0.16	<u>0.21</u>	0.11
	Indirect effect (GQ → RQ → SAT)	0.97***	0.18	0.64***	0.10
Commitment					
	GQ → COM (total effect)	1.47***	0.14	0.86***	0.02
	Direct effect	1.21***	0.20	0.71***	0.09
	Indirect effect (GQ → RQ → COM)	<u>0.26</u>	0.15	<u>0.15</u>	0.09

Table 31 (continued)

*SEM Results for Model 3*

	Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	
	Estimate	SE	Estimate	SE	Estimate	SE
<u>Covariance</u>						
LTO WITH IMPT	0.131***	0.02	0.50***	0.05		
<u>Residual covariances</u>						
RQ WITH TRUST	0.03***	0.01	0.39***	0.07		
SAT WITH COM	0.06***	0.01	0.76**	0.07		
<u>Factor variances of exogenous variables</u>						
IMPT	0.26***	0.03	1.00	0.00		
LTO_PLA	0.26***	0.03	1.00	0.00		
<u>Error/ Residual variances of endogenous variables</u>						
<i>Guanxi</i> quality	0.09***	0.01	0.58***	0.04	0.42***	0.04
Commitment	0.11***	0.01	0.25***	0.03	0.75***	0.03
Satisfaction	0.06***	0.01	0.18***	0.03	0.82***	0.03
Trust in partner's organization	0.23***	0.02	0.73***	0.05	0.27***	0.05
Relationship quality	0.03***	0.01	0.19***	0.03	0.81***	0.03

Note. Model fit:  $SB\chi^2$  (686,  $N = 315$ ) = 1287.661,  $c = 1.18$ ,  $p = .001$ ;  $\chi^2/df = 2.21$ , CFI = 0.91, NNFI = 0.91, RMSEA = 0.05, SRMR = 0.07, AIC = 18085.73, BIC = 18562.31.

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

Table 32  
*Final SEM Model (Model 3 After Modification)*

Structural Path		Unstandardized parameter estimate		Standardized parameter estimate	
		Estimate	SE	Estimate	SE
<u>Antecedents of <i>guanxi</i> quality</u>					
Guanxi orientation	IMPT → GQ	0.25***	0.05	0.33***	0.06
	LTO → GQ	0.16**	0.05	0.21***	0.06
	Partner similarity				
	PER_SIMI → GQ	0.18***	0.02	0.45***	0.04
<u>Outcomes of <i>guanxi</i> quality</u>					
Trust in partner's organization	GQ → TRUST_ORG	0.74***	0.10	0.52***	0.05
Relationship quality	GQ → RQ	0.93***	0.09	0.92***	0.01
Commitment	GQ → COM	1.48***	0.14	0.87***	0.02
<u>Outcomes of Relationship Quality</u>					
Satisfaction	RQ → SAT	1.37***	0.11	0.91***	0.02

Table 32 (continued)  
*Final SEM Model (Model 3 After Modification)*

	Unstandardized parameter estimate		Standardized parameter estimate		$R^2$	
	Estimate	SE	Estimate	SE	Estimate	SE
<u>Covariance</u>						
LTO WITH IMPT	0.13***	0.02	0.50***	0.05		
<u>Residual Covariances</u>						
RQ WITH TRUST	0.03***	0.01	0.40***	0.06		
SAT WITH COM	0.07***	0.01	0.84***	0.07		
<u>Factor variances of exogenous variables</u>						
IMPT	0.26***	0.03	1.00	0.00		
LTO_PLA	0.29***	0.03	1.00	0.00		
<u>Error/ Residual variances of endogenous variables</u>						
Guanxi quality	0.09***	0.01	0.58***	0.04	0.42***	0.04
Commitment	0.11***	0.02	0.25***	0.03	0.75***	0.03
Satisfaction	0.06***	0.01	0.17***	0.03	0.83***	0.03
Trust in partner's organization	0.23***	0.02	0.73***	0.05	0.27***	0.05
Relationship quality	0.02***	0.00	0.15***	0.02	0.85***	0.02

Note. Model fit:  $SB\chi^2(653, N = 315) = 1205.95, c = 1.22, p < .001; \chi^2/DF = 2.25; CFI = 0.92; NNFI = 0.91; RMSEA = 0.05; SRMR = 0.07; AIC = 18091.48; BIC = 18556.81$

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

Table 33  
*Results of the Testing of Alternative Models*

<u>Model fit for individual model</u>				<u>Model fit indices</u>						
<u>Model</u>				<u>Scaling Correction Factor for</u>						
	<u>SB<math>\chi^2</math></u>	<u>df</u>	<u><math>\chi^2/df</math></u>	<u>MLM</u>	<u>CFI</u>	<u>NNFI</u>	<u>RMSEA</u>	<u>SRMR</u>	<u>AIC</u>	<u>BIC</u>
Model 1	1320.72	688	1.92	1.18	0.91	0.90	0.05	0.07	18118.79	18591.62
Model 2	1316.90	688	1.91	1.18	0.91	0.90	0.05	0.07	18114.83	18587.66
Model 3	1287.66	686	1.88	1.18	0.91	0.91	0.05	0.07	18085.73	18562.31
Modified Model 3	1205.95	653	1.85	1.22	0.92	0.91	0.05	0.07	18091.49	18556.81
<u>Comparison of alternative models</u>										
<u>Nonnested models</u>				<u>Decision</u>						
Model 1 vs. Model 2				Favor Model 2 due to lower AIC						
Model 1 vs. Modified Model 3				Favor modified Model 3 due to lower AIC						
Model 2 vs. Modified Model 3				Favor modified Model 3 due to lower AIC						
<u>Nested models</u>				<u>Decision</u>						
	<u>SB<math>\chi^2</math> difference</u>	<u>df</u>	<u>p</u>	<u>Decision</u>						
Model 1 (reduced) vs. Model 3 (full model)	26.5	2	< 0.001	Favor full model (Model 3)						
Model 2 (reduced) vs. Model 3 (full model)	48.8	2	< 0.001	Favor full model (Model 3)						

*Note.* <sup>a</sup>SB $\chi^2$  difference calculated using formulae provided on the Mplus webpage (Mplus, n.d.) and discussed in Satorra and Bentler (2001).

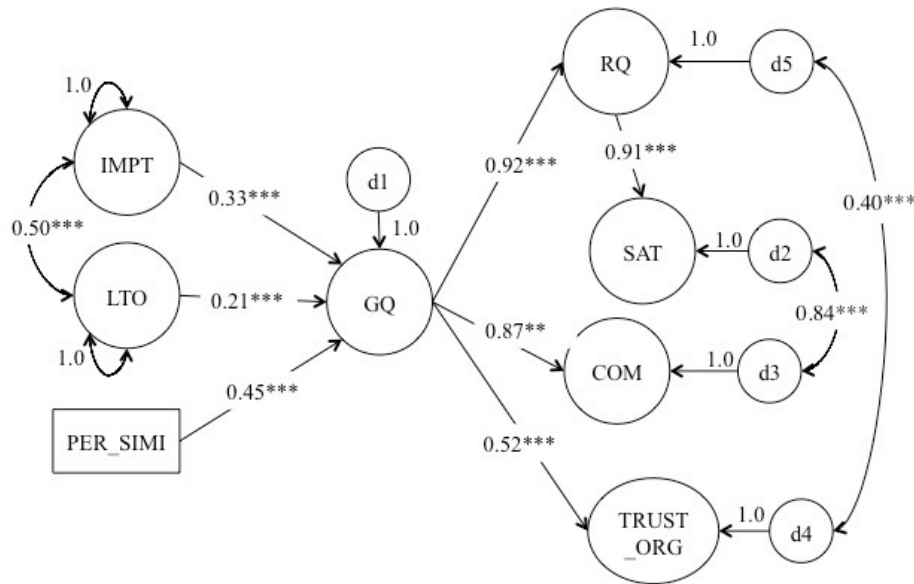


Figure 8. Final structural model (modified Model 3 through dropping paths  $GQ \rightarrow SAT$  and  $RQ \rightarrow COM$ ).

Note. Model fit:  $SB\chi^2(653, N = 315) = 1205.95$ ,  $c = 1.22$ ,  $p < .001$ ;  $\chi^2/DF = 2.25$ ; CFI = 0.92; NNFI = 0.91; RMSEA = 0.05; SRMR = 0.07; AIC = 18091.48; BIC = 18556.81

\* $p < 0.05$ , \*\* $p < 0.01$ , \*\*\* $p < 0.001$

#### 4. Discussion

The current study replicated the higher-order structure of the construct of *guanxi* quality in a new sample of Taiwanese working adults, which supports the generalizability of the GQS in measuring *guanxi*. To establish the nomological validity of the GQS, a new *guanxi* model, which includes the antecedents and effects of *guanxi* quality, was developed. The model represents a concise effort to examine the antecedents that influence the quality of *guanxi* between two exchange partners and the outcomes of *guanxi* quality, based on an integrated review of the literature and findings from Study 1 of this research.

##### 4.1. Antecedents of *Guanxi* Quality

In examining the antecedents of *guanxi* quality, the three psychological variables, which included perceived importance of *guanxi*, long-term orientation, and perceived similarity, significantly predicted *guanxi* quality.



These variables could be regarded as a representation of the motivation that influences participants to pursue strong *guanxi*.

The relationship-specific variables were not as useful as the psychological variables in understanding *guanxi* development. Specifically, the length of the relationship was not a significant predictor of *guanxi* quality. One possible explanation for the insignificant relationship between length of relationship and *guanxi* quality relates to the dynamic quality of *guanxi*, which can wax and wane over time. *Guanxi* development takes time, so it is expected that the longer exchange partners know each other, the more likely they share close *guanxi*. However, as *guanxi* maintenance is a long-term process, it can weaken if the effort to sustain it diminishes. Therefore, as the results of this study suggest, the length of the relationship may not be an important determinant of *guanxi* quality. Although the relationship between frequency of contact and *guanxi* quality was significant in that the more frequent the contact, the stronger the *guanxi* quality, the path was too weak to be considered useful in understanding the development of *guanxi* quality. Gender similarity positively predicted *guanxi* quality, but the strength of this relationship was also too low to be considered meaningful. Similarity in age did not significantly predict *guanxi* quality.

Taken together, these results suggest that experiencing the need to pursue *guanxi*, an emphasis on long-term results, and feeling similar to the other party are important determinants of whether individuals possess strong *guanxi*. These results suggest that both practical and affective reasons explain why people invest in developing *guanxi*.

#### 4.2. Outcomes of *Guanxi* Quality

In examining the outcomes of *guanxi* quality, I found that *guanxi* quality was directly related to relationship performance, commitment, and trust in the partner's organization. The mediation model, which proposed that *guanxi* quality directly and indirectly (through relationship performance) predicts satisfaction and commitment, was not supported in this study. Instead, SEM results showed that *guanxi* quality predicted commitment without any influence from relationship performance. One possible explanation is that the personal quality of *guanxi* is the main contributing factor to a *guanxi* partner's willingness to continue investing in the relationship. The norms and behavioral standards that *guanxi* is embedded in could have been the reason for their willingness to commit to the relationship. In addition, that relational continuity depended only on *guanxi* quality instead of on task-oriented, relationship performance could be interpreted as a form of support for the importance of *guanxi* as a social fabric that is valued for its own sake. For the outcome of satisfaction, the direct path from *guanxi* quality was not supported. *Guanxi* quality predicted satisfaction only through relationship performance. In other words, when good *guanxi* is manifested in the form of work benefits, it leads to overall relationship satisfaction.

### Chapter 3.5. Study 5

#### 1. Study 5: Examining the Incremental Validity of GQS

In Study 5, I examined the incremental validity of the new GQS as the final assessment of nomological validity. My goal was to establish the utility of the new measure in predicting variables of interest beyond what is possible with prior measures (Brown, Trevino, & Harrison, 2005; Hunsley & Meyer, 2003). I investigated the ability of the GQS to incrementally predict the outcomes of commitment, relationship quality, and trust in partner's organization beyond two existing similar measures of *guanxi*.

In Chapter 2, I reviewed the major types of measures of *guanxi* in the literature and highlighted their limitations. In Study 1, I found that *guanxi* possesses the quality of being able to wax and wane and to vary in terms of strength. Therefore, dimensional measures (i.e., assessment of *guanxi* strength) are more accurate representations of *guanxi* in comparison to categories measures (i.e., identification of the existence of *guanxi* or quantification of the types of existing ties). In my review, I noted that a multidimensional approach is superior to a single-dimensional approach due to the lack of a strong theoretical foundation for the latter. Scholars have identified various relational concepts (e.g., affect, face, reciprocal favor) in understanding *guanxi* (e.g., Hwang, 1987; Kipnis, 1997; Lovett et al., 1999) that support the contention that *guanxi* is made up of more than one construct. Indeed, as shown in Studies 1 through 4, *guanxi* quality was best represented as a multidimensional, higher level construct, which was composed of three second-order factors, namely *ganqing*, *renqing*, and *xinren*.

I posited that the strength of the new GQS measure over existing multidimensional measures lies in its rigorous method of development (i.e., inductive), and the assessment of its construct validity. The purpose of Study 5 was to examine whether the new GQS has incremental value in predicting *guanxi*-related outcomes in comparison to existing scales. To do so, the GQS was compared to two existing dimensional measures, specifically Leung et al.'s (2005) unidimensional *guanxi* measure and Lee and Dawes (2005) multidimensional *guanxi* measure. These two measures were selected because they are similar to the GQS in that both had been developed to measure *guanxi* between buyers and sellers and both are focused on addressing the quality of exchanges between *guanxi* partners.

The following hypotheses were tested in the current study to examine the incremental validity of the new GQS over existing *guanxi* measures in predicting the three outcomes of *guanxi* quality as examined in Study 4, which include commitment (COM), trust in the partner's organization (TRUST\_ORG), and relationship quality (RQ):

Hypothesis 1: The GQS has incremental validity over the unidimensional *guanxi* measure (UNI) in predicting *guanxi* outcomes.

H1a: The GQS has incremental validity over the unidimensional *guanxi* measure (UNI) in predicting commitment (COM).

H1b: The GQS has incremental validity over the unidimensional *guanxi* measure (UNI) in predicting trust in partner's organization (TRUST\_ORG).

H1c: The GQS has incremental validity over the unidimensional *guanxi* measure (UNI) in predicting relationship quality (RQ).

Hypothesis 2: The GQS has incremental validity over the multidimensional *guanxi* measure (MULTI) in predicting *guanxi* outcomes.

H2a: The GQS has incremental validity over the multidimensional *guanxi* measure (MULTI) in predicting commitment (COM).

H2b: The GQS has incremental validity over the multidimensional *guanxi* measure (MULTI) in predicting trust in partner's organization (TRUST\_ORG).

H2c: The GQS has incremental validity over the multidimensional *guanxi* measure (MULTI) in predicting relationship quality (RQ).

## 2. Method

### 2.1. Recruitment and Sample

Recruitment of participants was conducted at several institutes that conduct classes for working adults. The inclusion and exclusion criteria were the same as that applied in Study 3. A sample size of 129 Taiwanese working adults (46 men, 83 women) participated in the survey. The average age range was 31 to 40 years old. All participants had at least a bachelor's degree. The average length of working experience was seven to nine years. One participant did not enter his education level and another participant did not provide information on his partner's education level, so there was one missing value for the education variable ( $N = 128$ ). All other variables had complete data. Listwise deletion was used when hierarchical analyses were applied to test the hypotheses using the computer program SPSS.

## 2.2. Measures

The measures used in this study are included in the Appendix I. Unless otherwise stated, all measures used a Likert scale, ranging from 1 = *strongly disagree* to 5 = *strongly agree*. *Guanxi* quality was measured using the 15-item *Guanxi* Quality Scale (GQS) developed in Studies 1 to 4. The other two predictor variables were Leung et al. (2005) unidimensional *guanxi* scale and Lee and Dawes' (2005) multidimensional *guanxi* scale. The unidimensional scale consists of four items that address flexibility in negotiation, maintenance of harmony, favor doing, and extent of social interaction. The multidimensional scale (MULTI) consists of three items on face preserving, two items on reciprocal favor, and four items on affect.

The measurement of the outcome variables was consistent with that in Study 4, which included Ambler et al.'s (1999) three-item measure of commitment, the three-item measure of trust, and Woo and Ennew's (1999) and Song et al.'s (2004) measure of relationship quality. Personal demographic details, which included age, gender, and education, were also collected. Responses on the hardcopy questionnaires were coded into a data file for analysis.

## 3. Results

Hierarchical multiple regression analysis, which is commonly used in assessments of incremental validity (Hunsley & Meyer, 2003), was used to assess the contribution of the GQS in the prediction of the three outcome variables (commitment, trust in the partner's organization, and relationship quality) after the competing variables (univariate *guanxi* measure or multivariate *guanxi* measure) were entered into the analyses. Table 34 displays

the descriptive statistics, reliability, and correlations among the eight continuous variables used in this study. Data analysis was conducted using SPSS version 21.0.

### 3.1. Assumptions Checking for Hierarchical Regression

Based on the formula  $N > 50 + 8m$  (where  $m$  is the number of predictors) (Green, 1991), the minimum number of cases recommended for this study was 75, as there were five predictors used in each regression model, including three demographic variables (age, gender, education), the GQS, and one other *guanxi* measure (UNI or MULTI). A sample of 129 was deemed adequate for this study.

Table 34

*Descriptive Statistics, Reliability, and Correlations for All Continuous Variables (N = 129)*

Correlations								
	<u>age</u>	<u>edu</u>	<u>GQS</u>	<u>MULTI</u>	<u>UNI</u>	<u>COM</u>	<u>TRUST ORG</u>	<u>RQ</u>
Age (age)	1							
Education (edu)	-0.10	1						
<i>Guanxi</i> Quality Scale (GQS)	0.08	0.08	1					
Multidimensional measure (MULTI)	-0.004	0.04	.76**	1				
Unidimensional measure (UNI)	-0.08	0.17	.75**	.73**	1			
Commitment (COM)	-0.02	-0.01	.74**	.69**	.61**	1		
Trust in Partner Organization (TRUST_ORG)	0.02	-.23**	.40**	.36**	.38**	.53**	1	
Relationship Quality (RQ)	0.11	0.03	.79**	.78**	.79**	.72**	.45**	1
<i>N</i>	129	128	129	129	129	129	129	129
<i>M</i>	2.21	3.97	3.63	3.54	3.59	3.58	3.52	3.56
<i>SD</i>	0.83	0.49	0.451	0.46	0.45	0.61	0.57	0.41
Range	1 – 4	3 – 5	2.33 – 5	2.11 – 4.67	2.25 – 4.75	2 – 5	1.67 – 5	2.44 – 4.56
Possible Range	1 – 5	1 – 5	1 – 5	1 – 5	1 – 5	1 – 5	1 – 5	1 – 5
$\alpha$			0.90	0.80	0.70	0.85	0.78	0.81

*Note.* Statistical significance: \*\*Pearson correlation is significant at the 0.01 level (2-tailed); \*Pearson correlation is significant at the 0.05 level (2-tailed). Pairwise deletion of missing data

Osborne and Waters (2002) noted four assumptions of multiple regression: (1) normality, (2) reliability, (3) linearity between the independent variables and the dependent variable, and (4) homoscedasticity. Hierarchical regression is a major type of multiple regression. Therefore, the same assumptions are applicable. Prior to the application of hierarchical analyses, these four assumptions were examined.

First, I tested the normality of the continuous variables (GQ, UNI, MULTI, COM, TRUST\_ORG, RQ, edu, age) by applying a z-test using skewness and kurtosis values and also by screening potential outliers. Z-scores were obtained by dividing skewness values and excess kurtosis by their standard errors. For a medium-sized sample (ranging from 50 to 300) of 129, absolute z-values over 3.29 indicate a non-normal distribution (Kim, 2013). According to this criterion, all the continuous variables were normally distributed. For the dichotomous variable, gender, Tabachnick and Fidell (2001) recommended the exclusion of variables with a 90-10 split between categories. The data did not show extreme splits in the distribution of responses. Regression results were also checked for univariate outliers by identifying any standardized residuals of more than  $\pm 3.0$  (Pedhazur, 1997; Tabachnick & Fidell, 2001). The data were also screened for multivariate outliers through the calculation of Mahalanobis Distance scores. While there were a few univariate outliers, as reported in Table 35 and Table 36, no multivariate outliers were identified. Univariate outliers were removed and regression analyses for the respective models were run again. The final sample size used for each analysis is included in the corresponding table.



To assess the reliability of the measures, Cronbach's alphas were calculated. All multiple-item scales had  $\alpha > .70$ , supporting the internal consistency of the measures (see Table 34). Residual and scatter plots indicated that the assumptions of normality, linearity, and homoscedasticity were all satisfied. After assumption checking, scores on each multi-item construct were averaged to form an aggregate score to represent each variable.

### **3.2. Results of Hierarchical Regression**

Separate hierarchical regression analyses were conducted to test each of the six hypotheses, resulting in six corresponding regression models. Each regression model was a three-stage model. Control variables that included personal demographics (age, gender, and education) were entered in the first stage. Then, scores on one existing *guanxi* measure (UNI scores or MULTI scores) were entered. Finally, the GQS scores were entered in the last stage. Results of the six hierarchical regression models are displayed in Tables 35 and 36. The models are labeled according to the measure under comparison and in correspondence with the respective hypotheses. Models H1a to H1c correspond to hypotheses 1a to 1c. Models 2a to 2c correspond to hypotheses H2a to H2c.

In the following, I present the results of each model, focusing on 1) the change in proportion of variance explained ( $\Delta R^2$ ) after the GQS scores were entered at the final stage (i.e., after controlling for the effect of personal demographic variables and UNI scores or MULTI scores), and 2) the significance of the relationships between the predictors and the outcome variables.

**3.2.1. Models 1a to 1c: Incremental validity of the GQS over UNI in predicting outcomes.** After controlling for the effect of personal demographic

variables (entered in Block 1) and UNI scores (entered in Block 2), GQS scores explained an additional 17% of the variance in COM scores:  $F(5, 119) = 38.5, p < .001, R^2 = 0.62, R^2_{\text{Adjusted}} = 0.60$ ; an additional 2.7% of the variance in TRUST\_ORG scores:  $F(5, 121) = 8.30, p < .001, R^2 = 0.26, R^2_{\text{Adjusted}} = 0.23$ ; and, an additional 6.7% of the variance in RQ scores:  $F(5, 122) = 67.8, p < .001, R^2 = 0.74, R^2_{\text{Adjusted}} = 0.725$ . The results supported hypotheses H1a, H1b, and H1c.

In Model 1a, the UNI and GQS scores were significant on the five independent variables in predicting COM scores:  $\text{UNI} \rightarrow \text{COM} (\beta = 0.18, t(119) = 2.04, p < 0.05)$ ;  $\text{GQS} \rightarrow \text{COM} (\beta = 0.64, t(119) = 7.27, p < .001)$ . In Model 1b, edu and the GQS were significant predictors of TRUST\_ORG scores:  $\text{edu} \rightarrow \text{TRUST\_ORG} (\beta = -0.272, t(121) = -3.31, p < 0.01)$ ;  $\text{GQS} \rightarrow \text{TRUST\_ORG} (\beta = 0.255, t(121) = 2.09, p < 0.05)$ . The relationships between the three other predictors and the TRUST\_ORG scores were not significant. For Model 1c, age, UNI scores, and GQ scores were significant in predicting RQ scores:  $\text{age} \rightarrow \text{RQ} (\beta = 0.11, t(122) = 2.23, p < .05)$ ;  $\text{UNI} \rightarrow \text{RQ} (\beta = 0.52, t(122) = 7.05, p < .001)$ ;  $\text{GQ} \rightarrow \text{RQ} (\beta = 0.40, t(122) = 5.54, p < .001)$ .

**3.2.2. Models 2a to 2c: Incremental validity of the GQS over the MULTI in predicting *guanxi* outcomes.** As with Models 1a to 1c, the results of the three regression models including MULTI as the measure under comparison supported that the GQS significantly accounted for additional variance in the outcome variables after controlling for the effect of personal demographics and MULTI (Model 2a to 2c). Specifically, the GQS explained an additional 11.1% of the variance in COM scores:  $F(5, 120) = 41.3, p < .001, R^2 = 0.63, R^2_{\text{Adjusted}} = 0.62$ ; an additional 4.7% of the variance in TRUST\_ORG

scores:  $F(5, 121) = 7.50, p < .01, R^2 = 0.24, R^2_{\text{Adjusted}} = 0.21$ ; and, an additional 9.2% of the variance in RQ scores:  $(F(5, 119) = 80.3, p < .001, R^2 = 0.77, R^2_{\text{Adjusted}} = 0.76)$ . The results supported hypotheses H2a, H2b, and H2c

Results of Model 2a showed that MULTI scores and the GQS scores significantly predicted COM scores:  $\text{MULTI} \rightarrow \text{COM} (\beta = 0.32, t(120) = 3.72, p < .001)$ ;  $\text{GQ} \rightarrow \text{COM} (\beta = 0.53, t(120) = 6.03, p < .001)$ . In Model 2b (DV = TRUST\_ORG), only the edu and GQS scores were significant predictors of TRUST\_ORG scores:  $\text{edu} \rightarrow \text{TRUST\_ORG} (\beta = -0.25, t(121) = -2.98, p < 0.01)$ ;  $\text{GQ} \rightarrow \text{TRUST\_ORG} (\beta = 0.34, t(121) = 2.74, p < .01)$ . In Model 2c (DV = RQ), MULTI scores and GQ scores were significant predictors of RQ scores:  $\text{MULTI} \rightarrow \text{RQ} (\beta = 0.46, t(119) = 6.68, p < .001)$ ;  $\text{GQ} \rightarrow \text{RQ} (\beta = 0.48, t(119) = 6.91, p < .001)$ .

**3.2.3. Further analyses.** To further test the incremental validity of GQS, another set of hierarchical regression models was conducted by reversing the order in which GQS and the other existing *guanxi* measure were entered into the model. GQS was entered into the model first, followed by the other *guanxi* measure. After controlling for the effect of personal demographic variables (entered in Block 1) and GQS scores (entered in Block 2), UNI scores explained an additional 1.3% of the variance in COM scores:  $F(5, 119) = 38.5, p < .001, R^2 = 0.62, R^2_{\text{Adjusted}} = 0.60$ ; and an additional 10.8% of the variance in RQ scores:  $F(5, 122) = 67.8, p < .001, R^2 = 0.74, R^2_{\text{Adjusted}} = 0.725$ . There was no significant incremental value of UNI in predicting TRUST\_ORG scores after controlling for GQS scores:  $F(5, 121) = 8.30, p = .052, R^2 = 0.26, R^2_{\text{Adjusted}} = 0.23, \Delta R^2 = 2.4\%$ .

After controlling for the effect of personal demographic variables, the GQS

explained an additional 4.2% of the variance in COM scores:  $F(5, 120) = 41.3$ ,  $p < .001$ ,  $R^2 = 0.63$ ,  $R^2_{\text{Adjusted}} = 0.62$ ); and an additional 8.6% of the variance in RQ scores:  $(F(5, 119) = 80.3, p < .001, R^2 = 0.77, R^2_{\text{Adjusted}} = 0.76$ . There was no significant incremental value of MULTI scores in predicting TRUST\_ORG scores after controlling for GQS scores:  $F(5, 121) = 7.50, p = .32, R^2 = 0.24, R^2_{\text{Adjusted}} = 0.21, \Delta R^2 = 0\%$ .

Summing up the above results, the GQS scores accounted for larger amounts of change in proportion of variance in the COM and the TRUST\_ORG scores, in comparison to the UNI scores and the MULTI scores. While the GQS scores accounted for larger change in proportion of variance in RQ scores as compared to the MULTI scores, it accounted for lesser change as compared to the UNI scores. One possible explanation for why the UNI scores were a better predictor of RQ scores is the similarity in both measures in addressing the specific area of business adaptation in negotiation situations. In short, these results largely supported that the GQS alone was adequate in accounting for a significant proportion of variance of its expected outcomes, particularly for COM and TRUST\_ORG.

#### 4. Discussion

In summary, results of this study supported the incremental validity of the GQS over two existing *guanxi* measures in predicting three outcome variables. I discuss the similarities and differences between the GQS and the multidimensional measure, as well as that between the GQS and unidimensional measure to explain the findings on the incremental value of the GQS in predicting *guanxi* outcomes.

Table 35

*Results of Hierarchical Regression Models 1a to 1c (UNI as the Measure Under Comparison)*

Model 1a: Incremental value of GQ over UNI in predicting commitment (COM) ( $N = 125$ )

	<u>B</u>	<u><math>\beta</math></u>	<u>SE</u>	<u><math>t</math></u>	<u>R</u>	<u><math>R^2</math></u>	<u><math>R^2_{\text{Adjusted}}</math></u>	<u><math>\Delta R^2</math></u>	<u>df</u>	<u>F</u>	<u>Outlier(s)</u>
<u>Step 1</u>					0.04	0.002	-0.02	0.002	(3, 121)	0.07	ID7, ID45, ID57
Control variables											
age	-0.02	-0.03	0.07	-0.29							
gender	-0.04	-0.03	0.11	-0.33							
edu	-0.02	-0.02	0.11	-0.19							
<u>Step 2</u>					0.67	0.45	0.43	0.45	(4, 120)	24.4***	
Control variables											
age	0.02	0.02	0.05	0.36							
gender	0.00	0.00	0.09	0.04							
edu	-0.14	-0.12	0.08	-1.71*							
UNI	0.85	0.68	0.09	9.85***							
<u>Step 3</u>					0.79	0.62	0.60	0.17	(5, 119)	38.5***	
Control variables											
age	-0.04	-0.06	0.04	-1.05							
gender	-0.03	-0.03	0.07	-0.47							
edu	-0.12	-0.11	0.07	-1.76							
UNI	0.23	0.18	0.11	2.04*							
GQS	0.81	0.64	0.11	7.27***							

*Note.* Statistical significance: \* $p < .05$ , \*\* $p < 0.1$ , \*\*\* $p < .001$ .

Table 35 (continued)

*Results of Hierarchical Regression Models 1a to 1c (UNI as the Measure Under Comparison)*Model 1b: Incremental value of GQ over UNI in predicting trust in partner's organization (TRUST\_ORG) (N = 127)

	<u>B</u>	<u>β</u>	<u>SE</u>	<u>t</u>	<u>R</u>	<u>R</u> <sup>2</sup>	<u>R</u> <sup>2</sup> <sub>Adjusted</sub>	<u>ΔR</u> <sup>2</sup>	<u>df</u>	<u>F</u>	<u>Outlier(s)</u>
<u>Step 1</u>					0.21	0.04	0.02	0.04	(3, 123)	1.86	ID31
Control variables											
age	-0.01	-0.01	0.06	-0.16							
gender	-0.11	-0.10	0.10	-1.09							
edu	-0.24	-0.21	0.10	-2.29*							
<u>Step 2</u>					0.48	0.23	0.20	0.19	(4, 122)	9.03***	
Control variables											
age	0.01	0.02	0.05	0.20							
gender	-0.08	-0.07	0.09	-0.87							
edu	-0.32	-0.28	0.09	-3.34**							
UNI	0.52	0.44	0.10	5.41***							
<u>Step 3</u>					0.51	0.26	0.23	0.03	(5, 121)	8.30*	
Control variables											
age	-0.01	-0.02	0.05	-0.23							
gender	-0.10	-0.09	0.09	-1.05							
edu	-0.31	-0.27	0.09	-3.31**							
UNI	0.29	0.24	0.15	1.96							
GQS	0.31	0.26	0.15	2.09*							

Note. Statistical significance: \* $p < .05$ , \*\* $p < 0.1$ , \*\*\* $p < .001$

Table 35 (continued)

*Results of Hierarchical Regression Models 1a to 1c (UNI as the Measure Under Comparison)***Model 1c: Incremental value of GQ over UNI in predicting relationship quality (RQ) ( $N = 128$ )**

	<u>B</u>	<u><math>\beta</math></u>	<u>SE</u>	<u>t</u>	<u>R</u>	<u>R<sup>2</sup></u>	<u>R<sup>2</sup><sub>Adjusted</sub></u>	<u><math>\Delta R^2</math></u>	<u>df</u>	<u>F</u>	<u>Outliers(s)</u>
<b>Step 1</b>					0.11	0.01	-0.012	0.01	(3, 124)	0.48	
Control variables											
age	0.05	0.10	0.05	1.15							
gender	-0.008	-0.009	0.08	-0.10							
edu	0.03	0.039	0.08	0.42							
<b>Step 2</b>					0.82	0.67	0.66	0.66	(4, 123)	62.1***	
Control variables											
age	0.08	0.16	0.03	3.09**							
gender	0.04	0.04	0.05	0.74							
edu	-0.07	-0.09	0.05	-1.57							
UNI	0.76	0.83	0.05	15.6***							
<b>Step 3</b>					0.86	0.74	0.73	0.07	(5, 122)	67.8***	
Control variables											
age	0.06	0.11	0.03	2.23*							
gender	0.02	0.02	0.04	0.37							
edu	-0.07	-0.08	0.04	-1.55							
UNI	0.47	0.52	0.07	7.05***							
GQS	0.37	0.40	0.07	5.54***							

Note. Statistical significance: \* $p < .05$ , \*\* $p < 0.1$ , \*\*\* $p < .001$

Table 36

*Results of Hierarchical Regression Models 2a to 2c (MULTI as the Measure Under Comparison)*

**Model 2a: Incremental value of GQ over MULTI in predicting commitment (COM) ( $N = 126$ )**

	<u>B</u>	<u><math>\beta</math></u>	<u>SE</u>	<u>t</u>	<u>R</u>	<u>R<sup>2</sup></u>	<u>R<sup>2</sup><sub>Adjusted</sub></u>	<u><math>\Delta R^2</math></u>	<u>df</u>	<u>F</u>	<u>Outlier(s)</u> ID45, ID57
<u>Step 1</u>					0.01	0.00	-0.02	0.000	(3, 122)	0.004	
Control variables											
age	0.00	0.00	0.07	-0.01							
gender	-0.01	-0.01	0.11	-0.07							
edu	-0.01	-0.01	0.11	-0.10							
<u>Step 2</u>					0.72	0.52	0.51	0.52***	(4, 121)	32.9***	
Control variables											
age	0.01	0.02	0.05	0.27							
gender	-0.01	-0.01	0.08	-0.13							
edu	-0.05	-0.04	0.08	-0.57							
MULTI	0.90	0.72	0.08	11.50							
<u>Step 3</u>					0.80	0.63	0.62	0.11***	(5, 120)	41.3***	
Control variables											
age	-0.03	-0.04	0.04	-0.62							
gender	-0.02	-0.01	0.07	-0.24							
edu	-0.09	-0.07	0.07	-1.23							
MULTI	0.40	0.32	0.11	3.72***							
GQS	0.67	0.53	0.11	6.03***							

Note. Statistical significance: \* $p < .05$ , \*\* $p < 0.1$ , \*\*\* $p < .001$



Table 36 (continued)

*Results of Hierarchical Regression Models 2a to 2c (MULTI as the Measure Under Comparison)***Model 2b: Incremental value of GQ over MULTI in predicting trust in partner's organization (TRUST ORG) ( $N = 127$ )**

	<u>B</u>	$\beta$	<u>SE</u>	<u>t</u>	<u>R</u>	<u>R</u> <sup>2</sup>	<u>R</u> <sup>2</sup> <sub>Adjusted</sub>	$\Delta R^2$	<u>df</u>	<u>F</u>	<u>Outlier(s)</u> ID31
<u>Step 1</u>					0.21	0.04	0.02	0.04	(3, 123)	1.86	
Control variables											
age	-0.01	-0.01	0.06	-0.16							
gender	-0.11	-0.10	0.10	-1.09							
edu	-0.24	-0.21	0.10	-2.29*							
<u>Step 2</u>					0.44	0.19	0.16	0.15	(4, 122)	22.2***	
Control variables											
age	-0.01	-0.01	0.05	-0.14							
gender	-0.11	-0.10	0.10	-1.13							
edu	-0.25	-0.22	0.10	-2.62*							
MULTI	0.45	0.38	0.10	4.71***							
<u>Step 3</u>					0.49	0.24	0.21	0.05	(5, 121)	7.50**	
Control variables											
age	-0.03	-0.04	0.05	-0.51							
gender	-0.11	-0.10	0.09	-1.22							
edu	-0.28	-0.25	0.09	-2.98**							
MULTI	0.14	0.12	0.14	0.99							
GQS	0.41	0.34	0.15	2.74**							

Note. Statistical significance: \* $p < .05$ , \*\* $p < 0.1$ , \*\*\* $p < .001$

Table 36 (continued)

*Results of Hierarchical Regression Models 2a to 2c (MULTI as the Measure Under Comparison)*Model 2c: Incremental value of GQ over MULTI in predicting relationship quality (RQ) ( $N = 125$ )

	<u>B</u>	$\beta$	<u>SE</u>	<u>t</u>	<u>R</u>	<u>R</u> <sup>2</sup>	<u>R</u> <sup>2</sup> <sub>Adjusted</sub>	<u><math>\Delta R^2</math></u>	<u>df</u>	<u>F</u>	<u>Outlier(s)</u> ID45, ID68, ID72
<u>Step 1</u>					0.12	0.02	-0.01	0.02	(3, 121)	0.617	
Control variables											
age	0.06	0.12	0.05	1.31							
gender	-0.01	-0.01	0.08	-0.14							
edu	0.04	0.04	0.08	0.45							
<u>Step 2</u>					0.82	0.68	0.67	0.67	(4, 120)	63.7***	
Control variables											
age	0.06	0.12	0.03	2.33*							
gender	0.00	0.00	0.05	-0.04							
edu	0.01	0.01	0.05	0.25							
MULTI	0.73	0.82	0.05	15.8***							
<u>Step 3</u>					0.88	0.77	0.76	0.09	(5, 119)	80.3***	
Control variables											
age	0.04	0.07	0.02	1.57							
gender	0.00	0.00	0.04	-0.07							
edu	-0.01	-0.02	0.04	-0.37							
MULTI	0.41	0.46	0.06	6.68***							
GQS	0.44	0.48	0.06	6.91***							

Note. Statistical significance: \* $p < .05$ , \*\* $p < 0.1$ , \*\*\* $p < .001$

Leung et al.'s (2005) unidimensional measure consists of four items that address being flexible during negotiation, maintaining harmony, doing favors, and having social interactions. Items were generated from a literature review and modified using focus group discussion and expert advice. In contrast, the GQS was developed inductively during conceptualization, which may explain the comprehensiveness of the GQS in addressing the core areas of *guanxi* quality that are not covered by the unidimensional measure, such as reciprocity and face-giving in the dimension of *renqing*, personal life inclusion and showing care in the dimension of *ganqing*, as well as the trust items in the dimension of *xinren*. In short, while the four-item unidimensional measure included a diverse range of areas that address *guanxi* exchanges, these areas may not have fully captured the range of *guanxi*-related indicators, which elucidates why the GQS was able to explain additional variance in the three outcome variables after controlling for the unidimensional *guanxi* score.

Lee and Dawes' (2005) multidimensional measure of *guanxi* and the GQS are similar in a few aspects. Operationally, the researchers of the multidimensional measure similarly adopted an inductive method to identify the dimensions of *guanxi*, namely, face preserving, reciprocal favor, and affect. Conceptually, they considered the first-order dimensions as a syndrome, which is consistent with the postulation made for the GQS. In other words, the dimensions of the multidimensional measure are interrelated in that *guanxi* develops "human feeling" (affect) and "material obligation" (reciprocal favor) simultaneously, which means that the expressive and instrumental aspects of *guanxi* work in totality (Lee & Dawes, 2001, p. 33).

The multidimensional measure and the GQS, however, differ in terms of the

dimensions used to measure *guanxi*. The dimensions of face preserving and reciprocal favor in the multidimensional measure are addressed by the single dimension of *renqing* in the GQS, and the dimension of affect is similar to the *ganqing* dimension in GQS. Study 3 showed that these two aspects are better modeled as a single factor than separate factors. The *xinren* dimension addressed in the GQS is missing from the multidimensional measure. Although trust was found to be a key component of *guanxi* in Lee and Dawes' study, the authors conceptualized it as an outcome of *guanxi*. In the current research, *xinren* was found to be an important psychological indicator of the strength of *guanxi*, which supports the importance to include it as a dimension of *guanxi* quality. In this sense, GQS has a broader scope. In the current study, I showed that a scale that includes the dimension of *xinren* (i.e., GQS) was able to predict relevant *guanxi* outcomes better than one without it (i.e., the multidimensional measure).

The measures also differ in terms of the items that represent the dimensions. In the face preserving dimension, two out of the three items in the multidimensional measure are concerned with the value an individual assigns to face than the act of giving face per se. While the former may be important in influencing behaviors related to giving face, I posit that it is less applicable in operationalizing *guanxi* between two people. The remaining item is similar to the face item in the *renqing* dimension of the GQS. The *renqing* dimension includes an addition item that addresses a common way of giving face, which is to compliment an individual's strengths in public. For the dimension of reciprocal favor in the multidimensional measure, items are similar to the GQS items addressing reciprocity in the *renqing* dimension. The *renqing* dimension

in GQS also addresses two other content areas that were not included in the reciprocal favor dimension of the multidimensional measure, namely, the willingness to do *renqing* for *guanxi* partners and the behavior of helping *guanxi* partners to source for resources by engaging their own *guanxi* connections.

The affect dimension in multidimensional measure consists of items which are similar to that in the *ganqing* dimension of the GQS. The affect dimension of the multidimensional scale focuses on liking, friendship, and behaviors of gift-giving and sending greetings, which help to take care of the emotional aspect of the relationship. These aspects were included in the initial pool of items used to develop the GQS. The *ganqing* dimension of the final GQS focused on the same content areas as the multidimensional measure in the aspects of friendship and taking care of the emotional aspect of the relationship (by showing concern). The item on having an emotional connection is close in meaning to liking. A difference between the two scales is that the multidimensional measure has lesser emphasis on personal life inclusion than the GQS, which is an important aspect to address because of the overlap in professional and private domains of life between people with good *guanxi*. In short, the depth and breadth of the GQS seem more comprehensive than the multidimensional measure, which may explain the additional variance in the outcome variables that GQS is able to account for.

In sum, as compared to the two existing *guanxi* measures included in this study, the GQS demonstrated incremental validity over them in predicting *guanxi* outcomes. I postulate that the comprehensiveness in terms of its depth and breadth in addressing *guanxi* quality explains these results.

## CHAPTER 4: CONCLUSION

In this section, I conclude by presenting a summary of the five studies discussed in the preceding chapter. I also provide a concluding summary of the dimensions of the the new GQS. Then, I highlight the contributions of this research, as well as its limitations, and propose directions for future research.

### 1. Summary of the Five Studies

The five studies presented in the preceding chapter encompass a systematic effort to develop and test the construct of *guanxi* in the context of the external relationships in the workplace. Focusing on *guanxi* between boundary spanners in the workplace and using a combination of qualitative and quantitative methods, I achieved the following: (a) I confirmed that *guanxi* dynamics are adequately addressed by the postulation of culturally-based workplace *guanxi*, which is a summarized concept that consists of the postulations from Su and Littlefield's (2001) model of favor-seeking *guanxi*, Fan's (2002) helper *guanxi*, and Bedford's (2011) workplace *guanxi* (Study 1, Part 1). (b) I identified the foundation for a new measure of *guanxi*, namely, the GQS, by generating items to represent important dimensions of *guanxi* quality (Study 1, Part 2). (c) I tested the content adequacy of the proposed GQS and screened out item social desirability bias (Study 2). (d) I refined the items of the GQS and tested the factor structure of the measure in two independent samples of participants (Studies 3 and 4). And, (e) I assessed the construct validity of the GQS by testing a proposed nomological network of *guanxi* quality (Study 4) and the incremental validity of the GQS over two existing *guanxi* measures in predicting relevant *guanxi* outcomes (Study 5). This research concludes with a

new measure of *guanxi* quality, the GQS, which is a valid and reliable measure that can be used to assess the strength of *guanxi* between two individuals who represent different organizations in work interaction. Table 37 shows a summary of all five studies.

### 1.1. Summary of the Three Dimensions of the GQS

I provide a concluding summary of the key dimensions of the new GQS developed in this research. *Guanxi* quality is reflected in three core dimensions: *ganqing*, *renqing*, and *xinren*. *Ganqing* represents the emotional aspect of *guanxi*. Strong *guanxi* encompasses of high affective involvement in the personal life domain of the exchange partners and behaviors that display care and concern for each other. Good *guanxi* is regarded as synonymous with strong friendships.

*Renqing* is the second key dimension in *guanxi* quality. It describes the resources that are exchanged in *guanxi* interaction. *Renqing* comprises of two aspects, favors and face (*mianzi*). *Guanxi* quality is reflected by the amount of willingness to do favors. Doing *renqing* can mean going a step further in connecting *guanxi* partners with other people who have the resources to help. Being willing to do favors for the *guanxi* partner has a symbolic meaning; it means that one party is giving *mianzi* to the other. Giving *mianzi* by emphasizing the strengths of the *guanxi* partner is also a way to do favor or a type of *renqing*. In short, giving *mianzi* and doing favors can be regarded as interchangeable. Displaying sensitivity to the *mianzi* of the other party demonstrates appropriate emotional response during the course of social interaction, which is another meaning of *renqing*. Reciprocity governs the exchange of *renqing*. *Guanxi* quality is reflected in the willingness to continue

investing in the relationship by reciprocating favors, which has bearing for a person's dependability and moral character, and for the development of *xinren*, the third dimension in *guanxi* quality.

Personal trust plays a very important role in Chinese societies because they are low in general trust (Chen & Chen, 2004). *Xinren* is therefore a crucial aspect of relationships, and indeed, in this study I found that it is a key dimension of *guanxi* evaluation. *Xinren* fuels continuous investment in the relationship, and further investment in the relationship builds *xinren*. These processes form a positive feedback loop that sustains and develops *guanxi*. Given the importance of both affective and instrumental aspects in the relationship, good *guanxi* is built on both forms of trust – affective- and performance-based due to the overlap between the professional and private domains of life.

## 2. Contributions

This research makes several important contributions to the literature on *guanxi*. First, this research supports that *guanxi* in Taiwan still has a strong cultural foundation that is not entirely instrumental or exploitative, which makes it important to consider cultural expectations in relationship building. Second, this research presents a systematic effort that bridges the gap in the *guanxi* literature concerning the lack of clear conceptualization of *guanxi*. Third, results of this research helped to create an understanding of how insiders evaluate *guanxi* and open up resources to their exchange partners. Fourth, I tested a model of *guanxi* quality that focused on the role of individual-level variables in the development and outcomes of *guanxi*, which complements existing research on macro or firm-level outcomes. Fifth, findings from this



research have practical significance for firms and organizations in terms providing strategic advantages. I discuss these five points in detail in the following.

### **2.1. *Guanxi* is Still Culturally-Based and Not Purely Instrumental**

This research contributed to the current debate on the role of *guanxi* in contemporary Chinese societies. In 2010, Wang and Murphy (2010) made the observation that there have been an increasing number of studies with the argument that *guanxi* is now widely used for instrumental purposes, and that this instrumental form of *guanxi* is dominating social exchange in China. The instrumental form of *guanxi* likely refers to the power-oriented workplace *guanxi* summarized in Chapter 2, which is posited to be solely focused on seeking profits and power in the absence of any affective tie (Bedford, 2011).

Study 1 showed that, at least in Taiwanese society, external workplace *guanxi* still adheres to traditional societal values, mainly in relation to *renqing* and *mianzi* norms. In addition, working adults in Taiwan still perceived *guanxi* as an important personal asset that provides them with a competitive advantage at work. In the development of the new GQS, I found that *renqing*, *ganqing*, and *xinren*, which are core values advocated in Chinese relationships, work together in determining the quality of *guanxi* between boundary spanners. In *guanxi*, the instrumentality of a relationship is intertwined with its expressive aspects and both these components are essential to building trust in exchange partners.

Table 37

*Summary of All Five Studies*

<u>Study</u>	<u>Purpose(s)</u>	<u>Methods and variables</u>	<u>Analyses</u>	<u>Sample</u>	<u>Key findings</u>
Study 1	Understanding what is <i>guanxi</i> and what is the best way to conceptualize and operationalize it	Semi-structured interviews	<p>Approach and perspective: relativist ontological stance, symbolic interactionist perspective</p> <p>Method of analysis: Spradley's domain analysis</p>	<ul style="list-style-type: none"> <li>• <math>N = 27</math> Taiwanese working adults</li> <li>• <math>M</math> age = 38</li> <li>• 33.3% men</li> </ul>	<ul style="list-style-type: none"> <li>• Four themes in understanding <i>guanxi</i>: (1) <i>guanxi</i> is a necessary but insufficient condition for success (48.1%), (2) <i>guanxi</i> is dominated by exchanges of favors and face (77.8%), (3) instrumental ends are acquired through expressive means (74.1%), and (4) <i>guanxi</i> is dynamic (55.6%)</li> <li>• Four key constructs that are useful in understanding the evaluation of <i>guanxi</i> quality: (1) <i>ganqing</i> (66.7%), (2) <i>renqing</i> (40.7%), (3) <i>mianzi</i> (18.5%), and (4) <i>xinren</i> (48.2%)</li> <li>• <i>Guanxi</i> should be measured in terms of its quality, reflected by the extent of <i>extent of ganqing, renqing, and xinren</i> between exchange partners; <i>guanxi</i> quality hypothesized as a higher-order three-factor structure.</li> <li>• 34-item GQS measure was created.</li> </ul>
Study 2A	Assessment of content validity of initial pool of 34 items	<p>(i) Definitions task</p> <p>(ii) Appropriateness rating task</p>	<p>(i) Spradley's domain analysis</p> <p>(ii) Friedman Test, Wilcoxon Test</p>	<ul style="list-style-type: none"> <li>• <math>N = 35</math> Taiwanese postgraduate students (34 MBA students, 1 PhD student)</li> <li>• <math>M</math> age = 25.8</li> </ul>	<ul style="list-style-type: none"> <li>• Revisions to 34-item GQS: <ul style="list-style-type: none"> <li>- Results of Task 1: 1 item (addresses trust in character) added</li> <li>- Results of Task 2: 21 problematic items: 9 deleted, 12 retained and/or modified</li> </ul> </li> <li>• Modified measure contained 30 items.</li> </ul>

Table 37 (continued)

*Summary of All Five Studies*

<u>Study</u>	<u>Purpose(s)</u>	<u>Methods and variables</u>	<u>Analyses</u>	<u>Sample</u>	<u>Key findings</u>
Study 3	Item reduction and testing of higher-order, three-factor structure of <i>guanxi</i> quality	<ul style="list-style-type: none"> <li>Proposed 30-item GQS</li> </ul>	<ul style="list-style-type: none"> <li>CFA</li> </ul>	<ul style="list-style-type: none"> <li><i>N</i> = 298 Taiwanese working adults</li> <li>48.7% men (3.7% missing data)</li> <li><i>M</i> age range = 30 to 39</li> <li><i>M</i> working experience = 3 to 5 years</li> </ul>	<ul style="list-style-type: none"> <li>30-item GQS reduced to 15 items</li> <li>CFA results supported a second-order factor structure of GQS, reflected in three first-order factors of <i>renqing</i>, <i>ganqing</i>, and <i>xinren</i></li> </ul>
Study 4	<ul style="list-style-type: none"> <li>Replication of factor structure</li> <li>Discriminant validity</li> <li>Nomological validity</li> </ul>	<ul style="list-style-type: none"> <li>Final 15-item GQS</li> <li>Antecedents of <i>guanxi</i>: importance of <i>guanxi</i>, long-term orientation, perceived similarity, age similarity, gender similarity, length of relationship, frequency of contact,</li> <li>Outcomes of <i>guanxi</i>: commitment, satisfaction, trust in partner's organization, relationship quality</li> </ul>	<ul style="list-style-type: none"> <li>CFA</li> <li>SEM (nomological validity)</li> </ul>	<ul style="list-style-type: none"> <li><i>N</i> = 315 Taiwanese working adults</li> <li>41.9% men</li> <li><i>M</i> age range = 31 to 35</li> <li><i>M</i> working experience = 5 to 7 years</li> </ul>	<ul style="list-style-type: none"> <li>Replicated the second-order factor structure of 30-item GQS, reflected in three first-order factors of <i>renqing</i>, <i>ganqing</i>, and <i>xinren</i></li> <li>Constructed a nomological network of <i>guanxi</i> quality</li> </ul>
Study 5	Incremental validity of GQS over existing <i>guanxi</i> measures in predicting <i>guanxi</i> outcomes	<ul style="list-style-type: none"> <li>Measures of comparison:               <ul style="list-style-type: none"> <li>4-item unidimensional <i>guanxi</i> measure created by Leung et al. (2005)</li> <li>9-item multidimensional <i>guanxi</i> measure created by Lee and Dawes (2005)</li> </ul> </li> <li>Outcome variables: commitment, relationship quality, trust in partner's organization</li> </ul>	<ul style="list-style-type: none"> <li>Hierarchical regression</li> </ul>	<ul style="list-style-type: none"> <li><i>N</i> = 129 Taiwanese working adults</li> <li>64.3% men</li> <li><i>M</i> age range = 31 to 40</li> <li><i>M</i> working experience = 7 to 9 years</li> </ul>	<ul style="list-style-type: none"> <li>30-item GQS showed additional predictive value over the existing two <i>guanxi</i> measures in explaining three outcomes of interests</li> </ul>

## 2.2. Built an Empirical Understanding of What Exactly Is *Guanxi* and What It Is Not

Second, this research is useful in furthering the goal of theory building from an indigenous psychology perspective. It bridged the gap in research concerning the lack of empirical support for the conceptualization of *guanxi*. In doing so, it helped to elucidate the complex dynamics underlying *guanxi* and establish a solid common ground for future *guanxi* research. By specifying the main processes and qualities of *guanxi* in Study 1, this research provided a common language for researchers working on the *guanxi* research to define what is *guanxi* in the context of the external workplace.

In addition to elucidating the principles of *guanxi*, this research also helped to distinguish *guanxi* from relationship marketing, a concept often associated with *guanxi*. Assessment of discriminant validity between *guanxi* quality and relationship quality in Study 4 supported that *guanxi* and relationship marketing should be regarded as two distinct, but positively related constructs, therefore providing empirical distinction between the two concepts, which was previously lacking in the literature. The results highlighted that it is oversimplified to regard *guanxi* as the Chinese variant of relationship marketing. The results also speak to the broader claim that *guanxi* is simply the Chinese form of Western relationships; they highlight the importance of studying indigenous constructs with a cultural focus, beginning at the bottom of the funnel. If theories developed in the West are regarded as the universal paradigms that explain social behavior with a top down approach, then indigenous research can contribute from the bottom up. Most important, researchers should avoid using these two constructs interchangeably.

The newly developed and validated *guanxi* scale not only serves as a tool to measure the construct for future research in the context in which it was developed, but may also be useful in comparative studies and therefore, contribute to a broader intellectual discourse. For example, the measure will serve as a useful tool in studies that compare *guanxi* with business relationships in other cultures, such as Japanese *kankei* (Hitt, Lee, & Yucel, 2002), Korean *inmak* (Hitt et al., 2002), and Russian *blat* (Chang, 2005), which will elucidate on the similarities and differences in business relations across cultures.

### **2.3. Understanding *Guanxi* Evaluation Using a Mixed-Method Approach**

This research answers an important question that has not been systematically studied in prior research. Specifically, how exactly do people know that they have good *guanxi*? In other words, how and when do resource allocators open the gate to relationship advantages to their exchange partners? This is the first research to date that has approached the study of *guanxi* from this angle. Such knowledge provides important information for people from other cultures who are motivated to learn to develop and use *guanxi*. In this research, I explicated the essential ingredients of good *guanxi* and developed a measure of *guanxi* quality.

In my literature review in Chapter 2, I noted the proliferation of *guanxi* measures in the literature, which is likely a direct product of the increasing number of *guanxi* studies, as well as the motivation for specificity in these studies. Researchers may deem measures to be inadequate in the aspect of *guanxi* of interest and develop new ones that are more specific to the goal of their studies. As such, different foci in different studies may have resulted in the lack of agreement in the contents of the measures. In order to progress the

conceptualization of *guanxi*, it is important to accept a general perspective on the meaning of the term and an overall evaluation of *guanxi* quality. A consensus on the constructs that reflect *guanxi* quality will help to establish a common ground for understanding and operationalizing *guanxi*.

The strength of this research lies in its methodology. Specifically, employing an inductive, bottom up approach to item generation allows the development of a well-articulated theoretical foundation that encompasses the important content areas of *guanxi* quality. An inductive approach is recommended in scale development when it is difficult to generate items to represent abstract constructs (Hinkin, 1998). The lack of a consistent understanding of *guanxi*, as discussed in Chapter 2, justifies the use of such an approach. The inductive approach adopted in the first qualitative study was complemented by a series of quantitative studies that tested the hypotheses generated from the first study. In addition, the emphasis on construct validity, which is otherwise lacking in existing studies, ensures that the new measure is an accurate representation of the *guanxi* construct. In short, the mixed method approach capitalizes on the respective strengths of both qualitative and quantitative methods.

#### **2.4. Tested a Model of *Guanxi* Quality by Focusing on Individual-Level Variables**

The new *guanxi* quality model tested in in this research provides a systematic framework for understanding the development of *guanxi* by placing a stronger focus on individual-level variables, in comparison to existing research that emphasized macro-level variables. This research complements the current research on *guanxi* development by shedding light on the potential

motivations of *guanxi* building, and through the application of social capital theory and the micro-macro association framework, it elucidates the consequences of having (and not having) strong *guanxi*.

I also tested the micro-macro link from a psychological perspective in Study 4. To my knowledge, this is the first study that has systematically tested the micro-macro framework from a psychological perspective. Past research has only focused on economic outcomes at the macro level, such as return on assets, increase in market share, return on investment, and business and sales growth (Peng & Luo, 2000; Wu & Leung, 2005). My model showed that the benefits of interpersonal *guanxi* manifest in the form of task-oriented relationship performance, or relationship quality, which exists mainly at the firm level. In this case, *guanxi* networks work like organizational networks, and help firms gain an advantage through the use of *guanxi* (Zhang & Zhang, 2006). Understanding *how* exactly *guanxi* helps individuals and firms gain a competitive advantage is critical in helping outsiders and foreign investors, who follow different ways, values, and expectations supporting relationship development (Buttery & Wong, 1999), to enter the closed system of the Chinese market.

## **2.5. Practical Applications of Research**

My research findings have practical implications for organizations. The importance that people attribute to *guanxi* in the Taiwan workplace highlights the potential for using *guanxi* as a strategic tool. Organizations need to understand and incorporate the use of *guanxi* into their business decisions. The new model of *guanxi* quality developed in this research highlights the direct benefits of good *guanxi* to the two parties in the relationship. *Guanxi* is

regarded as a form of personal investment and individuals prefer working with *guanxi* partners that they are familiar with, feel close to, and perceive as being trustworthy. Individuals are more committed to strong *guanxi* and are more likely to be satisfied when the relationship serves its instrumental purpose in getting things done. The trust that is built through doing and repaying *renqing* and through establishing the affective bond can be a source of competitive advantage used to retain clients, as well as to attract new ones through existing *guanxi* connections. Gaining trust at the organizational level (trusting the organization that the *guanxi* partner represents) begins with establishing trust at the interpersonal level. The use of *guanxi* may reduce transaction or marketing costs in attracting new clients. Organizations may integrate the use of *guanxi* into their sales and client management approach and communicate the benefits of *guanxi* to their employees.

The current model shows that the perceived importance of *guanxi* has an impact on *guanxi* quality. When organizations include the pursuit of *guanxi* as a marketing objective and provide the resources and support for their employees to expend personal time and energy in *guanxi* building, employees are likely to value such investment and build better relationships with external parties. The highly personalized nature of *guanxi* also has its implications for human resource management. As external partnerships are often managed through individual employees who serve as the window of communication between firms, losing an employee who connects directly to the clients could mean losing a core node of connection and an entire network of clients connected to the organization through this employee. As such, staff retention may be an especially important factor influencing business success. It is important for



organizations to recognize the amount of time and personal investment that go into *guanxi* building and design the appraisal of staff based on this consideration.

Another implication of the new model of *guanxi* quality for human resource management pertains to the finding that individuals who have a long-term orientation may be able to develop better *guanxi*, likely because they are more willing to expend the amount of effort and investment necessary to maintain and develop *guanxi*. Getting the right people to manage client relationships may thus involve recruiting individuals who value a long-term, future-oriented approach to accomplishing tasks.

For foreign practitioners who are eager to do business in Taiwan, this research provides a foundation for understanding what *guanxi* entails and what makes good *guanxi* by delineating the characteristics of culturally-based workplace *guanxi* and the indicators of *guanxi* quality. This information helps to equip people who are less familiar with Chinese culture with insight into what is considered important to Taiwanese people, which is critical because the concepts contained in *guanxi* may not carry the same meaning for them. For example, Dong and Lee (2007) noted that people from the Western cultures may not understand the importance of face or the complex dynamics embedded in the concept in the context of Chinese culture, and may thus perceive Chinese people to be too sensitive to giving and saving face to be rational. In the current research, I found that giving face has a symbolic meaning, in that the behavior connotes sensitivity to people's feelings. People who do not have an understanding of this concept may not appreciate the relationship dynamics in *guanxi*. Such a lack of understanding may result in cross-cultural conflict,

which in turn leads to strained working relationships and the loss of potential opportunities for partnerships (Kim & Nam, 1998).

The findings of this research are also useful in helping foreign practitioners or investors learn the ways to establish and develop *guanxi* relationships, the building block for *guanxi* networks. Specifically, based on the indicators of *guanxi* quality, it is possible to derive and identify several general principles to orientate newcomers to the norms surrounding *guanxi* building, which include (1) taking care of *ganqing* by showing concern, building strong friendships, being engaged with others on a personal basis; (2) being willing to do *renqing* (favors) or to go the extra mile to help people to portray genuine concern for the other party, and being ready to return favors and to give face, especially in public; and (3) establishing trust by portraying dependability through work performance as well as through maintaining personal integrity by reciprocating favors. These behaviors are not independent of each other; they work together to strengthen *guanxi*. As *guanxi* grows stronger, people become more willing to sustain these behaviors.

### **3. Limitations and Future Directions**

In this section, I highlight some of the limitations of this research, which pertain to the method of data collection, the demographic details of the participants, and the scope of research. I also suggest some future directions for research in areas, including extending the scope of the research, investigating ethics and attitudes toward workplace *guanxi*, examining the cross-cultural expressions and application of *guanxi*, and integrating stages of *guanxi* development into the current model.

### 3.1. Limitation of the Methodology Employed

The data collected for the scale development studies of this research were based on self-report measures. The self-report method is effective in obtaining responses that relate to self-relevant information (Rogers, Kuiper, & Kirker, 1977). This method is suitable for the current research for understanding respondents' perceptions of their own relationships. Matched pairs of exchange partners were not included in the current research as the objective was not to examine the actual state of *guanxi*, but to understand individuals' subjective perceptions of *guanxi* quality. For researchers concerned with the actual state of relationships, the reliability of such evaluation could be improved by including matched pairs of samples in future studies; the comparison of responses from matched pairs could add value to *guanxi* research.

### 3.2. Limitation of the Samples

Another limitation of this research concerns the education level of the sample in Study 3 and 4. The vast majority of participants had attained at least a bachelor's degree, which puts them at a higher class in the workforce. Due to practical constraints in participant recruitment, the access to working adults with lower educational attainment was limited. However, the large percentage of participants with at least a university degree in this study would be a rather accurate reflection of the increasing number of Taiwanese people receiving higher education, given the proliferation of higher education institutes in Taiwan (Chan & Lin, 2015; Chou & Wang, 2012). Despite this fact, future research should consider recruiting participants from different education levels to present a more generalizable view.

### 3.3. Extend the Scope of Research

The scope of this research is the Taiwanese workplace. In view of the unique structural and historical differences, future studies could investigate *guanxi* mechanisms in other overseas Chinese cultures. For example, after the Cultural Revolution and economic reform that took place in China in the 1980s, the instrumental aspect of *guanxi* may have become more prominent as *guanxi* became more profit-oriented (Chang, 2005). Replication of this research in China may uncover stronger emphasis on the instrumentality of *guanxi*, than is the case in Taiwan. Research in other societies influenced by the Confucian Heritage Culture will help to explicate commonalities and unique cultural norms and contribute to the relationship literature.

In this research, I tested a model of *guanxi*, focusing on the relationship between boundary spanners (people who represent their organizations in making contact, working, or communicating with employees of another organization). Unlike most other studies of external *guanxi* that focused exclusively on buyers and sellers, participants in this research also included people whose relationships contained no monetary involvement. The strength of having a wider scope to represent a more generalizable context also means that it could invite the potential critique of lacking delimiters for application. To overcome this shortcoming, I encourage future researchers to replicate the model in more specific contexts and examine different types of relationships.

I attempted to provide a comprehensive framework for studying individual-level antecedents and consequences of *guanxi* quality by integrating findings from exploratory Study 1 and existing theoretical knowledge. However, the potential predictors and outcomes are not exhaustive. Other variables that are

more domain-specific could be included and tested in future studies. The intended scope of application of the current model was to examine *guanxi* development in the context of boundary spanners in general. Future studies could test and extend the model by including economic variables that are specific to the industry as outcomes of relationship performance. Macro level outcomes of *guanxi* have been widely studied and may be included into the model in future research. A model that includes both individual- and firm-level outcomes will provide stronger support for and a more comprehensive understanding of *guanxi* dynamics at different levels of operation.

### **3.4. Ethics and Attitudes**

From my analysis of the interview data collected in Study 1, in which Taiwanese working adults were asked to talk about *guanxi* dynamics at work, I identify two areas of research for future studies. One potential area of study lies in understanding the alternative mode of *guanxi* that exists in the workplace. A few participants spoke of a kind of *guanxi* that exists between people who are primarily profit-oriented. Understanding this alternative mode of *guanxi* would likely provide important insights into the adequacy of the conceptualizations classified under power-oriented workplace *guanxi*. Apart from studying the contents and processes underlying this mode of *guanxi*, researchers can investigate the ethical boundaries of this mode of *guanxi*, which is important because of the strong association with corruption and under-the-table transactions. Specifically, when does profit-oriented *guanxi* become unethical? Findings would be valuable in generating important insights that would complement existing research that focus on *guanxi* and ethics.

The second potential area of investigation is in understanding the attitudes

and perceptions towards the use of *guanxi*. An observation derived from Study 1 concerned participants who voiced their preference to keep work and personal lives separate. This observation seemed to relate to a previous study, which surveyed the attitudes of Chinese and Hong Kong participants (Anderson & Lee, 2008). The researchers of the study concluded that while many of the participants did not like or enjoy *guanxi*, most of them recognized its role in opening doors to potential businesses. Huang et al. (2014) noted that *guanxi* has a compelling effect on people who share close *guanxi* by forcing them to accept various kinds of requests and to grant favors. Given the pervasiveness of *guanxi* in the Chinese workplace, it would be interesting to examine any possible psychological conflict for people who are less accepting of the use of *guanxi* in the workplace and the alternative strategies they adopt in navigating through the *guanxi* culture.

### **3.5. Examine the Cross-Cultural Expressions and Application of *Guanxi***

Future studies could examine cross-cultural expressions of *guanxi* in non-Chinese societies, so as to explicate the diversity of subjective processes involved in workplace relationship building. For example, there are networks that share similarities with *guanxi* in cultures that are not influenced by the Confucian heritage, such as the *old boys' network* in the West (e.g., Farh et al., 1998; Gu et al., 2008; Williamson, 2005). It would be interesting to identify where the similarities and differences between *guanxi* dynamics and these other networking processes lie. In addition, in view of the rapid development in relationship marketing (Sheth, Parvatiyar, & Sinha, 2015), it is important to study cross-cultural expressions of *guanxi* in other cultures as relationship processes may start to align with the philosophy of *guanxi*.

An interesting context to study the application of *guanxi* is the Western workplace cultures. *Guanxi* concepts may not be familiar to people from these cultures, or they may carry different meanings for these people. For example, the concept of favors, as Western people understand it, may not be synonymous with the idea of *renqing* (Wong & Tam, 2000). The concept of *renqing* as a favor may mean more than an act of helping; it connotes special consideration for individuals within the network, particularly for those who are connected by strong *guanxi*. *Renqing* is intertwined with *ganqing*, as the instrumental and the expressive processes work together in *guanxi*. How can such expectations be managed in the Western cultures, where the mix of business and affection is usually perceived to be inappropriate? Can practitioners reconcile differing cultural expectations and how do they successfully manage that? This type of knowledge will provide useful guidelines in preventing cross-cultural conflicts and enhance cross-cultural partnerships.

### **3.6. Integrate Stages of *Guanxi* Development into the *Guanxi* Model**

I suggest one last area for future research. Researchers could integrate of the nomological model of *guanxi* quality developed in the current study with *guanxi* development models that conceptualize *guanxi* development in terms of stages (e.g., Chen & Chen, 2004; Leung et al., 2011). Specifically, future studies could include the model tested in this study in developing theoretical *guanxi* stages framework. This area of work will help to build an integrative framework that will further enhance the understanding of the motivations of *guanxi* development and the outcomes of *guanxi* at different stages of relationship building. Research of this nature will create knowledge that will be beneficial for practitioners in designing and developing marketing programs.

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## APPENDICES

## Appendix A

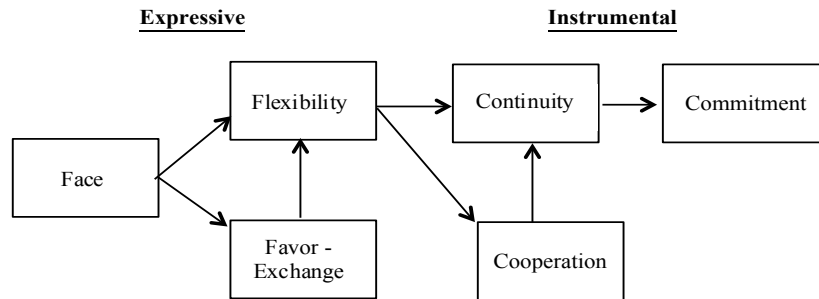
List of Chinese terms and their corresponding English terms

English translation	Chinese terms	Corresponding terms in English
<i>Guanxi</i>	關係	Social connections, relationships
<i>Wu lun</i>	五倫	A differentiated system that comprises the five fundamental relationships in Chinese societies (Mao et al., 2012).
<i>Zhongyong</i>	中庸	The Doctrine of the Mean
<i>Chaxu geju</i>	差序格局	Differentiated mode of association
<i>Jiaren</i>	家人	Family
<i>Shengren</i>	生人	Strangers
<i>Shuren</i>	熟人	Familiar people
<i>Zeren</i>	責任	Responsibility
<i>Zeren rule</i>	責任之道	The need rule: decision making or resource allocation involves an obligation to meet the needs of the members (usually those in the primary group)
<i>Lihai</i>	利害	Gains and losses
<i>Lihai rule</i>	利害之道	The equity rule: costs and returns are weighed objectively in decision making or resource allocation
<i>Renqing</i>	人情	<p>Multiple definitions:</p> <p>Hwang's (1987) three definitions:</p> <ul style="list-style-type: none"> <li>(a) individual feelings or emotions (e.g., happiness, anger, empathy),</li> <li>(b) a resource for social exchange (e.g., gift-giving during special occasions, assistance in times of need), and</li> <li>(c) a set of norms that ensure social harmony (i.e., maintaining contact with <i>guanxi</i> partners and helping <i>guanxi</i> partners during difficult times)</li> </ul> <p>Yen et al.'s (2011) definition: favors, reciprocity</p>
<i>Renqing rule</i>	人情之道	The <i>renqing</i> rule: decision making or resource allocation involves the consideration of both utilitarian and affective components
<i>Houmen guanxi</i>	後門關係	Relationship characterized by backdoor deals

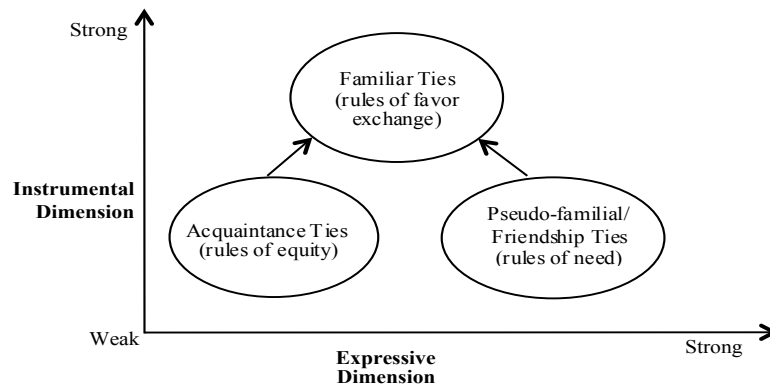
<i>Jiurou guanxi</i>	酒肉關係	Relationship that mainly involves wining or dining and has a negative connotation
<i>Guanxiwang</i>	關係網	Social networks
<i>Gao guanxi</i>	搞關係	Exploiting relationships or social network to solicit favors from people who have control over scarce resources
<i>Guanxi hu</i>	關係戶	A group of people with close ties sharing preferential treatment, or special relations with firms
<i>Ganqing</i>	感情	Emotions, feelings, affections/ affect
<i>Mianzi</i>	面子	Face, defined as honor, social status, prestige, or power associated with a gatekeeper's position
<i>Lian</i>	臉	Face, defined as moral character, integrity, and credibility
<i>Li</i>	禮	Social norms
<i>Xinren</i>	信任	Trust
<i>Yin peng yin</i>	硬碰硬	One hard part strikes the other
<i>Yingchou</i>	應酬	Socializing, which often involves drinking and hostesses
<i>Dong de renqing shigu</i>	懂得人情世故	Understands human feelings and the ways of the world
<i>Budong renqing</i>	不懂人情	Does not know or fails to consider human emotions
<i>Huxiang</i>	互相	Mutual
<i>Yiren</i>	義人	Righteous person

## Appendix B

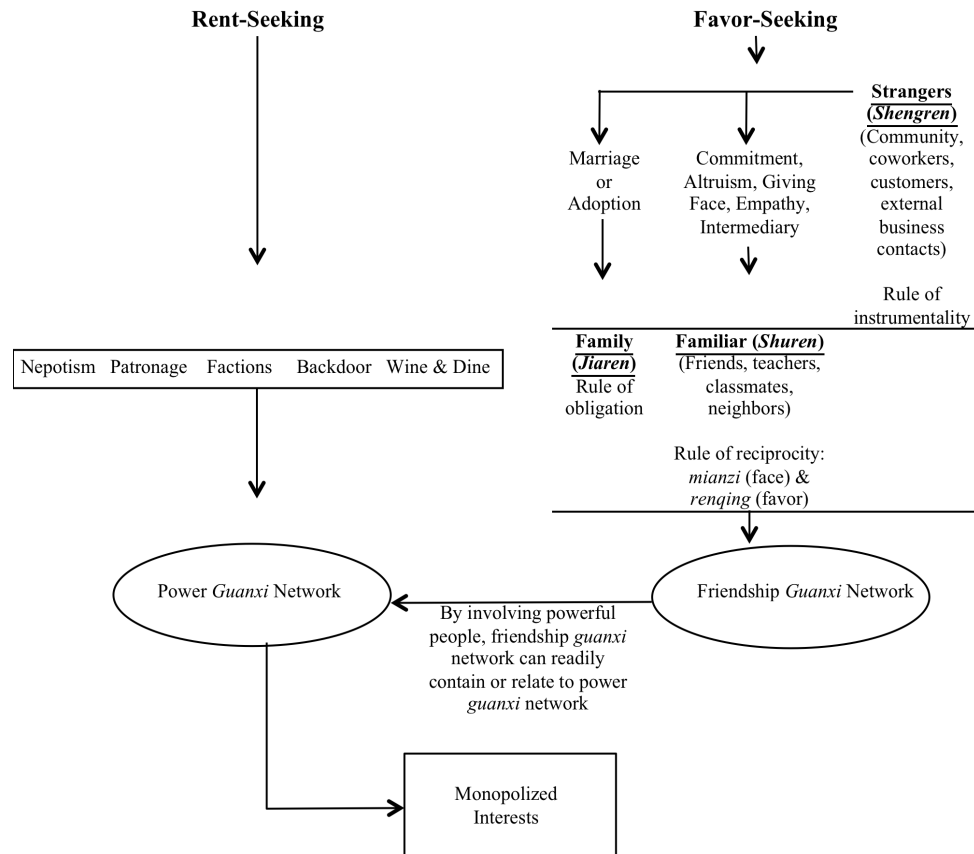
(i) Adapted from Wong et al.'s (2007) model of *guanxi* development



(ii) Adapted from Luo's (2011) two-dimensional model of *guanxi*

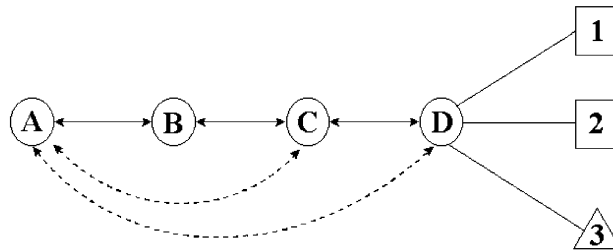


(iii) Adapted from Su & Littlefield (2001) model depicting two ways to build *guanxi*



(iv) Adapted from Fan's (2002) depiction of *guanxi*

How *guanxi* works:



In seeking a solution to a problem, Person A makes a connection with Person B, who may or may not have the solution. Person B may ask Person C for help, who may then ask Person D for further assistance.

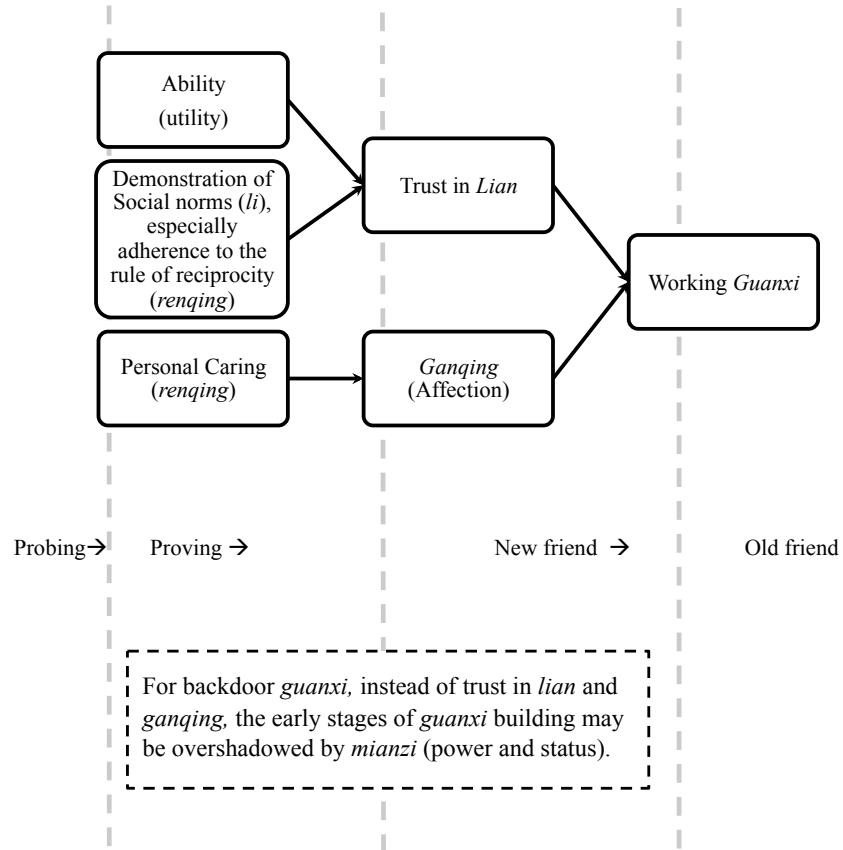
There are three possible outcomes: (1) a solution was found but A was not introduced to C or D; (2) a solution was found and A was introduced to C and D, and established a relationship with them. A gains access to D's resources and may seek future favors from D directly. A owes B, who owes C, who in turn owes D; (3) no solution was found. D may seek help from his/her connections or A may start a new help-seeking process.

Business *guanxi* depicted as the matchmaker between money and power:

Money ← Guanxi → Power → Corruption

(Instead of a money-and-power deal, exchanges in family *guanxi* and helper *guanxi* are based on love/affection and favors, respectively)

(v) Adapted from Bedford's (2011) model of initiating and building working *guanxi*



## Appendix C

Demographics of 27 participants in Study 1					
Participant ID	Age	Gender	Industry	Job	Marital Status
P1	28	F	Medical equipment	Sales	Single
P2	38	F	Export	Account Manager	Married
P3	43	F	Flat panels (Japanese trading Company)	Deputy Manager	Married
P4	28	F	Sports/ Fitness spa memberships	Sales	Single
P5	43	F	Financial and insurance	Sales	Single
P6	40	F	Commonwealth magazine	Sales Director (advertising)	Single
P7	34	F	Financial	Sales	Single
P8	44	F	LED products (sales)	Senior Consultant (headhunter); Sales (previous job)	Single
P9	55	F	Electronic media	Board member; Assistant Professor	Married
P10	34	F	Business magazines	Sales Director (advertising)	Single
P11	40	F	Copyright Law	Lawyer	Married
P12	35	F	Bank telemarketing and insurance sales	Sales & Telemarketing	Single
P13	45	F	Automotive, medical products (current)	Sales	Single
P14	68	F	Major Newspaper	Media Executive; Former Elected Official	Single
P15	34	M	Information Industry	Engineer	Single
P16	51	M	Mooncake Company (manufacture and distribution)	Sale Manager	Single
P17	46	M	Pharmaceutical Sales	Marketing Manager	Married
P18	50	M	Financial	Project Manager, Team Director	Married
P19	37	M	Electronics	Sales Manager	Married
P20	36	M	Insurance	Private Insurance Agent	Single
P21	42	M	Environmental Design	Boss	Single
P22	37	M	Textile	Sales Manager	Single
P23	37	M	Manufacture industry (chemical, scotch tape)	Sales Agent	Married
P24	29	F	Exports	Sales Representative	Single
P25	25	F	Electronics	Sales	Single
P26	33	F	Semiconductors	Sales	Single
P27	39	F	Alcohol and tobacco (duty free shop)	Procurement	Married

**Appendix D**

## Semi-structured interview guide used in Study 1

<b>Interviewer introduction</b>	(Interviewer to introduce herself)
<b>Explain purpose of study</b>	<p>Thank you for agreeing to participate in the interview. We are conducting a study on <i>guanxi</i> in the workplace and will be asking you to share your personal views and experiences. The interview will take about 45 minutes to an hour.</p> <p>There are no right or wrong answers; any information you share will be helpful in helping us understand more about the Taiwanese workplace culture.</p>
<b>Obtain consent and ensure confidentiality</b>	<p>If you have any questions, please feel free to ask me at any point in time during the interview. If there are questions or topics, which you are uncomfortable in sharing, we will skip them and move on to other questions. At any point in time during the interview, you have the right to end the interview. All information you provide will be kept anonymous and confidential. No personal identifiers will be included with the transcript.</p> <p>I will be recording the interview for data collection purpose and the recording will be deleted right after transcription.</p> <p>Do you have any questions before we start the interview?</p>
<b>Collection of demographic details</b>	<p>Before we start, I would like to understand more about you. May I know your:</p> <ul style="list-style-type: none"> <li>• Work experience (job, job tenure)</li> <li>• Age, marital status, gender, education level</li> </ul>
<b>Topic 1: Importance of <i>guanxi</i></b>	<ul style="list-style-type: none"> <li>• Is <i>guanxi</i> important in your job? <ul style="list-style-type: none"> <li>○ Is building good <i>guanxi</i> important to your work goals?</li> <li>○ In what circumstances do you have to build <i>guanxi</i>?</li> </ul> </li> <li>• Who are the people you need to build <i>guanxi</i> with?</li> <li>• How is <i>guanxi</i> related to the industry you are in?</li> </ul>



<b>Topic 2:</b> <b><i>Guanxi</i></b> <b>building</b>	<ul style="list-style-type: none"> <li>• How do you build relationships that help you at work? <ul style="list-style-type: none"> <li>○ Is the way you build <i>guanxi</i> always effective? Can you give an example?</li> <li>○ Is your way of building <i>guanxi</i> different from other people or your coworkers?</li> </ul> </li> <li>• After <i>guanxi</i> is established, do you consider them personal friends?</li> </ul>
<b>Topic 3: Use of <i>guanxi</i></b>	<ul style="list-style-type: none"> <li>• Has anyone used your <i>guanxi</i> or has anyone used you for your <i>guanxi</i> connections? <ul style="list-style-type: none"> <li>○ Do you do favors for people?</li> </ul> </li> <li>• Do you use your personal <i>guanxi</i> at work? <ul style="list-style-type: none"> <li>○ Can you give me an example of a time when you used <i>guanxi</i> as part of your work (used your connection to get a goal achieved)?</li> <li>○ Would you ask them for a personal favor?</li> <li>○ Would you still continue building <i>guanxi</i> if you did not get what you want this time?</li> </ul> </li> <li>• Is expressing gratitude important? <ul style="list-style-type: none"> <li>○ After receiving help, would you return the favor immediately or in the long term?</li> </ul> </li> </ul>
<b>End of interview</b>	<p>We have come to the end of the interview. Thank you so much for your time. Do you have any questions for me or is there anything that you will like to add or share with me?</p>
<b>Notes</b>	<p>For any of the topics, when interviewees mention concepts of interest (e.g., <i>ganqing</i>, <i>renqing</i>, <i>mianzi</i>, <i>lian</i>, <i>xinren</i>), probe further by asking the following: “what do you mean when you mentioned (the concept)?”, “how do you build (the concept)?”, “how is (the concept) used?”.</p> <p>Order of questions may vary but all questions are addressed with all interviewees.</p>

### Appendix E

#### Demographics of 35 participants in Study 2A

<b><u>Participant ID</u></b>	<b><u>Age</u></b>	<b><u>Job</u></b>	<b><u>Job Tenure</u></b> 1 = 0 to 6 months 2 = 6 months to 1 year 3 = 1 to 3 years 4 = more than 3 to 5 years 5 = more than 5 years
H1	30	Technology Manufacturing	5
H2	23	Student	1
H3	31	Student	5
H4	29	Student	5
H5	22	Student	1
H6	26	Student	3
H7	24	Student	1
H8	24	Student	1
H9	23	Student	1
H10	23	Missing	2
H11	29	Student	4
H12	23	Student	1
H13	23	Student	1
H14	23	Missing	1
H15	26	Student	3
H16	24	Student	1
H17	23	Student	1
H18	30	IT Consultant	5
H19	23	Student	1
H20	24	Student	3
H21	22	Student	1
H22	23	Student	1
H23	22	Student	1
H24	27	Student	4
H25	23	Student	1
H26	22	Student	2
S1	23	Student	1
S2	23	Student	1
S3	26	Student	2
S4	29	Student	4
S5	24	Student	1
S6	22	Student	1
S7	30	Student	5
S8	24	Student	1
S9	25	Student	1

## Appendix F

14-item Marlow-Crown Social Desirability Scale (MCSDS) (Ballard, 1992) used in Study 2B

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Instructions: Listed below are a number of statements concerning personal attitudes and traits. Read each item and decide whether the statement is *True* or *False* as it pertains to you personally.

1. I sometimes feel resentful when I don't get my way.
2. On a few occasions, I have given up doing something because I thought too little of my ability.
3. I like to gossip at times.
4. There have been times when I felt like rebelling against people in authority even though I knew they were right.
5. No matter whom I'm talking to, I'm always a good listener.
6. I can remember "playing sick" to get out of something.
7. There have been occasions when I took advantage of someone.
8. I'm always willing to admit it when I make a mistake.
9. I sometimes try to get even rather than forgive and forget.
10. I am always courteous, even to people who are disagreeable.
11. I have never been irked when people expressed ideas very different from my own.
12. There have been times when I was quite jealous of the good fortune of others.
13. I am sometimes irritated by people who ask favors of me.
14. I have never deliberately said something that hurt someone's feelings.

*Note.* All items are scored with one point each if answered in the negative ("False"), except for Items 5, 8, 10, 11, and 14, which are scored with one point each if answered in the affirmative ("True"). A higher score indicates higher social desirability response tendency.

## Appendix G

### 30 Items of the Proposed *Guanxi* Quality Scale (GQS) used in Study 3

Instructions to respondents: Please think of someone from another organization with whom you have contact for work purposes and rate the extent to which you agree with each of the 30 statements on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).

#### *Ganqing* (感情)

- |        |  |                           |
|--------|--|---------------------------|
| (g1)   | I like him/ her.   | 我欣賞他/她。                   |
| *(g2)  | We share an emotional connection.                                      | 我與他/她有某種程度的情感連結。          |
| (g3)   | I would feel disappointed if we had to stop working together.          | 假設我們必須結束合作關係，我會感到失望。      |
| (g4)   | We have good chemistry.  | 我們很對盤。                    |
| *(g5)  | We will always show concern for each other.                            | 我們時常給予彼此關心。               |
| (g6)   | I would consider his/her feelings before I make an important decision. | 我在做重要的決定前，會顧及到他/她對此決定的感受。 |
| *(g7)  | We talk about our personal lives.                                      | 我們會談論到私人生活。               |
| *(g8)  | Our interaction is not only restricted to the official domain.         | 我們的互動不只侷限於工作範圍。           |
| (g9)   | I regard him/her as a personal friend.                                 | 我將他/她視為私人朋友。              |
| *(g10) | We have a strong friendship.   | 我們之間存在深厚的友情。              |

#### *Renqing* (人情)

- |       |   |  |
|-------|---|--|
| (r1)  | I feel that I should take special care of him/her whenever possible.  | 我覺得在任何有可能的機會或場合中，我應該給予他/她特別的關照。                |
| (r2)  | He/she should do me a favor if I request for one.   | 如果我求要他/她幫忙，他/她應該要幫忙我。                          |
| (r3)  | I give him/her preferential treatment.  | 我對他/她比對其他人更好。                                  |
| *(r4) | I am willing to help him/her, when he/she needs help.   | 在他/她有需要的時候，我願意幫助他/她。                           |
| *(r5) | If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend. | 如果他/她需要幫忙，而我有認識朋友可以提供相關資源，我會將他/她介紹給這位有相關資源的朋友。 |

- |   |  |
|---|--|
| (r6) I will mobilize my personal resources (e.g., money, social networks) to help him/her if he/she is in difficulty. | 如果他/她有困難，我會動用自己的個人資源（例如：金錢、社交關係等）來協助他/她。 |
| (r7) We will do each other favors.  | 我們會互相幫助。                                 |
| *(r8) I will do him/her a favor if he/she did one for me before.  | 如果他/她之前曾經幫助我，我也會反過來幫助他/她。                |
| *(r9) When he/she has a favor to ask, I will give him/her face and render my help.                                    | 當他/她請求我協助幫忙時，我會給對方面子，提供協助。               |
| *(r10) I give face to him/her whenever possible.  | 在有合適的場合或機會中，我會盡可能給他/她面子。                 |
| *(r11) When I introduce him/her to others, I will emphasize his/her strengths.  | 當我介紹他/她給其他人時，我會強調他/她的優點。                 |

*Xinren* (信任)

- |   |                               |
|---|-------------------------------|
| *(x1) I trust him/her.  | 我信任他/她。                       |
| *(x2) He/she trusts me.   | 他/她信任我。                       |
| (x3) We trust each other.   | 我們彼此信任。                       |
| (x4) If I had helped him/her before, I trust that he/she will return the favor to me in future. | 如果我幫助過他/她，我相信他/她將來會還我人情。      |
| *(x5) I am confident that he/she will not make use of our relationship for his/her own benefit. | 我相信他/她不會為了自己的利益而利用我們的關係。      |
| (x6) I trust him/her because he/she is my friend.   | 因為他/她是我的朋友，所以我信任他/她。          |
| (x7) I am confident that he/she has the knowledge and competence in getting tasks done.         | 我對於他/她具備相關的知識與能力可以完成任務這點很有信心。 |
| *(x8) I trust that he/she will deliver what he/she promises.                                    | 我信賴他/她能完成交付的任務。               |
| (x9) I am confident in his/her work ability.  | 我對的他/她工作能力很有信心。               |

\*Items retained in final 15-item GQS

## Appendix H

<u>Measures Used in Study 4</u>			Source
All measures used a Likert response scale (1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree), unless otherwise stated below.			
<u>Guanxi Quality Scale (GQS)</u>			Study 3
Instructions to respondents: Please think of someone from another organization with whom you have contact for work purposes and rate the extent to which you agree with each of the 15 statements on a five-point Likert scale (1 = strongly disagree to 5 = strongly agree).			
<i>Renqing</i>			
(R1)	I am willing to help him/her, when he/she needs help.	在他/她有需要的時候，我願意幫助他/她。	
(R2)	If he/she needs help and I know a friend who has the necessary resources to help him/ her, I will introduce him/her to my friend.	如果他/她需要幫忙，而我有認識朋友可以提供相關資源，我會將他/她介紹給這位有相關資源的朋友。	
(R3)	I will do him/her a favor if he/she did one for me before.	如果他/她之前曾經幫助我，我也會反過來幫助他/她。	
(R4)	When he/she has a favor to ask, I will give him/her face and render my help.	當他/她請求我協助幫忙時，我會給對方面子，提供協助。	
(R5)	I give face to him/her whenever possible.	在有合適的場合或機會中,我會盡可能給他 /她面子。	
(R6)	When I introduce him/her to others, I will emphasize his/her strengths.	當我介紹他/她給其他人時，我會強調他/她的優點。	
<i>Ganqing</i>			
(G1)	We share an emotional connection.	我與他/她有某種程度的情感連結。	
(G2)	We will always show concern for each other.	我們時常給予彼此關心。	
(G3)	We talk about our personal lives.	我們會談論到私人生活。	
(G4)	Our interaction is not only restricted to the official domain.	我們的互動不只侷限於工作範圍。	
(G5)	We have a strong friendship.	我們之間存在深厚的友情。	
<i>Xinren</i>			
(X1)	I trust him/her.	我信任他/她。	
(X2)	He/she trusts me.	他/她信任我。	
(X3)	I am confident that he/she will not make use of our relationship for his/her own benefit.	我相信他/她不會為了自己的利益而利用我們的關係。	
(X4)	I trust that he/she will deliver what he/she promises.	我信賴他/她能完成交付的任務。	

(continued) <u>Antecedents of <i>guanxi</i> quality</u>				<u>Source</u>
Importance of <i>guanxi</i> (IMPT)	(IMPT1)	Business in this industry depends on good connections.	倘若要在商場上取得成功,關係是必要的。	Shou et al. (2014)
	(IMPT2)	In this industry, <i>guanxi</i> is still very important.	在我所屬的行業,關係很重要。	
	(IMPT3)	<i>Guanxi</i> is a requirement for the work that I do.	關係對於我的工作很重要。	
Long-term orientation (LTO)	(LTO1)	I plan for the long term.	我會為長遠打算。	Bearden, et al. (2006)
	(LTO2)	I work hard for success in the future.	我會為了成功而努力。	
	(LTO3)	I don't mind giving up today's fun for success in the future.	我不在意為了達成未來的成就,而捨棄當下的玩樂。	
	(LTO4)	Persistence is important to me.	耐力對我而言很重要。	
Perceived similarity (PER_SIMI)		How would you rate the overall level of similarity between you and your exchange partner? (1 = extremely dissimilar; 5 = extremely similar)	請問你認為你和他/她之間整體上有多相似? (1=非常不相似; 5=非常相似)	Lee et al. (2001)
<u>Outcomes of <i>guanxi</i> quality</u>				
Satisfaction (SAT)	(SAT1)	I am satisfied with the information he/she has provided. (noneconomic satisfaction)	我對於他/她所提供的訊息很滿意。	Adapted from Rajaobelina and Bergeron's (2009) study
	(SAT2)	I am satisfied with him overall. (satisfaction at global level)	整體上,我對他/她很滿意。	
	(SAT3)	I am satisfied with the benefits that our <i>guanxi</i> has on my work performance.	我們之間的關係有助於我在工作上取得很好的成績。	
Commitment (COM)	(COM1)	I am very committed to the relationship.	我很投入我們之間的關係。	Adapted from Ambler et al.'s (1999) and Morgan and Hunt (1994) studies
	(COM2)	I hope to maintain our relationship indefinitely.	我希望與他/她保持永久的關係。	
	(COM3)	Our relationship deserves maximum attention.	我們之間的關係值得我盡心關注。	
Trust in partner's organization (TRUST_ORG)	(TRUST_O1)	We usually conclude business with our business partners by verbal agreement.	該公司/機構說話算話。	Adapted from Wu and Choi's (2004) study
	(TRUST_O2)	The firm/organization can be trusted.	該公司/機構可以信賴。	
	(TRUST_O3)	The firm/organization honors the verbal agreement.	我們與該公司/機構通常是透過口頭協議完成合作商談。	

(continued)				Source
Outcomes of <i>guanxi</i> quality				
Relationship quality (RQ)	(RQ_COOP1)	He/She cooperates closely with us in project management.	他/她在合作中很配合。	Woo & Ennew (2004) and Song et al. (2012)
	(RQ_COOP2)	He/She is able to handle our complaints.	他/她能夠及時處理我們公司的抱怨。	
	(RQ_COOP3)	He/She is collaborative in resolving conflicts with us.	我們能夠很好地處理在合作中所產生的矛盾。	
	(RQ_ATM1)	I consider the general atmosphere surrounding the working relationship with him/her harmonious.	我們之間的合作很協調。	
	(RQ_ATM2)	I regard the overall relationship with him/her as very close.	我們之間的關係很密切。	
	(RQ_ATM3)	I believe mutual expectations for the project have been established him/her (1 = to a lesser extent, and 7 = to a greater extent).	我們對於彼此的合作前景有一個良好的預期。	
	(RQ_ADAP1)	He/She has made significant investments in maintaining our relationship.	他/她已經為維持我們的關係投入了可觀的投資。	
	(RQ_ADAP2)	He/She proactively offers us new business solutions when conditions change.	環境變化時,他/她能及時、主動地 提供新的方案。	
	(RQ_ADAP3)	He/She makes operational changes to project management when required by our company.	他/她能根據我們公司的需要做出調整。	



## Appendix I

<u>Comparison Measures Used in Study 5</u>			Source
All measures used a Likert response scale (1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree), unless otherwise stated below.			
Unidimensional <i>guanxi</i> measure (UNI)	<p>You and your suppliers are flexible in managing terms in negotiation situations.</p> <p>You and your suppliers maintain harmony.</p> <p>You and your suppliers do favours for one another.</p> <p>You and your suppliers have many social interactions.</p>	<p>在進行談判時，我們會保持靈活性。</p> <p>我們會保持和諧。</p> <p>我們會互相幫忙。</p> <p>我們有許多社交互動。</p>	Leung et al. (2005)
Multidimensional measure of <i>guanxi</i> (MULTI)	<p>Face preserving Both we and the salesperson care for face.</p> <p>The more respect we receive, the more “face” we have.</p> <p>We give “face” to the salesperson, and he also gives us face.</p> <p>Reciprocal favor We will do the salesperson a favor if he did one for us before.</p> <p>The salesperson will do us a favor if we did one for him before.</p> <p>Affect The salesperson sometimes presents (nonexpensive) souvenirs to us.</p> <p>He sends greeting cards to us when there is a marriage, promotion, and so forth.</p> <p>He is our good friend, and we care about each other wholeheartedly.</p> <p>We like the salesperson, and he likes us.</p>	<p>我們都在乎面子上的事情。</p> <p>被對方尊重，我覺得比較有面子。</p> <p>我給他/她面子，他/她也給我面子。</p> <p>如果他/她之前曾經幫助我，我也會反過來幫助他/她。</p> <p>如果我之前曾經幫助他/她，他/她也會反過來幫助我。</p> <p>他/她有時贈送給我們禮物（可能並不昂貴）。</p> <p>在節日、結婚慶典、晉陞等類似的慶祝活動時，他/她會以賀卡或電話的形式表達問候。</p> <p>我們像朋友一樣相處，我們互相關心對方。</p> <p>我們感情不錯。</p>	Lee and Dawes (2005)