

# **SOCIAL CAPITAL, *GUANXI* AND ORGANISATIONAL CITIZENSHIP BEHAVIOURS: THE IMPACTS OF GENDER**

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## **Abstract**

This study examines the relationships between organisational citizenship behaviours (OCBs) and *guanxi*, and the impacts of the relationships on an organisation's social capital. Based on a survey of 294 employees, this study reveals that five Chinese OCBs components have affected *guanxi* and gender stereotypes have a moderating effect on each path. The study finds that the influence of altruism on *guanxi* is stronger for women than men and the influence of both interpersonal harmony and protecting company resources on *guanxi* is stronger for men than women. The effects of personal initiation and identification with company on *guanxi* are indifferent between genders. The results imply that an appropriate balance of women and men in a team is important as a mixed-gender team can fuel social capital through the synergy of altruism and protecting company resources and managers should adopt different performance indicators to assess employees' contributions to social capital.

**Key words:** Employment; Gender; *Guanxi*; OCBs; Social Capital

**JEL Code:** J2, G3

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## **Introduction**

The literature has considered organizational citizenship behaviors (OCBs) an important construct in employment, management and organization (e.g., Allen and Rush, 1998; Bolino et al., 2002; Evans et al., 2011). OCBs are defined as behaviors that an employee voluntarily engages in that promote the effectiveness of an organization but are not explicitly rewarded by the organization (Organ, 1988). The literature has generally recognized that OCBs in the western economy promote organizational efficiency, innovativeness and competitive advantage (Bolino et al., 2002; Organ, 1988). Chinese formulation of OCBs differs from that in the West and Chinese OCBs are embedded in its unique social and cultural context (Farh et al., 2004). While a few studies have attempted to investigate the relationship between OCBs and organization performance in the context of a Chinese society (e.g., Farh et al, 2004; Lin,

2008), little has been known about the influences of OCBs on *guanxi* (i.e., networks of relationships), which is a major attribute of Chinese culture.

The objective of this study is to explore the relationships between OCBs and *guanxi*, and the impacts of the relationships on an organisation's social capital. The contribution of this study to the literature is fourfold. First, this study identifies the perceptual determinants of social capital by evaluating the influence of OCBs on *guanxi* with the adoption of the notion that the OCB construct is deeply rooted in social exchange (Organ, 1988). Second, this study examines the role of gender stereotypes as a potential moderator in the formation of *guanxi*. While gender is one of the most visible aspects that distinguish the different traditions of business management in different cultures and is a critical factor in the context of OCBs (Kidder and Parks 2001), the literature has hardly ever investigated gender in explaining the relations among OCBs and *guanxi*. Third, following Lin's (2008) approach, this study conducts latent means difference testing using Structural Equation Modeling (SEM). SEM produces a highly effective alternative that obtains accurate information on group differences. Finally, this study offers a number of practical implications for management, suggesting that identifying the moderating impacts of gender stereotypes can guide managers to design gender-specific strategies and thereby improve social capital for an organization.

## II. Social Capital and *Guanxi*

While social capital provides an important competitive advantage for an organization that helps create additional assets and synergies, it lends itself to multiple definitions, interpretations and uses (Gooderham et al., 2011). Kilduff and Tsai (2003: 26) define social capital as "the potential resources inherent in an actor's set of social ties". Putnam (2000) deliberates social capital as a producer of "civic engagement" and it is a transform from a resource possessed by individuals to an attribute of collectives. Coleman (1988) argues that the obligations owed to an individual, trustworthiness of individuals, the potential for information through social relations, and norms that dictate that individuals will act to benefit the collectivity are all considered part of the social capital of a society. Social capital, like other forms of capital, is synonymous with *power* (Gooderham et al., 2011). Social capital is never completely independent of cultural, physical and economic capital and it exerts a multiplier effect on those capitals (Xu and Xu, 2008). Despite there are a variety of definitions, all of them tend to share the principal idea that social capital is related to social

networks (Bolino et al., 2002; Putnam, 2000; Gooderham et al., 2011). Social networks are commonly termed as *guanxi* in Chinese.

*Guanxi* is an indigenous Chinese construct describing an informal connection between two or more individuals or groups involving shared social experience, the exchange of favors and trust (Hwang and Staley, 2005; Lou, 1997; Wei et al., 2010). For more than 2,500 years – since the time of Confucius – *guanxi* has been critically important to Chinese society (Hwang and Staley, 2005). *Guanxi* works on the basic, unspoken principle of reciprocity and equity (Hwang and Staley, 2005; Lou, 1997). It is frequently translated in English as ‘relationships’, but “the concepts differ in that relationships can be positive or negative, while *guanxi* can be only strong or weak” (Wei et al., 2010: 438). Also, the concept goes beyond the friendly cooperation often found in Western business relationships as it has deep Chinese historical and cultural roots. *Guanxi* has dominated all business and social activities that occur throughout China (Hwang and Staley, 2005; Wei et al., 2010). Advantage in *guanxi* can lead an individual or organization to succeed (Islam and Kantor, 2005). The cultivation, development and expansion of *guanxi* have become a priority of many Chinese business people (Wei et al., 2010; Hwang and Staley, 2005).

### 3 Research Hypotheses

OCBs has been expanded to include not only the categories of altruism (helping behaviors aimed directly at specific persons) and conscientiousness (conscientious performance for the good of an organization), but also the categories of sportsmanship, courtesy, and civic virtue to citizenship behaviors (Organ 1988). In the Chinese society, OCBs also reflect interpersonal harmony, protecting company resources, and identification with company (Farh et al., 2004). Favorable outcomes for engaging in OCBs may include promotions (Hui et al., 2000), favorable performance evaluations (Allen and Rush, 1998), and pay-for-performance benefits (Deckop et al., 1999). This study uses Chinese OCBs defined in Farh et al. (2004) to propose the following hypotheses.

*Altruism*: Altruism refers to discretionary behavior that involves the helping of a co-worker/partner (mostly peers, clients and supervisors) on an organizationally relevant task (Organ, 1988). Subsequent to helping others (e.g., in the case of employees’ cooperation and team-playing), a (strong) *guanxi* with those helped normally expects to establish. *Guanxi* is a direct outcome of helping others, which is affected by altruism, and building a cooperative

relation benefits the entire organization by reducing conflicting and non-cooperation costs. For that reason, altruism is hypothesized to influence *guanxi*.

*Interpersonal harmony* (IH): IH displays behaviors such as being mindful of how one's behavior affects others, and attempting to avoid creating problems for fellow colleagues. *Guanxi* is expected to be influenced by IH as social network or relationship affects how others (e.g., colleagues) perform and are treated. Hence, IH is hypothesized to influence *guanxi*.

*Personal initiation* (PI): PI denotes to go well beyond the minimum role requirements of an organization expected by the organization in the areas of attendance, obeying rules and regulations, taking breaks, working hard, and so forth (Organ, 1988). It also refers to discretionary behavior that an employee complies with organization rules and procedures even when nobody observes and no evidence can be traced. Social relations or constructs of an individual in an organization with others (e.g., colleagues, peers, clients) also extend beyond a contracted role and institution requirements and is not easily enforced by organizational regulations and codes. Employees with a strong PI are expected to develop strong *guanxi* with others even though they are not officially requested to have such connections. This study therefore hypothesizes that *guanxi* is influenced by PI.

*Protecting company resources* (PCR): PCR refers to behaviors that focus on what is right rather than wrong in an organization. It stresses that employees avoid negative behaviors that abuse organization polices and resources for personal use. Those employees are likely to be respected and received by colleagues, and thus they are more likely to develop *guanxi* with colleagues. It is hypothesized in this study that *guanxi* is influenced by PCR behavior.

*Identification with company* (IWC): IWC emphasizes the willingness on the part of an employee to spread positive company news to outsiders, defend company reputation and make suggestions for improvement. IWC helps people understand their ties to the organization and their responsibilities within it, and it is the moral underpinning of how an employee as a citizen relates to the organization. Stronger IWC expects to bring about a strong intention to improve relationships among colleagues, external stakeholders, and between employees and their supervisors, leading to having strong *guanxi*. In this study, *guanxi* is also hypothesized to be influenced by IWC behavior.

In sum, the following hypotheses are proposed.

H<sub>11</sub>: Altruism is positively associated with *guanxi*.

H<sub>12</sub>: IH is positively associated with *guanxi*.

H<sub>13</sub>: PI is positively associated with *guanxi*.

H<sub>14</sub>: PCR is positively associated with *guanxi*.

H<sub>15</sub>: IWC is positively associated with *guanxi*.

Following Lin's (2008) study, this present study also identifies the main effects of gender stereotypes on OCBs given that gender does provoke stereotypes of men and women's relationships with their co-workers in an organization, influencing how the members of each sex behave and how their behavior is viewed in the context of a good organizational citizen.

Altruism regarded as a helping behavior suggests that an individual with strong altruism is sensitive, especially to one's social environment and the social needs of others (Organ, 1988). It is important to note that altruistic behavior is informed by gender stereotypes to a large degree. Merits that contain IH are also consistent with qualities generally considered feminine. Because masculine stereotypes are ascribed to men's aggressiveness and increased focus on the self, men are likely to anticipate their own roles to exceed those required by their organization, suggesting that men have a stronger inclination than do women to be PI. Meanwhile, PCR may be seen as more masculine than feminine in orientation (Kidder and Parks, 2001). Men are generally expected to be more heroic and perform more positive high-risk citizenship behaviors than women (Byrnes et al., 1999). Behaviors reflecting IWC, such as reading firm announcements, attending meetings and staying abreast of organizational developments, are generally practiced more by men than by women (Lin, 2008). In this study, the following hypotheses are also tested.

H<sub>21</sub>: Women have higher scores on altruism than men.

H<sub>22</sub>: Women have higher scores on IH than men.

H<sub>23</sub>: Men have higher scores on PI than women.

H<sub>24</sub>: Men have higher scores on PCR than women.

H<sub>25</sub>: Men have higher scores on IWC than women.

The moderating influences of gender stereotyping on relationships between OCBs and *guanxi* have not been investigated. Previous studies have demonstrated that the moderating influence of gender stereotyping can be observed via two dimensions: OCBs directed toward others and OCBs directed toward an organization. In particular, as women may internalize the belief that they should act communally and help others, they may be more predisposed to developing *guanxi* than men who are equally involved men. Therefore, women with strong *guanxi* may engage in more OCBs directed toward others (e.g., altruism) than their corresponding male counterparts, suggesting that gender stereotyping may moderate the relationships between OCBs directed toward others and *guanxi*. Men are generally

stereotyped as being competent, assertive, independent, and achievement oriented. Women are generally stereotyped as warm, sociable, interdependent, and relationship oriented. Based on the above, the following hypotheses are therefore derived.

H<sub>31</sub>: The relationship between altruism and *guanxi* is moderated by gender.

H<sub>32</sub>: The relationship between IH and *guanxi* is moderated by gender.

H<sub>33</sub>: The relationship between PI and *guanxi* is moderated by gender.

H<sub>34</sub>: The relationship between PCR and *guanxi* is moderated by gender.

H<sub>35</sub>: The relationship between IWC and *guanxi* is moderated by gender.

## 4 Research Method and Results

### 4.1 Sample

The subjects surveyed in this study were employees at a telecommunication enterprise in China. Five hundred questionnaires were directly distributed to employees in 2009 by the human resources department of the enterprise. 294 usable questionnaires were collected with the response rate of 58.8%. Table 1 reveals the characteristics of the sample.

**Table 1: Characteristics of the sample**

Items	Total (N = 294)	Men (N <sub>m</sub> = 103)	Women (N <sub>w</sub> = 191)
<b>Age</b>			
Under 26	64	11	53
26-35	188	69	119
36-45	38	22	16
45 over	4	1	3
<b>Tenure</b>			
Under 3 years	82	22	60
3-5 years	51	19	32
6-9 years	132	56	76
More than 9 years	29	6	23
<b>Department/unit size</b>			
Under 5 persons	30	12	18
6 – 15	162	63	99
16 & above	102	28	74

### 4.2 Measures

The constructs in this study were measured using five-point Likert scales drawn and modified from the existing literature. OCBs were assessed by employees using the Chinese OCBs formulation and measurements developed by Farh et al., (1997; 2004). Specific behaviors were described by each of five constructs, including altruism (4 items), IWC (4 items); PI (5 items), IH (4 items), and PCR (3 items). The study has also calculated Cronbach's alpha

reliability coefficients of the instrument scales (Table 2). Reliability reflects the internal consistency of the indicators measuring a given factor.

**Table 2: Cronbach's reliability test (N=294)**

Scale	No. of Items	Cronbach's Alpha
<i>Guanxi</i>	5	0.84
Altruism toward colleagues	4	0.73
IH	4	0.71
PI	5	0.74
PCR	3	0.73
IWC	4	0.76
Overall OCB	20	0.87

### 4.3 Measurement model

This study uses SEM to analyze data. It follows a two-step procedure proposed by Anderson and Gerbing (1988). After repeated filtering for measurement model testing, every construct in the measurement model is measured using at least three indicator items.

To avoid making any improper inferences, the size of working unit (defined as department/unit size) is further included herein as a control variable with three groupings (see Table 1), using the application of dummy variables. This is because the scope of social relation is more or less affected by the size of a working unit. People working in a large department/unit are likely to consider relation-building with particular colleague(s) more important than people working in a small department/unit and will have more choice to build *guanxi* than working in a small department/unit. Controlling this variable can effectively reduce experimental errors given that the size of department/unit could have some unpredictable influences on OCBs and *guanxi*. Following the first step of measurement model testing, the second step analyzing the structural model is performed. The *chi-square* difference test is used to assess the discriminant validity of two constructs. Table 3 shows the correlations among constructs, indicating that all paths are significant.

**Table 3: Correlations among constructs (N=294)**

	M	SD	<i>Guanxi</i>	Altruism	IH	PI	PCR
<i>Guanxi</i>	3.68	0.68	0				
Altruism	4.51	0.43	0.45**	0			
IH	4.49	0.57	0.10***	0.29**	0		
PI	4.24	0.51	0.39**	0.59**	0.38**	0	
PCR	4.52	0.57	0.03***	0.24**	0.68**	0.41**	0
IWC	4.33	0.51	0.52**	0.69**	0.38**	0.66**	0.38**

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

In addition, dividing the sample respectively by men and women, further investigations across male and female groups for latent means testing and subgroup analysis are performed respectively. Latent means testing is conducted following the steps proposed by Byrne (2001). Table 4 reports the results of latent means testing. Table 4 shows the significantly negative estimate of the latent means difference across the subgroups for hypothesis H<sub>21</sub>, indicating that the scores on altruism are considerably higher for women than for men, and the significantly positive estimate of the latent means difference across the subgroups for hypothesis H<sub>24</sub>, signifying that the scores on PCR are considerably higher for men than for women. Moreover, the latent means differences for hypotheses H<sub>22</sub>, H<sub>23</sub> and H<sub>25</sub> are insignificant, indicating that the respective means of IH, PI, and IWC are similar between two gender groups. Subgroup analyses (Byrne, 2001) are also performed to examine the existence of the moderating effects on the structural model. The test results to detect moderating effects of gender along with path coefficients are listed in Table 5.

**Table 4: Latent means difference between women and men**

Construct	Estimate	S. E.	t value
H <sub>21</sub> Altruism	-0.37	0.08	-5.41***
H <sub>22</sub> IH	-0.03	0.08	-0.13
H <sub>23</sub> PI	-0.08	0.87	-0.67
H <sub>24</sub> PCR	0.35	0.09	4.28***
H <sub>25</sub> IWC	-0.08	0.11	-0.77

\*\*\* p < 0.01

**Table 5: Coefficients and t value between women and men**

Hypothesis	Men Standardized coefficient	Women Standardized coefficient	$\chi^2$ Difference
H <sub>31</sub>	0.13*	0.43***	4.98**
H <sub>32</sub>	0.39***	0.19**	4.37**
H <sub>33</sub>	0.17**	0.29***	0.55
H <sub>34</sub>	0.34***	0.09	4.50**
H <sub>35</sub>	0.11*	0.15***	0.10

\*\*\* p < 0.01; \*\* p < 0.05; \* p < 0.10

#### 4.4 Results



As shown in Table 3, the tests reveal five paths are all significant and therefore  $H_{11}$ ,  $H_{12}$ ,  $H_{13}$ ,  $H_{14}$ , and  $H_{15}$  are supported. The results indicate that five elements of Chinese OCBs are all positively associated with *guanxi*. The findings confirm the potential impact of the OCBs on *guanxi*. Latent means testing between the two gender groups presented in Table 4 indicates that gender stereotypes have main effects on both altruism and PCR. Women tend to have higher scores on altruism than do men ( $H_{21}$ ) is supported, whilst men tend to have higher scores on PCR than do women ( $H_{24}$ ) is supported. The means for the remaining constructs are indifference between two gender groups ( $H_{22}$ ,  $H_{23}$ , and  $H_{25}$  are not supported). Further, the test results of moderating effects in Table 5 suggest that the influence of altruism on *guanxi* is stronger for women than for men ( $H_{31}$  is therefore supported), while the influences of IH and PCR on *guanxi* are stronger for men than for women ( $H_{32}$  and  $H_{34}$  are supported). Lastly, the influences of PI and IWC on *guanxi* are alike between genders ( $H_{33}$  and  $H_{35}$  are not supported).

## 5 Conclusion and Implications

This study examines relationships between *guanxi* (representing social capital) and OCBs, and the impacts of the relationships on an organization's social capital. The study reveals that five OCBs components, embracing altruism, IH, PI, PCR and IWC, affect *guanxi*. Gender stereotypes have a moderating effect on each path. A moderating test shows that the influence of altruism on *guanxi* is stronger for women than for men, and the influence of both IH and PCR on *guanxi* is stronger for men than for women. The impacts of PI and IWC on *guanxi* are indifferent between genders.

This study offers some management implications. First, as OCBs are complex, managers must recognize that employee attitudes and behaviors may reflect more than a commitment to the organization as a whole. Managers should re-examine their corporate culture as it may encourage employees to develop *guanxi*, which could enhance the well-being of an individual employee or/and an organization, ultimately affecting social capital of the organization. Second, an appropriate balance of women and men in a team would enhance social capital for an organization. A mixed-gender team can fuel social capital through the synergy of altruism and PCR. Third, managers should employ different performance indicators when assessing the potential contributions to an organization's social capital made by employees.

Like other similar studies, this study has its own limitations. First, the actual behavior of developing *guanxi* would be better observed or investigated over a period of time rather than surveyed by a questionnaire. This study measures subject intentions on *guanxi* rather than actual behavior. Second, as this study surveys employees in a single company in China, the generalizability of findings may be limited. The third limitation is that other variables, such as workplace cultures, nature of employment, occupations, etc., were not addressed as control variables. Future studies should attempt to overcome these shortcomings.

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