**The Development of Special Forms of B2B Relationships: Examining the Role of Interpersonal Liking in Developing Guanxi and Et-Moone Relationships**

By

Ibrahim Abosag\*

SOAS, University of London

Department of Financial and Management Studies,

 Thornhaugh Street, Russell Square,
London WC1H OXG
United Kingdom

Tel: 02078984223; E-Mail: ia9@soas.ac.uk

and

Peter Naudé

Manchester Business School

Manchester, United Kingdom

Corresponding Author\*

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*Abstract*

The paper examines the driving factors of two of the special forms of relationships that exist in Eastern countries namely Guanxi (China) and Et-Moone (Saudi Arabia). The paper argues that these special forms of relationships that have been found to significantly influence business-to-business relationships in these countries are primarily motivated by the presence of strong interpersonal liking. To do this, a conceptual model has been developed within which interpersonal liking is placed as the key mediating variable. The key outcomes of interpersonal liking are trust and Guanxi (in the Chinese sample) and Et-Moone (in the Saudi sample). Because Guanxi has received significant attention both conceptually and empirically, the research started by conducting in-depth interviews in Saudi Arabia to further explore the concept of Et-Moone. Survey data was collected from 401 businesses in China and Saudi Arabia. Using structural equation modelling, the model has been supported in both samples. The findings show that interpersonal liking plays a crucial role in the development of Guanxi and Et-Moone. Managerial implications and future research are discussed.

*Key words:* Interpersonal liking, Guanxi, Et-Moone, Trust, Social Reputation, Doing Favors.

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**1.1 Introduction**

In recent years, different forms of relationships that are culturally bound have emerged such as ‘*Guanxi’* in China (Lou, 2007; Liu, Li, Tao and Wang, 2008) and *‘Et-Moone’* in Saudi Arabia (Abosag and Lee, 2012). These forms of relationships are found to significantly influence not only how B2B relationships are developed and managed, but also to provide strong competitive advantage in the marketplace (Liu, Li, Tao and Wang, 2008; Abosag and Lee, 2012). While these special forms of relationships emerged largely from Eastern countries, they are essentially culturally determined and based on similar interpersonal motives. Regardless of the terminologies used to describe them or the type of culture within which these relationships exist, there is no study that has examined the drivers of these special relationships, especially the role of interpersonal liking as their core driver (Abosag and Lee, 2012).

Interpersonal liking is found to be a much stronger form of bonding that can act as a driving force of interpersonal relationship development (Nicholson *et al.*, 2001; Hawke and Heffernan, 2006). According to Nicholson *et al.* (2001, p.4), “the inclusion of liking may offer greater explanatory power beyond models that rely solely on the more cognitive aspects of the relationship.” Thus we argue that interpersonal liking in business relationships is a key driver of these special forms of relationships such as Guanxi and Et-Moone. According to Bruun (1993), Guanxi involves the use of close friendships and associations to assist business activities. Guanxi has been defined by Yeung and Tung (1996, p. 55) as “the establishment of a connection between two independent individuals to enable a bilateral flow of personal or social transactions.” On the other hand, Et-Moone is also based on strong close intimate friendships that provide greater flexibility in business relationships and allow for unilateral decisions in business relationships without causing any uneasiness or division between partners (Abosag and Lee, 2012). Both Guanxi and Et-Moone are characterised by high self-disclosure, significant interaction outside work, open sharing of knowledge and information, strong emotional attachment, mutual commitment and personal loyalty. In a Western context, Wilson (1995) refers to this type of relationship, which is more than just ‘close’ as being a ‘deep relationship,’ whereas in the Chinese context it is referred to as ‘Xinren’ or ‘deep trust’ which constitutes an important part of Guanxi (Kriz and Fang, 2003). In the Saudi Arabian context, this type of relationship is referred to as ‘deep Et-Moone’ in which partners allow for unilateral business decision-making as well as much stronger solidarity and personal loyalty. Table 1 provides a brief comparison of key similarities and differences between Guanxi and Et-Moone. While relational elements such as social reputation, doing favors, social interaction, interpersonal liking, trust and commitment exist in both Guanxi and Et-Moone, differences exist in relation to connection to others, mutual benefits, unilateral decisions, the degree of friendship, loyalty, solidarity and the return of favors.

Since almost all of these special forms of relationship including Gaunxi and Et-Moone, exist in collectivist cultures where personal relationships are of great importance to business relationships, and given that there are very limited studies on understanding the drivers of these special relationships, this paper aims to examine the role of interpersonal liking in developing these special forms of relationships. The paper develops a conceptual model that was subsequently tested in both China and Saudi Arabia. The shared antecedents of interpersonal liking in both countries are social reputation and doing favors. The outcomes of interpersonal liking are trust (in both samples) and Guanxi (in the Chinese sample) and Et-Moone (in the Saudi sample). We start by discussing the theoretical foundation of the model and the hypotheses. We then present the methodology used and review the results from the analysis based on the samples from China and Saudi Arabia. Finally, we discuss the findings and future research.

Table 1: Brief Comparison between Guanxi and Et-Moone.

|  |  |  |
| --- | --- | --- |
|  | **Guanxi** | **Et-Moone** |
| Connection to others | ✓ | 🗶 |
| Social reputation | ✓ | ✓ |
| Doing favors | ✓ | ✓ |
| Return of favors | ✓ | ✓ (but not necessarily) |
| Mutual benefits | ✓ | 🗶 |
| Unilateral decisions about the business | 🗶 | ✓ (but not necessarily) |
| Social interaction | ✓ | ✓ |
| Interpersonal liking | ✓ | ✓ |
| Trust  | ✓ | ✓ |
| commitment | ✓ | ✓ |
| Contractual forms | 🗶 (less emphasis) | 🗶 (less emphasis) |
| Close friendship  | ✓ | ✓ |
| Deep friendship  | 🗶 (but may occur) | ✓ (highly important) |
| Long-term orientation  | ✓ | ✓ |
| Solidarity  | ✓ | ✓ (highly important) |
| Personal loyalty | ✓ | ✓ (highly important) |

Sources: Abosag and Lee (2012), Abosag (2008), Yeung and Tung (1996), Chen and Chen (2004), Luo (2007), Yen, Barnes and Wang (2011).

**1.2 The Role of Interpersonal Relationships in B2B**

Interpersonal relationships are the underlying social content of interorganisational relationships (Morgan, 2000). The importance of interpersonal relationships in business-to-business (B2B) relationships has long been emphasised (e.g. Ford, 1980; Hakansson, 1982; Dwyer, Schurr and Oh, 1987; Wilson, 1995). Statements such as “personal relationships and reputations between boundary-spanning members play an important role in facilitating and enhancing inter-organisational exchange” (Weitz and Jap, 1995, p. 316) are common (e.g. Hakansson, 1982; Wilson and Mummalaneni, 1986; Dwyer *et al.,* 1987; Ganesan, 1994; Halinen, 1997; Bendapudi and Berry, 1997; Svensson, 2004). However, the number of studies focused on identifying the manner in which personal relationships influence B2B relationships is limited (e.g. Michell, Cataquet and Hague, 1992; Larson, 1992; Bolton, Smith and Wagner, 2003) and perhaps the best evidence has been emerging from Eastern cultures, mainly the Chinese Guanxi (e.g. Ambler, Styles and Xiucun, 1999; Chung, 2011).

Haytko (2004) categorised three types of interpersonal relationships: ‘strictly business’, ‘business friends’, and ‘personal’. In ‘strictly business’ relationships, there is no personal interaction or communication, no self-disclosure and no personal knowledge base, and the relationship is project focused. The ‘business friendship’ relationships are typified by little interaction outside of work, a limited knowledge base, and some self-disclosure. ‘Personal’ relationships are characterised by highly intimate self-disclosure and a fully developed knowledge base. While this categorisation of relationships is useful especially from a Western perspective, recent studies have focused only on the ‘business friends’ category (e.g. Price and Arnould, 1999; Massey and Kyriazis, 2007). The core argument is whether or not ‘business friends’ can really develop into ‘personal’ relationships, with an inclination towards the personal more than the business level. Haytko (2004, p. 326) appears to argue that this is possible, stating that “many of the interpersonal relationships do develop and evolve from one category to the next, becoming intensely personal with time and the building of a knowledge base about the client through reciprocal self-disclosure and relationship-building strategies.” However, Carter (2008, p. 3) argued that ‘business friends’ and ‘personal’ relationships are similar but stresses that the orientations “remain in the business level.” There is no clear evidence to suggest that a segment of ‘business friends’ relationships incline towards the personal level. There is also a lack of understanding on whether or not ‘personal’ relationships leaning towards the personal level can increase/decrease the effectiveness and efficiency of relationships. Since most literature on B2B has been generated from Western individualist cultures, looking at the driving force in interpersonal relationship development in collectivist Eastern cultures can help in understanding whether or not such an inclination towards the personal level exists.

Bonding is a critical component of interpersonal relationship development (Mummalaneni and Wilson, 1991; Meyer and Allen, 1991; Halinen, 1997; Mavondo and Rodrigo, 2001). Based on cultural differences, Williams, Han and Qualls (1998) argue that relational bonds are found to vary in terms of type and influence on relationship development. Williams *et al.* (1998) found that the degree of individualism or collectivism in a country influences the extent of structural/economical and social bonding. They found that countries with a high interpersonal orientation (collectivism) would be highly responsive to interpersonal aspects of the business relationship and put more emphasis on social bonding. Similarly, they found that countries with a high structural orientation (individualism) would be more responsive to structural aspects of the business relationship and put more emphasis on structural bonding. This has been proved in number of studies (e.g. Rodriguez and Wilson, 2002; Zabkar and Brencic, 2004).

Social bonding is a cornerstone in interpersonal relationships (Weitz and Jap, 1995). Yet, much of the literature on social bonding (e.g. Wilson and Mummalaneni, 1986; Bendapudi and Berry, 1997; Rodriquez and Wilson, 2002; Bolton *et al.,* 2003) has not directly discussed its key dimensions and the influence on the development of interpersonal relationships. The dimensions of social bonding in business relationships include personal confidence, familiarity, friendship (Rodriquez and Wilson, 2002), feeling of acceptance, and social interactivity (Gounaris and Venetis, 2002), as well as trust, personal contacts, and liking (Thunman, 1992). Using the definition by Wilson (1995, p. 339), social bonding is “the degree of mutual personal friendship and liking shared by the buyer and seller.” Thus, the concept of social bonding is limited to friendship and liking. However, we argue that interpersonal liking is a prerequisite for friendship. For personal friendship to develop, interpersonal liking has to exist in the interaction as disliking an individual does not result in a friendship. We further argue that interpersonal liking is especially important to the special forms of relationship such as Guanxi and Et-Moone.

**1.3 Guanxi vs Et-Moone Relationships**

The Chinese Guanxi has received a great deal of attention both conceptually and empirically, mainly exploring and examining the influence of Guanxi in business relationships (e.g. Ambler, 1995; Luo, 2007; Chung, 2011). Thus more discussion will be given here to Et-Moone relationships. Recent advances from Eastern countries show the growing importance of understanding the dynamic development of personal relationships in doing business with these countries. Terms such as friendship, social reputation, personal recognition, and interpersonal liking are at the heart of business relationships (Lyr, 1999; Kriz and Fang, 2003). The presence of these terms in business relationships can lean the relationship toward the personal level, with rewarding outcomes. In the Chinese context it has been argued that managers “are more willing to honour a deal as long as the friendship is more valuable than the deal itself” (Yau, Lee, Chow, Sing, and Tse, 2000, p. 22). Similarly, it has been found that ensuring relationship “continuity through reputation tied primarily to the family organisation, and only secondarily to the business firm, is rather distinct to India and other parts of Asia, in sharp contrast to the West” (Lyr, 1999, p. 109). The Saudi Arabian context shares the same emphasis on interpersonal relationships. Gronroos (1994) has described the Saudi Arabian culture as one of the ancient cultures where personal relationships are essential to commercial exchanges. Within the Saudi context, Et-Moone relationships are considered the most rewarding.

According to Abosag and Lee (2012), the term ‘Et-Moone’ is probably unique to the Saudi Arabian (and possibly other Gulf States) culture. However, the driving forces behind the creation of ‘Et-Moone’ in relationships are mainly based on interpersonal factors between the two partners involved. Et-Moone can be seen as higher-order cooperation, where partners give special attention to the cooperative relationship through the emphasis on the special personal relationship that exists between them. Et-Moone is a term used to express the importance of the relationship and to distinguish this relationship from other relationships. Managers who have reciprocal Et-Moone relationships may allow each other to make unilateral decisions regarding their business relationship.

The distinction between the terms ‘cooperation’ and ‘Et-Moone’ is a marginal one. Cooperation has been defined as “similar or complementary coordinated action taken by firms in interdependent relationships to achieve mutual outcomes” (Anderson and Narus, 1990, p. 45). The outcomes of cooperation are usually economic benefits that are shared by partners as a result of working together towards goals that can be shared. However, an Et-Moone relationship goes further, as it allows its partners to have the expectation that they are obliged to make their resources and power available to each other in order to gain advantages in the market without permission from each other and not necessarily sharing the outcomes (Abosag and Lee, 2012). Nonetheless, the reciprocation of the outcomes of Et-Moone relationships over time is expected first in the forms of primarily social benefits, with economic benefits following later that will further enhance and strengthen the level of Et-Moone between them.

Et-Moone emerges as result of a close and intimate personal exchange process between partners. The existence of Et-Moone, therefore, is a strong indicator of the elimination of gaps between partners. The existence of Et-Moone relationships favors the personal level of the relationship over the business level. Thus, future business problems are counterbalanced by trust and friendship. However, most of the Et-Moone relationships that exist in business were developed and evolved through long-term interaction and were influenced primarily by the development of trust and interpersonal liking. Abosag and Lee (2012) found that both trust and interpersonal liking are important prerequisites for Et-Moone to exist in business relationships.

**1.4 Trust**

Building up trust is a social process, which takes time and must be based on personal experience (Hakansson, 1982). Trust belongs to the individual (Zaltman and Moorman, 1988). Personality traits of an individual can be either trusting or not. Interpersonal liking is important in the creation of trust (Zaheer *et al.*, 1998; Nicholson *et al.*, 2001). Although trust is internally felt, trust is manifested in external actions/behaviours in the form of cooperation. Trust is characterised by “feelings of security and perceived strength of the relationship” (Johnson and Grayson, 2005, p. 501), interpersonal liking (Nicholson *et al.*, 2001), and a ‘leap of faith’ beyond the expectations that reason and knowledge would warrant (Wicks *et al.*, 1999, p. 100), which means that the relational context will act as a moral control on the behaviour of both parties (Granovetter, 1985). Thus, trust is in effect based on emotion. An emotional bond is essential in driving the relationship and nurturing trust mutuality (Nicholson *et al.*, 2001). This improves their understanding of each other as individuals and creates emotional openness without much concern for vulnerability (Chowdhury, 2005). Personal qualities as a basis of trust are important in creating an emotional bond, which strengthens and reinforces the economic and structural bonds (Svensson, 2004).

Trust increases satisfaction (Smith and Barclay, 1997), and initiates parties’ propensity to stay in the relationship (Anderson and Weitz, 1989; Mohr and Spekman, 1994), thereby fostering cooperative intention (John, 1984; Morgan and Hunt, 1994; Smith and Barclay, 1997; Harris and Dibben, 1999), and influencing parties’ long-term orientation (Ganesan, 1994). Furthermore, Doney and Cannon (1997) placed liking as an antecedent of trust. Nicholson *et al.* (2001, p. 4) argue that “liking plays an increasingly important role as a mediator, that is, the more cognitive antecedents influence trust only through liking.” However, Hawke and Heffernan (2006) argue that trust can be an antecedent of interpersonal liking as well as an output. Their argument was based on qualitative data collected from the banking sector. In the Saudi Arabian context, trust is directly influenced by interpersonal liking and has a direct influence on the creation of Et-Moone (Abosag and Lee, 2012). This leads us to argue that:

***H1*:** Interpersonal liking positively influences trust.

***H2*:** Trust positively increases Guanxi/Et-Moone relationships.

**1.5 Interpersonal Liking**

In the social psychology literature, liking has been cited as a major component of interpersonal relationships (Zajonc, 1980; Robbins and DeNisi, 1994). Liking is a form of affection that refers to the degree of interpersonal attraction in a relationship (Liden, Wayne and Stilwell, 1993). It is influenced by the perceived social similarity and reputation between individuals (Byrne, 1971). Interpersonal liking is found to predict the quality of relationships (Liden *et al.,* 1993), favorable treatment (Wexley and Nemeroff, 1974), and performance rating (Turban and Jones, 1988; Borman, White and Dorsey, 1995). In the marketing literature, interpersonal liking has only recently received attention. This comes from the realisation that interpersonal liking is a key outcome of the process of bonding. Thus, the level of liking in relationships has a determinant role on the development and maintenance of relationships. According to Friman, Garling, Millett, Mattsson and Johnston (2002, p. 408), “personal liking and honesty created the foundation for trust and was considered important before engaging in more involved forms of commitment.”

Despite the fact that the number of studies on interpersonal liking is minimal, it is a significant force in the business exchange processes (Caballero and Resnik, 1986). Moorman, Zaltman and Deshpande (1992) show how liking by one party of the other is important in the development of close interpersonal and business relationships. Hawke and Heffernan (2006, p. 152) define interpersonal liking in the bank lender-business customer relationship as “an ability to ‘get on’ or be comfortable with the other party in a bank lender-business customer relationship; based on a positive attitude each person has for the other and the recognition of the existence of an affirmative emotional connection.” The existence of such bonds or affection is driven by the emotional connection between the partners involved. Interpersonal liking influences the motivation to develop and maintain such relationships (Altman and Taylor, 1973). Liking helps to create a level of personal attachment between managers, and to reinforce economic bonds and act as the driving force for the business relationship (Nicholson *et al.*, 2001; Hawke and Heffernan, 2006). Internationally, Palmer (1997, p. 319) argued that “in economies at an early stage of development, liking is judged on the basis of face-to-face contact and, from this, trust is developed.” Interpersonal liking has also been found to be a key driver of Et-Moone relationships (Abosag and Lee, 2012) and has been argued to influence Guanxi relationships (Lou, 2007). Therefore we hypothesise:

***H3*:**Interpersonalliking positively increases Guanxi/Et-Moone relationships.

Furthermore, interpersonal liking is influenced by similarities and prestige (social reputation) and reciprocity (Caballero and Resnik, 1986), personality (Altman and Taylor, 1973), and attraction (Byrne, 1971; Hendrick and Hendrick, 1983; Caballero and Resnik, 1986). Recently, Hawke and Heffernan (2006) found that there is a great deal of interplay between communication, professionalism, similarities, trust and personality as the key driving forces leading to interpersonal liking. Thus, paying attention to the context of relationships within China and Saudi Arabia, we focused on ‘social reputation’ and ‘doing favors’ as the key antecedents of interpersonal liking. The constructs were selected because terms described in the literature such as familiarity, similarity, prestige, and personality (Caballero and Resnik, 1986; Hawke and Heffernan, 2006) are aspects of ‘social reputation’, whereas terms such as attraction and professionalism (Byrne, 1971; Hendrick and Hendrick, 1983) are aspects of the effect of ‘doing favors’ in both the Chinese and Saudi Arabian context.

**1.6 Social Reputation**

Reputation has received little attention in the B2B literature. It is often confused with other concepts such as prestige, familiarity, similarity, etc. According to the literature on social networks, reputation is derived from the underlying social network (Freeman, 1979; Marsden and Lin, 1982). Sociologists studying social networks focused on aspects associated with a society of agents and the way agents are connected (Wasserman and Faust, 1994). Thus reputation is context dependent and often reviewed at ‘group’ or ‘personal’ levels. ‘Group’ reputation refers to the impression about individuals based on the reputation of the social group they belong to, whereas ‘personal’ reputation refers to the impression by others about a single individual (Sabater and Sierra, 2001). Total social reputation is the combination of the two levels. However, since reputation is context dependent, the cultural context of interpersonal relationships must be considered, given that the degree of emphasis on the two levels of social reputation varies in different cultural contexts. According to Trompenaars and Hamden-Turner (1999), individualist cultures pay more attention to the ‘personal’ reputation, whereas collectivist cultures pay more attention to the ‘group’ reputation. Furthermore, we argue that in business interactions, managers from collectivist cultures pay attention to both ‘group’ and ‘personal’ reputations.

Evaluating both aspects of ‘social reputation’ are derived from indirect observations for ‘group’ reputation which rely on word-of-mouth and direct interaction/experience/ encounter for ‘personal’ reputation (Mui, Halberstadt and Mohtashemi, 2002). During the evaluation of ‘group’ reputation, managers look for signs of familiarity, whereas in ‘personal’ reputation managers look for signs of similarity. The familiarity effect states that individuals tend to like dealing and trading with others who have a ‘club’-like status, such as coming from well-known or respected families (Schneider, 1987). This is also known as ‘class association’, which influences the development of trust in relationships (Sheth, 1984). On the other hand, the similarity effect states that individuals like those who are essentially similar to them, because they find being with those like them is rewarding (Byrne, 1971). On the negative side, Moorman *et al.* (1992) found that familiarity fosters boredom and lack of new ideas. Similarity refers to the compatibility in a relationship where parties have similar attitudes, values, beliefs, goals, status, lifestyles, and personality traits (Crosby *et al.*, 1990; Morgan, 2000). Thus, within the context of this study, we define social reputation as the degree of familiarity and similarity of managers relative to their particular embedded social network. We also argue that social reputation has a significant influence on the creation of interpersonal liking in business relationships in China and Saudi Arabia. Therefore:

***H4*:** Social reputation positively influences the development of interpersonal liking.

**1.7 Doing Favors**

Doing favors in business increases the level of attraction and consequently increases liking in relationships. Although Harris, O’Malley and Patterson (2003) described three elements of attraction in the legal services profession as including superior economic benefits, access to important resource and social compatibility, attraction is a very subjective term (Roskos-Ewoldsen and Fazio, 1992) and has not been properly explored in the marketing literature. In the social psychology literature, rewarding actions in relationships is strongly related to the individual’s psychological needs and character (Blau, 1964). If the action matches the psychological needs of the recipient, then the level of attraction increases and vice versa (Byrne, 1971). However, Clark and Mill (1979, p. 12) found that “the receipt of a benefit after the person has been benefited leads to greater attraction when an exchange relationship is preferred and decreases attraction when a communal relationship is desired.” This is also linked to the extent of giving reward and the meaning of the relationship to recipient of benefits that are culturally specific. For example, gift giving in the Chinese context is considered a way of developing close bonds and an indication of goodwill and respect (Joy, 2001). However, in the Western context gift giving can readily be considered inappropriate or, even worse, as direct bribery.

Because the cultural context is important, and since the term ‘attraction’ spans a number of elements yet to be explored in B2B relationships, we called this construct ‘doing favors’ which emphasises actions that increases liking in the Chinese and Saudi Arabian contexts instead of ‘attraction’ which has yet to be explored, properly defined and measured in B2B relationships. The effect of doing favors (small or peripheral) can exceed the effect from executing contractually agreed promises. Moreover, ‘doing favors’ is not limited to the formal requests by partners or the over delivery on their promises, but it can include gift giving, social visits, social support, business assistants, etc. ‘Doing favors’ that were requested by partners indicate flexibility which is highly valued in cultures with high uncertainty levels. Thus, ‘going the extra mile’ in delivering more than was expected, or doing unexpected favors, increases liking in the relationship. Within the Saudi context, these favors are not necessarily expected to be returned in either the short or long-term. In the Chinese context, the importance of doing favors has long been documented (e.g. Ambler, 1995, Lou, 2007). However, and unlike the Saudi way of doing favors, it is important to Chinese that favors are returned. Thus reciprocated favors are a must in Chinese context but not necessarily in the Saudi context. According to Abosag and Lee (2012), in Et-Moone relationships, the doing of favors, especially unexpected favors, increases the level of interpersonal liking between the partners. The enactment of ‘doing favors’ for the counterpart was found by Abosag and Lee (2012) to be an important element in creating interpersonal liking in relationships in Saudi Arabia. However, exceeding the expectations and delivering more than expected can not only increase the level of liking but can delight business partners. We hypothesise the following:

***H5*:** Doing favors significantly increases the level of interpersonal liking in business relationships.

Figure 1: The Conceptual Model

H2

H1

H4

H3

H5

**1.8 Methodology**

In order to test the hypotheses included in the model in Figure 1, a survey using key informants was used. The aim of the study was to develop our understanding of the role of interpersonal liking in the development of Guanxi/Et-Moone relationships in China and Saudi Arabia.

*1.8.1 Measure development and pre-test*

In order to finalize the conceptual model and the measures, a series of pre-tests and in-depth interviews were conducted in Saudi Arabia. Combining the literature perspective with 15 in-depth interviews with managing directors of manufacturing companies in Saudi Arabia helped the development of the conceptual model. This was particularly important due to the limited literature on B2B in the Middle East and on Et-Moone as a unique form of relationships. The literature on Chinese business relationships is well developed in comparison with business relationships in Saudi Arabia. Therefore, there were no interviews conducted in China. The average time for the interview was 50 minutes. All managing directors were male and have been in their management position for at least six years.

All of these scales were developed based on the guidelines recommended by Churchill (1979), where the initial pool of items was derived from both the literature and from the interviews. All items were then edited and modified to ensure clarity and consistency.

Initially, the measures were developed based on a thorough review of the literature. Measures of trust were adopted from Doney and Cannon (1997), and were then combined to reflect the overall trust at the personal and firm levels. Interpersonal liking was measured using Nicholson *et al*.*’s* (2001) original three measures, complimented by a fourth developed based on the interviews. The measure for the overall Guanxi was adopted from Su, Sirgy and Littlefield (2003). Doing Favors was measured using three modified items from Yen, Barnes and Wang (2011), which they had originally developed to measure the *Ganqing,* which refers to “a sense of loyalty and solidarity, the willingness to take care of each other under all circumstances” (Chen and Chen, 2004, p. 315). This modification was necessary to reflect the aspects of this construct that drive interpersonal liking in both China and Saudi Arabia. Since the literature lacks measures of Et-Moone and social reputation, new measures were developed. Et-Moone was measured using 6 items that were merged from the interviews. Similar to the findings from Abosag and Lee (2012), our interviews revealed that the constituent elements of Et-Moone are empathy, gratitude and appreciation, strong commitment and willingness to do more for the relationship and clear verbal manifestation of Et-Moone. One manager exemplified:

*“An Et-Moone partner is the one who you have known for a long time, someone you feel for even when he is doing fine, the one whose company you enjoy and appreciate his friendship, who you know will stand by you when you really need serious help”.*

Another said:

*“It is the partner you commit to benefitting through your business and your relationships in the market, and you care about him at the personal and business levels”.*

One manager indicated:

*“Et-Moone is only for those with whom you have mutual loyalty, and you care about their wellbeing especially during bad times, when you are expected to be beside and help as if you are helping yourself for your own matters”.*

Similar to Et-Moone and due the lack of a scale for social reputation that satisfies the way we defined it based on the social familiarity and similarity (as discussed above) reflecting its importance within the two cultures under study here, the four-item scale was primarily adopted and modified from the literature from Nicholsen et al. (2001) and Simonin and Ruth (1998). The modifications of the items have been made based on guidance from the interviews. Statements made by respondents often repeated words such as ‘our local’, ‘well known in our society’, ‘from our society’, ‘similar to us’, ‘share same values like me’, etc. One manager said:

*“The reputation of my partner is well known in the society and doing business with him is pleasure”.*

Another mentioned:

*“He and his family are well known in the society to have high integrity and respect. This makes anyone feel good and positive about doing business with him and to be relaxed about the future”.*

All items were measured on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The questionnaire was first written in English and then translated into Chinese and Arabic. The back-translation method introduced by Brislin (1986) was used in order to ensure linguistic equivalence. To assess content validity of the measures, experts with good experience and in-depth understanding about Chinese business relationships and Saudi Arabian business relationships were asked to evaluate the adequacy of the developed measured alongside the constructs’ definitions. Two Chinese experts (two academics based in Hong Kong) and five experts from Saudi Arabia (Saudi academics in Riyadh, Saudi Arabia) acted as judges. Poor measures were eliminated as a result of this exercise. Then revised questionnaire was pre-tested using a sample of 29 companies randomly selected through the chamber of commerce directory in Beijing and a sample of 22 companies randomly selected from the attendance list of a major industrial conference in the Riyadh. These senior managers completed the questionnaire, and examination of their responses showed a good understanding of the measures. Final refinement from the pre-test was done and the questionnaire was distributed in both countries.

*1.8.2 Data Collection*

The data were collected through research agencies in both countries. In China, using the directory from the chamber of commerce in Beijing and Shanghai, the questionnaire was sent to randomly selected firms by mail and e-mails. Mail questionnaires were sent to 82 firms whereas e-mails were sent to 900 firms. The total usable questionnaires received from both approaches was 209. The overall response rate from China is 21.3 percent. Both response styles were analyzed and in addition the timing of response was analyzed for non-response bias (Armstrong and Overton, 1977). No significant differences were found between both responses styles. Similarly, no differences were found based on demographic and organizational variables between the two response styles.

In Saudi Arabia, the research agency included firms in the three main industrial areas in Riyadh. Data were collected using a drop-off technique in that involves a face-to-face meeting with the target respondents. The first round of data collection resulted in a total of 143 questionnaires. This was subsequently reduced to 107 usable questionnaires. A second round of data collection was carried out four weeks later, during which a total of 113 additional questionnaires were collected. Further check resulted in a reduction to 85 usable questionnaires. Thus, the total number of usable questionnaires from both stages was 192, giving an effective response rate of 72.9%, which is not uncommon, given the drop-off technique. This is consistent with the guide provided by Tuncalp (1988) on market research in Saudi Arabia. The timing of response was analysed for differences and no significant differences was found between the two rounds of data collection.

*1.8.3 The Sample*

The respondents included in the study were asked to relate their answers to their firm’s main supplier. The size of this supplier, in relation to the size of the responding firm in China and Saudi Arabia respectively is smaller (19.1/16 percent), similar (51.2/20.9 percent), and bigger (29.7/63.1 percent). The companies were involved in industrial products (72.7/61.3 percent), consumer products (10.5/25.5 percent), and services (16.7/11.6). In terms of firm size in China and Saudi Arabia respectively, 23.9/28.8 percent of the firms had 100-200 employees, 37.8/35.1 percent of the firms had 201-500 employees, and 38.3/36.1 percent had over 500 employees. The length of the relationship between the firm and its supplier in China and Saudi Arabia has been for less than 5 years (23/13.2 percent), less than 10 years (55.5/45.5 percent), less than 15 years (18.2/27.5 percent), less than 20 years (2.9/7.9 percent), and over 20 years (.5/5.8 percent).

The respondents’ position in the firms in China and Saudi Arabia is owner (1/5.3 percent), managing director (50.7/69.1 percent), and senior manager (48.3/25.6). Respondents’ average age in China is 43 whereas in Saudi Arabia is 35. All of these indicate that respondents are well qualified to address the focus under consideration and that they are directly involved in managing the special relationship with their business partner.

**1.9 Statistical Methods and Construct Validation**

The scales were tested for reliability by calculating their composite reliability. For the Chinese sample this ranged from .74 to .89, whereas for the Saudi Arabian sample it was from .85 to .93. All scales shows good evidence of reliability. Construct validity was tested using calculating the average variance extracted (AVE) (Crocker and Algina, 1986). AVE measures the variance explained by the scale where a value of .50 or greater indicates good validity (Fornell and Larcker, 1981). The AVE scores ranged from .55 to .65 for the Chinese sample and .70 to .83 for the Saudi sample. These results indicate that all scales have sufficient construct validity. To establish discriminant validity, factor analysis for all items in all scales was performed for each sample separately. The results show very good loading as expected with only one cross-loading in the Saudi sample and two cross-loadings for the Chinese sample. These cross-loadings were judged insignificant as these have loadings of just above .40. Table 2 shows the factor loadings, composite reliability and average variance extracted for both samples.

Table 2: Discriminant Factor Loadings (FA), Composite Reliability and Average Variance Extracted

|  |  |  |
| --- | --- | --- |
|  | Saudi Sample | Chinese Sample |
| **Items** | **Doing Favors** | **Social Rep.** | **Liking** | **Trust** | **Et-Moone** | **Doing Favors** | **Social Rep.** | **Liking** | **Trust** | **Guanxi** |
| **Doing Favors** | *AVE = 83.43 CR = .89* | *AVE = 65.73 CR = .74* |
| make me like my supplier’s manager more. | .873 |  |  |  |  | .641 |  |  | *.443* |  |
| unexpected favors make me appreciate our relationship more. | .913 |  |  |  |  | .857 |  |  |  |  |
| doing ‘extra’ favors is part of doing business. | .828 |  |  |  |  | .813 |  |  |  |  |
| **Social Reputation** | *AVE = 83.01 CR = .93* | *AVE = 65.950 CR = .82* |
| Share similar values with us. |  | .825 |  |  |  |  | .623 |  |  |  |
| Is liked by many in our society. |  | .892 |  |  |  |  | .690 |  |  |  |
| Is known in our society. |  | .904 |  |  |  |  | .756 |  |  |  |
| Supplier’s family is respected in our society. |  | .888 |  |  |  |  | .754 |  |  |  |
| **Liking** | *AVE = 70.75 CR = .85* | *AVE = 60.045 CR = .77* |
| I choose to be around this supplier. |  |  | .761 |  |  |  |  | .531 |  |  |
| I like my supplier as much as other people that I know. |  |  | .839 |  |  |  | *.475* | .587 |  |  |
| I enjoy being around this supplier. |  |  | .805 |  |  |  |  | .774 |  |  |
| I like my friendship with my supplier*.* | *.413* |  | .641 |  |  |  |  | .622 |  |  |
| **Trust** | *AVE = 74.21 CR = .91* | *AVE = 63.497 CR = .89* |
| Has been frank in dealing with us. |  |  |  | .643 |  |  |  |  | .587 |  |
| Keeps the promises. |  |  |  | .830 |  |  |  |  | .811 |  |
| I believe the information that this supplier’s firm provides us. |  |  |  | .889 |  |  |  |  | .820 |  |
| Does not make false claims. |  |  |  | .918 |  |  |  |  | .770 |  |
| I trust this supplier’s firm. |  |  |  | .878 |  |  |  |  | .705 |  |
| **Et-Moone** | *AVE = 78.452 CR = .93* |  |
| *Because this supplier is Et-moone,…..*I strongly appreciate our relationship. |  |  |  |  | .820 |  |  |  |  |  |
| I do things that benefit his/her company. |  |  |  |  | .900 |  |  |  |  |  |
| I’m committed to our relationship. |  |  |  |  | .874 |  |  |  |  |  |
| I’m willing to help him/her to gain competitive advantage over competitor |  |  |  |  | .860 |  |  |  |  |  |
| I consider this supplier to ‘Et-Moone’ on me. |  |  |  |  | .847 |  |  |  |  |  |
| **Guanxi** |  | *AVE = 55.769 CR = .84* |
| In business, it is important to maintain a good network of relationships. |  |  |  |  |  |  |  |  |  | .749 |
| Doing business involves knowing the right people. |  |  |  |  |  |  |  |  |  | .751 |
| Being in the “inside” circle helps in obtaining preferential treatments. |  |  |  |  |  |  |  |  |  | .703 |
| Returning favor for favor is part of doing business. |  |  |  |  |  |  |  |  |  | .655 |
| Maintaining a good relationship is the best way to enhance relationship. |  |  |  |  |  |  |  |  |  | .734 |
| Frequent cooperation reduces problems in business relationships. |  |  |  |  |  |  |  |  |  | .628 |

Unidimensionality was tested using structural equation modelling (SEM). The utilization of this technique has advantages in dealing with multiple relationships among constructs simultaneously while also ensuring statistical efficiency, and it enables the assessment of relationships in a systematic and holistic way (Hair, Anderson, Tatham and Black, 1995). The confirmatory modelling approach using confirmatory factor analysis (CFA) was employed using LISREL 8.8. The unidimensionality test for constructs with reflective indicators was performed as suggested by Anderson and Gerbing (1982). All constructs passed the unidimensionality tests and results are showing in table 3 for both samples.

Table 3: Unidimensionality Tests

|  |  |  |
| --- | --- | --- |
|  | **China** | **Saudi Arabia** |
| **Constructs** | ***X²* (df)** | **CFI** | **GFI** | **NFI** | ***X²* (df)** | **CFI** | **GFI** | **NFI** |
| Doing Favors | - | **-** | **-** | - | - | - | - | - |
| Social Reputation | 6.45 (2) | .99 | .98 | .99 | 6.86 (2) | .95 | 95 | .95 |
| Liking | 7.07 (2) | .94 | .93 | .94 | .46 (2) | .99 | .99 | .98 |
| Trust | 17.83 (5) | .98 | 97 | .98 | 11.36 (5) | .99 | .97 | .99 |
| Guanxi/Et-Moone | 20.62 (9) | .98 | 97 | .97 | 19.36 (5) | .98 | .96 | .98 |

Correlation analysis was also performed on both samples. Table 4 shows the results for the Chinese and Saudi samples. Based on all of the above analyses we believe the measures are strong enough from a psychometric perspective to be used in the test of the hypotheses.

Table 4: Correlation Matrix for the Chinese and Saudi Samples

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Social Reputation | Doing Favors | Interpersonal Liking | Trust | Guanxi |
| Social Reputation | 1.00 | .39 | .63 | .40 | .42 |
| Doing Favors | .47 | 1.00 | .52 | .29 | .33 |
| Interpersonal Liking | .67 | .51 | 1.00 | .59 | .62 |
| Trust | .53 | .37 | .69 | 1.00 | .48 |
| Et-Moone | .41 | .48 | .56 | .54 |  |

Values below the diagonal are for the Chinese sample; values above the diagonal are for the Saudi sample. All correlations significant at p < .01

**1.10 Results**

The hypothesised links among the constructs of industrial buyer-seller relationships were tested. The estimation of the model in the Saudi sample shows a very good fit χ*²* (df) = 5.57 (4), p‑value = .227, GFI = .98, AGFI = .95, CFI = .99, RMSEA = 0.045. The estimation for the Chinese sample also shows a good fit χ*²* (df) = 5.79 (4), p‑value = .122, GFI = .98, AGFI = .94, CFI = .99, RMSEA = 0.067. These indices of fit show a very good fit of the model, which reflects the strength of the methodology used as well as the strength of the theoretical model. Figures 2 and 3 show the estimation of the model for the Chinese and Saudi samples.

Figure 2: The statistical results for China

+ .492\*

+ .536\*

+ .186\*\*

+ .415\*

+ .265\*

\*significant at p<.01 (1-tail); \*\*significant at p<.05

The strongest driver of interpersonal liking in the China is social reputation with a coefficient of .536. Interpersonal liking in China has the strongest coefficient with trust at .492. However, interpersonal liking is the strongest influencer of Guanxi .415 compared to .186 from trust to Guanxi. Overall our model of the Chinese sample performs well and as expected.

Figure 3: The statistical results for Saudi Arabia

+ .568\*

+ .261\*

+ .158\*\*

+ .617\*

+ .103\*

\*significant at p<.01 (1-tail); \*\*significant at p<.05

Similar to the Chinese findings, within Saudi Arabia social reputation has the strongest impact on interpersonal liking in the Saudi sample with a coefficient of .261. Similar to the Chinese findings where interpersonal liking has the strongest coefficient on trust, interpersonal liking in the Saudi sample has the largest impact on Et-Moone with a coefficient of .617 whereas trust has an impact on Et-Moone at a coefficient of .158. Overall the model performs as expected in both countries confirming the importance of interpersonal liking as strong predictor of trust and Guanxi (China) and Et-Moone (Saudi Arabia).

**1.11 Findings and Discussion**

The results above indicate a strong link between all the constructs proposed in the original model, and all hypotheses are supported in both samples. The relationship between social reputation and interpersonal liking is significant in both samples but the Chinese sample has the highest coefficient. These findings support the suggestion made by Turnbull (1979) and Ford (1980) regarding this link. Furthermore, the model estimation shows a strong relationship between doing favors and interpersonal liking. This supports the qualitative findings made by Abosag and Lee (2012). This is a particularly significant finding due to the fact that this study is the first to statistically test this relationship in Saudi Arabia and China, where no studies have looked at the relationship between these two constructs. However, the coefficient for the relationship between these two constructs is higher in the Chinese sample than the Saudi sample.

As predicted, interpersonal liking has a direct and significant influence on trust. This is a similar finding to that of Nicholson’s *et al.* (2001), who found a significant relationship between these constructs. However, the qualitative finding by Hawke and Heffernan (2006), which suggested that trust can be both an antecedent and an outcome of interpersonal liking, should not be ignored, as the relationship between interpersonal liking and trust is dynamic and it is possible to change direction over a long-term interaction. Again, the reverse direction of this hypothesis should be the subject of future research. The coefficient of this hypothesis is higher in the Saudi data than the Chinese data.

Trust is found to have a direct influence on both Guanxi and Et-Moone. Although this has the lowest coefficient in the model for the Chinese data, the relationship between these constructs is significant at p<.05. This findings show that trust is a key antecedent of these special forms of relationships. In other words, without trust in the relationship, the development of Guanxi or Et-Moone relationships may not happened.

Noticeably, the relationship between interpersonal liking and Et-Moone has the highest coefficient in the model, which confirms our theoretical prediction about the importance of interpersonal liking for the development of Et-Moone in Saudi business relationships. The coefficient for the Chinese data is also significant but it appears that interpersonal liking influences trust marginally higher than Guanxi. Importantly, these findings confirm that interpersonal liking has a significant role in the development of these special forms of relationships both directly and also indirectly through trust. Thus, interpersonal liking can indeed differentiate between different types of business relationships, where there might be those special forms of relationships (Guanxi/Et-Moone) compared to ‘normal’/less culturally dependent forms of relationships. In this regard, the findings from this study provide some support to the categorisation of relationships and argument made by Haykto (2004) that ‘business friends’ relationships can develop and evolve into more ‘personal’ relationships where an inclination towards the personal level exists in the business relationship. However, the empirical evidence provided by this study has been obtained from Eastern collectivist cultures, and business relationships in Western countries need to be examined to see if these relationships incline toward personal level for long-term as in Eastern countries.

The overall finding from this study is that the development of the special forms of business relationships in Eastern collectivist countries is the same. The role of interpersonal liking has a clear impact on the development of Guanxi and Et-Moone regardless of the cultural differences between the two countries. Having said this, there is no reason not to believe that other factors that are culturally specific may have a similar influence. What we specifically looked at is the role of these generally shared constructs between China and Saudi Arabia. Thus, future research may need to consider other constructs. Nonetheless, the role of interpersonal liking in these Eastern countries has been demonstrated to have a huge influence over the development of these special forms of relationships.

**1.12 Conclusions and Managerial Implications**

Overall, interpersonal liking is an important construct in developing Guanxi and Et-Moone relationships in China and Saudi Arabia. The estimation of the model and the support of all of the hypotheses reinforces the importance of interpersonal liking in business relationships. In particular, interpersonal liking is an important prerequisite for the establishment and maintenance of the highly valuable Guanxi and Et-Moone relationships. This study has indeed found that special forms of relationships that are known to exist in Eastern countries are largely influenced by the ability to develop interpersonal liking. While the findings add to our theoretical understanding about these forms of relationship in Eastern collectivist countries, there are several managerial implications for firms. Managers need to be able to develop and manage the following:

Firstly, managers should develop their ability to develop interpersonal liking in their business relationship. Secondly, to do so, managers need to create and rely on their own social reputation within these societies. Good reputation helps the development of interpersonal liking. Two important aspects related to reputation are the ability to develop a perception of similarity with the others and make the others familiar with your social status, background, etc.

Thirdly, to be able and comfortable with doing favors that has an impact on the interpersonal liking of the counterpart. The management of these favors is crucial, where favors must be returned with Chinese partners but not necessarily with Saudi partners. The ability to add to these favors ‘small’ touches can significantly influence the level of interpersonal liking as found by Abosag and Lee (2012) in Saudi Arabia.

Fourthly, once interpersonal liking exists in the relationship, managers need to manage it carefully in order to reach a special form of relationship as they will, as a result, be trusted. The combination of trust and interpersonal liking allows for the development of a more personal relationship to Guanxi or Et-Moone. Both forms of special relationships lead to some competitive benefits in the market place (Abosag and Lee, 2012).

Future research should look at replicating our model in other special forms of relationship not included in this study (e.g. *Blat* or *Ningen kankei*). In addition, since this study has looked at two antecedents of interpersonal liking, future research may explore the possibility to identify other shared constructs between these culture/countries where special forms of relationships exist. Furthermore, future research should look at the sub-dimensions of trust, namely affective trust and cognitive trust, to further examine the relationship between trust and Guanxi/Et-Moone. Finally, since this study has focused solely on Eastern collectivist cultures (China and Saudi Arabia), these findings need to be treated with care and are only generalizable within these cultures as demonstrated by this study.

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