

The Level of Guanxi and its Relation to Behavior for MBA Student Managers in Taiwan and China

Robert W. Armstrong,^{*} Ronald K. Chung,[§] and Alice M. Chung[†]

Abstract

Instead of treating Guanxi as a binary concept, whether Guanxi exists or not in a relationship, this paper explores the idea of Guanxi existing at different levels. More importantly, the level of Guanxi will determine the willingness of personal help and involvement with classmates, some behaviors are ethical and others unethical. The subjects are executive MBA students with significant work experience, are asked to rate their Guanxi relationship with a specific classmate under different question-based scenarios and rate what degree of support they are prepared to provide to the specific classmate under the various specific scenarios. These results show that in low assistance (without consequence) situations, Guanxi has no influence on behavior or decision making. However, when the nature of risk/return is escalated in a relationship, evidence indicates that a higher level of Guanxi is found for the support (i.e., cheating on an exam) to ones classmates.

Keywords: Guanxi, Relationships, Decision Making, Ethics

^{*} Emeritus Professor, University of North Alabama, Florence, Alabama 35632; Email: rwarmstrong@una.edu; Corresponding Author.

[§] Assistant Professor of Economics, University of North Alabama, Florence, Alabama 35632

[†] Senior Lecturer, Shue Yan University

Introduction

The importance of personal relationships in organizations has been well documented in both Western and Chinese organizations (e.g., Brass 1995, Burt 1992, Luo 2000, Tsui and Farh 1997, Xin and Pearce 1996). While positive individual and organizational outcomes associated with social networks such as Guanxi are well documented, little research has been conducted measuring the ethical outcomes of such relations. Podolny and Page (1998) found that much of the research has focused on the positive outcomes of social networks while potential negative outcomes of social networks are somewhat ignored. Some researchers have explored the negative impacts of social networks (Dunfee and Warren 2001, Goerzen and Beamish 2002, Tsui et al. 2001).

Significant research has studied relationships in ethical decision-making that exist across cultures, and empirical research has cited the ethical relationships (e.g., Ahmed et al., 2003; Batten et al., 1999; Blodgett et al., 2001). One cross-cultural comparison that has received increasing attention in recent years is that of Western cultures compared to China (PRC) (e.g., Brand and Slater, 2003; Whitcomb et al., 1998; Erdener, 1998).

Much of the research of Chinese business practices has been theoretical oriented (e.g., Enderle, 2001; Hanafin, 2002; Koehn, 2001; Lu, 1997; Tam, 2002), empirical studies have addressed cultural relationships and specifically Guanxi and its role associated with personal relationships (e.g., Chan et al., 2002; Su et al., 2003), the potential for “whistle-blowing” or willingness to report questionable behavior (Chiu, 2003). Researchers have also studied the experiences of Western companies and expatriates doing business in China (Brand and Slater, 2003; Millington et al., 2005). Cross-cultural studies of ethical decision-making in Chinese and Western cultures have focused primarily on: (1) traditional cultural relationships; and (2) the impact of China’s transition to a market economy factoring in changes in social, economic and political relationships.

Cultural relationships in ethical decision-making are most often examined within the framework of Hofstede’s (1991, 2001) typology, which includes (1) individualism/collectivism, (2) uncertainty avoidance, (3) power distance, (4) masculinity/ femininity, and (5) Confucian dynamism. Individualism/collectivism refers to the extent to which a culture values individual versus collective achievement or well-being. In individualist cultures, employees primarily value personal achievement, whereas collectivist cultures tend to place more emphasis on the well-being of their “in-group” or organization. This key variable tends to be heavily related to Guanxi (Shafer et al, 2007).

This paper measures the impact of different levels of Guanxi and the willingness to be involved in different levels of personal involvement some ethical and others unethical.

China’s continued economic growth and forecasts of it becoming one of the world’s largest consumer markets present multinational corporations and foreign entrepreneurs alike with unprecedented economic opportunities. Thus, greater insight is required into how foreign entrepreneurs, as outsiders, establish and develop close Guanxi relationships.

Guanxi

Social exchange theory examines how rules and norms shape social behaviors such as exchange of resources Lioukas (2015). The resources exchange can be of a financial nature, as in commercial transactions, as well as a non-financial nature. When the resources exchange is of a non-financial nature and reciprocity is, typically, expected (Oparaocha, 2016, Molm, 1999), the exchange generated emotions in the form of obligation and gratitude as well as trust (Tsai, 2012), this results the creation and building of social capital over time between the parties where each have a responsibility to maintain and contribute to the resources pool (Chen, et. al, 2016), hence, making Guanxi and dynamic concept.

The nature of social exchange and social exchange capital in the Chinese system is defined by the term Guanxi (relationship). Equating Guanxi as relationships is only partially accurate. The two Chinese characters that form the word Guanxi is actually “Guan” which can be translated into close/closed and “Xi” which can be translated into “links”. If we put the two translated words together, then we have “closed links”.

Relationship in the West is, typically, symmetrical in nature with reciprocation in a balanced exchange relationship. In addition, relationships in the West tend to be more instrumental in nature, as they are typically based on exchange according to a transparent set of rules. Hence, relationships in the West typically lack an emotional dimension. This contrasts the “links” in the Guanxi, which, again, has a time connotation, and is dynamic in nature, with links as a result of the past, e.g., ex-classmates, and, potentially, into the future, with the creation of social exchange capital based on the link in the past.

In the Chinese community, the way you are perceived by society is, therefore, defined by your relationships (Brunner, Chen, Sun, and Zhou 1989). However, in contrast to the concept of relationship in the Western context, Guanxi in the Asian context is different.

Guanxi typically goes beyond commercial interest as parties in the Guanxi network exchange both tangible financial resources as well as intangible non-financial resources (Yang, 1994). Moreover, it is typically the case that non-financial exchange is more important than the monetary exchange with increase depth in the accumulation of obligation and gratitude as well as trust between the parties resulting increased social capital.

The importance of Guanxi is, hence, unique among the Asian cultures in that most cultures do not give the level of high importance to maintaining the non-financial aspect of the relationships. As such, for the Chinese, the individual level of success is further ensured by a Guanxi relationship that is beyond simply personal ability. Hence, the Guanxi type of relationship measures exchange more on the basis of emotional commitment on a personal level than on the basis of transactional obligation at the organizational level.

Therefore, while commercial decisions choosing personal relations over ability may appear unreasonable, it can actually be rational in a Chinese Guanxi context. With Guanxi tie to obligation and gratitude, an underperformance and disappointment will hurt the existing Guanxi and result a reduction of trust with damages going beyond financial/transactional. To avoid this,

both parties will ensure maximum effort to ensure the chances of success and minimize the risks of failure.

Research shows that there is a positive link between Guanxi and overall firm performance, market entry, and decreased transaction costs (Ai, 2006). Gu, Hung, & Tse (2008) found high benefits when connections are leveraged with appropriate partner organizations. This is especially the case when resources are limited and Guanxi becomes a rescue strategy (Chen, 2001).

With Guanxi recognizing the gratitude of emotional resources, there exists an expectation to build, hence, reciprocity of a more significant magnitude in the future (Chen, 1995; Davies, 1995). Hampden-Turner and Trompenaars, (1997), identified this as an unequal exchange, where “both sides will practice trying to do more, improving with every new effort, in a system of escalating favors” (p. 179).

Nature of Guanxi

To further understand Guanxi, one needs to explore a deeper understanding into the nature of relationships, i.e. Guanxi bases. *Guanxi* bases are the particularistic relationship between two individuals. It is important to clarify that not all types of relationships form Guanxi.

Categories of Guanxi were proposed by Yang (1993). It was posited that there were three types of Guanxi: (1) family people (*jia ren*); (2) familiar people (*shou ren*), e.g., former classmates, former colleagues, and hometown fellows; and (3) strangers (*sheng ren*). In this system, family (or family-like) ties are the closest, to such an extent that sentiment and obligation are often considered “unconditional” and moral (Tsui and Farh 1997); the familiar people category are semi-close, with moderate degrees of sentiment and obligation cultivated through social and pragmatic favor exchange; ties among strangers are either nonexistent or distant, with little sense of sentiment or obligation.

Since, as suggested above, Guanxi relationships entails reciprocity of intangible resources exchange. Hwang (1987) pointed out that reciprocity does not apply to all relationships. He is of the view that Expressive Relationships, i.e., relationships among family and extended family, i.e., preordained (King, 1991), are emotional in nature, resource exchanges in these cases are “needs-based” and reciprocity is not expected, hence Guanxi, in general, is not important in these relationships (Wang, 2007).

King (1991) further defined the non-preordained types of relationship as voluntary, with instrumental relationships being transaction in nature (Hwang, 1987). In these transaction-type relationships, the contribution by each party is defined by an open and objective set of rules which is utilitarian-oriented, so Guanxi is also unimportant (Davis, 1995).

The final type of relationship, which is also voluntary in nature (King, 1991) is identified as mixed relationships by Hwang (1987). In this case, the relationships have both emotional components as well as transactional components, and it is this type of resources exchange

relationships that are Guanxi in nature. Figure 1 displays the nature of these three relationships and the nature and importance of Guanxi

Table 1: Nature of Relationship and Importance of Guanxi

Type of Relationship	Nature of Relationship	Importance of Guanxi
Preordained, e.g., family	Voluntary	Not important
Non-preordained, e.g., friends	Mixed	Important
Non-preordained, e.g., contracts	Transaction	Not important

Types of Guanxi

Among the mixed relationships, Jacobs (1982) further classified them as ones that are common social identities and common third party.

Common social identities Guanxi refers to identities derived from common birthplace, educational institution, and workplace. In general, these identities are formed based on shared institutions and communities but not experiences. This is different from the social identities referred to in the West which are typically based demographic factors such as race, gender, and age (Tsui and Farh, 1997). The two social identities orientation result mark relationships. For instance, the Chinese social identities are more anchored in specific social institutions with clear social / physical boundaries, whereas the Western one is boundary-less, e.g., work place versus race. Furthermore, the Western social identities cannot be changed, whereas the Chinese identities are more dynamic in nature with changing circles.

Chinese Guanxi is not only dynamic with the person changing social identities from a change in institution, it can also be dynamic when the person's Guanxi with another is created through a third party.

Common third party Guanxi exists when a person is introduced the relationship of two individuals is created through a third party with whom they both have an existing *Guanxi* relationship. Chinese use the expression "Guanxi Wang" they mean an interconnected web of relationships (Lee and Munch, 1996), i.e., Guanxi can be spread wide. This is typically the type of Guanxi used by foreign entrepreneurs and enterprises navigating in China (Kriz and Keating, 2010, Ai, 2006), at least at the initial phase until they developed their own Guanxi (Chen and Chen, 2004).

Levels of Guanxi

The existence of common social identities and common third-party concepts and the anecdotal evidence from foreign enterprises in China indicate that, in contrast to the Western culture, the Chinese culture has more tendency to segment relationships into different categories and treat them accordingly (Triandis, 1989). In this regard, one must move beyond treating Guanxi as a binary variable, i.e., whether Guanxi exists in a relationship or not, and to exploring potentially different levels of Guanxi and their implications to relationships.

The existence of different levels of Guanxi can be further confirmed with the logical derivation from the discussions above. In the above discussions, Guanxi is described as a concept with reciprocation in the form of social exchange capital of “closed links”. Furthermore, Guanxi, typically with the expectation to build reciprocity of a more significant magnitude in the future (Chen, 1995; Davies, 1995), creates an unequal exchange where “both sides will practice trying to do more, improving with every new effort, in a system of escalating favors” Hampden-Turner and Trompenaars (1997), (p. 179). All these points to the logical, and important, conclusion that, is not a binary concept, but one with different levels.

At the initial level, Guanxi would be similar to how a westerner would define an acquaintance (Bian 1997, Burt 1992, Granovetter 1973). However, special Guanxi is more than mere acquaintance, as it represents a deeper more personal relationship.

To move beyond acquaintance, social network researchers explores the level of ties by the frequency, and duration of interactions (Brass, 1995), and the social psychologists usually include the concept of trust in the quality of a relationship (e.g., Bejou, Wray and Ingram, 1996; Berscheid, Snyder and Omoto, 1989b;). Indeed, Haley, Tan, & Haley (1998) and Garbarino & Johnson (1999) postulate that the establishing of a Guanxi relationship starts with building trust. The more frequent the interactions and the longer the duration, the stronger will be the trust. In Asia, a dimension to relations with the expectations of reciprocity, and the concepts of obligation, is added resulting in Guanxi. Trust plays a significant role in long-term orientation of Guanxi (Geyskens & Steenkamp, 1996).

Scholars in trust research make a distinction between different types of trust, affective trust and cognitive trust (McAllister 1995). In general affective trust has its foundation rooted in emotional ties and cognitive trust is based on perceptions of ability and competence. From this perspective, trust has attributes that are parallel to the concept of mixed-relationship type Guanxi defined above (Hwang, 1987), Yang (1993).

It is evident that cognitive-based trust is domain specific whereas affective-based trust is more broadly related to the person as a whole.

Since Guanxi quality is an overall judgment of Guanxi between two individuals, affective-based trust should carry a heavier weight than the cognitive-based trust in escalating Guanxi. As such, special Guanxi is often preceded with qualifiers such as “close” or “deep.” Guanxi therefore can vary in terms of relational closeness. (Shafer et al, 2007)

In sum, the concepts of Acquaintance, Cognitive Guanxi, Affective Guanxi has been translated by Barnes et. al (2011) into Renqing, Xinren and Ganqing. Renqing “follows the strict rule of reciprocity” (p. 512) and is parallel to acquaintance where “when an exchange partner receives a favor, he or she owes renqing to the benefactor and should be ready to pay back in the future once circumstances permit. Non-repayment is regarded as immoral and will have a negative effect on the relationship. Xinren reflects the Chinese meaning of ‘trust’ where a “promise is

reliable” from a cognitive perspective and Ganqing is translated as feelings or affection. Table 2 summarizes the levels of Guanxi and their respective nature.

Table 2: Level of common social identities, common third party, trust and Guanxi

Level of Common identities/third party	Description of Relationship	Basis of Relationship
Acquaintance	Know where the person works and have built basis for the long term with reciprocity.	Limited
Cognitive	An acquaintance plus have shared problems and discussed solutions with, and would offer own ability into a joint effort to help each other with possible difficult people or situations.	Ability/Competency
Affective	A confidante plus would help to protect each other beyond one’s own ability.	Emotional

Overlaying the concepts displayed in Table 2 and those in Table 1, a clear roadmap to the study of Guanxi emerges. This is displayed in Table 3 below

Table 3: Roadmap to studying Guanxi

Type of Relationship	Nature of Relationship	Importance of Guanxi
Preordained, e.g., family	Voluntary	Not important
Non-preordained, e.g., friends	Mixed	
	Acquaintance	Limited
	Cognitive	Ability/Competency
	Affective	Emotional
Non-preordained, e.g., contract	Transaction	Not important

Based on this table, it is clear that the Guanxi of research interest would neither be the pre-ordained type, nor the non-preordained contract based, type, but the non-preordained friends-type, and the examining of the nature of these different levels of Guanxi and their implications.

To further understand the different levels of Guanxi, Acquaintance (renqing), cognitive (kinren and affective (ganqing), and obtain insight on the implications of each, this study use a survey to collect data from executive MBA students with significant work experience from two Greater China locations, SuZhou and Taipei.

Data Collection and Analysis

The subjects are executive MBA students with significant work experience, are asked to rate their relationship with a specific classmate under different question-based scenarios and rate what degree of support they are prepared to provide to the specific classmate under the various specific scenarios. These questions include 16 situations which vary from “Help the classmate study for an examination”, to “Lend the classmate money to pay tuition”, to “Go into business with the classmate”, the survey form and the items are attached in Appendix A.

This research was conducted using a convenience sample of two groups of MBA students. MBA students are viable sample candidates as they are actively involved in classroom based relationships involving Guanxi situations.

The students was administered a questionnaire which asked a series of demographic questions, e.g., age, gender etc. The survey also asks questions measuring participant’s perception of strength of the Guanxi relationship (i.e., acquaintance, cognitive and affective). The three levels of Guanxi relationship is arrived at based on the conceptual arguments developed in the literature.

In addition to explicitly reporting the level of Guanxi relationship, the participants were then asked, based on their Guanxi level, the extent of their willingness to help or give aid to a friend or friends in class-based activities, e.g. help study for an exam, allow friend to copy homework, answer case questions for a fellow student or introduce classmate to network of business associates. As a result, the key constructs being measured were perceived magnitude of relationship (Guanxi in the form of acquaintance, cognitive and affective) and the willingness to engage in Guanxi acts to build a relationship. The Guanxi questionnaire is attached in Appendix A.

Sixteen questions on the extent of willingness to maintain or build a Guanxi relationship with a classmate are included in the survey. These include:

1. willingness to help study for an exam.
2. willingness to help answer questions in class.
3. willingness to write up assignment and share with a busy classmate.
4. willingness to allow a classmate to copy notes from a lecture.
5. willingness to give a classmate an exam answer if they did not have time to study. (conditional)
6. willingness to lend classmate money to pay tuition.
7. willingness to help classmate with an online exam or quiz. (unconditional, but remote)
8. willingness to allow classmate to see answers on my exam. (unconditional, on location, when monitored)
9. willingness to answer case questions for classmate.
10. willingness to sign in for classmate if they cannot attend class.
11. willingness to go into a business with a classmate.
12. willingness to help classmate’s family.

13. willingness to help classmate's friends when referred.
14. willingness to introduce your network to a classmate.
15. willingness to introduce your network to a classmate's family.
16. willingness to introduce your network to classmate's friends.

The first 10 questions were class based and have ethical implications, e.g., willingness to help with exams, as a result, they were interspersed with questions of a less ethical nature in order to reduce the sensitivity and to reduce the "halo" effect bias. This is especially important with our classroom based questions since questions such as helping a friend with exams may imply cheating.

The ten class room based questions can be examined as groups, based on the nature of help. Group 1 include help with general assignments, whether it is help studying for an exam (question 1), or answering questions in class (question 2) or notes to a lecture (question 4) or share assignment write up (question 3), or helping to answer case questions (question 9). The assistance provided here may be simply out of the goodness of the heart, or a first attempt to establish Guanxi and eventual reciprocity.

An escalated level of assistance, and with ethical implication, is signing in for a classmate (question 10) as this clearly represents a violation of a class rule.

Questions that have clear Guanxi, and ethical, implications include questions that are related to exam. These include giving an exam. answer, on condition, e.g., if friends have no time to study (question 5), helping with online exam, i.e., unconditional when under no monitoring condition (question 7), and allowing classmates to see answers on exam, i.e., unconditional with presence of monitoring (question 8).

The question on helping to pay tuition (question 6) introduces a material dimension to the extent of assistance going beyond a simple act, but requiring the assistance to sacrifice in the form of giving something that is tangible.

Since, as discussed above, Guanxi relationships entails reciprocity of intangible resources exchange, the survey also examine the reciprocity and dynamic nature of Guanxi relationship by taking the extent of the help to outside of the classroom context. These include extending the relationship to outside of the classroom context into a, potentially, long term business relationship (question 11), or extending the relationship to include family (question 12), and friends (question 13), to opening up one's own network to the classmate (question 14), and further extending it to family of classmate's (question 15) and friends (question 16), who are more remote than family.

Measurement and Hypotheses

In this study, the 3 levels of Guanxi were measured using an ordinal scale, with level 1 representing acquaintance, the lowest level of non-preordained, non-contract Guanxi, level 2 representing cognitive relationship, i.e., , the middle level of non-preordained, non-contract

Guanxi, and level 3 representing affective relationship, or the highest level of non-preordained, non-contract Guanxi.

The extent of willingness to help is measured using a 5 point Likert scale, with 1 representing no help being offered, to 5 representing extensive assistance being offered.

The questionnaires were then coded and analyzed using SPSS to test the following hypotheses for significant relationships between level of Guanxi and the 16 questions relating to student willingness to aid a friend in class.

The samples were used to test the groups of hypotheses described in the section below. We shall follow the traditional approach and express the null hypothesis as one displaying no significant statistical relationship. A failure to reject the null hypothesis indicates no significant relationship between the level of Guanxi and the extent of assistance, while a rejection of the null indicates statistical significant relationship between the level of Guanxi and the extent of assistance.

A first set of hypotheses considered include:

Ho 1: There is no significant relationship between level of Guanxi and willingness to help study for an exam (Survey question 1)

Ho 2: There is no significant relationship between level of Guanxi and willingness to help answer questions in class (Survey question 2).

Ho 3: There is no significant relationship between level of Guanxi and willingness to write up assignment and share with a busy classmate (Survey question 3).

Ho 4: There is no significant relationship between level of Guanxi and willingness to allow a classmate to copy notes from a lecture (Survey question 4).

Ho 5: There is no significant relationship between level of Guanxi and willingness to answer case questions for classmate (Survey question 9).

As discussed above, these were grouped together as they are related to the question regarding the level of Guanxi and a general willingness to help with class work, e.g., help studying for an examine, or help answering questions in class and so on.

A further set of hypotheses look into level of Guanxi and help with exams. These are generally considered as an elevated level of assistance as exams are involved and should require a higher level of Guanxi for the help to be justified. Furthermore, these practices also have ethical implications, as providing help during an exam amounts to cheating.

Ho 6: There is no significant relationship between level of Guanxi and willingness to give a classmate an exam answer if they did not have time to study. (question 5, conditional)

Ho 7: There is no significant relationship between level of Guanxi and willingness to help classmate with an online exam or quiz. (question 7, unconditional, but remote)

Ho 8: There is no significant relationship between level of Guanxi and willingness to allow classmate to see answers on my exam. (question 8, unconditional, on location, when monitored)

Another escalated level of assistance that also has ethical implication is signing in for a classmate (question 10) due to the fact that this practice clearly represents a violation of a class rule and is expected to be a help that is based on the level of Guanxi between the parties.

Ho 9: There is no significant relationship between level of Guanxi and willingness to sign in for classmate if they cannot attend class (question 10).

A final hypothesis with the class based group of questions is on helping to pay tuition (question 6). Again, this introduces a material dimension to the extent of assistance going beyond simple acts. This requires an assistance that is material and tangible and is expected to be related to a higher level of Guanxi.

Ho 10: There is no significant relationship between level of Guanxi and willingness to lend classmate money to pay tuition (question 6).

The last six hypotheses examine the reciprocity and dynamic nature of Guanxi. Since these involve extending assistance and relationships beyond the classroom context, they are expected to be related to higher level of Guanxi.

Ho 11: There is a significant relationship between level of Guanxi and willingness to go into a business with a classmate.

Ho 12: There is a significant relationship between level of Guanxi and willingness to help classmate's family.

Ho 13: There is a significant relationship between level of Guanxi and willingness to help classmate's friends when referred.

Ho 14: There is a significant relationship between level of Guanxi and willingness to introduce your network to a classmate.

Ho 15: There is a significant relationship between level of Guanxi and willingness to introduce your network to a classmate's family.

Ho 16: There is a significant relationship between level of Guanxi and willingness to introduce your network to classmate's friends.

These hypotheses are somewhat exploratory in that the test for strength of Guanxi relationship has not been tested relative to willingness of a person to engage in behaviors that either extend the relationship or participate in unethical behaviors. Therefore, the study seeks to explore the strength of the bond between Guanxi relationships and the motivation to forge stronger relationships. This would help to envisage Guanxi as a construct that represents a vector with both strength and direction.

Results and Discussion

A total of 63 surveys was collected for the study, with 34 from Suzhou and 29 from Taipei. Table 4 displays the summary statistics that describe the sample

Table 4 Summary Statistics

Demographics	Location	N	Mean	Std. Deviation	Std. Error Mean
Age	Suzhou	34	38.56	3.230	.554
	Taipei	29	33.72	4.765	.885
Gender (% female)	Suzhou	34	.32	.475	.081
	Taipei	29	.52	.509	.094
Business Experience (Yrs)	Suzhou	34	14.353	4.5252	.7761
	Taipei	28	7.536	6.0644	1.1461
International Experience (Yrs)	Suzhou	34	8.500	6.6708	1.1440
	Taipei	29	3.345	4.4723	.8305

The average age of the total sample is 36.3 years old, with the Suzhou group having an average age of 38.5 and the Taipei group having an average age of 33.7. The male (female) participants consist of 58.7% (41.3%) of the total sample. The Suzhou sample has 67.6% (32.4%) male (female) participants while 48.2% (51.8%) of male (female) participants are in the Taipei sample.

From a business experience perspective, the Suzhou group reported an average of 14.3 years of business experience and 8.5 years of international business experience, while the Taipei group reported an average of 7.3 years of business experience and 3.3 years of international business experience. The relationship may be attributed to a higher concentration of participants with business background from the Suzhou group, as non-business participants (e.g., engineers, reported zero years of business and international experience).

From a business function perspective, 20.6% (13) of the participants in the total sample reported that their work involves senior management responsibility, of these, 10 are from the Suzhou sample and 3 are from the Taipei sample. Another 22.2% (14) of the participants in the total sample reported that their work involves marketing responsibility, of these, participants from the Suzhou sample (7) and the Taipei sample (7) are the same. Participants from the rest of the sample reported that they are involved in various aspects of operations, e.g., project management, purchasing, engineering etc.

Table 5 reports the statistics on the relationship between level of Guanxi and the extent of class based assistance (questions 1 – 10 in the survey).

Table 5

1. willingness to help study for an exam.	Correlation Coefficient	.123
	Sig. (2-tailed)	.342
2. willingness to help answer questions in class.	Correlation Coefficient	.077
	Sig. (2-tailed)	.553
3. willingness to write up assignment and share with a busy classmate.	Correlation Coefficient	.017
	Sig. (2-tailed)	.895
4. willingness to allow a classmate to copy notes from a lecture.	Correlation Coefficient	-.100
	Sig. (2-tailed)	.438
5. willingness to give a classmate an exam answer if they did not have time to study. (conditional)	Correlation Coefficient	.213*
	Sig. (2-tailed)	.097
6. willingness to lend classmate money to pay tuition.	Correlation Coefficient	.349***
	Sig. (2-tailed)	.005
7. willingness to help classmate with an online exam or quiz. (unconditional, but remote)	Correlation Coefficient	.225*
	Sig. (2-tailed)	.079
8. willingness to allow classmate to see answers on my exam. (unconditional, on location, when monitored)	Correlation Coefficient	.135
	Sig. (2-tailed)	.296
9. willingness to answer case questions for classmate.	Correlation Coefficient	.065
	Sig. (2-tailed)	.613
10. willingness to sign in for classmate if they cannot attend class.	Correlation Coefficient	.255**
	Sig. (2-tailed)	.046

* 10% level of statistical significance

** 5% level of statistical significance

*** 1% level of statistical significance

Based on the above, results indicate that hypotheses 1 to 4 are all rejected based on the low magnitude of the correlations. For correlation, the significance levels are less important in that significance is more of a function of sample size. For questions one through four, the level of assistance given relative to Guanxi is relatively benign. As the relative level of assistance given

increases i.e., questions 5, 6, 7 and 10 there is a higher correlation and significance at the 0.1 level. Therefore, the null hypotheses of no relationship is rejected.

Hypothesis 11 examines the relationship between level of Guanxi and willingness to lend classmate money to pay tuition, an assistance that is material nature, making it more tangible. As such, a higher level of Guanxi is expected to exist before the assistance materialize. Indeed, the evidence indicates that the null hypothesis in this case is rejected at the 1% level suggesting that a high level of Guanxi is needed for the action to be supported.

As Guanxi entails reciprocity, making it not only a longer term concept but also going beyond the one-to-one relationship potentially extending to networks of families and friends of the initial parties, hence hypotheses 11 – 16 extend our study to beyond the class based context. Table 6 reports the related findings.

Table 6

1. willingness to go into a business with a classmate.	Correlation Coefficient	.477**
	Sig. (2-tailed)	.000
2. willingness to help classmate’s family.	Correlation Coefficient	.440**
	Sig. (2-tailed)	.000
3. willingness to help classmate’s friends when referred.	Correlation Coefficient	.213
	Sig. (2-tailed)	.096
4. willingness to introduce your network to a classmate.	Correlation Coefficient	.412**
	Sig. (2-tailed)	.001
5. willingness to introduce your network to a classmate’s family.	Correlation Coefficient	.352**
	Sig. (2-tailed)	.005
6. willingness to introduce your network to classmate’s friends.	Correlation Coefficient	.377**
	Sig. (2-tailed)	.003

The evidence in table 6 point to rejecting the null for all the hypotheses, indicating that significant levels of Guanxi are related to the willingness for one to go into business, to help classmate’s family, to help classmate’s friends when referred, to introduce own network to classmate; to classmate’s family as well as classmate’s friends.

Discussion

A thorough literature review led to the logical conclusion that the concept of Guanxi is not one of a binary nature, i.e., whether one has Guanxi or not, but rather one that is multi-level in nature. The results of the current study reflect that Guanxi is a vector force where Guanxi has various levels of relationship and involvement tied to the level of commitment to the other party. Also

the nature of the relationship determines how much support will be given in situations of escalating commitment to the other party.

These results are telling in that in low assistance (without consequence) situations, Guanxi has no influence on behavior or decision making. However, when the nature of risk/return is escalated in a relationship, evidence indicates that a higher level of Guanxi is found for the support (i.e., cheating on an exam).

In sum, the findings in this paper provide tangible evidence suggesting that not all assistance are of a Guanxi nature. Hence, general goodwill actions come simply from the goodness of one's heart and no Guanxi is needed. However, for escalated level of assistance, a higher levels of Guanxi is required. Furthermore, if the nature of the relationship is one that involves reciprocity, i.e., long-term in nature, and extended network, then Guanxi plays an even more important role.

Relative to previous research, according to Yang (1994), non-financial exchange is more important than monetary exchange with increase depth in the accumulation of obligation and gratitude as well as trust between the parties resulting increased social capital. This may explain the rationale of students being willing to help a classmate cheat on an exam but not lend the money. Helping a struggling classmate on an exam may increase the debt of obligation more than lending money in terms of power of the future relationship.

Garbarino & Johnson (1999) postulate that the establishing of a Guanxi relationship starts with building trust. The more frequent the interactions and the longer the duration, the stronger will be the trust. To drill down into the motivation to make unethical decisions in a Guanxi relationship, a researcher could study how trust in a Guanxi situation could be enhanced by being involved in clandestine relationship that involved cheating (high level risk) to support a classmate. It would be very interesting to study the relative organization levels of students lending support to another classmate especially if that classmate was in an elevated organizational position compared to the student giving support.

Areas of Future Research

Exploring relationships is always difficult to measure. More research needs to be directed at the motivation to enter into a Guanxi relationship and the level of expected obligation of the parties involved. Also, research needs to be conducted that looks at the organizational level and perceived quality of the organization membership (e.g., a student that works for a well know global company) of the parties involved in the relationship. It is also interesting to note that there may be a higher level of Guanxi developed in situations where there is a secretive arrangement between the parties involved.

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Appendix A

Questionnaire

Directions: The following table defines the level of Guanxi that you may have with a classmate. Using the defined levels of Guanxi below, please circle the level of Guanxi that you have attained with one of your classmates, then identify the level of support or help that you would give in a given situation.

Level of Guanxi	Description of Relationship
Acquaintance / Friend = 1	Know where the person work and have built basis for the long term (beyond class) with reciprocity .
Cognitive Confidante = 2	An acquaintance plus have shared problems and discussed solutions with, and would offer <u>ability</u> in a joint effort to help each other with possible difficult people or situations.
Affective Soul Mate = 3	A confidante plus would help to protect each other beyond one's own ability .

Guanxi				Support Given				
Acquaintance	Very		Help the classmate study for an exam.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Help the classmate answer questions in class.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Write up an assignment and share with the classmate when he/she is busy.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Allow the classmate to copy notes from lecture.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Give the classmate an exam answer if he/she did not have time to study.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Lend the classmate money to pay tuition.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Help the classmate with online exam or quiz.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Allow the classmate to see answers on my exam.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Answer case questions for the classmate.	None				
Close				Extensive				
1	2	3		1	2	3	4	5
Acquaintance	Very		Sign in for the classmate if he/she cannot attend class that day.	None				
Close				Extensive				
1	2	3		1	2	3	4	5

Acquaintance Close 1 2 3	Very	Go into business with the classmate	None Extensive 1 2 3 4 5
Acquaintance Close 1 2 3	Very	Help the classmate's family	None Extensive 1 2 3 4 5
Acquaintance Close 1 2 3	Very	Help the classmate's friends when referred	None Extensive 1 2 3 4 5
Acquaintance Close 1 2 3	Very	Introduce your network to the classmate	None Extensive 1 2 3 4 5
Acquaintance Close 1 2 3	Very	Introduce your network to the classmate's family	None Extensive 1 2 3 4 5
Acquaintance Close 1 2 3	Very	Introduce your network to the classmate's friends	None Extensive 1 2 3 4 5

1 Age _____

2 Gender male _____ female _____

3 Years business experience _____

4 Years international experience _____

5 What function do you perform in your job, e.g., (accounting, sales, computer tech)

6 Single _____ Married _____