Does workplace *guanxi* matter to hotel career success?

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ABSTRACT

This study aims to explore the role of workplace *guanxi* in building hotel career success. Drawing upon the career competency model and social exchange theory, a competency-success framework through the mediating roles of coworker and supervisor–subordinate *guanxi* is proposed and tested. The moderating effects of occupational status, department and identity are also investigated. The results indicate that workplace *guanxi* partially mediates the relationship between career competency and career success, and highlight a three-dimensional typology of workplace *guanxi*, i.e., lateral versus vertical, cooperative versus competitive, and indigenous versus alien. It is implied that coworker *guanxi* is more prominent for non-managerial employees or frontline/back office personnel, while supervisor–subordinate *guanxi* has a stronger impact on career advancement for managerial or sales and marketing employees. Furthermore, local employees own an advantage over expatriates in capitalizing on *guanxi*. Implications to academics and the industry are also discussed.

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1. Introduction

The contemporary hotel industry is one of complexity with growing competitive pressures. To survive the impending competition and retain high-caliber employees, hotel operators and hospitality scholars have long acknowledged the importance of perceived career success (Kong et al., 2012; Wang, 2013; Yavas et al., 2013). The preponderance of research has centered on the career competency model, investigating job-related traits necessary for career attainment and satisfaction (Chung, 2000; Kong et al., 2012; Wang, 2013). However, the career competency model is insufficient to account for career success, leaving unclear the underlying mechanism. The fact that professionally trained and high-caliber employees may still fail to achieve career success raises a question: what is the means through which employees can demonstrate and make the most of their competencies to accomplish career goals? This unsolved question propels scholars to go beyond career competency and embark on research into other skills necessary for career success. It may find a viable answer in the East, where the pervasiveness of "*guanxi*" (a type of social networking behavior) and its impact on career success has been evidenced in different disciplines and social contexts (Taormina and Gao, 2010).

Building upon social exchange theory (Blau, 1964; Leichty, 2005), *guanxi* management can complement employees' competencies by internalizing reciprocal exchanges that engender rewarding career outcomes (Chou et al., 2014; Zhai et al., 2013). *Guanxi* is an indigenous Chinese notion that involves the creation of interpersonal ties for tangible or intangible social exchange, usually in a non-work-centric manner in the Chinese protocol (Wei et al., 2010). It instills a relation-centered code in Chinese society: the Chinese prioritize relationships first, and believe transactions and mutual benefits will follow. It reflects a concept of maintaining and capitalizing on long-term relationships to assure returned favors, mutual benefit and reciprocity (Yen et al., 2011). The cultivation of *guanxi* manifests a strong social-emotional philosophy in the East, as it largely resides in interpersonal activities such as common gatherings, shared information and meals, personal gifts, etc. As for a high caliber employee, good *guanxi* relationships with coworkers and supervisors may serve as a means of creating a favorable working environment where his/her career competencies unfold. As such, it becomes imperative to investigate whether career competencies enhance career success through workplace *guanxi*. The paucity of relevant studies of *guanxi* in hotels has raised an unanswered research question:

RQ1. How does workplace *guanxi* function in the competency-career success framework for hotel employees?

In addition, the hotel industry is a complex system involving integrated efforts of various departments and personnel, which sets challenges for hoteliers to practice "one-size-fits-all" human

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resource management. As noted by Johns (2006), it is of great value to examine the role of context to facilitate theory development and advance the understanding of organizational behavior. In a hotel setting, the variety of employee backgrounds engenders disparities in work contexts, and hence induces differences in building and using *guanxi*. For instance, employees in managerial positions may need more autonomy and discretion to deal with non-routine tasks, while lower level employees tend to rely more on social rewards such as exchange with coworkers (Ronen and Sadan, 1984; Wall et al., 2002). Frontline employees, burdened by stressful working hours, unpleasant work-family conflicts and considerable customer interactions, depend on support from both coworkers and supervisors for service delivery and career enhancement (Karatepe, 2009, 2013, 2014). In contrast, sales and marketing personnel have less peer-to-peer interaction and mainly report to their supervisors (O'Fallon and Rutherford, 2011). Besides this, expatriate employees in the hotel workplace unfavorably receive less social support than local employees due to cultural barriers (Loi et al., 2014; Shin et al., 2007). Those differences in context may determine variations in *guanxi* building and its consequences in the workplace, while research to date has seldom examined these possibilities. Therefore, it becomes pertinent to ponder the following research question:

RQ2. Is the *guanxi*-career success relationship invariant for hotel employees of different occupational statuses, departments and identities?

Existing knowledge on the role of workplace *guanxi* in the hotel industry remains under-explored. Building on the theoretical underpinning of social exchange theory, our work aims to fill this research gap by conducting an empirical study with five star hotel employees in Macau. A proposed framework examines hypothesized paths leading from career competency to career success through the mediating role of workplace *guanxi*. In addition, the moderating effects of occupational status, department and identity are investigated. This study provides contributions to current hospitality literature in both theoretical and practical ways. First, current hospitality research focuses predominantly on the career competency model. By investigating the role of *guanxi* in the competency-career success diagram, this study adds to the existing knowledge of organizational social exchange and delineates a comprehensive picture of career advancement. Second, it highlights a three multidimensional typology of *guanxi* in different work contexts, providing substantial support to social theories on group dynamics. Finally, this study provides managerial insights for both organizations and individuals to understand the underlying mechanism of career success, hence allowing hotels to pave the way for employees to have a fulfilling career.

2. Literature review and hypotheses

2.1. Guanxi *defined*

Grounded in Confucian social theory, the Chinese notion of "*guanxi*" is first cast in the sociology literature as a type of social networking behavior (Jacobs, 1979). The term has been deeply rooted in Chinese tradition, where "guan" translates as "a gateway" and "xi" means "to link together". As such, *guanxi* itself is employed as a metaphor for people's connection (as by a gateway) in a closed network (Taormina and Gao, 2010). Despite the literal sense, *guanxi* is a rich, complex and dynamic concept in Chinese society. Research to date mainly angles the definition toward the use of *guanxi*, e.g., to cultivate and maintain close relationships for assistance, help or information. As noted by Luo (1997, p. 44),

"*guanxi* refers to the concept of drawing on connections in order to secure favors in personal relations. It is an intricate and pervasive relational network which Chinese cultivate energetically, subtly, and imaginatively".

In this respect, *guanxi* engenders personal bonds that entail reciprocity and obligations through social exchange. In particular, the cultivation of *guanxi* in the East encompasses relationship maintenance with family, friends and associates by means of social interactions, e.g., doing favors, sharing information, having meals and exchanging gifts (Yen et al., 2011). This concept can be a double-edged sword. Outside the normal social connection built upon mutual exchange of consideration, favor and care, Bedford (2011) also defines a "backdoor *guanxi*" associated with unethical activities such as corruption and bribery, which is not within the scope of this study.

2.2. Guanxi *in the workplace*

Efforts invested to maintain workplace *guanxi* will inevitably pay valuable dividends to employees and organizations, such as job satisfaction, organizational commitment and turnover intentions (Cheung et al., 2009). Extant literature has identified an array of critical components of *guanxi* in the workplace: *ganqing* (affect), *renqing* (reciprocal exchange of favors) and *xinren* (trust) (Bedford, 2011; Yen et al., 2011; Zhai et al., 2013). Affect is the most frequently investigated element in *guanxi* studies, reflecting the tenor of a social relationship. Affect in the workplace describes a good rapport at work nurtured through common social activities (Yen et al., 2011) or reciprocity (Bedford, 2011). The latter constitutes the second component of *guanxi* and represents a mutual relationship of social exchange: collaboration, cooperation and coordination bonded by obligation and indebtedness. According to social exchange theory, when an individual receives a favor from an associate, he/she will repay this owed favor to the benefactor at the right time (Yen et al., 2011). Furthermore, trust constitutes the third element of *guanxi*, which maps onto the Western cognition- and affect-based trust (Chen and Chen, 2004). Built upon perceived ability and sincerity, the trustworthiness of an associate is deemed a key constituent of a successful partnership and is essential in building a quality *guanxi*.

According to the *guanxi* base, existing literature has mainly investigated two relationships in the workplace: coworker *guanxi* and supervisor–subordinate *guanxi* (S-S *guanxi*) (Zhai et al., 2013).

Coworker *guanxi*. Coworkers are more than a vital part of work; they literally co-create the social environment in the workplace. Nevertheless, most studies on workplace *guanxi* tend to focus on the supervisor–subordinate dynamics, leaving coworker relationships insufficiently explored. Despite the paucity of studies, existing work has evidenced the influence of coworker support in relieving stress and burnout (Halbesleben, 2006), promoting employee task performance (Karatepe, 2012), and reducing turnover intentions (Karatepe, 2013). Through a meta-analysis, Chiaburu and Harrison (2008) have explicated the relationships between coworker support and employee outcomes such as role perceptions, work attitude, individual withdrawal and effectiveness. In this respect, it becomes conceivably important to maintain coworker closeness. Mutual understandings and solid relationships are not only developed through work cooperation and routine task interactions, but also through after-work activities (Chen and Peng, 2008).

Supervisor–subordinate *guanxi*. S-S *guanxi* is defined as a "personal relationship between a supervisor and a subordinate that is developed largely from non-work related social interactions both inside and outside working hours" (Cheung et al., 2009, p. 79). Drawing on a study by Chen et al. (2009), S-S *guanxi* is