Guanxi
and
Corporate Community Involvement

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Acknowledgements

Oscar Wilde once said, “An idea that is not dangerous is unworthy of being called an idea at all”. I am glad that this thesis originated from a rather “dangerous” idea. Doubts on the researchability of this idea have haunted me from the very beginning. Only with the invaluable support and mentorship that I have received from my supervisor, this thesis can be completed. Therefore, my first and deepest gratitude goes to Professor Andrew Millington, whose supervision has been a constant source of inspiration.

Ph.D. research is never a battle won on your own. Therefore, I would also like to thank those who have stood by me through all those ups and downs, including my family, my dear parents, wife Nina, daughter Xigua, and dog Xue’r; my CBOS colleagues, Brammer, Pavelin, Hoejmose, Adrien-Kirby, and O’neal; my friends, Caicai, Sudeshna, JoJo, George and Ionas; and our dear administrators, Suzanne and Chris.

This thesis marks the end of one journey, and the beginning of another. In the end, I think to myself, however winding the roads are, however blinding the lights may be, keep heading forwards and upwards. MAY THE FORCE BE WITH ME!

Taipei, 2014, a stormy day
Abstract

This research investigates the relationship between guanxi and Corporate Community Involvement (CCI) in the Chinese business environment. The thesis provides valuable insights into the motivation and management of CCI in China where the institutional and cultural context is radically different from the Western contexts. This thesis also places CCI in the context of guanxi and thus bridges the literatures on CCI and guanxi. Strategic motivation and management of CCI has been studied extensively in the context of Western countries. However, the extant literature offers limited insights into the motivation and management of CCI in the Chinese business environment. The Chinese business environment is characterised by a comparatively poor legal system and weak property rights. In such an environment guanxi – a system of personal connections that carry long-term social obligations – are held to play a significant role in business relationships in China. Earlier studies have found that guanxi is able to influence a variety of corporate behaviours. Nevertheless, no attempt has been made to investigate how CCI may have been influenced by guanxi in China.

This research develops a conceptual model and six propositions, which explain how CCI is strategically tailored to initiate guanxi, and furthermore, facilitate inter-organisational relationship development through such guanxi in China. Based on an empirical case analysis of 148 CCI projects from three types of company; foreign, state-owned, and private, this research explores the relationship between CCI and guanxi and tests the conceptual model and propositions. The empirical data was collected deploying face-to-face, semi-structured interviews with 65 companies (30 foreign companies, 9 state-owned companies, and 26 private companies) in China.

The findings indicate that foreign companies’ and private companies’ CCI are motivated by guanxi development. Their CCI behaviours are strategically tailored to initiate guanxi with key stakeholders, and in particular with stakeholders who possess strong governmental backgrounds; and Chinese state-owned companies’ CCI behaviours are subject to little influence of guanxi development. While foreign companies used guanxi to facilitate their inter-organisational relationship development, private companies used guanxi to obtain formal institutional supports.
From the findings, the conclusion is drawn that guanxi plays a significant role in motivating CCI engagement and shaping CCI behaviours in China, and, through such guanxi, CCI can be employed to facilitate inter-organisational relationship building and obtain formal institutional support.
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</tr>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>e.g.</td>
<td>exempli gratia (Latin); for example</td>
</tr>
<tr>
<td>etc.</td>
<td>et cetera (Latin); and the rest, and so forth</td>
</tr>
<tr>
<td>GONGO</td>
<td>Government Organised Non-Governmental Organisation</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>i.e.</td>
<td>id est (Latin); that is</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>MNC</td>
<td>Multinational Company</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
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<td>United States of America</td>
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Chapter 1.0 Introduction

Introduction to the Research

This thesis is concerned with the relationship between corporate community involvement (CCI), which consists of corporate philanthropy, employee volunteerism, corporate sponsorship, cause-related marketing and partnership (Yankey, 1996), and guanxi in the Chinese market. More specifically, this study intends to explore the function of CCI as a mechanism to develop guanxi, and, furthermore, facilitate inter-organisational relationship building through guanxi in the Chinese market.

CCI has been widely studied in Anglo-American contexts, but it is still underexplored in the Chinese context. In the last decade, China has seen a great increase in CCI activities. For example, after the devastating earthquake in China on 12th May 2008, companies across the country responded immediately. Resources worth around 7.2 billion RMB in terms of cash, products and services were donated to support the rescue and rebuilding in Wenchuan where the earthquake took place (Li, 2008). Earlier studies in the context of the Chinese market focused on either the broader issue, corporate social responsibility (CSR) (Qingfen, 2006; Zu & Song, 2009) or the narrower issue, corporate philanthropy (Su & He, 2009; Zhang, Rezaee, & Zhu, 2009). Few studies have been dedicated to the investigation of CCI, and the motivations for companies’ CCI engagement in particular.

The influence of guanxi on corporate behaviours has been widely studied, but little is known about the influence of guanxi on CCI. The Chinese business environment is characterised by a comparatively poor legal system and weak property rights. In such an environment guanxi – a system of personal connections that carries long-term social obligations – is held to play a significant role in business relationships in China (Wong, Leung, Hung, & Ngai, 2007). Guanxi is known to help increase access to resources (Luo, Huang, & Wang, 2012; Park & Luo, 2001), reduce transaction costs (Standifird & Marshall, 2000), transit “outsiders” to “insiders” (Leung, Wong, & Tam, 1995) and facilitate inter-organisational relationship building (Chen, Ellinger, & Tian, 2011a; Luo, 2000; Zhang & Zhang, 2006). While the influence of guanxi on
corporate behaviours in China has been extensively investigated (Braendle, Gasser, & Noll, 2005; Millington, Eberhardt, & Wilkinson, 2006; Parnell, 2005; Peng & Luo, 2000; Ramasamy, Goh, & Yeung, 2006; Zhiang, Xi, & Tsang, 2010), no study has investigated the relationship between CCI and guanxi. Existing research suggests that in order to approach guanxi in the Chinese market, a variety of corporate behaviours have been modified and deployed accordingly (Park & Luo, 2001; Ramasamy et al., 2006; Tung & Worm, 2001). However, it is still unknown if companies’ CCI behaviours are also modified and deployed to approach guanxi. It is also known that guanxi players, who are consumers, regulators and peer competitors in the community, are usually key stakeholders of companies in the Chinese market. CCI is usually studied from a stakeholder perspective and seen as a way to manage stakeholders. However, it is unknown if CCI is also used to manage guanxi players in the community.

This thesis will address these issues with a particular focus on how guanxi is developed through CCI, and then used to facilitate inter-organisational relationship building. It is argued that guanxi development is a motivation that accounts for companies’ CCI engagement in China, and that the reason for guanxi development is to facilitate corporate inter-organisational relationship building. By addressing these issues with empirical evidence, this research extends the extant literature in five ways:

1. While a great deal is known about the motivation of CCI engagement in Western contexts, little is known about its motivation and management in the emerging and transitional economies. This research identified guanxi development as an undiscovered motivation for CCI, and thus contributes to the understanding of the motivation and management of CCI in a radically different institutional and cultural context.

2. Both guanxi and CCI form the basis of extensive literature. This is the first attempt to develop a conceptual model, which places CCI within the world of personal connections, long term social obligations and network relationships that characterise guanxi.
3. By studying CCI in a new context, where CCI is strategically tailored to develop guanxi, which exists and functions on personal level, this research moves the research perspective of CCI from the prevailing macro level to a new micro level.

4. By studying CCI in a new context, where CCI is used to build inter-organisational relationships through a local cultural phenomenon guanxi, the research perspective on CCI is extended from the prevailing stakeholder perspective to a new inter-organisational relationship building perspective and thus shows a different face of CCI.

5. Current knowledge on guanxi development is widely associated with exchange of controversial favours. Having conceptualised and tested how valid guanxi favours are generated through companies’ CCI engagement, this is one of the first attempts to explore the use of legitimate favours to develop guanxi, which enriches our understanding of guanxi, and shows a viable and legitimate corporate approach to guanxi.

6. Guanxi represents the utilitarian interpersonal relationship in the Chinese hierarchical society. While guanxi reflects many particular Chinese cultural characteristics, it essentially overlaps with social network theory in a variety ways. Having studied corporate guanxi development in the context of CCI, this research enriches the understanding of social network theory in a particular cultural setting, as well as its application in the context of CCI.

1.1 Research Context

This section provides the initial context for the theoretical and empirical work. It will provide an introduction to guanxi and CCI, followed by a brief discussion of the way in which essential guanxi development elements may be achieved in CCI.

What is guanxi?
In the Chinese language, guanxi is made up of two characters: 关 (guan) and 系 (xi) respectively. Guan as a noun implies “barrier” or “pass” while, as a verb, it implies “to shut” or “to close”; Xi as a noun implies “lineage” or “system” while, as a verb, it implies “to tie” or “to fasten”. As the name implies, guanxi is usually regarded as the gate from distant to close, from outsider to insider in the Chinese society. Therefore, it is believed that in order to succeed in China acquiring guanxi is important for a business (Leung et al., 1995; Parnell, 2005). Guanxi is distinguished from other relationships by its features; it is reciprocal (Yang, 1994), long-term oriented (Fock & Woo, 1998), personal (Fan, 2002a, b; Tsui & Farh, 1997), utilitarian (Luo, 1997b), intangible (Bian, 1997), transferable (Chan, 2008; Yang, 1994) and contextual (Lovett, Simmons, & Kali, 1999; Steidlmieier, 1999). Based on these features, guanxi is defined by scholars as (1) the relationship between two independent individuals who share certain similarities; (2) the connection which facilitates continuous and bilateral flows of personal or social transactions in order to benefit both parties involved (Bian, 1994; Fan, 2002b; Tsui & Farh, 1997; Yang, 1994; Yeung & Tung, 1996).

The use of guanxi is not only common in the Chinese social environment, but also pervasive in the Chinese business environment. As a system of personal connections, guanxi helps obtain access to resources (Park & Luo, 2001), reduces transaction costs (Standifird & Marshall, 2000), transits “outsiders” to “insiders” (Leung et al., 1995) and, most commonly, facilitates inter-organisational relationship building (Luo, 2000; Zhang & Zhang, 2006).

Development of guanxi involves three essential elements: independent individuals (guanxi players), establishment of guanxi base (similarities or familiarity), and favour exchange. The guanxi base includes ascriptive guanxi bases, which are preordained to the individuals, such as locality and kinship, and achieved guanxi bases, which are acquired, such as shared experiences. Favours exchanged in guanxi require the appreciation of the recipients. Where those three essential elements can be provided, guanxi may be initiated.

CCI and guanxi development

Corporate Community Involvement is defined by Seitanidi and Ryan (2007: 247) as “…an umbrella term within which corporate philanthropy; sponsorship and cause-
related marketing are positioned.” It is an emerging corporate activity that indicates the interactions between profit and non-profit sectors. While CCI engagement can be presented in various ways, most of them fall into six categories, namely: in-cash support, in-kind support, employee volunteerism, corporate sponsorship, cause-related marketing and partnership (Yankey, 1996).

CCI provides a good arena for companies to interact with stakeholders in the community. It is likely that the three essential guanxi development elements are achieved in CCI, and thus guanxi is developed as a result. Firstly, corporate representatives and CCI partners can play the role of individual guanxi players. Secondly, interaction and shared experiences in the same CCI projects can lead to establishment of an achieved guanxi base between corporate representatives and CCI partners. Thirdly, Yeung and Tung (1996) found that Chinese officials who are able to attract foreign investment, which contributes substantially to employment and development of infrastructure, usually have a better chance of advancing their political careers. The enhancement of a political career is usually appreciated as a valid favour for exchange in guanxi. Likewise, the settlement of social causes, which can contribute to CCI partners’ personal utility, is likely to be recognised and appreciated by CCI partners as a valid favour for exchange in guanxi. Once a favour is accepted, corporate representatives can demand favours, such as help building inter-organisational relationships, from CCI partners on behalf of the company.

1.2 Aims and Objectives

Having established the importance and plausibility of the guanxi-CCI relationship, this thesis has the following aims and objectives:

Aim

The aim of this study can be summarised as addressing the following overarching research question:

• What is the relationship between CCI and guanxi in the Chinese market?
This research question is, however, very broad. It is thought that to reach the answer, two sub-research questions need to be addressed first:

1. *What is the mechanism through which guanxi is developed through CCI?*
2. *What are the main reasons for a company to develop guanxi through CCI?*

The first sub-research question is concerned with the mechanism, through which CCI may have been employed by corporate representatives to develop guanxi with key stakeholders in the community on behalf of the company. The answer to this sub-research question aims to reveal the role that guanxi plays in shaping companies’ CCI behaviours in China. The second sub-research question is concerned with the way, in which companies are motivated to develop guanxi through CCI. The answer to this sub-research question aims to reveal the role that guanxi plays in motivating CCI engagement in China.

**Objectives**

1. To identify emerging themes and gaps in the extant knowledge on the relationship between guanxi and CCI based on current theoretical and empirical literature.
2. To develop a guanxi development model of CCI which:
   a) builds on and extends the extant literature
   b) demonstrates the mechanism, through which three guanxi development elements are achieved in CCI
   c) provides a set of testable propositions within the scope of the study
3. To conduct empirical research to test conceptual model and propositions using an appropriate research design, data collection and analysis methods.
4. To assess whether the findings provide support for:
   a) conceptual model and propositions
   b) guanxi development as a motivation for CCI engagement in China
5. To examine the strength of the research findings based on the methods employed
6. To suggest future research avenues based on research findings and limitations
1.3 Overview of the Thesis

The main structure of this thesis essentially follows the list of research objectives above and includes eleven chapters.

Chapter one: Introduction - this chapter provides a brief introduction of the background and motivations of the research, the aim and objectives of the research and the structure of the thesis.

Chapter Two: Literature Review - this chapter intends to show the academic work completed to date in the areas of guanxi and CCI with a particular focus on studies that concern interaction between guanxi and various business functions and motivations for CCI. Based on a review of the existing literature, a research agenda is then developed. In the research agenda four major limitations of the existing literature are identified and five issues for future research to focus on are outlined.

Chapter Three: Conceptual Development - in light of the gaps identified in existing literature, a conceptual framework is developed to address some of those issues. A conceptual model is developed to demonstrate the mechanism, through which three essential guanxi development elements are achieved in CCI, and thus guanxi is developed through CCI. This chapter ends with a summary of testable propositions derived from the conceptual model. These propositions become the main focus of empirical work conducted in support of the thesis.

Chapter Four: Research Philosophy and Methodology - this chapter defines the philosophical positions undertaken in this research, describes and justifies the methods selected to test the conceptual model and propositions. This chapter paves the way for the following empirical work by illustrating how and why the research problems were investigated in a particular manner. The empirical data was collected through semi-structured face-to-face interviews with CSR managers from 65 companies, including 30 foreign companies, 9 state-owned companies, and 26 private companies. Every interview attempted to collect at least two example CCI cases. The final samples consisted of 148 example CCI cases.
Chapter Five to Chapter Nine: Data Analyses - these five chapters present the results of empirical investigation across 148 example CCI cases. Chapter Five conducts a descriptive analysis and provides the background information to the data analyses. In Chapter Six, Seven, and Eight, relevant data drawn from interview transcriptions are categorised, counted and tabulated to examine the achievement of three guanxi development elements (1) presence of guanxi players, (2) establishment of guanxi base, (3) guanxi favour exchange. Finally, Chapter Nine evaluates guanxi developed through CCI in regard to its ability to facilitate inter-organisational relationship building. The extent to which the data provides support for the relevant conceptual proposition is gauged at the end of each of the empirical chapters.

Chapter Ten: Discussion - this chapter collectively outlines the research findings, and reconciles them to the literature and conceptual framework. Acceptance or rejection of original propositions is discussed in this chapter. Modifications to original propositions are suggested in accordance with the research findings.

Chapter Eleven: Conclusion - this final chapter draws together the findings and contributions of this research. A brief answer to the overarching research question is provided. Theoretical contributions and practical implications of this research are outlined. In addition, this chapter also reflects on the limitations inherent in the research and suggests the potential research avenues for future work.
Chapter 2.0 Literature Review

Introduction

*Literature Survey Planning*

This research is interested in exploring the relationship between CCI and guanxi in the Chinese market. In order to have general knowledge of both guanxi and CCI, a literature review has therefore been conducted. The literature review consists of two literature surveys on guanxi and CCI respectively. The method used for the literature surveys was based on the systematic approach recommended by Bryman and Bell (2007). In accordance with the systematic approach, in the planning stage of the literature surveys, two supervisors of my PhD program who have extensive knowledge and experiences of doing research in both guanxi and CCI areas were invited to be the review panel of experts. Meetings were held on a regular basis with them during the process of the literature review.

The first stage of this literature review was to define literature review objectives. Based on my research interests, I discussed my understanding of boundaries of the two research areas with the review panel of experts, and thus set a series of goals for the two literature surveys.

For the survey on the guanxi literature, there are four goals as follows:

1. To understand how guanxi is defined;
2. To identify what the prevailing debates are in the guanxi literature;
3. To identify what is known about guanxi in the context of business and management;
4. To identify the gaps in the guanxi literature which this research can address and make a contribution to.

For the survey on the CCI literature, there are four goals as follows:

1. To understand how CCI is defined.
2. To understand what is known about CCI, with a particular focus on motivations for CCI engagement;
3. To understand what is already known about CCI in the context of the Chinese market;
4. To identify gaps in the CCI literature which this research can address and make a contribution to.

In light of the objectives set for the literature surveys, several key articles and books, which are relevant to this research, were identified initially. By reading them, a general picture of the areas was painted, and a series of key words for the literature surveys were generated.

For the survey on guanxi literature, “guanxi” was naturally adopted as a key word. In addition, based on the discussions with the review panel, it was thought that the review of debates over guanxi should have a particular focus on three issues: (1) the significance of guanxi in the future, which suggests the importance of doing further research on guanxi; (2) the ethics of guanxi, which justifies the use of guanxi; (3) the comparison between guanxi and Western business relationships, which demonstrates the distinctiveness of guanxi. As a result, “significance”, “ethics”, “corruption”, “bribery”, “networking”, “relationship marketing” were also employed as key words. Moreover, due to this research being particularly interested in examining guanxi in the context of business and management, “business”, and “management” were, therefore, added to the collection of key words for literature survey. Finally more key words were adopted from popularly cited studies on guanxi and business. The combinations of keys for survey in guanxi literature are illustrated in Figure 1. as follows:
For the survey on CCI literature, “corporate community involvement” was naturally used as a key word. Initial readings suggested that CCI can be presented in various forms including: “philanthropy”, “volunteerism”, “sponsorship”, “cause-related marketing” and “partnership”. Therefore they were also adopted as key words for the survey. In addition, CCI accounts for a significant part of corporate social responsibility, corporate citizenship, and corporate social performance. It was thought
that research on those subjects might also contribute to an understanding of CCI. Therefore, “corporate social responsibility”, “corporate citizenship”, “corporate social performance” were included in the key words. Since the motivation for CCI engagement was recognised as a key theme in this research, “motivation”, “driver”, and “incentive” have also been added into the collection of key words. Moreover, in order to review the studies of CCI conducted in the context of the Chinese market, “China” was also employed as a key word. Finally more key words were adopted from the popularly cited studies on CCI. The combinations of keys for survey in CCI literature are illustrated in Figure 2. as follows:
Figure 2 - Search Keywords and Combinations

Corporate community involvement
OR
Corporate social responsibility
OR
Corporate citizenship
OR
Corporate social performance
OR
Corporate social initiative
OR
Community participation
OR
Corporate social interaction
OR
Corporate sustainability
OR
Philanthropy
OR
Corporate giving
OR
Volunteerism
OR
Sponsorship
OR
Cause-related marketing
OR
Partnership

AND

Form OR
Motivation OR
Incentive OR
Driver OR
Decision OR
Strategy OR
Strategic OR
Competitive advantage OR
Marketing OR
Branding OR
Reputation OR
Stakeholder relationship OR
Employee OR
Human resource management OR
Customer OR
Consumer OR
Government OR
Regulator OR
Politician OR
Political OR
Investor OR
Supplier OR
Business performance OR
Sales OR
Cost OR
Managerial discretion OR
Agency cost OR
Altruism OR
Altruistic OR
Corruption OR
Criticism OR
Scale OR
Guanxi OR
Developing country OR
China OR
Conducting the Literature Surveys

Conducting the literature surveys involved four major steps: identifying search channels, identifying relevant literature, taking notes, and checking regularly for any new publications.

The literature surveys started with identifying the appropriate search channels. The first search channel targeted was the University of Bath library. The Library Catalogue and Electronic Library Information Navigator search engines provided by the library allowed access to most literature to date. Moreover, in order to enhance the quality and validity of the literature review, three electronic databases, ABI/INFORM, EBSCO (Business Source Premier / Elite), and SSCI (Social Sciences Citation Index), which are recommended by Bryman and Bell (2007) for literature reviews on business and management have also been employed as search channels.

Subsequently, the literature, including journal articles, books, conference papers, dissertations, working-papers, and government publications, has been searched in the targeted databases based on the combinations of key words shown in Figure 1. and Figure 2. After the literature was found, four steps were then taken. Firstly, the title and abstract of the literature were examined for relevance. Secondly, if relevance of the literature was recognised, notes were then taken for the reference of the overall literature review in the later stage. Thirdly, the literature identified in step two was re-examined in terms of its references. If any references were thought to be relevant to this research, and worth following up, they were then recorded. Fourthly, the recorded references were followed up, and notes on relevant literature were then taken.

Finally in order to keep the review of literature updated, the targeted search channels were checked on a regular basis for any relevant new publications.

Literature Review Writing-up
In the end, notes taken from the relevant literature were drawn together to develop a critical review of existing literature on guanxi and CCI. The goals set for the literature review in the beginning were considered as achieved.

Having reviewed the existing literature of guanxi, definitions and characteristics of guanxi have been explored; the prevailing debates over guanxi have been presented; and the impacts of guanxi on business performance and different corporate behaviours have been thoroughly discussed. Having reviewed the existing literature of CCI, definitions and forms of CCI have been identified; studies of CCI conducted in the context of the Chinese market have been explored; and motivations for CCI identified in both Western and Chinese contexts have been thoroughly discussed.

Drawing upon the literature review on guanxi and CCI, (1) the limitations of the existing literature were summarised and outlined; (2) issues that future research can address were identified; and (3) a research agenda was developed in the end.
2.1 Guanxi: A Distinctive Chinese Relationship

Introduction

In this section the existing literature on guanxi is reviewed with a particular focus on three issues: definition of guanxi; debates over guanxi and the influence of guanxi on business and management. First, guanxi is considered to be a particular rather than a common phenomenon, which is identified mainly in China and in Chinese communities. In order to have a sound knowledge of this phenomenon, a definition of guanxi will be explored first. Second, guanxi has always been a controversial issue in academia. While some academics think that guanxi, as a unique Chinese way of doing business, has been and will continue being an important dynamic in the Chinese market (Bian, 1997; Su, Sirgy, & Littlefield, 2003; Yang, 1994), others believe that guanxi, as the activator of corruption in China, will soon lose its importance as China is moving to a free market (Fan, 2002a, b; Guthrie, 1998). The debates over guanxi will, therefore, be discussed. Third, in order to understand what has already been known about guanxi in the context of business and management, the influence of guanxi on business and management will also be explored in this section.

2.1.1 What Guanxi Is

Guanxi is regarded as an important interpersonal and inter-organisational dynamic in Chinese society (Luo, 2000). Although guanxi is literally translated as “connection” or “link” in the English language, it is thought that no word in English has the exact meaning to express this phenomenon (Fan, 2002b). Thus the term is usually left untranslated as guanxi. In Chinese language, guanxi is made up of two characters: 关 (guan) and 系 (xi) respectively. Guan as a noun implies “barrier” or “pass” while, as a verb, it implies “to shut” or “to close”; Xi as a noun implies “lineage” or “system” while as a verb it implies “to tie” or “to fasten”. By integrating the meanings of the two characters, guanxi can therefore be understood.
Scholars have defined guanxi from a range of perspectives. Bian (1994) considers guanxi as: “(1) existence of relationships between people who share a group status or are related to a common person; and/or (2) actual connections with and frequent contact between people, and/or (3) a contact person with little direct interaction”. Likewise Tsui and Farh (1997) regard guanxi as a type of interpersonal relationship that acts on the individual level and is built on a particular criterion, such as shared attributes, identity, or origin. Those definitions explain guanxi from the perspective of similarities shared between guanxi players. Further studies show that guanxi, as a process of social interaction, is usually triggered by a “purpose” (Fan, 2002b). Yang (1994) noted in his study of guanxi that guanxi is the interpersonal linkage fostered by continuous favour exchanges. As a result, guanxi is then defined as the establishment of a connection between two independent individuals in order to facilitate continuous and bilateral flows of personal or social transactions which aim to benefit both individuals involved (Yeung & Tung, 1996). Furthermore, Luo (1997b, 2000) believed that guanxi can better understood and defined through seven principles underlying guanxi which are: reciprocal\(^1\), long-term oriented\(^2\), personal\(^3\), utilitarian\(^4\), intangible\(^5\), transferable\(^6\), contextual\(^7\).

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\(^1\) This feature of guanxi has been stressed by many scholars. The mutual obligations between guanxi players are noted in many guanxi studies (Luo, 1997b, Park & Luo, 2001). Yang (1994) holds that since the exchange of favours is the essence of guanxi, the party who receives a favour is supposed to

\(^2\) Ramasamy (2006) asserts that guanxi is all about cultivation of long-term personal relationships. Immediate deals are seldom observed between guanxi players (Yang, 1994). Luo (2000) describes guanxi as a kind of stock, which is put away by players in times of abundance and plenty and brought out in times of need. Since such times of need are barely predictable, players in guanxi rather keep this special connection for long run than short run. Furthermore, Fock and woo (1998) showed in their study that guanxi is not a “once-forever” relationship, and continuous efforts are required to ensure the strength and closeness of guanxi between guanxi players. In fact, continuous interactions between guanxi players are usually observed as the most effective way to develop and reinforce guanxi (Yang, 1994, Leung et al., 2008).

\(^3\) Guanxi is essentially regarded as a phenomenon that only exists at individual level (Tsui and Farh, 1997). Yeung and Tung (1996) hold that in guanxi, what is emphasised is the power of an individual rather than the institutional authority. Although guanxi is often found to bring benefits at the organisational level, Fan (2002a, 2002b) stresses that guanxi by its nature is an asset that is owned and functions at individual level. Only when the personal relationship is dedicated to and used for corporate good, guanxi can then function at the organisational level. This point is also echoed by Park and Luo’s (2001) study of guanxi. In fact, it is pointed out that, all the so-call organisational guanxi ultimately come down to good interpersonal guanxi (Zhang and Zhang, 2006).
2.1.2 Debates over Guanxi

Introduction

Guanxi is seen as a controversial phenomenon by many academics. While some academics think that guanxi, as a unique Chinese way of doing business, has been and will continue being an important dynamic in the Chinese market (Bian, 1997; Su et al., 2003; Yang, 1994), others believe that guanxi, as the activator of corruption in China, will soon lose its importance as China is moving to a free market (Fan, 2002a, b; Guthrie, 1998). In order to better understand guanxi and also to ensure that this research is going to make meaningful contributions to literature by studying a distinctive, legitimate and important phenomenon in the Chinese market, the common debates over guanxi in the extant literature will be discussed in this section. The discussion is focused on three popular issues: (1) fate of guanxi under Chinese economic reforms; (2) ethical implication of construction and application of guanxi in the context of business and management; (3) guanxi as a particular Chinese business

4 Scholars, such as Kipnis (1994), think that although guanxi involves some degree of congruence between material obligation and human feeling, guanxi, in its nature, is cultivated and maintained through continuous favour exchanges rather than sentiment. Even ganching (affection or sentiment), given its importance in enhancing the quality of guanxi, is not always necessary for keeping guanxi though (Gold et al., 2002). Thus it is believed that guanxi is fundamentally utilitarian rather than emotional. Moreover, Luo (1997b) asserts that the guanxi, which is no longer profitable or based on favour exchanges, may easily break down.

5 Guanxi is built upon personal relationships and the commitment kept between guanxi players is intangible (Bian, 1997). What kind of favours should be transacted, when and how should due favours be reciprocated are not instructed in a written form. This feature is also thought in some literature as the ubiquity of the concept of guanxi (Davies et al., 1995).

6 For example, if party B maintains a guanxi with party A and party B has a friend party C. Through introducing A to C, B can transfer his guanxi with A to C. Thus a new guanxi between A and C may be established, even if party A and C never knew each other before. In fact it is noticed in many literature that a guanxi network is usually expanded with the help of an intermediary who introduces a newcomer into the guanxi network (Chan, 2008, Yang, 1994, Leung et al., 2008, Bian, 1997).

7 In the Chinese society, guanxi development is complicated and believed to be completely context-specific (Luo, 2000). Taking the most common guanxi practice, gift-giving, for instance, seen in different contexts, it can be an acceptable means to convey one’s good willing of developing guanxi, or an expression of crass bribery. Considering the contextual character of guanxi, it was proposed that guanxi should be studied in specific contexts (Lovett et al., 1999, Steidlmeier, 1999).
relationship in comparison to other western business relationships such as networking and relationship marketing.

2.1.2.1 Fate of Guanxi

Guanxi first came to academic attention during the period of Chinese command economy when guanxi was used to access scarce resources, and was thus seen as an important dynamic in the Chinese business environment. However as the economic reforms proceeded in China, the Chinese business environment is believed to have changed. Thus the continuous importance of guanxi is debated.

In Yang’s (1994) study of guanxi, she drew a clear distinction between two concepts: guanxi and guanxi practice. According to Yang (1994), guanxi is to draw on social networks to build good business relationships, while guanxi practice is mainly concerned with the use of guanxi which “involves the exchange of gifts, favours and banquets; the cultivation of personal relationships and the networks of mutual dependence; and the manufacturing of obligation and indebtedness” (Yang, 1994: 6). Yang (1994) holds that due to the breakdown in the social order during the Cultural Revolution in China, people were inclined to rely on social connections fostered through gifts and favours. This paved the way for the rise of guanxi and guanxi practice. Later, during China’s economic reforms, due to the growth of individualistic patterns of behaviours within a weakly regulated society, Yang (1994) suggests that the importance of guanxi and guanxi practice is likely to continue. Yang’s (1994) prediction of guanxi’s fate was echoed later by Bian (1997) whose work suggested that the state was receding during China’s economic reforms, and this would encourage people to turn to social networks instead. In addition, Lovett et al. (1999) assert that since guanxi can help reduce transaction costs and the possibility of opportunistic behaviours, guanxi will continue to be appreciated in the Chinese market. Moreover, Lovett et al. (1999:232) believe that throughout this new century, even “Western business practices will increasingly move in the direction of guanxi-type systems.”
While Guthrie (1997, 1998, 1999) agreed with Yang (1994) in terms of her distinction between guanxi and guanxi practice, he held doubts about the continuous importance of guanxi, and in particular guanxi practice in the Chinese business environment. Based on 155 in-depth interviews with Chinese officials and industrial managers in Shanghai in 1995, Guthrie (1998) asserted that in the period of the command economy guanxi might have been important for companies to gain access to scarce resources. However, with China moving to a free market, “the emergence of a legal system, formal rational bureaucracies at the firm level, and increasingly contract based agreements in growing factor and product markets” will slowly whittle down the importance of guanxi practice. However, Vanhonacker (2004) argues that the development of China’s legal framework and infrastructure will not affect the continued importance of guanxi. Vanhonacker (2004) asserted that guanxi will mature as the Chinese market develops and become “less visible and more sophisticated, and with more emphasis on business outcomes than political ones.” The best example used to support Vanhonacker’s (2004) argument was the pervasive use of guanxi in the modern, rule-of-law societies such as Hong Kong and Taiwan. Looking at the fate of guanxi from the cultural perspective, Su et al. (2007) also agree that as a product of the collectivistic Chinese society, guanxi is likely to continue its legitimacy in organising business resources in the Chinese market.

2.1.2.2 Ethics of Guanxi

Guanxi development and guanxi maintenance emphasise continuous favour exchanges between guanxi players. Resources involved in transactions between guanxi players may be of concern to those from a business background where favour exchanges between corporate representatives are strictly prohibited (Lovett et al., 1999). Indeed, guanxi is often associated with terms such as gift-giving, bribery and corruption in the literature. Debate on whether or not the interactions between guanxi players are the fuel of corruption is long established.

Fan (2002a, 2002b) asserts that guanxi can be challenged on moral and ethical grounds. This assertion was built on the basis of two points: first, guanxi can be the
activator of deals between money and power; second, although the benefits of guanxi engagement are widely identified, Fan (2002a, 2002b) believes that such benefits are achieved at the costs of other parties outside the guanxi network. Fan (2002a, 2002b) asserts that guanxi can only be ethically justified if no party from outside the guanxi network is disadvantaged when a guanxi is performed.

In contrast, other academics see guanxi as a phenomenon that is compatible with Chinese culture, and thus acceptable. Lovett et al. (1999) argues that when assessing the ethics of resource transactions in guanxi, not only should the western ethical principles be taken into consideration but also the Chinese ethical principles. He argues that in guanxi, resource transactions, such as gift-giving essentially, aim to build and/or maintain relationships, and thus enhance the long-term harmony between guanxi players. He believes that this is compatible with the ethical principles of the Chinese culture as “particularistic-integrative” (Hampden-Turner & Trompenaars, 1993). Lovett’s argument was later echoed by Su et al. (2003) who proposed that guanxi is inherent in the work ethics of Chinese business people, and thus can be perceived as a Chinese way of doing business (Su et al., 2003). Empirical evidence has also provided support to this argument. In the interviews with senior managers in China, Millington, Eberhardt, and Wilkinson (2005) noticed that Chinese managers can clearly identify corrupt practices such as “under-table”, “back-door” or “red-envelopes” and see them as different from the gift-giving involved in guanxi with respect to the ethical consequences of guanxi.

Some academics joined this debate from a different angle and sought to distinguish guanxi practices from corrupt practices. Steidlmeier (1999) studied the intentions behind gift-giving (which is seen as one of the most common guanxi practices) and bribery (which is seen as one of the major forms of corruption) and assert that the intention behind gift-giving as a guanxi practice is essentially to express one party’s respect and support for the development of a long-term relationship to another party, while the gift-giving as a corruptive practice is designed to strike an immediate and specific deal which ultimately seeks to purchase personal interests at the cost of others’. Therefore, Steidlmeier (1999) believes that guanxi practices should not simply be labelled as corrupt. By looking at the underlying intentions, not only can the ethics of guanxi be better understood, but also a line can be clearly drawn between
guanxi and corruption. Vanhonacker (2004) noted that guanxi is relation-focused whereas corruption is transaction-focused, and the relational ethic of guanxi determines that guanxi cannot be bought. Although it is commonly thought that guanxi may be used to hide corruptive practices, Vanhonacker (2004) pointed out that corruptive practices challenge the moral integrity, which is the essence of a real guanxi. Indeed, in Chinese society, it is believed that people who conduct crass bribery and banquets, which aim for immediate deals rather than long term relationships, are perceived as ‘meat and wine friends’, which is a Chinese metaphor for mistrust (Davies et al., 1995).

Furthermore, Yang (1994) proposed three fundamental principles to distinguish guanxi and bribery:

1. Gain-and-loss is always the central concern in bribery but not in guanxi;
2. Immediate and specific purpose is associated with bribery while guanxi is, at heart, long-term and diffuse;
3. Some level of emotional content or affect is a part of guanxi but not of bribery.

Similarly, Luo (2000) compared corruption and guanxi and identified nine defining differences:

1. As important components of the Chinese culture, guanxi and guanxi practices are the ingredient of social norms while corruption is regarded as a deviation from social norms;
2. Guanxi, which complements the law and facilitates business success, is generally acceptable and legal, whereas corruption, which violates authority and jeopardises market orders, is commonly unacceptable and illegal;
3. Guanxi is built on favour exchanges, which involve human feelings, social status and reputation, whereas corruption is usually nurtured by monetary exchanges, which primarily involve money and other high value items;
4. Guanxi involves implicit social reciprocity, while corruption requires explicit transactional reciprocity;
5. No lawful risks would occur, if a guanxi failed, whereas corruption is always related to high legal risks and uncertainties;
6. Guanxi is a long-term orientated relationship, while corruption involves only short-term “transactions”; 
7. Reciprocity in guanxi is not time specific, while corruptive reciprocity usually requires timeliness; 
8. Guanxi is built on trust, whereas corruption is based on a “commodity” exchange between money and power; 
9. Guanxi is transferable, whereas corruption is not.

Drawing from these differences, it is therefore argued that guanxi, as a special Chinese cultural phenomenon, must not simply be confused with corruption.

2.1.2.3 Guanxi and Western Business Relationship

Introduction

While businessmen in China employ guanxi to resolve problems concerning resource access and transaction costs on the basis of reciprocal obligations, businessmen in Western countries are seen using their own business relationships to achieve similar ends. In light of this fact, a variety of studies have been designed to compare guanxi and Western business relationships in an attempt to find out if guanxi is only a Chinese version of those Western business relationships. In order to ensure that this research is set out to study a distinctive Chinese phenomenon rather than a Western business relationship in a Chinese context, in this section, a comparison will be conducted between guanxi and two major Western business relationships, namely inter-organisational networking and relationship marketing.

2.1.2.3.1 Guanxi and Inter-organisational Networking

Introduction

It is argued that inter-organisational networking can enhance a company’s competitive position by providing access to resources of other network members, bridging gaps
between businessmen of different nations and cultures, and stimulating trade that might not otherwise take place at all (Thorelli, 1986). Since guanxi is found to provide its players with similar advantages, it can appear as the Chinese version of Western inter-organisational networking. In this section, similarities and differences between the two types of relationships will be discussed.

**Similarities**

Guanxi and Western inter-organisational networking are similar in terms of their emphases on continuous reciprocity and resource complementarity. First, it is noted in the literature of Western inter-organisational networking that networks are not discrete events in time, or self-liquidating transactions, but are continuous relationships with the idea that “activities undertaken by the parties in the relationship cannot be completed without the active and reciprocal involvement of both parties” (Hakansson & Snehota, 1989; Oliver, 1979). Similarly, the idea of continuous reciprocal obligation is also firmly inherent in the concept of Chinese guanxi where to accept a favour without reciprocating is not only perceived as terminating the relationship but also as “morally wrong” (Steidlmeier, 1999). Second, Luo (2000) pointed out that as great importance is attached to resource complementarity in Western inter-organisational networking, guanxi is also built for guanxi players to complement each other’s access to different resources.

**Differences**

Four differences have been identified in the literature in order to distinguish guanxi from Western inter-organisational networking. First, while guanxi, which involves social or humanised obligation (renqing) exchanges and social status (mianzi or face) giving, is not solely commercial, Western inter-organisational networking is usually considered as a commercially based relationship (Davies et al., 1995; Luo, 2000). Second, guanxi is developed on the basis of exchanging favours that are appreciated by recipients. This characteristic of guanxi suggests that favours exchanged in guanxi do not have to be economically equal (Luo, 1997b, 2000). On the other hand, this unequal reciprocity is usually not acceptable in Western inter-organisational networking as commercially based relationships (Luo, 2000). Even if this unequal reciprocity can take place in a Western networking relation, according to Blau’s (1967)
social exchange theory, the tile of disadvantage always tend to be directed at the other party, not oneself. Third, although guanxi can be of use to a company, and thus functions at the organisational level, it is fundamentally based on an inter-personal relationship. Guanxi is attached to individuals instead of organisations, and the use of guanxi must be at the consent of the guanxi owner. In contrast, Western inter-organisational networking is a type of corporate relationship that is, by and large, attached to organisations (Davies et al., 1995; Luo, 1997b, 2000; Wong et al., 2007). Fourth, while goal congruity or compatibility is important to the success of Western inter-organisational networking, it is not a prerequisite for building and maintaining a sound guanxi (Luo, 2000). According to Luo (2000), even companies with totally different strategic goals in different industries may maintain good guanxi through favour exchanges, such as introducing key players in the community to each other or providing corporate loans to partners who are in liquidity trouble.

2.1.2.3.2 Guanxi and Relationship Marketing

Relationship marketing was initially proposed and studied in Western countries. It has been defined as “to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises.” (Grönroos, 1994: 9). Since guanxi is similarly defined as a “connection” built on the basis of mutually beneficial favour exchanges (Yeung & Tung, 1996), guanxi and relationship marketing are compared in a lot of extant literature (Fock & Woo, 1998; Geddie, DeFranco, & Geddie, 2005).

Although both guanxi and relationship marketing involve elements such as satisfaction, trust and commitment, it is argued that the two types of relationship are different because of four reasons. First, many studies suggest that while relationship marketing is developed on the basis of satisfactory transactions, guanxi is usually established ahead of any transactions (Fock & Woo, 1998; Geddie, Geddie, & DeFranco, 2002; Luo, 2000; Yau, Lee, Chow, Sin, & Tse, 2000). Second, transactions in relationship marketing are of an economic nature, whereas transactions in guanxi
are of a fundamentally social nature, which are implicit and go beyond the economic content to include things such as mutual protection, and enhancement of reputation and social status (Arias Jose Tomas, 1998). Third, although relationships in both guanxi and relationship marketing can be strengthened by satisfactory transactions, the satisfactory transactions are realised in different ways. Satisfactory transactions in relationship marketing are realised through companies helping customers to adapt and obtain the maximum benefits from the products or services, whereas in guanxi, satisfactory transactions are realised through guanxi players’ mutual understanding of guanxi partners’ needs (Bulger, 1999; Geddie et al., 2005). Fourth, like other Western business relationships, relationship marketing may involve inter-group or inter-organisational relationships. Nevertheless, relationships in guanxi are personal, and what is valued in such relationship is personal loyalty rather than organizational affiliation (Fock & Woo, 1998).

2.1.3 Guanxi, Business and Management

Introduction

While guanxi is examined in a wide range of spheres, a great interest in guanxi is placed in the context of business and management. The impact of networking on business can be traced in many studies (Goes & Park, 1997; Pennings & Harianto, 1992; Thomas & Trevino, 1993). As a similar phenomenon with unique Chinese characteristics, guanxi has drawn great academic interest in finding out its influence on business and management. In order to identify what has already been known about guanxi in the context of business and management, the influence of guanxi on business and management will be discussed and presented from two perspectives, namely: the influence of guanxi on business performance in the Chinese market and the influence of guanxi on corporate behaviour in the Chinese market.
2.1.3.1 Guanxi and Corporate Performance

The exiting literature suggests that in the Chinese market, which is usually seen as a transition economy with ambiguous property rights and weak legal constraints on market competition (Park & Luo, 2001), guanxi can facilitate business performance (Luo et al., 2012). It is usually realised in two ways: (1) guanxi can help increase sales; (2) guanxi can help reduce transaction costs.

Guanxi can be used to increase sales. In Park and Luo’s (2001) study of guanxi and business performance, it was found that in the Chinese market, corporate engagement in guanxi can lead to the improvement in competitive positioning and other applications of collaboration with competitors, which will eventually contribute to an enhanced market share for the business. Similarly Davies et al. (1995) and Braendle et al. (2005) assert that connections with peer companies through guanxi can help companies gather information on market trends and business opportunities, which in turn can cast a positive impact on their sales. Moreover, it is found in some studies that salesforce marketing and credit policy, which have a systematic and positive effect on companies’ profitability, asset turnover and domestic sales growth, are substantially subject to the influence of guanxi. Therefore, it is believed that guanxi can be used to improve a company’s accounting and market performance (Luo, 1997a; Luo & Chen, 1997). Luo and Chen (1997) noted that although in the Chinese market guanxi has significant and positive impacts on performance of both Chinese domestic businesses and foreign ventures, the impacts of guanxi on foreign ventures are usually moderated by the foreign venture’s entry mode and origin of investment.

Guanxi can also be employed to help reduce costs. Standifird and Marshall (2000) studied the relationship between corporate performance and guanxi from the perspective of transaction costs reduction. It is found that guanxi can be used to effectively reduce transactions costs in three ways: (1) the flexible and socially-based nature of guanxi can offer companies a better way to deal with unforeseen contingencies which occur after an agreement or a contract has been settled between business partners. This can reduce transaction costs caused by bounded-rationality and environmental uncertainties in terms of communicating, negotiating and coordinating transactions. (2) The dynamic flows of information within a guanxi
network not only help a company screen and select potential business partners, but also quickly bring back feedback on the performance of partners. This can contribute to the reduction of transaction costs associated with behavioural uncertainties. (3) Standifird and Marshall (2000) noted that in a situation where the potential cost of opportunistic behaviours is outweighed by the relevant pay-out, opportunistic behaviours can be a tempting option to a business partner. Since in a guanxi network, the cost of acting opportunistically can be the loss of resource exchange opportunities with all members in the network, which is conceivably high to a guanxi player, the opportunistic behaviours can thus be restrained effectively. In this sense, relevant transaction costs can then be reduced.

Guanxi can also be used to reduce the costs of a business, because it provides an arena for companies to access political supports (Luo et al., 2012). The existing literature suggests that guanxi with government officials not only helps companies bypass laws and regulations in the Chinese market, but also offers companies a greater access to information on government policies and other scarce resources, such as land, labour, raw materials, licenses and permissions, which can effectively reduce the transaction costs imposed by environmental uncertainties (Braendle et al., 2005; Chen & Wu, 2011; Davies et al., 1995). It is argued that in the Chinese market, guanxi with government officials are even more important than that with other companies, given the great reliance companies have on government officials in terms of resources and the considerable power of government officials in the transition economy (Peng & Luo, 2000; Xin & Pearce, 1996). It is also found that due to the lack of formal institutional supports, private companies rather than state-owned companies in China are the ones that value and rely on guanxi the most (Xin & Pearce, 1996). Private companies are usually seen to use their guanxi with government officials to protect their businesses from unstable conditions and threats, such as appropriation and extortion, and thus improve the business performance.

However, Yeung and Tung (1996) and Peng and Luo (2000) argue that guanxi is only a tool used to support and smoothen a business, and guanxi alone is not sufficient for good business performance and long-term business success in China. To succeed in the Chinese market, it is important for companies to compete on other terms, such as corporate competencies (Peng & Luo, 2000; Yeung & Tung, 1996). Additionally,
although guanxi can have a variety of positive impacts on business performance, guanxi is never free. Guanxi development and maintenance can incur considerable costs to companies, which may partly or even totally offset the benefits that guanxi can bring (Fan, 2002b; Fock & Woo, 1998; Yi & Ellis, 2000). Peng and Luo (2000) suggest that due to the high costs of cultivating and maintaining guanxi, the enhancement that guanxi may bring to the return on asset is insignificant. Likewise, Park and Luo (2001) also asserted that using guanxi contributes little to the net profit improvement of a company when taking the relevant costs of guanxi development into consideration.

2.1.3.2 Guanxi and Corporate Behaviours

Introduction

The extant literature suggests that guanxi plays an important role in shaping various corporate behaviours in the Chinese market. In this section, guanxi’s role in shaping corporate behaviours will be discussed through four aspects: guanxi and human resource management behaviours, guanxi and buyer-supplier behaviours, guanxi and corporate governance, and guanxi and knowledge transfer.

2.2.3.2.1 Guanxi and Human Resource Management

Guanxi shapes a company’s human resource management (HRM) behaviours both externally and internally. Externally, corporate HRM in the Chinese market may behave differently in order to recruit and retain people who are well attached to guanxi networks. Internally, guanxi may influence the way management communicates and interacts with employees.

HRM can be deployed to recruit and retain valuable guanxi. Companies that are not attached to any guanxi networks are likely to be seen as “outsiders” in the Chinese market, which challenges their competitiveness in the market (Leung et al., 1995).
Since guanxi is a type of relationship that is firmly attached to individuals, Parnell (2005) asserts that HRM strategies are usually tailored to obtain guanxi individuals, and then use their guanxi to transit the companies from “outsiders” to “insiders”. Similarly, it is proposed in other studies that HRM strategy should be designed to recruit and retain staff who can undertake guanxi building and maintenance activities with a company’s Chinese partners (Lee & Dawes, 2005; Leung, Lai, Chan, & Wong, 2005). Although Millington et al. (2006) pointed out that it is costly and time-consuming for companies’ HRM to hire and maintain sound guanxi players, empirical evidence suggests that well-connected guanxi players are still widely hired in Chinese labour market by companies, especially foreign companies that lack guanxi (Tung & Worm, 2001). Moreover, given that guanxi, in its nature, is personal rather than organizational, while it can be brought into a company by a hired guanxi player, it can also be taken away from a company by a dismissed guanxi player (Arias Jose Tomas, 1998). Therefore, companies’ personnel turnover in the Chinese market is thought to have taken management of guanxi into consideration (Parnell, 2005).

Within a company, guanxi shapes the way management communicates and interacts with employees (Chen, Friedman, Yu, & Sun, 2011b; Wei, Liu, Chen, & Wu, 2010). Based on the data collected from forty West European multinational companies (MNCs) in China, Tung and Worm (2001) assert that in order to better communicate and work with Chinese employees, Western executives develop and/or nurture guanxi with Chinese employees through engagement in practices such as visiting sick staff members and taking part in after-hour socialising activities that can demonstrate their concerns for the employees’ well-beings. Indeed, guanxi is found to be promoted by HRM as a foundation for effective leadership, even if managers and employees come from different cultures (Chen & Tjosvold, 2007). Moreover, Bian (1997) noted that in China decisions of HRM such as hiring and promoting are largely influenced by guanxi. Chen, Chen, and Xin (2004), however, pointed out that if human resource management decisions are made based on guanxi, the management will be perceived by employees as not being trustworthy. Chen et al. (2004) also added that only if the guanxi, which influences management’s decisions, is built on the basis of shared professional or organisational values rather than kinship or locality, given that all other conditions are equal, there is room for favouring the guanxi partners (Chen et al., 2004). In addition, Chen and Tjosvold (2007) provided another perspective to look at
the mechanism underlying guanxi’s influencing of HRM decisions. They disagreed with the argument that guanxi directly leads to a decision to promote an employee due to the managers’ loyalty and reciprocity for previous favours. Rather, Chen and Tjosvold (2007) argue that within a company guanxi can develop communication and understanding between management and employees through promoting constructive controversy between them and cultivating an open-minded organizational culture. Good communication and understanding will thus improve management’s knowledge of their employees as well as confidence in assigning them challenging jobs and promoting them.

2.2.3.2.2 Guanxi and Buyer-supplier Behaviours

Guanxi shapes buyer-supplier behaviours in the Chinese market mainly through the way it helps search for business partners and the way it helps manage within buyer-supplier relationships.

Millington et al. (2006) studied the role that guanxi plays in supplier search mechanism. They found that Western “market-based” search strategies such as trade fairs and Internet search are usually either unavailable or insufficiently reliable in the Chinese market. Guanxi is, therefore, employed by many Western companies to identify and verify potential suppliers in the Chinese market. Millington et al. (2006) added that even in the cases where the market-based channels were available, guanxi networks were still involved. It is believed that guanxi provides companies an easier and more efficient way to obtain information concerning a supplier’s capabilities, experiences, and financial standing (Millington et al., 2006; Zhuang et al., 2010).

Leung et al. (2005) and Zhuang et al. (2010) studied partnership development between buyers and suppliers in the Chinese market. They found that when building a long-term partnership with a supplier or a buyer, other than the basic corporate competences, such as the knowledge of products or services, market development and conflicts-solving skills, companies are also prone to attach great importance to xingyong (trust) between corporate representatives. Leung et al. (2005) asserted that such xingyong (trust) between buyer and supplier representatives are usually seen to
be generated as a result of their guanxi. This assertion was also echoed by Lee and Dawes (2005) who found that in the Chinese market it is a buying company’s trust in a salesperson, rather than the trust in the supplier company, that accounts for the buyer company’s will to keep a long-term partnership with the supplier company (Lee and Dawes, 2005).

2.2.3.2.3 Guanxi and Corporate Governance

Corporate governance in China can be jeopardised as a result of the involvement of guanxi. Four reasons are mentioned in the literature. First, opportunistic and strategic behaviours of managers’, which aim to advance managers’ own welfare at the costs of shareholders’, are seen as a major problem of corporate governance (Tam, 2002). By engaging in favour exchanges in guanxi, managers in China can easily trade shareholders’ welfare off for their personal benefits. Second, due to the involvement of guanxi, important positions in a company are often assigned based on personal connections rather than merits or achievement in China (Lin, 2004). Especially in state-influenced companies, the board are often politically determined and assigned regardless of candidates’ economic expertise and management skills (Qiang, 2003; Tam, 2002). Third, managers, who are politically appointed as a result of guanxi, usually act in the party’s or governmental interests rather than in the business’ interests (Qiang, 2003). Fourth, guanxi with government officials provides an arena for managers in the Chinese market to engage in bribery in the name of seeking legal protection. Corporate governance in the Chinese market is already characterised by strong insider power, highly concentrated ownership by the state and a weak legal system for shareholder protection. On account of all four facts above, Braendle et al., (2005) assert that guanxi, especially the business-to-government guanxi, can be harmful within the weak Chinese corporate governance system.
2.2.3.2.4 Knowledge Transfer

Guanxi is seen to facilitate the exchange of information, such as market trends and business opportunities, between companies within the guanxi network (Braendle et al., 2005; Chan, 2008; Huang, Davison, & Gu, 2011). Alston (1989) suggests that many Chinese companies tend to be bureaucratic and rigid, and guanxi acts as a catalyst that enables a more flexible arrangement in the transfer of resources and knowledge from the target company to the learning company. Furthermore, Ramasamy et al. (2006) explained how knowledge is transferred from a source company to a learning company with the help of guanxi. First, based on guanxi, companies, including both learning and source companies, form a loosely structured guanxi network. Second, in the guanxi network, the coordination of activities, the pooling of resources, joint ventures and growth are then carried out on the basis of the strength of guanxi. Thereby, a guanxi source company that has strength and expertise in a certain area may consider diffusing that knowledge to the guanxi learning company. As to the knowledge transfer among Western companies in the Chinese market, Millington et al. (2006) pointed out that guanxi is more likely to facilitate the information exchange between Western companies and their competitors and end-customers rather than between Western companies and their local suppliers.

Moreover, guanxi is also used to improve the quality of knowledge transferred between companies. Luo (1997b) asserts that knowledge passed through guanxi partners instead of other channels, is likely to be richer, more reliable and trustworthy, which allows management to make better-informed decisions.

Conclusion

Companies are seen to resort to guanxi in order to facilitate business performance in the Chinese market, which is characterised by its ambiguous property rights and weak legal constraints on market competition (Park & Luo, 2001). Some academics believe that guanxi can facilitate business performance by helping increase sales (Braendle et al., 2005; Davies et al., 1995) as well as reduce transaction costs (Standifird &
Marshall, 2000). Others believe that this positive impact of guanxi on business performance can be offset by the high costs of guanxi development and maintenance (Fan, 2002b; Fock & Woo, 1998; Yi & Ellis, 2000). In spite of the controversy above, a lot of corporate behaviours, ranging from HRM behaviour (Bian, 1997; Lee & Dawes, 2005; Leung et al., 2005; Parnell, 2005), buyer-supplier behaviour (Leung et al., 2005; Millington et al., 2006), and corporate governance (Braendle et al., 2005; Lin, 2004) to knowledge transfer (Chan, 2008; Ramasamy et al., 2006), are still widely found to be shaped under the influence of guanxi. Therefore, guanxi is recognised as an important dynamic in the Chinese market, and is also an interesting phenomenon to study (Luo, 2000, Yang, 1994).
2.2 Corporate Community Involvement

Introduction

This section reviews the existing literature on corporate community involvement (CCI). Focus of the review will be placed on five issues: definition of CCI; CCI in the Chinese market; motivation of CCI; determinates of CCI scales; and objections against CCI. First, CCI is understood differently by different academics. In order to define the phenomenon that is of interest to this research, definitions of CCI will, therefore, be explored. Second, this research is interested in exploring the undiscovered story of CCI in the Chinese market. Therefore, a discussion will be held in this section to show what has already been known about CCI in the Chinese market. Third, CCI has been studied in a wide range of spheres. This research is particularly interested in the motivations for CCI engagement. Thus, literature concerning this issue will be paid particular attention. Fourth, meeting with the review panel of experts suggested that in order to paint a whole picture of CCI, determinate of CCI scales and pitfalls of CCI should also be discussed. Therefore these two issues will also be explored in the existing literature.

2.2.1 What Is Corporate Community Involvement?

Introduction

In this section, the question ‘what is corporate community involvement?’ will be addressed with a particular focus on two aspects, namely: a general definition of CCI and the forms of CCI.
2.2.1.1 Definition of Corporate Community Involvement

Corporate Community Involvement (CCI) as an emerging corporate activity mainly refers to the interaction between profit and non-profit sectors. At an early stage, CCI was only defined as the provision of goods and services to non-profit and civic organisations by corporations (Burke, Logsdon, Mitchell, Reiner, & Vogel, 1986). As increasing attention has been paid to this corporate phenomenon, understanding of CCI was extended. Hamil (1999) sees CCI as a method that companies use to deliver on their side of a contract with the rest of the society and meet the needs of a wider range of stakeholders. Seitanidi and Ryan (2007) assert that the concept of CCI comes under the umbrella concept of corporate social responsibility (CSR), and is derived from the concept of corporate philanthropy or support with greater concern for relationships between business and communities (Seitanidi & Ryan, 2007). No matter how CCI is understood, provision of corporate resources, which ranges from finance, in-kind to human resources, to meet social and economic needs of the communities in which companies operate is always thought to be the essence of CCI (Muthuri, Chapple, & Moon, 2009).

2.2.1.2 Forms of CCI

Introduction

Companies are seen to undertake CCI in a variety of ways ranging from corporate support to the training and education of adults and youths in the local community, nationwide programs helping welfare recipients get jobs, to globally focused efforts providing aid to developing countries (Hess, Rogovsky, & Dunfee, 2002). Given the diversity of CCI engagement, Yankey (1996) believes that most of them fall into six categories, which are in-cash support, in-kind support, employee volunteerism, corporate sponsorship, cause-related marketing and partnership. The six categories are defined as follows:
In-cash Donation

In-cash donation is a form of contribution with a comparatively low level of business involvement. Through in-cash donation, money is directed by companies to tackle social causes in the community. Depending on the situation, in-cash support can be one-off (e.g. support rescue and rebuilding after unexpected natural disasters) as well as long-term (e.g. supporting research institutions).

In-kind Donation

By employing in-kind support, instead of giving money, companies contribute to the communities by donating free products and/or services. It is worth noticing that, while in-kind donation helps communities, it also offers companies a good opportunity to recoup a portion of actual production cost for obsolete inventory.

Employee Volunteerism

To tackle some social issues, human resources may be needed. As a result, companies are seen to encourage and/or organise employee volunteering in order to help solve social issues in the communities.

Corporate Sponsorship

Corporate sponsorship involves some or all of the forms mentioned above. However, what distinguishes it from the rest is its event-driven nature. Corporate sponsorship is usually undertaken when an event (e.g. sporting events) or social campaign is taking place in the community.

Cause-related Marketing

Yankey (1996: 12) defines cause-related marketing as “a joint venture between a corporation and a non-profit group to market products or services through a public association”. By agreeing to give a portion of each sale to the non-profit organization to address social causes, cause-related market not only encourages customers to purchase products or services, and thus increases companies’ sales and maintains market shares, but also effectively helps non-profit organizations raise funds for various causes in the community.
**Partnership**

In order to tackle social problems, companies are seen to actively and continuously partner with government and other non-profit organizations in the community. It is believed that partnership can be the CCI form which requires the highest degree of business involvement.

Moreover, standing on Austin’s (2000) ‘collaboration continuum’ theory, Seitanidi and Ryan’s (2007) argued that CCI engagement should be categorised into seven forms as philanthropy/charitable donations (in-cash and in-kind), benefaction, patronage, sponsorship, cause related marketing and partnership. They argue that benefaction involves money earned through commercial activities, and thus the act of benefaction usually reflects the image of the benefactor’s company. Therefore, it should be identified as an independent CCI form. In addition, Seitanidi and Ryan (2007) think that while patronage lacks the definite benefits inherent in sponsorship, unlike a donation, the business (or individual) that engages in patronage is likely to want some form of return. Therefore, they suggested that patronage should also be separately categorised.

### 2.2.2 CCI in the Chinese Market

**Introduction**

The study of CCI in the context of China is still comparatively new. In the existing literature most of the relevant studies emerged after the year 2008. Although the terminology that has commonly been used by academics is “CSR” or “corporate citizenship” instead of CCI, given the fact that corporate philanthropy, volunteerism, corporate sponsorship, cause-related marketing, partnership were intensively involved in those studies, in line with the definition of CCI, it is believed that information of CCI in the context of China can also be drawn from those studies.

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8 Austin (2000) proposes that approaches to CCI can been seen as three progressive points, philanthropic (stage 1), transactional (stage 2), and integrative (stage3), along a continuum.
In this review of the literature, it is found that research on CCI in the context of China is still at its early stage. Although other aspects of CCI were occasionally addressed, research attention has been mainly placed on two areas: the current situation of CCI in China and the further development of CCI in China.

2.2.2.1 Current Situation of CCI in China

CCI is still emerging in the Chinese market. Baskin (2006) conducted a study on the reported behaviours of 127 companies in the emerging market. Based on the data collected from 19 China-based companies, he characterises China as “especially low take-up” of CCI. Similarly Gao (2009:32) found in his content analysis of official websites of top 100 companies in China that CSR/CCI in China is still in its “beginning stage”. He asserts that among all the social issues (economic, legal, ethical, and philanthropic) that are taken into consideration in a company’s CCI programs, the economic issue still seems to be the issue, which is of the greatest concern to Chinese companies. Indeed, Chinese companies are often found to be “increasingly liberated from welfare functions and allowed to get down to the simply business of showing a profit” (Young, 2002:37). Wang and Chaudhri (2009) explored the situation of CCI in China by looking at how Chinese companies communicate their efforts in CCI with stakeholders. It is found that Chinese companies mainly rely on internet media and controlled corporate media such as corporate websites. Wang and Chaudhri (2009) suggest that Chinese companies still lack the resources and knowledge to design and implement systematic communication with stakeholders in terms of their CCI engagement, which indicates that CCI has not yet become an institutionalised practice for most Chinese companies.

The concept of CCI is still ambiguous in the Chinese market (Yin & Zhang, 2012). In a survey study carried out in 2006, the attitudes of 890 companies, including state-owned, private and multinational companies in China were examined. The results indicated that although companies in China were aware of CCI, most of them did not have a correct definition of CCI. In the survey, CCI was often seen as being similar to charity and it was usually a concern of larger rather than small companies (Qingfen,
2006). Similarly, Gugler and Shi (2009) assert that the notion of sustainable development is still a very new concept among business managers in China. It is noted that while some Chinese companies have no systematic approaches to CSR/CCI, and thus over-emphasise philanthropy, others are holding a “wait and see” attitude (Gugler and Shi, 2009).

Whether or not CCI engagement would harm business performance is also debated in the Chinese context. While Qingfen’s (2006) survey indicated that CCI has been seen as a concern of only large companies in China, it was found in Kolk, Hong, and Van Dolen’s (2008) study that even the large Chinese companies are inclined to see CSR/CCI as a burden or distraction which keeps them from focusing on building their businesses. On the other hand, Zu and Song (2009) suggest that engagement in CCI in the Chinese market will in fact do no harm to the economic performance of a business.

2.2.2.2 Future Development of CCI in China

Given the underdeveloped state of CCI in the Chinese market, another stream of academic work was dedicated to the study of factors that may influence the future development of CCI in the Chinese market. The Chinese government, MNCs and consumers, which are intensively involved in CCI in China, were, therefore, examined in terms of their effectiveness in promoting CCI in China.

*Whether CCI in China is promoted by the Chinese government*

Pullam (2006) believes that the Chinese government is playing an important role in promoting CCI in the country. Four supporting arguments were outlined by Pullam (2006). First, he asserts that CCI can be seen as one of the fundamental ideas of the country’s new theme of building a “harmonious society”, which aims to rebalance the relationships among different socioeconomic groups and between economic development and environment protection. Second, he believes that the Chinese central government has recognised that government alone can no longer fulfil the diverse and growing needs of the population. CCI can, therefore, answer the call of the central government for cross-sectoral participation. Third, it is noticed that the importance of
Non-Governmental Organisations (NGOs) as recipients of corporate philanthropy, watchdogs of the private sector, and partners in business efforts to improve environmental and labour practices has come to the Chinese government’s attention. Fourth, Pullam (2006) noted that even the rhetorical support for CCI and other sustainable development efforts are being codified in policy documents and recognition schemes in China.

Nevertheless the role of the government in promoting CCI in China remains open to question. See (2009) asserts that in spite of the “Harmonious Society⁹” promoted by the Chinese government, the theme is unlikely to promote CSR/CCI in China’s growing private sector. See (2009) believes that the level of CSR/CCI is determined by “environmental constraints” which are constituted by social and institutional factors. He argues that economic factors and the policy measures that affect the “environmental constraints” driving CSR/CCI are bounded by other political considerations. Furthermore, it is noted that companies’ enthusiasm for CCI engagement is challenged by the low level of support from the Chinese government (Lam, 2009). The Chinese government is not willing to provide tax incentives for companies’ charitable actions. While tax incentives are widely adopted in many Western countries to encourage companies’ charitable actions, the Chinese government is still very conservative about using them. In China, charitable donations of up to 10% of annual profits of companies are tax deductible. While current US tax laws allow full tax deductions for charitable donations up to 50% of salary, only 2% of taxes on salary can be offset by charitable donations in China (Lam, 2009). Second, the Chinese government is seen to impose controls on the establishment and operation of NGOs in the country. According to Lam (2009), there are only 20 state-approved NGOs in China that can endow their corporate donors with a tax rebate. Many local NGOs cannot easily get the approval from government, which makes it difficult for many companies in the Chinese market to find credible partners to engage in CCI with.

⁹ President Hu Jingtao on September 15, 2006, defined a harmonious society as a society “which gives full play to modern ideas like democracy, rule of law, fairness, justice, vitality, stability, orderliness and harmonious co-existence between the humankind and nature” (See, 2009).
Is CCI in China promoted by the MNCs operating in China?

Gugler and Shi’s (2009) study of CCI in China suggests that the most advanced region of China in terms of CSR/CCI awareness and engagement is the South, Guangdong province in particular, where most MNCs are based. Although MNCs are usually thought to have extensive experience of implementing CCI programs (Wei, 2006; Young, 2002), many MNCs with sound CCI programs in their home countries are found to have not launched similar programs in China (Pullam, 2006). Furthermore, Lam (2009) investigated the CCI situation of MNCs’ Chinese subsidiaries, and found that due to the lack of strong state regulations and private independent organisations, it is difficult to monitor the CCI behaviours of all MNCs in the Chinese market. Although reports of CSR progress or sustainable development can be found on many MNCs’ websites, most of these reports contain no specific descriptions regarding their CCI practices in their Chinese subsidiaries. As a result, it is hard to draw a complete picture of MNCs’ CCI behaviours in China. As to those whose CCI behaviours could be kept track of, Lam (2009) noticed that their CCI engagement was still in the emerging stage, even though their headquarters were already in the advanced stage. Based on results shown in the interviews with managers of MNCs’ Chinese subsidiaries, Lam (2009) attributed the difference in CCI engagement between headquarters and Chinese subsidiaries to two reasons. First, the headquarters’ modern view of CCI has not yet been fully passed on to the subsidiaries. The modern view of CCI considers CCI as an investment seeking to maintain relationship between business and the broader matrix of society where business can draw benefits from their socially responsible actions in long run. Since Chinese subsidiaries have not fully inherited the modern view of CCI, most of them undertake CCI only in the short term and see CCI as an activity which incurs costs and puts the business in a disadvantaged position in a very price-competitive market. Second, Lam (2009) believes that MNCs’ Chinese subsidiaries’ CCI engagement is also discouraged by the insufficient policy support of the Chinese government.

Is CCI in China promoted by Chinese consumers?

After the 2008 earthquake in Sichuan province, many companies were seen to have donated to the earthquake relief efforts. It was argued that their donations were made under the pressure of consumers (Kolk et al., 2008). In response to this, Kolk et al.
(2008) assert that the development of CCI in China may also be boosted by the increasing expectation of Chinese consumers for CCI. Indeed, according to a survey carried out by Ramasamy and Yeung (2009), in Shanghai and Hong Kong, Chinese consumers tend to be even more supportive of CSR/CCI than consumers in Europe and the United States. A strong tendency to pay for good CCI practices has also been noticed among Chinese consumers. It is believed that this can, in turn, encourage companies to undertake CCI. Ramasamy and Yeung (2009) also noted that Chinese consumers’ perceptions of CCI vary across the country. Therefore, companies are advised to have more than one CCI strategy across China.

2.2.2.3 Other Studies of CCI in China

Based on a content analysis of official websites of the top 100 companies in China, Gao (2009) identified differences in CCI across different industries. Gao (2009) noted that while companies in the automobile, iron, and steel industries are more concerned with legal and ethical responsibility, companies in home electronics and banking and insurance industries pay more attention to philanthropic responsibility; companies in electric power and oil and chemical industries are more concerned with both ethical and philanthropic responsibility; companies in transportation and business and trade industries are barely concerned with any of those issues. In similar research, Tang and Li (2009) examined the websites of leading Chinese and global companies operating in China and identified three major approaches to CCI/CSR in the Chinese market: ad hoc philanthropy, strategic philanthropy, and ethical business practices. It was also found that whether or not a company is dealing directly with consumers is an important determinant of a company’s CCI/CSR approach: companies, which target consumers, have a tendency to engage in CCI/CSR through either ad hoc or strategic philanthropy (Tang & Li, 2009). Tang and Li (2009) also added that MNCs in China are more likely to practice CCI/CSR through corporate policies and partnership with government.

The situation of CCI engagement in China was re-examined after the financial crisis in 2008 by Darigan and Post (2009). They argued that MNCs that are category leaders
or in industries which are comparatively invulnerable to the recession are likely to continue to promote their reputation in the Chinese market and thus undertake CCI programs. However, companies, which are vulnerable to macro-economic pressure, tend to rearrange their CSR plans, and thus reduce their engagement in CCI and try to maintain activities such as worker safety, environmental regulatory compliance and consumer quality standards monitoring that can help avoid legal action and enhance their ability to operate in the Chinese market (Darigan & Post, 2009).

Wang and Juslin (2009) suggest that Western CCI concepts do not adapt well to the Chinese market because the primary reason for engaging in CCI in the Chinese market have rarely been defined, and thus the etic approach to CCI concepts does not take the reality and culture of China into consideration. Wang and Juslin (2009) assert that the primary reason for companies, Chinese companies in particular, to engage in CCI in the Chinese market should be defined as cultivating virtues, becoming a superior enterprise and contributing to the construction of a harmonious society in China.

2.2.3 Motivations for CCI

Introduction

The last decade has seen significant amount of time and corporate resources being devoted to CCI programs (Burlingame & Young, 1996). On account of this fact, academics have been drawn to find out the motivations behind this corporate activity. The existing literature suggests that there are four possible categories of motivations for CCI: strategic motivations (Brammer & Pavelin, 2004, 2005; Grayson, 1994; Joyner & Payne, 2002; Navarro, 1988; Porter & Kramer, 2002; Saiia, Carroll, & Buchholtz, 2003; Yankey, 1996), managerial discretion (Barnard, 1996; Donaldson & Davis, 1991), political motivations (Kopecki & Reeves, 2007; Neiheisel, 1994), and altruistic motivations (Campbell, Gulas, & Gruca, 1999; Cowton, 1987). In this section, these motivations will be discussed respectively.
2.2.3.1 Strategic Motivations

Introduction

In countries like the USA, the law has entitled management of a company to make direct CCI contributions up to 10% of the company’s net earnings before tax without shareholders’ approval (Hamil, 1999). Given the profit-maximising nature of a business, it is believed that there must be a positive link between CCI engagement and business performance, which keeps driving companies across the world into the costly activities of supporting communities. Joyner and Payne (2002) believe that companies are motivated because CCI can facilitate business strategies in either a direct or indirect manner. In general, CCI is thought to contribute to a business in two ways.

First, CCI can be employed to manage corporate relationships with stakeholders. The resource-based view of business implies that the competitive advantage of a company comes from its possession of valuable and rare resources that are difficult for the competitors to imitate or customers to substitute for (Barney, 1991). According to Jeff (1999), many of a company’s resources are considered to be relationship-based, and thus the relationships a company has with its stakeholders can influence the competitiveness and success of the business. Nowadays, stakeholder expectations are no longer limited to lower price, better service and better quality, but are also concerned with a business’ contribution to communities (Yankey, 1996). As a result, instead of competing on price and quality alone, companies today are found to actively integrate CCI into their business strategies in order to gain a competitive edge in the markets.

Second, CCI can be employed to facilitate the sustainable development of a business. It is argued that the competitiveness of companies depends significantly on the environment that they operate in. If the business environment is improved by CCI, it can enhance a company’s long-term business prospects (Porter & Kramer, 2002). Porter and Kramer (2002) referred the business environment as a company’s “competitive contexts”, and they believe that CCI can impact such “competitive context” in four ways: factor conditions, demand conditions, context for strategy and rivalry, and related and supporting industries respectively.
• **Factor Conditions**: Porter and Kramer (2002) argue that factors such as trained workers, high quality scientific and technological institutions, adequate physical infrastructure, transparent and efficient administrative process, and available natural resources which are crucial to the productivity of a company can all be positively influenced by company’s CCI contributions.

• **Demand Conditions**: Porter and Kramer (2002) believe that size and quality of the local market can be improved by CCI.

• **Context For Strategy And Rivalry**: It is thought that a company’s CCI efforts can result in a more productive and transparent environment for competition.

• **Related And Supporting Industries**: Porter and Kramer (2002) believe that a company’s productivity can be greatly improved by having high-quality supporting industries and services in the communities. Such high-quality supporting industries and services in the communities can, in fact, be developed and strengthened by CCI.

In addition to the two general strategic motivations for CCI, studies have also been conducted to identify motivations that are embedded in different corporate strategies, and thus accountable for companies’ CCI engagement. Five groups of motivations; advertising, enhancing reputation, reducing costs, impact buffer, human resource management, attracting investor, will be addressed in the following discussion.

**2.2.3.1.1 Advertising**

CCI is often seen to be adopted in order to facilitate a company’s marketing strategy. In a survey carried out in New York by the Roper Starch Worldwide market research company, it was found that given the same price and quality, nearly two-thirds of the participants in the survey showed that they were somewhat or very likely to switch brands “based on a good cause” (Elliot, 1993). This fact can, to some extent, explain companies’ integrating CCI into their advertising strategies. In one of the early studies, Navarro (1988) recognises that corporate giving represents a form of advertising that can influence market demands and contribute to shareholder profit maximization. Saiia et al. (2003) also assert that when managed strategically, CCI engagement not
only benefits communities but also can help better position a business in the market. Moreover, some CCI forms, sponsorship and cause-related marketing in particular, are proven to effectively promote companies’ products and services, which eventually results in a great increase in sales (Seitanidi & Ryan, 2007; Yankey, 1996).

2.2.3.1.2 Enhancing Reputation

CCI engagement is also driven by the positive impact of CCI on corporate reputation. Wokutch and Spencer (1987) noticed that companies that give a lot to charity are inclined to be highly ranked in the Fortune reputation ratings. Later, L’Etang (1994) assessed the relationship between CCI participation and corporate reputation from the perspective of public relations. He found that CCI could be employed by the public relation practitioners in a company to deliver target publics to the corporation, which can in turn generate marketing-type benefits such as image and reputation enhancement. L’Etang’s (1994) finding is also supported by empirical evidence found in Brammer and Pavelin’s (2004) work. In their research, a positive link between corporate reputation and CCI activities was identified. Their research also suggests that in order to effectively build corporate reputation, companies need to tailor their CCI activities in accordance with both company size and the nature of their principle business activities. Similarly, based on a sample of large UK companies drawn from a diverse range of industries, Brammer and Millington (2005) suggest that companies’ CCI activities play a significant role in shaping the perception of external stakeholders in communities, which consequently contributes to corporate reputation enhancement. Two other points were raised in Brammer and Millington’s (2005) work as well. First, they found that among all the CCI forms, cash donation is the most effective in terms of enhancing corporate reputation. This point echoes the empirical finding in Campbell et al.’s (1999) research. Second, the impact of CCI on corporate reputation varies across industries and is positively related to the level of expenditure on CCI. This point was followed up by later research, in which Brammer and Millington (2008) found that only the companies that pursue either an unusually high or unusually low degree of CCI can enjoy the evident benefits of CCI engagement. The explanation given for the finding is that while companies which invest an unusually high amount
of corporate resources in CCI can differentiate themselves from their competitors in the eyes of stakeholders, and thus succeed financially in the long term, the ones which invest unusually low amounts of corporate resources in CCI can conserve the resources and invest in alternative projects, and thus succeed financially in the short term.

2.2.3.1.3 Reducing Costs

The existing literature suggests that CCI can be used strategically to reduce costs in three ways.

First, the operating costs of a business can be reduced as a result of CCI engagement. Companies can significantly reduce their disposal costs by giving obsolete inventory away (Grahm, Hannaford, & Laverty, 1987). Normally there are two ways to dispose of a company’s obsolete or excess inventory: selling to a liquidator or dumping it. Yankey (1996) argued that either way could harm a business. By selling inventory to liquidators, companies are often found to lose money. On the other hand, dumping inventory, which are perfectly useful products, can damage a company’s public relations. By giving them away, companies not only can avoid financial loss, but also can obtain benefits from tax treatment and potential costs saving afforded by reduced inventory level and carrying costs (Yankey, 1996). Furthermore, corporate contribution to local communities in the name of CCI can effectively reduce local crime rates, which, in turn, reduces corporate insurance and security costs (Haley, 1991).

Second, engaging in CCI can lead to a decrease in product costs. Corporate contributions to basic and applied research can lead to product and technological innovation. In turn, new products and advanced technology will lower the costs of a business (Haley, 1991). Empirically, Maddox and Siegfried (1980) identified a significant positive relation between change in corporate contribution and corporate research budget, which suggests that CCI is an effective cost-reducing mechanism.
Third, CCI can reduce the costs of a business through tax benefits (Grahn et al., 1987). In many countries, charitable donations can be deducted from earnings, thereby offering companies an opportunity to reduce their corporate income tax (Galaskiewicz, 1985). It is noticed that in the United States, corporate donations increased sharply when the excess profits tax was imposed on companies in 1942 (Sharfman, 1994). Even though the excess profits tax was repealed later on, the current US tax laws still allow full tax deductions for charitable donations up to 50% of salary, which is regarded as a great incentive for CCI engagement (Lam, 2009). On the other hand, it is also argued that in developing countries, tax benefits may be a less compelling explanation for CCI. Sanchez (2000) noted that although in El Salvador, charitable donations are tax exempt, tax collection itself is inefficient and not well enforced, which makes the tax benefits a rather unappealing incentive to CCI. Lam (2009) also pointed out that in China charitable donations up to 10% of annual profits of companies are tax deductible, which may not be a strong motivation for CCI either.

2.2.3.1.4 Impact Buffer

It is believed that CCI can help combat the negative effects of unexpected events to a business, and thus protect shareholders’ wealth during times of crisis. In 1992, riots broke out in South Central Los Angeles and, as mentioned in the literature, McDonald’s good relationship with the community, which was developed through its CCI programs, helped the company survive the event; while most businesses in the area underwent vandalism, all sixty outlets of McDonald’s were spared by rioters (Grayson, 1994; Hess et al., 2002). McDonald’s story is not the only case of its kind; the fact that companies are motivated to undertake CCI for its function as an impact buffer has been explored by many scholars. Williams and Barrett (2000) found that CCI projects are often adopted by companies to partially restore their good names following the commission of illegal acts. From the perspective of standard insurance theory, Brammer and Pavelin (2005) found that a company’s investment in CCI is similar to a purchase of insurance, which essentially aims to protect companies from the potential losses inflicted by stakeholders, caused by corporate social irresponsibility. In addition to Brammer and Pavelin’s (2005) work, Godfrey (2005)
further elaborated the mechanism through which companies’ CCI contribution generates “insurance-like” protection to shareholders’ wealth as follows:

1. Corporate philanthropic contributions can generate positive moral capital among stakeholders in the community.
2. Moral capital can then provide shareholders with “insurance-like” protection to the intangible assets of the company.
3. “Insurance” then prevents shareholder wealth from being jeopardised.

2.2.3.1.5 Human Resource Management

In a study of the top 500 US companies, it was noticed that employee morale, productivity and financial indicators score higher in companies that actively engage in CCI (Grayson, 1994). The existing literature suggests that CCI contributes to the HRM of a company in three ways: improving employee morale, providing training, and attracting talent.

CCI is used to enhance employee morale (Kim, Lee, Lee, & Kim, 2010). Lewin and Sabater (1996) assert that there are systematic links between CCI, employee morale, and business performance. In Navarro’s (1988) early work, it has been recognized that corporate community contributions can effectively motivate the employees who live in the benefited community. By studying McDonald’s famous CCI program, Ronald McDonald House Program, Smith (1994) found that while corporate giving programs help communities, such programs could also effectively unite employees through shared values, which can, in turn, bring members of individual profit centres of a company together, and thus unify a company’s business functions. Brammer, Millington, and Rayton (2007) divided company’s stakeholders into external stakeholders and internal stakeholders. They found that while external stakeholders in communities could directly benefit from corporate contributions, the internal stakeholders could also benefit from companies’ CCI in an indirect way, such as being able to feel proud of working for a socially responsible employer. Such indirect benefits are believed to have an impact on employee’s commitment to an organisation, which is no less great than job satisfaction. Moreover, Social Identity theory proposes
that employees may develop a positive sense of identity from being associated with a company’s valued characteristics. On the basis of this theory, Peterson (2004) suggests that a company’s attitude on social issues can ultimately influence its employees’ attitudes towards the company. Peterson (2004) explained that companies’ engagement in social issues may lead to employees’ favourable perceptions of the company, which can in turn result in a higher commitment to the company. Peterson (2004) also stresses that higher organisational commitment of employees usually comes hand in hand with higher motivation, reduced absenteeism, and lower turnover rates. Unlike other scholars, Korngold and Voudouris (1996) put their attention particularly on one form of CCI: volunteerism. Based on reports on corporate volunteerism in business newspapers and magazines, they found that by undertaking volunteerism, companies could effectively rebuild employee morale in a climate that is otherwise undermined by corporate restricting and downsizing. Korngold and Voudouris’ (1996) finding was also echoed by the case of IBM mentioned in another study of corporate volunteerism. In the early 1990s, IBM was found to use employee volunteerism programs to soften the impact of its painful downsizing and restructuring (Smith, 1994).

CCI is also used as a way to attract, train, and retain employees. Korngold and Voudouris’ (1996) research suggests that CCI provides a mechanism for companies to (1) attract better employees, (2) increase retention rate of talented employees; (3) develop employees’ management skills in terms of teamwork, ability to motivate others, organising, leadership, listening, decision making, speaking and writing, which can lead to the enhancement of overall productivity of their work. Similarly, Backhaus, Stone, and Heiner (2002) found that a company’s social performance records can influence job seekers at all stages of the job search, and such records are of great importance to job seekers when deciding whether or not to take a job offer.

2.2.3.1.6 Attracting Investors

Earlier studies suggest that CCI can help companies to attract investors. Saiia et al. (2003) found that more than 75% of Americans took a company’s philanthropic
record into account when choosing a business partner, and around 80% of the respondents suggested that they had decided to do business with a company because of its involvement in community issues. Similarly, financial analysts and other market watchers have observed that investors are inclined to attach as much importance to a company’s social responsibility as to profit, and terms such as community involvement and social responsibility are becoming as common as dividends and earnings to the investors (Lane, 2005).

Moreover, in spite of the generally high cost of implementing CCI programs, McWilliams and Siegel (2001) suggest that CCI participants could still reach the same rate of profit as those CCI free companies. This statement was later echoed by another study in which the researchers found that investing companies, which make social contributions, did not jeopardise the performance of an investor’s portfolio. Rather, adding socially responsible stocks into an investor’s portfolio can even reduce an investor’s diversifiable risk component (Boutin-Dufresne & Savaria, 2004).

2.2.3.2 Managerial Discretion

While strategic motivations for CCI are widely explored by some academics, others argue that managerial discretion also accounts for companies’ CCI engagement. Friedman (1970) asserted that the only responsibility of managers should be maximising the wealth of shareholders within the legal framework and ethical customs of the country. He saw CCI as an expression of the agency problem through which managers advance their careers or other personal agenda by misusing corporate resources that can otherwise be invested to value-added projects or returned to shareholders. Similarly, Barnard (1996) suggests that CCI activities are often driven by the personal preferences of corporate executives, because such activities are often a measurement of an executive’s power in a company as well as his status in the community. Barnard (1996) proposed four motivations for executives to make a CCI engagement decision: (1) to enhance personal prestige in the local community; (2) to elevate their reputation as one who can make things happen; (3) to reciprocate for earlier contributions made by business colleagues to other projects with which he/she
is associated; (4) to support a particular organisation that is seen as a socially valuable organisation based on the executives’ personal belief system. In addition to the theoretical argument, empirical evidence has also shown that managerial discretion plays a big role in determining whether and/or how much a company should contribute to the community (Brammer, Millington, & Pavelin, 2006).

Drawing on stewardship theory, Donaldson and Davis (1991) argue that managers have their own moral imperative to help the community and “do the right thing” irrespective of their responsibility to maximise shareholder wealth. They argue that to engage in CCI and “do the right thing” does not necessarily mean zero benefit to the business. Furthermore, Choi and Wang (2007) assert that even CCI engagement, which results from managerial discretion, can strengthen the trusting relationship with stakeholders, and thus contribute to improving companies’ financial performance.

2.2.3.3 Political Motivations

Political motivations also form a category of motivation for CCI. Detomasi (2008) noted that regulators’ support is crucial to the success of a business, and thus the goals of a company’s political strategy are: (1) to preserve societal legitimacy, (2) to maintain flexibility in dealing with demands of host governments, and (3) to prevent the erection of protectionist barriers that will harm a company’s capacity to compete. He believes that CCI is an effective political tool to achieve all these objectives. Similarly, Neiheisel (1994) proposes that CCI contribution is like political currency, which can help companies to gain access to politicians, and thus influence policies. Neiheisel (1994) also suggests that when a company is entering an alien market, getting involved in local community issues can be the best way for the company to cultivate an initial relationship with the local government.

In addition to the theoretical arguments, empirical studies have also tried to justify the political motivations for CCI. In Kopecki and Reeves’s (2007) case study of an American company, Fannie Mae, it was found that by strategically designing its CCI programs, the company was not only given a variety of exemptions, such as tax exemption or reduction, but also granted policy protection by the local government.
another case, Motorola engaged in CCI through the donation of telecommunication equipment to a local hospital in Vietnam. It is believed that this CCI project helped build an important relationship between the company and local government officials, which, as a result, successfully brought Motorola into the Vietnam market prior to the lifting of the US embargo (Simon, 1995). Similarly, Smith (1994) analysed the experience of American Express’s entry in Hungary and found that through the philanthropic support that the company offered to the local government officials to develop the local education system, the managers of American Express popularised themselves in Budapest and became well connected with all major public and private players in the tourism industry. This effectively smoothened the entry of American Express’s business into the country.

2.2.3.4 Altruistic Motivations

Although the theoretical and empirical evidence in the preceding section has shown that CCI is usually adopted to serve either business or management interests, studies suggest that companies can also undertake CCI with no expectation of return. In an early survey in the UK, Cowton (1987) found that altruistic motivations accounted for 72% of the motivations mentioned by UK companies for their CCI. Indeed, companies may use social criteria as the basis of their actions. What a company does is, therefore, expected to be right, good, and just for society, which allows managers to be independent from the operational pressures of generating profits, and thus pursue altruistic philanthropy with a single goal of helping others (Useem, 1984). In Campbell et al.’s (1999) study of corporate giving behaviours, it was found that companies that had a history of giving to charity often mentioned altruism as the motivation for their actions. Campbell et al. (1999) noted that corporate donations seem to be motivated by companies’ feeling of social responsibility obligations, or as a result of “feeling sorry” and “trying to help others”. Moreover, a poll commissioned by the Wall Street Journal suggested that 86% of the black business owners surveyed claimed that they had a special responsibility to contribute (give back) to Black communities (Carlson, 1992). In light of this fact, Edmondson and Carroll (1999) studied the CCI behaviours of Black-owned business in the United States and found
that due to the close connection between Black-owned businesses and their communities where the business owners were raised, often educated, and attended church, those companies perceived their CCI activities as a genuine concern about the development and preservation of the communities rather than business philanthropic activities. On account of this finding, they assert that companies can be driven into CCI by their belief that companies have responsibilities to communities, and thus need to protect and improve the environment, in which they live, work and do business, to practice good citizenship, and to give back with nothing expected in return. Such belief has already extended beyond producing and distributing products and services and making a profit, and thus should be seen as altruistic.

Altruism is not only identified as a motivation for CCI in developed countries. Sanchez’s (2000) study of corporate philanthropic acts in El Salvador, a developing country, found that philanthropic acts by Salvadoran companies are significantly driven by altruism, which strongly reflects the personal interests and paternalistic attitudes of company leaders.

### 2.2.3.5 Motivations for CCI in China

In addition to the motivations identified in studies conducted in the context of Western countries, motivations for CCI in the Chinese market have also been explored by academics.

Strategic motivations are the dominant motivations for CCI in China. Based on the responses of Chinese companies to the 2008 Sichuan earthquake, Zhang et al. (2009) argue that Chinese companies’ CCI engagement is strategic and mainly economically driven. They see CCI in the Chinese market as a type of corporate investment with the business objectives of promoting companies’ sustainable performance. A similar argument was also suggested by Zu and Song (2009) who conducted a survey among companies across the whole country to explore the true nature of managerial perceptions of CCI. Consequently, they found that the true nature of managerial willingness to undertake CCI is inclined to be business oriented rather than morally motivated. They suggest that CCI may be perceived as a means to directly or
indirectly serve companies’ economic goals and “the better off a firm is, the more likely its manager is to get involved in CCI activities” (Zu and Song, 2009:116). Zu and Song’s (2009) survey also indicated that a company’s productive features play a more significant role than a manager’s personal characteristics in shaping company’s CCI behaviours. It was noted that the “poorly performing companies, or rather, companies with vulnerable indicators - smaller in size, state-owned, producing traditional goods and located in poorer regions” are more likely to pursue a high degree of CCI (Zu and Song, 2009:105). Among all kinds of strategic motivations, it was found that building corporate reputations and branding are the key motivations for CCI engagement in the Chinese market (Kolk et al., 2008; Wang & Chaudhri, 2009).

Political motivations are evident in China. In the Chinese market, many scarce resources such as land, labour, raw materials, licenses, and permissions are still strictly controlled by the Chinese government. Due to the central role that the Chinese government plays in the country, companies in China have paid great attention to the government interests. On account of this, Gao (2009) proposes that supporting the interests of the Chinese government can be a reason for companies to engage in CCI in the Chinese market. In addition, due to the weak institutional environment in China, Su and He (2009) assert that private company owners in China usually see CCI as an opportunity to interact with government officials, and thus establish and nurture the political connections and better protect property rights.

Furthermore, internal motivations for CCI are also found in China. Wang and Chaudhri (2009) noted that the strategic and political motivations are all external motivations. They argued that beside the external motivation, internal motivations such as building corporate culture have also motivated companies to undertake CCI in China.

### 2.2.4 Determinants of CCI Extent

Companies are seen to engage in CCI in a range of different scales. While Royal Dutch Shell with $458463 million annual operating revenue committed $132 million...
to social causes in the year 2009, Wal-Mart Stores with $408214 million annual operating revenue donated $467 million worth resources to the communities. This is nearly four times more than the proportion of operating revenue contributed by Shell (Community & Giving, 2010; Sustainability Report, 2009).

The size of a company may determine the scale of its CCI program. Brammer et al. (2006) suggested that a company’s resource availability usually determines how much the company can spend on its CCI programs. In addition, Udayasankar (2008) noted that while very small companies seek to enhance their visibility and access to resources through vigorously taking part in CCI, very large companies are forced into CCI by stakeholder pressures that reflect their visibility. He argues that very small and very large companies are likely to participate in CCI in a larger scale than midsized companies. Comparisons have also been made between the CCI scales of small companies and large companies. Small companies and larger companies may contribute to the communities in different ways. However, empirical figures suggest that small companies give no less than larger companies (Burlingame & Frishkoff, 1996). Looking from the perspective of proportion of pre-tax earnings, it is noticed that larger companies give even less than small companies (Kedia & Kuntz, 1981).

The scale of CCI can vary across industries. Brammer and Millington (2004) noticed that, by and large, the more vulnerable a company is to significant loss events, the more likely it will pursue CCI. Therefore companies from the socially and environmentally sensitive industries with a customer focus are more likely to make higher CCI contributions than others in order to reduce damage in an unexpected social crisis (Brammer and Millington, 2004).

A company’ CCI scale can be influenced by peer companies. Himmelstein (1996) asserts that due to the inter-corporate ties, the level of CCI expenditure of a company will be influenced by other companies. However, this point was challenged by Brammer et al. (2006). Based on a survey of 200 large British companies, Brammer et al. (2006) found that among UK companies, competitors’ contribution level and tax policies had little impact on the level of a UK company’s CCI expenditure.

Moreover, choice of CCI scale also involves other factors. Brammer et al.’s (2006) survey indicated that among UK companies the presence of previous commitments
and relationships with the communities and the senior managerial discretion both play significant role in determining the scale of companies’ CCI programs.

2.2.5 Objections against CCI

While many believe in the beneficial nature of CCI, some still doubt the merits of CCI. In a case study of the tobacco producer Philip Morris, Tesler and Malone (2008) found that CCI was used not only as a tool to offset the harm caused by corporate products and practices, but also as a lobby instrument to influence government officials. As a result, they argue that contributions made in the name of CCI may lead to harmful consequences, which have been seldom considered by academics. Hamil (1999) proposed four harmful consequences to communities that are likely to be caused by CCI:

1. There is a possibility that companies may use CCI to win over citizens with highly publicised social initiatives in order to divert their attention from unjust corporate practices such as underpaying workers or exposing workers to unsafe conditions;
2. Excessive reliance of recipients on corporate resources can be caused by large-scale CCI contributions, which can leave recipients open to manipulation or abuse for corporate ends and increase corporate power over vulnerable communities;
3. CCI which is motivated by self-interest may emphasise the companies’ benefits rather than the real needs of the recipients, which twists the relationship between companies and communities from the ideal mutual beneficial into exploitive;
4. CCI may become an expression of executive vanity, which is nurtured at the cost of shareholders’ welfare with little real benefits to the business.

Moreover, due to the insurance-like characteristic of CCI, companies that engage in CCI are likely to become more socially irresponsible (Brammer & Pavelin, 2005). Empirical evidence shows that companies indeed have employed CCI projects to
partially restore their names following the commission of illegal acts (Williams & Barrett, 2000). This makes the impact of CCI on social welfare ambiguous.
2.3 Development of a Research Agenda

Introduction

Having reviewed the existing literature on guanxi and corporate community involvement, four key limitations of the existing literature have been identified. In this section, they will be outlined. A research agenda for future work will then be developed.

2.3.1 Limitations of the Existing Literature

1. The existing literature on CCI is largely focused on Western countries

While motivations for CCI have been widely studied in the Anglo-American contexts, this area is still underexplored in the Chinese context. China is characterised by special economic, cultural, and political conditions that can have different influences on CCI (Lam, 2009; Pullam, 2006; Wang & Juslin, 2009). Accordingly, motivations for CCI engagement in this market may or may not be the same as those identified in the Anglo-American contexts. To date, only a few studies have briefly discussed the motivations for CCI in the Chinese market (Gao, 2009; Wang & Chaudhri, 2009; Zu & Song, 2009), and none of them have attempted to explain how the particular characteristics of the Chinese market may have led to different motivations for CCI engagement in China. The extant literature is, therefore, limited in terms of providing sufficient knowledge on motivations for CCI engagement in the Chinese market.

2. Few studies in the Chinese context have a particular focus on CCI

CCI consists of corporate philanthropy, employee volunteerism, corporate sponsorship, cause-related marketing and partnership (Yankey, 1996). However, existing studies that have been conducted in the context of the Chinese market are either focused on the broader issue, corporate social responsibility (CSR) (Qingfen, 2006; Zu & Song, 2009) or the narrower issue, corporate philanthropy (Su & He,
To date, few studies have attempted to investigate CCI in particular. The extant literature is, therefore, limited in terms of providing knowledge specifically on CCI in the Chinese market.

3. Existing studies of CCI look at stakeholders only on a macro level

The existing literature suggests that CCI is employed by companies to develop and manage relationships with stakeholders (Jeff, 1999; Yankey, 1996). It is noticed that in most of the studies stakeholders are treated as mass groups: group of consumers (Hess et al., 2002; L' Etang, 1994), group of employees (Lewin & Sabater, 1996; Navarro, 1988), group of investors (Lane, 2005), and group of regulators (Neiheisel, 1994; Simon, 1995). While some groups, such as customers and employees, are formed by numerous people, where CCI is required to appeal to the group as a whole, others, such as regulator groups, are only formed by a few key individuals, where CCI may only aim to develop and manage the relationships with these few key individuals. Although in case studies, such as Motorola’s entry into the Vietnam market (Simon, 1995) and American Express’ entry into the Hungarian market (Smith, 1994), CCI has already been found to develop and manage relationships with key local government officials and major public and private players in the relevant industries, the use of CCI as a tool to develop and manage relationships with key individual stakeholders in the communities has rarely been discussed thoroughly in the literature. The extant literature is, therefore, limited in terms of explaining how CCI is used to manage stakeholders on a micro level.

4. The existing literature lacks studies on the interface between guanxi and CCI

In the Chinese market, the influence of guanxi has been studied in contexts ranging from company performance (Luo, 1997a; Luo & Chen, 1997; Luo et al., 2012; Park & Luo, 2001; Peng & Luo, 2000), human resource management (Chen et al., 2004; Chen & Tjosvold, 2007; Chen et al., 2011b; Parnell, 2005; Tung & Worm, 2001), buyer-seller behaviours (Lee & Dawes, 2005; Leung et al., 2005; Millington et al., 2006; Zhuang et al., 2010), corporate governance (Braendle et al., 2005; Yang & Wang, 2011), and knowledge transfer (Huang et al., 2011; Ramasamy et al., 2006)(Ramasamy et al., 2006). However, no studies have sought to explore the relationship between guanxi and CCI to date. Although a few studies have used
ambiguous terms such as a political connection to discuss how relationships with individuals can influence corporate philanthropic behaviours in China (Su & He, 2009, Zhang et al., 2009), no explicit terms have been used in any studies to precisely discuss the relationship between guanxi and CCI. The extant literature is, therefore, limited in this respect.

2.3.2 Future research directions

In response to the limitations of the existing literature, five issues are identified as potential avenues for future research.

First, given that most of the earlier studies on CCI were conducted in the Anglo-American contexts, it is, therefore, suggested that further research should be designed to explore CCI in contexts that are institutionally and culturally different from the Anglo-American contexts. The Chinese market, as the biggest emerging market with its unique cultural, economic, and political characteristics, can be a good context for future research to study how CCI is localised under the influence of a market’s particular characteristics.

Second, having reviewed the literature, it is clear that existing knowledge of CCI in the Chinese market is largely drawn from studies on CSR and/or corporate philanthropy in the Chinese market. CCI, which consists of corporate philanthropy, employee volunteerism, cause-related marketing, sponsorship, and partnership, has rarely been explored separately and independently in the context of the Chinese market. In light of this, further research may contribute to the literature by particularly focusing on CCI in the Chinese market.

Third, given the unique cultural, economic, and political characteristics of the Chinese market, motivations identified in the Anglo-American markets for CCI may no longer be valid in the Chinese market. Indeed, while studies in the Chinese context have identified political motivations (Gao, 2009) and some of the strategic motivations, such as branding and reputation (Kolk et al., 2008, Wang & Chaudhri, 2009), as the prevailing motivations for CCI, other motivations, such as managerial discretion and
altruistic motivations, have rarely been mentioned. Thus future research can contribute to the literature by addressing this issue and further exploring motivations for CCI in the Chinese market. In addition, Gao (2009) found that because of the central role that the Chinese government plays in the country, political motivations tend to be more evident in the Chinese market in comparison to other motivations. Political motivations are rarely identified in studies conducted in the Anglo-American context. In light of this, future research may also contribute to the literature by studying how CCI is motivated differently in different markets. In particular, in some contexts, such as the Chinese market, there may be motivations that are undiscovered in the well-explored Anglo-American contexts. Hence, it is strongly suggested that future research should focus on this area.

Fourth, while CCI is widely recognised as a tool to develop and manage relationships with stakeholders on a macro level, using CCI to develop and manage relationships with key individual stakeholders in the community has hardly been explored in the existing literature. In China, getting connected to key guanxi players in the community is particularly important to success in social life and business, which has been well illustrated by Chinese people and companies’ engagement in guanxi (Luo, 2000). On account of this, CCI may also be deployed to manage key guanxi players in the Chinese market. Therefore, it is proposed that future research should address this issue by studying CCI in the context of the Chinese market, and finding out if and/or how CCI is used to develop and manage relationships with important individual stakeholders in China.

Fifth, while guanxi has been found to influence a variety of corporate behaviours in the Chinese market, the existing literature can barely explain guanxi’s influence on CCI behaviour in China. Since a variety of corporate behaviours are seen to be modified in the Chinese market in order to attract or maintain guanxi (Leung et al., 2005; Parnell, 2005), it is likely that CCI, as a tool particularly for relationship management, is also being shaped under the influence of guanxi in China. As a result, it is believed that the relationship between CCI and guanxi is worth being explored by future research.
Chapter Summary

In this chapter, a literature review has been conducted using a systematic approach. The literature review is made up of two parts. In the first part of the literature review, a theoretical definition of guanxi, prevailing debates over guanxi, and the existing knowledge on guanxi in the context of business and management have been examined. In the second part of the literature review, a theoretical definition of CCI, motivations for CCI engagement, and knowledge of CCI in the Chinese business environment have been examined. Based on the literature review, a research agenda has been developed in the end of the chapter, which has identified the gaps in the existing literature and pointed out the potential research avenues for this research.
Chapter 3.0 Conceptual Development

Introduction

In this chapter, I will address some of the issues identified in the research agenda by developing a conceptual framework to study the relationship between CCI and guanxi in the Chinese market. A conceptual guanxi development model of CCI, which involves five conceptual propositions, will be developed to address the first sub-research question: *what is the mechanism through which guanxi is developed through CCI?* Another conceptual proposition will be developed on the basis of the conceptual guanxi development model of CCI to particularly address the second sub-research question: *what are the main reasons for a company to develop guanxi through CCI?* Development and testing of the conceptual model and propositions will consequently shed light on the overarching research question of this thesis.

1. What is the mechanism through which guanxi is developed through CCI?

In the first part of this chapter, the first sub-research question will be addressed by developing a conceptual guanxi development model of CCI. Two essential elements provided in guanxi development, guanxi base and favour exchange, will be discussed respectively. Based on the discussion, whether and how those conditions can be provided by CCI, will be thoroughly explored. Finally, a conceptual guanxi development model of CCI will be presented, which will illustrate how guanxi is developed through CCI in China. The conceptual guanxi development model of CCI incurs five conceptual propositions, which form the basis of the following empirical work.

2. What are the main reasons for a company to develop guanxi through CCI?

In the second part of this chapter, the second sub-research question will be addressed by developing another conceptual proposition based on the conceptual guanxi development model of CCI. Earlier studies, which explain the mechanism, through which inter-organisational relationships are developed through guanxi in China, will be reviewed first. Based on the review, a conceptual proposition will be developed on
the basis of the conceptual guanxi development model of CCI to illustrate how CCI can facilitate inter-organisational relationship building through guanxi development. This conceptual proposition also forms the basis of the following empirical work.

At the end of this chapter, implications that guanxi development may have reflected on companies’ CCI behaviours in the China will also be discussed.
3.1 Developing a Conceptual Model of Guanxi Development

Introduction

In this section, a conceptual guanxi development model of CCI will be developed. This process will involve discussions of (1) the basic guanxi development theory, and (2) similarities between the key elements of guanxi development and the key elements of CCI. Based on the discussions, the conceptual guanxi development model of CCI and five propositions will be developed.

3.1.1 Guanxi Building Theory

Introduction

The existing guanxi literature suggests that the development of guanxi essentially involves three elements: presence of guanxi players, establishment of guanxi base, and favour exchange between guanxi players (Chen & Chen, 2004; Lee & Dawes, 2005; Luo, 1997b; Yang, 1994). While any individuals who attempt to develop guanxi can be guanxi players, the establishment of a guanxi base and favour exchange have certain prerequisites. Therefore, in this section, the discussion will mainly focus on the establishment of guanxi base and favour exchange. The sequence of discussion will be the same as the sequence in which guanxi is developed.

In Yang (1994)’s guanxi building theory, guanxi building is a transformation process whereby two discrete individuals construct a basis of familiarity to enable subsequent development of relationships. Chen and Chen (2004: 315) also noted that: ‘for guanxi builders, the discovery of common ties sets the stage for further interactions. No further guanxi may be developed if no bases are identified or created.’ Therefore, it is believed that the first stage of guanxi development, in addition to the presence of guanxi players, is to establish guanxi bases, which are also known as similarities, familiarities or the particularistic ties between two individuals (King, 1991).
Further to that, favour exchanges are mentioned as the second and critical stage of guanxi development. It is known that favour exchanges not only trigger guanxi but also keep guanxi active (Lee & Dawes, 2005; Luo, 1997b; Yang, 1994).

### 3.1.1.1 Guanxi Bases

By and large, guanxi bases are divided into two types in the extant literature. The first type is known as the ascriptive guanxi base. The ascriptive guanxi base is defined as the guanxi base that is preordained to individuals such as locality and kinship. Locality refers to the place, such as the city and province, where an individual is originally from. Kinship refers to the members of an individual’s immediate or extended families. The ascriptive base is often used by the native Chinese to develop guanxi. Since non-Chinese were born and raised by families from outside China, this type of guanxi base is seldom employed by foreigners to develop guanxi.

Compared to the ascriptive base, the achieved guanxi base is more open to guanxi players of different backgrounds. Generally, achieved guanxi base involves two types of similarities. The first type is the common or shared experiences between individuals. According to the extant literature, shared experiences can be obtained in a variety of ways, ranging from attending the same school, serving in the same military unit, to working in the same organisation or organisations (Luo, 2000; Yang, 1994). This type of guanxi base is not only widely used by the native Chinese but also by the non-Chinese. Since most of the foreign investors are not related to Chinese guanxi players by blood or locality, in order to develop guanxi in China, cultivating shared experiences as the guanxi base has become popular among foreign investors (Yeung & Tung, 1996). It is found that foreign companies usually obtain shared experiences from their contractual relationships with local business partners in China (Millington et al., 2006). To implement a contract, representatives of different companies come together and work on the same project. Communication and interaction in the project familiarises them with each other, which then facilitates the establishment of shared experiences as the guanxi base. The second type of achieved guanxi base is known as intermediary. Guanxi is transferable between guanxi players through a common third
party (an intermediary). Therefore, two discrete guanxi players can be connected through an intermediary. Since the intermediary can vouch for the behaviour and sincerity of both guanxi players, the intermediary is commonly used as an effective method to initiate guanxi in China (Vanhonacker, 2004; Yeung & Tung, 1996). The intermediary is particularly favoured by foreign companies which have only entered the Chinese market for a comparatively short period of time and have few business partners to develop shared experiences with (Yeung & Tung, 1996).

3.1.1.2 Favour Exchange

Luo (2000) asserts that existence of a guanxi base does not necessarily mean that an alliance will develop. The existence of a guanxi base only paves the way for an opportunity to initiate guanxi upon it. Fan (2002a) points out that guanxi is cultivated for a “purpose”. This purpose is specified in other studies; to benefit all the parties involved through favour exchanges (Yeung & Tung, 1996). Furthermore, Lee and Dawes (2005) assert that it is favour exchange that secures the survival of guanxi. Therefore, following the establishment of a guanxi base, to exchange favours between guanxi players becomes a critical step in guanxi initiation. The traditional mechanism of favour exchange between guanxi players is illustrated in Figure 3:

**Figure 3 - Mechanism of Favour Exchange**
First, in the mechanism of favour exchange, Party A asks a favour from Party B or Party A is offered a favour by Party B. Second, Chinese cultural codes of conduct emphasise reciprocity (bao) in guanxi. Failing to reciprocate a favour can lead to feelings of guilt and face losing (Steidlmeier, 1999). On account of this, Party A will reciprocate Party B by doing a favour for Party B in the future. Once the favour is reciprocated, a single flow of favour exchange is completed.

In general, favour exchange in guanxi is characterised by two features: inequality and appreciativeness. Firstly, Party A and Party B do not necessarily have the same level of power or capacity to access resources of economically similar value, and thus favour inflow and favour outflow in the mechanism are not always required to be economically equal. In fact, favour exchange in guanxi is usually inclined to favour the weaker party (Alston, 1989; Luo, 1997b). In addition, it is believed that a generous favour in unequal favour exchange can even strengthen the guanxi in two ways (Chen & Chen, 2004). On one hand, the generosity can demonstrate one’s sincerity both in taking care of others’ wellbeing and in valuing the relationship more than one’s material gains. On the other hand, a greater feeling of gratitude and indebtedness of the other party can be developed in the economically unequal favour exchange, and thus the other party is likely to be more committed to return the favour when the time comes.

Secondly, Chen and Chen (2004) suggest that reciprocity in guanxi is other-oriented, which requires a sound knowledge of and concern for the other’s needs and wellbeing. This idea is rephrased by Yang (1994) as finding out what the other would most appreciate when offering a favour in guanxi. Therefore, it is thought that for a favour to be recognised as valid for guanxi development, it needs to be appreciated by the favour recipient.

Moreover, guanxi is a long-term oriented and utilitarian relationship (Fock & Woo, 1998; Luo, 1997b; Ramasamy et al., 2006; Yang, 1994). Therefore, one single flow of favours between guanxi players is not enough to define a guanxi. To maintain guanxi, continuous favour exchanges, which continue to bring benefits to guanxi players, are required. It is believed that the continuous favour exchanges not only can secure the survival of guanxi but also can enhance the quality of guanxi through the ganqing (affection) and trust that are generated within the process (Chen & Chen, 2004).
3.1.2 CCI and Guanxi Building

Introduction

In order to examine whether or not guanxi can be developed through CCI engagement, this section attempts to identify the similarities between key elements of guanxi development and key elements in CCI. Given that different CCI forms may have different features, the effectiveness of each CCI form in terms of guanxi development will also be discussed thoroughly in this section.

3.1.2.1 Establishing Guanxi Bases through CCI

While it is impossible to cultivate any ascriptive guanxi bases, it is usually feasible to generate achieved guanxi bases, such as common or shared working experiences, through corporate activities. On account of this, this section attempts to explore whether achieved guanxi bases can be generated through CCI.

Firstly, CCI provides an arena for corporate representatives to interact with a wide range of stakeholders. The non-commercial nature of CCI allows corporate representatives to work with not only stakeholders, who are commercially related to the companies, but also the ones who do not have any direct commercial relationships with the companies, such as representatives of local and/or regional NGOs and government. This idea can be illustrated by the experience of Honeywell. It is believed that this company’s involvement in education issues has given it a better arena to access and interact with ministers, senators and state governors (Grayson, 1994). Such experiences of working together in CCI projects, according to the literature (Luo, 2000; Yang, 1994), can be employed as achieved guanxi base in the context of China when developing guanxi.

Secondly, companies’ involvement in community issues can be expressed in many ways ranging from in-cash and in-kind donation to partnership (Seitanidi & Ryan,
While some CCI forms generate limited interaction and communication between corporate representatives and stakeholders in the social project, others require corporate representatives and stakeholders to interact and communicate frequently and intensively in the social project.

According to Luo (2000), a guanxi base can be developed and reinforced through frequent and intensive communication and interaction. It can, therefore, be argued that CCI not only can bring corporate representatives and guanxi players in the community together to work, and thus share same experiences, but also can develop a solid guanxi base through frequent and intensive communication and interaction in the CCI projects.

### 3.1.2.2 Favours Offered in CCI

Although a guanxi base can pave the way for guanxi players to develop guanxi, the existence of a guanxi base does not necessarily lead to the initiation of guanxi. Lee and Dawes (2005) noted that the initiation of guanxi is triggered by favour exchange. Indeed, it is the beneficial favours that essentially account for guanxi players’ engagement in guanxi. Therefore, to build a guanxi, in addition to the establishment of guanxi bases, CCI also needs to provide valid guanxi favour for exchange, and thus trigger the relationship. When studying favour exchange in guanxi, four main characteristics are usually addressed in the literature: intangibility, inequality, appreciativeness, and time span (Luo, 1997b, 2000). In order to examine whether or not CCI can be used to generate valid guanxi favour for exchange, this section will compare and discuss favour exchange in guanxi and resource transaction in CCI in terms of their intangibility, inequality, appreciativeness, and time span. It is believed that this will place CCI within the context of guanxi and shed light on the first sub-research question of this research: *what is the mechanism through which guanxi is developed through CCI?*. The salient characteristics of favour exchange and resource transaction are summarised in Table 1.
**Table 1 - Favour Exchange in Guanxi vs. Resource Transaction in CCI**

<table>
<thead>
<tr>
<th></th>
<th>Guanxi</th>
<th>CCI</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Characters</strong></td>
<td>Favour Exchanges</td>
<td>Resource Transactions</td>
</tr>
<tr>
<td><strong>Intangibility</strong></td>
<td>Intangible and Contextual Obligations</td>
<td>Quasi-intangible, Not Restricted by Any Fixed Codes in Terms of Forms, Return and Timing</td>
</tr>
<tr>
<td><strong>Equality</strong></td>
<td>Economically Equal Returns Are Not Required</td>
<td>Contributions and Returns Are Not Necessarily Equal</td>
</tr>
<tr>
<td><strong>Appreciativeness</strong></td>
<td>Only Appreciated Favour Can Be Recognised as Valid Favour in Guanxi</td>
<td>It Is Possible That CCI Can Be Appreciated By Certain Individuals</td>
</tr>
<tr>
<td><strong>Return</strong></td>
<td>Due Favour in Terms of Resource-accessing and Intermediary-playing</td>
<td>Benefits of Guanxi and Inter-organisational Relationship Building</td>
</tr>
<tr>
<td><strong>Time Span</strong></td>
<td>Continuous Favour-exchanging and Long-term Oriented</td>
<td>Can be Continuous and Long-term</td>
</tr>
</tbody>
</table>

**Intangibility**

The *Intangibility* principle of guanxi suggests that favour exchange in guanxi is not a contractual obligation of a guanxi partner. There is, therefore, no written document to indicate when, how much and in what way a favour needs to be offered, or when, how much and in what way the favour should be paid back (Bian, 1997; Davies et al., 1995).

Similarly, CCI has an intangible nature. First, when and how a company will engage in CCI is usually not restrained in any written documents. Second, while CCI as a corporate activity may be recorded within the company, unlike a commercial deal, the rate, time and form of return from such activity usually are not specified in any contractual documents between a company and its CCI recipients and/or partners.

**Inequality**

The *Inequality* characteristic of favour exchange in guanxi reflects the hierarchical nature of Chinese society (Su et al., 2007). In such a society, people from different social backgrounds have different access to resources. In order to obtain resources that are beyond one’s level of access, two ways are usually used by people: (1) party A which is comparatively weaker in terms of access to one resource would resort to party B who has a greater access to the target resource; 2) or, alternatively, party B
which has good access to one resource and understands the needs of party A for this resource would assist party A with the target resource. A guanxi can be triggered in either way (Hwang, 1987). Due to the unequal accessibility to resources, favour exchanges in guanxi are not required to be economically equal (Chen & Chen, 2004). It is noted that as long as a favour can be appreciated by a guanxi favour recipient, it can then be recognised as the fuel of the relationship (Yang, 1994).

Inequality is not likely to be a core concern in CCI. In a CCI project, a company tackles a social cause by contributing its corporate resources. Previous studies on CCI suggest that returns of this corporate gesture can be facilitation of companies’ advertising strategies (Navarro, 1988), enhancement of corporate reputation (Brammer & Millington, 2005; Wokutch & Spencer, 1987), reduction of impact of accidental corporate social irresponsibility (Brammer & Pavelin, 2005; Godfrey, 2005), increase in employee morale (Grayson, 1994), gain of regulator supports (Kopecki & Reeves, 2007) and attraction of investors (Lane, 2005; Saia et al., 2003). Although those returns of CC contributions are widely recognised, no previous research is able to identify if the corporate resources involved are economically equal to the relevant returns. It is thought that this can be due to two reasons. Firstly, returns of CCI are usually intangible, and thus difficult to convert into economic value. Accordingly, it is difficult to conclude whether or not a CCI contribution and its returns are economically equal. Secondly, economical equality between contribution and returns may not be the essential goal of CCI. As long as a CCI contribution can, in a way, facilitate business success, it is acceptable.

Appreciativeness

Appreciativeness is a key characteristic of favour exchange in guanxi. Reciprocity in guanxi is other-oriented, and the only way to validate a favour is to ensure that it is appreciated by the favour recipient (Chen & Chen, 2004).

Although, in CCI, recipients of corporate resources are generally organisations or institutions, it is thought that appreciative benefits may still find a way to individual guanxi players in the community.
Firstly, CCI may be designed to enhance welfare of a community as a whole. Nevertheless, guanxi players, as members of the community, can also benefit, and thus appreciate this corporate activity.

Secondly, although guanxi favours usually benefit the guanxi players in a direct way, it is found in some studies that favours that bring indirect benefits to guanxi players have also been recognised as valid favours for exchange in guanxi. In Yang’s (1994) study of guanxi in China, a factory worker told a story in an interview about how guanxi was initiated between himself and a doctor. In the story, the doctor was in need of a special medicine, which was important for his career, yet difficult to get access to. In order to develop guanxi with this doctor, the factory worker assisted him with access to the scarce medicine. This help from the factory worker was immediately recognised by the doctor as a valid favour for exchange. Consequently guanxi was successfully initiated between the two guanxi players. In the story, the doctor did not need the scarce medicine to treat himself or any members of his family. Rather, he needed the scarce medicine to treat his patients, and thus effectively enhance his career prospects. In this case, the guanxi favour was not as obvious and direct as usual. However, because it was recognised and appreciated, guanxi was successfully initiated between the two players anyway.

Likewise, earlier studies found that while the foreign investors usually recognise the achievement of business success in the Chinese market as their primary gain in guanxi, their Chinese guanxi partners usually recognise acquisition of materialistic rewards and/or enhancement of a political career as their principle gains (Yeung & Tung, 1996). Yeung and Tung (1996) noted that government officials, who are able to attract foreign investments, which contribute substantially to employment and development of infrastructure, are likely to have a better chance of advancing their political careers.

It is, therefore, argued that the settlement of a social cause, which is closely related to guanxi players, may generate certain indirect personal benefits, and thus are likely to be appreciated by the guanxi players. The idea is briefly illustrated in Figure 4 as follows:
On the one hand, the successful settlement of certain social causes can bring personal benefits to guanxi players in the community, such as the enhancement of career prospects. However, due to the lack of resources and/or concern over opportunity cost, the guanxi players may not be able to and/or be willing to tackle the social causes using their own resources. Hence, support from a third party is desired. On the other hand, given the scarcity of corporate resources, not every social cause that requests support can be answered by companies. Therefore, it is argued that contributing corporate resources to help tackle a social cause, which can lead to personal benefits, such as enhancement of career prospects, is likely to be appreciated by the guanxi players as an indirect, albeit valid, favour for exchange in guanxi.

In addition, companies answering a guanxi player’s call for corporate support can also portray the guanxi player as a man who has access to scarce resources (corporate support) in the community, and thus improves the guanxi player’s social status. The existing literature suggests that the improvement of one’s social status is often seen to be appreciated and to be recognised as an effective favour for guanxi development as well (Davies et al., 1995).

On account of these facts, it is believed that corporate contributions in the name of CCI can be used as indirect favours for exchange in guanxi.
Guanxi is reciprocal. Once a favour is recognised, a due favour can be expected. Like the favour offered in the beginning of the relationship, the favour reciprocated is also required to fulfil the needs of favour recipient, and thus be appreciated. As discussed in Figure 4, a company’s contribution to a social cause through CCI may generate indirect yet appreciative benefits to guanxi players in the community. Once the benefits are recognised as valid guanxi favours by the guanxi players, due favours, which need to be appreciated by the company, can be expected. It is often seen that a guanxi player reciprocates a company’s favour primarily in two ways. First, a guanxi player may share his access to special resources with the company, such as access to land, labour, raw materials, licenses and permissions etc. (Braendle et al., 2005; Davies et al., 1995). Obtaining those special resources can help smooth the company’s operation in the Chinese market, which is likely to be appreciated and seen as a motivation for guanxi development. Second, the guanxi player can play the intermediary role and introduce a company, which is considered as an “outsider” in the first instance, to the “insider” circle (Parnell, 2005). By doing this, the guanxi player can help build connections between the company and other key guanxi players and organisations in the community. Since Chinese society is hierarchical, the distant one cannot overrun the closer one, and the outsider cannot overrun the insider (Su et al., 2007), the competitive advantage gained as an “insider” is likely to be appreciated by the company and, in turn, motivates its guanxi development.

Time span

Time span is an important factor when discussing favour exchange in guanxi. It indicates both the time span of a single round of favour exchange and the time span of the relationship of favour exchange. First, guanxi is long-term oriented (Ramasamy et al., 2006). Favours in guanxi are usually seen as a kind of stock put away by players in times of abundance and plenty and brought out in times of need (Luo, 2000). Therefore, immediate deals are seldom observed between guanxi players (Yang, 1994). Second, due to the nature of guanxi as utilitarian, continuous favour exchanges can keep this relationship beneficial to guanxi players, and thus maintain the relationship. In addition, it is believed that continuous favour exchanges can also
generate *gangqing* (affection) between guanxi players, which not only develops a guanxi, but also effectively reinforces a guanxi (Luo, 2000).

Similarly, the time span of CCI can be long-term and continuous. CCI is presented in different forms. While CCI in some forms, are inclined to make immediate and one-off contributions, CCI in other forms, on the other hand, usually involve long-term and continuous corporate contributions. A thorough discussion about CCI forms will be presented in section 3.2.3.3 *Effectiveness of Different CCI Forms* below.

According to the preceding discussion, it is believed that there are identifiable similarities between favour exchanges in guanxi and resource transactions in CCI in terms of the intangibility, inequality, appreciativeness, and time span. Therefore, it can be argued that favour exchange, as another essential factor of guanxi development, can be provided by CCI.

### 3.1.2.3 Effectiveness of Different CCI Forms

In this research, CCI is categorised into five forms: in-cash, in-kind, employee volunteerism, corporate sponsorship, and partnership. It can be argued that guanxi bases and long-term and continuous favour exchanges, which are two essential elements of guanxi development, may not be generated in all the CCI forms. Therefore, it is worth discussing different CCI forms separately.

The effectiveness of different CCI forms will be discussed in two spheres: intensiveness and time span of the interaction between corporate representatives and targeted guanxi players in CCI. It is noted that an achieved guanxi base (familiarity) usually arises from social interactions, and the extent to which guanxi players are familiar with each other is determined by the intensiveness and time span of the social interactions (Luo, 2000). As discussed in the preceding section, CCI provides corporate representatives an opportunity to work with a wide range of stakeholders in the community. Some of those stakeholders can be targeted as the ones whom companies desire to develop guanxi with. The experience of working in the same CCI projects has the potential to function as an achieved guanxi base between corporate
representatives and targeted guanxi players. The quality of this guanxi base is likely to depend on the intensiveness and time span of the interaction between them (Luo, 2000).

Different forms of CCI usually correspond to different degrees of interaction. Luo (2000) suggests that frequent and long-term interactions between guanxi partners can effectively develop and reinforce guanxi. It is, therefore, argued that CCI forms, which involve continuous and long term interactions rather than infrequent and short term interaction, can provide a better arena for corporate representatives to familiarise themselves with targeted guanxi players in the community, and thus cultivate a strong guanxi base between them to bear the oncoming relationship of favour exchanges.

The effectiveness of different CCI forms in guanxi development is illustrated in Table 2 as follows:

<table>
<thead>
<tr>
<th>CCI Form</th>
<th>Interaction With Same Party</th>
<th>Time Span With Same Party</th>
<th>Guanxi Base Establishment</th>
<th>Guanxi Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-cash</td>
<td>Lowest Degree</td>
<td>Short-term or Long-term</td>
<td>Most Ineffective</td>
<td>Most Ineffective</td>
</tr>
<tr>
<td>In-kind</td>
<td>Low Degree</td>
<td>Short-term</td>
<td>Ineffective</td>
<td>Ineffective</td>
</tr>
<tr>
<td>Employee Volunteerism</td>
<td>High Degree</td>
<td>Short-term or Long-term</td>
<td>Effective</td>
<td>Conditionally Effective</td>
</tr>
<tr>
<td>Corporate Sponsorship</td>
<td>High Degree</td>
<td>Usually Short-term</td>
<td>Conditionally Effective</td>
<td>Conditionally Effective</td>
</tr>
<tr>
<td>Partnership</td>
<td>Highest Degree</td>
<td>Long-term</td>
<td>Most Effective</td>
<td>Most Effective</td>
</tr>
</tbody>
</table>

**In-cash** contribution is the simplest way to engage in CCI, yet it can be the least effective way to develop guanxi. On one hand, the interaction and time span involved in in-cash CCI can be low and short, and thus are ineffective in terms of guanxi base development. Cash giving, which simply reacts to accidentally emerging social needs, such as calls for relief support after a natural disaster, normally provides little interaction between donators and recipients. The time span of such a contribution is inclined to be short term and one-off. On the other hand, the interaction and time span involved in in-cash CCI can also be high and long, and thus appear to be effective in terms of guanxi development. Some cash giving is channelled through a corporate fund. Since companies continue injecting money into the fund to help solve social
causes in the community, this type of cash giving is likely to be long term oriented. In order to manage the corporate fund, donors are also likely to have more frequent interactions with recipients. However, cash giving as a mechanism for guanxi development can be easily challenged on ethical grounds. No matter how a favour in guanxi is expressed, it ultimately aims to benefit individual guanxi players. A corporate guanxi favour expressed in blunt cash can easily be seen as bribery, and thus causes concerns of corruption. Fan (2002a, 2002b) pointed out that when money is involved in guanxi, especially the guanxi between corporate representatives and government officials, the relationship could easily be the activator of deals between money and power. Jakobson (2000) also found a case in which guanxi was used as a powerful tool by corrupt officials to blackmail businesses for money. In addition, guanxi and corruption are theoretically distinguished on the basis that “guanxi is essentially built on favour exchange whereas corruption mostly involves monetary exchange.” (Luo, 2000: 200). Using money as a favour for exchange in guanxi can, therefore, blur the line between guanxi and corruption. As a result, it is thought that in-cash CCI alone can be too sensitive to be employed to develop a guanxi base and generate guanxi favour.

In-kind CCI responds to social calls with products and/or services instead of money. Although in-kind CCI can be better than in-cash CCI in terms of generating interaction between corporate representatives and the targeted guanxi player, overall, it is still ineffective in guanxi development. Arranging the delivery of products and services can involve more interaction and communication between corporate representatives and the targeted guanxi players than simple money transactions. As a result, in-kind CCI might be slightly more effective than in-cash CCI in terms of guanxi development. But, when used alone, in-kind CCI may still be an ineffective way to develop guanxi.

Employee volunteerism, compared to in-cash and in-kind, is a more interactive form of CCI, and thus can be a more effective way to develop guanxi. Organising and implementing staff volunteering can involve intensive interaction and communication between corporate CCI representatives and various stakeholders in the community. In addition, employee volunteerism is usually seen as a component of the employee-training programme by many companies (Yankey, 1996). Thus, it can be treated as a
long-term CCI project. In that case, employee volunteerism is likely to foster a high
degree of experience sharing, and thus generate a strong guanxi base. Moreover,
Yankey (1996) noted that personnel are demanded as much as cash, products and
services by non-profits and government when serving community needs. Therefore
personnel contributions are also likely to be appreciated by the recipients, and thus
recognised as valid guanxi favours. Taken all those facts into account, when employee
volunteerism is long-term-oriented, this form of CCI can be effective in terms of
generating a guanxi base and, furthermore, initiating guanxi.

Sponsorship is a form of CCI that can involve all kinds of corporate resources: money,
products, services and personnel. Since in-cash, in-kind and employee volunteerism
normally involve only one kind of corporate resources, they are considered as three
basic CCI forms. Being able to integrate and arrange some or all of the basic CCI
forms, sponsorship is thus likely to incur comparatively stronger interaction and
communications between corporate representatives and stakeholders in the
community. Nevertheless, the nature of sponsorship determines that this form of CCI
only responds to certain social causes such as big-time sporting events and a variety
of local and national advertising campaigns (Yankey, 1996). Whenever the social
event ends, the sponsorship tends to end at the same time. In this sense, the time span
of sponsorship depends on the time span of social events being sponsored. In addition,
even if a social event is held on a regular basis, sponsors may be changed from time to
time. Therefore, unless a company is appointed as a long-term sponsor of a social
event, contributions in the form of sponsorship are likely to be one-off, and
interaction and communication incurred, though strong, are likely to last only for a
short period of time. As a result, engaging in CCI in the form of sponsorship can be
conditionally effective in generating a guanxi base and developing guanxi.

Partnership: Companies are seen to partner with government or non-profits to tackle
chronic social issues. This is the most interactive form of CCI, and thus can be a most
effective way to develop guanxi. Partnership in CCI usually involves some or even all
of the basic CCI forms, namely; money, products, services, and personnel. Organising
and delivering various corporate resources with external partners is likely to incur
strong interaction and communication between corporate representatives and
stakeholders. Particularly, interaction and communication between corporate
representatives and partner organisation representatives, who can also be stakeholders and guanxi players of interest to the company, are likely to be the strongest in comparison to those in other CCI forms. Furthermore, social issues that are targeted in a partnership CCI project tend to be chronic and time-consuming, and thus interaction and communication between corporate representatives and targeted guanxi players are most likely to be frequent and long-term in comparison to those in other CCI forms. The strong, frequent and long-term interaction and communication can, in turn, contribute to generating solid shared experiences for guanxi development. Consequently, it is thought that partnership can be an ideal CCI form to establish a guanxi base and, furthermore, initiate guanxi.

3.1.3 Conceptual Model and Propositions

Introduction

The preceding discussions have explored the conditions under which CCI may be deployed by companies to initiate guanxi in China. In this section a conceptual guanxi development model of CCI will be presented, and five propositions will be developed to mediate the relationship between CCI and guanxi.

3.1.3.1 Basic Variables in Guanxi Development

In order to develop the research model and identify how guanxi is developed through CCI, the basic variables involved in the traditional model of guanxi development will be discussed first.

Guanxi development is generally understood as a transformation process whereby two discrete individuals construct a basis of familiarities to enable subsequent bilateral flows of personal or social transactions (Yang, 1994; Yeung & Tung, 1996). According to this theory of guanxi development, the development of guanxi is mainly
determined by three factors: the presence of guanxi players, the establishment of guanxi base, and the completion of favour exchange.

Firstly, guanxi only exists on an individual level. Therefore, the presence of at least two individuals, who do not disagree to engage in a relationship with each other, is an essential condition for guanxi development. Accordingly, presence of guanxi players is seen as a variable in the mechanism of guanxi development.

Secondly, a guanxi base is the foundation of guanxi. Establishment of a guanxi base predetermines the existence of the relationship. Establishment of a guanxi base itself is, however, determined by two variables. Although the guanxi base includes the ascriptive guanxi base and the achieved guanxi base, in this research the guanxi base, which can be developed through CCI, is only the achieved guanxi base. Therefore, only the variables, which can determine the establishment of an achieved guanxi base, are of concern to this research. As discussed in the preceding sections, an achieved guanxi base is also known as familiarity or similarity between guanxi players. Familiarity between guanxi players is usually established through social interactions (Luo, 2000; Yang, 1994). It is believed that frequent and long-term interactions can generate ganqing (affection or sentiment) and trust between guanxi partners, and thus effectively develop and reinforce guanxi (Chen & Chen, 2004; Luo, 2000). It is, therefore, thought that the establishment of familiarity is determined by the intensiveness and time span of interaction between guanxi players. Accordingly, intensiveness of interaction and times span of interaction between guanxi players are seen as two variables in the mechanism of guanxi development.

Thirdly, the completion of favour exchange triggers guanxi. The completion of favour exchange is determined by one variable, appreciativeness of a favour. Guanxi is a utilitarian relationship, which mainly reflects on the exchange of beneficial favours in guanxi. Favour exchange in guanxi does not emphasise on economic equality (Chen & Chen, 2004). Rather, only favours that can be appreciated by recipients, are recognised and accepted by guanxi players as valid guanxi favours for exchange in guanxi (Yang, 1994). It is, therefore, thought that completion of favour exchange is determined by whether, or not, a favour can be appreciated by a recipient. Accordingly, appreciativeness of a favour is seen as a variable in the mechanism of guanxi development.
The discussion of variables in guanxi development above is illustrated in Figure 5. Strong (“intensiveness of interaction”) and long-term (“time span of interaction”) interaction between two guanxi players (“presence of guanxi players”) familiarises them with each other, and thus leads to the establishment of a guanxi base. Upon the establishment of a guanxi base, two guanxi players undertake an appreciative (“appreciativeness of a favour”) favour exchange, which triggers a guanxi. The variables discussed in the section will be employed in the conceptual model of this research to develop relevant propositions.

**Figure 5 - Variables of Guanxi Development**

3.1.3.2 Propositions

The preceding discussion about CCI and guanxi development suggests that guanxi can be developed between corporate representatives and guanxi players in the community through CCI. To explore the underlying mechanism, a conceptual model
is developed and shown in Figure 6. The conceptual model illustrates a CCI project in which a corporate “REPRESENTATIVE” directs a “COMPANY”’s “RESOURCE” to tackle “SOCIAL CAUSE A” with a targeted guanxi “PLAYER”. In this CCI project, a guanxi is developed between the corporate “REPRESENTATIVE” and the targeted guanxi “PLAYER”. The conceptual model suggests that while the “COMPANY” can obtain the “TRADITIONAL CCI BENEFITS” by undertaking this CCI project, it can also obtain “GUANXI BENEFITS” through the targeted guanxi “PLAYER”. This conceptual model proposes that (1) the targeted guanxi “PLAYER” is deliberately involved in the CCI project; (2) an “ACHIEVED GUANXI BASE” is established between the corporate “REPRESENTATIVE” and the targeted guanxi “PLAYER” through interaction and communication in the CCI project; (3) the settlement of “SOCIAL CAUSE A” indirectly benefits the targeted guanxi “PLAYER”, and thus is recognised and appreciated as an indirect guanxi favour by the targeted guanxi “PLAYER”; (4) the “PLAYER” will reciprocate the “DUE FAVOUR” to the “COMPANY”. Five propositions are involved in this conceptual model. By testing them, it can shed light on the first sub-research question of the research: ‘What is the mechanism through which guanxi is developed through CCI?’. 
Guanxi exists only at a personal rather than an organisational level. Therefore, two individuals as guanxi players must present when developing guanxi. In this conceptual model, it is proposed that in CCI communication and interaction between a company and other organisations (such as the non-profits and government etc.) in the local community ultimately come down to the communication and interaction between individuals, and thus the guanxi built through CCI is, in fact, the guanxi between two individuals: corporate “REPRESENTATIVE” and targeted guanxi “PLAYER”.

The corporate “REPRESENTATIVE” is a proxy who is expected to develop guanxi on behalf of the “COMPANY” in the model. Two assumptions are made about the
corporate “REPRESENTATIVE”. First, the corporate “REPRESENTATIVE” is an employee of the “COMPANY” who is responsible for the “COMPANY”’s CCI activities and/or intensively involved in its CCI activities. Second, the corporate “REPRESENTATIVE” will utilise the guanxi developed through CCI for the good of the business.

The “PLAYER” is the targeted guanxi player whom companies desire to develop guanxi with in this model. Two assumptions are made about the targeted guanxi “PLAYER”. First, the targeted guanxi “PLAYER” is a member of the community where the CCI project takes place. Second, the targeted guanxi “PLAYER” is a key guanxi player who is well connected to the local guanxi networks.

To reflect the first variable of guanxi development, “presence of guanxi players”, the conceptual model, therefore, proposes that:

\[ P1. \hspace{1em} \text{The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”}. \]

In order to develop guanxi, a guanxi base must be established. An achieved guanxi base usually derives from strong and long-term social interactions (Chen & Chen, 2004; Luo, 2000). In the context of CCI, the social interactions are the interactions between corporate representatives and stakeholders involved in a CCI project. In this conceptual model, the stakeholder involved in the CCI project is the targeted guanxi “PLAYER”. As discussed in the preceding section, different CCI forms may incur different degrees of interaction and communication between corporate representatives and targeted guanxi players. The stronger the interaction and communication between the corporate representative and the targeted guanxi player in a CCI project is, the more likely they will become familiar with each other, and thus establish an achieve guanxi base. The conceptual model, therefore, proposes that:

\[ P2. \hspace{1em} \text{The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”}. \]

In addition, the longer corporate representative and targeted guanxi player know and interact with each other, the closer they are likely become. Accordingly, a guanxi base
is more likely to be established between them. The conceptual model, therefore, also proposes that:

\[ P3. \text{The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.} \]

In order to trigger guanxi, favour exchange between the corporate representative and the targeted guanxi player must be completed. The first stage of favour exchange is to receive and recognise a guanxi favour. As discussed in the preceding section, favour exchange in guanxi is determined by the appreciativeness of a favour. Only a favour, which is appreciated by the recipient, can be recognised as a valid guanxi favour for exchange (Yang, 1994). It is believed that in this model the corporate “REPRESENTATIVE” can benefit the targeted “PLAYER” either directly or indirectly, and thus be appreciated.

The targeted “PLAYER” in the model can benefit from the “COMPANY”’s CCI contribution directly. While the “COMPANY” aims to tackle “SOCIAL CAUSE A” and benefit the community as a whole, as a member of the community, the targeted guanxi “PLAYER” may also be better off. It is thought that, depending on how much personal benefit the targeted guanxi “PLAYER” can obtain as a result of the settlement of “SOCIAL CAUSE A”, the targeted guanxi “PLAYER” may express different degrees of appreciation. It is thought that when the targeted guanxi “PLAYER” is one of the major beneficiaries in a CCI project, it is most likely that he or she will appreciate the corporate contribution and recognise it as a valid favour from the corporate “REPRESENTATIVE” who implements the CCI project. Accordingly, the targeted guanxi “PLAYER” is likely to reciprocate the favour and thus initiate guanxi with the corporate “REPRESENTATIVE” in the later stage. However, making the targeted guanxi “PLAYER” one of the major beneficiaries in a CCI project in order to obtain favours in the future can put the “COMPANY” in a vulnerable position where its CCI project can be perceived as an act of bribery, and thus be challenged on ethical grounds.

The targeted guanxi “PLAYER” in the model can benefit from the “COMPANY”’s CCI contribution indirectly. As discussed in preceding section, unlike many traditional guanxi favours that are offered directly to guanxi players, guanxi favours
offered through CCI can be indirect to the guanxi players. In this model, a corporate “REPRESENTATIVE”’s agreement to direct corporate “RESOURCE” in the name of CCI to help settle “SOCIAL CAUSE A” can benefit the targeted guanxi “PLAYER” in an indirect way, such as enhancing his career prospects and promoting his social reputation as the one who can make things happen. The extant literature suggests that such indirect favour is also likely to be appreciated by the targeted guanxi “PLAYER”, and thus be recognised as a valid guanxi favour for exchange. Since, in this case of scenario, the targeted guanxi “PLAYER” is not one of the major beneficiaries in the CCI project, the “COMPANY” is less likely to be challenged on ethical grounds.

To reflect the variable, “representativeness of a favour”, in guanxi development, the conceptual model, therefore, proposes that:

**P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.**

Fourth, in order to trigger guanxi, favour exchange between two guanxi players must be completed. The second stage of favour exchange is to reciprocate due guanxi favour. To accept a favour without reciprocating, in the Chinese cultural context, can be perceived as “morally wrong” (Steidlmeier, 1999). Failing to reciprocate a guanxi partner’s favour can even ruin one’s reputation in the community (Su et al., 2007). On account of this, once the corporate “REPRESENTATIVE”’s CCI contribution is appreciated by the targeted guanxi “PLAYER” and recognised as a valid guanxi favour for exchange, the targeted guanxi “PLAYER” is obligated to reciprocate the favour. It is assumed that the corporate “REPRESENTATIVE” is a proxy of the “COMPANY” in the guanxi, and thus will utilise it for the good of the business. Therefore, the targeted guanxi “PLAYER” will reciprocate the due favour only in the “COMPANY”’s times of need. Accordingly, the conceptual model proposes that:

**P5. The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.**
3.2 Reason for Guanxi Development through CCI

Introduction

Having discussed how guanxi can be developed through CCI, this section will discuss why CCI is likely to have been employed to develop guanxi in China. The relationship between guanxi and inter-organisational relationship building will be reviewed first. Based on the review, another conceptual proposition will be developed. It is believed that by developing and testing this conceptual proposition it can shed light on the second sub-research question: *What are the main reasons for a company to develop guanxi through CCI?*

3.2.1 Guanxi and Inter-organisational Relationship Building

In recent years, inter-organisational relationship building has become critical to the success and survival of companies around the world. On the one hand, relationships with peer companies, such as suppliers, buyers and competitors, can facilitate shared learning, transfer of technical knowledge, legitimacy, and resource exchange. On the other hand, relationships with government and other regulatory authorities can help companies to circumvent bureaucratic rules and access scarce and controlled resources (Zhang & Zhang, 2006).

In the context of the Chinese market, inter-organisational relationship building is often carried out on the basis of guanxi. Although guanxi only implies personal relationships, it is believed that inter-organisational relationships can be built on and/or expanded through such personal relationships (Luo, 2000)(Chen et al., 2011a). Zhang and Zhang (2006) assert that, in the Chinese market, inter-organisational relationships usually come down to good interpersonal guanxi. They found that organisations, which were not directly connected, could still share valuable resources through the guanxi between corporate representatives. In this sense, inter-organisational relationships were developed as extensions of interpersonal
relationships in China. Likewise, relationships between companies and government and regulatory authorities are usually seen to be built on the basis of guanxi between corporate representatives and officials in the government and regulatory authorities. Therefore, in order to build inter-organisational relationships in the Chinese market, companies are often found to provide guanxi first.

3.2.2 The Intermediary Role and Desired Favour

Having developed guanxi, companies can obtain benefits through guanxi in many ways. Guanxi usually helps build inter-organisational relationships, and thus brings the company from the “outsider” circle into the “insider” circle of the hierarchical Chinese society. As discussed in the conceptual guanxi development model of CCI, the “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”. Due to the importance of guanxi as an activator of inter-organisational relationship development, it is thought that, on behalf of the “COMPANY”, the corporate “REPRESENTATIVE” will request the targeted guanxi “PLAYER” to reciprocate the due favour by playing an intermediary role and introducing him or her into the local guanxi networks. Since inter-organisational relationships in China are generally built upon and/or expanded through guanxi, it is thought that the corporate “REPRESENTATIVE” will then build inter-organisational relationships for the company with its contacts in the local guanxi networks. Therefore the sixth conceptual proposition of research states that:

\[ P6. \text{To reciprocate the favour to the “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role.} \]

3.3 Company type and CCI behaviours

When developing the conceptual model and relevant theoretical propositions, the “COMPANY” is treated as a general concept without the specification of its type. The prediction of corporate behaviours in CCI is thus made without the consideration of
variation in company types. Nevertheless, in reality, there are various types of companies. It is thought that CCI behaviours of different types of companies may vary, and thus support the conceptual model of the research to various extents.

In practice, based on the ownership structure, companies can be divided into three basic types in China; foreign companies, state-owned companies, and private companies. It is thought that the three different types of companies’ CCI behaviours may be expected to differ in five ways.

First, foreign companies and private companies may exhibit CCI behaviours that are closest to the ones predicted by the conceptual model. The extant literature suggests that the three types of companies usually have different appetites towards guanxi (Xin & Pearce, 1996). Due to the lack of formal institutional supports, foreign companies and private companies, in comparison to state-owned companies, usually value and rely on guanxi more. Accordingly, foreign companies’ and private companies’ CCI behaviours, compared to those of state-owned companies’, are more likely to exhibit a guanxi-development-oriented pattern, and thus provide a strong empirical support to the conceptual model.

Second, foreign companies’ CCI behaviours, which concern the establishment of guanxi base, are likely to be the closest to the ones predicted by the conceptual model. The extant literature suggests that CCI in China is still at its beginning stage (Baskin, 2006; Gao, 2009). Foreign companies, in comparison to Chinese state-owned companies and private companies, are richer in experience and knowledge of CCI. Due to the rich experience and knowledge of CCI, foreign companies are more likely to be hands-on when managing their CCI projects, and thus exhibit a higher involvement in CCI. Given the higher involvement, foreign company representatives are then more likely to have strong interaction with the targeted guanxi players in CCI, and thus establish guanxi base and provide a strong empirical support to part of the conceptual model that explains the establishment of guanxi base.

Third, foreign companies, compared to Chinese companies, may have more diverse ways of conveying valid guanxi favours to targeted guanxi players through CCI. Foreign companies’ rich experience and knowledge of CCI can bring more diversity to their CCI projects. Accordingly, when conveying valid guanxi favours to targeted
guanxi players through CCI, more diversity can be expected from foreign companies’, rather than Chinese companies’, guanxi favours.

Fourth, foreign companies and state-owned companies may engage in CCI in a way, which is different from private companies. Foreign companies, state-owned companies, and private companies usually differ in size. While foreign companies and state-owned companies are usually large in size, private companies are usually small and medium. It is thought that large companies usually have plenty of corporate resources, including momentary resources, in-kind resources, and human resources, to spend on CCI, whereas small and medium companies may have rather limited corporate resources to spend on CCI. The likely consequence of this difference in resources is that large companies (foreign companies and state-owned companies) are prone to engage in CCI mostly by initiating and managing their own long-term CCI projects, and small and medium companies (private companies) are prone to engage in CCI by participating in small and short-term CCI projects initiated and managed by others.

Fifth, different types of companies may have different plans for the guanxi developed through CCI. Compared to state-owned companies and private companies, foreign companies are newcomers to the Chinese market, and thus can be most eager to establish and extend their business networks in China. Therefore, it can be argued that foreign companies, compared to state-owned companies and private companies, are most likely to use the guanxi, which is developed through their CCI, to facilitate their inter-organisational relationship building, and thus provide a strong empirical support to the conceptual framework.

On account of the reasons discussed above, it is thought that the corporate CCI behaviour patterns predicted by the general theoretical propositions are expected to vary across different types of companies.
3.4 Discussion

Introduction

Having sought to address the two sub-research questions, “what is the mechanism through which guanxi is developed through CCI?” and “what are the main reasons for a company to develop guanxi through CCI?”, through a conceptual guanxi development model of CCI and six conceptual propositions, this section will explain how the answer to the two sub-research questions can shed light on the overarching research question, ‘what is the relationship between CCI and guanxi in the Chinese market?’ In addition, implications, which guanxi development may bring to CCI behaviours in the Chinese market, will also be discussed in this section.

3.4.1 Guanxi as a Motivation for CCI

In a study of guanxi, it is noticed that 8% of the respondents in the survey agreed that guanxi may cause companies to provide donations for societal programs such as education, and the reduction of pollution (Warren, Dunfee, & Li, 2004). However, no further studies have attempted to investigate the impacts of guanxi on CCI behaviours. In response, this research seeks to explore the relationship between guanxi and CCI through two research questions, “what is the mechanism through which guanxi is developed through CCI?” and “what are the main reasons for a company to develop guanxi through CCI?”. In order to answer the two research questions, guanxi development and inter-organisational relationship development through guanxi, have been addressed in the context of CCI in this chapter. It is believed that answers to the two research questions can also explain the relationship between guanxi and CCI in the Chinese market.

Companies are likely to be motivated to undertake CCI in order to develop guanxi and, furthermore, facilitate inter-organisational relationship building in the Chinese market. Inter-organisational relationships with peer companies, government and other regulatory authorities have become critical to the survival and success of companies.
around the world (Burt, 2005; Podolny, 2001; Powell, 1990). In China, guanxi is thought to be the cultural mechanism underlying inter-organisational relationship development. Therefore, it has become important for companies, which plan to build inter-organisational relationships in the Chinese market, to approach guanxi first. Although little is known in the existing literature about the relationship between guanxi development and CCI, the framework presented in this chapter suggests that (1) guanxi is likely to be initiated between corporate representatives and guanxi players in the community through appropriately designed CCI; (2) this guanxi will then be used by companies to facilitate inter-organisational relationship building. Due to this function of CCI, companies can, therefore, be motivated to undertake CCI in China.

3.4.2 Implications for CCI Behaviours

This conceptual framework suggests that guanxi can motivate companies to undertake CCI in the Chinese market. It is thought that guanxi as a motivation for CCI engagement can reflect on companies’ CCI behaviours in China. The conceptual framework predicts that in order to develop guanxi, CCI behaviours may be shaped in four ways in the Chinese market:

First, CCI in the Chinese market is likely to be more person-oriented. Individuals are the core and basis of guanxi. Due to the attempt to develop guanxi, CCI behaviours can be influenced by guanxi in two ways. As discussed in the preceding section, CCI can be employed to benefit the targeted guanxi players either directly or indirectly. First, when CCI is employed to benefit the targeted guanxi players directly, targeted guanxi players can play a significant role in companies’ choice of CCI recipients. Second, when CCI is employed to benefit targeted guanxi players indirectly, targeted guanxi players can play a significant role in companies’ choice of social causes. Such CCI behaviours may, however, blur the line between CCI and bribery, and thus challenge the ethics of CCI.

Second, companies in the Chinese market are likely to become more interested in CCI forms that generate strong interaction and communication between corporate representatives and stakeholders. The establishment of guanxi base requires strong
and long-term interaction and communication between guanxi players. In order to develop an achieved guanxi base, CCI forms, such as employee volunteerism and partnership, which usually incur strong interaction and communication, rather than CCI forms, such as in-cash and in-kind donations, which only incur limited interaction and communication, may become more appealing to companies in China, especially foreign companies, which depend on achieved guanxi bases to develop guanxi.

Third, CCI programmes in the Chinese market may become more long-term oriented. Time span is an important factor in guanxi development. Long-term interaction and communication not only can familiarise guanxi players with each other, and thus foster a strong guanxi base, but also can generate ganqing (affection or sentiment) and trust, and thus reinforce guanxi. It is, therefore, argued that in order to effectively develop and maintain guanxi, companies are likely to undertake long-term rather than short-term CCI projects in China.

Fourth, the agency cost incurred in CCI engagement may be modified by guanxi, and thus corporate policy is likely to be more lenient towards managerial discretion. The job of the management is to maximise shareholders’ wealth. However, agency theory suggests that due to the conflict of interests between managers and shareholders, managers tend to direct corporate resources to causes that can increase their personal utility at the cost of shareholders’ (Eisenhardt, 1989). When applying agency theory in the context of CCI, it is thought that managers are likely to direct corporate resources to their pet social causes in order to enhance their personal utility, such as personal reputation as the one who can make things happen, social connections with politicians and other key players in the community, and personal social status in the community etc. (Barnard, 1996). When this happens, if the improved personal reputation, social connections and personal social status cannot be used for the good of the business, agency costs take place. Nevertheless, the conceptual framework of this research suggests that managers’ increased social utility may be used to develop guanxi on behalf of the company. Since guanxi can benefit the company by obtaining access to various scarce resources and facilitating inter-organisational relationship building in the Chinese market, the agency cost incurred in CCI can then be modified
by benefits brought by guanxi. Consequently, managerial discretion, especially in the area of CCI, is likely to be less restricted in China.

In conclusion, due to the involvement of guanxi and guanxi development, companies’ CCI behaviours in the Chinese market may become different from those in the Western countries.

**Chapter Summary**

This chapter started by reviewing the theory of guanxi development. The essential constructs in guanxi development theory were then compared with features of CCI. Discussion on the possibility of guanxi development through CCI was carried out subsequently. Based on the discussion, a conceptual framework, including a conceptual guanxi development model of CCI and six theoretical propositions, was developed to demonstrate how guanxi might be developed through CCI and then used to facilitate inter-organisational relationship building by companies. Finally, this chapter finished with a concluding discussion on guanxi as a motivation for CCI and its implications for CCI behaviours in China.
Chapter 4.0 Research Philosophy and Methodology

Introduction

This chapter provides an overview of the philosophy and methodology employed in this research. This chapter is structured into four sections. The chapter starts with a brief discussion on the ontological and epistemological positions of the research. Following that, the second section of the chapter discusses the suitability of different research strategies in terms of their ability to reflect the philosophical positions, research question and research purposes. Based on the discussion, a survey research design is chosen and justified as the ideal design for this research. The third section introduces two different types of survey research: in-depth survey and large-scale survey. The reasons for selecting an in-depth survey rather than a large-scale survey for this research are then explained. In addition to the specification of survey type, this section also introduces the sampling methods, data collection method, and data analysis methods used in this research. The choices of those methods are all justified through following discussions on their suitability for this research, in comparison with other rival methods. The last section of this chapter focuses on addressing the issue of research creditability. A series of criteria for research creditability are introduced, and relevant measures taken in the research to address those criteria accordingly are outlined.

4.1 Research Philosophy

Social ontology is concerned with the nature of reality, which involves the central question whether social entities should be seen as objective entities that have a reality independent from social actors, or they should be seen as social constructions built up on the perceptions and actions of social actors. Where the existence of social phenomena and their meanings is seen as independent or separate from social actors, an ontological position, objectivism, will be taken. Alternatively, where the social
phenomena and their meanings are believed not only to be produced but also continually revised by social actors, an ontological position; constructionism, will be taken (Bryman & Bell, 2007). In this research, I try to look at the relationship between companies’ CCI in the Chinese market and the Chinese cultural phenomenon guanxi. I believe that due to the influence of guanxi, companies’ CCI behaviours in the Chinese market will demonstrate certain patterns, which are independent from the individuals involved in both phenomena. Therefore this research will take an ontological position of objectivism.

Epistemology is built upon the central question as to whether or not the social world should be studied according to the same principles, procedures, and ethos as the natural sciences, which divides approaches to social reality into two types; positivism and interpretivism (Bryman & Bell, 2007). Positivism is the epistemological position that adopts the methods of the natural sciences to study social reality. The positivistic approach to social reality is concerned with testing hypotheses generated from theories, and thus producing significant and generalisable results through gathering facts. Positivism is usually deductive with the employment of quantitative research techniques (Maylor & Blackmon, 2005). Interpretivism is the epistemological position that recognises the differences between people and objects of natural sciences, and thus requires social scientists to grasp the subjective meanings of social actions (Bryman & Bell, 2007). Interpretivism is often inductive with employment of qualitative research techniques in order to generate theories (Maylor & Blackmon 2005). The aim of this research is to identify generalisable findings, which can reveal the relationship between CCI and guanxi in the context of the Chinese market. Based on the existing literature of both guanxi and CCI, a series of conceptual propositions have been developed. The conceptual propositions are to be tested by gathering information from a large number of companies across China. On account of this fact, the epistemological position of positivism will be taken for this research.
4.2 Research Design

In the extant literature, seven types of research designs are usually used by researchers: experimental, survey, case study, action research, grounded theory, ethnography, and archival research. To choose an appropriate design for the research, the extant literature has suggested various criteria. Yin (2003) believes that each research strategy has its advantages and disadvantages, and thus the choice of the research strategy should be based on three conditions: (1) the type of research question posed; (2) the extent of control an investigator has over actual behavioural events; (3) the degree of focus on contemporary, as opposed to historical, events (Table 3). Saunders, Lewis, and Thornhill (2007) assert that decisions on research design should always be based on the research question and research objectives and should be consistent with the research philosophy. Likewise, Kidder, Cook, Selltiz, and Wrightsman (1981) emphasise the importance of matching the research purpose and research budget when choosing a research design.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Form of research question</th>
<th>Requires control of behavioural events?</th>
<th>Focuses on contemporary Events?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>how, why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes/No</td>
</tr>
<tr>
<td>History</td>
<td>how, why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>how, why?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(Adapted from Yin, 2003, p. 5)

In this research, the decision to use a survey is based on three criteria: research philosophy, research purpose and practical concerns. In this research, a core research question, “What is the relationship between CCI and guanxi in the Chinese market?”, has been identified in attempt to explore the relationship between CCI and the cultural
phemonenon of guanxi in China. Bearing in mind the research philosophy, which has
been stated in the preceding section as objectivism and positivism, a deductive
approach is used to address the research question. Accordingly, relevant theories in
the existing literature are reviewed, and 6 conceptual propositions are developed.
According to Saunders et al. (2007), survey and case study are most likely to be used
in a deductive research of philosophy as positivism and objectivism. Furthermore, the
purpose of this research is to explore the relationship between CCI and guanxi in
China, on which existing literature has little knowledge. In theory, experiment, survey
and case study can all be used for exploratory research. However, a survey design
rather than an experiment or case based approach is chosen in research for two
practical reasons. First, experimental design requires the researcher to plan
manipulations on the behavioural events and draw conclusions by making
comparisons between before and after the manipulations (Yin, 2003). On one hand, it
is difficult to find companies that are willing to change their CCI behaviours to fulfil
the needs of this research. On the other hand, both CCI projects and guanxi
development can take years to complete. Even if manipulations were successfully
placed on some companies’ CCI behaviours, given the limited time for the research, it
would be unlikely for the researcher to complete the data collection in time. As a
result, it is thought that experimental design is not a suitable design for the research.
Second, although the case study is usually the most favoured research design for
exploratory researches (Saunders et al., 2007), it is difficult to find representative and
informative cases to study the phenomena that are of interest to this research. This
research aims to study two phenomena, CCI and guanxi. While CCI is widely
advertised by most of the companies, guanxi, is usually treated as a sensitive topic in
China. Therefore, it would be difficult to find cases in which companies engage in
CCI and also openly admit their involvement in guanxi development. As a result, it is
thought that a case study was not a suitable design for this research.
4.3 Survey Research

Survey design is usually employed in order to answer research questions such as who, what, where, how much and how many, and thus is commonly used in exploratory and descriptive research (Saunders et al., 2007; Yin, 2003). Bryman and Bell (2007: p.56) defined survey research as the research strategy that “entails the collection of data on more than one case and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables (usually many more than two), which are then examined to detect patterns of association.” Survey design allows the researcher to explore the interaction between CCI and guanxi development through multiple cases and collect relevant data to answer the research question in a comparatively economical way.

Sample size and the nature of the data (quantitative or qualitative) collected in a survey research can vary in order to fulfil different research needs. Remenyi (1998) divides surveys into two types: in-depth and large-scale. In in-depth survey research, (1) a comparatively small number of informants are drawn, (2) the data collection method is usually through interviews, in which the researcher guides informants to speak freely on research issues, and (3) in-depth qualitative data, such as interview transcripts are usually collected and analysed to provide insights to research issues. In a large-scale survey, (1) comparatively large number of cases are drawn, (2) the data collection method is usually by questionnaire, in which informants are asked to provide answers to structured and standardised questions, and (3) quantitative data are usually collected and analysed to provide description to research issues.

An in-depth survey is used in this research for three reasons. First, this research, in its nature, is exploratory rather than descriptive. To the best of the researcher’s knowledge, little is known in the existing literature about the relationship between CCI and guanxi, and thus the researcher attempts to seek insights on the issue and generalise to broader theories rather than provide a description on the issue and generalise to a larger population. Second, personal interviews can generate more insightful data (Robson, 2002). To explore the relationship between CCI and guanxi, it is thought that personal interviews, in which informants can speak freely and share
their experiences and perceptions on the research issues, are able to generate more insightful data in comparison to posted questionnaires. Third, guanxi is a sensitive issue to talk about in the business environment in China. Millington et al. (2005) assert that, to collect insightful data on sensitive phenomenon in China, personal interviews can be a more effective tool in comparison to questionnaires. On account of all the facts, it is decided that this research is going to be conducted in an in-depth survey fashion.

Accordingly, in this research, (1) a comparatively small, yet informative, sample is to be drawn, (2) interview is to be used as the data collection method, (3) the collected data is to be analysed through the use of qualitative methods.

4.3.1 Sampling

Non-probability sampling techniques are employed in this research. Sampling techniques are divided into two types, probability sampling and non-probability sampling (Bryman & Bell, 2007; Jankowicz, 2005; Saunders et al., 2007). While in probability sampling, the probability of each case being selected from the targeted population is known, and thus statistical inferences can be made to the whole population, in non-probability sampling, the probability of each case being selected from the targeted population, if there is one, is unknown, and thus inferences to the whole population cannot be made on statistical grounds. Although probability sampling is popularly used in survey research, non-probability sampling is used in this research for three reasons. First, this research attempts to explore the relationship between CCI and guanxi by identifying and questioning informants whose personal experiences may provide insights into the issue. Jankowicz (2005) asserts that for such research the informativeness of the sample to the research issues is more important than the representativeness of the sample to the larger population, and thus non-probability sampling is usually used. Second, it is difficult to identify the sample frame, if probability sampling is to be used. The extant literature suggests that CCI is still at its beginning stage in China. To the best of the researcher’s knowledge, no database can be found to draw a complete and representative sample frame of
companies that are undertaking CCI in China. Lacking a valid sample frame, therefore, makes probability sampling infeasible for this research. Third, access to companies is limited in China. Negotiating access to companies requires time and luck. Even if a sample is drawn from probability sampling, accesses to the sampled companies may not be obtained within the limited time given to the research. Therefore, non-probability sampling is thought to be more practical to this research in comparison to probability sampling.

While there are various non-probability sampling techniques available, convenience sampling and snowball sampling have been employed due to the limitation in time and budget of the research. Data collection abroad incurs a considerable cost, and thus only a limited period of time was given to the data collection. Within the limited time, the researcher sought to conduct as many face-to-face interviews as possible, which required a short response time and high response rate. Compared to other non-probability sampling techniques, convenience sampling and snowball sampling are advantageous in terms of response time and response rate. It is believed that by using the two sampling techniques, a reasonably large data set could be collected through interviews within the limited period of time.

Although convenience sampling and snowball sampling can ensure a high response rate and save time on data collection, they are limited in certain respects. The literature suggests that the use of convenience sampling and snowball sampling are likely to compromise the representativeness of a sample set and the generalisability of the research findings to a broader population (Bryman & Bell, 2007). Nevertheless, the primary goal of this research is to generate findings to broader theories rather than populations. Having used a different research logic for this research, the limitation of using convenience sampling and snowball sampling is counteracted. A More detailed discussion on this issue will be carried out in the research credibility section.

**4.3.2 Target Companies and Informants**

In this research, informants are drawn from three types of companies: foreign companies, state-owned companies, and private companies. An informant in this
research is defined as a manager of a company who is responsible for the company’s CCI activities and/or intensively involved in the company’s CCI activities.

Three types of companies, foreign companies, Chinese state-owned companies, and Chinese private companies, are chosen as the organisations where informants are selected. This research was conducted based on the conceptual proposition that guanxi can be developed through CCI, and in order to develop guanxi, companies will exhibit a series of particular behaviours in CCI. The extant literature suggests that different types of companies in China tend to have different levels of access to scarce resources, which, in turn, results in their different demands for guanxi. While foreign companies and private companies may strongly value and rely on guanxi, state-owned companies’ interest in guanxi can only be mild (Xin & Pearce, 1996). It is thought that companies’ different demands for guanxi may also reflect on their CCI behaviours, particularly when CCI is employed to develop guanxi. The stronger the demand for guanxi is, the more alike companies’ CCI behaviours may be to the proposed ones. In order to improve the theoretical generability of the research, it is, therefore, decided that two groups of companies, one with a strong interest in guanxi development, such as foreign companies and Chinese private companies, and another one with a weak interest in guanxi development, such as state-owned companies, are sampled respectively. Moreover, within the group of strong interest in guanxi development, foreign companies and Chinese private companies are fundamentally different in terms of their knowledge, experiences and resource availability in CCI. The extant literature suggests that such differences between foreign companies and private companies can lead to differences in CCI behaviours (Gao, 2009; Young, 2002). It is, therefore, thought that such differences in CCI behaviours are also likely to appear when developing guanxi. In order to furnish more dynamic insights to the initial conceptual model, it is decided that foreign companies and Chinese private companies are sampled respectively. In the end, three types of companies, foreign companies, Chinese state-owned companies, and Chinese private companies, are targeted.

Managers, who are responsible for companies’ CCI activities and/or intensively involved in companies’ CCI activities, are selected to be the informants for data collection. It is thought that those managers are responsible for and/or intensively involved in companies’ CCI activities, and thus should have the best first-hand
knowledge of companies’ CCI history, CCI decision-making process, and CCI behaviours. If there is any relationship between CCI and guanxi, their experiences are most likely to furnish reliable insights to this relationship. In foreign companies and state-owned companies, targeted informants are usually companies’ CSR managers, or corporate sustainability managers, or public affairs managers. In Chinese private companies, targeted informants are usually companies’ owner managers.

4.3.3 Access to Informants

Convenience sampling and snowball sampling usually require the researcher to have a certain level of accessibility to informants. In this research, accesses to informants were obtained from two organisations. Access to managers of foreign and state-owned companies was provided by an NGO named Syntao-Sustainability Solutions, while access to managers of private companies was provided by an official of the Chongqing regional government.

4.3.3.1 Sampling Informants from Foreign and State-owned Companies

On the quest for access to CSR managers, the researcher started by contacting NGOs that promote CSR in China. It was thought that due to the nature of their work, those NGOs are most likely to have frequent interaction with company CSR managers. Initially, the researcher examined the United Nations Global Compact’s local CSR partners in China. United Nations Global Compact is an NGO that is dedicated to promote CSR globally. By examining its CSR partners in China, a list of NGOs was identified. Emails were then sent out to those NGOs to explain the purposes of this study and request their support in terms of providing CSR managers’ contact information and/or introducing the researcher to CSR managers. Later, the senior manager of Syntao-Sustainability Solutions replied and agreed to help. Syntao-Sustainability Solutions is a Chinese NGO founded in 2005, whose main interest is to promote CSR in China as well as provide CSR related consulting, training and
research services to companies in China. Due to the nature of their work, they have kept regular contact with a large number of CSR managers in China.

The senior manager of Syntao-Sustainability Solutions suggested that companies, which they usually work with, are foreign companies and state-owned companies. Therefore, he could only provide contact information of foreign company CSR managers and state-owned company CSR managers. In addition, according to the senior manager of Syntao-Sustainability Solutions, foreign companies and state-owned companies usually locate their CSR offices in Beijing, even if their Chinese headquarters are located elsewhere in the country. As a result, Beijing was chosen to be the place where interviews with foreign companies and state-owned companies were to be conducted.

Initially, the researcher was given contact information of CSR managers (or personnel who were responsible for and/or intensively involved in companies’ CSR activities) from 63 companies. An interview invitation letter, which explains the research background and research purposes, was sent to all 63 contacts through emails. Some emails received immediate replies, and thus interviews were arranged subsequently.

In order to increase the response rate, two measures were taken. First, in the invitation letter, the name of Syntao-Sustainability Solutions was mentioned as a supporter of this research. This was approved by the senior manager of Syntao-Sustainability Solutions. It is believed that having the research endorsed by an organisation, which companies have established trust with, can effectively increase the response rate. Second, the non-respondents were followed up after a month through direct phone calls. Attempts were made in the phone calls to arrange any interviews in company managers’ times of convenience. In the end, 31 companies agreed to undertake face-to-face interviews with the researcher.

Snowball sampling was also conducted. At the end of every interview, the interviewed company manager was always asked if he could refer the researcher to CSR managers of their peer companies’. Due to the help of some CSR managers, 6 more companies agreed to undertake the face-to-face interviews in the end. Therefore, by using snowball sampling, a larger sample was achieved.
4.3.3.2 Sampling Informants from Private and State-owned Companies

Chongqing was chosen by the researcher as the location where informants from private companies and state-owned companies were to be sampled and interviewed. On one hand, the researcher failed to identify any sources or database in Beijing from which a substantial list of local private company contact information could be obtained. Therefore, access to private companies was limited in Beijing. On the other hand, the researcher’s attempt to access state-owned companies in Beijing had only minimal success. Most of the state-owned company CSR managers, who have been contacted by the research, refused to undertake any forms of interviews. As a result, it was decided that another location, where a large number of private companies and state-owned companies could be identified and accessed, was needed. Chongqing city is referred to, by the central government of China, as the economic centre of the southwest region and the upper areas along the Yangtze River. A large number of private companies and state-owned companies are located in this area. Therefore, it was thought that Chongqing city was a suitable place to sample and interview informants from private companies and state-owned companies.

In order to obtain access to CSR managers of private companies and state-owned companies, the researcher contacted the government officials in the Chongqing regional government who were responsible for the development of local industry and commerce. It is thought that due to the nature of their job, these government officials are most likely to have kept a regular contact with companies in this area, and thus could help the researcher obtain access to CSR managers. Upon the personal presentation of the purposes and value of this research, one of the government officials agreed to personally arrange interviews with company managers for the researcher. The government official has access to a full list of companies operating in the Chongqing area. As requested by the researcher, the government official randomly selected and contacted companies from the list. In the initial communication, companies were briefly introduced to the concept of CCI, and then asked if they had engaged in any similar activities in their history. Only if a company recognised their current and/or previous engagement in CCI, would the government official then try to negotiate an interview with the manager who was responsible for and/or intensively...
involved in CCI. Due to the personal assistance of the government official, the response rate was no longer an issue of concern, when sampling in Chongqing, and thus the use of snowball sampling was suspended.

4.3.3.3 Counteracting Sampling Bias

Efforts have been made to counteract any possible sampling bias. First, all companies were sampled solely because of their previous commitment to CCI and informativeness to the research. When approaching the senior manager of Syntao-Sustainability Solutions and the government official in Chongqing, the interest of this research in guanxi was deliberately kept from them. It is thought that, by doing so, their prior knowledge on companies’ engagement in guanxi development may play a rather limited role in sampling, and thus any relationship between CCI and guanxi identified in the later stage is unlikely to be because of any sampling bias. Second, when sampling private companies and state-owned companies in Chongqing, the contacted companies were explicitly told that this research was conducted solely by a foreign academic institution, the University of Bath, with no involvement or supervision of the Chongqing regional government or the government official himself, and that the confidentiality agreement would be strictly followed. It is thought that, by addressing the non-governmental nature of the research and the confidentiality agreement, the researcher can effectively limit any possible influence of government in sampling and the following interviews. In other words, this can ensure that companies’ participation in the research was mainly because of their interest in the research and availability at the time rather than their will to be involved in a governmental project, and it can also ensure that their answers in the interviews were to reflect their actual CCI behaviours rather than the CCI behaviours that are of interest to the regional government or the government official. As a result, any relationship between CCI and political guanxi identified in the later stages is unlikely to be because of any sampling bias.
4.3.4 Sample Size

65 companies have been sampled in the research. There are 30 foreign companies, 9 state-owned companies, and 26 private companies. Originally, face-to-face interviews have been arranged and conducted with CSR managers (or managers who are responsible for and/or intensively involved in CCI) from 67 companies. There were 31 foreign companies, 9 state-owned companies, and 28 private companies. Nevertheless, interviews with one foreign company manager and two private company managers were considered to be unsuccessful. In both interviews, company managers refused to answer some of the interview questions, and/or failed to provide sufficient information to some or all interview questions. Consequently, it was decided that those two interviews were excluded from the following data analysis.

4.3.5 Unit of Analysis

A CCI project is considered to be the unit of analysis in this research. A unit of analysis is defined by Collis and Hussey (2003:122) as “the kind of case to which the variables or phenomena under study and the research problem refer, and about which data is collected and analysed”. Collis and Hussey (2003) also stress that the unit of analysis should be appropriate to the research problem. This research attempts to explore how guanxi may be developed in companies’ CCI projects, and thus shed light on the relationship between CCI and guanxi. Therefore it is thought that a CCI project, in which development of guanxi can be discussed, should be the unit of analysis for this research.

Moreover, there are two types of CCI projects involved in this research: company-initiated CCI project and third-party-initiated CCI project. Companies are usually seen to engage in CCI in two ways. First, companies can engage in CCI by initiating their own CCI projects. Second, companies can undertake CCI by participating in CCI projects initiated by others, such as an NGO or a government. If a CCI project was initiated by the informant’s company, it is referred to as a company-initiated CCI project in this thesis. If a CCI project was participated in by the informant’s company,
yet initiated by another organisation, in order to distinguish the project initiator from the project participant (company) and project beneficiary (community members), it is referred as a third-party-initiated CCI project in this thesis.

4.4 Data Collection

Data in this research was collected through semi-structured face-to-face interviews with CSR managers (or managers who are responsible for and/or intensively involved in CCI). A semi-structured interview is chosen as the data collection method in this research for three reasons.

1. A semi-structured interview allows the researcher to obtain rich and detailed answers from informants while still keeping a focus on predetermined central issues (Bryman & Bell, 2007; Jankowicz, 2005; Saunders et al., 2007). Interviews in this research were expected to collect rich and insightful information on informants’ various personal perspectives and experiences of developing interpersonal relationships in CCI. It was hoped that such information could then help to test the conceptual model and explain how guanxi is developed through CCI in detail. Interviews that allow the researcher to collect data of such richness are usually unstructured interviews and semi-structured interviews. Compared to unstructured interviews in which no specific topics are usually predetermined, semi-structured interviews allow the researcher to focus on certain predetermined central issues during interviews. In this research a conceptual model was developed based on the review of the existing literature of both CCI and guanxi. The conceptual model involves six theoretical propositions, which need to be tested with empirical data. Therefore, the issues, which are relevant to the six theoretical propositions, are required to be covered primarily in interviews. On account of this reason, it was decided that semi-structured interviews were more suitable for this research in comparison to unstructured interviews.

2. Semi-structured interviews allow the researcher to focus on some predetermined central issues while exploring other aspects and issues around them (Jankowicz,
Both semi-structured interviews and structured interviews allow the researcher to focus on predetermined topics. However, only semi-structured interviews allow the researcher to explore other insightful aspects and issues around the predetermined topics. In this research, the predetermined topics were developed based on a review of the existing literature of CCI and guanxi. Although the existing literature was sufficient in terms of explaining both issues separately, it was rather limited in terms of explaining the relationship between CCI and guanxi. It is thought that predetermined topics, which are mainly derived from such literature, may only reveal part of the story that is of interest to this research. Some insightful issues can be unforeseen due to the limitation in the extant literature. Therefore, it was decided that an atmosphere for open discussion was needed in the interviews, and thus other insightful aspects and issues, in addition to the predetermined ones, could be explored and brought in to this exploratory research. On account of this reason, semi-structured interviews were thought to be more suitable for this research in comparison to structured interviews.

3. A semi-structured interview is an appropriate method when dealing with highly confidential or commercially sensitive issues (Easterby-Smith, Thorpe, & Lowe, 1991; Jankowicz, 2005). Due to the popular debate over guanxi and corruption, guanxi is considered to be a sensitive issue to talk about in the Chinese business environment. A previous successful study of guanxi has already proved that semi-structured interview is an effective way to gather insights on guanxi related business issues (Millington et al., 2005).

By using a semi-structured interview, the researcher asks informants a series of predetermined questions in a systematic and consistent order, while still encouraging informants to develop ideas and speak rather widely on the issues of interest to this research (Berg, 2004).
4.4.1 Interview Guide

In this research, semi-structured interviews were conducted under the guidance of an interview guide (appendix A). The interview guide was established prior to interviews. It is believed that by establishing a clear interview guide, the quality of the interviews can be improved in two ways. First, the interview guide can ensure that all interested issues are covered in a systematic and relatively consistent manner while informants are still given the opportunity to speak freely in the interviews. This can, in turn, improve the comparability between cases. Second, the interview guide helps clarify questions that are uncertain to informants. The interview guide consists of two parts. The first part of the interview guide is to be read to informants before the start of an interview. This part contains information on background of the research and researcher, confidentiality agreement and procedure of the research. The second part of the interview guide is to be read to informants during interviews. This part contains the predetermined interview questions, which are designed to cover issues of interest to this research.

4.4.2 Development of Interview Questions

The questions asked in the interviews include 10 leading open-ended questions and 20 prompt questions (appendix B). Initially, 10 leading open-ended questions have been developed based on the conceptual framework. The conceptual framework of the research suggests that guanxi development in CCI involves four essential steps: (1) targeting CCI partner as guanxi player, (2) interacting with CCI partner to establish guanxi base, (3) generating appreciative personal benefits to CCI partner as guanxi favour, and (4) reciprocating favour by CCI partner. In addition to the four essential issues, conceptual framework also suggests two underlying issues. First, the establishment of a guanxi base requires familiarity as a confirmation. Second, personal benefits to a CCI partner require the recipient’s appreciation as the validation of a guanxi favour. It was, therefore, decided that the six central topics needed to be covered in the interviews are (appendix B): (1) CCI partner targeting, (2) interaction
with CCI partner, (3) familiarity with CCI partner, (4) benefits to CCI partner, (5) appreciation of CCI partner, (6) favour reciprocation by CCI partners. Accordingly, eight leading open-ended questions were developed to address those topics. Moreover, the researcher was also interested in gathering the background information of each CCI case discussed in the interviews. Therefore, another two leading open-ended questions were developed to address this need. In addition to the leading questions, in order to encourage informants to develop and speak more widely on the issues of interest to this research, overall 20 prompt questions were added to the leading questions (appendix B).

All interview questions were discussed respectively in the context of two CCI projects: company-initiated CCI projects and third-party-initiated CCI projects. It is thought that these two types of CCI projects provide two different contexts for guanxi development, and that CCI behaviours may vary between the two contexts. For example as the initiator of the project, a company is likely to be at liberty to tailor the CCI project in accordance with its own interests, whereas, in a third-party-initiated CCI project, as the participant of the project, the company is likely to be limited in that aspect. Therefore, it was decided that in every interview, interview questions were discussed with two specific CCI cases: one company-initiated CCI project and one third-party-initiated CCI project. While the essence of the questions was maintained, small modifications were made to some questions in order to fit in the different contexts (appendix A).

4.4.3 Interview Language

All the interviews were conducted in Mandarin, which is the official language used in Mainland China. Although many informants can speak English to some degree, it is thought that conducting interviews using the informants’ first language can ensure the quality of data by avoiding any misunderstanding caused by an inappropriate use of a foreign language. In order to ensure the reliability of the data collected through such interviews, a questionnaire-designing method used in Millington et al.’s (2005) study of guanxi and buyer-supplier relations is employed. Firstly, the interview guide,
which includes the interview introduction and the interview questionnaire, was discussed and designed with English native speakers who have a good understanding of this research and sound technical knowledge of both CCI and guanxi. The English interview guide was then translated into Chinese by a Chinese native speaker with a good understanding of the research and sound technical knowledge of both CCI and guanxi. Finally, another fluent Chinese speaker was invited to translate the Chinese version of the interview guide back into English, and any inconsistencies were then identified and resolved.

4.4.4 Improving Interview Quality

In order to counteract interviewer bias and ensure the quality of data collected in this fashion, some of the 10 measures suggested by Brenner, Brown, and Canter (1985) to minimise interviewer bias have been implemented:

1. Read the question as they are worded in the interview guide
2. Read slowly and use correct intonation and emphasis
3. Ask the questions in the correct order
4. Ask every question that applies
5. Use response cards when required
6. Record exactly what the interviewee says
7. Do not answer for the interviewee
8. Show an interest in the answers given by the interviewee
9. Make sure that you have understood each answer adequately and that it is adequate
10. Do not show approval or disapproval of any answer

It was thought that in the interviews of this research, as long as all the interview questions were covered, there was no need for interview questions to be asked in any particular order. It was also thought that response cards were not necessary for the interviews of this research. Consequently, all the measures recommended by Brenner et al. (1985), except “ask the question in the correct order” and “use response cards
when required”, were taken in the interviews. Moreover, while most of interviews were recorded by tape recorder at the consent of informants, 10 interviews were required by informants to be recorded only in a written form. For those interviews, notes were taken to the most thorough level possible, and the interviews were reconstructed based on the notes afterwards.

In addition, measures have also been taken to counteract any social desirability bias in the interviews. It is thought that social desirability bias in this research is most likely to be caused by the sensitivity of guanxi. Due to the prevailing debate on guanxi and corruption, guanxi is considered to be a sensitive issue to talk about in the Chinese business environment. Although guanxi is widely adopted by many business practitioners, it is not socially desirable to openly admit the development and use of guanxi. In order to counteract this potential social desirability bias, mentioning of the term ‘guanxi’ was deliberately avoided at all stages of the interviews.

At the introduction stage of the interview, informants were only told that this research aimed to study the CCI behaviours of the company in China. The introduction to the interview had made no association to guanxi development. It is believed that by concealing the guanxi side of research agenda in the introduction, informants’ social desirability bias caused by sensitivity of guanxi can be counteracted effectively, and information gathered through the interview can reflect companies’ actual CCI behaviours, even if they were, to various extents, shaped by guanxi development.

At the question and answer stage of the interview, the term “guanxi” was deliberated avoided by the interviewer. In doing so, discussion of guanxi was broken down into discussions of three components of guanxi first: presence of guanxi players, establishment of familiarity (achieved guanxi base) and favour exchange. When discussing the presence of guanxi players in the context of CCI, “guanxi players” were then replaced with “corporate representatives” and/or “key stakeholders”. The conceptual framework suggests that guanxi players in this research are corporate representatives whom are responsible for or intensively involved in companies’ CSR/CCI activities, and key stakeholders whom are well connected in the local guanxi networks. Therefore, replacing “guanxi players” with “corporate representatives” and “key stakeholders” will not change the content of date collected in the interviews. By doing so, it is believed that social desirability bias caused by the
sensitivity of talking guanxi can be effectively limited, and information concerning guanxi can as well be collected in the interviews.

It is worth noticing that in some interviews, informants voluntarily used the term “guanxi” first without being prompted by interviewers at all. It is believed that in this case guanxi is unlikely to have caused strong social desirability bias to informants, and thus the term “guanxi” was used in the follow-up questions in such interviews.

### 4.4.5 Data Collection Summary

67 semi-structured face-to-face interviews with managers from 67 companies were conducted. All of the interviews were conducted over a period of 6 months. The names and contact details of informants and their companies were recorded. However, due to the confidentiality agreement, they will not be revealed in this thesis, and all companies involved will remain anonymous in the following analysis chapters. While 65 interviews were considered to be successful, two interviews were considered to be failures. In both interviews, informants refused to answer some or all of the leading questions and/or shedding light on the relevant issues in any other ways. As a result, only incomplete data were collected from those interviews. In order to ensure the comparability between cases, it is, therefore, decided that the incomplete data collected from the two interviews are excluded from the following data analysis.

Moreover, in the 65 successful interviews, informants were specifically asked by the interview guide (appendix A) to provide only two example CCI cases, one company-initiated CCI project and one third-party-initiated CCI project, and answer interview questions in the context of the two example CCI cases respectively. However, in the actual interviews, some informants neglected the instruction and carried out the discussions with more than two example CCI cases. It is thought that selecting only two example CCI projects from every interview and deliberately ignoring the extra ones can impose personal bias on data. Therefore, it is decided that all example cases used by informants in the interviews are included in the following data analysis. In total 148 example CCI cases were collected through 65 interviews. Among them, 79 cases are company-initiated CCI projects and 69 cases are third-party-initiated CCI
projects. All 148 example CCI cases are used to test the conceptual propositions of the research, and eventually shed light on the overarching research question.

4.5 Data Analysis

The data collected in this research are analysed using content analysis. Jankowicz (2005) suggests that content analysis is a technique usually employed to analyse data collected through semi-structured interviews. Jankowicz (2005) divided a content analysis process into two stages: perceiving and summarising. In the perceiving stage five manipulations are taken to the data: (1) preparation of interview transcripts; (2) generation of categories; (3) coding utterances to categories; (4) tabulating the frequencies of different categories; (5) presenting and illustrating the categories. In the summarising stage, a variety of descriptive and analytic statistics are conducted on the numbers tabulated in the perceiving stage, and inferences about relationships between variables are made accordingly.

This research employs the content analysis technique recommended by Jankowicz (2005). The analysis sequence is illustrated in Figure 7.
The first step of the analysis is to prepare interview transcriptions and interview notes for analysis. Two preparations have been done. First, all interview records were transcribed and translated. All interviews were conducted and recorded initially in Mandarin. Therefore, before any analysis proceeded, the interview records were transcribed onto Microsoft word documents and translated from Chinese to English.

In order to ensure the reliability of data, interview transcripts were initially translated from Chinese to English by a professionally trained translator. Then, a colleague of the researcher who is fluent in both Chinese and English was invited to read both original and translated interview transcripts, and any inconsistencies identified were to be corrected. Second, the translated interview transcripts were segmented into CCI cases. The unit of analysis in this research is defined as a CCI project given by informants in the interviews. As mentioned in the preceding section, there are at least
two example CCI projects discussed in every interview. Therefore, interview transcripts were segmented into CCI cases for analysis.

The second step of the analysis is to generate categories for coding. Categories in a content analysis reflect the information that is of interest to the research (Bryman & Bell, 2007). Yin (2003) suggests that analysis of qualitative data should be primarily guided by the theoretical propositions of a research, which help to focus attention on the relevant data and ignore the others. In order to focus on data that are of interest to the research, before any categories were generated, a case narrative was produced in accordance with the theoretical propositions. According to guanxi development theory, four essential phases are involved in a guanxi development process, which are (1) choosing guanxi partner, (2) developing guanxi base, (3) conveying guanxi favour, and (4) reciprocating guanxi favour. The conceptual framework proposes that each of the four phases is likely to be reflected by certain CCI behaviours, and thus guanxi is developed in the CCI project as a result. Accordingly, CCI behaviours that may contribute to the initiation of guanxi are mapped along the four guanxi developing phrases (see Figure 8). It is thought that those corporate behaviours can provide an interpretative basis for discussion of guanxi development in CCI.

Figure 8 - Key Corporate CCI Behaviours in Relation to Guanxi Development

Having established the case narrative, categories were then generated. Categories in this research were generated in two ways. The first type of categories were pre-selected. On one hand, for the identified CCI behaviours, which are relevant to guanxi
development, the conceptual framework has suggested a variety of concepts. On the other hand, guanxi development theory has also suggested a series of variables and concepts for every guanxi developing phase. Those pre-determined concepts have, therefore, become the first group of categories for coding the data. The second type of categories emerged when going through the interview transcripts. Although the pre-selected categories have accommodated the majority of data that are of interest to the research, there is still information, which may be relevant to testing conceptual propositions, yet cannot fit in any pre-selected categories. It is thought that such information may not only be able to help test conceptual propositions, but also be able to add unforeseen insights to the literature. Therefore, when such information was identified, new categories were created to accommodate it. Finally, wherever more detailed coding was needed, sub-categories were created accordingly.

All categories generated were explicitly defined for coding. In order to assist coding, representative utterances were selected and presented by the researcher as the illustrations of each category. Definitions and illustrations of categories are discussed and presented in the following analysis chapters.

The third step of analysis is to code data. Based on the definition of each category, relevant utterances were assigned accordingly. In order to improve and test coding reliability, two measures have been taken. First, the researcher coded all interview transcripts again several weeks after the first coding. Consistency was checked between the two coding versions. Second, a colleague of the researcher was invited to code a few randomly selected interview transcripts. Consistency was then checked between the coding done by the colleague and the coding done by the researcher. In both cases, a high level (above 85 percent) of coding reliability was achieved, which was within the norms of 80 to 90 percent recommended by Miles and Huberman (1994).

The fourth step of the analysis is to count the frequencies of different categories and tabulate them accordingly. There are two types of cases: company-initiated CCI project and third-party-initiated CCI project. As discussed in preceding section, guanxi may be developed slightly differently in the two types of CCI cases. Therefore, frequencies of different categories of the two types of CCI cases have been tabulated separately. In addition, three types of companies, foreign companies, state-owned
companies, and private companies, are involved in this research. It is thought that due to the different desires for guanxi development, their CCI behaviours, which are relevant to guanxi development, can be different and worth exploring. Therefore, the frequencies of different categories under each type of company were also shown in the tabulations.

The fifth step of the analysis is to summarise the data. In this stage, a variety of descriptive and analytic statistics have been carried out on the numbers tabulated in the previous stage. It should be noted that this research aims to provide insights to the existing theories rather than generalise findings to a broader population. Therefore, the research sample is indicative rather than representative. Only 9 state-owned companies have been sampled in this research. It is believed that such a sample size is too small to justify extensive statistical tests. Therefore, the results of the data analyses have not been tested statistically for significance. Inferences about relationships between variables and concepts have been drawn and discussed. In order to draw inferences on relationships between variables and concepts, a technique, pattern-matching logic, was used.

Pattern-matching is regarded as an analysis technique whose inferential task is to relate, link or match theoretical patterns and observed patterns (Trochim, 1989). Trochim (1989) illustrates the pattern-matching mechanism in Figure 9. He believes that when the two types of patterns match, conclusion can be drawn that the theory and any other theories, which may predict the same observed pattern, receive support; and when the two types of patterns do not match, the theory is considered to be incorrect or poorly formulated, yet pattern-matching still provides a rich source for theory modification.
The conceptual framework of the research proposes that guanxi can be developed through CCI, and accordingly a conceptual research model was developed to illustrate the mechanism. The conceptual research model involves six propositions. Based on the literature, each proposition predicts that some corporate behaviours in a CCI project are likely to exhibit certain patterns as a result of company’s intention to fulfil one of the four guanxi developing phases. Therefore, empirical patterns of the relevant corporate behaviours in CCI were sought in order to test the propositions.

Descriptive and analytic statistics have been carried out on frequencies of coding categories, which represent the CCI behaviours of guanxi development, in an attempt to identify any patterns among them. All relevant CCI behaviours were examined in two types of CCI cases respectively, and CCI behaviours of different types of companies were also looked at separately. First, this research recognises that companies can engage in CCI in two ways, initiating their own CCI projects or
participating in CCI projects initiated by others, and CCI engagement of different fashions may lead to differences in CCI behaviours of guanxi development. It is, therefore, thought that CCI behaviours of guanxi development in different types of CCI cases should be examined separately. Second, the research sample set consists of three sub groups, foreign companies, state-owned companies, and private companies. The existing literature suggests that the three types of companies can have different appetites toward guanxi (Xin & Pearce, 1996). Therefore, their CCI behaviours of guanxi development may as well be different, and thus are worth exploring. On account of this, it is believed that to analyse the CCI behaviours of guanxi development of three types of companies separately can add rigor to the research.

Comparisons have been made between the empirical patterns and the theoretical patterns, and discussions have been carried out on the coincidence between empirical patterns and theoretical patterns. If any empirical patterns were identified, they would be compared with the ones predicted by the theoretical propositions. If they coincided, recognition of the original propositions would be drawn. Otherwise, modification or rejection to the original propositions would be discussed and suggested in accordance with the empirical patterns. In order to improve the internal validity, every inference made based on analytic statistics was illustrated and supported by the representative utterances from informants.

In the end, a conclusion was drawn based on the analysis. Findings of the analysis are collectively discussed in the discussion chapter, based on which contributions to the extant literature are presented.

4.6 Reliability and Validity

The credibility of a research is established through the evaluation of its reliability and validity. In this research, the reliability, construct validity, internal validity, and external validity were addressed in order to establish the credibility of this research. The summary of different tactics and their operationalisation in this research is illustrated in Table 4.
### Table 4 - Summary of Research Credibility

<table>
<thead>
<tr>
<th>Test</th>
<th>Tactic</th>
<th>Research Phrase</th>
<th>Operationalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Interview guide</td>
<td>Data collection</td>
<td>Interview guide contains the procedures and questions for data collection</td>
</tr>
<tr>
<td></td>
<td>Research database</td>
<td>Data collection</td>
<td>Creating a research database during data collection including interview electronic records, interview transcripts and interview notes.</td>
</tr>
<tr>
<td></td>
<td>External reader involvement</td>
<td>Data analysis</td>
<td>Involving external reader to audit the translation and coding of interview transcripts</td>
</tr>
<tr>
<td>Construct validity</td>
<td>Establish chain of evidence</td>
<td>Data collection</td>
<td>Majority of the interview were recorded electronically</td>
</tr>
<tr>
<td></td>
<td>Key informants review the draft research report</td>
<td>Data analysis</td>
<td>Thorough notes were taken where recoding was not allowed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Composition</td>
<td>The interview records were verbatim transcribed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Draft research report was sent to interviewees to verify the analysis</td>
</tr>
<tr>
<td>Internal validity</td>
<td>Eliminate sample bias</td>
<td>Sampling</td>
<td>Sample companies completely for their deeds in CCI rather in guanxi development.</td>
</tr>
<tr>
<td></td>
<td>Use pattern-matching logic</td>
<td>Data analysis</td>
<td>Compare theoretical patterns with observed patterns</td>
</tr>
<tr>
<td>External validity</td>
<td>Use replication logic</td>
<td>Research design</td>
<td>Reply on analytical generalization rather than statistical generalization</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Aim to generalize to broader theories rather than a broader population</td>
</tr>
</tbody>
</table>
Reliability

Reliability of a research addresses the issue of repeatability. It is believed that research with high reliability can be replicated by others and achieve the same results (Bryman & Bell, 2007; Miles & Huberman, 1994). In order to ensure the high reliability of this research, (1) in the data collection stage, interview guide was developed and research database was established; (2) in the data analysis stage, an external researcher was involved to audit the translation and the coding procedures.

Construct validity

Construct validity is defined as “…whether or not a measure that is devised of a concept really does reflect the concept that it is supposed to be denoting” (Bryman, & Bell, 2007: p.41). In order to improve the construct validity, two measures have been taken: (1) establishing a chain of evidence (Yin, 2003), and (2) having key informants review the draft research report (Denzin & Lincoln, 1994).

Internal validity

Internal validity addresses the issue of causality. The internal validity of research reflects the confidence of the researcher in drawing conclusions that incorporate a causal relationship between two or more variables (Bryman & Bell, 2007). In order to strengthen the internal validity of the research, two measures have been taken: (1) in the sampling stage, counteracting any possible sampling bias; (2) in the data analysis stage, using pattern-matching logic.

External validity

External validity addresses the issue of generalisability of a research. It is believed that higher the external validity of research is, the more likely that findings of the research can be generalised beyond the specific research context (Bryman & Bell, 2007). Having mainly replied on probability sampling to generate representative
samples, the survey study usually attempts to address its external validity through statistical generalization, which aims to generate the results of the sample set to a broader population (Bryman & Bell, 2007). Unlike the traditional survey study, as a detailed survey study, this research aims to explore the under-researched phenomena, and thus primarily provide insights to the existing theories rather than generalise findings to a broader population. In addition, the limited access to informants has restrained operationalisation of probability sampling in this research, which resulted in the unlikeliness of statistic generalisation. Because of the two facts, this research addresses its external validity through the pursuit of analytical generalisation rather than statistic generalisation. Analytic generalisation seeks to generate findings of a research to broader theories rather than a broader population (Yin, 2003). In order to strengthen the external validity of the research, replication logic, which is usually employed by multiple-experiment studies and multiple-case studies, is used in the research design. To the extent that findings of this research coincide with the theory, that theory is supported. Otherwise, modifications to the existing theory or need for a new theory may be suggested (Hersen & Barlow, 1976; Yin, 2003).

**Chapter Summary**

This chapter outlined the argument for the philosophical and methodological approach and strategy based on the research questions developed in the thesis. This chapter made a case for the philosophy of objectivism and positivism. It explained the chosen in-depth survey strategy and responded to criticisms of this strategy. This chapter also described the chosen data collection techniques, namely semi-structured interviews, and data analysis procedures. Finally, this chapter finished by explaining the criteria of research credibility employed in this research.
Chapter 5.0 Data Analysis

Introduction

This chapter has two aims and, in accordance with this, it is made up of two sections. The first section introduces the plan for data analysis in terms of the analytic methods and the layout of the data analysis chapters. It aims to help navigate through the data analysis part of the thesis. The second section conducts a descriptive analysis in order to present an overview of the participating companies and the collected CCI cases. It aims to help understand the data used in this research and the findings presented in subsequent chapters.

5.1 Data Analysis Plan

In the following five chapters, 148 CCI cases, which were collected through semi-structured interviews with 65 companies, will be analysed in order to test the guanxi development model of CCI and its six associated theoretical propositions. The strategy for data analysis will employ the “relying on theoretical propositions” recommended by Yin (2003). This strategy suggests that qualitative data analysis should be guided by the theoretical propositions of the research, which reflect the research questions, the review of the literature, and new hypotheses or propositions. Guided by the data analysis strategy, the relevant data will then be analysed using the “pattern matching” analytic technique recommended by (Trochim, 1989). “Pattern matching”, suggests that an empirically based pattern is compared with the theoretically predicted pattern. If two patterns coincide, the proposition is therefore supported. If two or more cases are found to support the same theoretical proposition, replication can be claimed, and thus analytic generation can be achieved. The conceptual framework predicts that in order to develop guanxi through CCI, and, furthermore, facilitate inter-organisational relationship building, companies’ CCI behaviours in China are likely to exhibit six patterns, which form the basis of the six...
theoretical propositions of the research. Therefore, the main objective of the analysis in this research is to identify relevant empirical patterns to compare with the six theoretically predicted patterns.

The conceptual framework includes two parts, guanxi development, which involves the presence of guanxi players, the establishment of a guanxi base, and favour exchange, and the utilisation of a guanxi favour to facilitate inter-organisational relationship building. Data analysis in this research is structured in accordance with the conceptual framework. The outline is illustrated in Table 5. While chapter 5 provides background information on the cases to be analysed in this research, chapters 6 to 9 test the conceptual guanxi development model of CCI and the 6 theoretical propositions. Chapter 6 addresses the presence of guanxi players in CCI. Chapter 7 addresses the establishment of guanxi base in CCI. Chapter 8 addresses guanxi favour exchange in CCI. Chapter 9 addresses the utilisation of guanxi favours to facilitate inter-organisational relationship building in CCI.
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Proposition</th>
<th>Data Involved</th>
</tr>
</thead>
</table>
| Chapter 5: Case background      | N/A                                                                          | • Ownership structures of sampled companies  
• Industries of sampled companies  
• Sizes of sampled companies  
• CCI engagement form of collected CCI cases  
• Social causes addressed by collected CCI cases  
• Corporate resources involved in collected CCI cases |
| Chapter 6: CCI and key guanxi players | P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”. | • Identity of CCI partner in company-initiated CCI project  
• CCI project initiator in third-party-initiated CCI project  
• Criteria for choice of CCI partner  
• Influence of CCI project initiator’s identity to choice of CCI project |
| Chapter 7: Establishment of guanxi base: intensiveness of interaction in CCI | P2. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between “REPRESENTATIVE” and the targeted guanxi “PLAYER”. | • Interaction between company representatives and CCI partners/project initiators  
• Familiarity between company representatives and CCI partners/project initiators |
| Chapter 7: Establishment of guanxi base: time span of interaction in CCI | P3. The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions. | • Time span of collected CCI cases  
• Familiarity between company representatives and CCI partners/project initiators |
| Chapter 8: CCI contribution as valid guanxi favour | P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated. | • Perceived benefits to CCI partners/project initiators in CCI  
• Perceived appreciation to such benefits |
| Chapter 8: Favour reciprocation by CCI partner/project initiator | P5. The “COMPANY” will be able to obtain favours from targeted guanxi “PLAYER”. | • Benefits to company in CCI  
• Company’s expectation of favour reciprocations by CCI partners/project initiators |
| Chapter 9: Inter-organisational relationship building as guanxi favour | P6. To reciprocate favour to “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role. | • Favours reciprocated to company in the past  
• Favours expected from CCI partners/project initiators in the future |
In every chapter, only the relevant data are involved in analysis (see Table 5). In order to identify patterns among data, relevant qualitative data are explored using Miles and Huberman’s (1994) six data analytic manipulations:

1. **Putting information into different arrays**

   This research involves two types of CCI projects: company-initiated CCI project and third-party-initiated CCI project. Therefore, the selected data are divided into two groups: data associated with company-initiated CCI projects and data associated with third-party-initiated CCI projects. Separate analyses are conducted respectively.

2. **Making a matrix of categories and placing the evidence within such categories**

   A matrix of categories are developed to code relevant data. Each category is explained and illustrated with representative narrative from the interviews. The detailed discussion of categories is presented in the beginning of every chapter.

3. **Creating data displays, such as flowcharts and other graphics, for examining the data**

   Data are displayed in graphics wherever necessary.

4. **Tabulation the frequency of different events**

   The frequency of different categories is counted and shown in tables for the identification of any patterns.

5. **Examining the complexity of such tabulations and their relationships by calculating second-order numbers**

   The frequency of different categories is also calculated in percentages and shown in tables for the identification of any patterns.

6. **Putting information in chronological order or using some other temporal scheme**

   All relevant data are put in an order, which resembles the order of guanxi development, namely, the presence of guanxi players, the establishment of guanxi base, and favour exchange.
The results of the data analyses have not been tested statistically for significance, for two reasons. Firstly, this research aims to provide insights into the existing theories rather than generalising the findings to a broader population. Accordingly, the research sample is indicative rather than representative. Secondly, only nine state-owned companies have been sampled in this research. It is believed that such a sample size is too small to be involved in extensive statistical tests. Therefore, the results are not tested statistically in the analysis.

Finally, the patterns identified in the empirical data are compared with the patterns predicted by the conceptual framework at the end of every chapter. Discussion on the extent to which the empirical data can support the original conceptual propositions is also carried out in the end of every section. Based on the discussion, verification of and the modifications to the original theoretical propositions are suggested accordingly.
5.2 Case Background

The analysis of this research is conducted on the basis of 148 CCI cases collected from 65 companies in China. Before any further analyses are conducted, a descriptive analysis is carried out in order to paint a general picture of the background of interviewed companies in terms of their ownership structures and industries, and the basic information of the collected CCI cases in terms of the engagement forms, themes and corporate resources involved.

5.2.1 Company Background

The background of the interviewed companies will be discussed on the basis of ownership structure, industry and size. The detailed information is presented in Table 6, Table 7, and Table 8 respectively.

Ownership structure

The data in this research was obtained through interviews with 65 companies, which represent three different types of ownership structures: foreign, state-owned, and private. Accordingly, companies are categorised and shown in Table 6. Due to the limitation in access, while foreign companies and private companies have an almost equally large presentation in the company sample, state-owned companies only account for a small proportion in the sample.

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th></th>
<th>State owned</th>
<th></th>
<th>Private</th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
</tr>
<tr>
<td>Interviewed Companies</td>
<td>30</td>
<td>46.2</td>
<td>9</td>
<td>13.8</td>
<td>26</td>
<td>40</td>
<td>65</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of companies that fall in to each ownership structure category.
- Frequency (%) in the table implies the percentage that companies of certain ownership structure are of all sampled companies.
The 65 companies in the research come from eight different industries (see Table 7). This research employed The Industry Classification Benchmark launched by Dow Jones and FTSE, and classified the sample companies into ten industries. Accordingly, companies in this research are put into ten categories and shown in Table 7. Table 7 suggests that, except for “oil & gas” and “utilities”, the company sample set has covered all the industries. “Oil & gas” and “utilities” industries are generally dominated by large state-owned companies in China. The absence of company samples in the two industries could be a reflection of the under-presentation of state-owned companies in the company sample set. Moreover, among the eight industries, while “industrials” has a comparatively high presentation in the company sample set, “consumer services” and “telecommunications” have comparatively low presentation in the company sample set. All the other five industries have a similar level of presentation in the company sample set.

### Table 7 - Industry Distribution of Interviewed Companies

<table>
<thead>
<tr>
<th>Industry</th>
<th>Foreign Frequency (n)</th>
<th>Foreign Frequency (%)</th>
<th>State owned Frequency (n)</th>
<th>State owned Frequency (%)</th>
<th>Private Frequency (n)</th>
<th>Private Frequency (%)</th>
<th>Total Frequency (n)</th>
<th>Total Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Basic Materials</td>
<td>1</td>
<td>3.3</td>
<td>1</td>
<td>11.1</td>
<td>7</td>
<td>26.9</td>
<td>9</td>
<td>13.8</td>
</tr>
<tr>
<td>Industrials</td>
<td>9</td>
<td>30</td>
<td>2</td>
<td>22.2</td>
<td>7</td>
<td>26.9</td>
<td>18</td>
<td>27.7</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>5</td>
<td>16.7</td>
<td>1</td>
<td>11.1</td>
<td>6</td>
<td>23.1</td>
<td>12</td>
<td>18.5</td>
</tr>
<tr>
<td>Health Care</td>
<td>3</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>19.2</td>
<td>8</td>
<td>12.3</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>1</td>
<td>3.3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1.5</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>2</td>
<td>6.7</td>
<td>1</td>
<td>11.1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>4.6</td>
</tr>
<tr>
<td>Utilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Financials</td>
<td>4</td>
<td>13.3</td>
<td>3</td>
<td>33.3</td>
<td>1</td>
<td>3.8</td>
<td>8</td>
<td>12.3</td>
</tr>
<tr>
<td>Technology</td>
<td>5</td>
<td>16.7</td>
<td>1</td>
<td>11.1</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>9.2</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>9</td>
<td>26</td>
<td>65</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the numbers of companies that fall in to each industry category.
- Frequency (%) in the table implies the percentage that companies from certain industry is of all sampled companies.
Companies in this research are put into three categories based on their size: large, medium and small. In China, the Ministry of Industry and Information Technology, National Bureau of Statistics, National Development and Reform Commission, and Ministry of Finance have jointly defined the size of a company based on three factors: namely number of employees, turnover or balance sheet total. This research employs the latest definition published by the four governmental departments in 2011 (see Appendix C).

Information on the three definitional factors was collected in two ways. Firstly, as to the public listed companies, which are the majority of the foreign companies and state-owned companies in the research sample, this information was drawn from the company information database Osiris. Secondly, as to the unlisted companies, which are the majority of the private companies, this information was collected directly from the informants in the interviews.

The frequency of the three categories is tabulated and shown in Table 8. Table 8 suggests that the company sample has an almost equal makeup of large-sized companies and small and medium-sized companies. Moreover, while the vast majority of foreign companies (96.7%) and most of the state-owned companies (66.7%) are large-sized companies, the vast majority of private companies (92.3%) are only small and medium-sized companies.

**Table 8 Sizes of Interviewed Companies**

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Large Company</td>
<td>29</td>
<td>96.7</td>
<td>6</td>
<td>66.7</td>
</tr>
<tr>
<td>Medium Company</td>
<td>1</td>
<td>3.3</td>
<td>2</td>
<td>22.2</td>
</tr>
<tr>
<td>Small Company</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td>9</td>
<td>26</td>
<td>65</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of companies that fall into each size category.
- Frequency (%) in the table implies the percentage that companies of a certain size are of all sampled companies.
5.2.2 CCI case Background

Discussion of the CCI case background will start with the engagement forms of CCI cases, namely, company-initiated CCI project and third-party-initiated CCI project. Under each engagement form, themes of CCI cases and involved corporate resources will be looked at respectively.

At the beginning of every interview, the company manager was asked to give two example CCI cases, one company-initiated CCI project and one third-party-initiated CCI project. Nevertheless, in the actual interviews, some company managers were seen to provide more than two CCI cases. In order to avoid any bias caused by selecting only two cases and deliberately eliminating the rest, the mentioned CCI cases have all been involved in the analysis. In the end, there are 148 CCI cases, 79 of which are company-initiated CCI projects and 69 of which are third-party-initiated CCI projects (see Table 9). It is worth noting that due to some companies’ preference for undertaking only one type of CCI project, some company managers could only provide one type of CCI case in the interviews. It is thought that this corporate preference to one type of CCI engagement over the other can, as well, furnish insights into the issues of interest to this research, and thus “having not undertaken company-initiated (or third-party-initiated) CCI project” was also counted as a “case” in the analysis.

**Table 9 - CCI Engagement Forms of Collected CCI Cases**

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Number of companies</td>
<td>30</td>
<td>46.2</td>
<td>9</td>
<td>13.8</td>
</tr>
<tr>
<td>Company-initiated CCI project</td>
<td>33</td>
<td>41.8</td>
<td>11</td>
<td>13.9</td>
</tr>
<tr>
<td>Third-party-initiated CCI project</td>
<td>31</td>
<td>44.9</td>
<td>10</td>
<td>14.5</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>43.2</td>
<td>21</td>
<td>14.2</td>
</tr>
</tbody>
</table>

* Frequency (n) in the table implies the number of each type of CCI project given by informants.
* Frequency (%) in the table implies the percentage that each type of CCI project is of all identified CCI projects.
Company-initiated CCI project

There are 79 company-initiated cases, and they have addressed eight types of social issues. The frequency of the eight categories is tabulated and shown in Table 10. As shown in Table 10, the 79 cases have addressed eight types of social issues. Yet, not all eight social issues have drawn equal attention. While “education”, “employee care”, “cares for vulnerable groups in society” and “disaster relief” have been popularly addressed by various companies, others have only been mentioned by a few. In addition, different types of companies have exhibited interest in different social causes. While foreign companies are likely to initiate CCI projects to tackle education related social causes, state-owned companies and private companies tend to initiate CCI projects in order to take care of employee welfare.

Table 10 - Themes of Company-initiated CCI Projects

<table>
<thead>
<tr>
<th>Category</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Assistance to development of poor areas</td>
<td>3</td>
<td>9.1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cares for vulnerable groups in society</td>
<td>5</td>
<td>15.2</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>Cultural and social awareness</td>
<td>3</td>
<td>9.1</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>3</td>
<td>9.1</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Education</td>
<td>16</td>
<td>48.5</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>Employee care</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>36.4</td>
</tr>
<tr>
<td>Environment</td>
<td>3</td>
<td>9.1</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>None</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>11</td>
<td>35</td>
<td>46</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of CCI projects that fall into each social issue category.
- Frequency (%) in the table implies the percentage that CCI projects, which addressed certain social issues, are of identified company-initiated CCI projects.

In order to tackle those social causes, various corporate resources were found to be involved. As discussed in the conceptual framework, the choice of corporate resources can indicate the CCI form and, in turn, the effectiveness of guanxi development. Therefore, corporate resources used in company-initiated CCI projects are examined.
The CCI literature suggests three basic corporate resources that are usually employed in CCI, namely, money, in-kind, and personnel. In addition, in the interviews, informants also suggested five types of corporate resources that have been used in their CCI projects, namely, “business competence”, “employment”, “management knowledge”, “social resources”, and “others”. Therefore, all the identified corporate resources are put into eight categories accordingly.

While in some cases only one type of corporate resource was used, in others a number of corporate resources were deployed. Overall, six types of corporate resources have been identified in the 79 company-initiated CCI projects. The frequency of the six categories is tabulated and shown in Table 11.

As shown in Table 11, among all identified corporate resources, “money” was the most popularly used corporate resource by all types of companies. In addition to “money”, foreign companies have shown a preference to involve their personnel, while private companies have shown a preference to involve their business competences.

**Table 11 - Corporate Resources Involved in Company-initiated CCI Projects**

<table>
<thead>
<tr>
<th>Category</th>
<th>Foreign Frequency (n)</th>
<th>State owned Frequency (n)</th>
<th>Private Frequency (n)</th>
<th>Total Frequency (n)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business competences</strong></td>
<td>5 10.2</td>
<td>2 13.3</td>
<td>8 18.6</td>
<td>15 14</td>
</tr>
<tr>
<td><strong>Employment</strong></td>
<td>0 0</td>
<td>1 6.7</td>
<td>2 4.7</td>
<td>3 2.8</td>
</tr>
<tr>
<td><strong>In-kind</strong></td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
</tr>
<tr>
<td><strong>Management knowledge</strong></td>
<td>3 6.1</td>
<td>0 0</td>
<td>1 2.3</td>
<td>4 3.7</td>
</tr>
<tr>
<td><strong>Money</strong></td>
<td>26 53.1</td>
<td>9 60</td>
<td>29 67.4</td>
<td>64 59.8</td>
</tr>
<tr>
<td><strong>Personnel</strong></td>
<td>13 26.5</td>
<td>2 13.3</td>
<td>1 2.3</td>
<td>16 15</td>
</tr>
<tr>
<td><strong>Social resources</strong></td>
<td>2 4.1</td>
<td>1 6.7</td>
<td>2 4.7</td>
<td>5 4.7</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>49 15</td>
<td>43</td>
<td>107</td>
<td></td>
</tr>
</tbody>
</table>

* Frequency (n) in the table implies the number of times that each type of corporate resource has been used.
* Frequency (%) in the table implies the percentage that each type of corporate resource is of all identified corporate resources.
Third-party-initiated CCI project

There are 69 third-party-initiated cases, and they have addressed six types of social issues. The third-party-initiated CCI projects are categorised using the same categories as company-initiated CCI projects. In addition, in some cases, informants suggested that, to the best of their knowledge, their companies had not participated in any third-party-initiated CCI projects. Another category “none” is created to accommodate such data. Therefore, all third-party-initiated CCI projects are put into nine categories accordingly. The frequency of the nine categories is tabulated and shown in Table 12.

### Table 12 - Themes of Third-party-initiated CCI Projects

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Assistance to development of poor areas</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Cares for vulnerable groups in society</td>
<td>5</td>
<td>16.1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cultural and social awareness</td>
<td>3</td>
<td>9.7</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>1</td>
<td>3.2</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Education</td>
<td>6</td>
<td>19.4</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Employee care</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Environment</td>
<td>11</td>
<td>35.5</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>None</td>
<td>5</td>
<td>16.1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>10</td>
<td>28</td>
<td>0</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of CCI projects that fall into each social issue category.
- Frequency (%) in the table implies the percentage that CCI projects, which addressed certain social issues, are of all identified third-party-initiated CCI projects.

Overall, the identified social issues have drawn a similar degree of attention among companies, while “assistance to development of poor areas” is slightly under-addressed. Moreover, different types of companies were found to be interested in supporting different social causes. Foreign companies were most likely to participate in “environment” related CCI projects, whereas state-owned companies were most likely to participate in “environment” or “disaster relief” related CCI projects. Private companies, on the other hand, were mostly likely to be found in CCI projects that
concerned “Care for vulnerable groups in society” or “Cultural and social awareness” or “Disaster relief”.

To support the third-party-initiated CCI projects, various corporate resources were found to have been contributed. As discussed in the conceptual framework, choice of corporate resources can indicate the CCI forms and, in turn, the effectiveness of guanxi development. Therefore, corporate resources used in third-party-initiated CCI projects are examined.

The eight categories used to code corporate resources in company-initiated CCI projects can include all corporate resources identified in third-party-initiated CCI projects. Therefore corporate resources identified in third-party-initiated CCI projects are put into the same eight categories accordingly. While in some cases only one type of corporate resource was contributed, in others a number of corporate resources were contributed. Overall, five types of corporate resources have been identified in the 69 company-initiated CCI projects. The frequency of the five categories is tabulated and shown in Table 13.

**Table 13 - Corporate Resources Involved in Third-party-initiated CCI Projects**

<table>
<thead>
<tr>
<th>Category</th>
<th>Foreign (n)</th>
<th>Foreign (%)</th>
<th>State owned (n)</th>
<th>State owned (%)</th>
<th>Private (n)</th>
<th>Private (%)</th>
<th>Total (n)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business competences</td>
<td>3</td>
<td>9.1</td>
<td>3</td>
<td>27.3</td>
<td>5</td>
<td>13.5</td>
<td>11</td>
<td>13.6</td>
</tr>
<tr>
<td>Employment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>In-kind</td>
<td>2</td>
<td>6.1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2.7</td>
<td>3</td>
<td>3.7</td>
</tr>
<tr>
<td>Management knowledge</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Money</td>
<td>17</td>
<td>51.5</td>
<td>8</td>
<td>72.7</td>
<td>28</td>
<td>75.7</td>
<td>53</td>
<td>65.4</td>
</tr>
<tr>
<td>Personnel</td>
<td>10</td>
<td>30.3</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8.1</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Social resources</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33</strong></td>
<td><strong>11</strong></td>
<td><strong>37</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>81</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of corporate resource has been used.
- Frequency (%) in the table implies the percentage that each type of corporate resource is of all identified corporate resources.
As shown in Table 13, among all identified corporate resources, “money” was the most popularly contributed corporate resource by all types of companies. In addition to “money”, companies have shown a limited preference to support the CCI projects with their personnel and business competences.

**Chapter Summary**

In this chapter, an introduction has been given to the following data analysis in terms of the analytic methods used and the structure of the analysis chapters. In this chapter, discussions have also been carried out on the background information of both sampled companies and collected CCI cases. This chapter has paved the way for the analyses in the following chapters. The results of the descriptive analysis in this chapter are expected to be taken into consideration when examining the findings and conclusions of the following chapters.
Chapter 6.0 CCI and Key Guanxi Player

Introduction

This chapter aims to investigate the presence of guanxi players in CCI. Essentially, guanxi development involves three elements: the presence of guanxi players, the establishment of a guanxi base, receipt and reciprocation of favours. The conceptual framework suggests that the presence of guanxi players can be achieved through CCI. The conceptual model suggests that due to the attempt to develop guanxi with key guanxi players in the community, when undertaking CCI, companies in China will deliberately involve those key guanxi players. In order to identify companies’ intention to involve key guanxi players in the community in CCI, and thus test the conceptual model, data analysis in this section aims to test the Proposition 1: The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.

In order to test Proposition 1, the identities of CCI partners in company-initiated CCI projects and identified of CCI project initiators in third-party-initiated CCI projects are examined. As discussed in the conceptual framework, a targeted guanxi player can be the direct beneficiary of a CCI project or a corporate partner in a CCI project. Nevertheless, using CCI to develop guanxi with direct CCI beneficiaries can be perceived as an expression of bribery and thus challenge the company’s motivation for CCI engagement on ethical grounds. On account of that, it is argued that targeted guanxi players are mostly likely to be CCI partners in company-initiated CCI projects and/or CCI project initiators in third-party-initiated CCI projects.

In company-initiated CCI projects, corporate preference for key guanxi players as CCI partners is expected to be identified. The first part of this section concerns the analysis of two types of information drawn from company-initiated CCI projects. First, in order to identify key guanxi players among corporate CCI partners, the identities of all CCI partners found in the company-initiated CCI projects will be examined. Second, in order to find out if key guanxi players were deliberately chosen by
companies, companies’ criteria for choosing CCI partners for the collected company-initiated CCI projects will be examined.

In third-party-initiated CCI projects, corporate preference for CCI projects initiated by key guanxi players is expected to be identified. The second part of this section concerns analysis of two types of information drawn from third-party-initiated CCI projects. First, in order to identify key guanxi players among CCI project initiators, the identities of initiators of the collected third-party-initiated CCI projects will be examined. Second, in order to find out if a company’s choice of third-party-initiated CCI projects was shaped by the fact that the project initiators were key guanxi players in the community, informants’ perceptions of how CCI project initiators’ identities may have influenced companies’ decisions to participate in the third-party-initiated CCI projects will be examined.

Finally corporate preferences identified in both company-initiated and third-party-initiated CCI projects will be discussed at the end of the chapter and compared with the Proposition 1 of the theoretical model. Conclusions about the validity of the Proposition 1 will be drawn accordingly.

6.1 Company-initiated CCI Projects

Two types of information are involved in this part of the data analysis. First, in order to identify key guanxi players among companies’ CCI partners, identities of corporate CCI partners will be identified and categorised by type. The utilitarian nature of guanxi suggests that a guanxi player is usually defined by his access to various resources. It is thought that a guanxi player’s access to resources is usually entitled by his position in or affiliation to certain organisations. Therefore, in this research, guanxi players’ (CCI partners’) identities were usually expressed as their affiliation organisations in the database. The frequency of each type of organisation addressed by different types of companies will be tabulated to suggest any corporate preferences for key guanxi players as their CCI partners. Second, in order to find out if the identified CCI partner/key guanxi players were deliberately chosen by companies, companies’ criteria for choosing CCI partners for their company-initiated CCI
projects will be categorised, and the frequency of different categories addressed by different types of companies will be tabulated to suggest any preferences of companies towards CCI partners of certain types.

Three types of company, foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi, and thus may behave differently in the conceptual guanxi development model of CCI. Therefore, the analysis and discussion of data obtained from different types of companies will be dealt with respectively.

Five findings are identified through the analysis:

1. Officials of the government and governmental organisations are of particular interests to foreign companies and private companies as CCI partners.
2. Compared to government officials, officials of organisations with government backgrounds (e.g. GONGO) are slightly more preferred by companies.
3. The majority of private companies have involved no CCI partner in their company-initiated CCI projects.
4. CCI partners are chosen mostly likely because they are either key stakeholders in the community or in strong relationships with key stakeholders in the community.
5. Companies of different ownership structures chose CCI partners, who are key stakeholders in the community or in strong relationships with key stakeholders, for different reasons. Only in foreign and private companies are such choices likely to be motivated by their desire to develop guanxi through CCI.

6.1.1 Identity of the CCI Partner

The conceptual framework proposes that companies in China will initiate CCI projects that involve key guanxi players in the community. In order to find out if any key guanxi players were involved as CCI partners in the company-initiated CCI projects, and thus test the proposition, the identities of all CCI partners in the company-initiated CCI projects will be examined.
The majority of the companies in this research were seen to have involved partners from at least one external organisation when initiating CCI projects. Having reviewed all interview transcripts, CCI partners in company-initiated CCI projects are found to be from six types of organisations. They are “GONGO”, “government”, “media”, “NGO”, “peer company” and “university”. Accordingly, six categorises are created to categorise the relevant information.

While most of organisations are familiar to the reader, one type of organisation, GONGO, can seem unfamiliar to many readers, and thus is worth introducing. GONGO stands for Government Organised Non-governmental Organisations. The New York Times defined GONGO as “NGOs that are funded, staffed, and otherwise supported by governments. The idea is not to instigate or inspire change, but rather to control and manage it.” Deng (2004) asserts that most of the legitimate NGOs in China are in fact GONGOs. They were established by different government departments for varieties of political and social reasons such as to accommodate off-duty political leaders or to meet the socials needs that cannot be fulfilled by the non-governmental bodies. Due to the tight connection that GONGO have with the government, it is thought that in this research GONGO should be treated as a type of governmental organisation rather than a regular NGO.

In addition to the six categories, another category “none” is also created to accommodate the company-initiated CCI projects in which no CCI partners have been involved. It is worth mentioning that while some companies prefer to partner with an external organisation in their company-initiated CCI projects, others choose to implement their company-initiated CCI projects alone. It is thought that choosing to involve no CCI partners can, in a way, suggest companies’ preference towards CCI partners, and thus should be included in the analysis. As a result, the theme “none” is created.

*Private company d8: “...on the national holidays such as the International Children’s Day, the Dragon Boat Festival etc. we organised our employees to visit the orphanage and the elderly nursery home, and to bring them money and articles for daily use...We did those thing all by ourselves, didn’t do it with others...”*
The frequency of the seven categories addressed by different types of companies is tabulated and shown in Table 14. The sum of recorded CCI partners is greater than the sum of companies involved, because (1) some example company-initiated CCI projects involved CCI partners from more than one external organisation; (2) in some interviews, when discussing CCI partners in company-initiated CCI projects, managers have given more than one example case, and all the example cases are recorded.

Table 14 - Identity of CCI Partner in Company-initiated CCI Projects

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>GONGO</td>
<td>16</td>
<td>40</td>
<td>1</td>
<td>12.5</td>
</tr>
<tr>
<td>Government</td>
<td>9</td>
<td>22.5</td>
<td>3</td>
<td>37.5</td>
</tr>
<tr>
<td>Media</td>
<td>3</td>
<td>7.5</td>
<td>1</td>
<td>12.5</td>
</tr>
<tr>
<td>NGO</td>
<td>8</td>
<td>20</td>
<td>3</td>
<td>37.5</td>
</tr>
<tr>
<td>Peer company</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>University</td>
<td>2</td>
<td>5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>CCI partner total</td>
<td>40</td>
<td>8</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>2</td>
<td>4</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>42</td>
<td>12</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

• Frequency (n) in the table implies the number of times that each category has been mentioned by informants.
• Frequency (%) in the table implies the percentage that each type of CCI partner is of all identified CCI partners.

Three patterns were identified in Table 14. First, foreign companies are prone to involve CCI partners in their company-initiated CCI projects. Only two foreign company-initiated CCI projects are found to have no CCI partner involvement. Given that 30 foreign companies are involved in this research, this result suggests that about 93% of the sampled foreign companies chose to implement their company-initiated CCI projects with CCI partners from external organisations.

Second, private companies are prone to involve no CCI partners in their company-initiated CCI projects. 20 CCI cases initiated by private companies were found to have no CCI partner involvement. Given that 26 private companies are involved in this research, this result suggest that about 77% of the sampled private companies
chose to implement their company-initiated CCI projects by themselves. According to the informants from private companies, economic goals are still their top priority, and thus they have no time and energy to initiate and manage complicated CCI projects. The majority of their company-initiated CCI projects were only about employee caring and support, and thus had no need to involve CCI partners.

*Private company g3:* “Our efforts were mainly made to take care of our employees. Like the one I just told you about, it was just a simple donation to this employee who had been diagnosed with leukemia. What good would an external partner do, unless he would donate to our employee as well? (Do you ever have any experience of involving external partners in your company-initiated CCI projects?) No. To be honest, we are really busy with our own business, look, if our customers place an order, we must respond immediately. We don’t have the time to deal with any company-initiated CCI projects...”

Third, officials of GONGO are the most popular CCI partners among all identified CCI partners. GONGO officials are particularly favoured by foreign companies and private companies. As shown in *Table 14*, 40 CCI partners have been identified in foreign company-initiated CCI projects, and 40% of them are from GONGOs. Similarly, 15 CCI partners have been identified in Chinese private company-initiated CCI projects, and 46.7% of them are from GONGOs.

To further the analysis, “government” and “GONGO” are merged into one category, “governmental organisations”, for two reasons. First, as discussed in the preceding section, GONGO in China is usually seen and treated as a type of government department rather than an independent NGO. Second, the key officers in Chinese GONGOs are usually off-duty political leaders. Many off-duty political leaders still have their influence in the government and are usually well connected to officials in various government departments. It is thought that the pursuit of guanxi with them is similar to the pursuit of guanxi with government officials. Therefore, when discussing CCI partners as targeted guanxi players, “government” and “GONGO” should, arguably, be merged into one category. The results after the merge are shown in *Table 15*. In *Table 15*, companies’ preference towards CCI partners with governmental backgrounds is observed.
For foreign and private companies that have chosen to involve CCI partners, organisations with government backgrounds seem to be more appealing compared to those without government backgrounds. 62.5% of the identified CCI partners in foreign company-initiated CCI projects are found to be of government backgrounds, whereas 73.3% of the identified CCI partners in private company-initiated CCI projects are found to be of government backgrounds.

While an obvious preference towards officials of governmental organisations has been observed among foreign and private companies, such preference is not evident among state-owned companies. Only half of the identified CCI partners in state-owned company-initiated CCI projects are found to have government backgrounds.

### 6.1.2 Criteria for Selecting CCI Partners

In this part of the analysis, companies’ criteria for choosing CCI partners for collected company-initiated CCI projects will be examined. The preceding analysis aimed to identify key guanxi players from CCI partners in company-initiated CCI projects. In order to find out whether those guanxi players were randomly chosen or deliberately
selected by companies, companies’ criteria for choosing CCI partners for company-initiated CCI projects will be analysed.

Having reviewed all the criteria given by informants, 25 themes emerged initially (see Table 16). Due to some of the themes, in fact, representing a similar type of quality that companies were seeking in their CCI partners, the 25 themes were, therefore, further merged into seven categories (see Table 16). The seven categories represent seven types of qualities for which CCI partners were chosen. It is thought that among all the seven types of qualities, “key stakeholders or strong relationship with key stakeholders” is most likely to be associated with companies’ attempt to develop guanxi through CCI. Further discussion of the seven categories, and their relevance to guanxi development are as follows:
<table>
<thead>
<tr>
<th>7 developed themes</th>
<th>25 original themes</th>
</tr>
</thead>
</table>
| 1. Key stakeholders or strong relationship with key stakeholders | 1. The organisation has strong network in the local communities or in the country, which can help the company develop or maintain its relationships with local stakeholders.  
2. The organisation has strong guanxi with important government officials and other key stakeholders, which can leverage the governmental resources and other social resources and make them of use to the company.  
3. The organisation is associated to the direct customers of the business.  
4. The organisation is important in the industry in which the business operates.  
5. The organisation is government or has strong governmental background, and thus can facilitate the company’s relationship with government. |
| 2. Expertise in CCI | 1. The organisation is authoritative in the area where the CCI project is based in.  
2. The organisation is specialised in the area where the CCI project is based in. |
| 3. Legitimacy | 1. The organisation is one of the few that are registered with and recognised by the Chinese government.  
2. Partnership with the organisation can provide tax reduction. |
| 4. Reputation and fame | 1. The organisation is famous among those who are specialised in the area where the CCI project is based in.  
2. The organisation has good track of records, accountability and management.  
3. The organisation is, if not more, as much influential and famous as the company itself in the country.  
4. The organisation has strong influence in society. |
| 5. Leverage to business | 1. The organisation has professionals that can be of help to the business.  
2. The organisation can access information that is important to the business.  
3. The organisation can help advertise and market the business and its products. |
| 6. Existing connection with the company | 1. The organisation has previously partnered with the company on other matters, and thus is familiar with the company.  
2. The organisation is a friend or a relative of the decision makers. |
| 7. Other Characteristics | 1. The organisation has low personnel turnover.  
2. The organisation is perceived to be creative in the area where the CCI project is based in.  
3. The organisation is committed to their work.  
4. The organisation can complement us with their resources in CCI.  
5. The organisation has simpler structure, compared to others.  
6. The organisation has good communication skills.  
7. The organisation is willing to take into consideration of the company’s needs in CCI, e.g. (The party can provide company plenty of volunteering opportunities) |
1. “Key stakeholders or strong relationship with key stakeholders”: some CCI partners were chosen because (1) they have strong political influence, and/or (2) they are key stakeholders of the business, and/or (3) they have strong relationships with the key stakeholders of the business. It is thought that all three types of CCI partners are likely to be well connected in the local guanxi networks, and thus qualify as key guanxi players in the community. Furthermore, narratives given by informants in the interviews also imply that CCI partners under this category were chosen largely because of companies’ attempt to develop guanxi with them:

a. Strong political influence

*Foreign company a8*: “…the organisations we usually chose to work with were either governmental or semi-governmental organisations. They normally have very strong administrative resources and political influence. Our partners, such as the All-China Women’s Federation and the China Disabled Persons’ Federation, their key officers all have important political titles…”

*Foreign company b2*: “…given the special environment in China, we prefer to work with organisations that have government backgrounds. The involvement of such organisations may also give us an edge on the implementation of our projects.”

*Foreign company b3*: “…Red Cross Society of China is sort of a government department. Their key officers also have very strong influence in the government…”

b. Key stakeholder

*Foreign company b3*: “…our partnership with China Electronics Enterprises Association (CEEA) was because we are in this industry, and need to keep an active interaction with organisations like CEEA
in order to obtain helps for the operation and development of the business as well as critical information on the competitors in the industry…”

c. Strong relationships with key stakeholders

Foreign company a1: “…this organisation has a very strong influence in the local community, and their officers are well connected to the local stakeholders. Such qualities can help our company to maintain our own relationships with local stakeholders…”

Foreign company a3: “…as we know the Journalism and Communication School of Tsinghua University has the most prestigious professors and researchers in mass media communication of health care in the country. On top of that, they also have a very close relationship with the Chinese government…there was a very famous professor called Li Xiguang at Tsinghua University. He was one of the most prestigious academics in the area of health communication in China. In addition, he was very close to and a work partner of Mao Qunan who was a senior official as well as the press spokesman of the Ministry of Public Health of China…”

2. “Expertise in CCI”: when tackling social issues, companies are not necessarily the experts in the area regarded. Therefore, they were seen to involve CCI partners, who are specialised and experienced in the area addressed by the CCI projects. Narratives given by informants suggest that this criterion for CCI partner selection is unlikely to have anything to do with companies’ attempt to develop guanxi with CCI partners:

Foreign company a4: “…this organisation is the most authoritative in the area of culture and art, because it is directly affiliated to the Ministry of Culture of the People’s Republic of China. No other
organisations in the country can be more authoritative than them on this matter…”

Foreign company d7: “…the World Health Organisation has asserted that traffic accidents are usually to do with some diseases. Therefore we naturally thought it was a very good choice to partner with Chinese Centre for Disease Control and Prevention…”

Private company g9: “…our CCI project was about disabled people employment, and the Civil Affairs Bureau is the government department that is specially set to deal with this social issue…”

3. “Legitimacy”: although in the last decade China has seen a great increase in the number of NGOs, and other organisations that promote CSR/CCI in the country, the number of such organisations, which are officially registered with and recognised by the Chinese government is still limited. The legitimacy of an organisation is found to be of particular interest to some companies due to its accountability and ability to provide tax reduction benefits. However, narratives given by informants suggest that this criterion for CCI partner selection is unlikely to have anything to do with companies’ attempt to develop guanxi with CCI partners:

Foreign company a4: “…our partner organisation needs to be legitimate. For example, if it is an NGO, it must be recognised by the Chinese government. In another word, it is one of the dozen or so NGOs that have registered with the Chinese government…”

Foreign company b3: “…first of all, the partner NGO must be legitimate. It needs to be registered with the Ministry of Civil Affairs of the People’s Republic of China. Because only this can ensure that our contributions are spent in real earnest…”
Private company f1: “...we chose to work with Red Cross Society of China in this CCI project, because, first, it is a government recognised organisation whose use of funds is traceable; second, it can provide tax reductions for the money we spent on the (CCI) project...”

4. “Reputation and fame”: some CCI partners were chosen because the partner organisations are famous and influential in society and/or among the similar organisations and/or have good reputation in terms of their track of records, accountability and management. However, narratives given by informants suggest that this criterion for CCI partner selection is unlikely to have anything to do with a company’s attempt to develop guanxi with CCI partners:

Foreign company a5: “...this project was about environmental protection in general, so first of all we wanted to find a partner organisation which specialised in environmental protection. Second, among all the organisations specialised in the area, we wanted to partner with the ones with big fame...”

Foreign company a9: “...we looked at their track records, accountability to evaluate their performance in this area in the past. We also expected to see strong management in them. That is why we normally do not work with small private NGOs in China...”

Foreign company b7: “... we think that as a famous company ourselves, when talking about your CCI partners, if they are not well known in the country or not one of the national NGOs, it wouldn’t even be justifiable to ourselves...”

5. “Leverage to business”: some CCI partners were chosen because of their professions and/or accesses to resources that can provide leverage to the business. However, narratives given by the informants suggest that this criterion for CCI partner selection is unlikely to have anything to do with a company’s attempt to
develop guanxi with CCI partners.

Foreign company b1: “...we encourage and help our CCI partners to use ICT technology so that they can encourage the people they serve to use ICT technology as well. In the long run, if all those organisations and people they serve can use more ICT technology, it would bring a very important and positive impact to our business in the country...”

Private company c7: “...involvement of the media would increase our exposure. When the project is broadcast on TV, the social influence of both the project and our company would become wider and greater...”

Foreign company d2: “...working with the top GONGOs in the country would effectively increase the recognition and reputation of our brand in China...”

6. “Existing connection with the company”: some CCI partners were chosen because the partner organisations have worked with companies in other CCI related and/or unrelated projects before, or simply their officers have established connections in the companies already. It is thought that this criterion for CCI partner selection is potentially to do with companies’ attempt to develop guanxi with those CCI partners. However, narratives given by the informants failed to provide a strong support to this argument.

Foreign company a6: “...because we already had some connections with them on business matters before...”

Foreign company b2: “...the partner organisations that we have worked with before are in prior consideration. Because we have worked together before, we are familiar with each other, we know each other, and thus we are more likely to trust them...”
Foreign company b7: “...the CCI partner organisation was founded by the parents of my colleague. Mainly due to this reason...”

7. “Other characteristics”: in addition to the characteristics of CCI partners discussed above, companies were also found to seek other qualities in CCI partners which can make the cooperation in CCI smooth and pleasant. Good communication skills, creativity, commitment to the project, consideration toward the company’s needs, and low personnel turnover of partner organisations have all been mentioned by informants. It is thought that although those qualities can be important for guanxi base establishment (interaction), and thus influence guanxi development through CCI indirectly, they, as a category of criterion for CCI partner selection, are unlikely to have anything to do with company’s attempt to develop guanxi with CCI partners:

Foreign company a5: “...the partner organisation’s personnel turnover should be low...”

Foreign company a6: “...because we thought the local government officials were very creative and in the vanguard of education. So...”

Foreign company a9: “...their officers’ communication skill, because, sometimes officers of those NGOs can be really stubborn. I hope we could keep a sound communication, and could discuss and solve any problems that may occur in the project together...”

Foreign company b4: “...and the stability of their crew. If their personnel keep changing, the implementation of our project would definitely be affected...”

Foreign company b7: “...while we have a large fixed budget for CCI, our corporate culture attaches great importance to the input of
employee volunteers in our CCI projects. Therefore, we would see if the organisation can take this need into consideration and help us create a certain amount of volunteering time or volunteering opportunities. Not all the NGOs are happy to do so. Many see it as quite a hassle…”

A company usually has more than one criterion for CCI partner selection, and all the mentioned criteria are recorded and categorised accordingly. The frequency of each category addressed by different types of companies is collectively shown in Table 17. Since no criterion has been repeatedly mentioned by the same informant, the frequency of each category in each slot of the table can also suggest the number of companies that have addressed the category.

Moreover, it is thought that the criterion “key stakeholders or strong relationship with key stakeholders” can best reflect companies’ attempt to involve targeted guanxi players in their company-initiated CCI projects, the following analysis will, therefore, mainly revolve around this criterion. Due to the fact that there are three types of companies involved in the research, the answers from different types of companies will be analysed separately.

**Table 17 - Criteria for CCI Partner Selection**

<table>
<thead>
<tr>
<th>Company with CCI partners</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Stakeholders or Strong relationship with key stakeholders</td>
<td>20</td>
<td>71.4</td>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>Existing connection with the business</td>
<td>10</td>
<td>35.7</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>Expertise in CCI</td>
<td>18</td>
<td>64.3</td>
<td>3</td>
<td>60</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>7</td>
<td>2.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Leverage to business</td>
<td>2</td>
<td>7.1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reputation and fame</td>
<td>15</td>
<td>53.6</td>
<td>2</td>
<td>40</td>
</tr>
<tr>
<td>Other Characteristics</td>
<td>18</td>
<td>64.3</td>
<td>1</td>
<td>20</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
- Frequency (%) in the table implies the percentage that companies, which have addressed each category, are of all the companies whose company-initiated CCI projects have involved CCI partners.
Foreign companies

Figure 10 is built based on the data obtained from foreign company informants. As shown in Figure 10, CCI partners were chosen by foreign companies most often due to their strong political influence and/or identities as key stakeholders of the business and/or their strong relationships with the key stakeholders of the business. 20 foreign companies are found to adopt this criterion when choosing CCI partners for their company-initiated CCI projects. Given that 28 foreign companies in the interviews have involved CCI partners in their company-initiated CCI projects, 71.4% of them have employed this criterion when choosing CCI partners.

Figure 10 - Foreign Companies' Criteria for CCI Partner Selection

According to the foreign company informants, by involving those CCI partners, they believe that they could achieve two goals:

1. Working with key stakeholders can help familiarise corporate representatives with them, and thus develop and/or maintain inter-personal and/or inter-organisational relationships with the key stakeholders. Or, to partner with someone who are connected to the key stakeholders in the community can help introduce the key stakeholders to the corporate representatives, and thus pave the way for developing inter-personal and/or inter-organisational relationships with the key stakeholders in the future. It is thought that foreign companies’
this goal in CCI partner selection can strongly suggest their attempt to develop guanxi with the targeted key stakeholders.

*Foreign company a1:* “...this partner organisation has a very strong influence in the local community, and their officers are well connected to the local stakeholders. Such qualities can help our company maintain our own relationships with local stakeholders...”

*Foreign company b3:* “...our partnership with China Electronics Enterprises Association (CEEA) was because we are in this industry, and need to keep an active interaction with organisations like CEEA in order to obtain their helps to the operation and development of the business as well as critical information on the competitors in the industry...”

*Foreign company d2:* “...China Development Research Foundation is affiliated to Development Research Centre of the State Council. It is a policy directing research institution in the country. It is very important to establish good relationship with them. So we hoped that their officials could join us in our project...”

2. The CCI partners with their power, influence, and social connections in the community can leverage comparatively more social resources, and thus help better implement the CCI projects. For foreign companies, this goal in CCI partner selection does not suggest an evident attempt to develop guanxi with those CCI partners. However, it does not mean such an attempt does not exist. The CCI partners are well connected and have access to various social resources in the community, which can qualify them as key guanxi players. Although narratives given by informants did not bluntly suggest foreign companies’ attempt to develop relationships with them, given the cultural
setting in China, it is thought that those CCI partners are still likely to become the targeted guanxi players whom foreign companies want to develop guanxi with through CCI.

*Foreign company a3:* “...they also have a very close relationship with the Chinese government, so that they can ask the government authorities who are in charge of public health, experts from the Chinese Centre For Disease Control And Prevention, and some other international organisations such as the WHO and the CTC to provide the technological support to the project...”

*Foreign company a4:* “...their resources can become a strong driving force to the project. For example, their social network, taking the Ministry of Education of the People’s Republic of China for instance, their network is nationwide. Besides, their implemental power is very strong. If they can issue a document and circulate it to lower levels, conducting the project would be a lot easier and smoother. If we turn to a regional or provincial government instead, it may not bring the same impact to the project...”

*Foreign company a8:* “...the partner organisations we usually chose to work with were either governmental or semi-governmental organisations. They normally have very strong administrative resources and political influence. Our partners, such as the All-China Women’s Federation and the China Disabled Persons’ Federation, their key officers all have important political titles. Besides, we hope that our CCI projects can have a big social impact, ideally nationwide. Those governmental and semi-governmental partners have their advertising resources everywhere, which can ensure that our project will have great social impact with maximum coverage...”

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10 People are prone to develop guanxi with those who have access to various resources, and thus increase their own access to resources in the society. This cultural setting also applies to the Chinese business environment, where company managers are seen to establish guanxi with, for example, government officials whom have access to scarce resources, such as land and licenses, and thus facilitate business with relevant resources in China.
State-owned companies

Figure 11 was built based on the data obtained from state-owned companies. State-owned company-initiated CCI projects in this research are a small sample group with only 11 cases from 9 state-owned companies. As shown in Figure 11, the most often mentioned criteria for choosing CCI partners are “Key stakeholders or strong relationship with key stakeholders” and “expertise in CCI”. Three state-owned companies have addressed “Key stakeholders or strong relationship with key stakeholders” as their key criterion when selecting CCI partners. As discussed in the preceding section, only five out of nine state-owned companies have involved CCI partners in their company-initiated CCI projects. Therefore, this result suggests that 60% of state-owned companies employed “Key stakeholders or strong relationship with key stakeholders” as criterion when selecting CCI partners.

Figure 11 – State-owned Companies’ Criteria For CCI Partner Selection

Unlike foreign companies, whose CCI partners were usually from various organisations, state-owned companies’ CCI partners are found to be mainly from government:

State-owned company c3: “...the Ministry of Civil Affairs of the People’s Republic of China is our immediate supervisor. We communicate and interact with each other on a regular basis...”
State-owned company c4: “...(we were interested in growing sacsaoul), the local government has been proactively spending money on growing sacsaoul as well in order to solve the issue of desertisation...”

State-owned company e4: “...(we prefer) organisations that either have strong connections with government or are good at maintaining and co-ordinating the relationship with government...”

Although government officials are widely recognised as key guanxi players whom companies desire to develop guanxi with, narratives given by informants suggest that partnership with government officials in CCI is unlikely to be because of state-owned companies’ attempt to develop guanxi with government officials in CCI. Government is the ultimate owner of state-owned companies. Even beyond the cooperation in CCI, there are varieties of connections between government officials and state-owned company managers. Thus their partnership in CCI is likely to be as a consequence of their affiliation rather than any attempt in guanxi development.

State-owned company c3: “...Our CCI partner in this project was the Ministry of Civil Affairs. The Ministry of Civil Affairs is our direct superior. We have a working relationship with their officials regardless of this project. Therefore, we are quite familiar with each other anyway. As for this project, on one hand, of course, we were interested in doing it, on the other, officials at the Ministry of Civil Affairs were interested in finding out if this type of project is doable. They saw it as an experimental project. If it succeeded, they could then follow up and initiate something similar on their own...the Ministry of Civil Affairs is our direct superior. This is something we are willing to do and have to do...”

Private companies

Figure 12 was built based on the data obtained from private companies. While 26 private companies were interviewed in the research, only seven of them have involved CCI partners in their company-initiated CCI projects. As shown in Figure 12, among the private companies with CCI partners, “Key stakeholders or strong relationship with key stakeholders” was the most often mentioned reason for which a CCI partner was chosen. Five private companies have addressed “Key stakeholders or strong
relationship with key stakeholders” as their key criteria when choosing CCI partners, which accounts for about 71.4% private companies’ CCI partner selection criteria.

**Figure 12 - Private Companies’ Criteria for CCI Partner Selection**

Private companies’ employment of this criterion reveals their blunt attempt to develop guanxi with CCI partners. While foreign companies and state-owned companies partner with “Key stakeholders or strong relationship with key stakeholders” partly to facilitate CCI projects and partly to build and maintain relationships with key stakeholders, Chinese private companies partner with “Key stakeholders or strong relationship with key stakeholders” mainly to build and maintain relationships with key stakeholders:

*Private company c7:* “...the government departments that are put in charge of the private sector, because we are a private company. Departments such as the United Front Work Department and the Propaganda Department are our first picks...or the local government of the beneficiaries’ community...”

*Private company f6:* “...we decided to use this opportunity to market our brand in Tibet, as well to build good relationships with the local government in Tibet...”

*Private company f8:* “...through the Youth League, we can come into contact with many guanxi in the local community...”
The discussion in the preceding section suggests that economic goals are still the top priority for most Chinese private companies, and owner managers of Chinese private companies may not be ready to take the initiative in real social problem solving. Therefore their motives to initiate CCI projects are likely to be the immediate benefits that the CCI projects can bring to the business or owner-managers, such as building and maintaining relationships with “key stakeholders” or key guanxi players. As a result, private companies in the research have showed favour to organisations whose officers are worth developing guanxi with.

6.1.3 Discussion

Having examined the identities of CCI partners in company-initiated CCI projects, three findings have been identified.

1. Officials of the government and governmental organisations are of particular interests to foreign companies and private companies as CCI partners.
2. Compared to government officials, officials of organisations with government backgrounds (e.g. GONGO) are slightly more preferred by companies.
3. The majority of private companies have involved no CCI partner in their company-initiated CCI projects.

First, among the company-initiated CCI projects that have CCI partner involvement, it is found that CCI partners of governmental backgrounds are particularly preferred, and such preference is rather evident among foreign companies and private companies. It is thought that this is because different types of companies have different demands for political support in the country. Government is seen to play a big role in the Chinese economy. It controls the access to scarce resources such as land, labour, raw materials, licenses and permissions, which are of great importance to the success of a business. For foreign and private companies, connections with government and governmental officials are not naturally given. In order to obtain political support, they need to make an effort to establish such connections (Peng & Luo, 2000, Xin & Pearce, 1996). As a result, foreign and private companies are likely to use their
company-initiated CCI projects as arenas to interact and familiarise or even build and maintain guanxi with government officials. Accordingly, partnering with officials of governmental organisations is widely observed among foreign company-initiated and private company-initiated CCI projects. Compared to foreign and private companies, state-owned companies are naturally attached to government and government officials, and thus already have political support.

Second, given foreign companies’ and private companies’ evident preference towards CCI partners of governmental backgrounds, GONGO is found to be a slightly more preferable choice than government. It is thought that this is because as much as foreign companies and private companies hope to develop guanxi with government officials through interactions in company-initiated CCI projects, direct partnership with the government on many matters can still be a sensitive issue in the country. It is thought that direct partnership with the government in CCI may raise concerns over malfeasance or corruption. Given the circumstances, GONGO with their strong governmental background and political connections can be the second best choice for foreign and private companies in China. In fact, in an interview with foreign company a3, the informant’s answer has provided a strong support to the idea.

*Foreign company a3: “... we would be very careful when coming to directly work with the government, because it still can be a very sensitive thing to do in the country. And compliance with laws and regulations is the top priority in our company. So we try to draw a very clear line between us and corruption. Nevertheless, with the joint participation with another organisation such as a GONGO, we are quite happy to involve government in our CCI projects...”*

Third, in this part of analysis, it is found that when initiating CCI projects, Chinese private companies, compared to foreign companies and state-owned companies, are less likely to involve CCI partners. It is thought that the absence of CCI partners in most of the private company-initiated CCI projects may be due to two reasons. Firstly, private companies stress heavily on their economic goals, and thus feel a lack of time and energy to initiate and manage complicated CCI projects. The limited number of company-initiated CCI projects they have tend to be direct and simple, such as caring
for employees and direct in-cash or in-kind donations, which are less likely to have
the need to involve any CCI partners.

Private company g3: “...Our efforts were mainly made to take care of our employees. Like the one I just told you about, it was just a simple donation to this employ who was diagnosed with leukemia. What good would an external partner do, unless he would donate to our employee as well? (Do you ever have any experience of involving external partners in your company-initiated CCI projects?) No. To be honest, we are really busy with our own business, look, if our customers place an order, we must respond immediately. We don’t have the time to deal with any company-initiated CCI projects...”

Secondly, while informants from most of the foreign companies and state-owned companies suggested that they have kept regular contacts with officers of GONGO’s and NGOs, it is rare to hear it from private company informants. In contrast, in an interview with private company d8, when being prompted with the question ‘did you have any external organisation, institution or personnel involved in this project?’, the informant said:

“...we barely have any contacts with those social organisations such as GONGO’s or NGOs. So when we do things like this, we always do it by ourselves, and there is not third party involved...”

It is therefore thought that due to the absence of knowledge on possible CCI partners, even if having CCI partners are necessary for a project, private companies may still choose to do it on their own.

In addition to the examination of identities of CCI partners, companies’ criteria for CCI partner selection have also been studied. Two findings are identified as a result:

1. CCI partners are mostly chosen because they are either key stakeholders in the local community or in strong relationships with key stakeholders in the local community.
2. Companies of different ownership structures chose CCI partners, who are key stakeholders in the community or in strong relationships with key stakeholders,
for different reasons. Only in foreign companies and private companies are such choices likely to be motivated by their desire to develop guanxi through CCI.

Requiring CCI partners to be key stakeholders and/or strong relationships with stakeholders can, to a great extent, reveal companies’ attempt to develop guanxi through CCI. By key stakeholders, foreign and private companies usually mean officials of government or governmental organisations. Government and governmental organisation officials are widely recognised as key guanxi players whom companies desire to develop guanxi with in China (Peng & Luo, 2000, Xin & Pearce, 1996). Narratives given by foreign and private company informants also suggest that the involvement of government or governmental organisation officials in CCI is likely to be because of companies’ intention to develop guanxi with CCI partners and/or facilitate the implementation of CCI projects. By key stakeholders, state-owned companies usually mean government officials only. Although government officials are widely recognised as desirable guanxi players, narratives given by state-owned company informants suggest that the involvement of government officials in CCI is likely to be because of state-owned companies’ natural connection with the government rather than any attempt to develop guanxi with CCI partners.

6.2 Third-party-initiated CCI Projects

Two types of information are involved in this part of the data analysis. First, in order to identify key guanxi players among CCI project initiators, the identities of CCI project initiators will be identified and categorised by type. The utilitarian nature of guanxi suggests that a guanxi player is usually defined by his access to various resources. It is thought that a guanxi player’s access to resources is usually entitled by his position in or affiliation to certain organisations. Therefore, in this research, guanxi players’ (CCI project initiators’) identities were usually expressed as their affiliation organisations in the database. The frequency of each type of organisation addressed by different types of companies will be tabulated to suggest any corporate
preferences towards CCI projects initiated by key guanxi players. Second, in order to find out the role that the CCI project initiator plays in a company’s choice of third-party-initiated CCI projects, informants’ perceptions of influence of CCI project initiators' identities on their decision to participate in third-party-initiated CCI projects will be categorised, and the frequency of different categories addressed by different types of companies will be tabulated to suggest any corporate preferences towards certain types of CCI project initiators.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi, and thus may behave differently in the conceptual guanxi development model of CCI. Therefore, the analysis and discussion of data obtained from different types of companies will be conducted respectively.

Six findings are identified:

1. Most third-party-initiated CCI projects are initiated by government and/or governmental organisations. This applies to all three types of companies in China.
2. CCI projects initiated by government and CCI projects initiated by governmental organisations attract different types of companies in China.
3. Most companies’ decisions to undertake a third-party-initiated CCI project is subject to the influence of CCI project initiator’s identity and background.
4. Governmental identity and/or governmental background are most likely to influence companies’ decisions to undertake a third-party-initiated CCI project.
5. The influence of governmental identity and background on the decision to undertake a third-party-initiated CCI project varies across companies of different ownership structures.
6. Governmental identity and background is seen as a strong influence for different reasons, and its influence on foreign and private companies is most likely to be because of guanxi development.
6.2.1 Identity of the CCI Project Initiator

The conceptual framework proposes that companies in China are likely to engage in CCI with targeted guanxi players. In the context of third-party-initiated CCI project, this proposition is likely to be reflected on companies’ choice to undertake CCI projects initiated by key guanxi players in the community. In order to find out if any third-party-initiated CCI projects given by informants were initiated by key guanxi players, and thus test the proposition, identities of all CCI project initiators will be examined.

Having reviewed all the interview transcripts, CCI project initiators in third-party-initiated CCI projects are found to be from six types of organisations. They are “GONGO”, “government”, “media”, “NGO”, “peer company” and “university”. Accordingly, six categorises are created to categorise the relevant information.

The frequency of the six categories addressed by different types of companies is tabulated and shown in Table 18. The sum of recorded CCI project initiators here is greater than the sum of companies involved, because (1) some example CCI projects are initiated by more than one initiator; (2) in some interviews, when discussing project initiators of third-party-initiated CCI projects, managers have given more than one example case, and all the example cases are recorded.
Two patterns were identified in Table 18. First, state-owned companies and private companies are most likely to participate in CCI projects initiated by government officials. Seven third-party-initiated CCI projects, which were participated in by state-owned companies, were initiated by government officials. Given that 10 third-party-initiated CCI projects were collected from state-owned companies, this result suggests that 70% of the third-party-initiated CCI projects participated in by state-owned companies were initiated by government officials. Likewise, 27 third-party-initiated CCI projects, which were participated by private companies, were initiated by government officials. Given that 28 third-party-initiated CCI projects were collected from private companies, this result suggests that 96.4% of the third-party-initiated CCI projects participated in by private companies were initiated by government officials.

Second, foreign companies are likely to participate in CCI projects initiated by GONGO or government or NGO. The results in Table 18 suggests that foreign companies are interested in CCI projects initiated by officials from three types of organisations in particular, namely, GONGO, government, NGO, and no evident preference is found towards any one of the three types of organisations.
“Government” and “GONGO” are then merged into one category, “governmental organisations”. The merge is conducted for two reasons. First, as discussed in the preceding section, GONGO in China is usually seen and treated as a type of government department rather than an independent NGO. With a similar governmental background, it is thought that “government” and “GONGO” should be merged into one category. Second, the key officers in Chinese GONGOs are usually off-duty political leaders. Many off-duty political leaders still have their influence in the government and are usually well connected to officials in various government departments. It is thought that the pursuit of guanxi with them is similar to the pursuit of guanxi with government officials. The results after the merge are shown in Table 19. In Table 19, corporate preference towards CCI projects initiated by officials with governmental backgrounds is observed.

Table 19 - Governmental vs. Non-governmental CCI Project Initiator

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Governmental org</td>
<td>15</td>
<td>55.6</td>
<td>8</td>
<td>88.9</td>
</tr>
<tr>
<td>Media</td>
<td>1</td>
<td>3.7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>NGO</td>
<td>10</td>
<td>37</td>
<td>1</td>
<td>11.1</td>
</tr>
<tr>
<td>Peer companies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3.3</td>
</tr>
<tr>
<td>University</td>
<td>1</td>
<td>3.7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>9</td>
<td>30</td>
<td>66</td>
</tr>
<tr>
<td>None</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* Frequency (n) in the table implies the number of times that each category has been mentioned by informants.
* Frequency (%) in the table implies the percentage that each type of CCI project initiator is of all identified CCI project initiators.

While state-owned companies’ and private companies’ preference towards CCI projects initiated by people with strong governmental backgrounds is still evident, foreign companies, which did not show an obvious preference towards CCI projects of any particular initiators in Table 18, have shown an obvious preference towards CCI projects initiated by people with strong governmental backgrounds. 15 third-party-initiated CCI projects, which were participated in by foreign companies, were
initiated by officials with governmental backgrounds. Given that 31 third-party-initiated CCI projects were collected from foreign companies, this result suggests that more than half of the third-party-initiated CCI projects participated in by foreign companies were initiated by officials with governmental backgrounds.

6.2.2 Influence of Initiator’s Identity

In this part of the analysis, the influence of CCI project initiators’ identities on companies’ decision to participate in third-party-initiated CCI projects will be examined. The preceding analysis aimed to identify key guanxi players among CCI project initiators. In order to find out if companies’ decision to participate in a third-party-initiated CCI project was because of the project initiators being as key guanxi players in the community, informants’ perceptions of how CCI project initiators’ identities may have influenced companies’ decision to participate in a third-party-initiated CCI project are analysed.

The analysis is taken in two steps. First, informants’ answers, depending on whether they are expressing positive, negative or unclear feelings, are coded into three categories. Second, the positive and negative answers are further categorised, in order to explore why and how CCI project initiators’ identities may have influenced companies’ decisions to participate in third-party-initiated CCI projects.

Informants’ perceptions of the influence of CCI project initiators’ identities on their decision to participate in third-party-initiated CCI projects are coded into three categorises, namely “Yes”, “No”, and “Unclear”. If an informant’s answer suggests that the corporate decision to participate in a third-party-initiated CCI project is subject to the influence of a CCI project initiator’s identity, the answer is categorised as “Yes”. If an informant’s answer suggests that the company’s decision to participate in a third-party-initiated CCI project is not subject to the influence of the project initiator’s identity, the answer is categorised in “No”. If an informant’s answer is ambiguous or uncertain about the influence of a CCI project initiator’s identity on the corporate decision to participate in a third-party-initiated CCI project, the answer is categorised in “Unclear”.

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The frequency of the three categories addressed is tabulated in *Table 20*.

**Table 20 - Influence of CCI Project Initiator's Identity and Background**

<table>
<thead>
<tr>
<th></th>
<th>Foreign Frequency (n)</th>
<th>Frequency (%)</th>
<th>State owned Frequency (n)</th>
<th>Frequency (%)</th>
<th>Private Frequency (n)</th>
<th>Frequency (%)</th>
<th>Total Frequency (n)</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>19</td>
<td>63.3</td>
<td>6</td>
<td>66.7</td>
<td>26</td>
<td>100</td>
<td>51</td>
<td>78.5</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>30</td>
<td>2</td>
<td>22.2</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>16.9</td>
</tr>
<tr>
<td>Unclear</td>
<td>2</td>
<td>6.7</td>
<td>1</td>
<td>11.1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>4.6</td>
</tr>
<tr>
<td>Total</td>
<td>30</td>
<td></td>
<td>9</td>
<td></td>
<td>26</td>
<td></td>
<td>65</td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
- Frequency (%) in the table implies the percentage that each category is of all the identified answers. Since informants can only provide one of the three answers, frequency (%) can also suggest the percentage of companies that have provided each type of answer.

*Table 20* suggests that a CCI project initiator’s identity has played a big role in companies’, especially private companies’, decision to undertake a third-party-initiated CCI project. 78.5% of the sampled companies suggested that their choice of third-party initiated CCI projects is subject to the influence of the CCI project initiator’s identity. All private companies recognised the CCI project initiator’s identity as an influential factor to their CCI decisions. Although this result can imply that companies attempted to target certain types of CCI project initiators, it is still insufficient to suggest that the targeted CCI project initiators were, in fact, key guanxi players. On account of this, informants’ answers are further categorised and explored.

In order to obtain a deeper insight into how CCI project initiator’s identity and background may have influenced companies’ choice of third-party-initiated CCI projects, informants’ positive answers are further coded into three more detailed subcategories for examination. The three detailed subcategories aim to show what types of identifies and backgrounds would have influenced companies’ choice of CCI projects.
1. Government related identity and background: some informants suggested that they prefer to support CCI projects initiated by government or organisations with strong governmental backgrounds (e.g. GONGO). Since people with strong governmental backgrounds are generally seen as key guanxi players in China, it is thought that the influence of this type of identity is the most likely to be as a result of companies’ attempt to develop guanxi with CCI project initiators.

   *Foreign company b2: “…besides, if it was an invite from the government, even if it somewhat conflicts with our 5 criteria of choosing projects, we would still try to consider it. This kind of participation is definitely not because of the pressure from the government. Today, the political environment has been comparatively better in China, you can hardly see anyone being forced to participate in a project. However, due to the idea of fostering a good relationship with government officials, we would still consider (the project)…”*

2. Reputation and fame related identity and background: some informants suggested that they prefer to support CCI projects initiated by organisations with a good reputation and fame in their field or in the community. Reputation and fame are usually associated with social status, which can qualify one as a key guanxi player in the community. It is, therefore, thought that the influence of this type of identity can also be as a result of companies’ attempt to develop guanxi with CCI project initiators.

   *Foreign company a4: “…this initiator should have certain level of achievement in his field, as well as a good reputation. The initiator organisation must have a very sound structure…”*

3. Others: a few informants mentioned that they prefer CCI projects initiated by organisations with no political tendency, and/or no religious tendency, and/or existing connection with the company. Since this type of background can barely be associated with key guanxi players in the community, it is thought that the
influence of this type of background is the least likely to be as a result of companies’ attempt to develop guanxi with CCI project initiators.

*Foreign company a9*: “…our company will try to avoid any political risk. So if this initiator has certain political tendency or a strong religious background, we would try to avoid supporting his project…”

Accordingly, informants’ positive answers are coded into three categories: “Yes, preference to government”, “Yes, preference to organisations with good reputation and fame”, and “Yes, preference to other characteristics”. The frequency of these three categories is shown in *Table 21*. It is worth mentioning that the sum of recorded answers here is greater than the sum of the companies involved, because some informants have given more than one type of reason for which CCI project initiators’ identity and background may have influenced their decision to participate in a third-party-initiated CCI project and all the answers are recorded.

**Table 21 - Effective Influence of CCI Project Initiator's Identity and Background**

<table>
<thead>
<tr>
<th>Company with positive answers</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Yes: preference to government</td>
<td>14</td>
<td>73.7</td>
<td>6</td>
<td>100</td>
</tr>
<tr>
<td>Yes: preference to organisations with good reputation and fame</td>
<td>5</td>
<td>26.3</td>
<td>1</td>
<td>16.7</td>
</tr>
<tr>
<td>Yes: preference to other characteristics</td>
<td>3</td>
<td>15.8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>15.8</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
- Frequency (%) in the table implies the percentage that companies, which have given each type of answer, are of all the relevant type of companies that have given positive answers.

Three patterns are identified in *Table 21*. First, results suggest that government related identities and backgrounds are the dominant influential factor to corporate decision to participate in a CCI project. 90.2% of the companies, whose decision to participate in a CCI project was subject to the influence of a CCI project initiator’s identity and background, recognised governmental identities and backgrounds as a major influence. Second, the influence of governmental identity varies slightly among companies with different ownership structures. While its influence on foreign companies is strong, its
influence on state-owned companies and private companies seem to be inevitable. 73.7% of the foreign companies, which are subject to the influence of CCI project initiator’s identity, have recognised CCI projects’ governmental identity as a strong influential factor, whereas all state-owned companies and private companies, which are subject to the influence of CCI project initiator’s identity, have recognised CCI projects’ governmental identity as a strong influential factor. Third, for private companies, the CCI project initiator’s governmental identity is found to be the one and only influence on their decision to participate in a CCI project.

Although the influence of a CCI project initiator’s governmental identity and background is pervasive, narratives given by informants suggests that such influence is interpreted differently by different companies. While the responses of foreign and private companies’ suggest that they attempt to develop guanxi with CCI project initiators, the responses of state-owned companies’ suggests otherwise.

Foreign companies

Foreign companies interpret the influence of a CCI project initiator’s governmental identity and background in three ways. First, foreign companies see the CCI project initiator’s governmental identity and background as a preferred quality in a third-party-initiated CCI project, because they perceive supporting a government or governmental organisation initiated CCI project as an opportunity to build and/or maintain relationships with government officials.

*Foreign company a1:* “we normally would accept the invites from the government-initiated projects. Taking this project for example, basically there were a lot of ‘building government relationship’ related reasons behind it. Therefore it wasn’t much of a choice...”

*Foreign company b2:* “...besides, if it was an invite from the government, even if it somewhat conflicts with our 5 criteria of choosing projects, we would still try to consider it. This kind of participation is definitely not because of the pressure from the government. Today, the political environment has been comparatively better in China, you can hardly see anyone forced to participate in a project. However, due to the idea of
fostering a good relationship with government officials, we would still consider (the project)…”

Foreign company b6: “…besides, those initiators, they have very good government background and government relation. In fact, we chose them in the first place was because they have very good government relation, we could strengthen our government relation through them…”

Second, foreign companies’ existing guidelines for CCI can, to some extent, be compromised by the CCI project initiator’s governmental identity and background. On account of foreign companies’ attempt to build and/or maintain relationships with government officials, some informants implied that even if a government or governmental organisation initiated CCI project failed to meet their criteria for choosing third-party-initiated CCI projects, it might still be considered or negotiated.

Foreign company b2: “…besides, if it was an invite from government, even if it somewhat conflicts with our 5 criteria of choosing projects, we would still try to consider it…”

Foreign company d2: “…if the initiator is someone of special status, even if the project doesn’t fit the two conditions mentioned above, for example, if it was some officials from the Ministry of Commerce who invited us to participate in a certain project, then that would be a big deal, we would put more efforts in it, we would spend more time to communicate with them to see what we could do to meet both their expectation and our expectation…”

Foreign company d6: “…yes, even if it doesn’t quite fit the guidelines our company set (for CCI projects). For example, if it was from some direct supervision and administration departments of ours such as Chinese Medical Association or Ministry of Health, due to the special status of the initiator, we would still participate…”

Third, despite foreign companies’ preference towards CCI project initiators with a governmental background, participation in CCI projects initiated by such initiators is still seen as a preferable option rather than a mandatory move. Foreign companies believe that their participation in government or governmental organisation initiated
CCI projects is still voluntary rather than pressurised. When talking about participation in government or governmental organisation initiated CCI projects, most foreign company informants tended to use words such as “have somewhat a tendency towards”, “will specially consider”, “the management is more likely to like it and approve it”, “it is more convincing”. No foreign company informants have suggested any worries about the consequences of rejecting a government or governmental organisation initiated CCI project.

Private companies

Private companies interpret the influence of a CCI project initiator’s governmental identity and background in two ways. First, private companies’ choice of third-party-initiated CCI projects is subject to the influence of governmental identity and background because they see participation in government or governmental organisation initiated CCI projects as an opportunity to build and/or maintain relationships with government officials, and thus obtain various governmental support in the future.

    Private company e6: “...we hope that through participating in the government organised in-cash, in-kind donations we can improve our relationships with local government officials...”

    Private company f2: “...as for the projects organised by the government, we always try our best to support. Because (we) consider that in the future we may get the support from the government to the business. At the end of the day, it is a course of mutual supports...”

    Private company f7: “...we would also consider if it concerns the interests of the business. For example, if a project was organised by the government departments which are bound up with our business such as Environmental Protection Agency, Tax Office, we would definitely support...”

Second, a CCI project initiator’s governmental identity and background makes a CCI project less optional to private companies. In fact, most of the interviewed private company informants have expressed a very clear intention to support CCI projects initiated by government or governmental organisation officials. When talking about
CCI projects initiated by government or governmental organisation officials, most private company informants tended to use words such as “basically supported all”, “will support almost all”, “try our best to participate in almost all”, “big or small, will always support”, “support for sure”. In some interviews, private company informants have even suggested worries about the possible negative impacts caused by rejecting a CCI project initiated by government or governmental organisation officials.

_Private company e6_: “...we cannot refuse the request for donation, because we are afraid that if we completely reject the project, we would alienate the government officials and leave negative impression on them, which is not good!”

_Private company e7_: “...for the government organised projects, if it is within our capability, we would always support, because we are concerned that if we didn’t support, it would have negative impact on the business. For example, when we ask them to process business related things for us, they may intentionally hassle or slight us. Besides, we wouldn’t say no to a project because it is organised by government departments that are not the direct supervision and administration departments to our company either. We know that all the departments in the government are connected to each other...”

_Private company f7_: “...we would also consider it, if it concerns the interests of the business. For example, if a project was organised by government departments which are bound up with our business such as Environmental Protection Agency, Tax Office, we would definitely support it...take the Environmental Protection Agency for example, due to the nature of our business, it is likely for us to get involved in some accidents of environment pollution. If we don’t support the projects initiated by the Environmental Protection Agency, our relation with officials of the Environmental Protection Agency may be jeopardised. In that case, if our company caused an accident of pollution in the future, within the statutory extent, the officials of Environmental Protection Agency could choose to give us a light punishment or a heavy punishment. If it was a heavy punishment, the loss of
our company could way exceed our financial contribution to the (CCI) project...”

State-owned companies

CCI project initiator’ governmental identity and background makes participation in a CCI project compulsory to state-owned companies. All the state-owned companies have expressed a strong intention to support CCI projects initiated by government or governmental organisation officials. Unlike foreign and private companies, most state-owned companies did not choose such CCI projects as a result of their attempt to build and/or maintain relationships with government officials. State-owned company informants implied that the government or governmental organisation officials’ request for them to participate in a CCI project is treated as an order rather an option:

State-owned company c5: “...most of the time, we were arranged by the government to be in the CCI projects, therefore, we didn’t really have much choice. If there was an invite from the government or a GONGO, we would never reject it, we have no right to reject it either. Even if we could choose, we would still choose the projects organised by either government or GONGO. As a state-owned company, we are constantly vulnerable to the accusation of causing loss to state assets. Therefore we rarely give our support to any NGOs. Probably due to the same reason, to my knowledge, we have barely received any invites from NGOs so far...”

State-owned company c8: “...our choice of the project is comparatively passive. Because we are state-owned company, the projects initiated by government are assignments to us, must be fully supported, the assignments must be done, it is not optional...”

State-owned company e9: “... we would normally say yes to almost all the requests from government initiated projects. We are a state-owned company. I think, government initiating a project and advocating companies to participate in is a type of government act, is, in fact, a type of order, especially for state-owned companies. It is the call you just have to answer...”
In order to obtain a deeper insight into why the CCI project initiator’s identity and background may not have influenced companies’ choices of third-party-initiated CCI projects, informants’ negative answers are further coded into two more detailed subcategories for examination. The two detailed subcategories aim to help understand why some companies are immune to the influence of a CCI project initiator’s identity and background.

In the research, nine foreign companies and two state-owned companies suggested that their choice of CCI projects is irrelevant to CCI project initiator’s identity or background. Two types of reasons have been given by informants: “No, we always follow the existing CCI guidelines” and “No, managing key stakeholder relationships is the job of another department”. The relevant answers are categorised accordingly. The frequency of the two categories is shown in Table 22. It is worth mentioning that the sum of recorded answers here is greater than the sum of companies involved, because some company managers have given more than one type of reasons for which CCI project initiators’ identity and background have not influenced their decision to participate in a third-party-initiated CCI project, and all the answers are recorded.

**Table 22 - No Influence of CCI Project Initiator's Identity and Background**

<table>
<thead>
<tr>
<th>Company with negative answers</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>No: always follow the existing CCI guidelines</td>
<td>5</td>
<td>55.6</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>No: managing key stakeholder relationship is the job of other department</td>
<td>5</td>
<td>55.6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>2</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
- Frequency (%) in the table implies the percentage that companies, which have given each type of answers, are of all the relevant type of companies that have given negative answers.

As shown in Table 22, five foreign companies and two state-owned companies insisted that they would always choose CCI projects based on their existing CCI guidelines regardless of who the CCI projects initiators were:
Foreign company b1: “...we would normally base it on our CSR strategy. If it doesn’t fit, we would explain our CSR strategy to them, and tell them that they are welcome to come back in the future when they have projects that fit our CSR strategy, and we will be happy to participate in at that time...”

Foreign company b9: “...the initiator’s identity and background wouldn’t influence us that much. For example, local governments of many places are aware of our BIPO plan, and hope that we can participate in some of their similar local projects. But some projects, in fact, are quite different from the idea of BIPO. So we just rejected them straight away...”

Foreign company c2: “...even in the instance of being invited by very influential initiators, we would still choose those that fit our CSR strategy to participate in. We believe that every company has its strong suits. Some projects may be better done with the participation of other companies rather than us...”

Moreover, five foreign companies believed that their choice of CCI projects would not be influenced by the initiator’s identity or backgrounds because managing key stakeholder relationships was not part of their job description. They pointed out that it was the job of another department in the company.

Foreign company b7: “...initiators’ identity wouldn’t have an influence on our decision. But if it is something that may affect our business operation, usually the initiator would go straight to the managers of the relevant departments and talk to them rather than us (CSR department). Normally, that department would make the contribution or so...”

Foreign company b9: “...no, because our own public relation department is very good, they have strong relationships. So we do not need to worry about hurting any one’s feelings because of turning down an invite to a (CCI) project, even if the initiator is the government...”

Foreign company e3: “...our government relation department is very professional. They would look at the relevant issues from their professional perspective. My job is to think if this project fits our CSR targets, if not, then
I wouldn’t consider participation in. I definitely wouldn’t be scared by some big names. I wouldn’t give in because they say that they are XXX research centre of State Council, and wouldn’t approve our business projects in the future if I say no. It won’t happen…"

6.2.3 Discussion

Having examined third-party-initiated CCI project initiators’ identities, two findings have been identified.

1. Most third-party-initiated CCI projects are initiated by government and/or governmental organisations. This applies to all three types of companies in China.
2. CCI projects initiated by government and CCI projects initiated by governmental organisations attract different types of companies in China.

CCI projects initiated by government and/or governmental organisations are generally most preferred by companies in China. The majority of the third-party-initiated CCI projects given by state-owned company and private company informants were initiated by government and/or governmental organisations. Likewise, more than half of the third-party-initiated CCI projects given by foreign company informants were initiated by government and/or governmental organisations.

While state-owned companies and private companies have shown a strong preference towards government-initiated CCI projects, foreign companies’ preference is tilted towards governmental organisation-initiated CCI projects. It is thought that foreign companies’ preference towards governmental organisation-initiated CCI projects may be explained by the same reason discussed in the preceding section that as much as foreign companies hope to develop guanxi with government officials through interactions in CCI projects, direct partnership with government on many matters can still be a sensitive issue in the country.
In addition to the examination of CCI project initiators’ identities, the influence of the initiator’s identity to the corporate decision to undertake a third-party-initiated CCI project has also been assessed. Four findings are identified as a result:

1. Most companies’ decisions to undertake a third-party-initiated CCI project are subject to the influence of the project initiator’s identity and background.
2. Governmental identity and/or governmental background are most likely to influence companies’ decisions to undertake a third-party-initiated CCI project.
3. The influence of governmental identity and background on the decision to undertake a third-party-initiated CCI project varies across companies of different ownership structures.
4. Governmental identity and background is seen as a strong influence for different reasons, and its influence on foreign and private companies is most likely to be because of guanxi development.

The CCI project initiator’s identity and background has an absolute influence on private companies’ decision to undertake a third-party-initiated CCI project. All private companies in the research have suggested a strong intention to undertake CCI projects initiated by government or governmental organisation officials. It is found that the strong and pervasive influence of CCI project initiator’s governmental identity and background among private companies is likely to have two explanations. Firstly, compared to foreign companies and state-owned companies, private companies usually have the least political support in China, and thus most hunger for a formal structure support. Since guanxi with government officials is widely seen as an effective way to access formal structure support, private companies are likely to target government officials and attempt to engage in guanxi development with them on any possible occasion, such as CCI. Secondly, compared to foreign companies and state-owned companies, private companies are usually the smallest in size, and can be the most vulnerable in the market. Therefore, they cannot afford the possibility of alienating government officials by not supporting their CCI projects.

The CCI project initiator’s identity and background also has a strong influence on state-owned companies’ decision to undertake a third-party-initiated CCI project. All state-owned companies in the research have suggested a strong intention to undertake
CCI projects initiated by government or governmental organisation officials. It is found that the strong and pervasive influence of CCI project initiator’s governmental identity and background among state-owned companies is mainly because that government is the ultimate owner of state-owned companies, and thus their requests of state-owned companies’ participation in their projects are usually treated by state-owned companies as a mandatory order rather than an optional choice.

The CCI project initiator’s identity and background also has a strong influence on foreign companies’ decision to undertake a third-party-initiated CCI project. The majority of foreign companies in the research have suggested a strong preference to undertake CCI projects initiated by government or governmental organisation officials. It is found that the strong and pervasive influence of the CCI project initiator’s governmental identity and background among foreign companies is likely to be explained by foreign companies’ attempt to develop guanxi with government officials. Operating in China requires access to various scarce resources, such as land, labour, licenses and permits. Since, guanxi with government officials is widely seen as an effective way to obtain such access, foreign companies are likely to target government officials and attempt to engage in guanxi development with them on any possible occasions, such as CCI. Moreover, as strong an influence as CCI project initiator’s governmental identity and background is, it is, however, not decisive among foreign companies. It is found that this is likely to be because (1) CCI guidelines play a significant role in shaping foreign companies’ CCI decisions; (2) clear responsibilities and concrete work-divisions are usually well established in foreign companies, and thus developing guanxi with government officials may be of concern to other corporate departments rather than to the CSR department.

### 6.3 Conclusion

The data analysis conducted in this chapter has tested Proposition 1: the “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”. The proposition predicts that due to the attempt to develop guanxi, companies in China are likely to undertake CCI projects which involve the key guanxi players in the
community. In order to test this proposition, data drawn from two types of CCI projects, company-initiated CCI project and third-party-initiated CCI project, have been analysed. Support for the proposition has been found among foreign companies’ company-initiated and third-party-initiated CCI projects and private companies’ third-party-initiated CCI projects.

Company initiated CCI project:

Five findings have been identified in this part of the data analysis:

1. Officials of the government and governmental organisations are of particular interests to foreign companies and private companies as CCI partners.
2. Compared to government officials, officials of organisations with government backgrounds (e.g. GONGO) are slightly more preferred by companies.
3. The majority of private companies have involved no CCI partner in their company-initiated CCI projects.
4. CCI partners are chosen mostly likely because they are either key stakeholders in the community or in strong relationships with key stakeholders in the community.
5. Companies of different ownership structures chose CCI partners, who are key stakeholders in the community or in strong relationships with key stakeholders, for different reasons. Only in foreign companies and private companies are such choices likely to be motivated by their desire to develop guanxi through CCI.

Drawn from the findings, three patterns, which are thought to be relevant to testing the proposition, have been concluded. First, when undertaking company-initiated CCI projects, most of the foreign companies and state-owned companies and only a limited number of private companies are likely to involve their key stakeholders and/or the ones with strong relationships with key stakeholders in the community in their CCI projects. Second, by examining the identities of companies’ CCI partners, it is understood that by key stakeholder, most of the companies meant government or governmental organisations, such as GONGOs, whose officials are generally regarded by the extant literature as key guanxi players in China (Peng & Luo, 2000, Xin & Pearce, 1996). Third, only foreign companies and private companies are likely to involve key stakeholders in their company-initiated CCI projects for the reason of
guanxi development.

The theoretical *Proposition 1* predicts that, due to the attempt to develop guanxi, companies in China are likely to undertake CCI in a way that involves the key guanxi players in the community. Having compared the empirical patterns identified in this part of analysis with the ones predicted by the theoretical proposition, it is noticed that the original theoretical *Proposition 1* fails to specify company type, and thus cannot completely coincide with the empirical patterns. Therefore it is thought that the original *Proposition 1* is supported but should be refined in the light of the findings as:

*The foreign “COMPANY” will pursue company-initiated CCI projects which involve the targeted guanxi “PLAYER”.*

Third-party initiated CCI project:

Six findings have been identified in this part of the data analysis:

1. Most third-party-initiated CCI projects are initiated by government and/or governmental organisations. This applies to all three types of companies in China.
2. CCI projects initiated by government and CCI projects initiated by governmental organisations attract different types of companies in China.
3. Most companies’ decisions to undertake a third-party-initiated CCI project is subject to the influence of CCI project initiator’s identity and background.
4. Governmental identity and/or governmental background are most likely to influence companies’ decisions to undertake a third-party-initiated CCI project.
5. The influence of governmental identity and background on the decision to undertake a third-party-initiated CCI project varies across companies of different ownership structures.
6. Governmental identity and background is seen as a strong influence for different reasons, and its influence on foreign and private companies is most likely to be because of guanxi development.

Drawn from the findings, three patterns, which are thought to be relevant to testing the proposition, have been concluded. First, companies in China are most likely to participate in CCI projects initiated by either government or governmental
organisations, such as GONGO, whose officials are regarded by the extant literature as key guanxi players in China (Peng & Luo, 2000, Xin & Pearce, 1996). Second, only foreign companies’ and private companies’ decision to undertake government or governmental organisation-initiated CCI projects is likely to be as a result of their intention to develop guanxi. Third, state-owned companies’ participation in government or governmental organisation-initiated CCI projects is likely to be a sign of following mandatory orders from their ultimate owner.

The theoretical Proposition 1 predicts that due to the attempt to develop guanxi, companies in China are likely to undertake CCI in a way that involves the key guanxi players in the community. Having compared the empirical patterns identified in this part of analysis with the ones predicted by the theoretical proposition, it is noticed that the original theoretical Proposition 1 fails to specify company type, and thus cannot coincide with the empirical patterns. Therefore it is thought that the original Proposition 1 is supported but should be refined in light of the findings as:

The foreign and private “COMPANY” will pursue third-party-initiated CCI projects initiated by the targeted guanxi “PLAYER”.

Finally, having compared the empirical patterns identified through analyses of data from both company-initiated CCI projects and third-party-initiated CCI projects with the ones predicted by the original proposition, the relevant modifications to the original Proposition 1 have been suggested. According to the preceding discussion, it is believed that the Proposition 1 should be refined as follows:

The foreign “COMPANY” will pursue CCI in a way which can involve the targeted guanxi “PLAYER”, and the private “COMPANY” will pursue CCI which is initiated by the targeted guanxi “PLAYER”.

Chapter Summary

This chapter tested Proposition 1, which concerns the presence of guanxi players in CCI. Firstly, CCI partners’ identities, and the role their identities have played in companies’ selection of CCI partners for company-initiated CCI projects have been
analysed. Secondly, CCI project initiators’ identities, and the role their identities have played in companies’ selection of third-party-initiated CCI projects have been analysed. The findings in this chapter suggested that foreign companies will pursue CCI in a way which involves their targeted guanxi players and private companies will participate in CCI projects initiated by their targeted guanxi players. Modifications are suggested accordingly to the original Proposition 1.
Chapter 7.0 Establishment of a Guanxi Base

Introduction

This chapter aims to investigate the establishment of a guanxi base between targeted guanxi players and corporate representatives through CCI. Essentially, guanxi development involves three elements: the presence of guanxi players, the establishment of a guanxi base, receipt and reciprocation of favours. Having discussed the likelihood of the presence of guanxi players in CCI, in this chapter, the establishment of a guanxi base will be discussed based on empirical data.

The conceptual framework suggests that the establishment of a guanxi base is determined by the intensiveness and time span of interaction between potential guanxi partners. Accordingly, discussion in this chapter will be carried out in two sections. In the first section, the intensiveness of the interaction between corporate representatives and targeted guanxi players in the example CCI projects will be examined and discussed. Data analysis in this section aims to test the Proposition 2:

The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.

In the second section, the time span of the interaction between corporate representatives and targeted guanxi players in the example CCI projects will be examined and discussed. Data analysis in this section aims to test the Proposition 3:

The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.

Findings of the analysis will be collectively presented and discussed at the end of every section. Verification or modifications to the original theoretical proposition will also be suggested based on the empirical findings.
7.1 Establishment of Guanxi Base: Intensiveness of Interaction in CCI

This section will discuss the establishment of a guanxi base through CCI from the perspective of the intensiveness of interaction between corporate representatives and targeted guanxi players in CCI. The extant literature suggests that achieved guanxi base (familiarity) is usually developed through strong interaction between guanxi players. Therefore, the conceptual model of the research proposes that, due to the attempt to develop guanxi when undertaking CCI, companies will generate a strong interaction between company representatives and CCI partners/project initiators, and thus establish a guanxi base. In order to identify the establishment of a guanxi base through CCI, and thus test the conceptual model, data analysis in this section aims to test the Proposition 2:

*The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between “REPRESENTATIVE” and the targeted guanxi “PLAYER”.*

Section plan

The conceptual framework of the research suggests that before guanxi can be initiated, a guanxi base must be established first. An achieved guanxi base, which is also known as familiarity between two individuals, is usually derived from strong social interactions (Yang, 1994, Luo, 2000, Leung et al., 2008). In the context of CCI, it is believed that the available social interactions are the interactions between company representatives and CCI partners/project initiators who are also portrayed by the conceptual model as the targeted guanxi players. Therefore, the conceptual model proposes that companies in China will pursue CCI in a way that generates strong rather than weak interactions between corporate representatives and their CCI partners/project initiators. It is believed that the stronger interactions in CCI are, the more familiar corporate representatives and CCI partners/project initiators are likely to become, and thus a guanxi base is more likely to be established. Since companies can undertake CCI in two ways, initiating CCI projects and participating in CCI projects, in order to test *Proposition 2*, two sets of data analyses will be conducted respectively.
In company-initiated CCI projects, strong interaction between company representatives and CCI partners and the according establishment of guanxi base (familiarity) between them are expected to be identified. The first set of data analysis involves the analysis of two types of information drawn from company-initiated CCI projects. First, in order to identify how often strong interactions between corporate representatives and CCI partners have taken place, informants’ perceptions of interaction between corporate representatives and CCI partners in company-initiated CCI projects will be examined. Second, in order to identify the establishment of a guanxi base between corporate representatives and CCI partners, informants’ perception of familiarity between corporate representatives and CCI partners by the end of the company-initiated CCI projects will be examined.

In third-party-initiated CCI projects, strong interaction between company representatives and CCI partners and the according establishment of guanxi base (familiarity) between company representatives and CCI project initiators are expected to be identified. The second set of data analysis involves the analysis of two types of information drawn from third-party-initiated CCI projects. First, in order to identify how often strong interactions between corporate representatives and CCI project initiators have taken place, informants’ perceptions of interaction between corporate representatives and CCI project initiators in third-party-initiated CCI projects will be examined. Second, in order to identify the establishment of a guanxi base between corporate representatives and CCI project initiators, informants’ perception of familiarity between corporate representatives and CCI project initiators by the end of third-party-initiated CCI projects will be examined.

Finally the intensiveness of interaction between corporate representatives and targeted guanxi players (CCI partners/project initiators) in CCI projects and the according establishment of guanxi base (familiarity) between the two parties will be discussed and compared with the ones predicted by the theoretical Proposition 2 at the end of the section. Conclusions about the validity of the original Proposition 2 will be drawn accordingly.

Data categorisation
Two types of data are involved in this section; informants’ perceptions of interaction between corporate representatives and CCI partners/project initiators in the example CCI projects, and informants’ perceptions of familiarity between company representatives and CCI partners by the end of the example CCI projects. Therefore data categorisation is conducted in two steps.

a. Categorisation of interaction in CCI projects

The extant literature suggests that achieved guanxi base (familiarity) is usually developed through strong interaction between guanxi players. In order to identify any strong interaction between corporate representatives and CCI partners/project initiators, informants’ perceptions of interaction between corporate representatives and CCI partners/project initiators in the example CCI projects were collected in the interviews.

Having reviewed all informants’ perceptions of interaction between company representatives and CCI partners/project initiators in the example CCI projects, four themes emerged initially: “strong interaction”, “weak interaction”, “unclear” and “N/A”. The detail of the four themes will be discussed in the following part. Quotes from informants, which suggest the intensiveness of the interaction between corporate representatives and CCI partners/project initiators, will be provided as illustrations and supporting evidences. This section aims to test the proposition regarding establishment of a guanxi base. Since the extant literature suggests that a guanxi base can be developed through strong interaction, it is thought that only “strong interaction” is relevant to testing the proposition. Analysis will, therefore, mainly revolve around “strong interaction”. The discussions of the four themes are as follows:

“Strong interaction”: in some cases, informants suggested that, in addition to the corporate resource transfers, corporate representatives had been intensively involved in the CCI projects and worked closely with their CCI partners in terms of planning, implementing and evaluating the CCI projects. According to some informants, meetings and discussions between corporate representatives and CCI partners/project initiators have been carried out on a regular basis through various means, such as emails, phone calls, in-personal. Such interaction between corporate representatives and CCI partners/project initiators is considered to be a strong interaction in the
analysis. Accordingly, narratives, which could suggest this type of interaction between corporate representatives and CCI partners/project initiators in the example CCI projects, were to be coded under “strong interaction”.

*Foreign company a3:* “...we had meetings on a regular basis over the year. In addition to that, a work-planning meeting was held at the beginning of the year, and a round-up meeting was also held at the end of the year. We always kept a close communication through emails and phone calls over the course of the project. So, I think the interaction between us was very strong...”

“Weak interaction”: in some cases, informants suggested that, except the corporate resources transfers, corporate representatives were not involved too much in the example CCI projects, and the interaction between them and CCI partners/project initiators was rather limited as well. Such interaction between corporate representatives and CCI partners/project initiators is considered to be weak interaction in the analysis. Accordingly, narratives, which could suggest this type of interaction between company representatives and CCI partners/project initiators in the example CCI projects, were to be coded under “weak interaction”.

*Foreign company a2:* “…no, it (interaction) was not strong. Actually I think it was very loose (interaction). Why I am saying that, take our Hope Primary Schools project for instance. There was no one in the company specially assigned to manage the project. In fact, we didn’t have any full-time staff dedicated to manage our CCI activities. Only because of the recent global initiative of our mother company, we started to recruit full-time staff for our CCI. I think the reason for the loose interaction is that every one of them had got their own work to do, which were all business related. They offered to help in our CCI project only because they were interested and enthusiastic. However they didn’t have a fixed amount of time to follow the project, and thus the interaction and cooperation with our CCI partners were very loose...”

“Unclear”: In some cases, informants could not recall the exact state of interaction between corporate representatives and CCI partners/project initiators in the example
CCI projects. They could neither furnish any evidence of strong interaction nor agree on the prompt that only weak interaction had taken place between corporate representatives and CCI partners/project initiators in the example CCI projects. Such narratives were, therefore, to be coded under “unclear”.

“N/A”: two types of answers were to be coded under this category.

1. Company-initiated CCI projects with no CCI partner involved:
   Some company-initiated CCI projects were found to be operated by companies alone. Since there were no CCI partners involved, no interaction could be identified. Therefore the relevant answers were to be coded under “N/A”.

2. No valid example third-party-initiated CCI projects available:
   Although companies may have participated in third-party-initiated CCI projects before, at the time of interviews informants could not recall any example cases, and thus no interaction could be recorded. Accordingly, the answers were to be coded under “N/A”.

b. Categorisation of familiarity

The extant literature suggests that familiarity between guanxi players is seen as a type of achieved guanxi base. In order to identify any guanxi base between corporate representatives and CCI partners/project initiators by the end of example CCI projects, informants’ perceptions of familiarity between corporate representatives and CCI partners/project initiators by the end of the example CCI projects were collected in the interviews.

Having reviewed all informants’ perceptions of familiarity between corporate representatives and CCI partners/project initiators by the end of the example CCI projects, four themes emerged initially: “familiar”, “unfamiliar”, “unclear” and “N/A”. The detail of the four themes will be discussed in the following part. Quotes from informants, which suggest the familiarity between corporate representatives and CCI partners/project initiators, will be provided as illustrations and supporting evidences. This section aims to test the theoretical proposition regarding the establishment of a guanxi base. Since only familiarity is regarded as a type of achieved guanxi base, it is
thought that only “familiar” is relevant to testing Proposition 3. Analysis will, therefore, mainly revolve around “familiar”. The discussions of the four themes are as follows:

“Familiar”: in some cases, informants confirmed that corporate representatives and CCI partners/project initiators were familiar with each other by the end of the example CCI projects. Nevertheless, the causes to the familiarity differ. While some suggested that the familiarity was generated by the strong interaction between corporate representatives and CCI partners/project initiators in the example CCI projects, others suggested that the familiarity had already existed prior to the example CCI projects. Narratives, which could suggest the familiarity between corporate representatives and CCI partners/project initiators, were to be coded under “familiar”. Quotes from informants, which can illustrate both types of causes are referenced as follows:

a. Familiarity developed through strong interaction in example CCI projects:

   Foreign company a5: “…the cooperation between us and our partners from the NGO was very tight and close. Sometimes we would even fight over some issues in the project. However, after the fight, we are still friends, and I think this friendship will never fade away as the project comes to an end. It will last forever, because the friendship was not developed over just a couple of days, it was accumulated bit by bit throughout the course of working together in the project…”

b. Familiarity already existed prior to the example CCI projects:

   State-owned company c3: “…during the project, people from both sides had a lot of cooperation. However, the interaction was not very strong. In fact, we prefer to keep some distance from them while working together in the CCI project…the Ministry of Civil Affairs is our immediate supervisor. We have worked together on a lot of other matters before. Therefore people from two organisations have already known and become familiar with each other…”
“Unfamiliar”: in some cases, informants suggested that corporate representatives and CCI partners/project initiators were still unfamiliar with each other by the end of the example CCI projects. Narratives, which could suggest the unfamiliarity between corporate representatives and CCI partners/project initiators by the end of the example CCI projects, were to be coded under “unfamiliar”.

> Private company g5: “… (we) only gave the money to the Red Cross. And in regard to how the money was spent, and what the money was spent on, we never asked. The project ended the minute the donation was completed. We didn’t do any follow-up. We are not very familiar with the officers in the Red Cross either…”

“Unclear”: In some cases, informants could not recall the exact state of the familiarity between corporate representatives and CCI partners/project initiators by the end of the example CCI projects. They could neither furnish any evidence of corporate representatives being familiar with CCI partners/project initiators nor agree on the prompt that they were unfamiliar with each other by the end of the example CCI projects. Such narratives were, therefore, to be coded under “unclear”.

“N/A”: two types of answers were to be coded under this theme.

1. Company-initiated CCI projects with no CCI partner involved:
   Some company-initiated CCI projects were found to be operated by companies alone. Since there were no CCI partners involved, no familiarity could be identified. Therefore the relevant answers were to be coded under “N/A”.

2. No valid example third-party-initiated CCI projects available:
   Although companies may have participated in third-party-initiated CCI projects before, at the time of interviews informants could not recall any example cases, and thus no familiarity could be recorded. Accordingly, the answers were to be coded under “N/A”.

The established principles for data categorisation are applied to the analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects in the following sections.
7.1.1 Company-initiated CCI Projects

Two types of information are involved in this part of data analysis. First, informants’ perceptions of the intensiveness of interaction between corporate representatives and CCI partners in the example company-initiated CCI projects will be coded into four categories. The frequency of each category will be tabulated to suggest any pattern of interaction between corporate representatives and CCI partners. Second informants’ perceptions of familiarity between corporate representatives and CCI partners by the end of example company-initiated CCI projects, which imply the establishment of guanxi base, will be coded into four categories, and then cross referenced with the interaction in the same cases. The results will be tabulated to suggest the relationship between establishment of any guanxi base and intensiveness of interaction in the example company-initiated CCI projects.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is employed to develop guanxi, they may behave differently. Therefore, the analysis and discussion of information provided by different companies will be conducted respectively.

In the end, six findings were identified:

1. The majority of the company-initiated CCI projects, which have involved CCI partners, have seen strong interaction between corporate representatives and CCI partners.
2. Strong interaction is only evidently pervasive in foreign company-initiated CCI projects.
3. Familiarity between corporate representatives and CCI partners has been recognised by the end of most company-initiated CCI projects.
4. The majority of the recognised familiarity is in response to strong interaction between corporate representatives and CCI partners.
5. The recognised familiarity, which is not in response to strong interaction between corporate representatives and CCI partners, has already existed before the example CCI projects.
6. All the recognised unfamiliarity is in response to weak interaction between corporate representatives and CCI partners.

7.1.1.1 Intensiveness of Interaction

In the interviews, interactions between corporate representatives and CCI partners in 79 company-initiated CCI projects have been discussed. Informants’ answers have been coded under four categories. The frequency of the four categories addressed by different types of companies is tabulated and shown in Table 23. As shown in Table 23, there are 33 foreign company-initiated CCI projects, 11 state-owned company-initiated CCI projects, and 35 private company-initiated CCI projects in total. It is worth mentioning that the sum of recorded company-initiated CCI projects here is greater than the sum of companies involved, because in some interviews, when discussing interactions with CCI partners in company-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Strong interaction</td>
<td>27 90%</td>
<td>3 50%</td>
<td>7 53.8%</td>
<td>36 73.5%</td>
</tr>
<tr>
<td>Weak interaction</td>
<td>3 10%</td>
<td>2 33.3%</td>
<td>4 30.8%</td>
<td>9 18.4%</td>
</tr>
<tr>
<td>Unclear</td>
<td>0 0%</td>
<td>1 16.7%</td>
<td>2 15.4%</td>
<td>3 6.1%</td>
</tr>
<tr>
<td>Valid CCI cases</td>
<td>30 6%</td>
<td>6 13%</td>
<td>22 30%</td>
<td>49 79%</td>
</tr>
<tr>
<td>N/A</td>
<td>3 5%</td>
<td>5 22%</td>
<td>35 79%</td>
<td>30 79%</td>
</tr>
<tr>
<td>Total</td>
<td>33 11%</td>
<td>11 35%</td>
<td>13 22%</td>
<td>79 100%</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
- Frequency (%) in the table implies the percentage that cases of each type of interaction is of all the identified cases, in which interactions between the corporate representatives and CCI partners have taken place.
Foreign companies

According to Table 23, there are 30 foreign company-initiated CCI projects in which CCI partners have been involved. Strong interactions have been identified in 90% of them. As said by many foreign company informants, foreign companies usually manage their CCI projects like business projects, and thus prefer to get intensively involved in the projects with their partners in every phase. Given the pervasiveness of strong interaction in foreign company-initiated CCI projects, it is thought that a guanxi base is very likely to be established in a foreign company-initiated CCI project.

*Foreign company c2:* “... of course it (cooperation) was very close. We had meetings on regular basis to discuss the plans and implementation of the project, the relevant problem, the operation of the project fund, and the extension of the project...”

There are only three examples of foreign company-initiated CCI projects in which weak interactions were found between corporate representatives and CCI partners. Among them, two companies have just started undertaking CCI initiatives in China, and thus lack the relevant personnel to manage and be intensively involved in their CCI projects with CCI partners, whereas one company thought that they have enough personnel to manage the CCI project, and thus deliberately minimised the involvement of their CCI partner. It is believed that in both situations, establishment of guanxi base is rather unlikely.

*Foreign company a2:* “...no, it (interaction) was not strong. Actually I think it was very loose (interaction). Why I am saying that, take our Hope Primary Schools project for instance. There was no one in the company specially assigned to manage the project. In fact, we didn’t have any full-time staff dedicated to manage our CCI activities. Only because of the recent global initiative of our mother company, we started to recruit full-time staff for our CCI. I think the reason for the loose interaction is that every one of them had got their own work to do, which were all business related. They offered to help in our CCI project only because they were interested and enthusiastic. However they didn’t have a fixed amount of time to follow the project, and...
thus the interaction and cooperation with our CCI partners were very loose...”

Foreign company d3: “…for example in Chengdu, our volunteers were willing to take most of the responsibility. They thought there was no need to involve the NGO in too much, because the NGO may not necessarily know the local situations as well as they do...

State-owned companies

Interaction between corporate representatives and CCI partners was discussed in 11 stated-owned company-initiated CCI projects. Due to the absence of valid CCI partners, interactions could only be identified in six CCI projects. Among them, three state-owned company informants suggested that their interactions with CCI partners were strong over the course of CCI projects:

State-owned company c4: “…While we were conducting this (CCI) project there, we also made the place one of our raw material supply locations. Therefore, we went there to procure raw materials every year, in the meantime, we had a lot of contacts and interaction with officials in the local government...”

Two state-owned company informants suggested that they did not work very closely with their CCI partners in the CCI projects.

State-owned company c3: “…during the project, people from both side had a lot of cooperation. However, the interaction was not very strong. In fact, we prefer to keep some distance from them while working together in the CCI projects...the Ministry of Civil Affairs is our immediate supervisor. We have worked together on a lot of other matters before. Therefore, people from two organisations have already known and become familiar with each other...”
Private companies

Interaction between corporate representatives and CCI partners was discussed in 35 private company-initiated CCI projects. Due to the absence of valid CCI partners, interactions could only be identified in 13 private company-initiated CCI projects. Among them, strong interactions between corporate representatives and CCI partners were identified in 53.8% of the cases. Accordingly, a guanxi base was likely to have been established in those cases.

Private company f6: “...media partners were working closely with us throughout the whole project. The media partners followed us from the very beginning of the project to the end. Officials from the local government were specially assigned to assist us over the course of the project...”

In the rest of the cases, the private company informants suggested that they have only contributed to the CCI projects with corporate resources, and left most of the implementation work to their CCI partners. Therefore the interactions between them were rather weak. Accordingly, a guanxi base was unlikely to have been established in those cases.

Private company e7: “...our role in the project was simple and direct. We didn’t have to be involved in too much. We gave the money (to the Red Cross), received the receipt, and that was it. They will use the money to complete the project. We didn’t even have to do any follow-ups...”

7.1.1.2 Interaction and Establishment of Guanxi Base

The extant literature suggests that familiarity as an achieved guanxi base can be developed through strong interaction between guanxi players. Therefore, the conceptual framework of the research proposes that due to the attempt to establish a guanxi base, companies in China are likely to engage in CCI projects that generate strong rather than weak interaction between corporate representatives and CCI partners. In the preceding part of the analysis, the intensiveness of interaction in example CCI projects has been examined. In order to verify the causal relationship
between strong interaction and the establishment of a guanxi base through CCI, informants’ perceptions of familiarity between corporate representatives and CCI partners by the end of the example company-initiated CCI projects have been coded under four categories and cross referenced with categories, which code the intensiveness of interaction between corporate representatives and CCI partners in the same CCI projects.

The frequency of the four categories in response to different types of interaction is tabulated and shown in Table 24. As shown in Table 24, the establishment of familiarity has been examined in 72 company-initiated CCI projects. It is worth mentioning that the sum of recorded company-initiated CCI projects here is greater than the sum of companies involved because in some interviews, when discussing familiarity with CCI partners in company-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

**Table 24 - Interaction & Familiarity in Company-initiated CCI Projects**

<table>
<thead>
<tr>
<th></th>
<th>Strong interaction</th>
<th>Weak interaction</th>
<th>Unknown</th>
<th>Total</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Familiar</td>
<td>33</td>
<td>89.2</td>
<td>1</td>
<td>11.1</td>
<td>1</td>
</tr>
<tr>
<td>Unfamiliar</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>66.7</td>
<td>0</td>
</tr>
<tr>
<td>Unknown</td>
<td>4</td>
<td>10.8</td>
<td>2</td>
<td>22.2</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>37</td>
<td>100</td>
<td>9</td>
<td>22.2</td>
<td>3</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of familiarity has been recognised together with the relevant types of interaction.
- Frequency (%) in the table implies the percentage that cases of each type of familiarity is of all the identified cases, in which CCI partners were involved, and thus the establishment of familiarity was possible.

According to Table 24, 89.2% of the company-initiated CCI projects, in which strong interactions were identified, have seen the establishment of familiarity between corporate representatives and their CCI partners by the end of the CCI projects. This result not only echoes the extant literature, but also suggests that the establishment of a guanxi base through strong interaction in CCI is likely.

*Foreign company a1: “...I don’t mean that we only gave the money and finished our job. We have been involved in the planning and discussion at*
every key step of the project... if there were any changes to the project, we would discuss together...by working together in those projects, we got shared experiences, then obviously we had become familiar with each other. Besides, we had our different understandings on many things during the cooperation. Because of that, we had to communicate very often, which naturally familiarised us with each other. I can imagine, if what we did was simply pay-and-go, it would be really hard for us to get familiarised...

On the contrary, 66.7% of the company-initiated CCI projects, in which only weak interactions were identified, have seen unfamiliarity between corporate representatives and their CCI partners by the end of CCI projects.

Private company f1: “...we barely had any interaction after the money transaction. (So) I don’t think we have built any relationship with officers at the Red Cross...”

There were two exceptional cases in which although no strong interaction was identified, familiarity between corporate representatives and CCI partners was still recognised by informants. It is found that in those two cases familiarity had already existed prior to the CCI projects, and thus the recognition of familiarity is irrelevant to the interaction in the CCI projects. This result can, to some extent, suggest that the strong interaction in CCI is motivated by the attempt to establish a guanxi base. In other words, strong interaction is less likely to take place where an attempt to establish a guanxi base is absent.

Private company g4: “…I (owner manager) am the chairman of the local chamber of commerce. So even if I didn’t do this project, I’m still quite familiar with the members of our chamber of commerce...”

7.1.1.3 Discussion

Having examined the interaction between corporate representatives and CCI partners in the example company-initiated CCI projects, two findings have been identified.
1. The majority of the company-initiated CCI projects, which have involved CCI partner in, have seen strong interaction between corporate representatives and CCI partners.

2. Strong interaction is only evidently pervasive in foreign company-initiated CCI projects.

First, having strong interaction between corporate representatives and CCI partners in 73.5% of all recorded company-initiated CCI projects, which have involved CCI partner in, it appears that companies in China generally prefer to initiate CCI in a way that generates strong interaction between corporate representatives and CCI partners. Nevertheless such a conclusion cannot apply to all types of companies in China. Strong interaction between corporate representatives and CCI partners can only be identified in about half of the CCI projects initiated by state-owned companies or private companies, and the rest of the CCI projects suggest otherwise. Therefore it is thought that, with the limited empirical evidence, the conclusion that state-owned companies and private companies prefer to initiate CCI in a way that generates strong rather than weak interactions between corporate representatives and CCI partners cannot be drawn.

Second, all the foreign companies in the research have recognised strong interaction in their company-initiated CCI projects expect for only few exceptional cases, in which companies’ CCI activities in China were only at their beginning stage, and thus lacked relevant personnel to manage strong interactions with CCI partners at that time. Therefore, it is thought that foreign companies’ preference towards strong interaction with CCI partners in company-initiated CCI projects is evident, and thus the conclusion that foreign companies prefer to initiate CCI in a way that generates strong rather than weak interactions between corporate representatives and CCI partners can be drawn.

In addition to the examination of interactions between corporate representatives and CCI partners, such interactions were further cross-referenced with familiarities between corporate representatives and CCI partners by the end of each example company-initiated CCI project. Four findings have been identified as a result.

1. Familiarity between corporate representatives and CCI partners has been
recognised by the end of most company-initiated CCI projects.

2. The majority of the recognised familiarity is in response to strong interaction between corporate representatives and CCI partners.

3. The recognised familiarity, which is not in response to strong interaction between corporate representatives and CCI partners, has already existed before the example CCI projects.

4. All the recognised unfamiliarity is in response to weak interaction between corporate representatives and CCI partners.

First, familiarity between corporate representatives and CCI partners have been recognised by informants in 71.4% of the recorded company-initiated CCI projects that have CCI partner involvement, and the majority of them explicitly owed it to the strong interaction in CCI. It is, therefore, believed that this finding (1) reveals the cause relationship between strong interaction and establishment of guanxi base, and thus echoes the extant literature; (2) suggests that a guanxi base is likely to be established through strong interaction between corporate representatives and CCI partners in company-initiated CCI project in China.

Second, the theoretical Proposition 2 proposes that, due to the attempt to establish a guanxi base, companies will pursue CCI in a way that generates strong interaction between corporate representatives and CCI partners. Having found that strong interaction did not take place where attempt to establish a guanxi base was absent can, to some extent, suggest that the strong interaction in CCI is motivated by the attempt to establish a guanxi base. It is thought that this finding enhances the robustness of the theoretical proposition by making theoretical replications across cases.

Third, the second finding in this part of the analysis has suggested a causal relationship between strong interaction and the establishment of familiarity between corporate representatives and CCI partners. It is thought that having found that all the recognised unfamiliarity is in response to weak interaction between corporate representatives and CCI partners has strengthened this causal relationship by making theoretical replications across cases.
7.1.2 Third-party-initiated CCI Projects

Two types of information are involved in this part of the data analysis. First, informants’ perceptions of the intensiveness of the interaction between corporate representatives and CCI project initiators in example third-party-initiated CCI projects will be coded under four categories. The frequency of each category will be tabulated to suggest any pattern of interaction between corporate representatives and CCI project initiators. Second, informants’ perceptions of familiarity between corporate representatives and CCI project initiators by the end of example third-party-initiated CCI projects, which imply the establishment of a guanxi base, will be coded under four categories, and then cross referenced with the interaction in the same cases. The results will be tabulated to suggest the relationship between the establishment of a guanxi base and the intensiveness of interaction in the example third-party-initiated CCI projects.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is used to develop guanxi, different companies may behave differently. Therefore, the analysis and discussion of information provided by different companies will be conducted respectively.

In the end, five findings are identified:

1. Weak interaction between corporate representatives and CCI project initiators has taken place more often than strong interaction in third-party-initiated CCI projects.
2. Weak interaction is evidently pervasive between state-owned company and private company representatives and CCI project initiators.
3. Familiarity between corporate representatives and CCI partners has been recognised in the majority of the third-party-initiated CCI projects.
4. The majority of the strong interaction between corporate representatives and CCI project initiators corresponds to the recognition of familiarity between corporate representatives and CCI project initiators.
5. The majority of the weak interaction between corporate representatives and CCI project initiators also corresponds to the recognition of familiarity between
corporate representatives and CCI project initiators.

7.1.2.1 Intensiveness of Interaction

In the interviews, interactions between corporate representatives and CCI project initiators in 69 example third-party-initiated CCI projects have been discussed. Informants’ perceptions of interaction between corporate representatives and CCI project initiators have been coded under four categories. The frequency of the four categories addressed by different types of companies is tabulated and shown in Table 25. As shown in Table 25, there are 31 third-party-initiated CCI projects from foreign companies, 10 third-party-initiated CCI projects from state-owned companies, and 28 third-party-initiated CCI projects from private companies in total. It is worth mentioning that the sum of recorded third-party-initiated CCI projects here is greater than the sum of companies involved, because in some interviews, when discussing interactions with CCI project initiators in third-party-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

**Table 25 - Interaction in Third-party-initiated CCI Projects**

<table>
<thead>
<tr>
<th>Category</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Strong interaction</td>
<td>13</td>
<td>50</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Weak interaction</td>
<td>11</td>
<td>42.3</td>
<td>6</td>
<td>60</td>
</tr>
<tr>
<td>Unclear</td>
<td>2</td>
<td>7.7</td>
<td>2</td>
<td>20</td>
</tr>
<tr>
<td>Valid CCI cases</td>
<td>26</td>
<td>10</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>5</td>
<td>0</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>10</td>
<td>28</td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
- Frequency (%) in the table implies the percentage that cases of each type of interactions is of all the valid third-party-initiated CCI cases recorded in the interviews.
Foreign companies

Interaction between foreign corporate representatives and CCI project initiators was discussed in 31 third-party-initiated CCI projects. Due to, in five example cases, informants failing to provide enough information for analysis, interaction could only be discussed in 26 of them. Among the 26 third-party-initiated CCI projects, strong interaction has been identified in 50% of them. Foreign company informants suggested that although their roles were different in the third-party-initiated CCI projects, they still tried to be involved as much as they could. It is thought that a guanxi base is likely to be established in those CCI projects.

*Foreign company b4: “...we would work closely with the project initiator and keep a close working relationship with them. Take the initiator of the Hope Project, the China Youth Development Foundation, for instance, we mainly supported their project with money. In addition to money, we were also intensively involved in the discussions on aims, implementation details and expected results of the project at the planning stage. My point here being we won’t settle for a simple money donation. Our company will never agree to do things like that...”*

In addition to the cases of strong interaction, weak interaction between corporate representatives and CCI project initiators has been identified in 42.3% of the valid third-party-initiated CCI projects provided by foreign companies. Theoretically, a guanxi base is unlikely to be established through the weak interaction in CCI.

*Foreign company a1: “...we didn’t really have much interaction during the event. We have already had a connection with the event initiator before. We just extended our connection to the CCI area through this event...”*

Although cases of strong interaction are in the largest proportion of all valid third-party-initiated CCI projects given by foreign companies, they only outnumber the cases of weak interaction by two. Foreign companies’ preference towards strong interaction between corporate representatives and CCI project initiators in third-party-initiated CCI projects is not evident.
State-owned companies

10 valid third-party-initiated CCI projects have been given by state-owned companies. Among them, weak interaction between corporate representatives and CCI project initiators has been identified in six cases, which accounts for 60% of all valid third-party-initiated CCI projects given by state-owned companies. Strong interaction between corporate representatives and CCI project initiators, on the other hand, has only been identified in two cases.

Weak interaction:

*State-owned company c3:* “...projects like this (supporting disaster relief) required a high input of money. However, our involvement was not necessarily high. At the end of the day most of them only ask for a simple transaction...”

Strong interaction:

*State-owned company e8:* “...we have been included in the local government’s emergency rescue system. If any dangerous pollutant related accidents happened in the Chongqing area, we would work closely with the local government officials on cleaning the dangerous pollutant and rescuing the citizens involved...”

Private companies

28 valid third-party-initiated CCI projects were given by private companies. Among them, strong interaction has been identified in seven cases, which accounts for only 25% of all valid third-party-initiated CCI projects. On the other hand, weak interaction has been identified in 19 cases, which accounts for 67.9% of all valid third-party-initiated CCI projects given by private company informants. It is, therefore, thought that private companies’ preference towards weak interaction between corporate representatives and CCI project initiators in third-party-initiated CCI projects is fairly evident.

Strong interaction:
Private company g1: “...every time when the important local government officials went to visit and aid the poor countries, our major company leaders would bring our financial and medical donations and go along. During the trip, our company leaders and government officials have become more familiar with each other...”

Weak interactions:

Private company g6: “... we only donated money, didn’t get too much involved. We just simply gave the money to the government officials who organised this project. We didn’t ask where the money went. We don’t even know which school that money was spent on...”

7.1.2.2 Interaction and Establishment of Guanxi Base

The extant literature suggests that familiarity, as achieved guanxi base, can be developed through strong interaction between guanxi players. Therefore, the conceptual framework of the research proposes that due to the attempt to establish guanxi base, companies in China are likely to participate in CCI projects that generate strong rather than weak interaction between corporate representatives and CCI project initiators. In the preceding part of the analysis, intensiveness of the interaction in example CCI projects has been examined. In order to verify the causal relationship between strong interaction and establishment of guanxi base through CCI, informants’ perceptions of familiarity between corporate representatives and CCI project initiators by the end of the example third-party-initiated CCI projects have been coded under four categories and cross referenced with categories, which suggest the intensiveness of the interaction between corporate representatives and CCI partners in the same CCI projects.

The frequency of the four categories in response to different types of interactions is tabulated and shown in Table 26. As shown in Table 26, the establishment of familiarity has been examined in 69 third-party-initiated CCI projects. It is worth mentioning that the sum of recorded company-initiated CCI projects here is greater
than the sum of companies involved, because in some interviews, when discussing familiarity with CCI project initiators by the end of third-party-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

**Table 26 - Interaction & Familiarity in Third-party-initiated CCI Projects**

<table>
<thead>
<tr>
<th></th>
<th>Strong interaction</th>
<th>Weak interaction</th>
<th>Unknown</th>
<th>Total</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
</tr>
<tr>
<td>Familiar</td>
<td>19</td>
<td>86.4</td>
<td>30</td>
<td>83.3</td>
<td>1</td>
</tr>
<tr>
<td>Unfamiliar</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>11.1</td>
<td>0</td>
</tr>
<tr>
<td>Unclear</td>
<td>3</td>
<td>13.6</td>
<td>2</td>
<td>5.6</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
<td>36</td>
<td>6</td>
<td>64</td>
<td>0</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been recognised together with the relevant types of the interactions.
- Frequency (%) in the table implies the percentage that cases of each type of familiarity is of all the valid third-party-initiated CCI projects recorded in the interviews.

Although weak interaction between corporate representatives and CCI project initiators have been identified in most third-party-initiated CCI projects, the majority of the informants still suggested that corporate representatives were close to or familiar with the CCI project initiators by the end of CCI projects. Overall, familiarity has been identified in 50 third-party-initiated CCI projects, which accounts for 78.1% of all recorded valid third-party-initiated CCI projects. This result suggests that guanxi bases between corporate representatives and CCI project initiators were confirmed in most of the cases.

First of all, familiarity has been identified in 86.4% of the third-party-initiated CCI projects, in which strong interaction with CCI project initiators was suggested by informants. This finding suggests the establishment of a guanxi base through strong interaction in CCI. It complies with the guanxi building theory which asserts that strong interaction between two guanxi players can lead to the establishment of guanxi base (familiarity).
Foreign company a3: “...personally I think our involvement in this project was very high. In the beginning of the project, we would sit down, discuss and plan the whole project together. During the project, we have worked closely together. In the end, we had a round-up meeting together...After all this time of working together; I think people from both sides are very familiar with each other now. Some have even become friends...”

Second, familiarity has also been identified in 83.3% of the third-party-initiated CCI projects, in which only weak interaction with CCI project initiators was suggested by informants. Although this finding appears to conflict with the guanxi building theory, informants’ further elaborations on the matter have provided two explanations.

First, the identified familiarity has already existed prior to the third-party-initiated CCI projects. As a result, to interact and familiarise with CCI projects initiators, and thus develop a guanxi base is less likely to be emphasised on companies’ agendas.

Foreign company a1: “...we didn’t really have much interaction during the event. We have already had a connection with the event initiator before. We just extended our connection to the CCI area through this event...”

Second, although only weak interaction could be identified in an individual CCI project, some informants, informants from private companies in particular, suggested that they had repeatedly participated in such individual CCI projects, which were initiated by the same CCI project initiators, and thus increase the overall degree of interaction. Finally, familiarity was established by the strong interaction accumulated over the repeated participation of CCI projects.

Private company f7: “... we have basically supported all kinds of publicity and promotional events organised by the local government in the community. Through those supports, we have been able to frequently interact with government officials. There is no way we can’t be familiar with them...”
7.1.2.3 Discussion

Having examined the interactions between corporate representatives and CCI project initiators in the example third-party-initiated CCI projects, two findings have been identified.

1. Weak interaction between corporate representatives and CCI project initiators has taken place more often than strong interaction in third-party-initiated CCI projects.
2. Weak interaction is evidently pervasive between state-owned company and private company representatives and CCI project initiators.

First, in general, more weak interactions were identified than strong interactions in third-party-initiated CCI projects. Nevertheless, this trend cannot apply to all three types of companies. In the third-party-initiated CCI projects given by foreign companies, strong interaction between corporate representatives and CCI project initiators has been identified in half of the cases. Although this result suggests that foreign companies do not have a clear preference towards weak interaction in third-party-initiated CCI projects, it is too weak to suggest a strong corporate preference towards strong interaction either. Accordingly, the conclusion that companies prefer to undertake third-party-initiated CCI projects in a way that involves strong rather than weak interaction between company representatives and CCI partners cannot be drawn.

Second, most of the state-owned companies and private companies have recognised weak interaction between corporate representatives and CCI project initiators in their example third-party-initiated CCI projects. Therefore, it is thought that state-owned companies’ and private companies’ preference towards weak interaction with CCI project initiators in third-party-initiated CCI projects is evident. Accordingly the conclusion that state-owned companies and private companies prefer to undertake third-party-initiated CCI projects in a way that involves weak rather than strong interaction between corporate representatives and CCI project initiators may be drawn.
In addition to the examination of interactions between corporate representatives and CCI project initiators, the interactions were further cross-referenced with familiarities between corporate representatives and CCI project initiators by the end of the example third-party-initiated CCI projects. Three findings have been identified as a result.

1. Familiarity between corporate representatives and CCI partners has been recognised in the majority of the third-party-initiated CCI projects.

2. The majority of the strong interaction between corporate representatives and CCI project initiators corresponds to the recognition of familiarity between corporate representatives and CCI project initiators.

3. The majority of the strong interaction between corporate representatives and CCI project initiators corresponds to the recognition of familiarity between corporate representatives and CCI project initiators.

First, familiarity between corporate representatives and CCI project initiators has been recognised by informants in 78.1% of all recorded third-party-initiated CCI projects. It is, therefore, believed that guanxi bases between corporate representatives and CCI project initiators existed by the end of most third-party-initiated CCI projects in China. Nevertheless, narratives given by informants suggest that only some guanxi bases were established through interaction in CCI, others already existed prior to the CCI projects.

Second, having found that 86.4% of the strong interactions between corporate representatives and CCI project initiators correspond to the recognition of familiarity between corporate representatives and CCI project initiators has echoed the causal relationship between strong interaction and the establishment of a guanxi base suggested by the extant literature. Furthermore, the majority of the informants explicitly attributed the establishment of familiarity to the strong interaction in CCI. It is, therefore, believed that a guanxi base is likely to be established through strong interaction between corporate representatives and CCI project initiators in the third-party-initiated CCI projects in China.
Third, the extant literature suggests that only strong interaction between guanxi players should result in the establishment of a guanxi base (familiarity). However, it is found in this part of the analysis that the majority of the weak interactions between corporate representatives and CCI project initiators also correspond to the recognition of familiarity between corporate representatives and CCI project initiators. This finding appears to contradict the extant literature. Nevertheless it is thought that it does not conflict with the extant literature for two reasons: Firstly, some of the identified familiarities have existed prior to the example CCI projects, and thus can hardly suggest a causal relationship between weak interaction and the establishment of a guanxi base through CCI. In addition, the theoretical proposition proposes that, due to the attempt to establish a guanxi base, companies will pursue CCI in a way that generates strong interaction between corporate representatives and CCI partners.

Having found that a strong interaction did not take place where an attempt to establish guanxi base is absent can, to some extent, suggest that the strong interaction in CCI is motivated by the attempt to establish a guanxi base. It is thought that this finding enhances the robustness of the theoretical proposition by making theoretical replications across cases. Secondly, some of the identified familiarities were not generated by the weak interaction identified in the example CCI projects only. They were generated by the companies’ broader interaction with the CCI project initiators in which the example CCI projects only represent a small part. Many informants suggested that that they have repeated participated in the CCI projects initiated by the same project initiators.

*Private company f7: “... we have basically supported all kinds of publicity and promotional events organised by the local government in the community. Through those supports, we have been able to frequently interact with government officials. There is no way we can’t be familiar with them...”*

It is thought that although weak interaction in an individual third-party-initiated CCI project cannot generate familiarity between corporate representatives and CCI project initiators, interaction accumulated through the repeated weak interactions in a number of third-party-initiated CCI projects may be strong enough to generate familiarity between corporate representatives and CCI project initiators. Therefore, it is believed that the relevant familiarities identified in this part of the analysis were, in fact, caused
by the strong interaction accumulated through a series of weak interactions rather than individual weak interaction, and thus the theory of extant literature still stands.

7.1.3 Conclusion

Data analysis conducted in this section attempts to test the Proposition 2: the “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”. The proposition predicts that due to the attempt to build guanxi base (familiarity), companies in China are likely to undertake CCI in a way that generates strong interaction with their CCI partners who are regarded as the targeted guanxi players by conceptual framework of the research. In order to test this proposition, relevant data drawn from two types of CCI projects, company-initiated CCI project and third-party-initiated CCI project, have been analysed respectively.

Company-initiated CCI projects:

Six findings have been identified in this part of the data analysis:

1. The majority of the company-initiated CCI projects, which have involved CCI partners, have seen strong interaction between corporate representatives and CCI partners.
2. Strong interaction is only evidently pervasive in foreign company-initiated CCI projects.
3. Familiarity between corporate representatives and CCI partners has been recognised by the end of most company-initiated CCI projects.
4. The majority of the recognised familiarity is in response to strong interaction between corporate representatives and CCI partners.
5. The recognised familiarity, which is not in response to strong interaction between corporate representatives and CCI partners, has already existed before the example CCI projects.
6. All the recognised unfamiliarity is in response to weak interaction between corporate representatives and CCI partners.
Drawn from the findings, three patterns, which are thought to be relevant to testing the Proposition 2, have been concluded. First, when CCI partners are involved, only foreign companies have shown an evident preference towards strong interaction between corporate representatives and CCI partners in company-initiated CCI projects. Second strong interaction between corporate representatives and CCI partners in company-initiated CCI projects usually leads to the establishment of a guanxi base (familiarity) between corporate representatives and CCI partners, while weak interaction between corporate representatives and CCI partners in company-initiated CCI projects usually leads to the recognition of unfamiliarity between corporate representatives and CCI partners. Third, when familiarity already exists prior to a company-initiated CCI project, weak interaction between corporate representatives and CCI partners is likely to take place.

The Proposition 2 predicts that due to the attempt to establish a guanxi base (familiarity), companies in China are likely to initiate CCI in a way that generates strong rather than weak interaction between corporate representatives and CCI partners who are also seen as targeted guanxi players by conceptual framework of the research. Having compared the empirical patterns identified in this part of the analysis with the ones predicted by theoretical proposition, it is noticed that (1) the original theoretical proposition fails to specify company type; (2) the original theoretical proposition fails to address the situation in which a guanxi base has already existed between corporate representatives and CCI partners prior to the CCI projects. Accordingly, empirical patterns cannot coincide with the theoretically predicted patterns. Therefore it is thought that the original Proposition 2 is supported but should be refined in the light of the findings as:

*When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the foreign “COMPANY” will initiate CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.*

Third-party-initiated CCI projects:

Five findings have been identified in this part of data analysis:
1. Weak interaction between corporate representatives and CCI project initiators has taken place more often than strong interaction in third-party-initiated CCI projects.
2. Weak interaction is evidently pervasive between state-owned company and private company representatives and CCI project initiators.
3. Familiarity between corporate representatives and CCI partners has been recognised in the majority of the third-party-initiated CCI projects.
4. The majority of the strong interaction between corporate representatives and CCI project initiators corresponds to the recognition of familiarity between corporate representatives and CCI project initiators.
5. The majority of the weak interaction between corporate representatives and CCI project initiators also corresponds to the recognition of familiarity between corporate representatives and CCI project initiators.

Drawn from the findings, three patterns, which are thought to be relevant to testing the Proposition 2, have been concluded. First, state-owned companies and private companies have shown an evident preference towards weak interaction between corporate representatives and CCI project initiators in third-party-initiated CCI projects. Second, while strong interaction between corporate representatives and CCI project initiators in third-party-initiated CCI projects usually leads to the establishment of a guanxi base (familiarity) between corporate representatives and CCI project initiators, repeated weak interactions between the same corporate representatives and CCI project initiators in third-party-initiated CCI projects also lead to the establishment of a guanxi base (familiarity) between corporate representatives and CCI project initiators. Third, when familiarity already exists prior to a third-party-initiated CCI project, weak interaction between corporate representatives and CCI partners is likely to take place.

The Proposition 2 predicts that due to the attempt to establish a guanxi base (familiarity), companies in China are likely to undertake third-party-initiated CCI projects in a way that generates strong rather than weak interaction between corporate representatives and CCI project initiators who are also seen as targeted guanxi players by the conceptual framework of the research. Having compared the empirical patterns identified in this part of the analysis with the ones predicted by the theoretical
proposition, it is noticed that (1) the original theoretical proposition fails to specify company type; (2) the original theoretical proposition fails to address the possibility that a guanxi base may be established by the strong interaction accumulated through repeated weak interactions with same CCI project initiators; (3) the original theoretical proposition fails to address the situation in which a guanxi base has already existed between corporate representatives and CCI project initiators prior to the CCI projects. Accordingly, empirical patterns cannot coincide with the theoretically predicted patterns. Therefore it is thought that the original Proposition 2 is supported but should be refined in the light of the findings as:

When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the private “COMPANY” will repeatedly undertake CCI initiated by the same initiators in a way which generates weak rather than strong interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.

Finally, having compared the empirical patterns identified through analyses of data from both company-initiated CCI projects and third-party-initiated CCI projects with the ones predicted by the original Proposition 2, the relevant modifications to the original Proposition 2 have been suggested. According to the preceding discussion, it is believed that the Proposition 2 should be refined as:

When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the foreign “COMPANY” will initiate CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”; and the private “COMPANY” will repeatedly undertake CCI initiated by the same initiators in a way which generates weak rather than strong interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.

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7.2 Establishment of Guanxi Base: Time Span of Interaction in CCI

This section will discuss the establishment of a guanxi base through CCI from the perspective of the time span of interaction between corporate representatives and the targeted guanxi players in CCI. The extant literature suggests that an achieved guanxi base (familiarity) is usually developed through long-term interaction between guanxi players. Therefore, the conceptual model of the research proposes that, due to the attempt to develop guanxi, companies will undertake long-term CCI projects, which generate long-term interaction between corporate representatives and CCI partners/project initiators, and thus establish a guanxi base. In order to identify companies’ intention to establish a guanxi base through CCI, and thus verify the conceptual model, data analysis in this section aims to test the Proposition 3: the “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.

Section plan

The conceptual framework of the research suggests that before a guanxi can be initiated, a guanxi base must be established first. An achieved guanxi base, which is also known as familiarity between two individuals, can be reinforced by long-term social interactions. In the context of this research, the social interactions available are the interactions in CCI projects between corporate representatives and CCI partners/project initiators who are also portrayed by the conceptual model as the targeted guanxi players. Therefore, the conceptual model proposes that companies in China will pursue CCI in a way that provides long-term rather than short-term interaction between corporate representatives and their CCI partners. It is thought that the longer the interaction between corporate representatives and CCI partners in CCI projects, the more familiar they are likely to become, and thus guanxi is more likely to emerge between them. Since companies can undertake CCI in two ways, initiating CCI projects and participating in CCI projects, in order to test Proposition 3, two sets of data analysis will be conducted respectively.

In company-initiated CCI projects, (1) corporate preference towards initiation of long-term CCI projects is expected to be identified; (2) establishment of a guanxi base with
CCI partners only in long-term CCI projects is expected to be identified. The first part of data analysis concerns analysing two types of information drawn from company-initiated CCI projects. First, according to the conceptual framework, companies, driven by the attempt to establish a guanxi base, should prefer to initiate long-term rather than short-term CCI projects. In order to test this corporate preference, the time spans of all example company-initiated CCI projects are examined. Second, according to the conceptual framework, long-term interaction between corporate representatives and CCI partners in CCI can result in the establishment of a guanxi base. In order to identify the establishment of a guanxi base in company-initiated CCI projects of various time spans, the time spans of the example company-initiated CCI projects are cross-referenced with informants’ perceptions of familiarity between corporate representatives and CCI partners by the end of the CCI projects.

In third-party-initiated CCI projects, (1) corporate preference towards participation in long-term CCI projects is expected to be identified; (2) establishment of a guanxi base with CCI project initiators only in long-term CCI projects is expected to be identified. The second part of data analysis concerns analysing two types of information drawn from third-party-initiated CCI projects. First, according to the conceptual framework, a company, driven by the attempt to establish a guanxi base, should prefer to participate in long-term rather than short-term CCI projects. In order to test this corporate preference, time spans of all example third-party-initiated CCI projects are examined. Second, according to the conceptual framework, long-term interaction between corporate representatives and CCI project initiators in CCI can result in the establishment of a guanxi base. In order to identify the establishment of a guanxi base in third-party-initiated CCI projects of various time spans, the time spans of the example third-party-initiated CCI projects are cross-referenced with informants’ perceptions of familiarity between corporate representatives and CCI project initiators by the end of the CCI projects.

Finally corporate preference for CCI projects of certain time spans and the according establishment of a guanxi base (familiarity) between corporate representatives and CCI partners/project initiators will be discussed and compared with the ones predicted by the Proposition 3 at the end of the section. Conclusions about the validity of the Proposition 3 will be drawn accordingly.
Data categorisation

Data categorisation of this section only involves the data concerning the time spans of example CCI projects. Two types of data are involved in the analysis, namely: time spans of example CCI projects and informants’ perceptions of familiarity between corporate representatives and CCI partners/project initiators by the end of CCI projects. Since in the last section informants’ perceptions of familiarity between company representatives and CCI partners/project initiators by the end of the CCI projects have already been coded under four categories, (1) “familiar”, (2) “unfamiliar”, (3) “unclear”, (4) “N/A”, only time spans of the example CCI projects will be categorised in this section.

In the interviews, informants were asked to provide information on time spans of their example CCI projects. Three types of CCI projects have been collected in the interviews. First, by the time of the interviews, the example CCI projects had been completed. Thus, the collected time spans of those CCI projects are actual time spans. Most of the CCI projects in the research are completed CCI projects, and thus their time spans are actual time spans of the CCI projects. Second, by the time of the interviews, the example CCI projects had not been completed yet. Since time spans of those CCI projects had already been decided by companies, the collected time spans are expected time spans of those CCI projects. Only a few CCI projects in the research belong to this type. Third, by the time of the interviews, the example CCI projects were still on-going, and the companies did not have a clear plan in terms of when they would like to withdraw from the CCI projects. Thus only actual time spans of those CCI projects could be collected. Only a few CCI projects in the research belong to this type.

Having reviewed time spans of all CCI projects, 11 types of time spans emerged initially. They are: (1) “less than 1 year”; (2) “1 year”; (3) “2 years”; (4) “3 years”; (5) “4 years”; (6) “5 years”; (7) “6 years”; (8) “10 years”; (9) “11 years”; (10) “unclear”; (11) “N/A”. Furthermore, in order to distinguish between short-term, medium-term and long-term CCI projects, the original 10 types of time spans are grouped into five categories: (1) “less than 1 year”; (2) “1 to 5 years”; (3) “more than 5 years”; (4) “unclear”; (5) “N/A”
1. “Less than 1 year”: the CCI projects whose time spans are less than 1 year are regarded as short-term CCI projects in this research. “Less than 1 year” CCI projects in this research are found to be made up of two types of CCI projects. First, some CCI projects involved only single or limited times of corporate resource transfers, such as one-off direct money donation to disaster relief. Second, some CCI projects only took place occasionally, such as care for employees and vulnerable groups in the community. Such CCI projects do not have definitive time spans, and they happen only when needed and usually last for few days.

2. “1 to 5 years”: the CCI projects whose time spans are between 1 to 5 years are regarded as medium-term CCI projects in this research.

3. “More than 5 years”: the CCI projects whose time spans are more than 5 years are regarded as long-term CCI projects in this research.

4. “Unclear”: in some interviews, although an example CCI project was given by an informant, the time span of the example CCI project could not be recalled at the time of the interview, and thus could not be recorded. This type of data is coded under this category.

5. “N/A”: two types of data are coded under this category. First, to the best of an informant’s knowledge, the company had not yet engaged in the type of CCI projects questioned. Therefore, the time span of the relevant CCI project could not be obtained. Second, a company might have engaged in the type of CCI project questioned. However, the informant could not recall any example cases at the time of the interview. Therefore, the time span of the relevant CCI project could not be recorded.

The established principles for data categorisation are applied to the analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects in the later stage.

7.2.1 Company-initiated CCI Projects

Two types of information are involved in this part of data analysis. First, time spans of the example company-initiated CCI projects are coded under five categories. The
frequency of each category is tabulated to suggest any corporate preference towards initiation of CCI projects of certain time spans. Second, informants’ perceptions of familiarity between corporate representatives and CCI partners by the end of the example company-initiated CCI projects, which imply the establishment of guanxi base, are coded under four categories and cross-referenced with the time spans of the example company-initiated CCI projects. The results are tabulated to show the relationship between the establishment of a guanxi base and time spans of company-initiated CCI projects.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is employed for guanxi development, they may behave differently. Therefore, the analysis and discussion of information provided by different types of companies will be carried out respectively.

In the end, five findings are identified:

1. Most of the company-initiated CCI projects lasted less than 1 year. As the time span becomes longer, less company-initiated CCI projects are identified.
2. Foreign companies are most likely to initiate medium-term CCI projects and least likely to initiate short-term CCI projects.
3. State-owned and private companies are most likely to initiate short-term projects.
4. The majority of the recognised familiarities are in response to medium and long-term CCI projects.
5. The majority of the recognised unfamiliarities are in response to short term CCI projects.

### 7.2.1.1 Time Spans of CCI Projects

In the interviews, time spans of 79 company-initiated CCI projects have been discussed. The time spans are coded under five categories. The frequency of the five categories addressed by different types of companies is tabulated and shown in Table 27. As shown in Table 27, there are 33 foreign company-initiated CCI projects, 11 state-owned company-initiated CCI projects, and 35 private company-initiated CCI projects.
projects in total. It is worth mentioning that the sum of the company-initiated CCI projects here is greater than the sum of companies involved, because in some interviews, when discussing times spans of company-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

Table 27 - Time Span of Company-initiated CCI Projects

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>4</td>
<td>12.1</td>
<td>6</td>
<td>54.5</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>21</td>
<td>63.6</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>8</td>
<td>24.3</td>
<td>3</td>
<td>27.3</td>
</tr>
<tr>
<td>Unclear</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Valid CCI cases</td>
<td>33</td>
<td>100</td>
<td>34</td>
<td>100</td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100</td>
<td>35</td>
<td>100</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews by the relevant type of companies.
- Frequency (%) in the table implies the percentage that the CCI projects of each time span are of all the identified company-initiated CCI projects.

According to Table 27, in general, most of the company-initiated CCI projects last “less than 1 year”, and as the time span becomes longer, less company-initiated CCI projects are identified. Nevertheless, this trend does not apply to all types of companies. While foreign company-initiated CCI projects are most likely to be medium-term, state-owned company-initiated CCI projects and private company-initiated CCI projects are most likely to be short-term.

Foreign companies

CCI projects initiated by foreign companies are most likely to be medium-term and least likely to be short-term. There are 33 foreign company-initiated CCI projects in the research. 63.6% of them lasted between “1 to 5 years”, and 24.3% of them lasted “more than 5 years”. Only four foreign company-initiated CCI projects were found to
incur single or occasional corporate resource transfers, and thus have lasted only a very short period of time.

State-owned companies

CCI projects initiated by state-owned companies are most likely to be short-term. 11 state-owned company-initiated CCI projects have been collected in the research. Six of them were either about caring for employees and vulnerable groups or supporting disaster relief, and thus have lasted only a short period of time. Only one state-owned company-initiated CCI project was found to have lasted between “1 to 5 years” and three state-owned company-initiated CCI projects were found to have lasted “more than 5 years”. Therefore, 54.5% of all collected state-owned company-initiated CCI projects were short-term only.

Private companies

CCI projects initiated by private companies are most likely to be short-term. A high percentage of short-term company-initiated CCI projects have been identified among private companies. While 26 private company-initiated CCI projects lasted “less than 1 year”, only three private company-initiated CCI projects lasted between “1 to 5 years”, and five private company-initiated CCI projects lasted “more than 5 years”. This result suggests that 76.5% of all private company-initiated CCI projects are short-term only.

7.2.1.2 Time Span and Establishment of Guanxi Base

The conceptual framework of the research suggests that motivated by the attempt to establish a guanxi base, companies in China are likely to engage in CCI projects that generate long-term rather than short-term interaction between corporate representatives and CCI partners. In order to examine the relationship between the establishment of a guanxi base and time spans of CCI projects, informants’ perceptions of familiarity between corporate representatives and CCI partners by the end of the company-initiated CCI projects have been coded under four categories and
cross-referenced with categories which imply the time spans of company-initiated CCI projects.

The frequency of the four categories in response to different time spans of CCI projects is tabulated and shown in Table 28. Since one company failed to provide an example of company-initiated CCI project, establishment of familiarity in 78 company-initiated CCI projects have been examined as shown in Table 28. It is worth mentioning that the sum of company-initiated CCI projects here is greater than the sum of companies involved, because in some interviews, when discussing familiarity with CCI partners in company-initiated CCI projects, managers have given more than one example case, and all the example cases have been recorded.

<table>
<thead>
<tr>
<th>Time Span</th>
<th>Familiar</th>
<th>Unfamiliar</th>
<th>Unclear</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
</tr>
<tr>
<td>Less than 1 year</td>
<td>1</td>
<td>14.3</td>
<td>21</td>
<td>84</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>5</td>
<td>71.4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>1</td>
<td>14.3</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Unclear</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>25</td>
<td>16</td>
<td>1</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of familiarity has been recognised together with the relevant lengths of time spans.
- Frequency (%) in the table implies the percentage that CCI cases of each type of familiarity are of all the identified cases in which CCI partners were involved.

According to Table 28, although 78 company-initiated CCI projects have been collected in the interviews, only 49 example company-initiated CCI projects have involved CCI partners, and thus establishment of familiarity was possible. Among the 49 company-initiated CCI projects, familiarity was recognised in most of the medium and long-term company-initiated CCI projects, while unfamiliarity was recognised in most of the short-term company-initiated CCI projects.

It is found that familiarity has been recognised in 81.3% of the long-term company-initiated CCI projects and 84% of the medium-term company-initiated CCI projects. On the other hand, there are seven short-term company-initiated CCI projects in
which CCI partners were involved, and in five of them, informants suggested that corporate representatives and CCI partners were unfamiliar with each other by the end of CCI projects.

### 7.2.1.3 Discussion

Having examined the time spans of the company-initiated CCI projects, three findings have been identified.

1. Most of the company-initiated CCI projects lasted less than 1 year. As the time span becomes longer, less company-initiated CCI projects are identified.
2. Foreign companies are most likely to initiate medium-term CCI projects and least likely to initiate short-term CCI projects.
3. State-owned and private companies are most likely to initiate short-term projects.

First, most of the company-initiated CCI projects in this section are short-term, and as the time span increases, the number of CCI projects decreases progressively. It is thought that this trend is observed due to two reasons. First, a large portion of CCI projects in the research were initiated by Chinese companies (Chinese state-owned and private companies). The extant literature suggests that Chinese companies are at their beginning stage of CCI engagement. It is thought that they lack relevant experiences and knowledge to manage long-term CCI projects. Therefore short-term company-initiated CCI projects are widely observed among Chinese companies. Second, as discussed in the preceding sections, a large number of private company-imitated CCI projects are found to have not involved any CCI partners. The conceptual framework of the research asserts that initiation of long-term CCI projects is driven by companies’ attempt to establish a guanxi base with targeted guanxi players. It is, therefore, thought that when CCI partners, who are regarded as targeted guanxi players in CCI, are absent, private companies are less motivated to initiate long-term CCI projects.

Second, foreign companies in the research have shown strong preference towards initiation of medium-term CCI projects. A large number of foreign company-initiated
CCI projects in the research are found to last between 1 to 5 years. It is found that as much as foreign companies want to keep their CCI projects long, it is not always the longer, the better. Due to the consideration of innovation in CCI, many foreign companies prefer to keep their CCI projects medium-term rather than long-term. As a result, some informants believed that, “1 to 5 years” could be the ideal time span for their company-initiated CCI projects.

*Foreign company a8: “...this project has been going on for three years. Although we attach great importance to the sustainability of our CCI projects, at the same time we also stress the innovation of a CCI project. A CCI project cannot go on forever. Taking this project for instance, it can go on for five, or even 10 years. But, the problem is, if it lasts too long, although it may still have some social influence after many years, looking from the perspective of public relations; its effects may diminish as the years go on. Therefore, the CCI project needs to be innovated in the similar area. In general, I think three to five years is the ideal time span for a CCI project...”*

Third, CCI projects initiated by both state-owned and private companies are most likely to be short-term. It is thought that this can be due to three reasons. First, state-owned and private companies are likely to lack the experiences and knowledge needed to sustain medium and long-term company-initiated CCI projects. Second, private companies may lack the resources needed to sustain medium and long-term company-initiated CCI projects. All the foreign companies and the majority of the state-owned companies in the research are large size companies, while the majority of the private companies are only small and medium size companies. From foreign to state-owned and to private companies, as company size becomes smaller, short-term company-initiated CCI projects are more likely to be observed. It is thought that the smaller a company’s size is, the less likely that the company would have the relevant resources such as personnel and finance to sustain a medium or long term CCI project, and thus it is more likely for the company to initiate a short-term CCI project. Third, private companies may lack the motivation needed to initiate medium and long-term CCI projects. As discussed in the preceding section, a large number of private company-initiated CCI projects have not involved CCI any partners. The conceptual framework of the research asserts that initiation of long-term CCI projects is driven
by companies’ attempt to establish guanxi base with targeted guanxi players. It is, therefore, thought that when CCI partners, who are regarded as targeted guanxi players in CCI, are absent, private companies are less motivated to initiate medium and long-term CCI projects.

In addition to the examination of time spans of company-initiated CCI projects, the time spans were further cross-referenced with familiarity between corporate representatives and CCI partners by the end of company-initiated CCI projects. Two findings have been identified as a result.

1. The majority of the recognised familiarities are in response to medium and long-term CCI projects.
2. The majority of the recognised unfamiliarities are in response to short term CCI projects.

First, the extant literature suggests that a guanxi base (familiarity) can be developed by long-term interactions. Having found that the majority of the recognised familiarities are in response to medium or long-term interactions between corporate representatives and CCI partners, this echoes the causal relationship between long-term interaction and the establishment of familiarity addressed by the extant literature. Therefore, it is thought that the establishment of guanxi base (familiarity) can be understood as the result of the medium and long-term interaction in the CCI projects.

Second, the first finding in this part of the analysis has suggested a causal relationship between medium and long-term interaction between corporate representatives and CCI partners and the establishment of guanxi base (familiarity). Having found that all the recognised unfamiliarities are in response to short-term interaction between corporate representatives and CCI partners has strengthened this causal relationship by making theoretical replications across cases.
7.2.2 Third-party-initiated CCI Projects

Two types of information are involved in this part of the data analysis. First, time spans of the third-party-initiated CCI projects are coded under five categories. The frequency of each category is tabulated to suggest any corporate preferences towards participation in CCI projects of certain time spans. Second, informants’ perceptions of familiarity between corporate representatives and CCI partners by the end of third-party-initiated CCI projects which imply the establishment of a guanxi base are coded under four categories, and cross-referenced with the time spans of the third-party-initiated CCI projects. The results are tabulated to suggest any relationship between the establishment of guanxi base and time spans of third-party-initiated CCI projects.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI engagement is motivated by the attempt of guanxi development, they may behave differently in CCI projects. Therefore, the analysis and discussion of information provided by different types of companies will be conducted respectively.

In the end, five findings are identified:

1. Most of the third-party-initiated CCI projects lasted less than 1 year, and as the time span becomes longer, less third-party-initiated CCI projects are identified. This trend applies to all three types of companies.
2. Corporate preference towards short-term third-party-initiated CCI projects is particularly strong among state-owned and private companies.
3. In the majority of the medium and long-term CCI projects, familiarity between corporate representatives and CCI project initiators has been recognised.
4. In the majority of the short-term CCI projects, familiarity between corporate representatives and CCI project initiators has been recognised.
5. The recognised familiarity in the short-term CCI projects either has already existed prior to the short-term third-party-initiated CCI projects or is generated through collective long-term partnerships with same CCI project initiators in which the individual short-term CCI projects are only a small part.
7.2.2.1 Time Spans of CCI Projects

In the interviews, time spans of 69 third-party-initiated CCI projects have been discussed. The time spans have been coded under five categories. The frequency of the five categories addressed by different types of companies is tabulated and shown in Table 29. As shown in Table 29, there are 31 third-party-initiated CCI projects from foreign companies, 10 third-party-initiated CCI projects from state-owned companies, and 28 third-party-initiated CCI projects from private companies. It is worth mentioning that the sum of third-party-initiated CCI projects here is greater than the sum of companies involved, because in some interviews, when discussing time spans of third-party-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

<table>
<thead>
<tr>
<th>Time Span</th>
<th>Foreign (n)</th>
<th>Foreign (%)</th>
<th>State owned (n)</th>
<th>State owned (%)</th>
<th>Private (n)</th>
<th>Private (%)</th>
<th>Total (n)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>14 (53.8%)</td>
<td>8 (80%)</td>
<td>22 (78.6%)</td>
<td></td>
<td>44 (68.8%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>6 (23.1%)</td>
<td>1 (10%)</td>
<td>3 (10.7%)</td>
<td></td>
<td>10 (15.6%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More than 5 years</td>
<td>4 (15.4%)</td>
<td>1 (10%)</td>
<td>2 (7.1%)</td>
<td></td>
<td>7 (10.9%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unclear</td>
<td>2 (7.7%)</td>
<td>1 (10%)</td>
<td>1 (3.6%)</td>
<td></td>
<td>3 (4.7%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid CCI cases</td>
<td>26</td>
<td>10</td>
<td>28</td>
<td></td>
<td>64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>10</td>
<td>28</td>
<td></td>
<td>69</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews by the relevant type of companies.
- Frequency (%) in the table implies the percentage that the CCI projects of each time span are of all valid third-party-initiated CCI projects.

According to Table 29, in general, most of the third-party-initiated CCI projects lasted “less than 1 year”, and as the time span becomes longer, less company-initiated CCI projects are identified. This trend applies to all three types of companies.

Foreign companies
About half of the third-party-initiated CCI projects participated in by foreign companies were only short-term. There are 31 foreign companies involved in the research. Among them, five foreign company informants suggested that either they have not participated in any third-party-initiated CCI projects or could not recall any example cases at the time of interviews. In the end, 26 valid third-party-initiated CCI projects were collected from 25 foreign companies. Among them, 53.8% of the third-party-initiated CCI projects were found to have lasted “less than 1 year”; 23.1% of the third-party-initiated CCI projects were found to have lasted between “1 to 5 years”; and 15.4% of the third-party-initiated CCI projects were found to have lasted for “more than 5 years”. Therefore, 53.8% of the third-party-initiated CCI projects participated in by foreign companies were short-term, which, it is thought that, can suggest a tendency of participation in short-term third-party-initiated CCI projects.

State-owned companies

The third-party-initiated CCI projects participated in by state-owned companies are most likely to be short-term. 10 third-party-initiated CCI projects have been collected from state-owned companies. Eight of them were found to have lasted only a short period of time. Only one third-party-initiated CCI project was found to have lasted between “1 to 5 years” and one third-party-initiated CCI project was found to have lasted “more than 5 years”. Therefore, 80% of the third-party-initiated CCI projects participated in by state-owned companies were short-term only.

Private companies

The third-party-initiated CCI projects participated in by private companies are most likely to be short-term. 28 third-party-initiated CCI projects have been collected from private companies. While 22 of them were found to have lasted “less than 1 year”, only three third-party-initiated CCI projects were found to have lasted between “1 to 5 years”, and two third-party-initiated CCI projects were found to have lasted “more than 5 years”. This result suggests that 78.6% of the third-party-initiated CCI projects participated in by private companies were short-term only.
7.2.2.2 Time Span and Establishment of Guanxi Base

The conceptual framework of the research suggests that motivated by the attempt to establish a guanxi base, companies in China are likely to participate in CCI projects that provide long-term rather than short-term interactions between corporate representatives and CCI project initiators. In order to examine the relationship between the establishment of a guanxi base and time spans of third-party-initiated CCI projects, informants’ perceptions of familiarity between corporate representatives and CCI project initiators by the end of the third-party-initiated CCI projects have been coded under four categories and cross-referenced with categories which imply the time spans of third-party-initiated CCI projects.

The frequency of the four categories in response to different time spans is tabulated and shown in Table 30. As shown in Table 30, establishment of familiarity in 69 third-party-initiated CCI projects have been examined. It is worth mentioning that the sum of third-party-initiated CCI projects here is greater than the sum of companies involved, because in some interviews, when discussing familiarity with CCI project initiators in third-party-initiated CCI projects, informants have given more than one example case, and all the example cases have been recorded.

<table>
<thead>
<tr>
<th>Time Span</th>
<th>Frequency (n)</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td>37</td>
<td>84.1</td>
</tr>
<tr>
<td>1 to 5 years</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>6</td>
<td>85.7</td>
</tr>
<tr>
<td>N/A</td>
<td>2</td>
<td>66.7</td>
</tr>
<tr>
<td>Total</td>
<td>53</td>
<td>82.8</td>
</tr>
</tbody>
</table>

Table 30 - Time Span & Familiarity in Third-party-initiated CCI Projects

- Frequency (n) in the table implies the number of times that each type of familiarity has been recognised together with the relevant time spans.
- Frequency (%) in the table implies the percentage that CCI cases of each type of familiarity are of all the third-party-initiated CCI projects.
Five informants suggested that either they have not participated in any third-party-initiated CCI projects or could not recall any example cases at the time of interviews. Accordingly, although 69 third-party-initiated CCI projects have been collected in the interviews, only 64 of them are valid for discussion. As shown in Table 30, among the 64 third-party-initiated CCI projects, familiarity between corporate representatives and CCI project initiators was recognised in most of the third-party-initiated CCI projects.

*Table 30* suggests that all three types of time spans, short-term, medium-term and long-term, have led to the recognition of familiarity. It, therefore, appears that the establishment of a guanxi base (familiarity) have little to do with time spans of third-party-initiated CCI projects.

### 7.2.2.3 Discussion

Having examined the time spans of the third-party-initiated CCI projects, two findings have been identified.

1. Most of the third-party-initiated CCI projects lasted less than 1 year, and as the time span becomes longer, less third-party-initiated CCI projects are identified. This trend applies to all three types of companies.
2. Corporate preference towards short-term third-party-initiated CCI projects is particularly strong among state-owned and private companies.

Most of the third-party-initiated CCI projects in this research were found to be short-term, and as the time span increases, the number of CCI projects decrease progressively. Although this trend applies to all three types of companies, the preference towards short-term third-party-initiated CCI projects is particularly strong among state-owned and private companies. While 53.8% of the CCI projects participated in by foreign companies are short-term, about 80% of the CCI projects participated by state-owned and private companies are short-term.
In addition to the examination of time spans of third-party-initiated CCI projects, the time spans were further cross-referenced with familiarity between corporate representatives and CCI project initiators by the end of the third-party-initiated CCI projects. Three findings have been identified as a result.

1. In the majority of the medium and long-term CCI projects, familiarity between corporate representatives and CCI project initiators has been recognised.
2. In the majority of the short-term CCI projects, familiarity between corporate representatives and CCI project initiators has been recognised.
3. The recognised familiarity in the short-term CCI projects either has already existed prior to the short-term third-party-initiated CCI projects or is generated through collective long-term partnerships with same CCI project initiators in which the individual short-term CCI projects are only a small part.

First, the extant literature has suggested that a guanxi base (familiarity) can be developed and reinforced by long-term interactions. Having found that majority of the medium or long-term interactions between corporate representatives and CCI project initiators correspond to the recognition of familiarity echoes the causal relationship between long-term interaction and the establishment of a guanxi base (familiarity) addressed by the extant literature. Therefore, the establishment of a guanxi base (familiarity) can be understood as a result of the medium and long-term interactions in third-party-initiated CCI projects.

Second, the extant literature suggests that a guanxi base (familiarity) can be developed by long-term interactions. Although this result appears to be contrary to the extant literature, informants’ further elaborations on the familiarity suggested otherwise. Two types of explanations have been identified in the interview transcripts to support the argument that identified familiarity is irrelevant to the short-term interactions in the third-party-initiated CCI projects: (1) the identified familiarity has already existed prior to the third-party-initiated CCI projects; (2) the identified familiarity is in response to the collective long-term partnerships with same CCI project initiator.
1. Already established familiarity:

Some familiarity has already existed prior to the third-party-initiated CCI projects. This situation is most often mentioned by foreign and state-owned companies. They believed that the short-term interactions in their third-party-initiated CCI projects would not diminish the already established familiarity with CCI project initiators.

Foreign company b6: “... we participated in the ‘open day’ organised by AICM last year. On the ‘open day’, we opened our factories for the local residents to visit, showed them how our chemical products were made and attempted to increase visitors’ awareness of environment protection...the event lasted only one day and we didn’t have to interact much with people from AICM...of course we are very familiar with AICM officers, because we have been their member for a long time...”

2. Collective long-term partnerships with same CCI project initiator:

Some familiarity may only partially be attributed to the short-term interactions in the third party-initiated CCI projects. This situation is most often mentioned by private companies. According to them, although an individual CCI project may have involved only single or a few corporate resource transfers, and thus last a short period of time, they had repeatedly participated in such individual CCI projects initiated by the same initiator. As a result, the overall time of interaction was accumulated over the repeated partnerships with the same CCI project initiator, and the familiarity was developed and reinforced.

Private company f8: “…we have participated in a lot of small publicity and promotional events organised by the local government, such as Consumer Rights Awareness Day, Environment Protection Awareness Day. In those events we only needed to provide an exhibition board on the day or make some small financial supports...by continuously supporting the local government, I believe we have shown the government officials our good will to develop a good relationship, and of course, I think our participation in those events have made us more and more familiar with each other...”
7.2.3 Conclusion

Data analysis conducted in this section attempts to test the Proposition 3: the “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions. The Proposition 3 predicts that due to the attempt to develop a guanxi base (familiarity), companies in China are likely to undertake CCI in a way that generates long-term interactions with their CCI partners/project initiators who are regarded as the targeted guanxi players by the conceptual framework of the research. In order to test this proposition, time spans and familiarities between corporate representatives and CCI partners/project initiators drawn from two types of CCI projects, company-initiated CCI project and third-party-initiated CCI project, have been analysed.

Company-initiated CCI project:

Five findings have been identified in this part of data analysis:

1. Most of the company-initiated CCI projects lasted less than 1 year. As the time span becomes longer, less company-initiated CCI projects are identified.
2. Foreign companies are most likely to initiate medium-term CCI projects and least likely to initiate short-term CCI projects.
3. State-owned and private companies are most likely to initiate short-term projects.
4. The majority of the recognised familiarities are in response to medium and long-term CCI projects.
5. The majority of the recognised unfamiliarities are in response to short term CCI projects.

Drawn from the findings, three patterns, which are thought to be relevant to the testing of the Proposition 3, have been concluded. First, when CCI partners are involved, foreign companies prefer to initiate medium-term CCI projects. Second, when CCI partners are involved, state-owned and private companies prefer to initiate short-term CCI projects. Third, although in the interviews informants failed to provide any narratives that could suggest an explicit direct connection between time spans and the establishment of a guanxi base, cross-referencing between time spans and
familiarity between corporate representatives and CCI partners has identified a relationship that echoes the extant literature. Medium and long-term interactions in company-initiated CCI projects usually led to the establishment of a guanxi base (familiarity) between corporate representatives and CCI partners, while short-term interactions in company-initiated CCI projects usually led to the recognition of unfamiliarity between company representatives and CCI partners.

The theoretical proportion predicts that due to the attempt to develop a guanxi base (familiarity), companies in China are likely to initiate CCI in a way that can generate long-term rather than short-term interactions between corporate representatives and CCI partners who are also seen as targeted guanxi players by the conceptual framework of the research. Having compared the empirical patterns identified in this part of the analysis with the ones predicted by Proposition 3, it is noticed that (1) the original theoretical proposition fails to specify company type; (2) the original theoretical proposition fails to address the effectiveness of medium-term interaction in guanxi base development. Accordingly, empirical patterns cannot coincide with the theoretically predicted patterns. Therefore, it is thought that the original Proposition 3 is partially supported and should be refined in the light of the findings as:

When guanxi base is absent between the "REPRESENTATIVE" and the targeted guanxi "PLAYER", the foreign "COMPANY" will initiate CCI in a way which generates medium or long-term rather than short-term interactions between the "REPRESENTATIVE" and the targeted guanxi "PLAYER".

Third-party-initiated CCI project:

Five findings have been identified in this part of data analysis:

1. Most of the third-party-initiated CCI projects lasted less than 1 year, and as the time span becomes longer, less third-party-initiated CCI projects are identified. This trend applies to all three types of companies.
2. Corporate preference towards short-term third-party-initiated CCI projects is particularly strong among state-owned and private companies.
3. In the majority of the medium and long-term CCI projects, familiarity between corporate representatives and CCI project initiators has been recognised.
4. In the majority of the short-term CCI projects, familiarity between corporate
representatives and CCI project initiators has been recognised.

5. The recognised familiarity in the short-term CCI projects either has already existed prior to the short-term third-party-initiated CCI projects or is generated through collective long-term partnerships with same CCI project initiators in which the individual short-term CCI projects are only a small part.

Drawn from the findings, three patterns, which are thought to be relevant to testing the *Proposition 3*, have been concluded. First, all three types of companies in the research tend to participate in short-term third-party-initiated CCI projects. Second, although in the interviews informants failed to provide enough narratives that could suggest an explicit direct connection between time spans and the establishment of a guanxi base, cross-referencing between time spans and familiarity has identified a relationship that echoes the extant literature. While medium and long-term interactions in third-party-initiated CCI projects usually led to the establishment of a guanxi base (familiarity) between corporate representatives and CCI project initiators, repeated short-term interactions with same CCI project initiators in a series of third-party-initiated CCI projects usually led to the establishment of a guanxi base (familiarity) between corporate representatives and CCI project initiators as well. Third, when familiarity already exists between corporate representatives and CCI project initiators, companies are likely to participate in short-term third-party-initiated CCI projects.

The theoretical proportion predicts that due to the attempt to develop a guanxi base (familiarity), companies in China are likely to undertake third-party-initiated CCI projects in a way that generates long-term rather than short-term interactions between corporate representatives and CCI project initiators who are also seen as targeted guanxi players by the conceptual framework of the research. Having compared the empirical patterns identified in this part of the analysis with the ones predicted by the theoretical proposition, it is noticed that (1) the original theoretical proposition fails to specify company type; (2) the original theoretical proposition fails to address the possibility that a guanxi base may be established by long-term interactions accumulated from repeated short-term interactions with same CCI project initiators; (3) the original theoretical proposition fails to address the situation in which a guanxi base has already existed between corporate representatives and CCI project initiators.
prior to the CCI projects. Accordingly, empirical patterns cannot coincide with the theoretically predicted patterns. Therefore, it is thought that the original Proposition 3 is partially supported and should be refined in the light of the findings as:

*When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the private “COMPANY” will repeatedly undertake CCI initiated by the same initiators in a way which generates short-term rather than medium or long-term interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.*

Finally, having compared the empirical patterns identified through analyses of the data from both company-initiated CCI projects and third-party-initiated CCI projects with the ones predicted by the original proposition, the relevant modifications to the original proposition have been suggested. According to the preceding discussion, it is thought that the Proposition 3 should be refined as follows:

*When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the foreign “COMPANY” will initiate CCI in a way which generates medium or long-term rather than short-term interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”; and the private “COMPANY” will repeatedly undertake CCI initiated by the same initiators in a way which generates short-term rather than medium or long-term interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.*

**Chapter Summary**

This chapter tested the Proposition 2 and Proposition 3, which address the establishment of a guanxi base between corporate representatives and targeted guanxi players in CCI. Data concerning the intensiveness and time span of the interaction between corporate representatives and CCI partners/project initiators, and their correlation to the establishment of a guanxi base through CCI have been analysed in this chapter. The findings in this chapter have partially supported the initial theoretical
propositions. Modifications are suggested accordingly to the relevant initial theoretical propositions.
Chapter 8.0 Completion of Favour Exchange

Introduction

This chapter aims to investigate the receipt and reciprocation of favours between targeted guanxi players and corporate representatives through CCI. Essentially, guanxi development involves three elements: presence of guanxi players, establishment of a guanxi base, receipt and reciprocation of favours. Having discussed the likelihood of the presence of guanxi players and the establishment of a guanxi base through CCI, in this chapter, receipt and reciprocation of favours through CCI will be discussed respectively based on empirical data.

In the first section of this chapter, the receipt of favours by targeted guanxi players in the example CCI projects will be examined and discussed. The conceptual framework suggests that guanxi favours are personal and utilitarian. Therefore, the data analysis and discussion will revolve around the receipt of personal benefits by targeted guanxi players and the appreciation of the personal benefits by targeted guanxi players in CCI. The ultimate aim of this section is to test the Proposition 4:

The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.

In the second section of this chapter, the reciprocation of favours by targeted guanxi players in the example CCI projects will be examined and discussed. The conceptual framework suggests that guanxi is reciprocal, and thus targeted guanxi players, who have obtained and appreciated the personal benefits in CCI, will reciprocate the favours in companies’ times of need. Therefore, the data analysis and discussion will revolve around the favours that have been reciprocated or are likely to be reciprocated by targeted guanxi players in CCI. The ultimate aim of this section is to test the Proposition 5:

The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.
Findings of the analysis will be collectively provided and discussed at the end of every section. Support or modifications to the original theoretical propositions will also be suggested at the end of every section, based on the empirical findings.

8.1 CCI contribution as Valid Guanxi Favour

In this section receipt of favours through CCI will be discussed. Guanxi is a relationship that operates on a personal level, and which requires the favour recipients in guanxi to benefit on a personal level. Guanxi is also a utilitarian relationship, which requires the personal benefits to be appreciated by recipients in order to qualify as valid guanxi favours. Therefore, the conceptual model proposes that in order to develop guanxi, companies undertake CCI, which benefits their CCI partners/project initiators on a personal level, and thus is appreciated by CCI partners/project initiators. In order to identify companies’ intention to benefit CCI partners/project initiators and appreciation to such benefits by CCI partners/project initiators, and thus test the conceptual model, data analysis in this section aims to test the Proposition 4: the “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and thus be appreciated.

Section plan

The conceptual framework of the research suggests that, on the foundation of the guanxi base, guanxi is then triggered by the exchange of favours that can benefit and be appreciated by the favour recipients. In the context of this research, corporate CCI partners/project initiators are portrayed by the conceptual model as the targeted guanxi players whom companies attempt to initiate guanxi with. Therefore, it is thought that corporate CCI partners/project initiators are the initial favour recipients. Accordingly, the conceptual model proposes that in order to trigger guanxi, companies in China will pursue CCI in a way that benefits their CCI partners/project initiators on a personal level, and thus be appreciated. It is believed that only when the personal benefits are appreciated by CCI partners/project initiators can guanxi between corporate representatives and CCI partners/project initiators then be triggered.

Since companies can undertake CCI in two ways, initiating CCI projects and
participating in CCI projects, in order to test this proposition, two sets of data analyses will be conducted respectively.

In company-initiated CCI projects, personal benefits obtained by CCI partners and the according appreciation by them are expected to be identified. The first part of the data analysis concerns analysing two types of information drawn from the company-initiated CCI projects. First, in order to identify personal benefits obtained by CCI partners, informants’ perceptions of benefits that their CCI partners may have gained as a result of being involved in the company-initiated CCI projects are examined. Second, in order to find out whether or not the identified benefits have been appreciated, informants’ perceptions of appreciation by their CCI partners to the mentioned benefits are examined.

In third-party-initiated CCI projects, personal benefits obtained by CCI project initiators and the according appreciation by them are expected to be identified. The second part of the data analysis concerns analysing two types of information drawn from third-party-initiated CCI projects. First, in order to identify personal benefits obtained by CCI project initiators, informants’ perceptions of benefits that the CCI project initiators may have gained as a result of companies’ participation in the third-party-initiated CCI projects are examined. Second, in order to find out whether or not the identified benefits have been appreciated, informants’ perceptions of appreciation by the CCI project initiators to the mentioned benefits are examined.

Finally, the benefits obtained by CCI partners/project initiators and the corresponding appreciations will be discussed and compared with the ones predicted by the proposition at the end of the section. Conclusion about the validity of the proposition will be drawn accordingly.

Data categorisation

Having reviewed all the benefits that informants thought their CCI partners/project initiators might have gained, 14 themes emerged initially. All of them are shown in Table 31. Due to the fact that some of the themes represent a similar type of benefits, the 14 themes were, therefore, further grouped into six categories. All six categories are also shown in Table 31. The six categories represent four types of benefits that CCI partners/project initiators may have gained and two types of alternative answers.
It is thought that among the four types of benefits, the two types of personal benefits, “personal career prospects enhancement” and “personal qualities improvement”, are most likely to be the favours that may have triggered the guanxi between corporate representatives and CCI partners/project initiators. Further discussion of the six categories, and their relevance to guanxi development are as follows:

**Table 31 - Development of Themes**

<table>
<thead>
<tr>
<th>6 group themes</th>
<th>14 original themes</th>
</tr>
</thead>
</table>
| 1. Personal career prospects enhancement | 1. Being able to fulfil their tasks  
2. Being able to do what they always want to do with companies’ support of corporate resources  
3. Recognition and acknowledgement from their superiors  
4. Settlement of the problems that they eager to solve  
5. Political achievements |
| 2. Personal qualities improvement | 1. Improvement of management skills  
2. Improvement of professional knowledge and skills on the issues addressed by the example CCI projects  
3. Acquirement of innovative thinking |
| 3. Organisational benefits | 1. Charge of commission fees  
2. Improvement of CCI partners’/project initiators’ influence and reputation in the communities  
3. Acquirement of competitive advantages in their fields |
| 4. No benefits | 1. CCI partners/ project initiators have gained no benefits at all |
| 5. Unclear | 1. Unclear about benefits that CCI partners/ project initiators may have gained |
| 6. N/A | 1. No involvement of either CCI partners or CCI project initiators |

1. Personal career prospects enhancement: some informants believe that their CCI partners/project initiators’ personal career prospects may have been enhanced, because partnering with companies in CCI projects (1) helped fulfil their tasks; (2) allowed them to do what they always wanted to do; (3) helped obtain recognition and acknowledgement from their superiors; (4) helped solve the problems that they were eager to solve; (5) helped establish political achievements. It has been found in some previous studies that personal career prospects enhancement was used as valid favour to develop guanxi in China (Yeung and Tung, 1996).
Therefore, it is thought that this type of benefit is most likely to trigger guanxi between corporate representatives and CCI partners/project initiators.

a. Being able to fulfil tasks: in some cases, to plan and implement CCI projects to address certain social issues were tasks given to CCI partners/project initiators. Only with the help of companies, could those CCI partners/project initiators successfully fulfil their tasks. Therefore companies see their help to fulfil such personal tasks as a type of personal benefit to CCI partners’/project initiators’ personal career prospects.

Private company f2: “...Organising the CCI project was usually an assignment for a government official given by his superiors. So, our support helps him complete this assignment. Every bit of help we give takes a bit of pressure off him to finish the project. Take the ‘Green Yangzi River’ project for instance, the project was asked to raise a fund of a few million RMB. We agreed to make a contribution of 200 thousand, which, I think, has taken a lot of pressure off the official who was responsible for the project...”

b. Being able to do what they always wanted to do with companies’ support of corporate resources: some informants believed that their CCI partners/project initiators always had plans to tackle certain social issues in the community. Nevertheless, due to the lack of necessary resources, their plans could not be implemented. Companies’ support of corporate resources in the name of CCI allowed them to materialise their plans, and thus were perceived as a type of personal benefit to the CCI partners’/project initiators’ personal careers.

Foreign company d6: “...they (Chinese Medical Association) got to do what they always wanted to do, yet didn’t have the finance to do it before. Compared to other companies’, our CCI initiatives started very early in China. When we met officers of Chinese Medical Association the first time, they had a few health and medical related projects that they wanted to do in the country. Unlike today, there
weren’t so many companies doing CCI in China at that time. So it was really difficult for them to obtain the funding needed to implement those projects. Thus we can say that it was us who gave the Chinese Medical Association the financial support when they were most in need, and helped them to move upwards and forwards till today…”

c. Recognition and acknowledgement from superiors: some informants believed that having successfully tackled social issues through companies’ CCI projects had led to the superiors’ recognition and acknowledgement to CCI partners/project initiators. Since superiors’ recognition and acknowledgement are thought to be important for CCI partners’/project initiators’ career prospects, it is seen as a type of personal benefit.

    Private company g4: “…while they were well doing their job, they have also left a very good impression on their superiors, which is very important for their career prospects…”

d. Settlement of problems that CCI partners/project initiators are eager to solve: some informants believed that it was their CCI partners’/project initiators’ job to solve certain social issues in the community. As much as they were eager to tackle the social issues, they, however, could not find any effective solutions on their own. Companies’ helping to settle those social issues were seen as a great support to their CCI partners’/project initiators’ jobs, and thus it was regarded as a type of personal benefit to CCI partners’/project initiators’ personal career prospects.

    Foreign company a6: “…the employment of the disabled has long been the concern of local government and the society. Improving the employment of the disabled is within the range of their responsibilities. Having helped them tackle this issue is in fact to help them build their political achievements, which is very important to them…”

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e. Political achievement: some informants believed that their CCI partners’/project initiators’ achievements in CCI could also become their political achievements, which were critical to their political career prospects. Therefore it is seen as another type of personal benefit to CCI partners’/project initiators’ personal career prospects.

Foreign company c6: “...after the Three Gorges Dam was built, pollution in Changjiang River area has become a very sensitive topic. If they (local government officials) want to build a national level industrial park along Changjiang River, they must answer to the central government in regard to the environment issues along Changjiang River. Our involvement and support to tackle those issues had, in a sense, helped them established their political achievements, which have great importance attached by them...”

2. Personal quality improvement: some informants believed that by working with them in the example CCI projects their CCI partners/project initiators had learnt from them, and thus improved their personal qualities in terms of (1) management skills, (2) professional knowledge and skills on the issues addressed by the CCI projects, (3) innovative thinking. Although no previous studies have mentioned personal quality improvement as a valid favour for exchange in guanxi development, it is thought that when appreciated, this type of personal favour can also trigger guanxi between corporate representatives and CCI partners/project initiators.

a. Improvement of management skills: some informants believed that by working with corporate representatives in the example CCI projects their CCI partners/project initiators had learnt from companies’ experiences, knowledge and skills in terms of how to manage projects as well as an organisation. Since such knowledge is essential to their performance at work in the long run, improvement of management skills is seen as a type of personal benefit obtained by CCI partners/project initiators.
Foreign company a9: “...we have transferred a lot of useful management knowledge to our CCI partners. Taking the Shanghai Charity Foundation for instance, we have partnered in CCI projects for over 10 years. Although in the past 10 years they have only obtained financial support of about 20 million RMB from us, they have always expressed a strong will to work with us. They said that they have learned a lot of management knowledge from us, such as records management, financial management etc....”

b. Improvement of professional knowledge and skills on the issues addressed by the example CCI projects: some informants believed that by working with corporate representatives in some particular CCI projects, their CCI partners/project initiators had acquired professional knowledge and skills in the area addressed by the CCI projects. Since such knowledge and skills are essential to their performance at work in the future, improvement of such professional knowledge and skills is also seen as a type of personal benefit obtained by CCI partners/project initiators.

Foreign company a6: “…since working with us in this mental health project, the practitioners from our partner NGO have improved their professional knowledge on those issues significantly...”

c. Acquisition of innovative thinking: some informants believed that having worked with them had taught their CCI partners/project initiators innovative thinking. CCI is thought to be in its beginning stage in China. Therefore, compared to those from developed countries, CCI practitioners in China are lacking in experience and knowledge on CCI. Some informants believed that their rich experiences and knowledge of CCI gained through CCI engagement in the developed countries had brought innovation to their Chinese CCI partners/project initiators. Since innovative thinking is thought to be essential to their performance at work in the future, the acquiring of innovative thinking is seen as another important type of personal benefit obtained by CCI
partners/project initiators.

*Foreign company d2:* “... the inspiration and innovation we bring to their work. For example, we have worked with the China Children and the Teenagers’ Fund in a CCI project called Sunshine Plan to improve the education condition for mobile children, especially for children of migrant workers in the cities. In the project, we mentioned to them that nourishment related CCI projects were very popular at the time and asked them if they were interested in doing something in that area. We also shared with them our experiences of success in doing nourishment related CCI projects in other countries. They were inspired greatly. Later, they initiated a project called the China Nourishment Campaign which appeals to the society to donate for Children’s nourishment improvement. As I know, the project is very successful...”

3. Organisational benefits: some informants believed that by partnering with companies in CCI projects, the CCI partner/project initiator organisations had benefited in terms of (1) commission fees, (2) improvement of the organisations’ influence and reputation in the community, (3) acquirement of competitive advantages in their fields. Guanxi, in its nature, is a personal relationship. Therefore, it is thought that such organisational benefits are unlikely to trigger guanxi between corporate representatives and CCI partners/project initiators.

a. Commission fees: having been chosen by companies to help implement company-initiated CCI projects, CCI partner organisations, NGO and GONGO in particular, are allowed to charge the companies commission fees. Since such commission fees are usually substantial and seen as one of the major incomes by those organisations, being able to charge the commission fees is seen as a type of organisational benefit obtained by CCI partner/project initiator organisations.
Foreign company b6: “...they need to do projects with companies every year. We invite them to join us in the project, of course they are very pleased, especially at the 10% commission fee they can charge us...”

b. Improvement of organisational influence and reputation in the community: having partnered with some companies, the well-known international companies in particular, CCI partner/project initiator organisations could associate themselves with those big names, and thus improve their influence and reputation in the community. Therefore, some informants believed that this is another type of benefit gained by their CCI partner/project initiator organisations.

Foreign company c2: “...having worked with a large international company like us can improve their name recognition and reputation in the community...”

c. Acquisition of competitive advantages in their fields: having partnered with companies in some innovative CCI projects allowed CCI partner/project initiator organisations to develop unexpected competitive advantages over their competitors. Therefore, some informants believed that this is also a type of benefit gained by their CCI partner/project initiator organisations.

Foreign company a3: “...because our courses were not only open to the journalists, they were open to their students as well. On such a platform, their education level can be improved significantly. Compared to them, other universities which do not have such partnership with us will not be able to provide their students with similar opportunities to learn about the relations between companies, government and media and what their current needs are. These extra courses have given them a competitive advantage in the subject among universities in China...”
4. No benefits: while in most of the example CCI projects, informants could name at least one benefit that their CCI partners/project initiators or their organisations may have obtained, in a small number of cases, informants believed that their CCI partners/project initiators had not gained any benefits at all. Answers, which suggest such a fact, are coded under the category “no benefits”.

   Private company f9: “…our company didn’t contribute very much every time. So, our support for their projects was not significant. Probably they don’t even care. So I don’t think they have gained any benefits from our involvement…”

5. Unclear: in some cases, informants could neither name any benefits that CCI partners/project initiators or their organisations may have gained, nor confirm that there were no benefits gained at all. Answers, which suggest such a fact, are coded under the category “unclear”.

6. N/A: there are some cases in which no CCI partners or CCI project initiators were involved. Therefore, discussion on benefits of CCI partners/project initiators is not applicable to those cases. Such cases are coded under the category “N/A”.

In regard to the appreciation, depending on whether or not informants believed that the mentioned benefits had been appreciated by their CCI partners/project initiators, informants’ answers are coded under four categories: “yes”, “no”, “unclear” and “n/a”.

1. Yes: if informants believed that the mentioned benefits had been recognised and appreciated by their CCI partners/project initiators either on an organisational level or an individual level, their answers are then coded under the category “yes”. It is thought that the positive answers, which are associated with personal favours, can, to a great extent, suggest the initiation of guanxi between corporate representatives and CCI partners/project initiators.

   Foreign company a9: “…of course they did (appreciate) it. Take the Shanghai Charity Fund for instance. The president of the Shanghai Charity Fund who used to be the National People's Congress...”
Chairman in Shanghai, once, at a conference held by Chinese Ministry of Civil Affairs, stepped on the stage in person to share her experience of working with us and how much she appreciated it…"

2. No: if informants believed that the mentioned benefits had not been recognised and appreciated by their CCI partners/project initiators on an organisational level or an individual level, the answers are then coded under the category “no”. It is thought that the negative answers, which are associated with personal favours, can, to a great extent, suggest that no guanxi is initiated between corporate representatives and CCI partners/project initiators.

State-owned company c8: “...no, because government officials sometimes would feel that we (state-owned company) are different from private companies. They know that if they ask us to support their (CCI) projects, we would always have to say yes. Therefore there wouldn’t be much appreciation...”

3. Unclear: if the informants were not sure whether or not the mentioned benefits have been recognised and appreciated by their CCI partners/project initiators either on organisational level or individual level, the answers are then coded under the category “unclear”.

Foreign company e2: “...I’m not our CCI partner. I can’t speak for them if there was any appreciation or not...”

4. N/A: if there was no CCI partners/project initiators involved in the example CCI projects. Since discussion on benefits and appreciation are not applicable to those CCI projects, such CCI projects are coded under the category “N/A”.

The established principles for data categorisation are applied to the analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects in the later stage.
8.1.1 Company-initiated CCI Projects

Two types of information are involved in this part of data analysis. First, informants’ perceptions of benefits that their CCI partners may have gained as a result of being involved in the company-initiated CCI projects are coded under six categories. Due to the nature of guanxi as personal relationship, it is believed that only personal benefits can function as valid favour, and thus trigger guanxi between corporate representatives and CCI partners who are also portrayed as targeted guanxi players in the research model. The frequency of each category is tabulated to suggest how often personal benefits are thought to have been gained in company-initiated CCI projects by CCI partners. Second, informants’ perceptions of appreciation by their CCI partners to the mentioned benefits, which can imply the initiation of guanxi, are coded under four categories, and then cross-referenced with the mentioned benefits. The results are tabulated to suggest how often the identified benefits in company-initiated CCI projects are thought to have been appreciated by CCI partners.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is employed to develop guanxi, they may behave differently. Therefore, the analysis and discussion of information provided by different types of companies will be conducted respectively.

In the end, six findings are identified:

1. When CCI partners are involved, in most of the company-initiated CCI projects, CCI partners have gained benefits, and most of such benefits are on a personal level.
2. Two types of personal benefits are identified, personal career prospects enhancement and personal quality improvement. Personal career prospects enhancement is commonly addressed by all three types of companies.
3. Two types of personal benefits are identified, personal career prospects enhancement and personal quality improvement. Personal quality improvement is almost exclusively recognised by only foreign companies.
4. Benefits to CCI partners are unlikely to incur wherever company-initiated CCI
projects are not outstanding in terms of the form and content.
5. Most of the identified personal benefits and organisational benefits are thought to have been appreciated.
6. Appreciation is unlikely to take place wherever a benefit is easily replaceable and/or a CCI partner’s involvement in the company-initiated CCI project is mandatory.

8.1.1.1 Benefits to CCI Partners

The frequency of the six categories addressed by different types of companies is tabulated and shown in Table 32. It is worth mentioning that the sum of benefits here is greater than the sum of companies involved, because (1) in some company-initiated CCI projects more than one type of benefit has been identified by informants; (2) in some interviews, when discussing benefits that may have been gained by CCI partners in company-initiated CCI projects, informants have given more than one example case, and all the example cases are recorded.

<table>
<thead>
<tr>
<th>Table 32 - Benefits to CCI Partner in Company-initiated CCI Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign</td>
</tr>
<tr>
<td>Frequency (n)</td>
</tr>
<tr>
<td>Personal career prospects enhancement</td>
</tr>
<tr>
<td>Personal qualities improvement</td>
</tr>
<tr>
<td>Organisational benefits</td>
</tr>
<tr>
<td>No benefits</td>
</tr>
<tr>
<td>Unclear</td>
</tr>
<tr>
<td>Identified benefits</td>
</tr>
<tr>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

* Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews.
* Frequency (%) in the table implies the percentage that each type of benefit is of all the identified benefits.

In Table 32, three general patterns have been observed. First, when CCI partners are involved, most of the informants believed that their CCI partners had benefitted either on a personal level or on an organisational level. Second, personal benefits constitute...
a high proportion of identified benefits. While 71.5% of the identified benefits are personal benefits, only 17.1% of the identified benefits are organisational benefits. Third, within personal benefits, personal career prospects enhancement is more commonly identified than personal quality improvement. The observed general patterns, except the third one, can apply to all three types of companies.

Foreign companies

In most of the foreign company-initiated CCI projects, where CCI partners were involved, informants believed that their CCI partners have gained certain benefits, personal benefits in particular. While 75% of the identified benefits are found to be personal benefits, 16.7% of the identified benefits are found to be organisational benefits. Personal benefits consist of two types of personal benefits, namely, personal career prospects enhancement and personal quality improvement, and they were equally addressed by foreign companies. There are also three foreign company-initiated CCI projects in which informants were certain that their CCI partners had gained no benefits at all. It is noticed that in all 3 projects informants attributed it to their insignificant investment in the CCI projects.

*Foreign company c9: “…I think one million RMB is not a big number for the China Foundation for Poverty Alleviation. They may express a paltry gratitude. Since later on they expected us to invest more into the project and we did not do it, deep down, I don’t think they felt benefited…”*

State-owned companies

In all the state-owned company-initiated CCI projects, where CCI partners were involved, informants believed that their CCI partners have gained certain benefits, personal benefits in particular. While 83.3% of the identified benefits are found to be personal benefits, 16.7% of the identified benefits are found to be organisational benefits. Moreover, the personal benefits identified in state-owned company-initiated CCI projects are only personal career prospects enhancement.

Private companies

In most of the private company-initiated CCI projects, where CCI partners were involved, informants believed that their CCI partners have gained certain benefits,
personal benefits in particular. While 56.3% of the identified benefits are found to be personal benefits, 18.7% of the identified benefits are found to be organisational benefits. It is noticed that all the personal benefits identified by private companies, except one, are about personal career prospects enhancement. Furthermore, there are also four private company-initiated CCI projects in which informants were certain that their CCI partners had gained no benefits at all. It is noticed that all four projects were simple in-cash donations to GONGO to address disaster relief. According to the informants, similar projects were being conducted by many other companies in the community at the same time, and their contributions were insignificant compared to that made by other companies. Therefore, they did not think their CCI partners had benefited in any particular way.

Private company f1: “…I don’t think the Red Cross Society of China has benefited in any way. To be honest, we didn’t put too much money in this (project), plus there were a lot of other companies in the community giving them money at that time…”

8.1.1.2 Appreciation by CCI Partners

The conceptual framework of the research suggests that motivated by the attempt to develop guanxi, companies in China are likely to pursue CCI in a way that benefits their CCI partners, and thus be appreciated. It is believed that only when personal benefits are appreciated by CCI partners can guanxi between corporate representatives and CCI partners then be initiated. In order to examine the effectiveness of the identified personal benefits in guanxi development, informants’ perceptions of CCI partners’ appreciation of the identified benefits have been coded under four categories and cross-referenced with the identified benefits obtained by CCI partners.

The frequency of the four categories in response to different types of benefits identified in company-initiated CCI projects is tabulated and shown in Table 33. It is worth mentioning that the sum of benefits and the corresponding appreciation in company-initiated CCI projects here is greater than the sum of companies involved, because (1) in some company-initiated CCI projects more than one type of benefit
have been suggested by informants, and the appreciation to all the identified benefits has been discussed and recorded; (2) in some interviews, when discussing benefits that may have been gained by CCI partners in company-initiated CCI projects and the corresponding appreciation by CCI partners, informants have given more than one example case, and all the example cases are recorded.

Table 33 - Appreciation of Benefits to CCI Partner

<table>
<thead>
<tr>
<th></th>
<th>Personal career prospects enhancement</th>
<th>Personal qualities improvement</th>
<th>Organisational benefits</th>
<th>No benefits</th>
<th>Unclear</th>
<th>N/A</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
</tr>
<tr>
<td>Yes</td>
<td>28 90.3</td>
<td>19 100</td>
<td>11 91.7</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>58 82.9</td>
</tr>
<tr>
<td>No</td>
<td>2 6.5</td>
<td>0 0</td>
<td>0 0</td>
<td>7 100</td>
<td>0 0</td>
<td>0 0</td>
<td>9 12.9</td>
</tr>
<tr>
<td>Unclear</td>
<td>1 3.2</td>
<td>0 0</td>
<td>1 8.3</td>
<td>0 0</td>
<td>1 100</td>
<td>0 0</td>
<td>3 4.2</td>
</tr>
<tr>
<td>Identified appreciation</td>
<td>31</td>
<td>19</td>
<td>12</td>
<td>7 1</td>
<td>0 70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0 0</td>
<td>24 24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>19</td>
<td>12</td>
<td>7 1</td>
<td>24 24</td>
<td></td>
<td>94</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of appreciation has been recognised by informants.
- Frequency (%) in the table implies the percentage that each type of appreciation is of all the identified appreciations.

According to Table 33, in general, the majority of the identified personal and organisational benefits are thought to have been appreciated.

Personal career prospects enhancement

According to the informants, 90.3% of the identified personal benefits, which concern personal career prospects enhancement, are thought to have been appreciated by CCI partners. There are two cases in which personal career prospects enhancement was not appreciated by CCI partners. Informants believed that although their CCI partners’ personal career prospects might have been enhanced by being involved in the company-initiated CCI projects, due to (1) the company’s support to the CCI partner’s job is insignificant compared to that of other companies, or (2) the company’s support to the CCI partner’s job is mandatory, such personal benefits had not been appreciated by their CCI partners.

Insignificant career prospects enhancement
Foreign company b8: “...this is part of their job, so we kind of have supported their job...they have many corporate partners... after all, our figures (in-cash donation), compared to those of other large companies, are too small to catch much attention...”

Mandatory support

State-owned company c3: “…through this experiment project, officials of the Ministry of Civil Affairs could then be sure that such an orphan fosterage project is good and feasible. So they can implement similar projects in the country in the future...the Ministry of Civil Affairs is our direct superior. This is something we are willing to do and have to do. I don’t think appreciation is something they would think about...”

Moreover, there is one case in which the informant was not certain about the CCI partner’s appreciation to the identified benefit of personal career prospects enhancement.

Foreign company e5: “…the practitioners in the NGO have their own missions, they need to leverage help from economic actors to complete their missions. So having partnered with companies like us, they were provided with resources needed to complete their missions. This is what they have gained. This is also great support for their job... I don’t know if they have appreciated it...”

Personal quality improvement

All the identified personal benefits, which concern personal quality improvement, are thought to have been appreciated by CCI partners.

Organisational benefits

According to the informants, all of the identified organisational benefits, except one, are thought to have been appreciated by the CCI partner organisations. In the exceptional case, the informant believed that the involvement of their CCI partner organisation in the example CCI project had improved their CCI partner
organisation’s reputation and influence in the local community, yet he was not sure whether such a benefit was recognised and appreciated.

Private company g4: “…our contribution to the community has, in a sense, publicised the chamber of commerce and enhanced its reputation in the community. But I (the owner manager of the company) am the president of the chamber of commerce and the initiator of that project at the same time. So it is hard to say if I have appreciated the benefits brought by my own work…”

8.1.1.3 Discussion

Having examined the informants’ perceptions of benefits that their CCI partners may have gained because of being involved in the company-initiated CCI projects four findings have been identified.

1. When CCI partners are involved, in most of the company-initiated CCI projects, CCI partners have gained benefits, and most of such benefits are on a personal level.
2. Two types of personal benefits are identified, personal career prospects enhancement and personal quality improvement. Personal career prospects enhancement is commonly addressed by all three types of companies.
3. Two types of personal benefits are identified, personal career prospects enhancement and personal quality improvement. Personal quality improvement is almost exclusively recognised by only foreign companies.
4. Benefits to CCI partners are unlikely to incur wherever company-initiated CCI projects are not outstanding in terms of the form and content.

First, when CCI partners were involved, most of the companies believed that their CCI partners had been benefited, and such benefits were mostly on an individual level. Guanxi development theory suggests that guanxi is a utilitarian relationship, and exchange of favours that can benefit guanxi players on a personal level ensures the survival of this relationship. Having found that CCI partners are widely benefited on a
personal level, it is, therefore, argued that guanxi is likely to have been developed by
companies in company-initiated CCI projects.

Second, personal career prospects enhancement for CCI partners was commonly
recognised by all three types of companies. Earlier studies have already found that it
is common in China to cultivate guanxi with government officials by enhancing the
targeted government officials’ (guanxi partners’) political career prospects (Yeung &
Tung, 1996). Having found that CCI partners with strong governmental backgrounds
are widely chosen by companies, and most of their person career prospects were
enhanced through CCI, it is argued that this result echoes the literature, and thus can,
to a great extent, reveal companies’ attempt to develop guanxi in company-initiated
CCI projects.

Third, personal quality improvement is almost exclusively recognised by only foreign
companies. Except having been briefly mentioned by one private company, all the
personal quality improvement related benefits were suggested by foreign companies.
It is thought that this result may be attributed to three facts: (1) in China CCI
practitioners’ knowledge of CCI and general management skills are at their beginning
and learning stage. Improvement of such knowledge and skills can be perceived as
personal benefits by those CCI practitioners; (2) many Chinese state-owned and
private companies’ knowledge of CCI and management skills are also at the
beginning and learning stage. Therefore, they are unlikely to be able to help their CCI
partners improve such knowledge and skills; (3) foreign companies have gained their
advanced knowledge of CCI and latest management skills through their operations in
the developed countries over the years. By sharing such advanced knowledge of CCI
and latest management skills with their CCI partners in company-initiated CCI
projects, foreign companies can improve their CCI partners’ knowledge of CCI and
management skills, which is likely to be recognised as personal benefits.

Fourth, benefits are unlikely to incur in company-initiated CCI projects that are not
outstanding in terms of form and content. Firstly, it is thought that when the design of
a company-initiated CCI project lacks novelty, personal quality improvement is
unlikely to happen. It is noticed that most of the company-initiated CCI projects, in
which no benefits to CCI partners were identified, only involved simple in-cash
and/or in-kind donations to social causes such as disaster relief. It is thought that the
non-inspirational design of those CCI projects made it less likely for knowledge transfer and individual learning to take place. Secondly, it is thought that when a company-initiated CCI project is in small scale, its effect on personal career prospects enhancement can be less obvious. It is noticed that most of the company-initiated CCI projects, in which no benefits to CCI partners were identified, involved smaller scales of corporate resources in comparison to those initiated by companies of a similar size. It is thought that the comparatively smaller scale investment in company-initiated CCI projects can result in comparatively less evident effects on personal career prospects enhancement, and thus are less likely to be recognised.

In addition to the examination of benefits to CCI partners, the identified benefits were further cross-referenced with informants’ perceptions of appreciation by their CCI partners to the mentioned benefits. Two findings have been identified as a result.

1. Most of the identified personal benefits and organisational benefits are thought to have been appreciated
2. Appreciation is unlikely to take place wherever a benefit is easily replaceable and/or a CCI partner’s involvement in the company-initiated CCI project is mandatory.

First, informants believed that most of the identified personal benefits had been appreciated by their CCI partners. Guanxi development theory suggests that as long as a personal benefit can be appreciated by the recipient, it can thus be seen as a valid favour for guanxi development. There are two types of personal benefits identified in company-initiated CCI projects, namely, personal career prospects enhancement and personal quality improvement. In regard to the personal career prospects enhancement, it has already been found in some previous studies that corporate efforts to enhance government officials’ career prospects were appreciated, and thus successfully led to the establishment of guanxi between corporate representatives and government officials (Yeung & Tung, 1996). Having found in this research that the identified personal career prospects enhancement related benefits were appreciated by CCI partners, it is, therefore, argued that personal career enhancement is likely to have been recognised as valid guanxi favours and thus triggered the guanxi between corporate representatives and CCI partners. In regard to the personal quality
improvement, using personal quality improvement as a favour to develop guanxi has not yet been mentioned in any previous studies. Nevertheless, in this research, the personal quality improvement was thought to have been appreciated by the benefit recipients. According to guanxi development theory, it is argued that when appreciated by CCI partners, personal quality improvement is also likely to have been recognised as a valid guanxi favour and thus triggered the guanxi between corporate representatives and CCI partners.

Second, there are few cases found in the research, in which personal benefits were recognised, yet due to the benefits being easily replaceable and/or CCI partners’ involvement in the company-initiated CCI projects being mandatory, informants believed that those benefits were not appreciated by CCI partners. According to guanxi development theory, which asserts that only the appreciated personal benefits can be recognised as valid favours for exchange in guanxi, it is argued that such unappreciated personal benefits are unlikely to trigger guanxi between corporate representatives and CCI partners. Firstly, some of those cases were not outstanding in the community in terms of their form and scale. It is thought that although those company-initiated CCI projects may have, to some degree, brought CCI partners personal benefits, due to that, similar CCI projects, which can lead to similar extent of personal benefits, are easily found elsewhere in the community, CCI partners are less likely to show their appreciation to the companies. Secondly, some companies are affiliated to their CCI partner organisations, such as a member company being affiliated to its chamber of commerce, or a state-owned company being affiliated to the government. It is thought that the affiliation between companies and their CCI partner organisations made the involvement of CCI partners in the company-initiated CCI projects mandatory rather than optional. Therefore, the relevant benefits brought by their involvement are less likely to be appreciated by CCI partners.

8.1.2 Third-party-initiated CCI Projects

Two types of information is involved in this part of data analysis. First, informants’ perceptions of benefits that the CCI project initiators may have gained as a result of
companies’ participation in the third-party-initiated CCI projects are coded under six categories. Guanxi, by its nature, is a personal relationship. Therefore, only personal benefits can function as valid favours, and thus trigger guanxi between corporate representatives and CCI project initiators who are also portrayed as targeted guanxi players in the conceptual model. Therefore, the frequency of each category is tabulated to suggest how often personal benefits are thought to have been gained by the CCI project initiators. Second informants’ perceptions of appreciation by the CCI project initiators to the mentioned benefits, which can imply the initiation of guanxi, are coded under four categories, and cross-referenced with the mentioned benefits. The results are tabulated to suggest how often the identified benefits in third-party-initiated CCI projects are thought to have been appreciated by the CCI project initiators.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is employed to develop guanxi, three types of companies may behave differently. Therefore, the analysis and discussion of information provided by different types of companies will be carried out respectively.

In the end, seven findings are identified:

1. In most of the third-party-initiated CCI projects, CCI project initiators have gained benefits, and most of such benefits are on a personal level.
2. Two types of personal benefits are identified: personal career prospects enhancement and personal quality improvement. Personal career prospects enhancement is commonly addressed by all three types of companies.
3. Two types of personal benefits: personal career prospects enhancement and personal quality improvement. Personal quality improvement is exclusively addressed by foreign companies.
4. Personal quality improvement is less likely to take place in third-party-initiated CCI projects in comparison to company-initiated CCI projects.
5. The benefits to CCI project initiators are unlikely to incur wherever corporate contributions to third-party-initiated CCI projects are not outstanding in comparison to those of other participants.
6. Most of the identified personal benefits and organisational benefits are thought to have been appreciated by the CCI project initiators.
7. Appreciation is unlikely to take place wherever a benefit is easily replaceable and/or a company’s participation in the third-party-initiated CCI project is mandatory.

8.1.2.1 Benefits to CCI Project Initiators

The frequency of the six categories addressed by different types of companies is tabulated and shown in Table 34. It is worth mentioning that the sum of benefits here is greater than the sum of companies involved, because (1) in some third-party-initiated CCI projects more than one type of benefit have been mentioned by informants; (2) in some interviews, when discussing benefits that may have been gained by CCI project initiators, informants have given more than one example case, and all the example cases are recorded.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Foreign (n)</th>
<th>Frequency (%)</th>
<th>State owned (n)</th>
<th>Frequency (%)</th>
<th>Private (n)</th>
<th>Frequency (%)</th>
<th>Total (n)</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal career prospects enhancement</td>
<td>14</td>
<td>42.4%</td>
<td>10</td>
<td>83.4%</td>
<td>28</td>
<td>93.3%</td>
<td>52</td>
<td>69.3%</td>
</tr>
<tr>
<td>Personal qualities improvement</td>
<td>9</td>
<td>27.3%</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>9</td>
<td>12%</td>
</tr>
<tr>
<td>Organisational benefits</td>
<td>4</td>
<td>12.1%</td>
<td>1</td>
<td>8.3%</td>
<td>0</td>
<td>0%</td>
<td>5</td>
<td>6.7%</td>
</tr>
<tr>
<td>No benefits</td>
<td>2</td>
<td>6.1%</td>
<td>0</td>
<td>0%</td>
<td>2</td>
<td>6.7%</td>
<td>4</td>
<td>5.3%</td>
</tr>
<tr>
<td>Unclear</td>
<td>4</td>
<td>12.1%</td>
<td>1</td>
<td>8.3%</td>
<td>0</td>
<td>0%</td>
<td>5</td>
<td>6.7%</td>
</tr>
<tr>
<td>Identified benefits</td>
<td>33</td>
<td>12%</td>
<td>30</td>
<td>30%</td>
<td>75</td>
<td>95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>5</td>
<td>0%</td>
<td>0</td>
<td>0%</td>
<td>6</td>
<td>9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>12%</td>
<td>30</td>
<td>30%</td>
<td>80</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews by the relevant type of company.
- Frequency (%) in the table implies the percentage that each type of benefit is of all the identified benefits.

In Table 34, three general patterns have been observed. First, in the third-party-initiated CCI projects, most of the informants believed that their CCI project initiators had benefited either on a personal level or an organisational level. Second, personal
benefits constitute a high proportion of the identified benefits. While 81.3% of the identified benefits are found to be on a personal level, only 6.7% of the identified benefits are found to be on an organisational level. Third, within personal benefits, personal career prospects enhancement is more commonly mentioned than personal quality improvement by informants. The observed general patterns can apply to all three types of companies.

Foreign companies

In most of the third-party-initiated CCI projects that foreign companies have participated in, informants believed that CCI project initiators have gained certain benefits, personal benefits in particular. While 69.7% of the identified benefits are found to be on a personal level, 12.1% of the identified benefits are found to be on an organisational level. Personal benefits consist of two types of personal benefit, namely, personal career prospects enhancement and personal quality improvement, and personal career prospects enhancement was addressed more often than personal quality improvement, by informants. While 42.4% of all identified benefits are about personal career prospects enhancement, 27.3% of all identified benefits are about personal quality improvement. There are also two third-party-initiated CCI projects in which informants were certain that the CCI project initiators had gained no benefits at all. It is noticed that in both cases, the interviewed foreign companies were not the only participants in the example CCI projects, and their contributions were not outstanding compared to that of other participants. Therefore, the foreign company informants did not think their participation in the example third-party-initiated CCI projects had benefited the CCI project initiators in any particular way.

Foreign company a4: “...It was a social event that we kind of had to participate in. When the disaster happened, everyone was participating in the disaster relief project, so were we. It was the trend in the society at that time. So I don’t think we have helped them (project initiator) that much...”

State-owned companies

In most of the third-party-initiated CCI projects that state-owned companies have participated in, informants believed that CCI project initiators have gained certain benefits, personal benefits in particular. While 83.4% of the identified benefits are
found to be on a personal level, 8.3% of the identified benefits are found to be on an organisational level. Moreover, the personal benefits mentioned by state-owned companies are only about personal career prospects enhancement.

Private companies

In most of the third-party-initiated CCI projects that private companies have participated in, informants believed that CCI project initiators have been benefited, and such benefits were only on a personal level. Moreover, the personal benefits mentioned by private companies are only personal career prospects enhancement. Furthermore, there are also two third-party-initiated CCI projects in which private company informants were certain that the CCI project initiators had gained no benefits at all. It is noticed that in both cases the interviewed private companies were not the only participants in the example CCI projects, and their contributions were not outstanding compared to that of other participants. Therefore, the private company informants did not think their participation in the third-party-initiated CCI projects had benefited the CCI project initiators in any particular way.

Private company e6: “...we were not the only company in the project. Our contribution was not a great driving force to the completion of government’s plan. It could be even dispensable. So the project initiators in the government did not really pay much attention to us...”

8.1.2.2 Appreciation by CCI Project Initiators

The conceptual framework of the research suggests that motivated by the attempt to develop guanxi, companies in China are likely to undertake CCI in a way which benefits the CCI project initiators, and thus be appreciated. It is believed that only when the benefits are appreciated by the CCI project initiators can guanxi between corporate representatives and CCI project initiators then be triggered. In order to examine the effectiveness of identified personal benefits in guanxi development, informants’ perceptions of CCI project initiators’ appreciation of identified benefits
have been coded under four categories and cross-referenced with the identified benefits obtained by CCI project initiators.

The frequency of the four categories in response to different types of benefits identified in third-party-initiated CCI projects is tabulated and shown in Table 35. It is worth mentioning that the sum of identified benefits and the corresponding appreciation in here is greater than the sum of companies involved, because (1) in some third-party-initiated CCI projects more than one type of benefit have been mentioned by informants, and the appreciation of all the identified benefits have been discussed and recorded; (2) in some interviews, when discussing benefits that may have been gained by CCI project initiators and the corresponding appreciation by CCI project initiators, informants have given more than one example case, and all the example cases are recorded.

Table 35 - Appreciation of Benefits to CCI Project Initiator

<table>
<thead>
<tr>
<th></th>
<th>Personal career prospects enhancement</th>
<th>Personal qualities improvement</th>
<th>Organisational benefits</th>
<th>No benefits</th>
<th>Unclear</th>
<th>N/A</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
<td>(n) (%)</td>
</tr>
<tr>
<td>Yes</td>
<td>41 78.9</td>
<td>9 100</td>
<td>4 80</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>54 72</td>
</tr>
<tr>
<td>No</td>
<td>6 11.5</td>
<td>0 0</td>
<td>0 0</td>
<td>4 100</td>
<td>3 60</td>
<td>0 0</td>
<td>13 17.3</td>
</tr>
<tr>
<td>Unclear</td>
<td>5 9.6</td>
<td>0 0</td>
<td>1 20</td>
<td>0 0</td>
<td>2 40</td>
<td>0 0</td>
<td>8 10.7</td>
</tr>
<tr>
<td>Identified appreciation</td>
<td>52 9.6</td>
<td>9 0</td>
<td>5 20</td>
<td>4 5</td>
<td>0 0</td>
<td>5</td>
<td>75 10.7</td>
</tr>
<tr>
<td>N/A</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>0 0</td>
<td>5</td>
<td>5</td>
<td>5 0.7</td>
</tr>
<tr>
<td>Total</td>
<td>52 100</td>
<td>9 100</td>
<td>5 100</td>
<td>4 5</td>
<td>5</td>
<td>5</td>
<td>80 10.0</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of appreciation has been recognised by informants.
- Frequency (%) in the table implies the percentage that each type of appreciation is of all the identified appreciations.

According to Table 35, in general, the majority of the identified personal and organisational benefits are thought to have been appreciated.

Personal career prospects enhancement

According to the informants, 78.9% of the identified personal benefits, which concern personal career prospects enhancement, are thought to have been appreciated by the CCI project initiators. There are six cases in which personal career prospects enhancement was not appreciated by CCI project initiators. Companies believed that although the CCI project initiators’ personal career prospects might have been
enhanced by their participation in the example CCI projects, due to that (1) the company was not the only participant in the example CCI project and the corporate contribution to the project was not outstanding compared to that of other participants, or (2) the company’s participation in the example CCI project was mandatory, such personal benefits had not been appreciated by the CCI project initiators.

1. The company was not the only participant in a CCI project and the corporate contribution to the project was not outstanding compared to that of other participants:

   *Private company f4:* “...our involvement has, to some extent, supported the project initiators’ job. However, our in-cash donation was too small. Compared to the donations of other corporate participants, ours is even more trifling. So it wouldn’t be recognised too much by those government officials...”

2. The company’s participation in a CCI project was mandatory. This happens particularly often when Chinese state-owned companies participate in the government-initiated CCI projects.

   *State-owned company c8:* “...no, because government officials sometimes would feel that we (state-owned companies) are different from private companies. They know that if they ask us to support their (CCI) projects, we would always have to say yes. Therefore there wouldn’t be much appreciation...”

   *State-owned company c5:* “...our support was more like an assignment to us. Although it might have been recognised, it was not appreciated very much...”

Moreover, there are five cases in which informants were not certain about CCI project initiators’ appreciation of the personal career prospects enhancement related benefits.

**Personal quality improvement**

All the identified personal benefits, which concern personal quality improvement, are thought to have been appreciated by CCI project initiators.
Organisational benefits

According to the interviewed companies, all of the identified organisational benefits, except one, are thought to have been appreciated by the CCI project initiator organisations. In an exceptional case, the informant believed that the company’s participation in the third-party-initiated CCI project had improved the CCI project initiator organisation’s reputation and influenced in its field, but he was not sure whether such a benefit was recognised and appreciated.

Foreign company a7: “...reputation and influence, the CBCSD is a membership-based organisation. Having an internationally renowned company like us as their partner can help them attract members, and thus develop the organisation...I am not from the CBCSD, I cannot speak for them to say that if they have appreciated it or not. This question, I think, you should ask to them, not me...”

8.1.2.3 Discussion

Having examined the informants’ perceptions of benefits that the CCI project initiators may have gained because of companies’ participation in the third-party-initiated CCI projects five findings have been identified.

1. In most of the third-party-initiated CCI projects, CCI project initiators have gained benefits, and most of such benefits are on a personal level.
2. Two types of personal benefits are identified: personal career prospects enhancement and personal quality improvement. Personal career prospects enhancement is commonly addressed by all three types of companies.
3. Two types of personal benefits: personal career prospects enhancement and personal quality improvement. Personal quality improvement is exclusively addressed by foreign companies.
4. Personal quality improvement is less likely to take place in third-party-initiated CCI projects in comparison to company-initiated CCI projects.
5. The benefits to CCI project initiators are unlikely to incur wherever corporate
contributions to third-party-initiated CCI projects are not outstanding in comparison to those of other participants.

First, most of the informants in the research thought that the CCI project initiators had been benefited in the third-party-initiated CCI projects, and such benefits were mostly on an individual level. Guanxi development theory suggests that guanxi is a utilitarian relationship, and the exchange of favours that can benefit guanxi players on personal level ensures the survival of this relationship. Having found that CCI project initiators were widely benefited on a personal level, it is, therefore, argued that guanxi is likely to have been developed by companies in third-party-initiated CCI projects.

Second, personal career prospects enhancement was commonly recognised by all three types of companies. Earlier studies have already found that it is common in China to cultivate guanxi with government officials by enhancing the targeted government officials’ (guanxi partners’) political career prospects (Yeung and Tung, 1996). Having found that companies prefer to participate in CCI projects initiated by CCI project initiators with strong governmental backgrounds, and most of those CCI project initiators’ personal career prospects were enhanced as a result, it is argued that this result echoes the literature, and thus can, to a great extent, reveal companies’ attempt to develop guanxi in third-party-initiated CCI projects.

Third, personal quality improvement is exclusively recognised by only foreign companies. It is thought that this result may be attributed to three facts: (1) in China CCI practitioners’ knowledge of CCI and general management skills are at their beginning and learning stage. Improvement of such knowledge and skills can be perceived as personal benefits by those CCI practitioners; (2) many Chinese state-owned and private companies’ knowledge of CCI and management skills are also at their beginning and learning stage. Therefore, they are unlikely to be able to help the CCI project initiators improve such knowledge and skills; (3) most of the foreign companies have gained their advanced knowledge of CCI and the latest management skills through their operations in the developed countries over the years. By sharing such advanced knowledge of CCI and the latest management skills with CCI project initiators in third-party-initiated CCI projects, foreign companies can improve CCI
project initiators’ knowledge of CCI and management skills, which is likely to be recognised as a personal benefit.

Fourth, although personal quality improvement related benefits have been identified in third-party-initiated CCI projects, compared to those in company-initiated CCI projects, the number of times they were mentioned by foreign companies is a lot less in third-party-initiated CCI projects. It is thought that this is because of two reasons. Firstly, personal quality improvement mostly takes place between foreign company representatives and their CCI partners/project initiators. Secondly, foreign companies played different roles in different types of CCI projects. As initiators in company-initiated CCI projects, foreign companies usually have a comparatively high degree of involvement whereas as participants in third-party-initiated CCI projects, foreign companies usually have a comparatively low degree of involvement. Knowledge transfer is, therefore, less likely to take place in CCI projects in which foreign companies have only a low degree of involvement.

Fifth, benefits are unlikely to incur wherever corporate contributions to third-party-initiated CCI projects are not outstanding in comparison to those of other participants. It is thought that when the corporate contribution to a third-party-initiated CCI project is not outstanding in comparison to the contributions made by other participants, its effect on enhancing the project initiator’s personal career prospects is unlikely to be outstanding either, and thus is less likely to be appreciated.

In addition to the examination of benefits obtained by CCI project initiators, the identified benefits were further cross-referenced with informants’ perceptions of appreciation of the mentioned benefits by the CCI project initiators. Two findings have been identified as a result.

1. Most of the identified personal benefits and organisational benefits are thought to have been appreciated by the CCI project initiators.
2. Appreciation is unlikely to take place wherever a benefit is easily replaceable and/or a company’s participation in the third-party-initiated CCI project is mandatory.
First, informants believed that most of the identified personal benefits had been appreciated by the CCI project initiators. Guanxi development theory suggests that as long as a personal benefit can be appreciated by the recipient, it can thus be seen as a valid favour for guanxi development. Two types of personal benefits identified were identified in third-party-initiated CCI projects, namely, personal career prospects enhancement and personal quality improvement. In regard to the personal career prospects enhancement, it is already found in some previous studies that corporate efforts to enhance government officials’ career prospects were appreciated, and thus successfully led to the establishment of guanxi between corporate representatives and government officials in China (Yeung and Tung, 1996). Having found in this research that the personal career prospects enhancement related benefits were appreciated by CCI project initiators, it is, therefore, argued that personal career prospects enhancement is likely to have been recognised as valid guanxi favours and thus triggered the guanxi between corporate representatives and CCI project initiators. In regard to the personal quality improvement, using personal quality improvement as favour to develop guanxi has not yet been mentioned in any previous studies. Nevertheless, in this research, personal quality improvement related benefits were thought to have been appreciated by the benefit recipients. According to guanxi development theory, it is argued that when appreciated by CCI project initiators, personal quality improvement is also likely to have been recognised as valid guanxi favour and thus triggered the guanxi between corporate representatives and CCI project initiators.

Second, there are few cases found in the research, in which personal benefits were recognised, yet due to the benefits being easily replaceable and/or CCI project initiators’ participation in the third-party-initiated CCI projects being mandatory, informants believed that those benefits were not appreciated by CCI project initiators. According to guanxi development theory, which asserts that only the appreciated personal benefits can be recognised as valid favours for exchange in guanxi, it is argued that such unappreciated personal benefits are unlikely to trigger guanxi between corporate representatives and CCI project initiators. Firstly, in some cases, the corporate contributions to the third-party-initiated CCI projects were not outstanding in comparison to those made by other
participants. It is thought that although the corporate contributions may have, to some degree, benefit the CCI project initiator on a personal level, due to the fact that similar contributions, which can lead to similar personal benefit, can easily be obtained from other participants, CCI project initiators are unlikely to show their appreciation to the company. Secondly, some companies are affiliated to the CCI project initiator organisations, such as a member company being affiliated to its chamber of commerce, or a state-owned company being affiliated to the government. It is thought that the affiliation between companies and the CCI project initiator organisations made CCI project initiators’ participation in the third-party-initiated CCI projects mandatory rather than optional. Therefore, the identified benefits brought by companies’ mandatory participation in the third-party-initiated CCI projects are less likely to be appreciated by CCI project initiators.

8.1.3 Conclusion

Data analysis conducted in this section attempts to test the Proposition 4: the “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated. The Proposition 4 predicts that due to the attempt to convey a valid favour to targeted guanxi player, and thus trigger guanxi between corporate representatives and the targeted guanxi players, companies in China are likely to undertake CCI that benefits their CCI partners/project initiators who are regarded as the targeted guanxi players by the conceptual framework of the research, and thus be appreciated. In order to test this proposition, informants’ perceptions of benefits that their CCI partners/project initiators may have gained and the corresponding appreciation of those benefits by CCI partners/project initiators, drawn from two types of CCI projects, company-initiated CCI project and third-party-initiated CCI project, have been analysed.

Company-initiated CCI projects:

Six findings have been identified in this part of the data analysis:
1. When CCI partners are involved, in most of the company-initiated CCI projects, CCI partners have gained benefits, and most of such benefits are on a personal level.

2. Two types of personal benefits are identified, personal career prospects enhancement and personal quality improvement. Personal career prospects enhancement is commonly addressed by all three types of companies.

3. Two types of personal benefits are identified, personal career prospects enhancement and personal quality improvement. Personal quality improvement is almost exclusively recognised by only foreign companies.

4. Benefits to CCI partners are unlikely to incur wherever company-initiated CCI projects are not outstanding in terms of the form and content.

5. Most of the identified personal benefits and organisational benefits are thought to have been appreciated.

6. Appreciation is unlikely to take place wherever a benefit is easily replaceable and/or a CCI partner’s involvement in the company-initiated CCI project is mandatory.

Drawn from the findings, two patterns, which are thought to be relevant to testing the theoretical proposition, have been concluded. First, when CCI partners are involved, most of companies tend to initiate CCI projects in a way that benefits their CCI partners on a personal level. Second, most of the recognised personal benefits are thought to have been appreciated by the CCI partners.

The theoretical proportion predicts that due to the attempt to convey valid favours to targeted guanxi players (CCI partners), and thus trigger guanxi between corporate representatives and targeted guanxi players, companies in China are likely to initiate CCI projects which benefit their CCI partners who are regard as the targeted guanxi players by the conceptual framework of the research, and thus be appreciated. Having compared the empirical patterns identified in this part of analysis with the ones predicted by the theoretical Proposition 4, it is believed that empirical patterns can coincide with the theoretically predicted patterns. Therefore, the original proposition is supported.

Third-party-initiated CCI projects:
Seven findings have been identified in this part of data analysis:

1. In most of the third-party-initiated CCI projects, CCI project initiators have gained benefits, and most of such benefits are on a personal level.
2. Two types of personal benefits are identified: personal career prospects enhancement and personal quality improvement. Personal career prospects enhancement is commonly addressed by all three types of companies.
3. Two types of personal benefits: personal career prospects enhancement and personal quality improvement. Personal quality improvement is exclusively addressed by foreign companies.
4. Personal quality improvement is less likely to take place in third-party-initiated CCI projects in comparison to company-initiated CCI projects.
5. The benefits to CCI project initiators are unlikely to incur wherever corporate contributions to third-party-initiated CCI projects are not outstanding in comparison to those of other participants.
6. Most of the identified personal benefits and organisational benefits are thought to have been appreciated by the CCI project initiators.
7. Appreciation is unlikely to take place wherever a benefit is easily replaceable and/or a company’s participation in the third-party-initiated CCI project is mandatory.

Drawn from the findings, two patterns, which are thought to be relevant to testing the theoretical proposition, have been concluded. First, most companies are seen to participate in third-party-initiated CCI projects in a way that benefits the CCI project initiators on a personal level. Second, most of the recognised personal benefits are thought to have been appreciated by the CCI project initiators.

The theoretical proportion predicts that due to the attempt to convey valid favours to targeted guanxi players (CCI project initiators), and thus trigger guanxi between corporate representatives and targeted guanxi players, companies in China are likely to participate in CCI projects which benefits the CCI project initiators who are regarded as the targeted guanxi players by conceptual framework of the research, and thus be appreciated. Having compared the empirical patterns identified in this part of the analysis with the ones predicted by the theoretical proposition, it is believed that
empirical patterns can coincide with the theoretically predicted patterns. Therefore, the original Proposition 4 is supported.

Finally, having compared the empirical patterns identified through analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects with the ones predicted by the original proposition, it is thought that the original Proposition 4 is supported and no modification is needed:

The “COMPANY” will pursue CCI which can benefit the targeted guanxi “PLAYER”, and can therefore be appreciated.
8.2 Favour Reciprocation by CCI Partner/Project initiator

In this section reciprocation of favours by targeted guanxi players will be discussed. The conceptual model of the research proposes that upon the establishment of a guanxi base between corporate representatives and CCI partners/project initiators and receipt of appreciative personal benefits, CCI partners/project initiators will reciprocate the favour. In order to identify the reciprocation of a guanxi favour, and thus test the conceptual model, data analysis in this section aims to test the Proposition 5: the “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.

Section plan

The extant literature suggests that to accept a favour without reciprocating, in the Chinese cultural context, can be perceived as “morally wrong” (Steidlmeier, 1999), and failing to reciprocate a guanxi partner’s favour can even ruin one’s reputation in the community (Su et al., 2007). In the context of this research, CCI partners/project initiators are portrayed by the conceptual model as the targeted guanxi players as well as the initial favour recipients. Therefore, the conceptual model proposes that once the personal benefits generated through a company’s CCI engagement is recognised by the CCI partner/project initiator as valid favours for exchange, the CCI partner/project initiator (targeted guanxi player) is then obligated to reciprocate the favour in the company’s times of need. Accordingly, it is thought that companies will be able to obtain favours from the CCI partners/project initiator.

According to guanxi development theory, favour reciprocation is the last stage of guanxi development. Completion of favour reciprocation implies the establishment and/or maintenance of guanxi. In this section, examination of favour reciprocation is taken in two steps. Firstly, informants’ perceptions of benefits that their companies may have gained as a result of undertaking the example CCI projects are examined. Establishment and/or maintenance of guanxi were often referred by informants as part of their gains in CCI. This type of information was obtained without any prompts in the interviews. Therefore, finding out how often establishment and/or maintenance of guanxi is mentioned by informants as a type of corporate benefit in CCI can, in a way,
suggest how often favour reciprocation is completed. Secondly, in order to reinforce the findings from step one, information on favour reciprocation is examined. In practice, favour reciprocation can be played out in two scenarios. First, by the time of the interviews, the CCI partners/project initiators have already reciprocated the favours to the companies. Second, by the time of the interview, the CCI partners/project initiators have not yet reciprocated the favours to the companies. However, companies were confident about the favour reciprocation by CCI partners/project initiators in their times of need in the future. The two scenarios have been taken into consideration during the data collection process. Therefore, analysis of favour reciprocation involves the examination of information on these two types of favour reciprocation.

Companies can undertake CCI in two ways; initiating CCI projects and participating in CCI projects. Therefore, in order to test Proposition 5, two sets of data analyses will be conducted respectively.

In company-initiated CCI projects, two patterns are expected to be identified in the data. First, guanxi related corporate benefits are expected to be identified in most of the company-initiated CCI projects. Second, favour reciprocation by CCI partners is expected to be identified. In third-party-initiated CCI projects, two patterns are expected to be found in the data. First, guanxi related CCI benefits are expected to be identified in most of the third-party-initiated CCI projects. Second, favour reciprocation by CCI project initiators is expected to be identified.

Finally, favour reciprocation by CCI partners/project initiators will be discussed and compared with the patterns predicted by Proposition 5 at the end of the section. Conclusion about the validity of Proposition 5 will be drawn accordingly.

Data categorisation

Two types of data are involved in this section. The first type of data is informants’ perceptions of benefits that their companies may have gained as a result of CCI engagement. The second type of data is favour reciprocation, which consists of information on favours already reciprocated by CCI partners/project initiators and informants’ confidence in favour reciprocation by their CCI partners/project initiators in companies’ times of need. Therefore, data categorisation is conducted in two steps.
a. Categorisation of corporate benefits in CCI

Having reviewed all the benefits that informants thought that their companies might have gained as a result of CCI engagement, 15 themes emerged initially. All of them are shown in Table 36. Due to some of the themes, in fact, representing a similar type of corporate benefit, the 15 themes were, therefore, further grouped into eight categories. All eight categories are also shown in Table 36. The eight categories represent eight types of benefits that companies may have gained as a result of CCI engagement. The details of the eight types of benefits will be discussed in the following part. Quotes from informants, which suggest the relevant benefits, will be provided as illustrations as well as supporting evidence. This section aims to test the Proposition 5, which concerns reciprocation of guanxi favours. It is thought that except “guanxi related benefits”, all the other seven types of benefits are irrelevant to testing the proposition, and thus will only be briefly discussed. The discussions of the eight categories are as follows:

**Table 36 - Development of Themes**

<table>
<thead>
<tr>
<th>8 group themes</th>
<th>15 original themes</th>
</tr>
</thead>
</table>
| 1. Guanxi related benefits | 1. Establishment of guanxi  
2. Maintenance of existing guanxi  
3. Introduction into a new guanxi network  
4. Reinforcement of guanxi base |
| 2. Advertisement   | 1. Advertisement                                                                 |
| 4. Cost reduction  | 1. Facilitate innovation  
2. Operational cost reduction  
3. Tax benefits                                                       |
| 5. HRM             | 1. Improvement of personal morale  
2. Impact on recruitment  
3. Impact on retention                                                      |
| 6. Personal benefits | 1. Personal benefits                                                             |
| 7. Reputation improvement | 1. Reputation improvement                                                        |
| 8. Sustainability  | 1. Sustainability                                                                |
1. “Guanxi related benefits”: in the interviews, a large number of informants considered building inter-personal relationships with CCI partners/project initiators, maintaining inter-personal relationships with CCI partners/project initiators, being introduced into a guanxi network of CCI partners/project initiators, generating and strengthening familiarities with CCI partners/project initiators as one of the major corporate gains from CCI engagement. Since most of those inter-personal relationships built and/or maintained were utilitarian relationships, it is argued that such inter-personal relationships are likely to be guanxi. Therefore, they are all grouped into guanxi related benefits. It is thought that this type of corporate benefit can, to a great extent, reveal the completion of favour reciprocation.

a. Establishment of guanxi: some informants suggested that due to their cooperation with the CCI partners/project initiators, they have successfully established guanxi with CCI partners/project initiators, which was regarded as a key corporate benefit of CCI engagement.

   Foreign company a6: “...because we have long term cooperation, especially because we helped them in the most difficult and most needed time...plus our project has been going on till even now. There are only very few companies’ disaster relief projects have lasted as long as ours. So the trust between us, the friendship between us, is very good for our government relation development in the local area.

b. Maintenance of guanxi: some informants suggested that they have already established guanxi with their CCI partners/project initiators prior to their cooperation in CCI, and such cooperation had contributed to maintaining their already established guanxi. Therefore, those informants saw the maintenance of their guanxi as a key corporate benefit of CCI engagement.

   Foreign company d2: “...government relations, for example, we wanted to reinforce our relation with the Ministry of Commerce officials before, the Ministry of Commerce happened to have a CCI project at that time. So we offered our support to the project right away. This project was to provide the university students who were
from the targeted poor area with financial support. We engaged in this project wasn’t because it complied with our ideas on CCI, it was only because it could fulfil company’s needs at the time... ”

c. Introduction into a new guanxi network: some informants suggested that their CCI partners/project initiators who were well connected to the local guanxi network had introduced them into their guanxi network, which helped them develop guanxi with other important guanxi players, and thus were seen as a key corporate benefit of CCI engagement.

*Foreign company b6:* “...those associations and NGOs, they all have very strong guanxi in the government. In fact, we participated in them in the first place because they have strong guanxi in the government. Through those NGOs of strong guanxi in the government, (we) hoped to strengthen our guanxi in the government, arrange meetings (with government officials), or help us solve many problems...”

d. Reinforcement of guanxi base: in some cases, although there was no evident sign to suggest the establishment of guanxi between corporate representatives and CCI partners/project initiators, informants suggested that their cooperation in CCI had reinforced the familiarity between corporate representatives and CCI partners/project initiators, which facilitated the guanxi development in the later stage, and thus was also seen as a key corporate benefit of their CCI engagement.

*Foreign company a1:* “...we worked with the Ordos Electricity Board in this project. Our salesmen have already been in touch with officials on a regular basis. However, through this project, I believe we will have a deeper communication, and we will have more common topics to talk about...”

*Foreign company a3:* “...it helps build a better connection and relationship between journalists and us...through this cooperation with educational institution and the government, we managed to keep a tight connection with their officers. They will update us with what they are doing, and so will us. In this case, it would be easy for us, if
we want to extend our relationship beyond this CCI project to other business in the future...”

2. “Advertisement”: some informants suggested that their CCI engagement had, to some extent, advertised the companies and/or their products and services in the community:

   Foreign company a5: “…it can help sell the company brand. When people think about the “Ecology Award”, they will also think about the company who initiated it, and that will be us!”

3. “Business opportunities”: although generating business opportunities was not on the agenda of most companies’ CCI engagement, some informants suggested that business opportunities indeed emerged as a result of their engagement in CCI.

   Foreign company a8: “…our distributors also hoped to find some business opportunities through such events. For example, in the event, some people realised that our products are actually very good, and thus started to purchase our cars later on…”

4. “Reduce costs”: some informants suggested that their CCI engagement had, to some extent, reduced the costs to business in three ways: (1) operational cost reduction, (2) product or technological innovation, and (3) tax reduction:

   Operational cost reduction

   Private company c7: “…it was a win-win situation. We helped the people living in the poor area, and in turn, they assisted our business. The poor area is our raw material supply base. Our mining activities there require the local residents’ cooperation to a great extent...”

   Innovation

   Private company g9: “…our research and development of several new products have obtained great support from the directors and the researchers of the two universities...”
Tax reduction

Private company e1: “... (as a result of doing this CCI project) we have obtained many tax benefits from the local government...”

5. “HRM”: some informants suggested that their CCI engagement had, to some extent, facilitated their human resource management in terms of improving employee morale, recruiting and retaining talents:

Foreign company b4: “…increased employees’ recognition of the company, sense of pride, and loyalty to our company...”

6. “Personal benefits”: in some interviews with private companies, the personal benefits to owner managers were also considered to be one of the major benefits gained through their CCI engagement.

Private company f6: “…because of projects like this, our owner manager has earned his place on the front page of a national business magazine once. He was portrayed as a successful private entrepreneur with good conscience. It was a really good advertisement for him...”

7. “Reputation improvement”: some informants suggested that their CCI engagement had, to some extent, enhanced their corporate reputation and images in the community:

Foreign company d2: “…we are a direct selling company here in China. Since there is a traditional negative impression on direct selling companies in China, when talking about XXX (name of the company) before, people usually wouldn’t have any good feelings. However when talking about XXX (name of the company) now, people would associate us with the CCI projects we do, and thus change their impression on us from negative to positive. This is a great impact on our brand image...”
8. “Sustainability”: some informants suggested that although their engagement in CCI might not benefit the business in short run, it could benefit the business in long run by facilitating the sustainable development of the business:

*Foreign company a9*: “…our overall strategy is to materialise sustainable development. We cannot do that in an environment where economy is in recession, social conflicts are at their worst. So we use our money to help the vulnerable groups in the community. It is something we must do. Now we have done it, we have helped some people and solved some social problems, which complies with our original intension of sustainable development…”

b. Categorisation of favour reciprocation

Guanxi is long-term oriented, and thus favours in guanxi are not required to be reciprocated immediately. Therefore, favour reciprocation should consist of favours already reciprocated by CCI partners/project initiators and favours to be reciprocated by CCI partners/project initiators in the future. In the interviews, in order to find out the favours that were already reciprocated by CCI partners/project initiators, informants were asked to give examples, in which help or assistance was obtained from CCI partners/project initiators in the past. In order to find out the favours to be reciprocated by CCI partners/project initiators, informants were asked to suggest their confidence in favour reciprocation by CCI partners/project initiators in companies’ times of need. Having reviewed all the answers, four themes of favour reciprocation emerged for categorising the relevant information: “positive narratives”, “negative narratives”, “unclear”, and “N/A”. Further discussions of the four themes, and their relevance to testing of the proposition are as follows:

1. “Positive narratives”: Two types of narratives are coded under this category. First, some informants suggested that they had already obtained favours from their CCI partners/project initiators. Second, some informants suggested that although they had not obtained any favours from their CCI partners/project initiators yet, they were certain that when a reasonable favour is needed in the future, they could expect it from their CCI partners/project initiators. It is believed that when either
of those narratives is provided, favour reciprocation by CCI partners/project initiators is positive.

Favour reciprocated

Foreign company a3: “...Of course they have. Some of our new products might need the specialists of Tsinghua University to provide positive comments from the academic prospective. At that time, the directors of Tsinghua University were very much hoping to help us. Such help is very crucial to the business development of our company. Imagine, if you did not have this connection, it would be rather difficult to find a University like Tsinghua University, or some national-wide prestigious professor to endorse for our new products. However, because of this partnership we had in the CCI project, they got to know and are familiar with us, and thus were comparatively more willing to help us on this matter...”

Favour to be reciprocated

Foreign company d7: “...I think they will. I think this is mutual. The cooperation in the (CCI) project was very pleasant. I don’t see why they wouldn’t help if I ask in the future, and they are able to...”

2. “Negative narratives”: some informants neither could recall any favours obtained from their CCI partners/project initiators in the past, nor had the confidence in the favour reciprocation by their CCI partners/project initiators in the future. This type of narrative is coded under this category. It is thought that when this type of narrative is provided, favour reciprocated is unlikely to take place.

Private company f4: “However, our in-cash donation was too small. Compared to the donations of other participating companies, ours is even more trifling. So it wouldn’t be recognised too much by those government officials. Wanting to establish guanxi with government officials through actively engaging in CCI is hardly feasible...”

3. “Unclear”: some informants suggested that they had not yet obtained any favours from their CCI partners/project initiators, and they did not know whether or not
they could ask for any favours from their CCI partners/project initiators in times of need neither. This type of narrative is coded under this category.

*Foreign company a8:* “...we never asked them for any help, and I never thought about what they could help us either...”

4. “N/A”: in two types of cases, discussion of favour reciprocation is not applicable, and thus those two types of cases are coded under this category. First, in company-initiated CCI projects, if a case had not involved any CCI partners, the case is coded under this category. Second, in third-party-initiated CCI projects, if an informant either suggested that the company had not engaged in any third-party-initiated CCI projects before, or could not recall any examples cases at the time of interview the case is then coded under this category.

The established principles for data categorisation were applied to the two types of data drawn from company-initiated CCI projects and third-party-initiated CCI projects. The frequency of each category was then calculated for analysis.

**8.2.1 Company-initiated CCI Projects**

Two types of information are involved in this part of the data analysis. First, informants’ perceptions of benefits that their companies may have gained as a result of initiating the example CCI projects are coded under eight categories. It is thought that analysing this type of information can identify guanxi related corporate benefits in CCI. As discussed in the beginning of this section, guanxi related corporate benefits could suggest the completion of favour reciprocation by CCI partners. Therefore, knowledge of guanxi related corporate benefits will help form the initial understanding of how often favour reciprocation is completed between corporate representatives and CCI partners. Frequency of each category is tabulated to suggest how often guanxi related corporate benefits are thought to have been gained in company-initiated CCI projects.
Second, informants’ knowledge of favour reciprocation by CCI partners in the past and informants’ confidence in favour reciprocation by CCI partners in times of need are coded together under four categories. The long-term orientation of guanxi determines that favour reciprocation in guanxi consists of favours already reciprocated and favours to be reciprocated. Only when the two types of information are included, a comprehensive picture of favour reciprocation by CCI partners can be painted. Frequency of each category is tabulated to suggest how often favour reciprocation by CCI partners has taken place.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is employed to develop guanxi, the three types of companies may behave differently, and thus showing different patterns in the results. Therefore, the analysis and discussion of information provided by different types of companies will be conducted respectively.

In the end, four findings are identified:

1. Guanxi related corporate benefits are the top three most frequently recognised corporate benefits in CCI by informants, and when CCI partners are involved, guanxi related corporate benefits are likely to be obtained in company-initiated CCI projects.
2. Foreign companies are most likely to obtain guanxi related corporate benefits in company-initiated CCI projects.
3. In the majority of the company-initiated projects, where CCI partners were involved, favour reciprocation by CCI partners is identified.
4. Favour reciprocation is most likely to happen between foreign company representatives and their CCI partners.

8.2.1.1 Benefits to Companies

The frequency of the eight types of corporate benefits addressed by different types of companies is tabulated and shown in Table 37. It is worth mentioning that the sum of corporate benefits here is greater than the sum of companies involved, because (1) in
some company-initiated CCI projects more than one type of benefit has been mentioned by informants; (2) in some interviews, when discussing benefits that may have been gained by companies in company-initiated CCI projects, informants have given more than one example case, and all the example cases are recorded.

Table 37 - Benefits to Companies in Company-initiated CCI Projects

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Guanxi related benefits</td>
<td>19</td>
<td>57.6</td>
<td>3</td>
<td>27.3</td>
</tr>
<tr>
<td>Advertisement</td>
<td>4</td>
<td>12.1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Business opportunities</td>
<td>3</td>
<td>9.1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cost reduction</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>HRM</td>
<td>18</td>
<td>54.6</td>
<td>4</td>
<td>36.4</td>
</tr>
<tr>
<td>Personal benefits</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reputation improvement</td>
<td>18</td>
<td>54.6</td>
<td>3</td>
<td>27.3</td>
</tr>
<tr>
<td>Sustainability</td>
<td>6</td>
<td>18.2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>18.2</td>
<td>10</td>
<td>0</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of corporate benefit has been mentioned in the interviews by the relevant type of companies.
- Due to that, the same type of corporate benefit was mentioned only once in every case, frequency (%) in the table implies the percentage that cases of each type of corporate benefit are of all company-initiated CCI cases.

According to Table 37, while a variety of corporate benefits have been mentioned by informants as a result of initiating CCI projects, “HRM”, “reputation improvement” and “guanxi related benefits” were the most frequently identified benefits of all. Nevertheless this general trend cannot be applied to all three types of companies. In general, “HRM”, “reputation improvement” and “guanxi related benefits” were the most frequently mentioned corporate benefits among foreign and state-owned companies. As to private companies, while “HRM” and “reputation improvement” were still the top two most frequently mentioned corporate benefits, “advertisement”, instead of “guanxi related benefits”, was widely recognised by private company informants as another key corporate benefit of initiating CCI projects. Further discussions are conducted as follows.
Foreign companies

In the foreign company-initiated CCI projects, “guanxi related benefits”, “HRM”, “reputation improvement” were almost equally emphasised by informants as their major corporate benefits in CCI. Among the three, “guanxi related benefits” is seen to be the most frequently mentioned type of corporate benefit. While in 57.6% of the foreign company-initiated CCI projects, guanxi related benefits were mentioned, in 54.6% of the foreign company-initiated CCI projects corporate benefits concerning HRM and reputation improvement were identified. Except those three types of corporate benefits, other corporate benefits could only be identified in a few cases.

State-owned companies

In the state-owned company-initiated CCI projects, “guanxi related benefits”, “HRM”, “reputation improvement” were the only corporate benefits mentioned by informants. The three types of benefits were almost equally addressed by informants. While in 27.3% of the state-owned company-initiated CCI projects, guanxi related benefits were mentioned, in 36.4% and 27.3% of the state-owned company-initiated CCI projects benefits concerning HRM and reputation improvement were identified respectively.

Private companies

“HRM” was most widely recognised as a key corporate benefit of CCI engagement by informants. On the other hand, “guanxi related benefits” were only identified in few private company-initiated CCI projects. While in 54.3% of the private company-initiated CCI projects “HRM” related benefits were identified, only in 17.1% of the private company-initiated CCI projects “guanxi related benefits” were mentioned.

Frequency (%) in Table 37 has shown the percentage that cases of each type of corporate benefit are of all the collected company-initiated CCI cases. It is thought that when discussing guanxi related benefits, only company-initiated CCI cases that have involved CCI partner should be included. In Table 37, 79 company-initiated CCI projects have been collected. However, among them 30 cases are of no CCI partner involvement. According to the conceptual model of the research, in company-initiated CCI projects, guanxi is developed between corporate representatives and CCI partners.
Therefore, it is thought that discussion of guanxi related corporate benefits should be conducted only among the company-initiated CCI projects that have involved CCI partners. Therefore, Table 38 is produced accordingly. In Table 38, the number of company-initiated CCI projects, which have involved CCI partners, are provided.

Table 38 - Guanxi Related Benefits in Cases with CCI Partners

<table>
<thead>
<tr>
<th>Cases with CCI partners</th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Frequency (%)</td>
<td>Frequency</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Guanxi related benefits</td>
<td>19</td>
<td>63.3%</td>
<td>3</td>
<td>50%</td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that guanxi related CCI benefits have been mentioned in the interviews by the relevant type of companies.
- Frequency (%) in the table implies the percentage that cases, in which guanxi related benefits were identified, are of all the cases with CCI partners.

According to Table 38, when CCI partners were involved, “guanxi related benefits” were identified in 57.1% of the company-initiated CCI projects. The percentage of “guanxi related benefits” tends to be higher among foreign company-initiated CCI projects than it is among private company-initiated CCI projects. While “guanxi related benefits” have been identified in 63.3% of the foreign company-initiated CCI projects, “guanxi related benefits” have been identified in 46.2% of the private company-initiated CCI projects.

8.2.1.2 Favour Reciprocation by CCI Partners

The long-term oriented characteristic of guanxi determines that favours in guanxi do not have to be reciprocated immediately. The guanxi player’s commitment to reciprocate favour in the guanxi partner’s times of need is also regarded as a way of favour reciprocation. Therefore, in this part of the analysis, two types of information are involved, namely, favours already reciprocated by CCI partners in the past, and informants’ confidence in favour reciprocation by CCI partners in times of need. The
two types of information are coded together under four categories, namely: “positive narratives”; “negative narratives”; “unclear”; “n/a”, which imply completion of favour reciprocation, incompletion of favour reciprocation, unclear favour reciprocation and inapplicable favour reciprocation respectively.

Frequency of the four categories addressed by different types of companies is tabulated and shown in Table 39. It is worth mentioning that the sum of recorded answers here is greater than the sum of companies involved, because in some interviews, when discussing favours already reciprocated by CCI partners and informant’s confidence in favour reciprocation by CCI partners in times of need, informants have given more than one example case, and all the example cases are recorded.

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Positive narratives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Negative narratives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unclear</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cases with CCI partners</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each type of favour reciprocation has been identified in the interviews by the relevant type of companies.
- Frequency (%) in the table implies the percentage that each type of favour reciprocation is of all the identified answers of favour reciprocation.

According to Table 39, when CCI partners were involved in company-initiated CCI projects, the majority of the informants were positive about favour reciprocation by the CCI partners. In 71.4% of the company-initiated CCI projects, which had involved CCI partners, informants suggested that their CCI partners either had reciprocated favours to the companies or would be willing to reciprocate favours in companies’ times of need. This trend can be applied to all three types of companies.
Foreign companies

The majority of the foreign company informants were positive about the favour reciprocation by their CCI partners. In 83.3% of the foreign company-initiated CCI projects, which had involved CCI partners, informants suggested that their CCI partners either had reciprocated favours to the companies or would be willing to reciprocate favours in companies’ times of need. Only in four cases did informants think that their CCI partners neither had helped the companies in the past, nor were likely to help the companies in times of need.

Positive narrative:

*Foreign company a1:* “...I think, within law and ethics, they will (help us). Take the project we did in Shanghai for instance. It addressed the government’s appeal and was consistent with the social concern at that time. As a result, we have built some really good relationships with government officials in Shanghai. So whenever there is a company awarding in the area, or a business project of the government’s that companies can take part in, we are most likely to be government’s first pick....”

Negative narrative

*Foreign company c9:* “...I think, to some extent, we did have good relationships with some officers of those NGOs in those events. However, the reality is that we don’t have a department in the company to manage our CCI engagement. There is only one person in our company who is designated to take care of all the CCI related issues, and that person is me. Basically, I am the only one in the whole company who knows what is going on in terms of CCI, and I am about to leave the company for another job very soon. To be honest, my boss doesn’t seem to be in a hurry to get a replacement. Once I’m gone, it’s very likely that our company’s connections with those officers will be ended. So, it’s very unlikely that they will ask for any help in the future....”

State-owned companies
Favour reciprocation by CCI partners is not evident among state-owned companies. 11 state-owned company-initiated CCI projects were involved in analysis, and only six of them have involved CCI partners. While informants in three cases failed to furnish any clear answers to the question regarding favour reciprocation, the others have suggested that their CCI partners either had reciprocated favours to the companies in the past or would be willing to reciprocate favours in companies’ times of need.

State-owned company d1: “... If in the future those NGOs we partnered with can be of any help to our business and development, I believe that they will be glad to help. For example, this partner we just talked about, they do not only work with us. They have a lot of other partners in the community. So if we want to establish a connection with one of those organisations in the community, those NGO officers can help us to do it...”

Private companies

Favour reciprocation by CCI partners is likely, yet not evident among private companies. 35 private company-initiated CCI projects were involved in analysis. However, only 13 of them have involved CCI partners, and thus were valid for the discussion of favour reciprocation. In 53.8% of those cases, informants were positive about favour reciprocation by their CCI partners, while in 38.5% of those cases, informants explicitly suggested that their CCI partners neither had helped the companies in the past, nor were likely to help the companies in times of need. Therefore, it is thought the likelihood of favour reciprocation by CCI partners is not evidently strong among private companies.

Positive narrative

Private company f6: “…the red cross helped advertise our new products in their branches in every town and county of Chongqing. They also helped advertised our new products to the organisations they have worked with. Thanks to them, our new products got great exposure, and the sales went up as well...”

Negative narrative
8.2.1.3 Discussion

Having examined informants’ perceptions of benefits that companies may have gained because of initiating the CCI projects two findings have been identified.

1. Guanxi related corporate benefits are the top three most frequently recognised corporate benefits in CCI by informants, and when CCI partners are involved, guanxi related corporate benefits are likely to be obtained in company-initiated CCI projects.

2. Foreign companies are most likely to obtain guanxi related corporate benefits in company-initiated CCI projects.

First, guanxi related benefits are among the top three most frequently recognised benefits that companies may have gained in company-initiated CCI projects. While HRM related benefits and reputation improvement have been widely identified in the existing literature as the benefits that a company can usually gain through CCI engagement, this is the first time that guanxi related benefits are identified as a major type of corporate benefit in CCI. Data regarding corporate benefits in CCI were obtained without any prompts to the informants in the interviews. It is, therefore, thought that this finding can help deepen our understanding of motivations behind CCI in the context of Chinese market. Moreover, most of the guanxi related benefits could suggest the completion of favour reciprocation by CCI partners. Having found that when CCI partners were involved, 57.1% of the company-initiated CCI projects have seen guanxi related benefits, it is thought that favour reciprocation by CCI partners is likely to happen.

Second, foreign companies are most likely to obtain guanxi related benefits in company-initiated CCI projects. As discussed in preceding sections, compared to private companies, foreign companies are usually richer in corporate resources and
knowledge on CCI, and thus more likely to initiate medium and long-term CCI projects with involvement of CCI partners. Due to the medium and long-term interactions with CCI partners, foreign companies are likely to establish a guanxi base between foreign company representatives and CCI partners, and thus develop guanxi in a later stage. Accordingly, guanxi related benefits are most likely to emerge in foreign company-initiated CCI projects. Private companies, on the other hand, tend to initiate short-term CCI projects with no CCI partner involvement. Without the presence of CCI partners, it is impossible for any guanxi related benefits to take place.

Favour reciprocation by CCI partners, including favour already reciprocated by CCI partners in the past and informants’ confidence in favour reciprocation by CCI partners in companies’ times of need, have been reviewed. By doing this, two findings have been identified.

1. In the majority of the company-initiated projects, where CCI partners were involved, favour reciprocation by CCI partners is identified.
2. Favour reciprocation is most likely to happen between foreign company representatives and their CCI partners.

First, when CCI partners were involved, favour reciprocation by CCI partners is identified in the majority of the company-initiated CCI cases, which can signify the establishment of guanxi between corporate representatives and CCI partners. Informants suggested that their CCI partners either had already reciprocated the favours in the past or were likely to reciprocate the favours in companies’ times of need, which confirms the completion of favour reciprocation by CCI partners. Guanxi development theory suggests that establishment of guanxi involves three elements, namely, the presence of guanxi players, the establishment of a guanxi base, and receipt and reciprocation of favours. In the preceding sections, it has already been found that in most of the example company-initiated CCI projects, where CCI partners were involved, guanxi bases have been established; guanxi favours have been received and appreciated by CCI partners. Having found that in majority of those cases, favour reciprocation by CCI partners has also taken place, it can, therefore, be argued that in most of the company-initiated CCI projects, guanxi has been established between corporate representatives and CCI partners.
Second, CCI partners in foreign company-initiated CCI projects are most likely to reciprocate favours, which, in a way, suggests that guanxi is most likely to have been established between foreign company representatives and CCI partners. In 83.3% of the foreign company-initiated CCI projects, informants were positive about favour reciprocation by their CCI partners, whereas in 53.8% of the private company-initiated CCI projects, informants were positive about favour reciprocation by their CCI partners. As the last stage of guanxi development, completion of favour reciprocation signifies the initiation of guanxi. It is thought that such differences in favour reciprocation can suggest the competence of foreign company-initiated CCI projects and the incompetence of private company-initiated CCI projects as a guanxi development method. Firstly, as discussed in the preceding sections, the time spans of CCI projects initiated by foreign and private companies are different. Foreign company-initiated CCI projects are usually in medium and long-term, in which company representatives and CCI partners can interact properly, and thus generate a guanxi base (familiarity). Private company-initiated CCI projects, on the other hand, are usually in short-term, in which company representatives only have little or no interaction with CCI partners, and thus result in unfamiliarity. Secondly, the percentage of CCI partners who have gained and appreciated personal benefits are different. While in most of the foreign company-initiated CCI projects, informants have recognised the personal benefits that may have been gained and appreciated by their CCI partners, in only about half of the private company-initiated CCI projects, informants could recognised the personal benefits that they may have been gained and appreciated by their CCI partners. Furthermore, in 25% of the private company-initiated CCI projects, informants even believed that their CCI partners did not gain any benefits at all through their involvement in the CCI projects. According to guanxi development theory, when a guanxi base and the receipt of appreciative favours are widely absent between private company representatives and CCI partners, guanxi is unlikely to be initiated and thus favour reciprocation by CCI partners is also unlikely to take place.
8.2.2 Third-party-initiated CCI Projects

Two types of information are involved in this part of the data analysis. First, informants’ perceptions of benefits that their companies may have gained as a result of participating in the third-party-initiated CCI projects are coded under eight categories. It is thought that analysing this type of information can identify guanxi related corporate benefits in CCI. As discussed in the beginning of this section, guanxi related corporate benefits could suggest the completion of favour reciprocation by CCI project initiators. Therefore, knowledge of guanxi related benefits in CCI will help form the initial understanding of how often favour reciprocation is completed between corporate representatives and CCI project initiators. The frequency of each category is tabulated to suggest how often guanxi related corporate benefits are thought to have been gained by companies in third-party-initiated CCI projects.

Second, the informants’ knowledge of favour reciprocation by CCI partners in the past and the informants’ confidence in favour reciprocation by CCI project initiators in times of need are coded together under four categories. The long-term orientation of guanxi determines that favour reciprocation in guanxi consists of favours already reciprocated and favours to be reciprocated. Only when the two types of information are included can a comprehensive picture of favour reciprocation by CCI project initiators be painted. The frequency of each category is tabulated to suggest how often favour reciprocation by CCI project initiators has taken place.

Three types of company; foreign, state-owned, and private, are involved in the research. The extant literature suggests that these three types of companies have different appetites for guanxi. It is believed that when CCI is employed to develop guanxi, the three types of companies may behave differently, and thus showing different patterns in the results. Therefore, the analysis and discussion of information provided by different types of companies will be conducted respectively.

In the end, three findings are identified:

1. Guanxi related corporate benefits are the most frequently mentioned CCI benefits by companies.
2. Private companies are most likely to obtain guanxi related benefits in third-party-initiated CCI projects.
initiated CCI projects.

3. In the majority of third-party-initiated projects, informants are positive about favour reciprocation by CCI project initiators.

### 8.2.2.1 Benefits to Companies

Benefits of CCI engagement have been discussed in 64 third-party-initiated CCI projects. 69 cases were collected initially. In five of them, informants suggested that they failed to participate in any third-party-initiated CCI projects. Therefore, only 64 cases are valid for the discussion of corporate benefits in CCI.

The frequency of eight types of CCI benefits addressed by different types of companies is tabulated and shown in Table 40. It is worth mentioning that the sum of recorded benefits here is greater than the sum of companies involved, because (1) in some third-party-initiated CCI projects more than one type of corporate benefit have been mentioned by informants; (2) in some interviews, when discussing benefits that may have been gained by companies in third-party-initiated CCI projects, informants have given more than one example case, and all the example cases are recorded.
According to Table 40, while a variety of corporate benefits have been mentioned by informants as a result of their participation in third-party-initiated CCI projects, “guanxi related benefits” were the most frequently mentioned benefits of all. In 65.6% of the third-party-initiated CCI projects, “guanxi related benefits” were mentioned. While this general trend can apply to all three types of companies, it is particularly evident among private companies. Further discussions are conducted as follows.

Foreign companies

“Guanxi related benefits” were the most frequently mentioned corporate benefit by informants. While “guanxi related benefits” were identified in 53.8% of the CCI projects participated in by foreign companies, “HRM” and “reputation improvement”, as the second most frequently mentioned corporate benefits, were identified only in 23.1% of the CCI projects participated in by foreign companies.
State-owned companies

“Guanxi related benefits” and “reputation improvement” were equally addressed by state-owned company informants as the most common corporate benefits in CCI. These two types of benefits were identified in 50% of the CCI projects participated in by state-owned companies.

Private companies

“Guanxi related benefits” have been identified in the majority of CCI projects participated in by private companies. While “guanxi related benefits” were identified in 82.1% of the CCI projects participated in by private companies, “reputation improvement”, as the second most frequently mentioned corporate benefits, were identified only in 28.6% of the CCI projects participated in by private companies.

Moreover, although all the private companies in the research have identified at least one benefit of participating in third-party-initiated CCI projects, some private companies suggested that peer pressure rather than the identified benefits was the actual reason for which they chose to engage in third-party-initiated CCI projects. According to the informants, CCI related decisions were usually made by owner managers in private companies. Such decisions could, therefore, reflect the owner managers’ personal state to a great extent. Some private company owner managers believed that not being able to contribute to social causes might be perceived by peer company managers as a failure in both their business and their personal career, which, in turn, could lead to the loss of owner managers’ face and social status. Therefore, even if engaging in CCI was not their real intention, they chose to do it anyway.

Private company f7: “...sometimes it was not really up to me to say if we do it or not. When there was a CCI cause, the government would hold a meeting to appeal to the local companies to support. Basically, most of the company bosses (owner managers) in the area would attend the meeting. At the end of the meeting, everyone was saying how much he or she would donate. If you didn’t make a gesture, other bosses might see you as a loser. To be honest our company is not doing very well at the moment. But still I couldn’t say no in that circumstance...”
Private company g6: “…another reason, for which we had to donate, is that when we were asked (by the government) to participated in the project, there were also other companies at the scene. So we were also under the pressure from other companies. Imagine, if everyone else agreed to donate but you, all the bosses (owner-managers) there would look down on me and my company…”

8.2.2.2 Favour Reciprocation by CCI Project Initiators

The long-term oriented characteristic of guanxi determines that favours in guanxi do not have to be reciprocated immediately. A guanxi player’s commitment to reciprocate favour in the guanxi partner’s times of need is also regarded as a kind of favour reciprocation. Therefore, in this part of the analysis, two types of information are involved, namely, favours already reciprocated by CCI project initiators in the past, and informants’ confidence in favour reciprocation by CCI project initiators in companies’ times of need. The two types of information are coded together under four categories, namely: “positive narratives”; “negative narratives”; “unclear”; “n/a”, which represent the completion of favour reciprocation, incompletion of favour reciprocation, unclear favour reciprocation and inapplicable favour reciprocation respectively.

The frequency of the four categories addressed by different types of companies is tabulated and shown in Table 41. It is worth mentioning that the sum of recorded answers here is greater than the sum of companies involved, because in some interviews, when discussing favours already reciprocated by CCI project initiators and informant’s confidence in favour reciprocation by CCI project initiators in companies’ times of need, informants have given more than one example case, and all the example cases are recorded.
According to Table 41, the majority of the informants were positive about favour reciprocation by CCI project initiators. In 79.7% of the third-party-initiated CCI projects, informants suggested that the CCI project initiators either had reciprocated favours to the companies in the past or would be willing to reciprocate favours in companies’ times of need. This trend can apply to all three types of companies in the research.

Foreign companies

The majority of the foreign companies were positive about the favour reciprocation by CCI project initiators. 31 cases were initially given by foreign companies, and in five of them the informants suggested that they did not participate in any third-party-initiated CCI projects. Therefore, only 26 cases are valid for the discussion of favour reciprocation. In 80.8% of the valid third-party-initiated CCI projects, informants suggested that the CCI project initiators either had reciprocated favours to the companies in the past or would be willing to reciprocate favours in companies’ times of need. Only in three third-party-initiated CCI projects, did informants believe that the CCI project initiators neither had helped the companies in the past, nor were likely to help the companies in times of need.
Positive narrative:

*Foreign company c6:* “… it is because of our support to them in CCI, the government also showed us their good gestures. When they had good business opportunities, they always informed us first thing and asked if we would like to take part in. For example, they invited us to take part in the ‘water supply and sewage treatment for the Changshou national industrial park’ project…”

Negative narrative

*Foreign company a4:* “…as I was saying, participating in that event was sort of compulsory. We were in it, everyone else was in it as well. I don’t think we, in any sense, did them a favour. So we can’t expect them to pay the favour back one day…”

State-owned companies

Favour reciprocation by CCI project initiators is evident among state-owned companies. 10 third-party-initiated CCI projects were given by state-owned companies. In seven of them informants suggested that the CCI project initiators either had reciprocated favours to the companies in the past or would be willing to reciprocate favours in companies’ times of need. Only in three cases informants could not furnish any clear answers to the question regarding favour reciprocation, no state-owned companies provided any negative answers in regard to the favour reciprocation by CCI project initiators.

*State-owned company c5:* “… for a giant state-owned company like us, even before the CCI project, we have already had various connections with the government and the project initiator. In our times of need, we will get our help and policy support. But, I don’t think there is any causal relationship between it and our participation in those CCI projects…”

Private companies

Favour reciprocation by CCI project initiators is evident among private companies. In 82.1% of the valid third-party-initiated CCI projects given by private companies,
informants suggested that the CCI project initiators either had reciprocated favours to the companies in the past or would be willing to reciprocate favours in companies’ times of need. Only in five third-party-initiated CCI projects, informants believed that the CCI project initiators neither had helped the companies in the past, nor were likely to help the companies in companies’ times of need.

Positive narrative:

Private company d8: “...we have obtained some social resources, such as guanxi with the key officials in the local government. Such guanxi makes it easier and smoother when the business deals with the local government. In addition, those officials also recommended us to those that they thought we might have business cooperation with. They played a really good role as our ambassadors and intermediaries...”

Negative narrative

Private company f4: “...our contribution to the project wasn’t outstanding. When compared to contributions made by other companies, ours is even more ignorable. It wouldn’t catch much of the government’s (project initiator’s) attention. So if we want to develop relationships with government officials by participating in their CCI projects, it is almost impossible...”

8.2.2.3 Discussion

Having examined informants’ perceptions of benefits that companies may have gained because of participating in the third-party-initiated CCI projects two findings have been identified.

1. Guanxi related benefits are the most frequently mentioned CCI benefits by companies.

2. Private companies are most likely to obtain guanxi related benefits in third-party-initiated CCI projects.
First, guanxi related benefits are the most frequently mentioned benefits that companies may have gained in third-party-initiated CCI projects. While other benefits, such as advertising and reputation improvement have been widely identified in the existing literature as the benefits that company can usually gain through CCI engagement, this is the first time that guanxi related benefits are mentioned as a major type of CCI benefit for companies. Data regarding CCI benefits for companies was obtained without any prompts to the informants in the interviews. It is, therefore, thought that this finding can help deepen our understanding of motivations behind CCI in the context of the Chinese market. Moreover, most of the guanxi related benefits could suggest the completion of favour reciprocation by CCI project initiators. Having found that 65.6% of the third-party-initiated CCI projects have seen guanxi related corporate benefits, it is thought that favour reciprocation by CCI project initiators is likely to happen.

Second, private companies are most likely to obtain guanxi related benefits in third-party-initiated CCI projects. As discussed in the preceding section, due to the lack of relevant resources and knowledge to initiate and manage company-initiated CCI projects, private companies’ CCI efforts are mainly reflected on their participation in third-party-initiated CCI projects. In this research, most of the CCI projects participated in by private companies were found to be initiated by government or governmental organisation officials. The extant literature suggests that private companies attach great importance to guanxi with government officials in order to obtain formal structural support. Therefore, it is thought that private companies are likely to have actively participated in third-party-initiated CCI engagement to initiate guanxi with government officials, and thus obtained guanxi related benefits. Compared to private companies, foreign companies tend to put their CCI attention on company-initiated CCI projects rather than third-party-initiated CCI projects. When CCI is used to develop guanxi, foreign companies, in comparison to private companies, are less likely to obtain guanxi related benefits in third-party-initiated CCI projects. Compared to private and foreign companies, state-owned companies’

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11 This argument can be supported by the fact that foreign companies in this research, on average, have spent more time on company-initiated CCI projects than on third-party-initiated CCI projects. While most of the foreign company-initiated CCI projects lasted more than a year, more than half of the third-party-initiated CCI projects participated in by foreign companies only lasted less than a year.
participation in third-party-initiated CCI projects was compulsory rather than optional, and thus the obtaining of guanxi related benefits is even less likely.

Favour reciprocation by CCI project initiators, including favours already reciprocated by CCI project initiators in the past and informants’ confidence in favour reciprocation by CCI project initiators in companies’ times of need, have been reviewed. By doing this, one finding has been identified.

1. In the majority of third-party-initiated projects, informants are positive about favour reciprocation by CCI project initiators.

Favour reciprocation by CCI project initiators is identified in the majority of third-party-initiated CCI cases, which can signify the establishment of guanxi between corporate representatives and CCI project initiators. Informants suggested that CCI project initiators either had already reciprocated the favours to companies in the past or were likely to reciprocate the favours in companies’ times of need, which confirms the completion of favour reciprocation by CCI project initiators. Guanxi development theory suggests that establishing guanxi involves three elements; namely, the presence of guanxi players, the establishment of a guanxi base, and receipt and reciprocation of favours. In the preceding sections, it has already been found that in most of the third-party-initiated CCI projects, (1) guanxi bases have been established either through medium and long-term interactions with CCI project initiators or repeatedly short-term interactions with same CCI project initiators; (2) guanxi favours have been received and appreciated by CCI project initiators. Having found that in majority of those cases, favour reciprocation by CCI project initiators has also taken place, it can, therefore, be argued that in most of the third-party-initiated CCI projects, guanxi has been established between corporate representatives and CCI project initiators.

8.2.3 Conclusion

Data analyses conducted in this section attempt to test the Proposition 5: the “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”. The proposition predicts that due to the establishment of a guanxi base between
corporate representatives and CCI partners/project initiators and the receipt of appreciative favours by CCI partners/project initiators, companies are likely to have obtained favours from CCI partners/project initiators or be able to obtain favours from CCI partners/project initiators in times of need, and thus established guanxi between corporate representatives and CCI partners/project initiators. In order to test this proposition, informants’ perceptions of corporate benefits in CCI and favour reciprocation by CCI partners/project initiators, which includes the favours already reciprocated by CCI partners/project initiators in the past and informants’ confidence in favour reciprocation by CCI partners/project initiators in companies’ times of need, have been drawn from two types of CCI projects, company-initiated CCI project and third-party-initiated CCI project, and analysed respectively.

Company-initiated CCI projects:

Four findings have been identified in this part of the data analysis:

1. Guanxi related corporate benefits are the top three most frequently recognised corporate benefits in CCI by informants, and when CCI partners are involved, guanxi related corporate benefits are likely to be obtained in company-initiated CCI projects.
2. Foreign companies are most likely to obtain guanxi related corporate benefits in company-initiated CCI projects.
3. In the majority of the company-initiated projects, where CCI partners were involved, favour reciprocation by CCI partners is identified.
4. Favour reciprocation is most likely to happen between foreign company representatives and their CCI partners.

Drawn from the findings, two patterns, which are thought to be relevant to testing the Proposition 5, have been concluded. First, when CCI partners are involved, most of the companies either have obtained favours from CCI partners or have confidence in favour reciprocation by CCI partners in their times of need. Second, except for a small number of state-owned and private companies, companies, which are positive about favour reciprocation by CCI partners, are mostly foreign companies.
The theoretical proportion predicts that upon the establishment of a guanxi base between corporate representatives and CCI partners and receipt of appreciative favours by CCI partners, companies are likely to have obtained favours from CCI partners or be able to obtain favours from CCI partners in their times of need. Having compared the empirical patterns identified in this part of analysis with the one predicted by the theoretical proposition, it is believed that the theoretical proposition failed to specify the company type. Accordingly, the empirical patterns cannot coincide with the theoretically predicted patterns. Therefore it is thought that the original *Proposition 5* is partially supported and should be refined in the light of the findings as:

*The foreign “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER” in company-initiated CCI projects.*

Third-party-initiated CCI projects:

Three findings have been identified in this part of the data analysis:

1. Guanxi related corporate benefits are the most frequently mentioned CCI benefits by companies.
2. Private companies are most likely to obtain guanxi related benefits in third-party-initiated CCI projects.
3. In the majority of third-party-initiated projects, informants are positive about favour reciprocation by CCI project initiators.

Drawn from the findings, one pattern, which is thought to be relevant to testing the *Proposition 5*, has been concluded. In most of the third-party-initiated CCI cases, companies either have obtained favours from CCI project initiators or are confident in favour reciprocation by CCI project initiators in their times of need.

The theoretical proportion predicts that upon the establishment of a guanxi base between corporate representatives and CCI project initiators and the receipt of appreciative favours by CCI project initiators, companies are likely to have obtained favours from CCI project initiators or be able to obtain favours from CCI project initiators in their times of need. Having compared the empirical pattern identified in this part of analysis with the one predicted by the theoretical proposition, it is believed
that empirical pattern can coincide with the theoretically predicted patterns. Therefore, the original proposition is supported.

Finally, having compared the empirical patterns identified through analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects with the ones predicted by the original Proposition 5, the relevant modifications to the original Proposition 5 have been suggested. According to the preceding discussion, it is believed that the Proposition 5 should be refined as follows:

The foreign “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”, whereas the private “COMPANY” will only be able to obtain favours from the targeted guanxi “PLAYER” in third-party-initiated CCI projects.

Chapter Summary

This chapter tested the Proposition 5, which concerns the favour exchange between corporate representatives and the targeted guanxi players through CCI. Firstly, corporate benefits obtained through CCI have been analysed. Secondly, favour reciprocations and the likelihood of favour reciprocation by CCI partners/project initiators to companies have been analysed. The findings in this chapter have partially supported the initial theoretical Proposition 5. Modifications are suggested accordingly to Proposition 5.
Chapter 9.0 Inter-organisational Relationship Building as Guanxi Favour

Introduction

Data analysis in this section aims to test the *Proposition 6: To reciprocate the favour to the “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role.*

Section plan

The existing literature suggests that the intermediation is an important type of guanxi favour. It can help build inter-organisational relationships and bring companies from the “outsider” circle into the “insider” circle of the hierarchical Chinese society. In the context of this research, companies’ CCI partners/project initiators are portrayed by the conceptual model as the targeted guanxi players and the initial favour recipients. If guanxi is successfully initiated between corporate representatives and CCI partners/project initiators, according to guanxi development theory, the CCI partners/project initiators are then obligated to reciprocate the favours to corporate representatives. Instead of any other guanxi favours, the conceptual framework of the research proposes that on behalf of the company, corporate representatives will ask or expect their CCI partners/project initiators to reciprocate the favour by playing the intermediary role and introduce them into the local guanxi networks. Since inter-organisational relationships in China can be built upon and/or expanded through guanxi, the corporate representatives can then help build inter-organisational relationships for the companies with contacts in the local guanxi networks. The discussion of guanxi development was conducted in two types of CCI projects, namely, company-initiated CCI projects and third-part-initiated CCI projects. Therefore, when discussing the favours reciprocated in guanxi, data will also be drawn from the two types of CCI projects, and the separate analyses will be conducted accordingly.

In company-initiated CCI projects, the preference towards intermediation, as the favour reciprocated by CCI partners, is expected to be identified. Data analysis in this section concerns analysing two types of information drawn from company-initiated
CCI projects. In order to identify any corporate preference towards certain types of guanxi favours, (1) favours that have been reciprocated and (2) favours that are expected to be reciprocated by CCI partners are examined.

In third-party-initiated CCI projects, the preference towards intermediary, as the favour reciprocated by CCI project initiators, is expected to be identified. Data analysis in this section concerns analysing two types of information drawn from third-party-initiated CCI projects. In order to identify any corporate preference towards certain types of guanxi favours, (1) favours that have been reciprocated and (2) favours that are expected to be reciprocated by CCI project initiators are examined.

Finally, corporate preference towards any types of guanxi favours from CCI partners/project initiators will be discussed and compared with the ones predicted by the Proposition 6 at the end of the section. Conclusions about the validity of the Proposition 6 will be drawn accordingly.

Data categorisation

Having reviewed all the guanxi favours that have been reciprocated or are expected to be reciprocated by CCI partners/project initiators in the example CCI projects, 17 themes emerged initially. All of them are shown in Table 42. Due to some of the themes, in fact, representing a similar type of guanxi favour, the 17 themes were, therefore, further grouped into six categories. All six categories are also shown in Table 42. The six categories represent six types of guanxi favours that have been reciprocated or are expected to be reciprocated by CCI partners/project initiators in the example CCI projects. Further discussion of the six categories is as follows:
1. “Intermediary”: some informants suggested that their CCI partners/project initiators had been asked to or were expected to play the intermediary role and introduce corporate representatives to key stakeholders and/or to the guanxi networks in the community. It is noticed that in the interviews most of the key stakeholders, whom corporate representatives wanted to be introduced to, are government officials. Informants’ narratives, which suggest this type of guanxi favour, are coded under the category “intermediary”.

Foreign company a4: “...for example, in times of need, (through the CCI partner) it is easier to get into contact with certain government officials...”

Foreign company b6: “...when we started our business in a new place, we usually wouldn’t have much knowledge of the local situation in the beginning. Officers of the chamber of commerce helped us a lot by directing us to the right people when we came across any problems. They would tell us who was the best person to go to and which government department he was in. Sometimes, if they

Table 42 - Development of Themes

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<th>6 group themes</th>
<th>17 original themes</th>
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<td>1. Intermediary</td>
<td>1. Intermediation</td>
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<td>2. Government support</td>
<td>1. Government policy support</td>
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<td>4. Become government’s partner in business projects</td>
</tr>
<tr>
<td></td>
<td>5. Increase the odds to win government awards</td>
</tr>
<tr>
<td>3. Political status</td>
<td>1. Obtain and maintain political status</td>
</tr>
<tr>
<td>4. Sales increase</td>
<td>1. Facilitate distribution</td>
</tr>
<tr>
<td></td>
<td>2. Endorsement for new products</td>
</tr>
<tr>
<td></td>
<td>3. Help branding</td>
</tr>
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<td></td>
<td>4. Support R&amp;D</td>
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<td></td>
<td>5. Provide business opportunities</td>
</tr>
<tr>
<td>5. Uncertainty avoidance</td>
<td>1. Avoid uncertainty caused by bureaucracy</td>
</tr>
<tr>
<td></td>
<td>2. Avoid uncertainty caused in the times of crisis</td>
</tr>
<tr>
<td></td>
<td>3. Avoid uncertainty caused by information asymmetry</td>
</tr>
<tr>
<td></td>
<td>4. Avoid uncertainty caused by policy fluctuation</td>
</tr>
<tr>
<td>6. Reciprocation expectation</td>
<td>1. Non specified favours are expected to be reciprocated</td>
</tr>
</tbody>
</table>
were particularly close to certain government officials, they would even ask us to write a report regarding our problems and then submit the report to those government officials for us…”

State-owned company e9: “…the NGO can play the role of intermediary. They have worked with many companies. So their officers know a lot of companies and are also familiar with many important people in those companies. In times of need, we can ask those NGO officers to build a bridge for us and introduce us to the people from the companies that we seek to have business cooperation with…”

2. “Government support”: according to some informants, their CCI partners/project initiators have helped them obtain various government support. Five types of government support have been identified in the interviews. First, CCI partners/project initiators were found to help obtain government support to corporate procurement of scarce resources such as land and licenses. Second, CCI partners/project initiators were seen to help obtain government support to corporate financing. Third, CCI partners/project initiators were seen to help obtain government policy support to corporate development. Fourth, CCI partners/project initiators were seen to help companies obtain partnership in governmental business projects. Fifth, CCI partners/project initiators were seen to help increase the possibility of winning awards that the government gives to companies in the community as a symbol of recognition. Informants’ narratives, which suggest this type of guanxi favour, are coded under the category “government support”.

a. Scarce resource procurement

Foreign company d5: “... the relationship with them is particularly helpful when it comes to the procurement of land for our factories. We usually are allowed to have more options…”

b. Financing
Private company g4: “...for example, with some government administrated company innovative projects, there were only a limited number of companies that can take part. The ones that were chosen could not only get competitive advantages in the market, but also obtain great financial subsidy from the government. Due to our relationships with those government officials, they would inform us timely, and thus we could submit our application at the first opportunity...”

c. Government policy support

Private company j5: “...government’s policy support. For example, the central government sometimes had issued some preferential policies to companies. Our company was qualified for the preferential policies. However, the local government had not started to implement such preferential policies in the area yet. Due to our relationships, they (government officials) would make an exception to grant our company the preferential policies anyway...”

d. Partnership in governmental business projects

State-owned company e8: “…I can’t say we will be treated specially. But as long as the guanxi is there, under the same conditions, if there are any projects that may suit our company, they (government officials) will definitely consider our company first...”

e. Preference in award winning

Foreign company a1: “…take the project we did in Shanghai for instance. It addressed the government’s appeal and was consistent with the social concerns at that time. As a result, we have built some really good relationships with government officials in Shanghai. So whenever there is a company awarding in the area, or a business project of the government’s that companies can take part in, we are most likely the government’s first pick...”

3. “Political status”: in some cases, private company informants (i.e. owner
managers) suggested that their CCI partners/project initiators, who were government officials, had helped them obtain and/or maintain their political status. This type of guanxi favour was found among private companies only. Informants’ narratives, which suggest this type of guanxi favour, are coded under the category “political status”.

Private company h1: “…during our participation in the government’s (CCI) projects, I (owner manager) have interacted and communicated with the political leaders in the local government. We have become familiar with each other and built an emotional bond. Later on, they (political leaders) raised me up to a height and recommended me to be the deputy in provincial people’s congress…”

4. “Sales increase”: some informants suggested that their CCI partners/project initiators had helped increase the corporate sales. In the interviews, CCI partners/project initiators were seen to help increase sales (1) by advertising the companies and their products and/or services; and/or (2) by suggesting business opportunities to the companies; and/or (3) by distributing the corporate products; and/or (4) by endorsing the new products that the companies introduced to the Chinese market; and/or (5) by facilitating corporate R&D. Informants’ narratives, which suggest this type of guanxi favour, are coded under the category “sales increase”.

a. Advertisement

Private company f6: “…when the local government officials were communicating with consumers and organisations from other regions, they always tried to help advertise us and our products. They also tried to make us one of the representative brands of the area…”

b. Business opportunities

Foreign company c6: “… it is because of our support to them in CCI, the government also showed us their good gestures. When they had good business opportunities, they always informed us at the first opportunity and asked if we would like to take part. For example,
they invited us to take part in the ‘water supply and sewage treatment for Changshou national industrial park’ project, which was a big and profitable project for our business…”

c. Distribution of corporate products

Private company f6: “…the government helped distribute our products. The local government has been procuring our beverage products for conferences and the reception of foreign guests…”

d. Endorsement for new products

Foreign company a3: “…Of course they have. Some new products of our company might need the specialists of Tsinghua University to provide positive comments from the academic prospective. At that time, the directors of Tsinghua University were very much hoping to help us. Such help is very crucial to the business development of our company. Imagine, if you did not have this connection, it would be rather difficult to find a University like Tsinghua University, or some nation-wide prestigious professor to endorse for our new products. However, because of this partnership we had in the CSR project, they got to know and be familiar with us, and thus were comparatively more willing to help us in this matter…”

e. Support to R&D

Private company g9: “…the R&D of our company’s quite a few new products have obtained great support from the leadership of those two universities as well as their researchers and scholars…”

5. “Uncertainty avoidance”: according to some informants, their CCI partners/project initiators had helped the business reduce or avoid uncertainties caused by a variety of reasons. In the interviews, four types of uncertainties were identified. First, CCI partners/project initiators, who were government officials, were seen to help the business reduce or avoid uncertainty caused by bureaucracy. Second, CCI partners/project initiators were seen to help companies control the uncertain negative impacts to the business during times of crisis. Third, CCI
partners/project initiators were seen to share valuable information timely with corporate representatives, and thus help the businesses reduce or avoid uncertainty caused by information asymmetry. Fourth, CCI partners/project initiators were seen to help companies avoid uncertainty caused by policy fluctuations in China. Since many CCI partners/project initiators were government officials, they had introduced the companies into the policies and/or standards setting process, and thus helped companies reduce or avoid the uncertainty caused by policy fluctuations. Informants’ narratives, which suggest this type of guanxi favour, are coded under the category “uncertainty avoidance”.

a. Avoid uncertainty caused by bureaucracy

   Private company g7: “…(due to the relationships with government officials) when the business is dealing with government, their work efficiency will be higher. For example, we were requesting some paperwork at local bureau of commerce and industry. We could be asked to wait only one day for it. We could also be asked to wait one whole week for it. But if we are familiar with those officials, it would only cost us one day, which saved a lot of valuable time for the business…”

b. Avoid uncertainty incurred in times of crisis

   Private company e7: “…in the circumstance that our company had violated any regulations, the punishment could be done in a wide range. (Due to the relationships with government officials) they could give a comparatively loose punishment to the business. For example, once we were requested to correct some inappropriate operations by the Safety Supervision Bureau and Food and Drug Administration. They could only give us 1 month to do so. They could also give us 6 months to do so. Because of our frequent cooperation with the government officials of those two departments in CCI, we have established very good relationships with them. So when that thing
happened, they gave us 6 months to regulate our operation, which was a very loose punishment for the business…”

c. Avoid uncertainty caused by information asymmetry

Private company g7: “…we obtained some conveniences. For example, our guanxi in the government will remind us wherever there are policy changes that may affect our business. When a policy or standard is changing, if a company can’t find out right away, if they find out that the standards being used on their production lines are different from the legitimate ones and then make changes, it can be too late. Sometimes it can even result in a certain level of loss to the business. But if we can get such instant reminder from our guanxi partners in the government, such things will then never happen to us…”

d. Avoid uncertainty caused by policy fluctuation

Foreign company d2: “…Chinese Centre for Disease Control and Prevention, they are responsible for setting the national standards of nutrient products in China. The benefit of working with them in a CCI project like this is that their officials will ask us to provide them with reference cases and data, when tailoring such standards. By doing this, we are able to influence them, communicate and convey our perception of this industry and its future development to them, and thus help them set the standards. After the standards are published, because we are so intensively involved in the process, when designing new products, it is very likely that we will have a good idea of how our products should be like and what direction our products should develop into in the future. All those things are very important to our company’s development in long-run…”

6. “Reciprocation expectation”: in some interviews, informants suggested that their CCI partners/project initiators had not yet reciprocated any favours by the time of the interviews. Although they could not specify the favours that they expected from their CCI partners/project initiators, they believed that their CCI
partners/project initiators would help the business in times of need anyway. Informants’ narratives, which suggest this type of guanxi favour, are coded under the category “reciprocation expectation”.

*Foreign company b3:* “...I am not 100% sure that when we are in times of need, they will help or support us in anyway, because we haven’t been in need of their help yet. But I believe, within law and their capability, they will offer the help...”

The established principles for data categorisation will be applied to the analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects in the later stage.

### 9.1 Company-initiated CCI Projects

Information, which concerns favours that have been reciprocated or are expected to be reciprocated by CCI partners, is involved in this part of data analysis. Favours that have been reciprocated or are expected to be reciprocated by CCI partners in the company-initiated CCI projects are coded under six categories. It is thought that analysing this information can help identify any corporate preferences towards certain types of guanxi favours. Therefore, the frequency of each category is tabulated to suggest how often each type of guanxi favour has been reciprocated or is expected to be reciprocated by CCI partners.

Three types of company; foreign, state-owned, and private, are involved in the research. It is believed due to their different backgrounds, they are likely to seek different guanxi favours, and thus showing different patterns in the results. Therefore, the analysis and discussion of information provided by different types of companies will be conducted respectively.

In the end, one finding is identified:

1. Among all favours, “intermediary” is the one that was most frequently reciprocated or expected. This trend is particularly evident between foreign
companies and their CCI partners.

9.1.1 Guanxi Favours by CCI Partners

The frequency of the six categories addressed by different types of companies is tabulated and shown in Table 43. It is worth mentioning that the sum of guanxi favours here is greater than the sum of companies involved, because (1) in some company-initiated CCI projects more than one type of guanxi favours have been mentioned by informants; (2) in some interviews, when discussing guanxi favours that have been gained or are expected to be gained from CCI partners, informants have given more than one example case, and all the example cases are recorded.

<table>
<thead>
<tr>
<th></th>
<th>Foreign</th>
<th>State owned</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
<td>Frequency (n)</td>
<td>Frequency (%)</td>
</tr>
<tr>
<td>Intermediary</td>
<td>10</td>
<td>37</td>
<td>1</td>
<td>33.3</td>
</tr>
<tr>
<td>Government support</td>
<td>3</td>
<td>11.1</td>
<td>1</td>
<td>33.3</td>
</tr>
<tr>
<td>Political statues</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sales increase</td>
<td>4</td>
<td>14.8</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>5</td>
<td>18.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reciprocation expectation</td>
<td>5</td>
<td>18.5</td>
<td>1</td>
<td>33.3</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>3</td>
<td>9</td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews by the relevant type of company.
- Frequency (%) in the table implies the percentage that each type of guanxi favour is of all the identified guanxi favours.

As a guanxi favour, “intermediary” is most likely to be reciprocated or expected to be reciprocated by CCI partners. According to Table 43, in company-initiated CCI projects, five types of guanxi favours, “intermediary”, “government support”, “sales increase”, “uncertainty avoidance” and “reciprocation expectation”, have been identified. In general, CCI partners’ playing the intermediary role for companies is the most frequently mentioned type of guanxi favour by informants. It accounts for 33.3% of all identified guanxi favours, and is at least twice more likely to be requested as a
guanxi favour in comparison to other types of guanxi favours. Apart from “intermediary”, other guanxi favours were addressed more or less equally by informants. Nevertheless, this general trend cannot be applied to all three types of companies.

Foreign companies

Foreign companies are most likely to ask or expect their CCI partners to reciprocate favours by playing the intermediary role. All five types of guanxi favours, “intermediary”, “government support”, “sales increase”, “uncertainty avoidance” and “reciprocation expectation”, have been mentioned by foreign companies. Among them, “intermediary” is the most frequently mentioned guanxi favour by informants. It is more than twice more likely to be requested as a favour by foreign companies in comparison to other types of favours. While most of the foreign company informants suggested that their CCI partners had introduced or were expected to introduce them to important government officials, few foreign company informants suggested that their CCI partners had introduced or were expected to introduce them to officers of other companies or organisations. Apart from the “intermediary”, other guanxi favours were addressed more or less equally by informants.

Introduction to government officials

*Foreign company a6:* “...for example, they were very helpful in terms of expanding our guanxi in the local government. At the launching ceremony of this project, we not only have had the leadership of Chengdu city government but also the leadership of Sichuan province government to come. Without them, it would be really difficult for us to get access to those government officials...”

Introduction to others

*Foreign company f6:* “... (CCI partner) introduced and helped us establish good relationships with the relevant businessmen in the local market. This is very helpful to our expansion into the Tibetan market in the near future...”

State-owned companies
Playing intermediary, as favour reciprocation by CCI partners, is not evident among state-owned companies. Only three types of guanxi favours, “intermediary”, “government support”, and “reciprocation expectation”, have been identified among state-owned companies. Every one of them was mentioned only once by informants.

Private companies

Playing intermediary, as favour reciprocation by CCI partners is not evident among private companies. As discussed in the preceding section, only a limited number of private company-initiated CCI projects have involved CCI partners, and thus are valid for the discussion of guanxi reciprocation. Among those valid private company-initiated CCI projects, five types of guanxi favours, “intermediary”, “government support”, “sales increase”, “uncertainty avoidance” and “reciprocation expectation”, have been identified. While most of the identified guanxi favours were only mentioned once or twice, only “sales increase” was addressed three times by private company informants.

9.1.2 Discussion

Having examined favours that have been reciprocated or are expected to be reciprocated by CCI partners in the example company-initiated CCI projects one finding has been identified:

1. Among all favours, “intermediary” is the one that was most frequently reciprocated or expected. This trend is particularly evident between foreign companies and their CCI partners.

In the interviews, “intermediary” was found to be the most frequently mentioned favour by companies, foreign companies in particular. It is thought that this is due to three reasons. First, only foreign companies and private companies demand guanxi with government officials, and thus need CCI partners to play an intermediary role between them and government officials. It is found that by playing the intermediary, CCI partners have introduced or are expected to introduce the corporate
representatives to mostly government officials and occasionally other key stakeholders in the community. There are three types of companies, foreign, state-owned, and private company, involved in the research. The extant literature suggests that while state-owned companies are naturally associated with the government, and thus in little need of guanxi with government officials, foreign and private companies, without such a natural bond with the government, are likely to be in great need of guanxi with government officials (Xin & Pearce, 1996). As a result, state-owned companies are likely to be in little demand of an “intermediary” as a favour.

Second, private companies do not seem to be keen on developing guanxi and obtain favours through initiation of CCI projects. As discussed in the previous sections, a large number of private companies in the research have not involved any CCI partners in their company-initiated CCI projects. It is thought that in spite of private companies’ need of guanxi with government officials and other key stakeholders, private companies may not attempt to develop guanxi and obtain favours by initiating CCI projects. Accordingly, the demand of an “intermediary” as a favour by private companies is also limited in private company-initiated CCI projects.

Third, foreign companies prefer to use intermediary and approach government officials in an indirect way. Foreign companies are in demand of guanxi with government officials. Nevertheless, foreign companies usually adopt rather strict anti-corruption guidelines from their mother companies, which makes a direct approach to government officials sensitive. Due to this, it is thought that foreign companies are likely to approach government officials indirectly.

*Foreign company a3: “... we would be very careful when coming to directly working with government, because it still can be a very sensitive thing to do in the country. And compliance with laws and regulations is the top priority in our company. So we try to draw a very clear line between us and corruption. Nevertheless, with the joint participation with another organisation such as a GONGO, we are quite happy to involve the government in our CCI projects...”*

As discussed in the previous section, when choosing CCI partners, foreign companies prefer those who are not government officials, yet have strong government
backgrounds, such as GONGO officers. It is believed that once guanxi is established between foreign corporate representatives and their CC partner, it is likely that foreign companies will make use of their CCI partners’ strong government background and demand them to introduce corporate representatives to key government officials. Accordingly, the “intermediary” was found to be the most frequently mentioned favour, particularly by foreign companies.

9.2 Third-party-initiated CCI Projects

Information, which concerns favours that have been reciprocated or are expected to be reciprocated by CCI project initiators, is involved in this part of data analysis. Favours that have been reciprocated or are expected to be reciprocated by CCI project initiators in the third-party-initiated CCI projects are coded under six categories. It is thought that analysing this information can help identify any corporate preferences towards certain types of guanxi favours. Therefore, the frequency of each category is tabulated to suggest how often each type of guanxi favour has been reciprocated or is expected to be reciprocated by CCI project initiators.

Three types of companies, foreign company, state-owned, and private company, are involved in the research. It is believed that due to their different backgrounds, they are likely to seek different guanxi favours, and thus show different patterns in results. Therefore, the analysis and discussion of information provided by different types of companies will be conducted respectively.

In the end, four findings are identified:

1. The “intermediary” is the second least frequently reciprocated or expected favour of all.
2. Among all favours, “government support” is the most frequently reciprocated or expected favour of all.
3. While “government support” is the most frequently mentioned favour by private companies, it is the second least frequently mentioned favour by foreign companies.
4. “Political status” as a favour can only be identified among private companies.

9.2.1 Guanxi Favour by CCI Project Initiators

The frequency of the six categories addressed by different types of companies is tabulated and shown in Table 44. It is worth mentioning that the sum of guanxi favours here is greater than the sum of companies involved, because (1) in some third-party-initiated CCI projects more than one type of guanxi favours have been mentioned by informants; (2) in some interviews, when discussing guanxi favours from CCI project initiators, informants have given more than one example case, and all the example cases are recorded.

Table 44 - Guanxi Favour from CCI Project Initiator

<table>
<thead>
<tr>
<th>Category</th>
<th>Foreign Frequency</th>
<th>Frequency (%)</th>
<th>State owned Frequency</th>
<th>Frequency (%)</th>
<th>Private Frequency</th>
<th>Frequency (%)</th>
<th>Total Frequency</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intermediary</td>
<td>3</td>
<td>13</td>
<td>1</td>
<td>14.3</td>
<td>2</td>
<td>5.6</td>
<td>6</td>
<td>9.1</td>
</tr>
<tr>
<td>Government support</td>
<td>2</td>
<td>8.7</td>
<td>3</td>
<td>42.9</td>
<td>16</td>
<td>44.4</td>
<td>21</td>
<td>31.8</td>
</tr>
<tr>
<td>Political status</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>8.3</td>
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<tr>
<td>Sales increase</td>
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<td>13</td>
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<td>0</td>
<td>5</td>
<td>13.9</td>
<td>8</td>
<td>12.1</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>6</td>
<td>26.1</td>
<td>1</td>
<td>14.3</td>
<td>8</td>
<td>22.2</td>
<td>15</td>
<td>22.7</td>
</tr>
<tr>
<td>Reciprocation expectation</td>
<td>9</td>
<td>39.1</td>
<td>2</td>
<td>28.6</td>
<td>2</td>
<td>5.6</td>
<td>13</td>
<td>19.7</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
<td>39.1</td>
<td>36</td>
<td>56</td>
<td></td>
<td></td>
<td>66</td>
<td></td>
</tr>
</tbody>
</table>

- Frequency (n) in the table implies the number of times that each category has been mentioned in the interviews by the relevant type of company.
- Frequency (%) in the table implies the percentage that each type of guanxi favour is of all the identified guanxi favours.

As a guanxi favour, “intermediary” is the second least likely to be reciprocated or expected to be reciprocated by CCI project initiators. According to Table 44, in third-party-initiated CCI projects, six types of guanxi favours, “intermediary”, “government support”, “political status”, “sales increase”, “uncertainty avoidance” and “reciprocation expectation”, have been identified. “Intermediary” only accounts for 9.1% of all favours identified, which makes it the second least frequently mentioned favour in third-party-initiated CCI cases. “Intermediary” was only identified in six out
of 64 valid third-party-initiated CCI cases. Obtaining government support through CCI project initiators, on the other hand, is the most frequently mentioned type of guanxi favour by informants. It accounts for 31.8% of all identified guanxi favours. Apart from “government support”, “uncertainty avoidance” and “reciprocation expectation” have also been mentioned considerably by informants. This general trend cannot apply to all three types of companies.

Foreign companies

Playing “intermediary”, as favour reciprocation by CCI project initiators, is not evident among foreign companies. Five types of favours have been mentioned by foreign companies. Unlike in foreign company-initiated CCI projects where “intermediary” was found to be the most frequently reciprocated or expected guanxi favour, in third-party-initiated CCI projects, “intermediary” is the second least frequently addressed favour by foreign companies. A high percentage of favours given by foreign companies were unspecified favour expectations. While 39.1% of the identified guanxi favours are unspecified favour expectations, only 13% of the identified guanxi favours are intermediary related.

State-owned companies

Playing “intermediary”, as favour reciprocation by CCI project initiators, is not evident among state-owned companies. Four types of guanxi favours, “intermediary”, “government support”, “uncertainty avoidance” and “reciprocation expectation”, have been identified among state-owned companies. While most of the identified guanxi favours were only mentioned once or twice, only “government support” was addressed three times by informants.

Private companies

Playing “intermediary”, as favour reciprocation by CCI project initiators, is not evident among private companies. All six types of favours have been mentioned by private companies. According to Table 44, “intermediary” is the least frequently mentioned type of favour by informants. In private companies’ third-party-initiated CCI cases, “government support” is the most frequently mentioned favour. 44.4% of all guanxi favours mentioned by private company informants are about obtaining
various government supports. In addition, although obtaining political status accounts for only 8.3% of the identified favours, in all interviews this type of favour is only mentioned by private company informants.

9.2.2 Discussion

Having examined favours that have been reciprocated or are expected to be reciprocated by CCI project initiators in the third-party-initiated CCI projects four findings have been identified:

1. “Intermediary” is the second least frequently reciprocated or expected favour of all.
2. Among all favours, “government support” is the most frequently reciprocated or expected favour of all.
3. While “government support” is the most frequently mentioned favour by private companies, it is the second least frequently mentioned favour by foreign companies.
4. “Political status” as a favour can only be identified among private companies.

First, “intermediary” was found to be the second least recognised favour. It is found that, like in the company-initiated CCI projects, the limited number of intermediaries in third-party-initiated CCI projects was mostly asked to introduce corporate representatives to key government officials. Firstly, as to state-owned companies, due to their inherent bond with the government, they are unlikely to be in need of intermediaries to introduce them to key government officials. Secondly, as to private companies, as discussed in the precious section, they tend to directly involve government officials in their CCI projects, and thus rarely resort to intermediaries. Thirdly, as to foreign companies, as discussed in the precious section, they prefer to approach government officials indirectly, and thus, in theory, are likely to be in demand of intermediaries. Nevertheless, “intermediary” was only occasionally recognised as a favour by foreign companies in the third-party-initiated CCI projects. It is thought that this is because foreign companies prefer to develop guanxi with
targeted guanxi players and obtain guanxi favours by initiating CCI projects rather than participating in CCI projects. Thus, compared to company-initiated CCI cases, in third-party-initiated CCI cases, foreign companies were found to be less particular about the favours to be reciprocated. In fact, while 18.5% of the identified favours in foreign company-initiated CCI projects were found to be unspecified favour expectations, 39.1% of the identified favours in foreign company-participated CCI projects were found to be unspecified favour expectations. It is believed that due to all the facts above, playing “intermediary”, as favour reciprocation by CCI project initiators, is not pervasive in third-party-initiated CCI cases.

Second, “government support” was found to be the most frequently mentioned favour in third-party-initiated CCI cases. While government support obtained by foreign and private companies is likely to be because of their guanxi with CCI project initiators, it is thought that government support referred by state-owned companies comes from their inherent bond with the government rather than the guanxi between corporate representatives and their CCI project initiators. In the interviews, even some state-owned company informants suggested that the government support obtained had little to do with their efforts in supporting the governmental third-party-initiated CCI projects.

*State-owned company c5: “... for a giant state-owned company like us, even before the CCI project, we have already had various connections with government, the project initiator. In our times of need, we will get help and policy support. But, I don’t think there is any causal relationship between it and our participation in those CCI projects...”*

Third, “government support” is the most frequently mentioned favour by private companies, yet the second least frequently mentioned favour by foreign companies. It is thought that this result is observed for two reasons. Government support, as a favour, can only be reciprocated by government officials. This means that to obtain government support through CCI, guanxi with government officials needs to be directly established in CCI. First, foreign companies usually adopt well-established anti-corruption guidelines from their mother companies, and thus are cautious about approaching government officials in a direct manner, even in CCI projects. Without a direct approach to government officials in CCI, it
is difficult for foreign companies to directly establish guanxi with government
officials in CCI, and thus “government support” is unlikely to be reciprocated
and/or expected from their guanxi directly developed in CCI. Second, Chinese
private companies are less likely to have well-established anti-corruption
guidelines in place. Thus, Chinese private companies are often found to approach
government officials directly in CCI and thus establish guanxi directly with
government officials in CCI. This idea is also reflected on private companies’
criteria for selecting third-party-initiated CCI projects. All interviewed private
companies suggested that they would participate in a CCI project if it was
initiated by government officials. As a result, “government support” is rather
likely to be reciprocated and/or expected from private companies’ guanxi directly
developed in CCI

Fourth, only private companies were found to demand the acquirement and/or
maintenance of personal political status as a favour. It is thought that this finding
may be attributed to two facts. First, private ownership entitles owner managers
of private companies to the ultimate discretion in decision-making regarding CCI.
CCI decisions are usually made by CSR managers in foreign and state-owned
companies, where CSR managers are held accountable to shareholders or
government supervisory departments, and thus CCI decisions are restrained and
expected to reflect the best interest of shareholders’ or government’s. On the
contrary, CCI decisions are usually made by owner managers in private
companies, where corporate decisions are ultimately judged by owner managers
themselves, and thus CCI decisions are less restrained and likely to reflect the
best interest of owner managers’. Accordingly, owner managers are able to use
their CCI engagement to help obtain personal political benefits. Second, also due
to the private ownership, when CCI engagement is used to help obtain personal
political benefits, owner managers of private companies, compared to CSR
managers of foreign and state-owned companies, are less likely to be challenged
on ethical grounds.
9.3 Conclusion

Data analysis conducted in this section attempts to test the *Proposition 6*: To reciprocate the favour to “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role. The *Proposition 1* to *5* predict that guanxi can be established between corporate representatives and CCI partners/project initiators, and companies can, therefore, expect guanxi favours from CCI partners/project initiators. *Proposition 6* predicts that companies are mostly likely to expect the CCI partners/project initiators to reciprocate favour by playing an intermediary role and introducing them to other guanxi players in the community. In order to test *Proposition 6*, favours that have been reciprocated or are expected to be reciprocated by CCI partners/project initiators drawn from two types of CCI projects, company-initiated CCI project and third-party-initiated CCI project, have been analysed.

Company-initiated CCI projects:

One finding has been identified in this part of data analysis:

1. Among all favours, “intermediary” is the one that was most frequently reciprocated or expected. This trend is particularly evident between foreign companies and their CCI partners.

Drawn from the finding, two patterns, which are thought to be relevant to testing the *Proposition 6*, have been concluded. First, when CCI partners are involved, “intermediary” is the most often reciprocated or expected favour among foreign companies. Second, when CCI partners are involved, “intermediary” as a favour is only recognised by a very limited number of private and state-owned companies.

The theoretical *Proposition 6* predicts that, due to the establishment of guanxi between corporate representatives and CCI partners who are regarded as the targeted guanxi players by the conceptual framework of the research, companies can expect guanxi favours from CCI partners, and companies are most likely to ask CCI partners to play an intermediary role and introduce them to other guanxi players in the community. Having compared the empirical patterns identified in this part of analysis with the one predicted by theoretical proposition, it is believed that the theoretical
proposition failed to specify company type. Accordingly, the empirical patterns cannot coincide with the theoretically predicted pattern. Therefore it is thought that the original Proposition 6 is partially supported and should be refined in the light of the findings as:

To reciprocate the favour to the foreign “COMPANY”, the targeted guanxi “PLAYER” from companies-initiated CCI projects will play an intermediary role.

Third-party-initiated CCI projects:

Four findings have been identified in this part of data analysis:

1. “Intermediary” is the second least frequently reciprocated or expected favour of all.
2. Among all favours, “government support” is the most frequently reciprocated or expected favour of all.
3. While “government support” is the most frequently mentioned favour by private companies, it is the second least frequently mentioned favour by foreign companies.
4. “Political status” as a favour can only be identified among private companies.

Drawn from the findings, two patterns, which are thought to be relevant to testing the Proposition 6, have been concluded. First, “intermediary” is almost the least often recognised favour among all companies. Second, “government support” is the most often recognised favour among private companies.

The theoretical Proposition 6 predicts that, due to the establishment of guanxi between corporate representatives and CCI project initiators who are regarded as the targeted guanxi players by conceptual framework of the research, companies can expect guanxi favours from CCI project initiators, and companies are most likely to ask CCI project initiators to play an intermediary role and introduce them to other key guanxi players in the community. Having compared the empirical patterns identified in this part of analysis with the one predicted by theoretical proposition, it is believed that the theoretical proposition is falsified and a new proposition should be generated as follows:
To reciprocate the favour to the private “COMPANY”, the targeted guanxi “PLAYER” from third-party-initiated CCI projects will help the “COMPANY” obtain government supports.

Finally, having compared the empirical patterns identified through analyses of data drawn from both company-initiated CCI projects and third-party-initiated CCI projects with the ones predicted by the original Proposition 6, the relevant modifications to the original Proposition 6 have been suggested. According to the preceding discussion, it is believed that the Proposition 6 should be refined as follows:

To reciprocate the favour to the foreign “COMPANY”, the targeted guanxi “PLAYER” from companies-initiated CCI projects will play an intermediary role; to reciprocate the favour to the private “COMPANY”, the targeted guanxi “PLAYER” from third-party-initiated CCI projects will help the “COMPANY” obtain government supports.

Chapter Summary

This chapter tested the Proposition 6, which concerns the facilitation of inter-organisational relationship building as favour reciprocation by targeted guanxi players in CCI. Data, which indicate the favours reciprocated or expected to be reciprocated by CCI partners/project initiators, have been analysed in this chapter. The findings in this chapter have partially supported the initial theoretical Proposition 6. Modifications are suggested accordingly to Proposition 6.
Chapter 10.0 Discussion

Introduction

This chapter discusses the content analysis results in the context of the literature and the conceptual framework. In the preceding chapters, data collected from semi-structured interviews was analysed in order to test the six conceptual propositions of the research. While one proposition was fully supported by the data, five propositions were partially supported (see Table 45). The results suggest that foreign and Chinese private companies have strategically tailored their CCI behaviours in China, in different ways from each other, to initiate and/or maintain guanxi with key stakeholders, and in particular with stakeholders with strong governmental backgrounds; and Chinese state-owned companies’ CCI behaviours are subject to little influence of guanxi development. While foreign companies used guanxi to facilitate their inter-organisational relationship development, Chinese private companies used guanxi to obtain formal institutional supports. The results provide significant insights into the overarching research question:

What is the relationship between CCI and guanxi in the Chinese market?

Table 45 - Data Support to Initial Propositions

<table>
<thead>
<tr>
<th>Guanxi development elements</th>
<th>Initial propositions</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanxi player targeting</td>
<td>P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
<td>Partially supported</td>
</tr>
<tr>
<td>Development and establishment of guanxi base</td>
<td>P2. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
<td>Partially supported</td>
</tr>
<tr>
<td></td>
<td>P3. The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.</td>
<td>Partially supported</td>
</tr>
<tr>
<td>Recipience and appreciation of favour</td>
<td>P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
<td>Supported</td>
</tr>
<tr>
<td>Guanxi favour reciprocation</td>
<td>P5. The “COMPANY” will be able to obtain favours from targeted guanxi “PLAYER”.</td>
<td>Partially supported</td>
</tr>
<tr>
<td>Intermediary as guanxi favour</td>
<td>P6. To reciprocate the favour to the “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role.</td>
<td>Partially supported</td>
</tr>
</tbody>
</table>
The findings will be discussed in detail in this chapter. The overarching research question involves two sub-research questions:

Sub-research question one:

What is the mechanism through which guanxi is developed through CCI?

Sub research question two:

What are the main reasons for a company to develop guanxi through CCI?

Therefore, the discussion will be carried out in a way that addresses the two sub-research questions respectively. Section 10.1 addresses sub-research question one by discussing and illustrating how guanxi is developed through companies’ CCI engagement. Subsequently, section 10.2 addresses sub-research question two by discussing the guanxi favours that companies have been reciprocated and/or expected. Finally, based on the findings and discussions, in section 10.3, the initial conceptual model and propositions are reassessed. Modifications to the initial conceptual model and propositions are presented based on the findings of the analysis.

10.1 Responses to Sub-research Question One

What is the mechanism through which guanxi is developed through CCI?

Guanxi building theory suggests that four elements are involved in building a guanxi: presence of guanxi players, establishment of a guanxi base, receipt of appreciative favour, and the reciprocation of favour. When the four elements are provided, guanxi is then developed. The conceptual framework suggests that the four elements may be presented in corporate CCI engagement, and thus a conceptual model has been developed to illustrate how guanxi may be developed between corporate representatives and CCI partners/project initiators. The guanxi development model of CCI involves five propositions. Each of them predicts a pattern of corporate CCI behaviour that is tailored to generate one of the guanxi development elements (see Table 45).
In order to furnish the answer to sub-research question one, the five conceptual propositions have been explored with qualitative data. The results suggest that the guanxi development model of CCI is supported, to a great extent, by foreign companies’ CCI cases and partially by the Chinese private companies’ third-party-initiated CCI cases, and that the guanxi development model of CCI is not supported by Chinese state-owned companies’ CCI cases. Guanxi is, therefore, most likely to be developed in CCI by foreign and private companies and least likely to be developed in CCI by state-owned companies. The type of guanxi that was found to have been built or to be built in CCI is mostly political guanxi. The guanxi players that were most often targeted by foreign and Chinese private companies using CCI were the ones with strong governmental backgrounds. This finding echoes the argument raised in some earlier research which suggests that in a transition economy like China, due to the reliance that companies have on government officials in terms of access to various scarce resources, political guanxi is more valued by companies than other types of guanxi (Peng & Luo, 2000, Xin & Pearce, 1996).

Due to the difference of guanxi development in foreign companies’ CCI cases and Chinese private companies’ CCI cases, in this section a discussion of the research findings concerning guanxi development is carried out in two parts. The first part of the discussion focuses on the findings identified from foreign companies’ CCI cases and shows how foreign companies’ CCI behaviours are tailored to develop guanxi. The second part of the discussion focuses on the findings identified from Chinese private companies’ CCI cases and shows how Chinese private companies’ CCI behaviours are tailored to develop guanxi.

### 10.1.1 The Foreign Companies

CCI cases collected from foreign companies supported the guanxi development model of CCI to a great extent. While two conceptual propositions were partially supported, three conceptual propositions were fully supported by foreign companies’ CCI cases (see Table 45). By and large, foreign companies are most likely to initiate medium
and long-term CCI projects in order to initiate political guanxi and to participate in third-party-initiated CCI projects in order to reinforce political guanxi.

**Table 46 - Support to Initial Conceptual Propositions - Foreign Companies**

<table>
<thead>
<tr>
<th>Guanxi development elements</th>
<th>Initial propositions</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanxi player targeting</td>
<td>P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
<td>Supported</td>
</tr>
<tr>
<td>Development and establishment of guanxi base</td>
<td>P2. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
<td>Partially supported</td>
</tr>
<tr>
<td></td>
<td>P3. The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.</td>
<td>Partially supported</td>
</tr>
<tr>
<td>Recipience and appreciation of favour</td>
<td>P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
<td>Supported</td>
</tr>
<tr>
<td>Guanxi favour reciprocation</td>
<td>P5. The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Company-initiated CCI projects

The first step in the guanxi development model of CCI is to targeted a guanxi player as CCI partner. Accordingly, the conceptual *Proposition 1* predicts that in order to approach key guanxi players, companies will pursue CCI in a way that involves the targeted guanxi players. This proposition was fully supported by foreign company-initiated CCI projects. In this research, foreign companies have shown a great interest in political guanxi players. In most of their company-initiated CCI projects, foreign companies have been found to deliberately partner with government officials and/or the officers of government organisations (e.g. GONGO). Foreign companies’ interest in political guanxi players and their intention to involve government officials or governmental organisation officers provided some earlier research with empirical support. Neheisel (1994) described CCI engagement as political currency which can help companies to gain access to politicians, and thus he asserted that getting involved in local community issues may be the best way for a company to cultivate initial relationships with the local government when entering a foreign market. Although earlier research suggests that in China foreign companies prefer to practice CCI particularly through partnership with the government (Tang & Li, 2009), this study suggests that compared to government officials, officers from governmental
organisations, such as GONGO were more preferred by foreign companies as CCI partners as well as the targeted guanxi players. Foreign companies believe that direct partnership with government and government officials, even in CCI, could be a sensitive issue in China. It may raise concerns over malfeasance or corruption. Governmental organisation (e.g. GONGO) officers usually have strong government backgrounds, yet are not directly from the government. Therefore, they become the optimal targeted guanxi players for many foreign companies.

The second step in the guanxi development model of CCI is to develop and establish a guanxi base with the CCI partner. *Proposition 2* and *Proposition 3* predict that in order to develop a guanxi base with a CCI partner, companies will pursue CCI in a way that generates long-term and strong interactions between corporate representative and the CCI partner. These conceptual propositions were partially supported by foreign company-initiated CCI projects. In this study, company-initiated CCI projects were, indeed, found to have been used by foreign companies as the arena to develop guanxi base with CCI partners. To that effect, foreign companies were seen to initiate medium-term (or occasionally long-term) CCI projects within which strong interactions between corporate representatives and CCI partners usually incurred. Achieved guanxi bases (familiarity) between corporate representatives and CCI partners have been identified in the majority of foreign company-initiated CCI projects. Earlier research suggests that familiarity, as a type of achieved guanxi base, could be developed through strong and long-term communication and interaction between guanxi players (Luo, 2000). Having partially supported this statement, the findings of this research have provided more insights into the time span of communication and interaction in guanxi base development in the context of CCI. It is found that due to the attempt to maintain the dynamic of CCI projects, most foreign companies prefer to initiate CCI projects with a life span between one to five years, and only a few foreign companies suggest a preference towards initiation of long-term CCI projects. Accordingly, familiarity established in foreign company-initiated CCI projects is usually as a result of strong and medium-term rather than long-term interaction between guanxi players.

The third step in the guanxi development model of CCI is the receipt of appreciative personal benefits by a CCI partner. Accordingly, the conceptual *Proposition 4*
predicts that companies will benefit CCI partners on a personal level and that those personal benefits will be appreciated by CCI partners, and thus qualify as valid favours for guanxi development. Foreign company-initiated CCI projects not only supported the conceptual proposition, but also added meaningful insights to the extant literature in regards to guanxi favour in the business context. In this research, foreign companies were seen to benefit their CCI partners either by tackling social issues, which were associated with the CCI partners’ career, and thus enhancing their personal career prospects, or by sharing their advanced professional knowledge and skills (such as on project management, organisation management and CSR) with CCI partners, and thus improving their personal qualities at work. Foreign companies believe that both types of personal benefits have been recognised and appreciated by CCI partners, and thus qualify as valid favours for guanxi development. In the extant literature, only personal career prospects enhancement has been found to be used by companies as a type of valid favour for guanxi development in the business context. In Yeung and Tung’s (1996) study of favour exchange between foreign companies and government officials in China, they found that the government officials who are able to attract foreign investments which contribute substantially to employment and the development of infrastructure are likely to have a better chance of advancing their political careers, and such enhancement of a political career were usually regarded by government officials as a major gain for being in guanxi with foreign companies. No previous research has identified personal quality improvement as a type of valid favour for guanxi development in the business context. It is, therefore, believed that this finding provides meaningful insights into guanxi favour in the business context.

The fourth step in the guanxi development model of CCI is favour reciprocation by CCI partners, which also signifies the establishment of guanxi between corporate representatives and CCI partners according to guanxi building theory (Yang, 1994). Accordingly, the conceptual Proposition 5 predicts that companies will be able to obtain favours from CCI partners. This proposition was fully supported by foreign company-initiated CCI projects. In this research, foreign companies were found to have either obtained benefits from CCI partners, or had confidence in favour reciprocation by CCI partners in times of need, which signify the establishment of guanxi between foreign company representatives and CCI partners. It is believed that this finding has provided two meaningful insights to the extant literature. Firstly, it
provides contradictory evidence to the assertion made in earlier research that foreign companies in China tend to regard CCI as an activity that causes net cost to the operation and puts the business in a disadvantaged position in a very price-competitive market. In an earlier study, Lam (2009) asserted that many MNCs’ modern view of CCI, which sees CCI as an investment in maintaining the relationship between the business and the broader matrix of society, where business can draw benefits from their socially responsible actions in long run, has not been fully passed on to their Chinese subsidiaries. As a result, their Chinese subsidiaries undertake CCI only in the short-run and see CCI as an activity that causes net cost to the operation and puts the business in a disadvantaged position in a very price-competitive market. However, in this research, foreign companies were found to undertake CCI to establish guanxi, which allows foreign companies to stock favours for the businesses’ times of need in the future. This finding suggests that foreign companies’ subsidiaries in China do believe in the positive return of CCI in the long-run, which, therefore, challenges Lam’s (2009) earlier assertion. Secondly, the finding of this research provides empirical support to the extant literature. Favours in guanxi are usually seen as a kind of stock put away by guanxi players in times of abundance and plenty and brought out in times of need (Luo, 2000). Yang (1994) also asserted that immediate deals were seldom observed between guanxi players. Having found that a lot of foreign companies were confident in the favour reciprocation by CCI partners in companies’ times of need provides strong empirical support to the literature.

Third-party-initiated CCI projects

Compared to company-initiated CCI projects, third-party-initiated CCI projects are likely to be employed by foreign companies in order to reinforce their political guanxi. In this research, foreign companies were often found to participate in CCI projects initiated by government officials and/or governmental organisation officers, with whom they had already established sound relationships through previous co-operation in CCI, or on other occasions. It is believed that this finding supports the existing literature with empirical evidence. The existing literature on guanxi suggests that one single flow of favours between two parties is not enough to define guanxi, and to maintain guanxi, continuous favour exchanges, which keep bringing benefits to both parties involved, are required (Luo, 1997b; Ramasamy et al., 2006; Yang, 1994).
and Woo (1998) also asserted that guanxi is not a “once-forever” relationship and continuous efforts are required to ensure the strength and closeness of guanxi between guanxi partners. Therefore, having found that foreign companies deliberately participated in their CCI (guanxi) partners’ CCI projects and thus continue to benefit their CCI (guanxi) supports the literature empirically.

The first step in the guanxi development model of CCI is to target a guanxi player who is the CCI project initiator in the context of third-party-initiated CCI projects. Accordingly, the conceptual Proposition 1 predicts that in order to approach key guanxi players, companies will pursue CCI in a way to involve the targeted guanxi players. This proposition was fully supported by third-party-initiated CCI projects collected from foreign companies. In this research, most of the third-party-initiated CCI projects, which foreign companies have chosen to participate in, were initiated by government officials and/or governmental organisation officers whom they already had sound relationships with.

The second step in the guanxi development model of CCI is to develop and establish a guanxi base with a targeted guanxi player. Accordingly, the conceptual Proposition 2 and Proposition 3 predict that in order to develop guanxi base with targeted guanxi players, companies will pursue CCI in a way which generates long-term and strong interactions between corporate representatives and CCI project initiators (targeted guanxi players). The conceptual propositions were not supported by third-party-initiated CCI projects collected from foreign companies. Due to that many foreign companies have partnered with their targeted guanxi players in other CCI projects before, they were familiar with each other prior to the third-party-initiated CCI projects, and thus guanxi bases were already established prior to the third-party-initiated CCI projects. Lacking the motive to develop guanxi bases, foreign companies were found to be slack in undertaking strong and long-term interaction with CCI project initiators. The majority of the third-party-initiated CCI projects that foreign companies have chosen to participated in had a time span of less than one year, and the interactions between corporate representatives and CCI project initiators in those third-party-initiated CCI projects were comparatively loose as well.

The third step in the guanxi development model of CCI is the receipt of appreciative personal benefits by CCI project initiators. Accordingly, conceptual Proposition 4
predicts that companies will benefit CCI project initiators on a personal level and those personal benefits will be appreciated by CCI project initiators, and thus qualify as valid favours for guanxi development. The conceptual proposition was supported by the third-party-initiated CCI projects collected from foreign companies. In this research, foreign companies were found to provide CCI project initiators with corporate resources to tackle social issues that were associated with the CCI project initiators’ careers. The settlement of those social issues was believed to have effectively enhanced CCI project initiators’ career prospects, and thus be appreciated by CCI project initiators as valid favours. While in company-initiated CCI projects, personal career prospects enhancement and personal quality improvement were almost equally addressed by foreign companies, in third-party-initiated CCI projects, personal career prospects enhancement was the dominant type of personal benefit mentioned by foreign companies. It is thought that this can be because of the inadequate interaction between foreign company representatives and CCI project initiators, which makes it less likely for professional knowledge and skills sharing to take place in third-party-initiated CCI projects.

The fourth step in the guanxi development model of CCI is favour reciprocation by CCI project initiators, which also signifies the establishment of guanxi between corporate representatives and CCI project initiators according to guanxi building theory (Yang, 1994). Accordingly, conceptual Proposition 5 predicts that companies will be able to obtain favours from CCI project initiators. This proposition was fully supported by third-party-initiated CCI projects collected from foreign companies. In this research, favour reciprocation by CCI project initiators and/or confidence in favour reciprocation by CCI project initiators in companies’ times of need were identified in the majority of the third-party-initiated CCI projects collected from foreign companies, which signified the maintenance and reinforcement of their guanxi.

10.1.2 The Private Companies

CCI cases collected from Chinese private companies supported the guanxi development model of CCI to some extent. While two conceptual propositions were
not supported, three conceptual propositions were fully supported by Chinese private companies’ CCI cases (see Table 47). By and large, Chinese private companies are least likely to initiate CCI projects to develop guanxi, yet most likely to participate in third-party-initiated CCI projects as part of their broader guanxi building and maintenance mechanism.

Table 47 - Support to Initial Conceptual Propositions - Private Companies

<table>
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<tr>
<th>Guanxi development elements</th>
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<tbody>
<tr>
<td>Guanxi player targeting</td>
<td>P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>P2. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
<td>Not supported</td>
</tr>
<tr>
<td></td>
<td>P3. The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.</td>
<td>Not supported</td>
</tr>
<tr>
<td>Development and establishment of guanxi base</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recipience and appreciation of favour</td>
<td>P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
<td>Supported</td>
</tr>
<tr>
<td>Guanxi favour reciprocation</td>
<td>P5. The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Company-initiated CCI projects

The research suggests that Chinese private companies have exhibited a weak interest in initiating their own CCI projects. The majority of the private company informants could only provide the interviewer with example company-initiated CCI projects when prompted, and most of the collected private company-initiated CCI projects were about employee care with no external CCI partners involved. Due to the absence of potential guanxi players, development of guanxi was, therefore, unlikely to take place in those cases.

Private companies suggested that their reluctance to initiate their own CCI projects is due to two reasons. First, private companies are comparatively young and small in size compared to many foreign and state-owned companies. Therefore, at this stage, they need to grow and achieve their economic goals. This finding echoes the assertion made about Chinese companies in the extant literature. In an earlier study, Gao (2009) found that Chinese companies’ CCI engagement is still in the initial stage, and among all the social issues (economic, legal, ethical, and philanthropic) that are taken into
consideration in a company’s CSR programs, the economic issue still seems to be the issue that is of the greatest concern to Chinese companies. Young (2002:37) also found in his study that Chinese companies are “increasingly liberated from welfare functions and allowed to get down to the simple business of showing a profit”. It is thought that all those assertions were reflected on private companies’ explanation for their reluctance to initiate CCI projects. Second, private companies usually lack the knowledge and personnel required to manage company-initiated CCI projects. Indeed, in this research only a few private companies were seen to initiate CCI projects with CCI partners to address social issues in the community. This finding echoes Wang and Chaudhri’s (2009) assertion that CCI has not yet become an institutionalised practice for most Chinese companies.

Third-party-initiated CCI projects

Compared to company-initiated CCI projects, Chinese private companies were found to be rather active in undertaking third-party-initiated CCI projects. Chinese private companies’ enthusiasm for participation in third-party-initiated CCI projects challenged some assertion made in the earlier research. In Baskin’s (2006) study of companies in emerging markets, he described Chinese companies’ “especially low take-up” of CCI. His conclusion was drawn based on the data collected from 19 Chinese companies only. Having interviewed 27 Chinese private companies and found them rather active in participating in third-party-initiated CCI projects, it is thought that Baskin’s (2006) description of Chinese companies’ CCI engagement is, therefore, debatable.

Chinese private companies’ active participation in third-party-initiated CCI projects is most likely to be as part of their broader guanxi development and maintenance mechanism. Therefore, their CCI behaviours were seen to be slightly different from those predicted by the conceptual guanxi development model of CCI.

The first step in the guanxi development model of CCI is to target guanxi players who are CCI project initiators in the context of third-party-initiated CCI projects. Accordingly, the conceptual Proposition 1 predicts that in order to approach key guanxi players, companies will pursue CCI in a way to involve the targeted guanxi players. This proposition was fully supported by third-party-initiated CCI projects
collected from private companies. In this research, Chinese private companies have shown a great interest in supporting the CCI projects initiated by government officials and/or governmental organisation officers. The majority of third-party-initiated CCI projects, which private companies have participated in, were initiated by government officials and/or governmental organisation officers. Moreover, compared to governmental organisation officers, governmental officials were found to be more preferred by private companies as targeted guanxi players. While 90% of the CCI project initiators were found to be government officials, only 6.7% of the CCI project initiators were found to be governmental organisation officers. In fact, a large number of private company informants suggested that CCI projects initiated by government officials were the only CCI projects that would interest them. It is thought that Chinese private companies’ commitment to government official-initiated CCI projects in this research has provided strong empirical support for the assertions made in earlier research. In an earlier study, Gao (2009) proposed that supporting the interests of the Chinese government could be a strong reason for Chinese companies to engage in CCI. Su and He (2009) also found that, due to the weak institutional environment in China, private company owners in China usually see CCI as an opportunity to interact with government officials, and thus establish and nurture the political connections and better protect property rights. Chinese private companies’ enthusiasm for government-official-initiated CCI projects identified in this research, therefore, echoed the extant literature with strong empirical evidence.

The second step in the guanxi development model of CCI is to develop and establish guanxi base with CCI project initiators. Accordingly, conceptual Proposition 2 and Proposition 3 predict that in order to develop guanxi base with CCI project initiators, companies will pursue CCI in a way which generates long-term and strong interactions between corporate representatives and CCI project initiators. The conceptual propositions were not supported by third-party-initiated CCI projects collected from Chinese private companies. It was found in this research that most of the third-party-initiated CCI projects, which private companies have participated in, were short-term with weak interaction between corporate representatives and CCI project initiators. In spite of the short-term and weak interaction between private company representatives and CCI project initiators in individual third-party-initiated CCI projects, guanxi bases (familiarity) were, however, identified between corporate
representatives and CCI project initiators anyway. It is believed that the guanxi base (familiarity) between private company representative and CCI project initiators was not developed through interaction in any individual third-party-initiated CCI projects. Private companies’ participation in a third-party-initiated CCI project is only part of their broader guanxi development mechanism, and thus the guanxi base is usually developed through interaction in a series of third-party-initiated CCI projects as well as on other occasions. Indeed, in this research private company informants suggested that the familiarity between them and the CCI project initiators (targeted guanxi players) could be attributed to two types of interactions. Firstly, they were committed to participate in repeated CCI projects initiated by the same project initiators. It is believed that such repeated interactions in CCI projects eventually contributed to guanxi base development between corporate representatives and CCI project initiators. Secondly, in addition to the interactions in CCI projects, some private company informants suggested that they also interacted with the targeted guanxi players on other work-related or social occasions, which was thought to have contributed to guanxi base development with the targeted guanxi players as well.

The third step in the guanxi development model of CCI is the receipt of appreciative personal benefits by CCI project initiators. Proposition 4 predicts that companies will benefit CCI project initiators on a personal level and those personal benefits will be appreciated by CCI project initiators, and thus qualify as valid favours for guanxi development. The conceptual proposition was supported by the third-party-initiated CCI projects collected from Chinese private companies. In this research, private companies were found to benefit their CCI project initiators by repeatedly providing them with corporate resources to tackle social issues that were of concern to the CCI project initiators or associated with the CCI project initiators’ careers. Private company informants believed that although their support to an individual CCI project was unlikely to enhance targeted guanxi players’ career prospects, their repeated support to targeted guanxi players’ CCI projects over years could effectively enhance targeted guanxi players’ personal career prospects, and thus be recognised and appreciated by targeted guanxi players. According to guanxi building theory, such collective supports can, therefore, be seen as a valid favour for guanxi development.
The fourth step in the guanxi development model of CCI is favour reciprocation by CCI project initiators, which also signifies the establishment of guanxi between corporate representatives and CCI project initiators according to guanxi building theory (Yang, 1994). Accordingly, conceptual Proposition 5 predicts that companies will be able to obtain favours from CCI project initiators. This proposition was fully supported by third-party-initiated CCI projects collected from Chinese private companies. In this research, favour reciprocation by CCI project initiators and/or confidence in favour reciprocation by CCI project initiators in companies’ times of need were recognised by the majority of the private companies, which signified the establishment of guanxi between private company representatives and CCI project initiators according to the guanxi building theory.

10.1.3 The State-owned Companies

The CCI cases collected from state-owned companies failed to support the guanxi development model of CCI. State-owned company informants explicitly suggested that they had made no attempt to develop guanxi through their CCI engagement and their relationships with CCI partners/project initiators were not guanxi either. Although government officials were found to be frequently involved in state-owned companies’ CCI projects, informants attribute government officials’ involvement to two non-guanxi reasons. Firstly, as the ultimate owner of state-owned companies, government’ request to cooperate with state-owned companies, no matter in company-initiated CCI projects or government-initiated CCI projects, are usually seen by state-owned companies as compulsory orders rather than optional offers. This finding echoes an earlier research, in which Qiang (2003) found that the board of state-owned companies are often politically determined, and thus they usually act in the party’s or governmental interests rather than in the business’ interests. Secondly, as state-owned assets, state-owned companies are likely to get support from the government in times of need anyway, and thus they have little need to build guanxi with government officials. This finding supports the extant literature, which asserts that formal institutional supports are naturally given to state-owned companies in
China, and thus state-owned companies are least likely to value and rely on guanxi (Xin & Pearce, 1996).

10.1.4 Adverse Cases

Completion of favour exchange on the basis of a guanxi base signifies the establishment of guanxi between guanxi players. While in most of the foreign and private company CCI cases establishment of guanxi was identified, in some CCI cases establishment of guanxi was not identified. The CCI cases, in which establishment of guanxi was not identified, are seen as adverse cases in this research. In these adverse cases, informants suggested that their CCI partners/project initiators had neither done any favours to the companies nor would help the companies in times of need in spite of their partnership in CCI. All the adverse cases are shown in Table 48. It is thought that examination of those adverse cases in regard to the four guanxi building elements can strengthen the validity of the conceptual guanxi development model of CCI by making theoretical replications$^{12}$ across cases.

Guanxi building involves four elements: the presence of guanxi players, the establishment of a guanxi base, receipt of appreciative favours, and favour reciprocation. Since CCI partners/project initiators, who were potentially guanxi players, were involved in all adverse cases, the examination of those adverse cases will mainly be revolved around the establishment of a guanxi base and receipt of appreciative favours. The establishment of a guanxi base and receipt of appreciative favour in those cases have been illustrated in Table 48.

$^{12}$ Yin (2003) asserted that if the same result, which is obtained from one group of cases, failed to occur in a second group of cases, due to predictably different circumstances, theoretical replication would have been accomplished, and the initial result would stand yet more robustly.
In the majority of the adverse cases, corporate representatives did not familiarise themselves with the targeted guanxi players (CCI partners/project initiators), and thus failed to establish a guanxi base (familiarity). Guanxi building theory suggests that

<table>
<thead>
<tr>
<th>Company-initiated CCI project</th>
<th>Guanxi base</th>
<th>Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign company a2</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Foreign company c9</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Foreign company b8</td>
<td>Familiarity</td>
<td>No</td>
</tr>
<tr>
<td>Foreign company c1</td>
<td>Familiarity</td>
<td>No</td>
</tr>
<tr>
<td>Foreign company e5</td>
<td>Familiarity</td>
<td>Unclear</td>
</tr>
<tr>
<td>Private company e7</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company f1</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company g5</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company g8</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Third-party-initiated CCI project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign company a4</td>
<td>Unclear</td>
<td>No</td>
</tr>
<tr>
<td>Foreign company c9</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company e6</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company g6</td>
<td>Unfamiliarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company f3</td>
<td>Familiarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company f4</td>
<td>Familiarity</td>
<td>No</td>
</tr>
<tr>
<td>Private company f9</td>
<td>Familiarity</td>
<td>No</td>
</tr>
</tbody>
</table>

**Guanxi base**: it is defined by how familiar corporate representatives are with CCI partners/project initiators by the end of CCI projects. Familiarity suggests the establishment of guanxi base between corporate representatives and CCI partners/project initiators. Unfamiliarity suggests the absence of guanxi base between corporate representatives and CCI partners/project initiators.

**Appreciation**: only appreciated personal benefits are seen as valid favour for guanxi development. When “No” appreciation is expressed by favour recipient (CCI partners/project initiators), guanxi cannot be triggered between corporate representatives and CCI partners/project initiators.
favour exchange between guanxi players can only be conducted upon a guanxi base. Without an ascriptive guanxi base or an achieved guanxi base, guanxi cannot be developed.

It is found that failure to establish a guanxi base in the adverse cases was usually due to two reasons. The first reason is the lack of relevant personnel to interact with CCI partners/project initiators and manage the partnership. Firstly, the foreign companies, which failed to establish guanxi base, were found to have started undertaking CCI in China only for a short period of time. Due to the limitation in time, the CCI function was yet to be completed in their Chinese subsidiaries. As a result, personnel who are specially assigned to manage companies’ CCI related investments were still being recruited. Secondly, the private companies, which failed to establish a guanxi base, were found to deliberately avoid spending human resources on CCI. For those private companies, to achieve economic goals was still their priority. They are not yet ready to establish a formal CCI function in the business. Those private companies usually believe that their human resources should be spent on achieving economic goals instead of managing CCI. The second reason is the lack of opportunities to interact with targeted guanxi players. This type of reason usually happened in third-party-initiated CCI projects that private companies participated in. In those adverse cases, private companies’ contributions to the third-party-initiated CCI projects were thought to be insignificant compared to those made by other participants. Those private company informants believed that their limited contributions had failed to catch the CCI project initiators’ attentions, and thus diminished their chance to familiarise with their targeted guanxi players.

Except for one case in which the foreign company informant was unclear about CCI partner’s appreciation, in all adverse cases, informants believed that their CCI partners/project initiators did not appreciate the corporate efforts in CCI and the relevant personal benefits that might have been brought to them. Guanxi building theory holds that favour exchanged in guanxi is measured by the appreciation of recipients, and only an appreciated favour is valid for guanxi development. It is found that failure to achieve appreciation in adverse cases was usually due to companies’ limited contributions in CCI. First, in some adverse cases, informants believed that limited contributions were inadequate in terms of effectively supporting CCI
partners’/project initiators’ social causes. Therefore, even if such contributions could help enhance CCI partners’/project initiators’ personal career prospects, the effect would be too little to be appreciated. Second, in some adverse cases, informants believed that, compared to the significant contributions made by other participants, their limited contributions were rather difficult to be noticed by the targeted guanxi players (CCI partners/project initiators), let alone appreciated.

To summarise, in all adverse cases, insufficient interaction between corporate representatives and CCI partners/project initiators and/or unappreciative benefits to CCI partners/project initiators were identified. The conceptual guanxi development model of CCI proposes that only when sufficient interactions between corporate representatives and CCI partners/project initiators and appreciative benefits to CCI partners/project initiators are provided, will guanxi then be developed. This finding from adverse cases, according to Yin (2003), can, therefore, strengthen the robustness of the conceptual guanxi development model of CCI by making theoretical replications across cases.

10.2 Responses to Sub-research Question Two

What are the main reasons for a company to develop guanxi through CCI?

Favours are the essential reason for guanxi players to engage in guanxi development. Guanxi favour presents itself in various forms. As one important type of guanxi favour, “intermediary” is believed to bring “outsiders” into the circle of “insiders” (Parnell, 2005). The conceptual framework suggests that the intermediation is the main reason for companies to engage in guanxi development through CCI. Therefore, it proposes that upon the establishment of guanxi, compared to other favours, companies are most likely to ask CCI partners/project initiators to play the intermediary role and introduce them to other key stakeholders in the community, and thus help develop inter-organisational relationships for the companies. Accordingly, conceptual Proposition 6 states that: “To reciprocate favour to “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role”.

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In order to furnish the answer to sub research question two, conceptual Proposition 6 has been explored through the qualitative data. The results suggest that the Proposition 6 is supported by foreign companies’ CCI cases and falsified by the Chinese private companies’ CCI cases. In this research, only foreign companies and private companies have been found to successfully develop guanxi through their CCI engagement; and Chinese state-owned companies’ CCI behaviours are subject to little influence of guanxi development. In the interviews, both foreign and private company informants were asked to elaborate on the favours that have been reciprocated by and/or were expected to be reciprocated by their CCI partners/project initiators who were regarded as targeted guanxi players in the conceptual guanxi developing model of CCI. While in most of the cases, foreign companies expressed their interests in intermediation as a guanxi favour, Chinese private companies showed a strong intention to obtain various government supports through the guanxi.

Due to foreign and Chinese private companies seeking different things from the guanxi developed through CCI, in this section discussion of research findings, which concern the reasons for guanxi development through CCI, is carried out in two parts. The first part of the discussion focuses on the findings identified from foreign companies’ CCI cases, whereas the second part of the discussion focuses on the findings identified from Chinese private companies’ CCI cases.

10.2.1 Foreign Companies

As discussed in the preceding section, foreign companies are likely to use company-initiated CCI projects to initiate guanxi and third-party-initiated CCI projects to maintain guanxi. The “intermediary” is found to be the main reason for foreign companies’ initiation of guanxi through CCI, which supports Proposition 6. In this research, foreign companies were found to seek four types of favours: “intermediary”, “government support”, “sales increase”, and “uncertainty avoidance”. “Intermediary” was the most frequently addressed favour of all in foreign company-initiated CCI cases. Foreign companies’ high demand for “intermediary” is consistent with the extant literature, which suggests that intermediary, as a guanxi favour, is particularly
desired by foreign companies (Yeung & Tung, 1996). Yeung and Tung (1996) assert that foreign companies, as opposed to Chinese companies, operate in the Chinese market for a comparative short period of time, and thus have a limited number of business partners to develop guanxi with or limited guanxi to extend business networks through. As a result, intermediary, as an effective way to extend one’s guanxi network, was particularly favoured by foreign companies (Yeung and Tung, 1996).

Furthermore, the “intermediary” is not proven to be the main reason for foreign companies’ maintenance of guanxi through CCI. While “intermediary” was most frequently mentioned in foreign company-initiated CCI cases, it was rarely mentioned in foreign companies’ third-party-initiated CCI cases. In most of the third-party-initiated CCI cases, foreign companies were only found to expect unspecified guanxi favours. It is thought that this result is observed likely because that intermediary is no longer strongly desired in an already existing guanxi. It is believed that inter-organisational relationships are usually extended through an intermediary soon after guanxi is initiated through a company-initiated CCI project. In the maintenance stage, due to the already established inter-organisational relationships, the intermediary may no longer be the most desired favour. Instead, foreign companies may seek other guanxi favours, such as “uncertainty avoidance”, or just simply stock the favours aside for times of need.

### 10.2.2 Private Companies

As discussed in the preceding section, private companies are likely to use third-party-initiated CCI projects to develop guanxi. Obtaining government support is found to be the main motivate for Chinese private companies’ development of guanxi through CCI. This finding falsifies Proposition 6, which predicts that intermediary is the main motivate for Chinese private companies’ development of guanxi through CCI. In this research, private companies were found to seek five types of favours: “intermediary”, “government support”, “political status”, “sales increase”, and “uncertainty avoidance”. “Government support” was the most frequently addressed favour of all.
Chinese private companies’ high demand for government support is consistent with the extant literature, which suggests that private companies usually develop guanxi with government officials in order to obtain formal institutional support such as greater access to information on government policies and other scarce resources (i.e. land, labour, raw materials, licenses and permissions) (Braendle et al., 2005; Davies et al., 1995; Xin & Pearce, 1996).

Moreover, three types of motivations for private companies’ CCI engagement have been identified exclusively in this research. Firstly, to obtain personal benefits was identified as a motivation for private companies’ guanxi development through CCI. Upon the establishment of guanxi through CCI, some private company owner managers were found to request their targeted guanxi players to help them obtain personal political status. It is thought that this type of motivation can only be observed among private companies because only private ownership allows owner managers to pursue personal benefits legitimately at the cost of corporate resources.

Secondly, peer pressure was identified as a motivation for private companies’ CCI engagement. In some cases, private company owner managers were reluctant to undertake CCI. However, it was found that those private company owner managers chose to repeatedly engage in CCI because of the strong peer pressure. CCI decisions were usually made by private company owner managers. Such decisions could, therefore, reflect the owner managers’ personal state to a great extent. Some private company owner managers believed that not being able to contribute to social causes might be perceived by peer company managers as a failure in both their business and their personal career, which, in turn, could lead to loss of owner managers’ face and social status. Therefore, even if engaging in CCI was not their first intention, they chose to do it anyway.

Thirdly, to avoid giving negative impression to the government officials was identified as a motivation for private companies’ CCI engagement. In some cases, private company owner managers were well aware that due to their insignificant and unappreciative contributions, neither guanxi nor other meaningful benefits could be expected from their engagement in CCI. However, it was found that those private company owner managers chose to repeatedly engage in CCI in order to avoid any possible negative impression on government officials. As discussed in the preceding
section, most of the CCI projects that private companies participated in were initiated by government officials. Some private company owner managers believed that their participation in government-initiated CCI projects might not bring them guanxi with government officials, yet at least it would not give government officials any negative impression of the business. Although no evidence or previous experience could suggest any negative impacts that rejecting a government-initiated CCI project might bring to a business, those private companies were not willing to take the chance anyway. It is thought that this type of motivation can, to some extent, reflect the power relationship between Chinese private companies and the government.

10.3 Revising the Conceptual Framework

This section revisits the initial conceptual model and initial propositions based on the analyses and discussions of the findings conducted in the previous part of the thesis. The initial conceptual model (see Figure 13) attempted to illustrate how guanxi may be built in the context of CCI, and what companies may obtain as a result. The conceptual model involves five propositions, which are associated with companies’ guanxi development in CCI, and one proposition, which is associated with companies’ main gain from this guanxi.
The initial conceptual model and propositions have been examined in the context of three types of company; foreign, state-owned, and private. It is found that the initial conceptual model and propositions were supported, to various degrees, by qualitative data collected from foreign and private companies, and falsified by qualitative data collected from state-owned companies. First, the initial conceptual model and propositions were supported, to a great extent, by CCI cases collected from foreign companies. Therefore, it is thought that no modification to the original conceptual model is needed when applying it to foreign companies’ CCI engagement. Nevertheless, the empirical data have added meaningful insights to the initial propositions, and thus initial propositions in the context of foreign companies’ CCI engagement are refined accordingly. The refined propositions are shown in Table 49.
Second, the initial conceptual model and propositions were partially supported by CCI cases collected from private companies. Although guanxi development was identified in private companies’ CCI engagement, the way in which guanxi was developed was slightly different from what was predicted by the initial propositions. Instead of developing guanxi through one large-scale CCI project, private companies’ guanxi development is found to be done through a series of small-scale CCI projects. As a result, modifications have been made to five initial propositions in the context of private companies’ CCI engagement (see Table 50). Likewise, modification to the initial conceptual model is also needed when applying it to private companies’ CCI engagement. The modified conceptual model is shown in Figure 14.

<table>
<thead>
<tr>
<th>Guanxi development stages</th>
<th>Initial propositions</th>
<th>Modified propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanxi player targeting</td>
<td>P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
<td>Supported P1. Foreign “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
</tr>
<tr>
<td>Guanxi base development</td>
<td>P2. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
<td>Refined P2. When guanxi base is absent between “REPRESENTATIVE” and the targeted guanxi “PLAYER”, foreign “COMPANY” will initiate CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
</tr>
<tr>
<td>Guanxi base development</td>
<td>P3. The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.</td>
<td>Refined P3. When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the foreign “COMPANY” will initiate CCI in a way which generates medium or long-term rather than short-term interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
</tr>
<tr>
<td>Guanxi favour giving</td>
<td>P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
<td>Supported P4. The foreign “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
</tr>
<tr>
<td>Guanxi favour reciprocation</td>
<td>P5. The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.</td>
<td>Supported P5. The foreign “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.</td>
</tr>
<tr>
<td>Intermediary as guanxi favour</td>
<td>P6. To reciprocate the favour to the “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role.</td>
<td>Refined P6. To reciprocate the favour to the foreign “COMPANY”, the targeted guanxi “PLAYER” from company-initiated CCI projects will play an intermediary role.</td>
</tr>
</tbody>
</table>
Table 50 - Private Company: Initial Propositions VS modified Propositions

<table>
<thead>
<tr>
<th>Guanxi development stages</th>
<th>Initial propositions</th>
<th>Modified propositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanxi player targeting</td>
<td>P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
<td>Modified P1. The private “COMPANY” will pursue CCI which are initiated by the targeted guanxi “PLAYER”.</td>
</tr>
<tr>
<td>Guanxi base development</td>
<td>P2. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
<td>Modified P2. When guanxi base is absent between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”, the private “COMPANY” will repeatedly undertake CCI initiated by the same initiators in a way which furnishes strong interaction through a series of weak interaction between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
</tr>
<tr>
<td>Guanxi favour giving</td>
<td>P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
<td>Supported P4. The private “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
</tr>
<tr>
<td>Intermediary as guanxi favour</td>
<td>P5. The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.</td>
<td>Modified P5. The private “COMPANY” will only be able to obtain favours from the targeted guanxi “PLAYER” in third-party-initiated CCI projects.</td>
</tr>
<tr>
<td>Intermediary as guanxi favour</td>
<td>P6. To reciprocate the favour to the “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role.</td>
<td>Modified P6. To reciprocate the favour to the private “COMPANY”, the targeted guanxi “PLAYER” from third-party-initiated CCI projects will help the “COMPANY” obtain government supports.</td>
</tr>
</tbody>
</table>

Figure 14 - Modified Conceptual Model for Private Company
Third, the initial conceptual model was not supported by CCI cases collected from state-owned companies. Although some propositions appeared to be supported or partially supported (see Table 51), narratives given by informants explicitly suggested that it has little to do with guanxi development. The observed CCI behaviours of state-owned companies were mainly attributed to the ownership between state-owned companies and government rather than the intention of guanxi development. Firstly, as the ultimate owner of state-owned companies, government’ request to cooperate with state-owned companies, no matter in company-initiated CCI projects or government-initiated CCI projects, are usually seen by state-owned companies as compulsory orders rather than optional offers. Therefore, government officials were found to be frequently involved in state-owned companies’ CCI activities, which supported the proposition P1. Second, due to the exiting ownership between government and state-owned companies, government officials and corporate representatives were already familiar with each other, and thus establishment of familiarity was not relevant in state-owned companies’ CCI activities. Accordingly, proposition P2 and P3 were only partially supported or not supported. Finally, the ownership between government and state-owned companies determines that mutual supports between the two are almost certain and taken for granted. Accordingly, proposition P4 was not supported while proposition P5 was fully supported.

Table 51 – State-owned Company: Initial Propositions & Explanations

<table>
<thead>
<tr>
<th>Guanxi development stages</th>
<th>Initial propositions</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guanxi player targeting</td>
<td>P1. The “COMPANY” will pursue CCI in a way which involves the targeted guanxi “PLAYER”.</td>
<td>Supported Due to the ownership between government and state-owned companies, government officials are frequently involved in their CCI activities.</td>
</tr>
<tr>
<td>Guanxi base development</td>
<td>P1. The “COMPANY” will pursue CCI in a way which generates strong rather than weak interactions between the “REPRESENTATIVE” and the targeted guanxi “PLAYER”.</td>
<td>Partially Supported Due to the ownership between government and state-owned companies, corporate representatives are already familiar with government officials, and thus establishment of familiarity via intensive interaction becomes irrelevant.</td>
</tr>
<tr>
<td></td>
<td>P3. The “COMPANY” will pursue CCI in a way which involves long-term rather than short-term interactions.</td>
<td>Not Supported Due to the ownership between government and state-owned companies, corporate representatives are already familiar with government officials, and thus establishment of familiarity via long-term interaction becomes irrelevant.</td>
</tr>
<tr>
<td>Guanxi favour giving</td>
<td>P4. The “COMPANY” will pursue CCI which benefits the targeted guanxi “PLAYER”, and can therefore be appreciated.</td>
<td>Not Supported Due to the ownership between government and state-owned companies, corporate support to government CCI projects and government officials’ jobs are taken for granted, and thus unlikely to incur appreciation.</td>
</tr>
<tr>
<td>Guanxi favour reciprocation</td>
<td>P5. The “COMPANY” will be able to obtain favours from the targeted guanxi “PLAYER”.</td>
<td>Supported Due to the ownership between government and state-owned companies, government officials’ support to state-owned companies is almost certain.</td>
</tr>
<tr>
<td>Intermediary as guanxi favour</td>
<td>P6. To reciprocate the favour to the “COMPANY”, the targeted guanxi “PLAYER” will play an intermediary role.</td>
<td>Not Supported Informants from state-owned companies suggested no attempt to develop guanxi via CCI.</td>
</tr>
</tbody>
</table>
Chapter Summary

This chapter has discussed the research findings in the light of the background literature, the research questions and the conceptual framework. In particular, the overarching research question has been addressed by providing responses to the two sub-research questions that were operationalised in the study through content analysis on 148 CCI cases. In the end, based on the discussion of the research findings, the initial conceptual model and propositions have been revised. Modifications have been made accordingly to the initial conceptual model and propositions.
Chapter 11.0 Conclusion

Introduction

This research set out to answer one overarching research question ‘what is the relationship between CCI and guanxi in the Chinese market?’ and two sub research questions: ‘what is the mechanism through which guanxi is developed through CCI?’ and ‘what are the main reasons for a company to develop guanxi through CCI?’. A conceptual guanxi development model of CCI was developed to illustrate how companies in China tailor their CCI behaviours in order to develop guanxi, and, furthermore, facilitate their inter-organisational relationship building. Face-to-face semi-structured interviews were conducted with 65 companies (30 foreign companies, 9 state-owned companies, and 26 private companies) in China. The qualitative data provided strong support to the conceptual model. The results suggest that foreign and Chinese private companies have strategically tailored their CCI behaviours in China, in different ways from each other, to initiate and/or maintain guanxi with key stakeholders of strong governmental background. While foreign companies attempt to use this guanxi to facilitate their inter-organisational relationship building, Chinese private companies attempt to use this guanxi to obtain formal institutional support. No sufficient data in this research can suggest a strong relationship between guanxi development and state-owned companies’ CCI engagement.

While furnishing answers to the research question, this research has made significant contributions to the body of literature, and produced implications for practice in the field of business and management. Like other research, this research is also limited in a number of respects, and thus future research can be undertaken to address those issues and further extend the investigation. All those facts will be discussed in this final chapter. Section 11.1 considers the theoretical contributions, whereas section 11.2 proposes the practical implications. Section 11.3 presents the reflections on the research process and its limitations, whereas section 11.4 discusses the possibility for future research.
11.1 Theoretical Contributions

Having explored the relationship between guanxi and CCI, this research identified guanxi development as a particular motivation for foreign and private companies’ CCI engagement in China. By demonstrating how CCI is employed to develop guanxi on a personal level, and, furthermore, facilitate inter-organisational relationship building, this research not only helps to understand CCI in a context which is institutionally and culturally different from the traditional Western research contexts, but also extends the research perspective of CCI from the popular stakeholder perspective to a new inter-organisational relationship building perspective.

Five major contributions are thought to have been made to the extant literature.

1. Understanding motivations for CCI in a different institutional and cultural context

While a great deal is known about the motivation of CCI engagement in Western contexts, little is known about its motivation and management in the emerging and transitional economies. This research identified guanxi development as an underexplored motivation for CCI in China, and thus helps to understand the motivation and management of CCI in a radically different institutional and cultural context.

The Chinese context suggests that in order to develop guanxi with key stakeholders, foreign companies are prone to engage in CCI through both initiating and participating in CCI projects, and private companies are prone to engage in CCI through participating in CCI projects.

In the extant literature, the motivation for CCI engagement has been studied extensively. Companies’ CCI engagement is found to be motivated, because CCI can help advertise business (Navarro, 1988; Saiia et al., 2003), enhance corporate reputation (Brammer & Pavelin, 2004; L’Etang, 1994), reduce costs (Grahn et al., 1987), counteract contingencies (Brammer & Pavelin, 2005; Hess et al., 2002), facilitate HRM (Lewin & Sabater, 1996; Smith, 1994; Wei et al., 2010), attract investors (Lane, 2005; Saiia et al., 2003), and facilitate corporate political strategy (Detomasi, 2008; Neiheisel, 1994). This is the first time that guanxi development is
identified as a major motivation for companies’ CCI engagement. Therefore, this research contributes to the literature by enriching our knowledge on the motivations behind CCI engagement.

Moreover, studies on motivations of CCI engagement were mostly conducted in Western contexts. While a great deal is known about the motivations and management of CCI in the Western contexts, little is known about its motivation and management in the emerging and transitional economies. As one of the largest emerging economies in the world, China has institutional settings and cultural processes that are radically different from those of the Western countries. Previous studies done in China mainly focused on economic motivations (Zhang et al., 2009; Zu & Song, 2009) and political motivations (Gao, 2009; Su & He, 2009) that account for companies’ CCI engagement, and overlooked the cultural and social motivations. Guanxi is a distinctive cultural and social phenomenon that functions widely in the Chinese business environment. Having identified guanxi development as an active motivation for foreign and private companies’ CCI engagement in China, this research contributes to the literature by demonstrating how CCI can also be effectively driven by cultural and social motivations in some particular cultural and institutional settings, and thus shows a new face of CCI.

While guanxi is identified as a major motivation, the traditional motivations, such as advertising business, seeking business opportunities, facilitating HRM, enhancing corporate reputation, and improving the sustainability of the business, have also been found in this research. Thus, this research contributes to the literature by reinforcing and extending the extant findings with empirical evidence from an institutionally and culturally different context.

2. Bridging the literature on CCI and guanxi

Both guanxi and CCI form the basis of extensive literature. This is the first research that has developed a conceptual model, which places CCI within the world of personal connections, long-term social obligations and network relationships, which characterises guanxi.

This research developed a conceptual model and argued that guanxi development is likely to shape foreign and private companies’ CCI behaviours in China. Due to the
attempt to develop guanxi, foreign companies' CCI behaviour exhibits five patterns: (1) foreign companies prefer to involve individuals of strong government background as CCI partners in their company-initiated CCI projects; (2) foreign companies prefer to participate in CCI projects initiated by individuals from a strong government background; (3) foreign companies tend to have strong interaction with CCI partners/project initiators in CCI projects; (4) foreign companies tend to undertake CCI projects that are medium-term or long-term; (5) foreign companies tend to benefit their CCI partners/project initiators on a personal level by enhancing their personal career prospects and/or improving their personal qualities. Due to the attempt to develop guanxi, private companies' CCI behaviour exhibits four patterns: (1) private companies prefer to participate in CCI projects initiated by government officials; (2) private companies tend to treat interaction in individual CCI projects as part of their broader interaction with the same CCI project initiators; (3) private companies tend to repeatedly participate in short-term CCI projects initiated by the same CCI project initiators; (4) private companies tend to benefit their CCI project initiators on a personal level by enhancing their personal career prospects.

In the extant literature, CCI and guanxi have always been studied separately. This research bridges the literature of CCI and guanxi for the first time. On one hand, China has seen a great increase in both CCI activities and relevant research in this area in the last decade (Qingfen, 2006; Wang & Chaudhri, 2009; Young, 2002). Nevertheless, no previous research of CCI has brought guanxi onto the research agenda. On the other hand, guanxi represents a world of personal connections, long-term social obligations and network relationships. The influence of guanxi is not only common in the Chinese social environment, but also pervasive in the Chinese business environment. In the Chinese business environment, the influence of guanxi has been studied extensively in contexts ranging from company performance (Luo, 1997a; Luo & Chen, 1997; Park & Luo, 2001; Peng & Luo, 2000), human resource management (Chen et al., 2004; Chen & Tjosvold, 2007; Parnell, 2005; Tung & Worm, 2001), buyer-seller behaviours (Lee & Dawes, 2005, Leung et al., 2005, Millington et al., 2006), and corporate governance (Braendle et al., 2005) to knowledge transfer (Ramasamy et al., 2006). However, no previous studies have sought to explore the influence of guanxi on CCI. In this research, a conceptual model is developed to explore the relationship between guanxi and CCI. By demonstrating
how foreign and private companies’ CCI behaviours are tailored in order to achieve the essential elements of guanxi development, and then develop guanxi in China, this research successfully bridges the gap between guanxi and CCI in the extant literature. Firstly, it contributes to the literature of CCI by suggesting that in the attempt to develop guanxi with key stakeholders in China, foreign and private companies are motivated to undertake CCI. Secondly, it contributes to the literature on guanxi by demonstrating that guanxi is likely to influence foreign and private companies’ CCI behaviours in China in terms of their choice of CCI partners and third-party-initiated CCI projects, the time span of the CCI project, the intensiveness of company involvement, and the definition of beneficiaries.

3. Studying CCI on a micro level

By studying CCI in a new context, where CCI is strategically tailored to develop guanxi, which exists and functions on personal level, this research moves the research perspective of CCI from the prevailing macro level to a new micro level.

This research brings CCI down to an individual level and demonstrates (1) how targeted individual guanxi players are chosen to be CCI partners/project initiators; (2) how corporate representatives and CCI partners/project initiators interact with each other and establish a guanxi base in CCI; (3) how CCI benefits individual CCI partners/project initiators and thus is appreciated; and (4) how a personal relationship, guanxi, is eventually established between corporate representatives and CCI partners/project initiators in CCI.

Earlier studies in the extant literature investigated how CCI is employed to manage stakeholders such as consumers (Hess et al., 2002; L’ Etang, 1994), employees (Lewin & Sabater, 1996; Navarro, 1988), investors (Lane, 2005) and regulators (Neiheisel, 1994; Simon, 1995) from a macro level. In most of those studies stakeholders are treated as mass groups: group of consumers, group of employees, group of investors, and group of regulators. While those studies usually explain why key stakeholders can be managed through CCI on a macro level, they are hardly capable of explaining how stakeholders are managed through CCI on a micro and personal level.
In this research, CCI has been broken down into small phrases, namely: selection of CCI partners/third-party-initiated CCI projects, implementation of CCI projects, and favour exchange in CCI. In the selection of CCI partners/third-party-initiated CCI projects, this research demonstrated how CCI are strategically used to approach individual key stakeholders (CCI partners/project initiators) in the community. In the implementation of CCI projects, this research demonstrated how CCI is particularly designed to facilitate interaction and communication between corporate representatives and targeted individual key stakeholders (CCI partners/project initiators), and thus establish familiarity with individual key stakeholders. In the favour exchange phase of CCI, this research demonstrated how CCI is deliberately employed to benefit targeted individual key stakeholders (CCI partners/project initiators), and thus foster a mutually beneficial inter-personal relationship, guanxi, with targeted individual key stakeholders. It is believed that, by doing so, this research extends the literature by moving the research perspective away from the prevailing macro level and adding knowledge on how individual stakeholders are managed through CCI on a micro and personal level.

4. A new inter-organisational relationship building research perspective

By studying CCI in a new context, where CCI is used to build inter-organisational relationships through a special cultural phenomenon guanxi, it is believed that the research perspective of CCI is extended from the prevailing shareholder perspective to a new inter-organisational relationship building perspective and thus show a different face of CCI.

This research identifies inter-organisational relationship development as a key motive for foreign companies undertaking CCI in China. Guanxi is widely regarded as an activator for inter-organisational relationship development in the Chinese business environment. This research identified that foreign companies actively undertake CCI in China in order to develop guanxi with key stakeholders in the community, and then ask their guanxi partners to reciprocate favours by playing the intermediary role and helping build inter-organisational relationships for the companies.

Earlier studies usually investigated CCI from the stakeholder perspective (Jeff, 1999; Yankey, 1996). They attempted to explain why companies undertake CCI from a
stakeholder perspective and identify stakeholder management as the motivation for CCI engagement. Previous studies investigated how CCI is employed to manage stakeholders, including consumers (Hess et al., 2002; L’Etang, 1994), employees (Lewin & Sabater, 1996; Navarro, 1988), investors (Lane, 2005) and regulators (Neiheisel, 1994; Simon, 1995). Nevertheless, to date, no research has attempted to employ an inter-organisational relationship perspective to study CCI. Instead of focusing on stakeholder management, this research explored how CCI is strategically used to facilitate inter-organisational relationship building through a Chinese cultural phenomenon: guanxi. This research developed and tested a conceptual model, which demonstrated how foreign companies are driven by the attempt to facilitate inter-organisational relationships building in China and thus strategically undertake CCI to develop guanxi with key stakeholders in the community. By doing so, it is believed that this research extends the research perspective of CCI from the popular stakeholder perspective to an inter-organisational relationship building perspective and thus opens a new chapter for the research on international and strategic CCI.

5. Enriching understanding of favour exchange in guanxi

The current knowledge on guanxi development is widely associated with exchange of controversial favours. Have conceptualised and tested how valid guanxi favours are generated through companies’ CCI engagement, this is one of the first attempts to explore the use of legitimate favours to develop guanxi, which enriches our understanding of guanxi, and shows a viable and legitimate corporate approach to guanxi.

This research identifies personal career prospects enhancement and personal quality improvement as two types of valid favours, which can be generated in CCI and used by companies to develop guanxi between corporate representatives and targeted guanxi players. Findings in this research suggest that personal career prospects can be enhanced because (1) CCI helps fulfil targeted guanxi player’s work tasks; and/or (2) CCI allows targeted guanxi player to address the social issues that they always want to, yet not be able to address without the corporate resources; and/or (3) CCI helps targeted guanxi player to obtain recognition and acknowledge from their superiors; and/or (4) CCI settles the issues associated with the targeted guanxi player’s job; and/or (5) CCI helps the targeted guanxi player to establish political achievements.
Findings in this research also suggest that personal qualities can be improved in terms of (1) knowledge and skills on management; and/or (2) knowledge and skills on dealing with particular social issues; and/or (3) innovative thinking.

Favour exchange is regarded as the essence of guanxi. Previous research on favour exchange of guanxi in the business context usually focused on the traditional, yet controversial favours, such as banquet-holding and valuable gift-giving (Fan, 2002a, b; Guthrie, 1998; Lovett et al., 1999; Millington et al., 2005; Steidlmeier, 1999; Yang, 1994). Most of them saw the use of those traditional favours as the only way to develop guanxi, and thus attempted to either criticise the use of such favours using Western ethical principles (Fan, 2002a, b) or justify the use of such favours using Chinese ethical principles (Lovett, 1999; Millington et al., 2005; Steidlmeier, 1999; Su et al., 2003; Vanhonacker, 2004). Nevertheless, few studies attempted to explore the use of legitimate favours to develop guanxi in the Chinese business environment. To date, only in Yeung and Tung’s (1996) research, has the use of personal career prospects enhancement as a valid favour to develop guanxi with government officials been briefly mentioned. Even so, Yeung and Tung’s (1996) explanation of personal career prospects enhancement as a valid favour for guanxi development still lacks depth. As to personal quality improvement, no extant literature is able to shed any light on whether or how it can be used as a valid favour for guanxi development. Having identified personal career prospects enhancement and personal quality improvement as valid favours for guanxi development and explored the ways through which the two types of favours are generated, this research contributes to the body of guanxi literature in two ways. Firstly, it enriches our understanding of favour exchange in guanxi in a business context. Secondly, it shifts the research agenda on favour exchange of guanxi from justifying the traditional controversial favours to exploring viable and legitimate corporate approaches to guanxi.

6. Enriching the understanding and application of social network theory

Guanxi represents the utilitarian interpersonal relationship in the Chinese hierarchical society. While guanxi reflects many particular Chinese cultural characteristics, it essentially overlaps with social network theory in a variety ways. Having studied corporate guanxi development in the context of CCI, this research enriches the
understanding of social network theory in a particular cultural setting, as well as its application in the context of CCI.

Firstly, having studied the guanxi development in the Chinese business environment, this research provides valuable insights to the Western social network theory from the traditional Eastern thought. Guanxi is understood as a transformation process whereby two discrete individuals construct a basis of familiarity to enable subsequent exchange of appreciative favours (Yang, 1994; Chen & Chen, 2004; Lee & Dawes, 2005). While guanxi development is believed to reflect many unique Chinese cultural characteristics, it overlaps with the Western social network theory in a variety of ways. Hampden-Turner and Trompenaars (2000) believed that guanxi is just an older form of social network theory that contextualises individuals within a highly collectivist society. Furthermore, some scholars proposed three aspects on which guanxi is grounded in the social network theory; (1) a prescribed set of behaviours are embedded in both guanxi and social network theory, which regulate the flow of information as well as define the insider and outsider in guanxi and strong ties and weak ties in social network theory; (2) different types of information is created in both guanxi and social network theory in order to sustain a social network; (3) both guanxi and social network theory provide a theory of change in conjunction with an ethic of sustainability where order is generated by trust as a local, relative phenomena; (4) randomness and order essentially characterise both guanxi and social network theory, while certainty and trust are favoured over chaos in guanxi (Hammond & Glenn, 2004). Given the overlaps between guanxi and social network theory, it is believed that as this research enriches our understanding of guanxi, it also provide a valuable research context for the traditional Western social network theory to be further understood in an Eastern cultural and institutional settings.

Secondly, having studied the guanxi development in the context of CCI, this research also enriches the knowledge on the application of social network theory to CCI. Social network theory is widely employed to understand various informal and formal organizational relationships (Lee & Kim, 2011; Jones & Volpe, 2011), existence and execution of social capital in business (Nahapiet & Ghoshal, 1998; Leana & Van Buren III, 1999), and other recourse transfers within the organisational relationships (Podolny & Baron, 1997). Nevertheless, no attempt has been made to understand CCI
behaviours through social network theory. Having discussed above, guanxi is seen as the Eastern reflection of the Western social network theory with its particular cultural characteristics. By examining corporate CCI behaviours in the lens of guanxi, this research demonstrates how social network theory can be adopted to explain the development and change in CCI behaviours in some particular contexts.

11.2 Practical Implication

The findings of this research have produced implications for practice in the field of business and management. Two practical implications are discussed as follows.

*An innovative way for corporate government relationship management*

This research suggests that CCI can be used as an innovative way for government relationship management in China. The government plays a central role in the Chinese business environment. Companies rely heavily on the government to obtain various policy supports and access to scarce resources, such as land, labour, raw materials, licenses and permissions. As a result, government relationship management has always been at the top of the agenda for both foreign and Chinese companies operating in the market. Having found that companies can develop political guanxi through CCI engagement, this research suggests a sustainable way for companies to manage government relationships in China. Furthermore, government relationship management is usually associated with various corrupt practices, and thus can easily be challenged on both legal and ethical grounds. Especially for foreign companies, they are not only held accountable to the anti-corruption regulations in China, but also the anti-corruption regulations in their home countries. By using CCI, which is widely recognised as a legitimate and ethical corporate activity, to manage government relationships, companies can reduce the legal risks and ethical criticism inherent in government relationship management in China.

*An effective way to break into the inner circle of the Chinese business environment*

This research suggests an effective way for prospective foreign investors to break into the inner circle of the Chinese business environment when starting a business in
China. China is characterised as a collective society, which is built on the basis of countless social networks. Doing business in China relies heavily on those social networks, such as guanxi, to obtain information, access scarce resources, reduce transaction costs and avoid opportunistic behaviours. While Chinese companies may have been naturally attached to the social networks, newcomers to the market usually need to cultivate their own social networks, and thus break into the inner circle of the Chinese business environment. However, to cultivate such social networks can be complicated for the newcomers whose cultural and social backgrounds are, to various extents, different from that of the Chinese. Having found that guanxi can be initiated and maintained through strategically designed CCI, foreign companies are given an effective starting point for their networking in the Chinese market.

11.3 Reflections on the Research Limitations

Like most other research, this research is also faced with its own limitations. It is important to reflect upon those limitations that need to be taken into account when examining the findings and conclusions of the research. Three major limitations are discussed as follows.

Variation in sampling location

In this research, due to the accessibility to companies, samples had to be drawn from two different locations. While foreign companies were sampled in Beijing, private companies were sampled in Chongqing. State-owned companies, on the other hand, were sampled in both locations. In the end, foreign and private companies were found to behave differently in CCI. It is uncertain that how much geographical variation has contributed to the differences in foreign and private companies’ CCI behaviours. In this research, all foreign companies set their CSR offices in Beijing while their Chinese headquarters and CCI activities usually spread across the country. Given that, the resemblance in patterns of CCI behaviours has been identified among foreign companies anyway. Due to this fact, it can be argued that geographical variation is unlikely to have played a key role in shaping companies’ CCI behaviours in China. However, this research is still, to some extent, limited in this respect.
Insufficient samples of state-owned companies

Samples of state-owned companies are limited in number. In this research, while plenty of state-owned companies were approached, only nine state-owned companies agreed to participate in the interviews in the end. The qualitative data obtained from the nine interviews suggested that guanxi development has barely played a role in shaping state-owned companies’ CCI behaviours, and thus failed to support the conceptual model of the research. It is uncertain how much the limitation in the number of state-owned company participants may have contributed to this finding. In this research, a consistent denial of the influence of guanxi development on corporate CCI behaviours was identified among the nine state-owned companies. It can, therefore, be argued that the insufficiency in data is unlikely to affect the ability of this research to shed light on the relationship between guanxi and state-owned companies’ CCI engagement. However, this research is still, to some extent, limited in this respect.

Insufficient elaboration on the time span of CCI projects

The conceptual guanxi development model of CCI proposes that in order to develop guanxi base with CCI partners/project initiators, companies will pursue CCI in a way that generates long-term and strong interaction between corporate representatives and CCI partners/project initiators. Accordingly, intensiveness of interaction between corporate representatives and CCI partners/project initiators and the time span of the example CCI projects have been discussed with informants in the interviews. While plenty of narratives were given by informants to shed light on the causal relationship between the intensiveness of the interaction and the establishment of guanxi base, rather limited elaborations were given by informants to explain the link between the time span of CCI projects and the establishment of a guanxi base. Although the results coincide with the prediction made by conceptual model, no sufficient evidence is in place to support the causal relationship between the time span of a CCI project and the establishment of guanxi base between corporate representatives and CCI partners/project initiators. Therefore, this research is, to some extent, limited in this respect.
11.4 Potential Avenues for Future Research

This research has explored and examined guanxi development as a motivation for CCI in China, and the findings have opened up a number of potential avenues for future work in this field.

*Alternative research methods*

This research employed an in-depth survey to explore the relationship between guanxi and CCI. Due to the limited access to companies, only 65 companies were sampled, and thus this research could only seek to generalise the findings to broader theories instead of broader populations. If a larger sample population can be accessed in the future, future research can be conducted to test the findings through a large-scale survey, and thus generalise the findings to a broader population.

*Motivations for state-owned companies’ CCI engagement in China*

In this research, only a limited number of state-owned companies were interviewed. The conclusion that guanxi development barely plays a role in motivating state-owned companies’ CCI engagement was only made on the basis of the limited data collected from those state-owned companies, and thus can be challenged. It is, therefore, thought that future research can address this issue by extending the investigation to a larger sample set of state-owned companies, and test the robustness of the conclusion. Moreover, while state-owned company informants denied guanxi development as a motivation for their CCI engagement, they suggested that the government had played an important role in driving their CCI engagement. Therefore, future research can take it from there, and explore the actual mechanism underlying this issue.

*Comparative studies*

This research studied the relationship between guanxi and CCI in Mainland China. Guanxi does not only exist in Mainland China, but also exists in other markets, such as Taiwan and Hong Kong, where similar cultural roots are shared. Nevertheless, the institutional settings in those markets are different from those in Mainland China. To what extent that guanxi development can motivate companies’ CCI engagement, and how guanxi development as a motivation functions in those markets is still unknown.
Therefore, future research can examine the conceptual guanxi development model of CCI in different research contexts and test its validity in markets, such as Taiwan and Hong Kong. Moreover, comparative studies not only can be carried out between Mainland China, Taiwan and Hong Kong, but can also be done between China and other Asian countries where similar cultural processes are identified. While guanxi is distinctive in China, similar cultural processes can also be found in other Asian countries. For example, in Japan, Kashi is identified as a particular Japanese cultural process that functions in a similar way as guanxi does in China. It is thought that it would be interesting for future research to find out if Kashi can also motivate companies’ CCI engagement in a developed economy in a similar way as guanxi does in China, and thus make predictions about guanxi’s influence on CCI in the far future.

*Power relationship between private companies and the government in China*

Findings in this research suggest that there is an evident power relationship between private companies and the government in China. However, such findings are restricted in the context of CCI engagement. It is uncertain if such a power relationship is also reflected on private companies’ other business functions. Therefore, it is worth conducting a further investigation to address this issue.

**Chapter Summary**

This chapter concluded this research. It discussed the contribution of this research to the literature, the implications of this research for practice in the field of business and management, and the limitations of the research. This chapter finished by providing suggestions for future research.
Bibliography


Appendices

Appendix A – Interview Guide

My name is Rui Yang from the management school of University of Bath, UK. Currently I am doing a research on business and society. My research mainly looks at the corporate community involvement behaviours of firms that are operating in the Chinese market where CCI is still at its beginning stage and not much has been known about this corporate behaviour.

CCI we are talking about here mainly indicates the activities or projects through which firms perform their corporate social responsibility in a way of supporting the local community causes through money donation, and/or in-kind donation, and/or employee volunteering, and/or corporate sponsorship, and/or partnering with government or other non-profits.

In my research, I attempt to invite firms from a wide variety of industries to participate. The findings, which will be based on the participants’ real experiences in CCI projects, are expected to allow firms both to benchmark their CCI activities in the Chinese market and to learn from examples of best practice. All the participants will be sent a report which summarises the findings of this research.

This interview will take only an hour in total. I am going to ask you a series of questions concerning the details of some CCI projects your firm has engaged in. The questions will not involve any commercially or politically sensitive or valuable issues. The information obtained from this interview will only be used for the purpose of academic research, and no information obtained from this interview will be passed on to a third party. The individuals, firms and organisations involved in this interview will be kept as anonymous.

In this interview, I would like to focus our conversation on two CCI cases which, you think, are most representative to your company’s CCI engagement, and you are also most familiar with. The CCI cases can be the ones that have been completed or the ones that are still underway. Moreover, one CCI case should be initiated by your
company, and the other case should be initiated by other organisation and participated by your company. Since these two types of CCI cases are considered to be two different contexts in our research, similar questions may be asked in two contexts respectively.

**Organisation:**

**Name:**

**Position:**

**Contact details (tel./email):**

**Date:**

A. Company-initiated CCI case:

1. *Can you give me an example CCI case that was initiated by your company with some basic background of it?*
   
   P1. What social cause was addressed by the CCI project?
   
   P2. What corporate resources have been involved in this CCI project?
   
   P3. How long is the CCI project, and any reasons for it?

2. *How did this CCI project came around in the first place?*

3. *Did you have any external organisation, institution or personnel involved in this project?*
   
   P1. If no, why did you choose to do this CCI project alone?
   
   P2. If yes, why did you select this organisation or institution to be your partner in the CCI project?
   
   P3. Did you know its officers from other occasions before?

4. *Could you describe how the CCI project operated on a day-to-day basis?*
   
   P1. How close were your communication and interaction?
   
   P2. Why do you think so?

5. *How familiar do you consider the representatives of two organisations to be with each other by the end of the CCI project?*
P1. Why do you think so?

6. *How much, do you think, working together in this CCI project has contributed to the establishment of the familiarity?*
   P1. Why do you think so?

7. *What do you see as the key benefits of initiating this CCI project to your firm?*
   P1. Is there any kind of benefit that is to do with development of useful personal connections?

8. *What do you see as the key benefits to your CCI partner as a result of their involvement in this CCI project?*
   P1. What were the key benefits to the partner organisation?
   P2. What were the key benefits to the individual representatives of the partner organisation?
   P3. If there was none, why do you think so?

9. *Do you think your partner organisation and/or partner individuals have or will recognise and appreciate the benefits you have just mentioned?*
   P1. Why do you think so?

10. *After this CCI project, have you had any experiences or knowledge that when your company was in need of any help or assistance within the law, the CCI partner individuals from this project had offered such help or assistance?*
    P1. If yes, do you think this has anything to do with your partnership with them in this CCI project?
    P2. How they have helped you?
    P3. If no, do you think this scenario can happen in the future?
    P4. Why do you think so?
    P5. How they may help you in the future?
B. Third-party-initiated CCI project:

1. Can you give me an example CCI case that was initiated by other organisation or institution and participated by your company with some basic background of it?
   P1. What social cause was addressed by the CCI project?
   P2. What corporate resources have been involved in this CCI project?
   P3. How long is the CCI project?
   P4. Who is the initiator of this CCI project?

2. Why did you choose to participate in this CCI project rather than others in the market?

3. Did the initiator’s identify and background influence your choice of the CCI project?
   P1. If yes, how the initiator’s identity and background have influenced your choice of CCI project?
   P2. What kind of identities and backgrounds of initiators’ were preferred?

4. Could you describe how the CCI project operated on a day-to-day basis?
   P1. How close were your communication and interaction?
   P2. Why do you think so?

5. How familiar do you consider the representatives of two organisations to be with each other by the end of the CCI project?
   P1. Why do you think so?

6. How much, do you think, working together in this CCI project has contributed to that familiarity?
   P1. Why do you think so?

7. What do you see as the key benefits of participating in this CCI project to your firm?
P1. Is there any kind of benefit that is to do with development of useful personal connections?

8. What do you see as the key benefits to the CCI project initiator as a result of your involvement in this CCI project?
   P1. What were the key benefits to the project initiator organisation?
   P2. What were the key benefits to the individual representatives of the project initiator organisation?
   P3. If there was none, why do you think so?

9. Do you think the CCI project initiator organisation and/or individuals have or will recognise and appreciate the benefits you have just mentioned?
   P1. Why do you think so?

10. After this CCI project, have you had any experiences or knowledge that when your company was in need of any help or assistance within the law, the CCI project initiator (individuals) from this project had offered such help or assistance?
    P1. If yes, do you think this has anything to do with your support to their CCI project?
    P2. How they have helped you?
    P3. If no, do you think this scenario can happen in the future?
    P4. Why do you think so?
    P5. How they may help you in the future?
### Appendix B – Central Topics To Be Covered In Interview

<table>
<thead>
<tr>
<th>Interview questions</th>
<th>Corresponding research issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Can you give me an example CCI case that was initiated by your company with some basic background of it?</td>
<td>Background information of an example CCI project</td>
</tr>
<tr>
<td>P1. What social cause was addressed by the CCI project?</td>
<td></td>
</tr>
<tr>
<td>P2. What corporate resources have been involved in this CCI project?</td>
<td></td>
</tr>
<tr>
<td>P3. How long is the CCI project, and any reasons for it?</td>
<td></td>
</tr>
<tr>
<td>2. How did this CCI project came around in the first place?</td>
<td></td>
</tr>
</tbody>
</table>

| 1. Did you have any external organisation, institution or personnel involved in this project?                                                                                                                       | CCI partner targeting                                               |
| P1. If no, why did you choose to do this CCI project alone?                                                                                                                                                      |                                                                     |
| P2. If yes, why did you select this organisation or institution to be your partner in the CCI project?                                                                                                           |                                                                     |
| P3. Did you know its officers from other occasions before?                                                                                                                                                       |                                                                     |

| 1. Could you describe how the CCI project operated on a day-to-day basis?                                                                                                                                          | Interaction with CCI partner                                        |
| P1. How close were your communication and interaction?                                                                                                                                                           |                                                                     |
| P2. Why do you think so?                                                                                                                                                                                         |                                                                     |

| 1. How familiar do you consider the representatives of two organisations to be with each other by the end of the CCI project?                                                                                      | Familiarity with CCI partner                                        |
| P1. Why do you think so?                                                                                                                                                                                        |                                                                     |
| 2. How much, do you think, working together in this CCI project has contributed to the establishment of the familiarity?                                                                                         |                                                                     |
| P1. Why do you think so?                                                                                                                                                                                        |                                                                     |

| 1. What do you see as the key benefits to your CCI partner as a result of their involvement in this CCI project?                                                                                                   | Benefits to CCI partners                                           |
| P1. What were the key benefits to the partner organisation?                                                                                                                                                     |                                                                     |
| P2. What were the key benefits to the individual representatives of the partner organisation?                                                                                                                  |                                                                     |
| P3. If there was none, why do you think so?                                                                                                                                                                     |                                                                     |

| 1. Do you think your partner organisation and/or partner individuals have or will recognise and appreciate the benefits you have just mentioned?                                                               | Appreciation of CCI partner                                        |
| P1. Why do you think so?                                                                                                                                                                                        |                                                                     |

| 1. What do you see as the key benefits of initiating this CCI project to your firm?                                                                                                                              | Favour reciprocation by CCI partner                                 |
| P1. Is there any kind of benefit that is to do with development of useful personal connections?                                                                                                                  |                                                                     |
| 2. After this CCI project, have you had any experiences or knowledge that when your company was in need of any help or assistance with in the law, the CCI partner individuals from this project had offered such help or assistance? |                                                                     |
| P1. If yes, do you think this has anything to do with your partnership with them in this CCI project?                                                                                                           |                                                                     |
| P2. How they have helped you?                                                                                                                                                                                    |                                                                     |
| P3. If no, do you think this scenario can happen in the future?                                                                                                                                                 |                                                                     |
| P4. Why do you think so?                                                                                                                                                                                         |                                                                     |
| P5. How they may help you in the future?                                                                                                                                                                        |                                                                     |
## Appendix C – Company Size Classification

<table>
<thead>
<tr>
<th>Industry</th>
<th>Index</th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
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<tr>
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<td>Entertainment &amp; Leisure</td>
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<td>&lt;1,000</td>
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<tr>
<td>Commercial &amp; Professional Services</td>
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<tr>
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<td>&lt;1,000</td>
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<tr>
<td>Agriculture, Forestry, Animal Husbandry, &amp; Fishery</td>
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<td>Others</td>
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</tr>
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<td>Turnover 10,000 RMB</td>
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<td>1,000-15,000</td>
<td>&lt;1,000</td>
</tr>
</tbody>
</table>

Note:

1. “Industrials” in the table includes *Mining, Manufacturing, and Utilities* three industries.
2. “Others” includes all the industries that are not listed in this table.
3. A large or medium company must meet all two or three criteria, otherwise is downgraded to the next size category.