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# Development of a global management model and verification of the connotation of "Guanxi" in contemporary Chinese marketing channels

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**Abstract:** This study aims to explore the connotation of "Guanxi" within contemporary Chinese marketing channels and to construct and verify a global management model. The objective is to examine how instrumental and emotional dimensions of Guanxi influence enterprise operations and management processes. A hybrid research methodology combining qualitative and quantitative approaches was employed. In-depth interviews with 30 dealer executives provided qualitative insights, while a large-scale survey with 305 valid responses facilitated quantitative analysis. SPSS22.0 and LISREL8.8 were utilized for data analysis, including reliability, validity, hypothesis testing, and structural equation modeling (SEM). The findings reveal that Guanxi is multi-dimensional, comprising both instrumental and emotional components. Instrumental Guanxi includes factors such as status, prestige, credibility, and decision-making power, while emotional Guanxi encompasses trust, emotional connection, and mutual respect. Both dimensions significantly affect professionalism, shared values, contact frequency, and popularity within marketing channels. Hypothesis testing confirmed the significant relationships between these variables, except for the non-significant impact of popularity on instrumental Guanxi. The mediating effects of flexibility and supervision on the relationship between Guanxi and corporate performance were also significant, highlighting the mechanisms through which Guanxi influences organizational outcomes. Moderating effects of perceived internal incentive fairness and digital collaboration capabilities further amplify these relationships. Finaly, the study underscores the dual importance of strategic utility and emotional resonance in Guanxi, providing a robust model for understanding its impact on business management. These insights are valuable for both researchers and practitioners aiming to leverage Guanxi in enhancing organizational performance and relational strategies.

**Keywords:** Guanxi; Chinese marketing channels; instrumental Guanxi; emotional Guanxi; business management; relationship management; structural equation modeling

## 1. Introduction

Guanxi (关系) is a unique and complex concept deeply rooted in Chinese culture, representing a special type of personal connection or bond that extends beyond familial and friendship ties to include social and professional relationships (Hwang, 1987; Yang, 1994). Guanxi as a concept of interpersonal relations has been an essential aspect of China value system for thousands of years across the different spheres of life (Bian, 2018; Eid Hamood and Thiruchelvam, 2023). Pronounced in the mind-set of the Chinese people and in business as a culturally infused social phenomenon, it is seen as a cultural reality inherent in people's business dealings and socio-economics (Haloul et al., 2024; Wu and Chiu, 2016). Guanxi entails reciprocal projects, assurances, and comprehension that have traditionally shaped China's socio-economic

operations. However, this complex and highly integrated practice is seen as the main source of sustenance for China's economic and commercial activities (Zhang and Zhang, 2006). As China has experienced rapid economic development in the last decades, it has attracted the world's focus on its special management styles which are affected by such Chinese cultural factors as Guanxi. At the end of the year 2022, the Gross Domestic Product of China is evaluated to be around 114. Reached 3 trillion yuan, such an increase compares with the year-on-year increase of the previous period, and even though the global pandemic hit the world economy, it shows that China is the main force in initiating the economic recovery (National Bureau of Statistics of China, 2023).

Guanxi pays respect to a person's location in the network of relationships that are elaborated around a specific organization, expecting different perceptions and behaviors in regards to different people (Yan et al., 2024). This selfish rationality that works from near to far embodies the 'different order pattern' as well as the interpersonal nexus arising from human relations (Barbalet, 2021). Guanxi also extends way beyond the personal relations and forms an essential asset for trust between various actors. These cultural characteristics of Chinese society greatly affect social and business interactions; therefore, it remains a highly relevant subject in modern academic studies (Burt et al., 2018). The aspect of Guanxi is most relevant when discussing the Chinese strategic marketing channels business practices. A marketing channel has been defined as a systemic organization that includes all organizations that are involved in the total transfer of products from the producer to the consumer (Cropanzano and Mitchell, 2005). In China, the organization and conduct of marketing channels is a reflection of Chinese culture and inclusive of concepts such as Guanxi, which significantly influences manufacturer's business success while dealing with distributors (Luo and Chen, 1997; Warren et al., 2004).

Conversely, the negative influence that Guanxi can bring revolves on the negative repercussions that could result from the interactions facilitated within the framework of this kind of relation. Although it enhances the corporate performance and provides solutions to tackle the institutional barriers and dynamics (Park and Luo, 2001). There are some disadvantages like organizational paradigm blindness and inability to sense the market changing environment which may ultimately harm the inherent social value (Warren et al., 2004). These two sides of Guanxi clearly point to how holistic and central it is to the handling of affairs in business environments. Prior studies on Guanxi have analyzed the effects of Guanxi on corporate performance, the emergence of trust and improvement of channel strength (Gu et al., 2008).

Hence, the importance of this study is in revealing all the factors associated with Guanxi in marketing channel and its significance in making both the theoretical and practical inputs for the field of global management. Therefore, in studying the meaning and the modes of Guanxi, this research purports to shed light and bring more precision to the analysis of this intricate socio-culture in the context of the contemporary business climate (Hopkinson and Blois, 2014).Thus, the proposed study Used establish a refined measurement scale for Guanxi in the course of the doctrinal analysis and empirical testing of the existing literature, thus providing a calibrated measurement tool for upcoming studies and practices. This research also offers a new perspective and sheds light on the emergence of two perspectives of Guanxi; the Guanxi as a tool

and Guanxi as the relationship concept. The research explored the consequences of this blended characteristic for business transactions in Chinese culture as well as the peculiarity of Guanxi in affecting invented and acquired connections.

## 2. Literature review

A marketing channel is a systematic organization which performs and fulfils all tasks or carries out those processes that shift a particular product and its ownership from producers to consumers (Dobrucalı, 2020; Huang et al., 2014). The characteristics of the marketing channel management as well as the behavior patterns of the Chinese enterprises are grounded in the Chinese culture are an essential component of the social activity (Barbalet, 2021). Guanxi, an organizational culture distinct to China, is another element of resource that can be compared with the other resources which transform individuals' efforts into the development of corporations (Johnston et al., 2018). This section presents the literature analysis of Guanxi involving the members of the marketing channel and executives in the context of its theoretical framework, constructs, and uses. Thus, Guanxi, originating in China, embraces a relationship of a concrete type between individuals or parties combining social and psychological aspects (Kun et al., 2024). The term is made up of "guan", which relates to a gate or barrier, and "xi", which suggests to link or touch. Therefore, Guanxi is a means of defining who is an insider and who is an outsider and the insider is always a trusted person (Holmgren, 2020). This is true because there exists its Chinese counterpart, "Kankei", Korean "Kwankye", and the Russian "Blat" (Yen et al., 2011). Guanxi emanates from Confucianism (Zhang, 2023) and is a culturally programmed way of working in China (Berger et al., 2018; Zhang, 2023). Although, Guanxi has its origin in Chinese culture, still, there is no clear definition of the term in literature and is explained as relations, network relations, social capital or web of obligation (Li et al., 2023; Luo et al., 2012).

Guanxi was defined by different scholars in different ways. Some consider it as a social attribute, and they describe it as a bond that arises from people's interaction where both individuals are changed. Some view it from a social capital standpoint and define it as a social asset through which one can obtain some advantage. According to Koczkás (2024), the actors' guanxi strongly influences the corporations' operations and the business relationships among the corporate executives. They include affection and responsibilities, while the sentimental bonds are broader than mere self-interests (Wang et al., 2019). From the discussion made by Chen (2024), Guanxi defined as an interpersonal relationship that is developed through enduring cooperation and mutual exchange of favors. Chen (2024) defines it as a psychological relationship that is built in the framework of social interaction with influence on all reacted individuals. Despite the popularity of the subject, there is still no universal consensus on what exactly Guanxi is. According to the level of psychological distance and the reason of its formation, the guanxi could be divided into several types. According to the psychological distance, Yan et al. (2018) categorize Guanxi into three categories, namely family, acquaintance, and stranger. It can be pre-formed Guanxi, which includes the relationships like family, etc., and post-formed Guanxi related to mutual benefits based on requirements. The latter involves Resources which may be in form

of time, money or emotions. Regarding channel governance of Guanxi necessary, different types of Guanxi need appropriate channel governance strategies for sustainable development of Guanxi. The role that guanxi plays in business interactions is versatile as far as the following functions are concerned. First of all, it works as a credit guarantee concerning the legal social insufficiency in China as well as the problem mentioned earlier (Cai et al., 2017; Sun et al., 2023). Wang et al. (2023a) points that a good Guanxi makes people trust each other and facilitate the transaction proceedings. Secondly, it establishes a reciprocity network that increases the effectiveness and outcomes of transactions through individuals' connections (King et al., 2007). Thirdly, Guanxi depends on the compound interest, where the successful transactions in the initial relations provided the base of the future business, churning out more importance to the permanent relations rather than the gained profits of present time (Berger, 2014).

Guanxi is no longer an interpersonal mechanism involving dyadic relations but cuts across organizational and societal levels (Zhang, 2024). At the organizational level Guanxi affects certain decisions like recruitment, strategic planning and the process of auditing relationships (Huang et al., 2014). It assists in the procurement of essential raw materials, gives credit conveniences, and supports general organizational functioning (Hyland-Wood et al., 2021). The Guanxi, the rate of decision-making is quick, cost of transaction is low, financial performance is high. However, it raises questions with regards to its utilitarian context and the vulnerability it has in terms of encouraging corrupt practices (Kotler et al., 2015).

In fact, while a large amount of literature has been published on the subject of Guanxi over the years, there is still a literature gap, specifically regarding how it is used and what effects it has on marketing channels (Wang et al., 2023b; Wang and Yan, 2019). The first strand of primary research gap is the lack of clear and consistent definition and conceptualization of Guanxi. Despite recognizing Guanxi's relevance, several works in the literature do not demonstrate a generally agreed definition pertinent to marketing environments (Ahmed et al., 2022; Kozlenkova et al., 2014). This makes it rather difficult for researchers to make comparisons across the various findings that they get across the different studies and this also poses a lot of challenges when it comes to the formulation of standard measures. Due to the existence of vague and imprecise definition of Guanxi in the context of the marketing channels, the research studies become infused with a lot of Our inconsistencies and this undermine the reliability and validity of the studies (Fan et al., 2012; Huang et al., 2023).

Moreover, the overwhelming literature on Guanxi shown that most authors have concentrated on the positive outcomes of Guanxi including trust and cooperation while there are likely negative effects of Guanxi. For example, Guanxi may cause what some authors have called the 'systems blindness', that is, the inability of an organization to revise its relationships and its position within the market area (Warren et al., 2004; Yan et al., 2024). Which may lead to missed opportunities and increased exposure to risks from the competitors. Also, since there Used be reliance on personal influence, people Usedto be likely to hire their relatives, thereby creating prospects for corruption and poor organizational performance (Lam and Xu, 2019). Tackling these aspects is not easy but it is possible to do so in a way that Used not eliminate all the commendable features of Guanxi but Used reduce all the vices that accompany it. Furthermore, there

is very limited literature about the fluidity of the Guanxi dynamics, especially in the context of the wider digital transformation. Now, with the invasion of the digital world into the business world, more of the previously mentioned forms of Guanxi are becoming apparent. With the advent of the electronic world, marketer's relationships with consumers and other relevant players might shift, modify or even diminish the importance of Guanxi in marketing channels (Lee et al., 2018; Zhang-Zhang, 2023).

## Theoretical background

This research aims to examine the connotation, dimensions and effects of Guanxi in the marketing channels and for that it uses Interpersonal Attraction Theory, Resource based Theory, Social Exchange Theory, Cultural Dimension Theory coupled with the Differential Mode of Association, Relational Dimension Theory and other theory known as the Institutional Theory. Interpersonal Attraction Theory of relationship formation confirms that affective, behavioral, and cognitive aspects are vital elements of creating relationships (Ellegaard, 2012). Appraisals of others build trust and commitment and lower the chances of force and enhance long-term relations (Hald et al., 2009). This theory can be well related to Guanxi in marketing channels.

Social Exchange Theory put forth by Blau (1964) states that relationships are preserved to reap benefits in return. As in the example of Guanxi, establishing obligational ties that involve the exchange of Indefinite and specific resources not only improves business relationships and increases cooperation but also reduces working conflicts and their costs. This is a good form of reciprocity because it strengthens the marketing channels' sustainability in the long run.

Subsequent to these theories, the Differential Mode of Association is a theory that expands more into the fact that relationships are ranked according to the degree of closeness also adds to the knowledge of Guanxi. Guanxi relationships are not fixed but are elastic, based on the per stringency of the connection between the two individuals and the nature of the interpersonal connection dictating how business procedures are carried out. Relational Dimension Theory expands this perspective further by emphasizing the interaction and relationship strength between the different connectors in the network. Relative to the Guanxi context, this theory provides understanding of how commitment as well as interpersonal relations foster cooperation as well as information exchange within complex settings and, therefore, promote resolution of firms. Secondly, Institutional Theory posits that formal institutions and rules always guide the institutional behaviour among members. In Guanxi model, complex accent on legal institutions shows how heavy reliance on personal connections might pose ethical implications especially where legal systems are moderately or relatively developed. **Figure 1** shows the Model framework below.
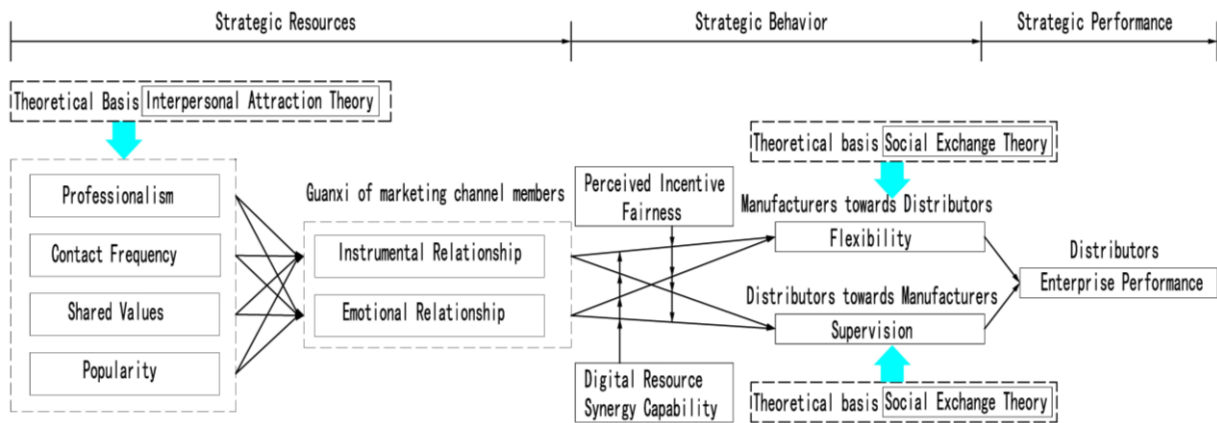
**Figure 1.** Model Framework.

## 3. Methodology

### 3.1. Research design

This study focuses on the in-depth theoretical research, while emphasizing the empirical research. This research combines empirical, theoretical and literature review research methods, and adopts a hybrid research method that combines quantitative empirical research with qualitative interview analysis. By consulting the relevant literature at home and abroad, collecting, identifying, sorting out and sorting out the relevant literature, conducting a comprehensive analysis of the existing research on Guanxi, and forming a scientific understanding of Guanxi. This study also combs the main theories on relationship, such as interpersonal attraction, resource-based theory, social exchange theory and cultural dimension theory, and reviews the concept, characteristics, classification and measurement of relationship, as well as the literature on the study of channel members' Guanxi. On the basis of systematic review, certain innovations are made to define the connotation of channel members' Guanxi.

On the basis of literature analysis, we conduct in-depth interviews with dealers' executives in natural situations, construct rooted theories based on qualitative research, summarize and analyze interview data, and construct the formation path of the Guanxi measurement scale of channel members. The main reason for choosing qualitative interviews is that in-depth interviews are an effective method to discover new theories and are widely used. At the same time, qualitative in-depth interview can explore the connotation of the relationship from the perspective of channel members, identify the relationship in the dimension of channel members more accurately, and ensure the reliability and validity of the scale. The expert selection method is the most commonly used method with comprehensive factor evaluation and analytic hierarchy process. In this study, experts with professional knowledge and practical experience are invited to comprehensively consider various factors affecting the connotation of Guanxi in marketing channels, make repeated comparison and comprehensive analysis, seek characteristics and rules, and provide professional advice for the initial scale of Guanxi measurement in marketing channels.

This study adopts qualitative questionnaire survey and follows the basic procedures of empirical research. On the basis of literature review and related theories, the concept is transformed into an operable concept or variable through logical

deduction and induction. Select the specific research background and research object, design the questionnaire; Preliminary investigation and formal questionnaire were issued to collect empirical data; SPSS22.0 statistical analysis software was used to analyze the survey data, including descriptive statistical analysis, reliability analysis, validity analysis, correlation analysis and regression analysis. Using LISREL8.8 statistical software, confirmatory factor analysis and structural equation model test were carried out on the data.

## 3.2. Ethical considerations

Pertaining to the topic of investigation like Guanxi in marketing channels, the subject matter is sensitive and therefore ethical concerns are of most significance in the research study. To this effect, all the respondents were asked about the nature and extent of the participation stressing the need to understand the purpose and the scope of the research as well as the role of the individual and importance of their contribution. Participants were asked for consent and it was assured that their participation was voluntary, they could withdraw anytime without the receipt of any dreadful consequence. The research participants' identity was also protected and the study did not violate any ethical standards set for the research process. This involved the removal of any personal details concerning the senior managers and their companies, therefore ensuring clients' anonymity which would help in avoid revealing the identity of the respondents and the respective organizations. Moreover, to eliminate the issues of ethical consideration or compromise the research was planned in such a way. To ensure the voluntary aspect, participants were told that their responses Used be used for academic only, and the data collected Used undergo the highest level of confidentiality. The research team was sensitive to the issues of conflict of interest and preferred to give status reports in this matter throughout the various stages of the study.

## 3.3. Population and sampling methods

This study employs a mixed-method approach, incorporating both qualitative and quantitative sampling techniques for data collection. For the qualitative section, purposive sampling was used, specifically targeting senior managers from companies involved in key decision-making processes within their respective industries, which influence the strength and utility of Guanxi. The sample was carefully selected to include organizations where Guanxi plays a critical role in fostering long-term, high-value B2B relationships. Senior managers were drawn from companies operating in the automotive, machinery, telecommunications, and manufacturing sectors, ensuring that all participants came from industries where relationship management is critical. These industries were selected because of their reliance on Guanxi for sustained cooperation and organizational success, despite operational differences. A total of 30 senior managers were interviewed, all of whom held senior positions in medium to large-scale, well-established firms.

For the quantitative analysis, the focus was specifically on senior managers from manufacturing enterprises, particularly from automotive and telecommunications sectors, which are representative of industries where Guanxi is a key factor in both

supply chain management and strategic partnerships. The sample was deliberately drawn from companies with significant market presence, including listed firms or privately held companies with annual revenues exceeding RMB 100 million. This economic threshold was used to ensure that all sampled companies operate at a comparable scale, mitigating potential issues related to economic disparity. To further enhance comparability, the sample was concentrated in China's top-tier cities and economic hubs such as Shanghai, Beijing, Tianjin, and major technological and industrial development zones, where these industries have a significant presence.

While the industries sampled include automotive, garment, construction, and electronic communication sectors, the common ground among these firms lies in their shared reliance on Guanxi to enhance organizational relationships, particularly in B2B contexts. Guanxi plays a strategic role in managing partnerships, negotiating contracts, and maintaining long-term cooperation, irrespective of sector-specific processes such as lean procedures in the garment industry or total quality management (TQM) in the electronics industry. The focus on Guanxi as a relational management strategy allows the study to maintain comparability across different industries, even when operational processes differ. This ensures that the insights generated are reflective of the role of Guanxi in managing business relationships, rather than operational or procedural differences.

To control for geographical and economic disparities, the companies were sampled from technological development zones and key economic regions where similar levels of economic power and market influence are observed. This focus on high-performing regions further enhances the comparability of the data. A total of 350 questionnaires were distributed, with 305 valid responses retained after eliminating inconsistent or incomplete data, yielding a valid response rate of 88.4%. The combination of industry diversity, economic scale, and geographical concentration ensures that the sample is robust and comparable, providing reliable insights into how Guanxi functions across different sectors in China.

### 3.4. Scale development process

The development of the measurement scale for channel member Guanxi followed a rigorous and systematic process to ensure its reliability and validity, adhering to methodologies (Christie et al., 2003). Initially, a comprehensive review of existing literature was conducted alongside in-depth interviews with dealer executives. This dual approach allowed for the identification and summarization of the key dimensions and components of channel member Guanxi. The synthesis of academic theories and practical insights provided a solid foundation for conceptualizing the construct. Building on this conceptual framework, initial scale items were generated from existing literature, qualitative interviews with channel members, and expert consultations. This effort aimed to create a comprehensive list of items accurately reflecting the various dimensions of Guanxi within the context of marketing channels. Subsequently, these initial items were subjected to a pre-investigation using a random sampling method. This crucial step involved internal consistency reliability and exploratory factor analysis to purify the initial items, ensuring that only the most relevant and reliable items were retained.

Following the pre-investigation, a large-scale formal survey was conducted using a random sampling method. The collected data underwent rigorous reliability and validity analyses to determine if further revisions to the scale were necessary. These analyses ensured that the final scale was both reliable and valid, meeting the high standards required for academic research. Upon completion of these assessments, the final Guanxi measurement scale for channel members was obtained. This scale is characterized by high reliability and validity, making it a robust tool for measuring Guanxi in marketing channels. This structured approach to scale development, grounded in theoretical rigor and empirical validation, ensured that the resulting measurement tool is scientifically sound and practically applicable. The final scale not only meets academic standards but also provides valuable insights for researchers and practitioners, capturing the nuanced construct of Guanxi within marketing channels effectively.

### 3.5. Analytical methods

Based on the research purpose, research needs, research questions and research construction framework of this study, quantitative statistical analysis is an important part of this study, and it is a process of testing the rationality and scientific city of the channel member Guanxi measurement scale. In order to better support the data and realize scientific and reasonable triangular verification, this study mainly involves the analysis of the data of various dimensions of the Guanxi of channel members of the research object. Questionnaire survey is the core research tool of this study, which is obtained from different sources, after different stages of expert judgment and repeated revisions, but the scientific city and rationality of the questionnaire are unknown.

This study used SPSS package 22.0 to conduct descriptive statistical analysis and factor analysis on the item analysis, reliability analysis and validity analysis of Questionnaire respectively, and to verify the reliability and validity of the research tools.

Thus, in preparation for the subsequent analysis and as a reference to understand and gain command over the basic characteristics of the received data, descriptive statistical analysis was conducted, and indicators were filtered and sorted based on the research tools and requirements. Appropriateness of the items of the research questionnaire regarding their usability and rationality requires thorough reliability and validity assessments before research, as they form the basic standards to assess the quality of measurement instruments. The index of reliability, which is the basis for attaining high efficiency, were evaluated mainly by internal checks, for instance by the half-half reliability check method and the Cronbach alpha checked coefficient, and it is widely admitted that its acceptable limit remains at 0.70. Concerning validity, the theoretical synthesis for constructing the evidence collection plan and the scientific city and rationality of the measurement instruments were introduced in the study. The content validity was evaluated by the criterion of self-observation of the researcher, the opinion of other experts, and peers during the creation of the questionnaire. To assure construct validity, the data was analyzed using a statistical test through SPSS22. No program 0 software to perform a factor analysis on the data and examine the internal structure and properties of the channel member's Guanxi measurement scale.

## 4. Findings

### 4.1. Analysis of channel member interview results

From the aforementioned literature review, we can see that the current division of Guanxi dimensions is divided into single-dimensional and multi-dimensional. Many scholars include interest content in both single dimension and double dimension. In order to better divide the dimensions of Guanxi among channel members, this study Used adopt a multi-dimensional division method and highlight the benefits of Guanxi. In order to clarify the measurement dimensions of channel members' Guanxi, this study uses the qualitative in-depth interview method to interview dealer executives. The main reason for choosing qualitative in-depth interviews is that in-depth interviews are an effective method for discovering new theories and are widely used; at the same time, qualitative in-depth interviews can explore the connotation of Guanxi from the perspective of channel members and more accurately identify Guanxi among channel member's dimensions to ensure the reliability and validity of the scale. This research adopts the convenience sampling method, finds 30 dealer executives through social relations, and conducts one-on-one in-depth interviews with them.

**Table 1** gives details of the 30 senior managers interviewed for this study, the 30 senior managers who were interviewed in this study are described in **Table 1** in terms of gender, job title, industry, and work experience. The managers hail from auto, machinery, telecommunication and others such as the decorative construction and home appliances industries where Guanxi is critical in managing business relationships. Many of the respondents are middle aged and are occupying senior positions within their organizations and business units including General Manager or Deputy General Manager with working experience ranging from 1 to 20 years. This group will add value by being able to share their insights on how business partnerships are managed, which is important in how Guanxi is formulated in business channels.

**Table 1.** Description of the Subjects in Depth Interview (Unit: Person).

| Respondent | Gender | Position | Industry | Work Experience (Years) |
|---|---|---|---|---|
| A1 | Male | General Manager | Automotive | 12 |
| A2 | Female | Deputy General Manager | Machinery | 3 |
| A3 | Male | General Manager | Telecommunications | 5 |
| A4 | Male | General Manager | Automotive | 14 |
| A5 | Female | General Manager | Machinery | 2 |
| A6 | Male | General Manager | Other (Decorative Construction) | 8 |
| A7 | Female | Deputy General Manager | Automotive | 1 |
| A8 | Male | General Manager | Machinery | 7 |
| A9 | Male | General Manager | Telecommunications | 10 |
| A10 | Male | Deputy General Manager | Other (Home Appliances) | 6 |
| A11 | Female | General Manager | Machinery | 9 |
| A12 | Male | General Manager | Automotive | 15 |
| A13 | Female | Deputy General Manager | Telecommunications | 4 |

**Table 1.** (*Continued*).

| Respondent | Gender | Position | Industry | Work Experience (Years) |
|---|---|---|---|---|
| A14 | Male | General Manager | Other (Chemical Industry) | 12 |
| A15 | Male | General Manager | Automotive | 18 |
| A16 | Female | Deputy General Manager | Machinery | 3 |
| A17 | Male | General Manager | Automotive | 13 |
| A18 | Male | General Manager | Telecommunications | 5 |
| A19 | Female | General Manager | Other (Decorative Construction) | 7 |
| A20 | Male | General Manager | Machinery | 16 |
| A21 | Male | Deputy General Manager | Automotive | 8 |
| A22 | Female | General Manager | Telecommunications | 3 |
| A23 | Male | General Manager | Machinery | 12 |
| A24 | Female | Deputy General Manager | Automotive | 2 |
| A25 | Male | General Manager | Other (Chemical Industry) | 9 |
| A26 | Male | General Manager | Automotive | 20 |
| A27 | Female | General Manager | Machinery | 6 |
| A28 | Male | General Manager | Telecommunications | 11 |
| A29 | Male | General Manager | Other (Home Appliances) | 14 |
| A30 | Female | Deputy General Manager | Automotive | 4 |

Before officially starting the interview, inform the interviewees of the main purpose of the interview to dispel the psychological barriers of the interviewees, and then investigate their position in the company, channel membership, the industry the company is in, and cooperation with major manufacturers time. Then, according to the outline drawn up in advance, we asked the interviewees to describe in detail their views on Guanxi when interacting with the executives of the major manufacturers. What does a Guanxi include? What does Guanxi mean? What role does Guanxi have on corporate performance and other issues related to Guanxi? The specific interview outline can be found in Appendix A. During the interview, use the chat method to reduce the tension and awkwardness of the interviewee. The duration of the interview was between 30–50 minutes. Generally speaking, the interviewees were able to cooperate very well to complete the interview and express their thoughts on Guanxi.

From the results of the interviews, it can be seen that the interviewees mentioned status, prestige, honor, being able to talk, being able to accomplish things, being valuable, being able to provide help, being an important person, giving support and giving help, **Table 2** gives the Results of the In-depth Interviews. These are the interests-related content contained in the Guanxi, which we summarize into one dimension. The interviewees mentioned the concepts of trust, understanding, being able to stand the test, affection, and sincerity. These are all emotion-related contents contained in Guanxi. We summarize these contents into one dimension. The results of the induction are consistent with Hwang's (1987) cognition of Guanxi, which includes both instrumental and affective aspects. Combining the interview content, Hwang (1987) cognition of Guanxi, the two dimensions of Guanxi are named as instrumental Guanxi and emotional Guanxi.

**Table 2.** The Results of the In-depth Interview.

| Dimension | Conceptualization | Key Statement |
|---|---|---|
| Instrumental Guanxi | Status | At work, when cooperating with the other party, it is generally necessary to associate with managers who have a certain status, whether it is in the company or in society. |
| | Prestige | The other party should have certain prestige. |
| | Talk about Credibility | Whether this person is handable, trustworthy, and trustworthy is very critical. |
| | Have the right to speak | The other party must be able to speak in the company. Talking is effective and can decide some things. |
| | Able to do things | The other party must be a person who can handle things, because many things in the cooperation are not ready-made, and you may have to work hard and be flexible. |
| | Valuable and Scarce | When cooperating, I am Use ding to establish contact with important executives who are valuable but not easy to get acquainted with in the other company, because it can help me eliminate competitors. |
| | Provide help | Whether the other party can provide me with help and benefit is what matters. For example, when cooperating, the other party can support me when I need help and help me tide over difficulties. |
| | Return | Of course, the other party helped me, and we find opportunities to repay in the future. |
| | Important | As a manager, the other party is a very important person in the company. |
| Emotional Guanxi | Trust | We are not just working with each other, we have understood each other carefully, and we can trust each other; we can trust each other, and we are very relieved to cooperate with each other |
| | Understand | Sometimes at work, because of different standpoints, you may make some better decisions for your company from the perspective of your own company, and the other party can also understand your intentions and behaviors from your standpoint |
| | Joy | It is always a pleasure to work with us |
| | Withstands tests | We have known each other for a long time, we know each other very well, our relationship can stand the test |
| | Emotion | The relationship between us is not just a relationship of interests, we have a certain affective exchange, based on feelings; we get along like brothers, and hope to maintain such feelings |
| | Think About Each Other | We are always able to genuinely think about each other |
| | Face | Used consider saving face for the other party when working |

### Extraction of the results of qualitative interviews with executives of manufacturers and distributors

As previously mentioned, this study involved 30 one-on-one in-depth interviews with manufacturer and distributor executives, during which they were asked to describe in detail the Guanxi between the manufacturers/distributors they work with, related descriptions are used to supplement the measurement items from the literature. The interview results were analyzed by content analysis that shown in **Table 3**. First, identify and code the key sentences that appear repeatedly in the interviews, then calculate the frequency of key sentences, and finally classify the key sentences into their conceptual groups through concept group analysis.

**Table 3.** The analysis of depth interview.

| Key Phrase | Frequency | Classification |
|---|---|---|
| Opponent has decision-making power | 25 | Instrumental Guanxi |
| The other party has valuable information | 20 | Instrumental Guanxi |
| The other party can give me support and help | 28 | Instrumental Guanxi |
| The other party can provide me with some scarce resources | 15 | Instrumental Guanxi |
| Reciprocity exists | 13 | Instrumental Guanxi |

**Table 3.** (*Continued*).

| Key Phrase | Frequency | Classification |
| --- | --- | --- |
| Reciprocate each other's help | 10 | Instrumental Guanxi |
| Communication is for the convenience of work | 17 | Instrumental Guanxi |
| Trust each other | 27 | Emotional Guanxi |
| Happy to get along | 18 | Emotional Guanxi |
| Save face for the other party | 13 | Emotional Guanxi |
| Relationship Stands the Test | 20 | Emotional Guanxi |
| Hope for brotherhood | 6 | Emotional Guanxi |
| Really think about each other | 15 | Emotional Guanxi |

## 4.2. Results of role Guanxi plays and how it plays in the process of enterprise operation and management

### 4.2.1. Descriptive statistics

The data collected from 305 senior managers from automotive, telecommunications, machinery and other industries captures the important features of Guanxi and its use in business decision making and management. The means, standard deviations, and Cronbach's Alpha of each variable are presented in the table below to show the reliability and internal consistency of the measures. These statistics paint the picture of the importance of both instrumental and emotional Guanxi, along with professionalism, shared values, contact frequency, and popularity in the formation and management of enterprises and long term business partnerships. **Table 4** below shows the Mean score, Standard Deviation and Cronbach's Alpha of key variables of interest.

**Table 4.** Descriptive Statistics of Key Variables in Quantitative Survey (N = 305).

| Variable | Mean | Standard Deviation | Minimum | Maximum | Cronbach's Alpha |
| --- | --- | --- | --- | --- | --- |
| Instrumental Guanxi | 4.08 | 1.05 | 3 | 5 | 0.918 |
| Emotional Guanxi | 3.74 | 1.08 | 2.5 | 5 | 0.868 |
| Professionalism | 3.33 | 1.13 | 2 | 4.5 | 0.88 |
| Shared Values | 4.21 | 0.92 | 3 | 5 | 0.865 |
| Contact Frequency | 3.71 | 0.99 | 2.5 | 5 | 0.918 |
| Popularity | 3.69 | 0.86 | 2 | 4.5 | 0.876 |

### 4.2.2. Homologous variance test

The homologous Variance test is also known as the Common Method Bias test or Common Method variance test, it refers to the artificial covariation between two variables caused by the same data source or the same measurement environment of the subject, the same measurement method, the context of the item and the characteristics of the item itself. Homologous variance is a systematic error, and the false correlation between variables may seriously confuse and mislead the research results, so it needs to be strictly controlled. Although this study uses anonymous filling and other methods for questionnaire program control, each questionnaire is filled in by the same subject at the same time, and the same survey tools are used, which may cause homologous

variance problem, so it is necessary to test the homologous variance. In this study, the Harman single factor test method was used for statistical control of homologous variance, and SPSS 22.0 was used for principal component factor analysis of all measurement items in the questionnaire. In the case of no rotation, the first principal component obtained was 35.59%, which was less than the critical value of 50%.

### 4.2.3. Reliability analysis

Reliability is the degree to which the Scale of a phenomenon provides stable and consistent results. The main measure of reliability test is the reliability coefficient (Cronbach Alpha), also known as internal consistency test. Validity refers to the extent to which the scale can actually measure the concept it is intended to measure. Scholars generally use Cronbach $\alpha$ coefficient and item-population correlation coefficient (CITC value) to measure the reliability of the scale. When Cronbach $\alpha$ exceeds the standard of 0.7 and CITC value exceeds the standard of 0.5, it indicates that the item meets the requirements. If the item does not reach CITC value greater than 0.5, and Cronbach $\alpha$ is greatly improved after deleting the item, the item Used to be deleted. This part mainly calculates the Cronbach $\alpha$ coefficient and CITC value analysis results of instrumental Guanxi, emotional Guanxi, conflict, dealers' perceived unfairness, shared values and contact frequency, as shown in **Table 4**. The minimum CITC value of each item is 0.662, greater than the general standard 0.5, and the Cronbach $\alpha$ coefficient of each variable ranges from 0.865 to 0.929, all greater than the general standard 0.7. All scales have good internal consistency reliability. **Table 5** gives the internal consistency confidence test discusses variables and Cronbach's alpha.

**Table 5.** Internal consistency confidence test.

| Variable | Code | CITC vaule | Cronbach $\alpha$ of after deleting the items | Cronbach $\alpha$ |
|---|---|---|---|---|
| Instrumental Guanxi TG | TG 1 | 0.722 | 0.912 | 0.928 |
| | TG 2 | 0.755 | 0.909 | |
| | TG 3 | 0.727 | 0.912 | |
| | TG 4 | 0.791 | 0.903 | |
| | TG 5 | 0.817 | 0.899 | |
| Emotional Guanxi FG | FG 1 | 0.830 | 0.897 | 0.929 |
| | FG 2 | 0.903 | 0.857 | |
| | FG 3 | 0.922 | 0.840 | |
| | FG 4 | 0.749 | 0.919 | |
| | FG 5 | 0.733 | 0.874 | |
| Professionalism PE | PE 1 | 0.737 | 0.872 | 0.880 |
| | PE 2 | 0.788 | 0.853 | |
| | PE 3 | 0.799 | 0.849 | |
| | PE 4 | 0.801 | 0.831 | |
| Shared values TV | TV 1 | 0.662 | 0.852 | 0.865 |
| | TV 2 | 0.666 | 0.854 | |
| | TV 3 | 0.704 | 0.844 | |

**Table 5.** (*Continued*).

| Variable | Code | CITC vaule | Cronbach *α* of after deleting the items | Cronbach *α* |
|---|---|---|---|---|
| Contact frequency FC | FC 1 | 0.749 | 0.900 | |
| | FC 2 | 0.830 | 0.897 | 0.918 |
| | FC 3 | 0.821 | 0.887 | |
| Popularity PL | PL 1 | 0.666 | 0.854 | |
| | PL 2 | 0.736 | 0.836 | 0.876 |
| | PL 3 | 0.704 | 0.844 | |

### 4.2.4. Validity analysis confirmatory factor analysis

It can be seen from the confirmatory factor analysis results in **Table 6** show that standardized load coefficients value for each index are above the general standard 0.7. The values of the average variance extracted are all above the general standard 0.5, which indicates that the convergence validity of each variable is at an acceptable level.

**Table 6.** Confirmatory factor analysis results.

| Concept | Code | Mean value | Standard deviation | Factor loading | T | CR | AVE | Cronbach's *α* |
|---|---|---|---|---|---|---|---|---|
| Instrumental Guanxi IG | TG 1 | 4.08 | 1.05 | 0.887 | 17.212 | | | |
| | TG 2 | 4.99 | 1.07 | 0.886 | 19.009 | | | |
| | TG 3 | 4.14 | 1.04 | 0.863 | 16.453 | 0.939 | 0.885 | 0.918 |
| | TG 4 | 4.11 | 1.05 | 0.826 | 18.137 | | | |
| | TG 5 | 4.04 | 1.07 | 0.807 | 18.499 | | | |
| Emotional Guanxi FG | FG 1 | 3.74 | 1.08 | 0.834 | 20.428 | | | |
| | FG 2 | 3.86 | 1.05 | 0.855 | 20.944 | | | |
| | FG 3 | 3.34 | 1.11 | 0.821 | 19.511 | 0.896 | 0.811 | 0.868 |
| | FG 4 | 3.83 | 1.04 | 0.811 | 20.114 | | | |
| | FG 5 | 3.49 | 0.99 | 0.615 | 16.548 | | | |
| Professionlism PE | PE 1 | 3.33 | 1.13 | 0.891 | 19.631 | | | |
| | PE 2 | 3.98 | 1.19 | 0.849 | 16.967 | 0.915 | 0.841 | 0.869 |
| | PE 3 | 3.57 | 1.12 | 0.704 | 22.883 | | | |
| | PE 4 | 3.62 | 1.14 | 0.832 | 18.792 | | | |
| Shared values TV | TV 1 | 4.21 | 0.92 | 0.759 | 19.866 | | | |
| | TV 2 | 4.48 | 1.09 | 0.689 | 14.329 | 0.753 | 0.771 | 0.867 |
| | TV 3 | 3.33 | 1.13 | 0.891 | 21.254 | | | |
| Contact frequency FC | FC 1 | 3.71 | 0.99 | 0.725 | 17.568 | | | |
| | FC 2 | 3.98 | 1.99 | 0.753 | 19.456 | | | |
| | FC 3 | 3.54 | 1.89 | 0.713 | 18.356 | 0.843 | 0.832 | 0.866 |
| | FC 2 | 3.98 | 1.99 | 0.753 | 19.456 | | | |
| | FC 3 | 3.54 | 1.89 | 0.713 | 18.356 | | | |
| Popularity PL | PL 1 | 3.69 | 0.86 | 0.818 | 13.818 | | | |
| | PL 2 | 3.65 | 0.96 | 0.829 | 12.897 | 0.789 | 0.791 | 0.868 |
| | PL 3 | 3.47 | 1.09 | 0.625 | 15.784 | | | |

**Table 7** portrays the findings of the convergence validity analysis to assess the reliability and validity of the measured variables for the study's constructive. As for the reliability analysis, the factor loadings for all measured variables, which contribute to the standardization factor, range from 0.82 to 0.96, all of them above or equal to the recommendation limit of 0.70, which indicates close to perfect fit of the factors on the observed indicators. *T*-values range from 17.79 to 22.21, indicating statistical significance. All the Squared Multiple Correlations (SMC) are more than = 0.68 and the Standardization Error Terms are equally low ranging from 0.12 to 0.037, which indicates reasonable fitness of the model. The AVE values are stated as follows: 0.69 to 0.86, which is above the minimum average interdisciplinary value of 0.50 which indicates for all the constructs there is good convergence validity.

**Table 7.** Convergence validity analysis results.

| Variable | Measured variable | Standardization Factor load | *T*-Value | SMC | Standardization Error term | AVE |
|---|---|---|---|---|---|---|
| Instrumental Guanxi TG | IG 1 | 0.82 | 17.79 | 0.68 | 0.37 | |
| | IG 2 | 0.84 | 18.48 | 0.73 | 0.32 | 0.69 |
| Affective relation FG | EG 1 | 0.83 | 18.59 | 0.73 | 0.36 | |
| | EG 2 | 0.86 | 20.66 | 0.85 | 0.24 | 0.71 |
| Professionalism PE | PE 1 | 0.90 | 19.15 | 0.81 | 0.24 | |
| | PE 2 | 0.92 | 19.65 | 0.85 | 0.20 | 0.83 |
| Shared values TV | TV 1 | 0.91 | 20.58 | 0.84 | 0.21 | |
| | TV 2 | 0.86 | 19.04 | 0.76 | 0.29 | 0.78 |
| Contact frequency FC | FC 1 | 0.96 | 22.21 | 0.94 | 0.12 | |
| | FC 2 | 0.89 | 19.78 | 0.79 | 0.26 | 0.86 |
| Popularity PL | PL 1 | 0.86 | 19.04 | 0.76 | 0.21 | |
| | PL 2 | 0.82 | 17.79 | 0.68 | 0.29 | 0.71 |

### 4.2.5. Hypothesis testing

**Table 8** shows the correlation coefficient test result for hypothesized assumption of the present study. As it Usedto be seen all correlation coefficients are positive and significant at the 0 level of significance. Particularly, Hypothesis H1a (PE-TG) = 0.796 suggests a moderate positive relationship between perceived ease and total time taken to complete the group task. 0.34, and 46 respectively which are moderate to strong in nature showing the existence of significant relationship between the variables. Hypothesis H2a (TV-TG) and H2b (TV-FG) depicts the coefficients in the order of 0. Thus, the correlation coefficient values varied between the highest value of 63 and the lowest value of 41, which can be characterized as moderate. Similarly, Hypothesis H3a (FC-TG) and H3b (FC-FG) state that the coefficients shall be zero. with 46, meaning moderate to strong. Finally, Hypothesis H4a: PL-TG has control coefficients of 0, and Hypothesis H4b: PL-FG has the control coefficients 0.01 which indicates a moderate positive correlation with a coefficient 0.53. , indicating that the paths between variables are statistically significant to support the hypothesized causal links. **Figure 2** shows the SEM of direct effect and **Figure 3** shows the results of structural equation modeling analysis.

**Table 8.** Correlation coefficient test.

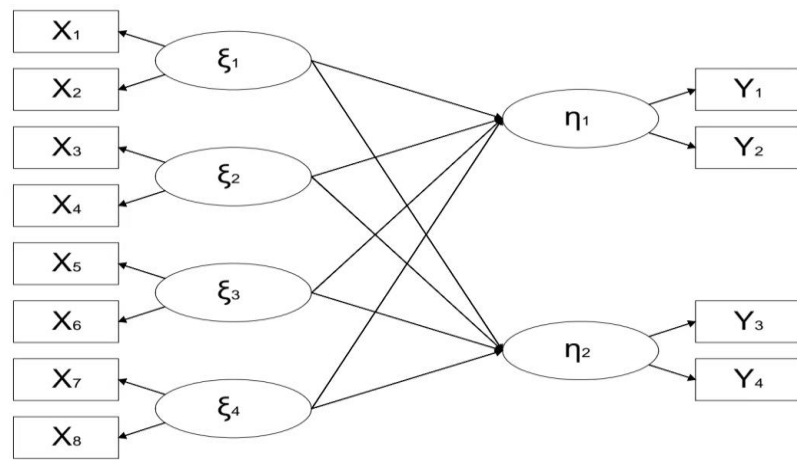| Hypothesis | Variable | Correlation coefficient | Sig. |
| --- | --- | --- | --- |
| H1a | PE-TG | 0.52 | 0.00 |
| H1b | PE-FG | 0.46 | 0.00 |
| H2a | TV-TG | 0.38 | 0.00 |
| H2b | TV-FG | 0.41 | 0.00 |
| H3a | FC-TG | 0.54 | 0.00 |
| H3b | FC-FG | 0.46 | 0.00 |
| H4a | PL-TG | 0.33 | 0.00 |
| H4b | PL-FG | 0.53 | 0.01 |



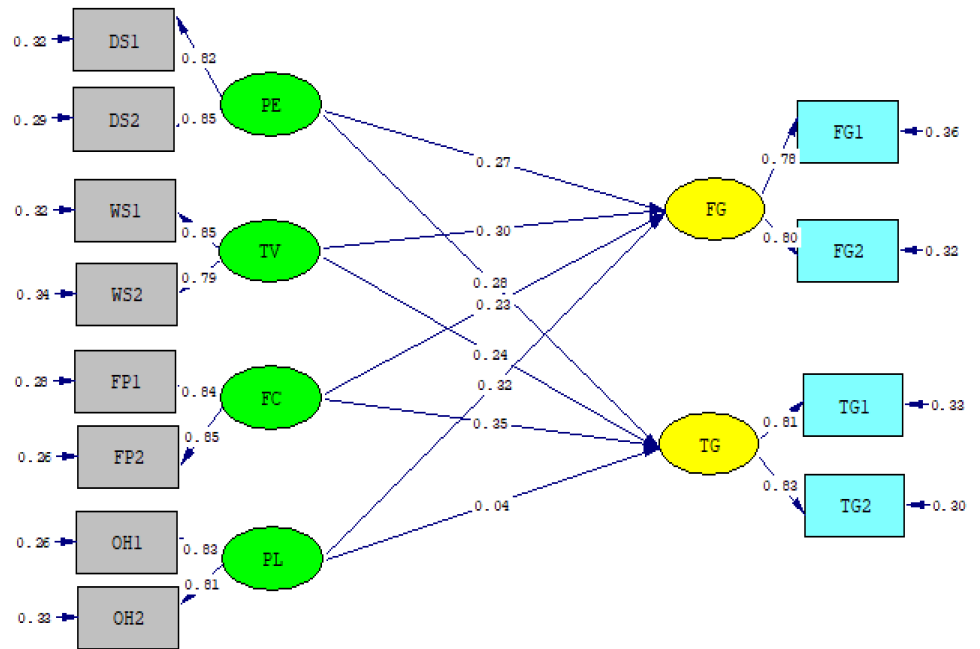**Figure 2.** The SEM for direct effect.



**Figure 3.** The results of structural equation modeling analysis.

**Table 9** summarizes the path coefficient and hypothesis test results, showing the relationships between the variables and their significance levels. Hypotheses H1a (PE-TG) and H1b (PE-FG) are supported with path coefficients (β) of 0.28 ($p = 0.017$) and

0.27 ($p$ = 0.026), respectively. Hypotheses H2a (TV-TG) and H2b (TV-FG) are also supported, with β values of 0.24 ($p$ = 0.023) and 0.30 ($p$ = 0.007). For H3a(FC-TG) and H3b (FC-FG), the path coefficients are 0.35 ($p$ = 0.005) and 0.23 ($p$ = 0.021), respectively, showing strong support. Hypothesis H4a (PL-TG) is not supported, with a path coefficient of 0.04 and a p-value of 3.211. However, Hypothesis H4b (PL-FG) is supported with a β of 0.32 ($p$ = 0.003). These results indicate that most of the hypothesized relationships are statistically significant and supported, except for H4a.

**Table 9.** Path coefficient and hypothesis test.

| Hypothesis | Relation | B | p | Result |
|---|---|---|---|---|
| H1a | PE-TG | 0.28 | 0.017 | Support |
| H1b | PE-FG | 0.27 | 0.026 | Support |
| H2a | TV-TG | 0.24 | 0.023 | Support |
| H2b | TV-FG | 0.30 | 0.007 | Support |
| H3a | FC-TG | 0.35 | 0.005 | Support |
| H3b | FC-FG | 0.23 | 0.021 | Support |
| H4a | PL-TG | 0.04 | 3.211 | Nonsupport |
| H4b | PL-FG | 0.32 | 0.003 | Support |

## 4.3. Findings of role personal relationships play in the business management process and how they work

### 4.3.1. Homogeneous variance test

Homogeneous variance test is also called common method bias test or common method variation test. It refers to the artificial covariation between two variables caused by the same data source or the same measurement environment, measurement method, item context and the characteristics of the item itself. Homogeneous variance is common in questionnaire surveys and is a systematic error. False correlation between variables may cause serious confusion and misleading to research results, so it needs to be strictly controlled. Homogeneous variance can be reduced by procedural control and statistical control. Procedural control refers to taking measures to control the measurement process, such as using subjects from different sources, taking anonymous tests, reducing subjects' guesses about items, and balancing the order of items in the questionnaire layout; statistical control refers to the use of statistical analysis methods to test and process homogeneous variance.

The reliability analysis of the various constructs is summarized in **Table 10** in terms of Cronbach's alpha and Corrected Item-Total Correlation (CITC). TG has again obtained a high reliability score with the internal consistency, as reflected by the Cronbach's alpha of 0.928 CITC ranging from 0 to 1.722 to 0.817. The alpha of Emotional Guanxi (FG) is 0.899, the highest/lowest CITC value is 0.649 to 0.799. Flexibility (FX) has a low, but still reasonable alpha of 0. 810 with CITC ranging from 0.595 and 0.643. Supervision (BC) = 0 alpha. The value of this alpha is added to the reference base of the corresponding benchmark, which only has an alpha of 0 if it is the first one after a cut-off value. 10 up to 732, From CITC point of view the values range from 0.662 to 0.747. Corporates' FP has had a high alpha of 0.921, the carriers' CITC values varied from 0.698 to 0.914. Perceived fairness of internal incentives (FA)

also contains an alpha of 0.876, levels of CITC values ranging from 0.662 to 0.736. Last, there are the Digital collaboration capabilities (DC) that have an almost perfect alpha of 0.893, where the CITC varied from 0.719 to 0.850. All constructs show satisfactory reliability, which is reflected by Cronbach's alpha coefficients higher than the generally accepted level of 0.70.

**Table 10.** Reliability of instrumental Guanxi, emotional Guanxi, flexibility, supervision, corporate performance, and perceived internal incentive fairness.

| Variable Item | Code | CITC value | Cronbach *α* value after deleting items | Cronbach *α* |
|---|---|---|---|---|
| Instrumental Guanxi TG | TG 1 | 0.722 | 0.912 | |
| | TG 2 | 0.755 | 0.909 | |
| | TG 3 | 0.727 | 0.912 | 0.928 |
| | TG 4 | 0.791 | 0.903 | |
| | TG 5 | 0.817 | 0.899 | |
| Emotional Guanxi FG | FG 1 | 0.733 | 0.874 | |
| | FG 2 | 0.737 | 0.872 | |
| | FG 3 | 0.788 | 0.853 | 0.899 |
| | FG 4 | 0.799 | 0.849 | |
| | FG 5 | 0.649 | 0.752 | |
| Flexibility FX | FX1 | 0.595 | 0.776 | |
| | FX2 | 0.623 | 0.763 | 0.810 |
| | FX3 | 0.643 | 0.753 | |
| Supervision BC | BC1 | 0.662 | 0.852 | |
| | BC2 | 0.666 | 0.854 | |
| | BC3 | 0.736 | 0.836 | |
| | BC4 | 0.704 | 0.844 | |
| | BC5 | 0.747 | 0.832 | 0.876 |
| | BC6 | 0.662 | 0.852 | |
| | BC7 | 0.666 | 0.854 | |
| | BC8 | 0.736 | 0.836 | |
| | BC9 | 0.704 | 0.844 | |
| Corporate performance FP | FP1 | 0.859 | 0.866 | |
| | FP2 | 0.914 | 0.821 | |
| | FP3 | 0.747 | 0.912 | |
| | FP4 | 0.698 | 0.786 | 0.921 |
| | FP5 | 0.702 | 0.779 | |
| | FP6 | 0.713 | 0.792 | |
| Perceived fairness of internal incentives FA | FA1 | 0.662 | 0.852 | |
| | FA2 | 0.666 | 0.854 | 0.876 |
| | FA3 | 0.736 | 0.836 | |
| Digital collaboration capabilities DC | DC1 | 0.723 | 0.854 | |
| | DC2 | 0.719 | 0.855 | |
| | DC3 | 0.765 | 0.837 | 0.893 |
| | DC4 | 0.758 | 0.840 | |
| | DC5 | 0.850 | 0.869 | |

Measures of the various constructs are displayed in **Table 11** based on the confirmatory factor analysis results, with columns for means, standard deviations, factor loadings, *T*-values, CR, AVE, and Cronbach's alpha. Measure of TG has been found to have high factor loadings ranging from 0.807 to 0. The information or knowledge gain in the journals under observation was surprisingly low, 887, which is a CR of 0.939, an AVE of 0 The levels of awareness, ubiquity, vitality, enterprise, and monetary significance in relation to the organization suggest the stringency of the association between attitude and behavior. 885 and Cronbach Alpha was 0.918. As **Table 8** indicates, all four items that make up the measurement of FG has factor loading that range from 0.715 to 0.855, a CR of 0.392, and the AVE was amounted to 0. The mean age stands at 811, and the item reliability as assessed by Cronbach's alpha is 0.868. The variable flexibility (FX) has factor loadings from 0.704 to 0.439, a CR of 0.95, an AVE of 0. The mean scores for the English subscales were Test 1 = 759, Test 2 = 841, and a Cronbach's alpha = 0.869. Supervision (BC) shows factor loadings ranged from 0.706 to 0.815, thus a CR of 0.879, AVE of 0. Preliminary reliability estimates for the physical activity measure were calculated and the total physical activity score was 786, the Cronbach's alpha of this scale was 0.892. The results of the corporate performance (FP) reveal factor loadings to be ranging from 0.705 to 0.358, a CR of 0.789; however, its AVE is 0.789, and a Cronbach's of 0.791. Perceived fairness of internal incentives (FA) has factor loading from 0.689 to 0.759, a CR of 0.813, 0.753, an AVE of 0 percent, which means that neither of these two factors significantly influenced sales in the superstores.

**Table 11.** Confirmatory factor analysis results.

| Concept | Code | Mean | Standard Deviation | Factor Loading | *T*-value | CR | AVE | Cronbach's *α* |
|---|---|---|---|---|---|---|---|---|
| | TG 1 | 4.08 | 1.05 | 0.887 | 17.212 | | | |
| | TG 2 | 4.99 | 1.07 | 0.886 | 19.009 | | | |
| Instrumental Guanxi TG | TG 3 | 4.14 | 1.04 | 0.863 | 16.453 | 0.939 | 0.885 | 0.918 |
| | TG 4 | 4.11 | 1.05 | 0.826 | 18.137 | | | |
| | TG 5 | 4.04 | 1.07 | 0.807 | 18.499 | | | |
| | FG 1 | 3.74 | 1.08 | 0.834 | 20.428 | | | |
| | FG 2 | 3.86 | 1.05 | 0.855 | 20.944 | | | |
| Emotional Guanxi FG | FG 3 | 3.34 | 1.11 | 0.821 | 19.511 | 0.896 | 0.811 | 0.868 |
| | FG 4 | 3.83 | 1.04 | 0.811 | 20.114 | | | |
| | FG 5 | 3.49 | 0.99 | 0.715 | 16.548 | | | |
| | FX1 | 3.33 | 1.13 | 0.891 | 19.631 | | | |
| Flexibility FX | FX2 | 3.98 | 1.19 | 0.849 | 16.967 | 0.915 | 0.841 | 0.869 |
| | FX3 | 3.57 | 1.12 | 0.704 | 22.883 | | | |

**Table 11.** (*Continued*).

| Concept | Code | Mean | Standard Deviation | Factor Loading | *T*-value | CR | AVE | Cronbach's *α* |
|---|---|---|---|---|---|---|---|---|
| Supervision BC | BC1 | 4.21 | 0.92 | 0.759 | 19.866 | | | |
| | BC2 | 3.71 | 0.99 | 0.725 | 17.568 | | | |
| | BC3 | 4.18 | 0.93 | 0.706 | 19.636 | | | |
| | BC4 | 3.92 | 1.01 | 0.799 | 21.254 | | | |
| | BC5 | 4.03 | 1.04 | 0.711 | 14.597 | 0.879 | 0.786 | 0.892 |
| | BC6 | 3.75 | 1.12 | 0.815 | 15.698 | | | |
| | BC7 | 2.82 | 1.25 | 0.812 | 14.362 | | | |
| | BC8 | 3.49 | 1.14 | 0.806 | 12.311 | | | |
| | BC9 | 3.76 | 1.08 | 0.756 | 14.364 | | | |
| Corporate performance FP | FP1 | 3.69 | 0.86 | 0.818 | 13.818 | | | |
| | FP2 | 3.65 | 0.96 | 0.829 | 12.897 | | | |
| | FP3 | 3.71 | 0.91 | 0.839 | 15.645 | 0.789 | 0.791 | 0.868 |
| | FP4 | 3.84 | 1.04 | 0.705 | 21.312 | | | |
| | FP5 | 4.02 | 0.88 | 0.736 | 16.698 | | | |
| | FP6 | 3.47 | 1.09 | 0.725 | 15.784 | | | |
| Perceived fairness of internal incentives FA | FA1 | 4.21 | 0.92 | 0.759 | 19.866 | | | |
| | FA2 | 4.48 | 1.09 | 0.689 | 14.329 | 0.753 | 0.771 | 0.867 |
| | FA3 | 3.97 | 1.16 | 0.751 | 13.258 | | | |
| Digital collaboration capabilities DC | DC1 | 3.71 | 0.97 | 0.724 | 17.568 | | | |
| | DC2 | 4.18 | 0.94 | 0.716 | 19.636 | | | |
| | DC3 | 3.65 | 0.96 | 0.829 | 12.897 | 0.789 | 0.791 | 0.868 |
| | DC4 | 3.47 | 1.09 | 0.725 | 15.784 | | | |
| | DC5 | 4.21 | 0.92 | 0.760 | 19.866 | | | |

**Table 12** presents the results of discriminative validity and **Table 13** presents the correlation coefficient test results for various hypotheses. Hypothesis H5 (TG → FX) shows a positive correlation coefficient of 0.448, which is statistically significant ($p = 0.000$). Hypothesis H6 (TG → BC) has a negative correlation coefficient of −0.093 and is not statistically significant ($p = 2.348$). Hypothesis H7 (FG → FX) indicates a strong positive correlation with a coefficient of 0.677 ($p = 0.000$). Hypothesis H8 (FG → BC) has a strong negative correlation of −0.545, which is also significant ($p = 0.000$). Hypothesis H9 (FX → FP) shows a positive correlation of 0.581 ($p = 0.000$), and Hypothesis H10 (BC → FP) indicates a positive correlation of 0.511 ($p = 0.000$). These results indicate that most of the hypothesized relationships are statistically significant and in the expected direction, except for H6, which is not significant. **Figure 4** presents the SEM of direct effect and **Figure 5** shows the results of structural equation modeling analysis.

**Table 12.** Result of discriminative validity.

|      | TG    | FG    | FX    | BC    | FP    | FA    | DC    |
|------|-------|-------|-------|-------|-------|-------|-------|
| TG   | 0.941 |       |       |       |       |       |       |
| FG   | 0.345 | 0.901 |       |       |       |       |       |
| FX   | 0.386 | 0.616 | 0.917 |       |       |       |       |
| BC   | 0.321 | 0.503 | 0.779 | 0.887 |       |       |       |
| FP   | 0.296 | 0.381 | 0.415 | 0.493 | 0.925 |       |       |
| FA   | 0.416 | 0.429 | 0.598 | 0.582 | 0.602 | 0.889 |       |
| DC   | 0.450 | 0.454 | 0.562 | 0.589 | 0.612 | 0.653 | 0.900 |

**Table 13.** Correlation coefficient test.

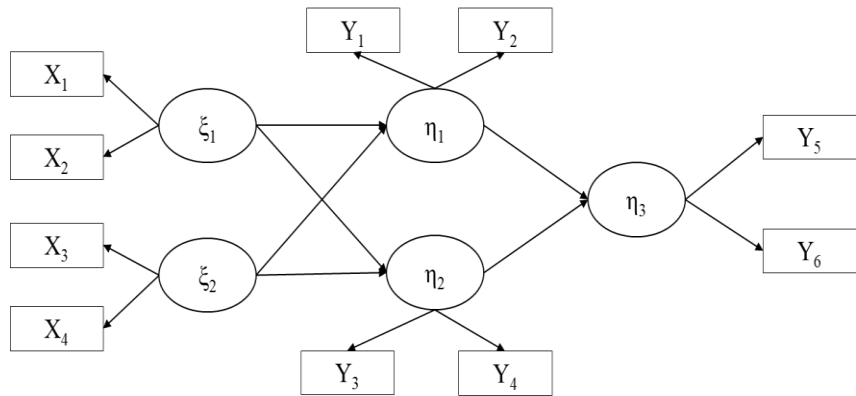| Hypothesis | Variable              | Correlation coefficient | Sig.Value |
|------------|-----------------------|-------------------------|-----------|
| H5         | TG → FX               | 0.448                   | 0.000     |
| H6         | TG → BC               | −0.093                  | 2.348     |
| H7         | FG → FX               | 0.677                   | 0.000     |
| H8         | FG → BC               | −0.545                  | 0.000     |
| H9         | FX → FP               | 0.581                   | 0.000     |
| H10        | BC → FP               | 0.511                   | 0.000     |



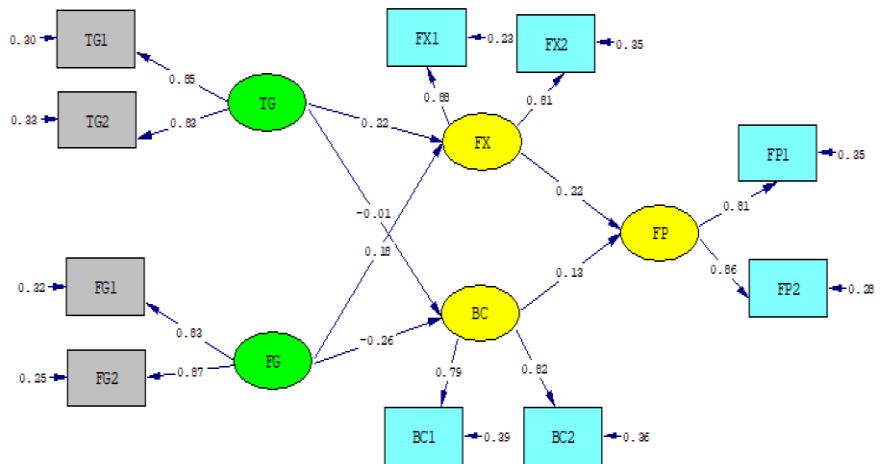**Figure 4.** The SEM for direct effect.



**Figure 5.** The results of structural equation modeling analysis.

**Table 14** shows correlation coefficient test on hypotheses, H1, H2, H3, H4, H5, H6, H7, and H8. The correlation coefficient predicted by Hypothesis H5 (TG → FX) is positive equaling 0.448, and this is significant at $p = 0.000$. Expecting that TG is negatively related to BC per Hypothesis H6 (TG → BC), the correlation coefficient coefficient is −0.093 and therefore cannot be considered statistically significant, as the result acquired is $p = 2.348$. Based on the discussion for Hypothesis H7 (FG → FX), there is a positive relationship which equals to 0.677 ($p = 0.000$). Based on these findings research hypothesis H8 (FG → BC) has a negative value of −0. 545, which is equally outstanding ($p = 0.000$). Hypothesis H9 (FX → FP) presents the effect of Foreign Exchange to Fixed Plant in which the correlation coefficient is 0.581 ($p = 0.000$), and Hypothesis H10 (BC → FP) shows that there is a positive and significant relationship: $p = 0.511$ ($p = 0.000$). From these findings, it can be concluded that most of the proposed hypotheses of the research are supported by the statistical significance and the direction of their effects, with the exception of H6.

**Table 14.** Path coefficient and hypothesis test results.

| Hypothesis | Relationship Path | coefficient | *t*-value | Test results |
|---|---|---|---|---|
| H5 | TG→FX | 0.22** | 2.39 | Support |
| H6 | TG→BC | −0.01 | −0.94 | Not Support |
| H7 | FG→FX | 0.18** | 3.85 | Support |
| H8 | FG→BC | −0.26** | −2.87 | Support |
| H9 | FX→FP | 0.22** | 2.75 | Support |
| H10 | BC→FP | 0.13** | 2.52 | Support |

Note: ** means p value is less than 0.05.

**Tables 15** and **16** present the mediating effect analysis results for different relationship paths. In **Table 15**, the indirect effect of TG on FP through FX is 0.069 with a standard error of 0.035, and the 95% confidence interval ranges from 0.175 to 0.332. Similarly, the indirect effect of FG on FP through FX is 0.083 with a standard error of 0.038, and the confidence interval ranges from 0.182 to 0.396. In **Table 16**, the indirect effect of TG on FP through BC is 0.124 with a standard error of 0.035, and the confidence interval ranges from 0.196 to 0.339. The indirect effect of FG on FP through BC is 0.132 with a standard error of 0.038, and the confidence interval ranges from 0.184 to 0.258. These results indicate significant mediating effects, as none of the confidence intervals include zero. **Table 17** presents the Moderating Effects of Perceived Internal Incentive Fairness and Digital Cssollaboration Capabilities on the Relationships Between Guanxi.

**Table 15.** Mediating effect analysis result.

| Relationship Path | Indirect effect | Standard error | LLCI | ULCI |
|---|---|---|---|---|
| TG→FX→FP | 0.069 | 0.035 | 0.175 | 0.332 |
| FG→FX→FP | 0.083 | 0.038 | 0.182 | 0.396 |

**Table 16.** Mediating effect analysis result.

| Relationship Path | Indirect effect | Standard error | LLCI | ULCI |
|---|---|---|---|---|
| TG→BC→FP | 0.124 | 0.035 | 0.196 | 0.339 |
| FG→BC→FP | 0.132 | 0.038 | 0.184 | 0.258 |

**Table 17.** Moderating effects of perceived internal incentive fairness and digital collaboration capabilities on the relationships between Guanxi (Instrumental and emotional) and flexibility/supervision.

| Relationship | Independent Variables | Dependent Variables | Without Adjusting | With Adjusting Variables | *F*-value | Adjusted R² |
|---|---|---|---|---|---|---|
| Perceived Internal Incentive Fairness and Instrumental Guanxi on Flexibility | Instrumental Guanxi | Flexible | 0.45 ($T = 11.70$) | 0.41 ($T = 11.15$) | 107.8 | 0.47 |
| | Perceived Internal Incentive Fairness | | 0.22 ($T = 4.50$) | 0.18 ($T = 3.42$) | 73.43 | 0.51 |
| | Interaction Effect | | | 0.13 ($T = 2.71$) | | |
| Perceived Internal Incentive Fairness and Emotional Guanxi on Flexibility | Emotional Guanxi | Flexible | 0.36 ($T = 12.11$) | 0.31 ($T = 10.21$) | 108.53 | 0.41 |
| | Perceived Internal Incentive Fairness | | 0.21 ($T = 3.21$) | 0.19 ($T = 2.59$) | 79.21 | 0.46 |
| | Interaction Effect | | | 0.17 ($T = 2.21$) | | |
| Perceived Internal Incentive Fairness and Emotional Guanxi on Supervision | Emotional Guanxi | Supervision | 0.68 ($T = 30.44$) | 0.60 ($T = 21.21$) | 91.01 | 0.35 |
| | Perceived Internal Incentive Fairness | | 0.17 ($T = 2.75$) | 0.15 ($T = 2.14$) | 68.75 | 0.4 |
| | Interaction Effect | | | −0.15 ($T = -3.41$) | | |
| Digital Collaboration Capability and Instrumental Guanxi on Flexibility | Instrumental Guanxi | Flexible | 0.45 ($T = 11.70$) | 0.41 ($T = 11.15$) | 114.61 | 0.45 |
| | Digital Collaboration Capability | | −0.25 ($T = -6.54$) | −0.21 ($T = -4.43$) | 94.66 | 0.51 |
| | Interaction Effect | | | −0.15 ($T = -3.66$) | | |
| Digital Collaboration Capability and Emotional Guanxi on Flexibility | Emotional Guanxi | Flexible | 0.36 ($T = 12.11$) | 0.31 ($T = 10.21$) | 111.45 | 0.45 |
| | Digital Collaboration Capability | | −0.25 ($T = -6.54$) | −0.21 ($T = -4.43$) | 90.43 | 0.51 |
| | Interaction Effect | | | −0.16 ($T = -3.45$) | | |
| Digital Collaboration Capability and Emotional Guanxi on Supervision | Emotional Guanxi | Supervision | 0.68 ($T = 30.44$) | 0.60 ($T = 21.21$) | 100.12 | 0.45 |
| | Digital Collaboration Capability | | −0.21 ($T = 5.45$) | −0.18 ($T = 3.83$) | 92.33 | 0.51 |
| | Interaction Effect | | | −0.14 ($T = -3.13$) | | |

### 4.3.2. Comparative analysis: Western relationship marketing vs. Chinese Guanxi orientation

Both Western "Relationship Marketing" and Chinese "Guanxi orientation" are based on the notion of relationship but they stem from diverse cultural and operational contexts. This section aims at comparing and contrasting the two strategies of relationship building that are used in this study in order to gain a cross cultural perspective on Guanxi in Chinese marketing channels.

### 4.3.3. Relationship marketing in western contexts

In Western business environments, Relationship Marketing focuses on creating long-term, mutually beneficial relationships between businesses and their customers, as well as between business partners. The goal is to improve customer satisfaction,

retention, and overall business performance through personalized services and value-driven communication strategies. **Table 18** below discusses the concept and relationship of Marketing in Western Contexts.

**Table 18.** Key Elements of relationship marketing in Western contexts.

| Element | Description |
|---|---|
| Trust Building | Trust is established through performance, transparency, and formal agreements (e.g., contracts). |
| Long-term Focus | Emphasizes building long-term relationships over short-term transactional gains. |
| Loyalty Programs | Utilizes loyalty programs to retain customers and foster repeat business. |
| Customer Relationship Management (CRM) | Leverages CRM systems to manage customer data, track interactions, and personalize communication. |
| Personalized Communication | Focuses on personalized communication to meet customer needs and enhance satisfaction. |
| Data-Driven Strategy | Uses data-driven approaches to anticipate customer preferences and tailor marketing efforts. |
| Formalized Commitments | Relies on formal agreements like service-level agreements (SLAs) to ensure clear expectations. |
| Transparency | Promotes transparent practices to build credibility and maintain trust in relationships. |

### 4.3.4. Guanxi orientation in Chinese business contexts

In China the concept of Guanxi orientation goes beyond the business relations and is part of the cultural belief system. Guanxi can best be described as the system of personal connections which are nurtured and sustained by virtue of interdependence, mutual expectation, and express or implied commitment. Even though it is a very important factor in Chinese business, it is not limited to the business sphere and influences every aspect of life in the country, including business relations. In Guanxi-oriented business environments, people are more likely to focus on personal relationship and trust than on the legal paperwork. These benefits include; how well business negotiations will go, the available resources and how easily one can overcome bureaucratic procedures. This paper considers Guanxi as a relational capital that can be used to gain competitive advantage because reliable connections offer a feeling of security in business relationships. In contrast to the Western societies where the trust is earned through the work, results and open communication, in China the trust within Guanxi is created based on personal meetings, relationships, and reciprocity.

Influence of Guanxi orientation in the formation of business relationships and strategies in the Chinese business context. Consequently, while Western relationship marketing is based on transactions and the institution of formal business relationships, Guanxi is based on personal and social relations, trust, and reciprocation. For this purpose, **Table 19** offers a brief overview of the main features of Guanxi orientation as framework for relationship management in China.

**Table 19.** Elements of Guanxi orientation in Chinese business contexts.

| Element | Description |
|---|---|
| Trust Building | Trust is cultivated through personal loyalty, reciprocity, and long-term face-to-face interactions. |
| Reciprocity | Relationships are maintained through the exchange of favors and mutual obligations over time. |
| Emotional Connections | Strong emphasis on developing emotional bonds beyond business transactions, influencing decision-making. |
| Personal Networks (Guanxi) | Personal and social networks are vital for business success, often outweighing formal agreements. |
| Long-term Focus | Relationships are built for the long-term, with an expectation of ongoing mutual support and cooperation. |
| Informal Mechanisms | Informal interactions and personal relationships often take precedence over formal contracts. |
| Relational Asset | Guanxi is viewed as a strategic relational asset, providing competitive advantages in navigating business and bureaucratic challenges. |
| Obligational Trust | Trust is rooted in the obligational aspect of the relationship, where one is expected to return favors. |

**Table 20** above shows the differences and similarities between Western Relationship Marketing and Chinese Guanxi Orientation. As can be seen from the table, western relationship marketing is based on transactional and performance oriented trust and formal tools such as CRM while Guanxi is based on relational loyalty, reciprocity and social networks. Despite these cultural and operational differences, both systems share common principles: It focuses on the long term and not the short term, it sees loyalty and trust as crucial elements; and it knows that relational assets are powerful strategic weapons. This comparison is helpful in understanding how relationship management is adapted to different cultures while having the same goals of developing long and strong partnerships.

**Table 20.** Key Differences and similarities between western relationship marketing and Chinese Guanxi orientation.

| Aspect | Western Relationship Marketing | Chinese Guanxi Orientation |
|---|---|---|
| Cultural Context | Rooted in transactional and formalized business practices. | Deeply embedded in Chinese culture and social norms, extending into personal life. |
| Trust and Commitment | Trust is built through performance-based measures, transparency, and formal agreements. | Trust is built through personal loyalty, reciprocity, and long-term relationship-building. |
| Formal vs. Informal | Relies on formal tools like CRM systems and data-driven strategies to manage relationships. | Depends on informal interactions, social networks, and face-to-face meetings. |
| Long-term Focus | Prioritizes long-term relationships over short-term gains. | Focuses on building long-term, enduring relationships. |
| Loyalty and Trust | Trust is built through performance, transparency, and formal agreements. | Trust is based on personal loyalty, reciprocity, and mutual obligations. |
| Competitive Advantage | Strong relational ties through formal strategies provide a competitive edge. | Personal networks and emotional connections offer a strategic advantage. |

## 5. Discussion

The Connotation of 'Guanxi' in Contemporary Chinese Marketing Channel: Article: 'Guanxi: A conceptual and Empirical Review, and a Model Construction and Verification of a Global Management Model', is a paper that offers an in-depth study

of the effects and utilization of Guanxi in the management process at the backdrop of Chinese marketing channels. It reaffirms the complexity of Guanxi in terms of functional and relational aspects as well as the enormously pervasive impact it has on corporations' results, adaptability, and control. Indeed, in the study of the interviews taken with the dealer executives, three components of the Instrumental Guanxi were identified and they were status, prestige, credibility, decision making power and ability to offer help. These components define Guanxi's functional and competitive styles where relationships are used to acquire several resources and support to achieve competitive advantages. This instrumental dimension conforms with both the interpersonal attraction theory and the resource-based theory where there is an indication that optimization in Guanxi management can transform an organization's strategic location and operational throughput. Emotional Guanxi is made up of trustworthy-popular joy, and the extent of Feeling connected, and face-saving. These elements stress the fact that deep and long-term relations are affective, and people respect each other.

The reliability and validity analyses support extend evidence the reliability and validity of the Guanxi measurement scales adopted in this study. Cronbach's alpha coefficients, as well as factor loadings, were found to be sufficiently high, which prove internal consistency and construct validity of the scales, thus adjusting the constructs to be reliable and valid. Therefore, the calculated CR demonstrates strong convergence validity to support the study findings' reliability. The results of the hypothesis testing presented are insight into the fact of the significant associations between different dimensions of Guanxi and key organizational performance indicators. For example, the variables for the professionalism, common values, and contact numbers positively significantly affected both the instrumental Guanxi and the emotional Guanxi, meaning that the five relational aspects are vital in enhancing interpersonal communication and cooperation to the marketing channels.

Nevertheless, non-support of hypothesis number four, which states that popularity influences instrumental Guanxi, implies that each kind of social pressure is not equally effective. This shows that having many connections could have its perks, but this does not mean that the structural and tactical advantages covered by Instrumental Guanxi Used be gained. This subtlety further supports the argument regarding the nature of Guanxi to reveal that the socioeconomic value largely connects to the utilitarian elements of the concept like decision-making authority and trustworthiness thereby contradicting the perception that Guanxi is affiliated with social capital. Based on the mediating effect analysis, flexibility and supervision were found to have a strong relationship that fully mediate between Guanxi and corporate performance. This goes a long way in establishing how Guanxi determines organizational result in the manner pointed out above. Thus, flexibility, through the enabler, Guanxi, allows firms to manage the dynamics of the operating environment and optimally exploit related resources.

In addition, the two variables of perceived internal incentive fairness and digital collaboration capabilities enrich this contextual antecedent that define Guanxi effectiveness. Internal incentives were stated to be fair for Guanxi to enhance the flexibility of the work as well as the supervision whereby the positive interaction effects noted that when internal incentives are perceived fairly, and digital

collaboration capabilities are high, the positive effects of Guanxi are doubled. This means that there is need to look at the organizational environment and conformity of internal and external relational approaches in order to get the best out of Guanxi.

## 5.1. Global management model

The Global Management Model developed in this study is deeply rooted in the principles of Guanxi and its critical role in influencing enterprise operations and management. This model reflects the balance between instrumental and emotional dimensions of Guanxi, illustrating how relational strategies can transcend local contexts and be applied in a global business environment. At its core, instrumental Guanxi emphasizes practical elements such as status, decision-making power, credibility, and prestige. These components form the foundation for trust and authority within organizational structures, facilitating smoother interactions and stronger partnerships. By incorporating these factors, companies can enhance communication, build influence, and foster strategic relationships that are crucial for navigating complex global markets.

Apart from the logistical elements, the affective or emotional Guanxi also has an equal influence on the presented model. The relationships are important for the long term business cooperation on the international market which is built on the emotional base, respect, and trust. This is because these emotional bonds play a big role in reducing on the possibility of a disagreement, create loyalty and encourage cooperation among the international partners. The dependency on trust and interpersonal connections across diverse cultures and segments makes Guanxi applicable to any organisation operating in the global market. Furthermore, the model incorporates a consideration of shared values and professionalism as essential ingredients in the coordination of stakeholders in the context of different markets across the world. These factors enhance the spirit of accountability, cooperation and most importantly integrity in business thus aiding organizations in their pursuit of business opportunities across the globe.

## 5.2. Management recommendations

Existing research has shown that channel members' Guanxi can improve corporate performance, but can also have a certain negative impact on corporate performance. Channel members' Guanxi play a double-edged sword role in corporate performance. Based on existing research, this study further explores the mechanism of the instrumental channel members' Guanxi in marketing channels, the factors that enhance channel members' Guanxi, and the question of who uses channel members' Guanxi. The research conclusions have certain practical significance.

By identifying the measurement factors of channel members' Guanxi and developing a channel members' Guanxi measurement scale, it provides enterprises with an operational channel members' Guanxi measurement method, which makes enterprises' understanding of Guanxi more specific. In the Chinese context, Guanxi are important resources that can bring a lot of value (Bian, 2018). Measuring and measuring Guanxi has become an important research issue. This study finds the emotionality and instrumentality of Guanxi, which helps enterprises to more clearly

perceive the status of their own Guanxi, and then improve Guanxi in a targeted manner.

This study found that professionalism, shared values, contact frequency and popularity are the driving factors of Guanxi. Specifically, based on the interpersonal attraction theory, professionalism, shared values, and contact frequency are the main driving factors for the formation of instrumental Guanxi in Guanxi; professionalism, shared values, contact frequency and popularity are the main driving factors for the formation of emotional Guanxi in Guanxi. Spatial presence can play a positive regulatory role in the relationship between professionalism, shared values, contact frequency and instrumental Guanxi; and professionalism, shared values, contact frequency and popularity can play a positive regulatory role in the emotional Guanxi.

By examining the impact path of channel members' Guanxi on corporate performance, companies can clarify the mechanism of Guanxi to help companies effectively recognize the positive or negative effects of Guanxi, help companies effectively use the path of positive effects of Guanxi and prevent the path of negative effects of Guanxi, and avoid the development of close Guanxi between cooperative channel members to harm the company. Specifically, in order to improve corporate performance through Guanxi, companies can increase the flexibility of channel members through Guanxi, let the other party provide more convenience for themselves, and reduce the costs brought by complicated procedures.

## 6. Conclusion

This study, "The Connotation of 'Guanxi' in Contemporary Chinese Marketing Channel: A Global Management Model Construction and Verification," provides a comprehensive exploration of the multifaceted role of Guanxi in business management processes within Chinese marketing channels. In synthesizing both quantitative and qualitative analysis, this paper explicates the application, affective, and organizational Guanxi and the cost and benefit variable they introduce into organizations in regards to corporate performance, flexibility and supervisory controls. Thus, the study provides evidence that Guanxi is not just a cultural construction but a significant source of competitive advantage that helps to improve an organization's performance by providing support and reliable resources and cultivating trust, loyalty, and cooperation.

Based on qualitative interviews and statistical analyses of the questionnaires, the research provides for the positive reliability and validity of the conclusions presented, which contributes for a comprehensive understanding of what Guanxi means. Thus, the results also stress perceived internal incentive fairness and digital collaboration capabilities to augment the positive impact of Guanxi in organizations; further, an organization can optimize the use of Guanxi and associated resources through relational tactics internal and external. This study enriches the global body of knowledge on relationship management in marketing channels and offer practical implications for practitioners for the management of Guanxi as a tool for improving business performance. Thus, future studies should use these findings to examine how relational strategies and organizational outcomes are interrelated within different cultural and industrial settings.

**Research limitations and prospects**

This study still has certain limitations, which need to be improved in subsequent research. Specifically, it is manifested in the following aspects: This study uses perceived internal incentive fairness and contact frequency as boundary conditions for the role of private relationships to explore. In fact, there are a large number of other factors both inside and outside the company that can play a regulatory role in the role of private relationships. Future research can be based on restoring corporate practices, looking for more other regulatory variables, and exploring the role of private relationships in different states. Existing private relationship research divides relationships into single-dimensional, two-dimensional, and three-dimensional division methods. This study examines the role of private relationships in marketing channels from the perspective of the measurement factors of private relationships, which may ignore some of the essence of private relationships. Future research can classify private relationships from the perspective of type and identify more representative private relationship measurement indicators in the business environment. The lack of data sources. The data collected in this study are unilateral data on private relationships, and cross-sectional data are used. Since private relationships are jointly owned by both parties in the relationship, the evaluations of both parties may not be the same. Therefore, the existing data may not truly reflect the status of private relationships. Subsequent research can collect paired data on private relationships to measure private relationships.

**Author contributions:** Conceptualization, XW; methodology, CP; software, CP; validation, LZ, XW and LZ; formal analysis, CP; investigation, CP; resources, CP; data curation, XW; writing—original draft preparation, XW; writing—review and editing, XW; visualization, CP; supervision, CP; project administration, XW; funding acquisition, CP. All authors have read and agreed to the published version of the manuscript.

**Conflict of interest:** The authors declare no conflict of interest

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