

**Informal Interorganizational Business Relationships and Customer Loyalty:
Comparing Guanxi, Yongo, and Wasta**

Man Zhang, PhD*
Professor of International Business
Department of Management
Schmidthorst College of Business
Bowling Green State University, USA 43403
Tel: 1-4193726819
Email: mzhang@bgsu.edu

Janet L. Hartley, PhD
Professor
Department of Management
Schmidthorst College of Business
Bowling Green State University, USA 43403
Tel: 1-4193728645
Email: jhartle@bgsu.edu

Faten Baddar AL-Husan, PhD
Lecturer in International Human Resource Management
Newcastle University Business School
5 Barrack Road
Newcastle upon Tyne, NE1 4SE
Tel: 44(0)-1912081500
Email: Faten.Baddar-Alhusan@newcastle.ac.uk

Fawaz Baddar ALHussan, PhD
Assistant Professor of Sales Management
IESEG School of Management
3 Rue de La Digue
59000 Lille, France

LEM-CNRS 9221
3 Rue de La Digue
59000 Lille, France
Tel: 33(0)-320545892
Email: f.baddar@ieseg.fr

Revision 4 Submitted to *International Business Review*
*Corresponding Author

Partially funded by IESEG School of Management

Informal Interorganizational Business Relationships and Customer Loyalty: Comparing Guanxi, Yongo, and Wasta

Abstract

Based on social exchange theory, this research explores if informal interorganizational business relationships in China (guanxi), South Korea (yongo), and Egypt/Jordan (wasta) affect customer loyalty in a business to business context. A conceptual model hypothesizes interrelationships among three underlying dimensions of informal relationships, reciprocity, affect, and trustworthiness, and with customer loyalty. The hypotheses were tested using survey data gathered from manufacturing companies in China, South Korea, Jordan, and Egypt. Structural equation modeling shows that guanxi, yongo, and wasta are positively related to customer loyalty across all four countries. However, there are some differences in the relationships among the three dimensions. Although reciprocity is positively related to affect in guanxi and yongo, this relationship is not statistically significant in wasta. Further, the items measuring the dimensions of trustworthiness and reciprocity are the same in guanxi and yongo, but these differ from wasta. Thus, managers need to be aware of subtle differences in how informal interorganizational relationships are developed and used in international business to business relationships.

Keywords: Customer Loyalty, Guanxi, Yongo, Wasta, Interorganizational Relationships

Declaration of Interests: None

Informal Interorganizational Business Relationships and Customer Loyalty: Comparing Guanxi, Yongo, and Wasta

1. Introduction

According to social exchange theory, successful business relationships have both economic and social components (Blau, 1964; Cropanzano & Mitchell, 2005; Lambe, Wittmann, & Spekman, 2001). In some countries, social and economic exchanges are influenced by culturally-based informal relationships such as guanxi (China), yongo (South Korea), and wasta (Middle East) (Chen & Chen, 2004; Chen, Chen, & Huang, 2013; Guo, Rammal, Benson, Zhu, & Dowling, 2018; Hearn & Filatotchev, 2019; Hoppner, Griffith, & White, 2015). Companies use these informal interorganizational relationships to build, influence, and control business relationships in contrast to companies in the US and Europe that depend on the formal control of contracts (Poppo & Zenger, 2002). Although guanxi has been studied in a business to business context, (e.g. Cheng, Yip, & Yeung, 2012; Lee, Shin, Haney, Kang, Li, & Ko, 2017; Jia, Rutherford, & Lamming, 2016; Wang, Wang, Long, Hou & Shing, 2015; Yan, Sheng, Wu, Zhou; 2018), research on other similar constructs such as yongo and wasta is limited. Consequently, some may assume that how guanxi influences relationships between customers and their suppliers will be similar for other culturally-based informal relationships, but empirical research is needed to understand if this is true. The research question we examine, is if there is a relationship between the informal interorganizational relationships of guanxi (China), yongo (South Korea), and wasta (Egypt and Jordan) and customer loyalty in a business to business context.

A commitment to repurchase a product or service is customer loyalty (Oliver, 1999). Customer loyalty drives sales and profitability through customer retention (Watson, Beck, Henderson, & Palmatier, 2015). Customer loyalty also reduces costs, for example lower expenses for advertising, promotions, and other sales activities to attract new customers. Loyal

repeat customers can increase profits by purchasing more from the company (Agustin & Singh, 2005; Reichheld, 1993, 1996). According to Frederick Reichheld, profits can increase by up to 95% by retaining just 5% more customers (Gallo, 2014). Customer loyalty is still relevant in today's volatile business environment as firms face increasing competition (Wang, et al., 2015). Empirical studies show there is an indirect relationship between guanxi and banking customer loyalty (Lee, Tang, Yip, & Sharma, 2018), guanxi and customer loyalty (Zhang & Hartley, 2018) and a direct relationship between guanxi and firm loyalty, and customer loyalty, in business to business relationships (Wang et al., 2015). However, there are no studies examining customer loyalty with yongo or wasta.

The cultural origins of informal relationships differ in different countries and thus may lead to differences in their relationships with customer loyalty. Guanxi and yongo were influenced by Confucianism (Yao, 2000), while wasta emerged from Islam and tribal traditions (Cunningham & Sarayrah, 1994; Neal, 2010; Weir & Hutchings, 2005). On Hofstede's cultural dimensions, the long-term orientation of the cultures in China and South Korea is much greater than those of Jordan and Egypt (Hofstede Insights, 2019), suggesting that there may be differences in these informal relationships. Further, although guanxi and yongo have similar roots, and are influenced by similar cultural dimensions, yongo relationships are more closed and homogenous than those formed with guanxi (Horak & Nihalani, 2016).

Moreover, survey-based empirical research studies typically focus on a single type of informal relationship, making it difficult to directly compare results across studies because different constructs and measures are used. A few conceptual articles compare guanxi and yongo (e.g. Horak & Klein, 2016) and guanxi and wasta (e.g. Hutchings & Weir, 2006; Velez-Calle, Robledo-Ardila, & Rodriguez-Rios, 2015) but are not based on empirical data. Our study

contributes by examining if guanxi, yongo, and wasta influence customer loyalty in the same way in a single empirical study based on survey data gathered from manufacturing companies in four countries.

Researchers suggest that guanxi, yongo, and wasta consist of three underlying dimensions: 1) reciprocity, 2) affect, and 3) trustworthiness (Berger, Silbiger, Herstein, & Barnes, 2015; Horak & Klein, 2016; Horak & Taube, 2016; Smith, Torres, Leong, Badhwar, Achoui, & Levedeva, 2012). The empirical studies of guanxi and customer loyalty (Lee et al., 2018; Wang et al., 2015; Zhang & Hartley, 2018) measure guanxi as a second order construct rather than examining each individual dimension. Thus, there is a need to understand the interrelationships among these dimensions. A second contribution of the research is the direct comparison of the underlying dimensions (reciprocity, affect, and trustworthiness) of guanxi, yongo, and wasta, their interrelationships, and relationships with customer loyalty.

With respect to practice, it can be challenging to develop and effectively use informal relationships when organizations have customers and suppliers around the world (Kumar, Liu, & Demirag, 2015) and international business relationships often fail because of lack of focus on, and understanding of, informal relationships (Phan, Styles & Patterson, 2005; Spekman, Isabella, MacAvoy & Forbes, 1996). This research explores business to business relationships between exporting manufacturing companies and their customers and contributes to practice by expanding our understanding of the use of informal interorganizational relationships by companies whose customers are from different countries and do not share the same set of underlying cultural norms.

The manuscript is organized as follows. First, a brief overview of guanxi, yongo and wasta is presented, followed by the theoretical support and the development of research

hypotheses. Next, the research method is described, the analyses are discussed, and results are presented. Theoretical and managerial implications, limitations and future research directions are discussed.

2. An overview of guanxi, yongo and wasta

A distinctive feature of many emerging economies is the incongruity between formal institutional frameworks and their informal counterparts. To mitigate formal institutional voids, many firms adopt social network or informal relationship strategies (Hearn, Oxelheim, & Randøy, 2018). Guanxi, yongo, and wasta are informal relationships that are governed by culturally-based social norms (Chen & Chen, 2004; Horak & Taube; 2016; Hutchings & Weir, 2006; Yang et al., 2018). Of the three types of informal relationships in this study, guanxi has received the most attention from researchers with respect to business performance (e.g., Luo & Chen, 1997; Luo, Huang, & Wang, 2012; Park & Luo, 2001; Peng & Luo, 2000; Sheng, Zhou, & Li, 2011).

Guanxi has its roots in Confucianism and focuses on collectivism over individualism (Yao, 2000). Guanxi can be defined as not only a social relationship, but also a relationship between people, forces, and objectives (Du, Gao & Zhang, 2019; Yang, 1994) and is considered to be an informal institution (North, 1990; Peng, Pinkham, Sun, & Chen, 2009). Characteristics of guanxi relationships include loyalty, commitment, reciprocity, and expectation of continuing the relationship for the long term (Chen & Chen, 2004). While guanxi exists among family members it can also be developed between strangers, for example, to gain access to information and other resources (Davies, 1995; Davies et al., 1995; Wang, 2007).

In international business studies, yongo is viewed as the missing link in explaining South Korea's economic rise (Lew, 2013) but this has been overlooked by many researchers (Horak &

Klein, 2016). As a high growth economy with stable institutions, theory suggests that yongo's influence on business relationships in South Korea would decrease because of increased reliance on formal contracts (Durkheim, 1933). However, yongo is still an important factor in South Korean business relationships (Horak & Klein, 2016).

Guanxi and yongo are similar in several ways. Moreover, both China and South Korea are in the same region, East Asia, with a Confucian cultural background (Horak & Klein, 2016; House et al., 2004; Lew, 2013) and share the traditional notion of informal social networks. Both guanxi and yongo are society-spanning constructs that create social network cohesion. They are developed and maintained through reciprocal action that creates trust and trustworthiness. Both guanxi and yongo are relatively closed and not accessible to outsiders although guanxi is more accessible than yongo.

There are also significant differences between guanxi and yongo. In South Korea, three different types of informal interpersonal relationships are defined: 1) yongo or yongo kway'gye, 2) yonjul, and 3) inmaek (Horak, 2014; Horak & Klein, 2016; Yang & Horak, 2019). Yongo relationships form because of being family members, either by birth or by marriage, being born in the same hometown or region, or attending the same high school or university (Horak, 2014, 2015, 2018). Unlike guanxi which can be developed between strangers, yongo cannot be developed without one of these connections (Horak & Klein, 2016). The strength of yongo differs based on the type of tie, with the relationship with family members being the closest (Horak, 2014, 2015). Yonjul are interpersonal relationships that are not encompassed within yongo networks but are formed with a specific purpose in mind, typically for personal gain such as career advancement, and can be viewed negatively (Horak, 2014). Inmaek relationships are

the most general form of informal relationships (Horak, 2014, 2015; Kim & Cannella, 2008), for example, between work colleagues with no other specific types of ties.

With roots in Islam and tribal traditions, *wasta* captures the dynamics of social capital and status within networks in society in Arab countries (Bourdieu, 1985; Nahapiet & Ghoshal, 1998) as well as collectivism and communitarianism (Hearn & Filatotchev, 2019). It is an implicit unwritten social contract driving cooperation and an obligation to assist others (Barnett, Yandel, & Naufal, 2013; Ta'Amnha, Sayce, & Tregaskis, 2016). *Wasta* is closest with family members, then one's clan, and tribe, but like *guanxi*, can be extended to include friends and acquaintances (Al-Kandari & Al-Hadban, 2010; Hutchings & Weir, 2006; Smith et al., 2012). Although *wasta* is typically used for someone within the network, it can be used to help someone you do not know if requested by someone with whom you have a *wasta* relationship.

Wasta has two facets, mediation and intercession (Cunningham & Sarayrah, 1993). Cultural unity is an important aspect of Arab tribes (Al-Kandari & Al-Hadban, 2010) and *wasta* is a mechanism to resolve conflicts through compromise (Al-Ramahi, 2008). The intercession facet of *wasta* involves using a social network of interpersonal connections for influence and personal gains (Cunningham & Sarayrah, 1994; Neal, 2010; Weir & Hutchings, 2005). Thus, individuals use *wasta* to gain information, influence, and control (Berger et al., 2015). *Wasta* has a positive side in that it can be used to navigate bureaucracy and increase access to services. However, it has an obvious dark side, to those accustomed to merit-based transactions or "equal opportunity" (Barnett, Yandel, & Naufal, 2013), for example when an influential person intervenes to help someone get a job rather than those who are the most qualified (Cunningham & Sarayrah, 1994; Mohamed & Mohamed, 2011). Thus, *wasta* has been viewed as a source of nepotism, cronyism and corruption (Barnett et al., 2013).

At the macro-level, many blame *wasta* for the Arab world's poor economic performance and brain drain (Cunnigham and Sarayrah, 1994; Loewe et al., 2008). A recent empirical study by Marktanner and Wilson (2016) suggests that *wasta* is “sand not grease” in the wheels of Arab economic development and is responsible for around 40% of output gap. Kuran (2004) links the long-term decline of economies in the Middle Eastern countries to the reliance on the Islamic legal system and related practices such as inheritance, and polygyny which have delayed the adoption of Western style institutions. *Wasta*, an important informal institution in the Middle East, may also be a factor.

2.1 Dimensions of guanxi, yongo, and wasta

Guanxi, *yongo*, and *wasta* have the same three underlying dimensions: 1) reciprocity, 2) affect, and 3) trustworthiness (Berger et al., 2015; Horak & Klein, 2016; Horak & Taube, 2016; Smith et al., 2012). Reciprocity is defined as a process that occurs when, by extending a resource to another party, the other party is obligated to return the favor (Gouldner, 1960). The process of reciprocity ensures that both parties receive some type of benefits from continuing the relationship. *Guanxi* relationships are built, maintained, and strengthened using an escalating cycle of reciprocity, involving giving gifts and providing favors (Hwang, 1987; Kipnis, 1997; Lin, 2011; Wang, 2007; Yen, Barnes, & Wang, 2011). For example, in China, when meeting face to face, individuals typically give gifts to each other (Chan, Denton, & Tsang, 2003). When one receives a gift or favor, he/she is expected to give a gift or favor of greater value in the future when it is needed by the other person (Hwang, 1987; Wang, 2007; Yen et al., 2011). The more frequent the reciprocal exchange, the closer the relationship becomes (Yen et al., 2011).

Reciprocity is also high in *yongo* relationships (Horak & Taube, 2016). It is the basis for intensifying predefined *yongo* relationships. In South Korea, loyalty and commitment to those in

the yongo network is strong. Individuals demonstrate loyalty to each other through informal reciprocity to gain assistance and support within the network (Horak, 2015 Horak & Taube, 2016).

In *wasta*, *tabadul al manfa'a* embodies reciprocity in which individuals use their positions to do favors for family and friends, who will in turn repay the favor as they would to a family member in the future, when needed (Cunningham & Sarayrah, 1994; El-Said & Harrigan, 2009; Hutchings & Weir, 2006). Through contact-based *wasta*, reciprocal obligations can extend to people not connected by kinship or friendship (Al-Ramahi, 2008). A reciprocal favor does not need to be done directly for the person who provided the initial favor but there is an obligation to give back to others within the *wasta* network. Historically, the obligation of reciprocity was not intended for a material benefit but to gain respect from leaders in the community (El-Said & Harrigan, 2009). Today, sometimes those doing *wasta* expect large monetary rewards leading to concerns over bribery and corruption (El-Said & Harrigan, 2009).

The affect dimension is defined as the emotional aspect that encompasses rapport, how individuals feel about each other, share a common understanding and bond, which is referred to as *ganqing* in *guanxi* (Cai, Jun, & Yang, 2017; Chen & Chen, 2004; Kipnis, 1997; Wang, 2007; Yen & Barnes, 2011; Yen et al., 2011; Yen et al., 2017). *Jeong* is the affect dimension of *yongo* that encompasses feelings, emotions, and empathy (Yang & Horak, 2019). Compared to *guanxi*, Horak and Taube (2016) suggest that the affect and emotional aspects within each *yongo* network are higher because individuals have stronger naturally occurring connections, such as family, location, or school ties. *Mojamala* is the affect dimension of *wasta* that embodies the level of closeness and loyalty that individuals have toward each other (Berger et al., 2015).

Aspects of mojamala include helping others, being non-confrontational, showing respect, and fulfilling social duties (Dwairy & El-Jamil, 2016).

Trustworthiness is defined as “a person’s credit rating in business dealings” which develops over time from doing business together (Wang, p. 83, 2007). Characteristics of someone who is trustworthy include being reliable, capable, sincere, credible, and honest (Chen & Chen, 2004). In guanxi, the term xinyong is used for trustworthiness and is focused on the ability of the other party to return favors (Wang, 2007). If parties are trustworthy, then there is no need for written contracts in business relationships because parties can be trusted at their word (Kiong & Yong, 1998; Leung, Chan, Lai, & Ngai, 2011; Low, 2001; Tong & Yong, 1998; Wang, 2007). Perceptions of trustworthiness are naturally higher in yongo, compared with guanxi, because of the nature of the relationships among individuals (Horak & Klein, 2016).

When doing business in Arab countries, trust is an important antecedent of business relationships (ALHussan, AL-Husan, & Fletcher-Chen, 2014). Kinship and tribal ties create trust (theqa) among individuals who, because of their relationships, are considered to be trustworthy (El-Said & Harrigan, 2009). Trust can be extended to others if, because of a wasta relationship, they are deemed to be trustworthy (Schmitz, 1999). However, if someone acts as an intermediary for someone who is not trustworthy, the intermediary’s reputation will be damaged, affecting not only the person’s reputation but also the reputation of the intermediary’s clan (Brandstaetter, Bamber, & Weir, 2016).

3. Theoretical foundation and research hypotheses

According to Granovetter (1978, 1983), individuals can establish a relationship that later can be developed into a valuable relationship that provides opportunities for both individuals. The strength of ties has been used to explain the value of relationships in different cultural contexts

(Chua, Morris, & Ingram, 2009). In the same vein, social exchange theory (SET) and its extension, the affect theory of social exchange (Lawler, 2001), provide the theoretical support for the hypotheses. Developed from the intersection of economics, psychology, and sociology, SET has been used extensively to examine exchange processes and behavior relating to organizational phenomena (Cropanzano & Mitchell, 2005). SET's focus on exchanges suggests that it can be used to understand how to create customer loyalty (Singh & Sirdeshmukh, 2009).

Exchange processes are transactions in which each party has something that the other party values and through a process of reciprocity one party gives up something to gain something of value in return (Gouldner, 1960). Social exchanges are interdependent interactions among parties that create obligations and, over time these exchanges result in high-trust, committed relationships (Blau, 1964; Cropanzano & Mitchell, 2005; Emerson, 1976). SET proposes that rather than focusing on economic value alone, people also consider social costs and benefits during exchanges such as business transactions (Blau, 1964; Emerson, 1976; Homans, 1961; Lambe et al., 2001; Thibaut & Kelly, 1959). SET suggests that these considerations are part of the decision-making processes in all types of exchange relationships from business to personal ones. According to SET, social exchange differs from economic exchange in four aspects: trust, investment, duration, and financial/socio-emotional (Cropanzano & Mitchell, 2005).

Extending SET, with the affect theory of social exchange, Lawler (2001) suggests that the parties in exchange activities have different levels of responsibilities but share responsibility for the outcomes. Positive exchange experiences lead to positive emotions such as gratitude and pleasure, while negative exchange experiences lead to feelings of anger and sadness (Lawler, 2001). Emotional responses increase as the shared responsibility in the exchange relationship

increases (Lawler, 2001). Further, Lawler (2001) concludes that emotions influence how the parties feel about each other and their relationships.

3.1 Reciprocity and affect

SET suggests that individuals are willing to invest time, energy, and money (Kelley & Thibaut, 1978) in exchange relationships to receive rewards such as goods, services, information, love, money, or status (Emerson, 1976). Friendship is one potential outcome from reciprocity. When used successfully in business transactions, reciprocity can lead to high quality relationships (Cropanzano et al., 2017). Molm, Whitham, and Melamed (2012) also confirmed that reciprocity increases affect in personal relationships. Researchers suggest that guanxi's reciprocity dimension increases affect (Leung et al., 2011). Although in yongo, the base level of affect is purportedly higher than in guanxi because of the nature of the connections (Yang & Horak, 2019), reciprocity would be expected to strengthen that relationship. In wasta, affect is developed by interacting socially, either formally in meetings or informally in social settings (Weir & Hutchings, 2005) that often involve gift giving. The affect theory of social exchange suggests that joint activities in exchange relationships create emotional responses and that positive experiences lead to positive emotions (Lawler, 2001). Thus, reciprocity in guanxi, yongo, and wasta should be related to affect.

Thus, we propose:

H1: Reciprocity is positively related to the affect dimension in guanxi, wasta, and yongo.

3.2 Reciprocity and trustworthiness

Trustworthiness has been extensively studied with respect to inter-organizational relationships. Trust is the willingness to be vulnerable to risk based on the expectation that the other party is trustworthy and will behave positively or have positive intentions (Rousseau, Sitkin, Burt, &

Camerer, 1998). Exchange relationships always involve unspecified obligations, in which one party does a favor for the other to gain a future benefit such as loyalty and commitment (Hollebeek, 2011, 2018). Interactions that occur between parties over time affect how trust develops and perceptions of trustworthiness (Ring & van de Ven, 1992; Vanneste, Puranam, & Kretschmer, 2014).

According to Cropanzano and Mitchell (2005), reciprocity is commonly used to enhance trust in business transactions. According to SET, reciprocity helps to sustain supportive relationships and collective action (Chan & Li, 2010). As parties continue to do business with each other with positive outcomes, their trust of each other and commitment to continuing the relationship grows (Lambe et al., 2001). Reciprocal actions between parties that show individuals are trustworthy are key for developing trust (Molm et al., 2012; Pervan, Bove & Johnson, 2009; Rousseau et. al, 1998; Serva, Fuller, & Mayer, 2005; Swärd, 2016). For example, in China, understanding if a party is trustworthy is an important step before doing business with that party (Yau et al., 2000).

Empirical research supports the positive relationship between reciprocity and trust. Serva et al. (2005) empirically demonstrated that reciprocity increases trust between teams over time. Pervan et al. (2009) found a positive correlation between reciprocity and trust in interpersonal marketing relationships. Swärd (2016) suggests that small reciprocal actions that occur in the beginning of a relationship create relational norms and that, over time, larger reciprocal actions build and strengthen trust. Thus, we propose:

H2: Reciprocity is positively related to the trustworthiness dimension in guanxi, yongo, and wasta.

3.3 Affect and customer loyalty

According to the affect theory of social exchange, social exchange relationships focus on the long-term and emphasize the socio-emotional aspects of the relationship (Hom, Tsui, Wu, Lee, Zhang, Fu, & Li, 2009). Lawler (2001) suggests that exchange activities and outcomes create emotions. Moreover, the affect theory of social exchange also posits that positive emotions such as happiness are a source of value that can lead to increased customer loyalty (Sierra & McQuitty, 2005). They empirically confirmed the relationship between emotions and customer loyalty in a service context. Bagozzi (1975) also postulates that social exchange implies that affect, and affective commitment could lead to a repurchase of a product and service. Morgan and Hunt (1994) suggest that customers develop positive attitudes about products and services over time, increasing customer loyalty. Oliver (1993) shows that positive affect is related to customer satisfaction, although customer loyalty was not directly examined. Thus, we propose:

H3: Affect in guanxi, yongo, and wasta is positively related to customer loyalty.

3.4 Trustworthiness and customer loyalty

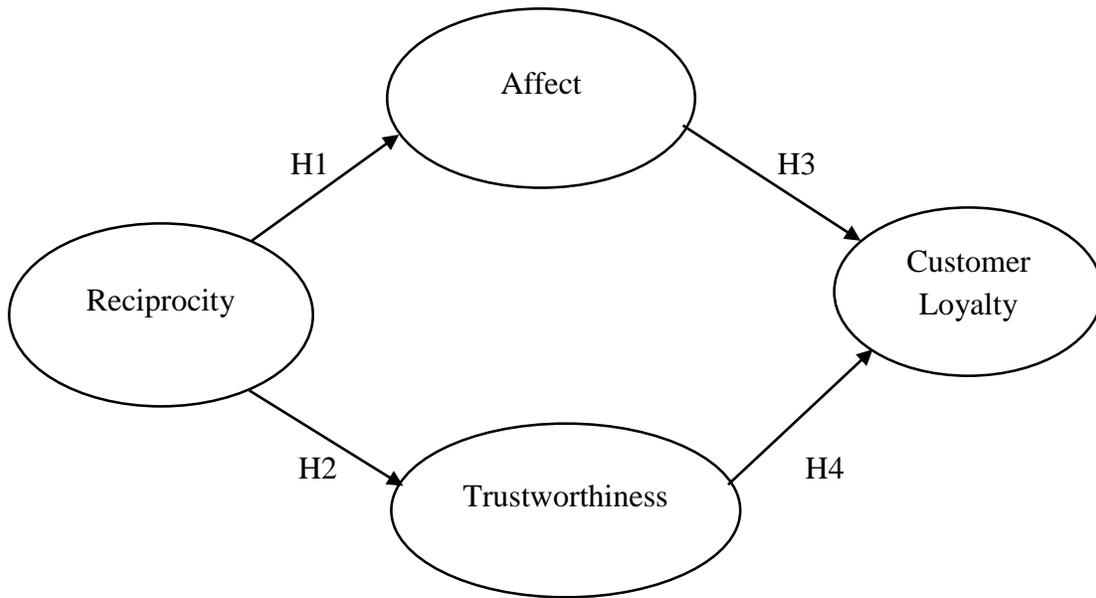
SET purports that building trust through cooperating and developing shared values over time strengthens relationships. This ultimately builds commitment through the exchange of resources governed by normative rules (Cropanzano & Mitchell, 2005) with parties expecting economic and social returns such as affect, trust, and gratitude (Emerson, 1976; Lambe et al., 2001; Thibaut & Kelly, 1959). When the proper balance is struck, there is the potential for high-quality relationships (Berry & Parasuraman, 1991; Morgan & Hunt, 1994). As customers gain experience and feel the supplier is reliable and trustworthy, so does their commitment to continue the relationship as the risk is lower for customers engaging in the purchase (Morgan & Hunt, 1994).

Empirical research shows that there is a positive relationship between trust and customer loyalty (e.g. Agustin & Singh, 2005; Ahn et al., 2014; Palmatier et al., 2006). For example, Sirdeshmukh, Singh, and Sabol (2002) find a direct positive relationship between trust in management practices and policies and customer loyalty. Agustin and Singh (2005) confirm the direct relationship between trust and loyalty and find an indirect relationship through customer value.

H4: Trustworthiness in guanxi, yongo, and wasta is positively related to customer loyalty.

The conceptual model is shown in Figure 1.

Figure 1: Conceptual Model with Hypothesized Relationships



4. Sample, data collection and measurement model

4.1. Data collection

A survey method was used to gather data from managers in exporting companies in manufacturing industries in China, South Korea, Jordan and Egypt. Survey data were gathered using a key informant approach. The targeted respondents were top managers with titles such as Chief Executive Officer, General Manager, and or Export Manager who would be knowledgeable about how international business practices, organizational culture, and how informal relationships are used at the organizational level. Because company databases were not available across all four countries to serve as the frame of the sample, the following selection criteria were used to select the sample firms. To be included in the sample the firms must: 1) have international activities; 2) be in a manufacturing industry; 3) have been established after 1980; and 4) have exported at least 15% of sales during the first two to three years of establishment.

Collecting survey data from managers in Asian countries is challenging (e.g., Brouthers & Xu, 2002; Peng & Luo, 2000). To increase participation, we hired local research assistants to conduct the survey using interviews with managers. In China, the data were collected from May to November 2014 from Anhui Province which is at the crossroads that links China's eastern, central and western regions. Anhui is becoming a pivotal region for the Belt and Road Initiative (Zhao, 2017) and since 2009, has rapidly industrialized and has experienced high economic growth (Fornes, Cardoza, & Xu, 2012).

To conduct the survey, 45 senior business students from a well-respected local university were hired and trained to conduct face-to-face field visits. To gain access to the respondents from the target firms, assistants were provided with financial support to go to their hometowns to

look for target firms and serve as local interviewers. These research assistants were trained to take, in person, an official letter (issued by the university) to the top managers of the selected firms. They were also urged to spend most of their allotted time building trust with the managers prior to conducting the survey interviews. The targeted sample was 200 firms. The interview procedure resulted in the return of completed surveys from 104 firms, with an effective response rate of about 52%.

In South Korea, collecting data from CEOs or top managers is also challenging. Thus, a similar approach was adopted to collect data using research assistants who conducted interviews. Unlike in China, the research assistants used in South Korea were university faculty members. They interviewed CEOs and top managers who attended various graduate programs in major Korean universities such as Sungkyunkwan University, Chungnam National University, and Kyungbook National University. A total of 200 firms were targeted for the survey. The procedure resulted in the return of completed surveys from 122 firms, with an effective response rate of 61%.

In Egypt, the data were collected by administering the questionnaire online due to the difficulties and restrictions imposed by the political situation in the country. Egypt experienced the Arab Spring and later had a military coup in 2013. With the political instability, the Egyptian government imposed martial law in the country. Only 50 complete surveys were collected. Many respondents refused to participate because they feared incarceration by the Egyptian authorities for participating in the study. This was also a concern for the researchers who collected the data. The researchers were afraid if they were persistent with the data collection; they could be interrogated by the authorities or even face imprisonment.

To be consistent, in Jordan we applied the same criteria to select the companies who were exporters, with international experience, and from a single key-informant (CEO, Sales Director, or Marketing Managers). The Chamber of Commerce in Jordan helped to identify the target companies. Eight assistants were trained and brought the questionnaire on-site to those key informants to have them completed. This resulted in 136 completed questionnaires.

Consistent with the method suggested by Peng and Luo (2000), we conducted a follow-up phone interview with a random sample of 10 to 20 respondent firms to verify the validity of survey responses in each country. We asked the respondents to reply to a subset of questions from the main survey. The post-survey results were strongly consistent with responses from the main survey, confirming the validity of the main survey.

4.2. Measures

The survey instrument was developed using the procedures recommended by Gerbing and Anderson (1988). First, to ensure that the scales represent all the dimensions of *guanxi*, *yongo*, and *wasta* the research began with an exhaustive review of the literature regarding these constructs. In line with Levitt (1990) and Sin and Tse (2005), interviews were conducted with five to eight managers in China, Jordan, Egypt and South Korea. Scales from the literature were adopted and then adapted based on the literature review and these interviews.

The literature review and interviews suggested that affect is perceived consistently in *guanxi*, *yongo*, and *wasta*. Thus, we adapted three items from Luk, Yau, Sin, Tse, Chow and Lee (2008) to measure affect. However, the literature review and interviews suggested that for trustworthiness, honesty and keeping promises are characteristics perceived more significantly for *wasta* but not for *guanxi* and *yongo*. Solidarity, in terms of treating others as friends and being on their side are perceived more importantly on trustworthiness in *guanxi* and *yongo* but

not in wasta. Thus, a different combination of items from the original scale from Wang, Siu and Barnes (2008) was adapted to measure trustworthiness for guanxi, yongong and wasta to ensure that all key concepts were included. For the dimension of reciprocity, the literature review and interviews showed that being patient and making sacrifices are more important characteristics for guanxi and yongong but not for wasta, while being willing to help are more important for wasta but not for guanxi and yongong. Thus, a different combination of the items from the original scale from Wang et al. (2008) were adopted to measure reciprocity for guanxi, yongong and wasta. All items were rated on seven-point Likert-type scales ranging from “strongly disagree” to “strongly agree.” The Appendix displays the measurement items.

To ensure that the questionnaire language was equivalent (i.e. the items have the same meaning across countries), four bilingual researchers, each fluent in Arabic, Korean, or Chinese and English translated the original English version of the scale (13 items) into their native languages. Four other bilingual researchers then back translated the scale to English and compared it to the original (Craig & Douglas, 2005; El-Manstrly, 2014). The researchers discussed the translation differences and resolved any differences that has appeared.

The translated scales (13) items were pre-tested with around seven to ten respondents in each country to make sure that the English meaning of the words and concepts was equivalent in Arabic, Korean, and Chinese. The instrument was then reviewed by four academicians in a local university and the eight executive managers for face validity. Changes of the wording were made to improve clarity for the instrument. The scale was then pretested with some local firms to ensure the reliability. The pretest resulted in measurement scales with good reliability (all Cronbach's alphas >0.70).

4.3. Measurement model

AMOS™ was used to examine the validity and cross-cultural invariance of the revised scales. SEM and SPSS were used because of its rigorousness in establishing construct validity and measurement invariance across countries (e.g. Bagozzi, Yi, & Philips, 1991; Sharma & Weathers, 2003; Steenkamp & Baumgartner, 1998). All SEM tests were based on maximum likelihood estimation (Byrne, 2013). Criteria used in testing for goodness-of-fit models included a comparative fit index (CFI), normed fit index (NFI), Tucker-Lewis index (TLI), and incremental index of fit (IFI), and root mean square error or approximation (RMSEA). Values over 0.90 are considered indicative of a good model fit for CFI, NFI, TFI and IFI; values less than 0.05 are considered indicative of a good model fit for RMSEA.

The estimated composite reliabilities of the three factors in the four countries ranged from 0.82-0.90 for the Jordan sample, 0.81-0.92 for the Egypt sample, 0.80-0.81 for the South Korea sample, and 0.86-0.91 for the China sample, demonstrating strong composite reliability for the latent variables in each country. These reliabilities are higher than the recommended threshold of 0.70 (Garver & Mentzer, 1999). Thus, overall, the scales have the required levels of composite reliability.

The factor loadings of all items for all latent variables in the four countries were significant and high (Table 1). Moreover, principal axis factoring was conducted after the subscales had been purified to avoid spurious results (Churchill, 1979). Following Hair, Babin, Anderson, & Black (2018), a single factor was extracted. All items were loaded significantly on the single factor, indicating unidimensionality for all four countries (Gerbing & Anderson, 1988). Other than the significant loadings on their corresponding factors, the AVEs are all above

0.5, indicating a good convergent validity. Moreover, other fit parameters also indicate adequate model fit.

Table 1: Factor Loadings

	Jordan	Egypt	China	S. Korea
Affect	($\alpha = 0.87$)	($\alpha = 0.85$)	($\alpha = 0.85$)	($\alpha = 0.88$)
Affect a	0.92	0.86	0.85	0.87
Affect b	0.85	0.87	0.88	0.84
Affect c	0.90	0.86	0.80	0.82
Trustworthiness	($\alpha = 0.82$)	($\alpha = 0.92$)	($\alpha = 0.84$)	($\alpha = 0.91$)
Trust a	0.85	0.90	0.87	0.77
Trust b	0.90	0.95		
Trust c	0.80	0.90		
Trust d			0.82	0.90
Trust e			0.90	0.87
Reciprocity	($\alpha = 0.90$)	($\alpha = 0.81$)	($\alpha = 0.85$)	($\alpha = 0.86$)
Reciprocity a	0.94	0.92		
Reciprocity b	0.95	0.90	0.84	0.80
Reciprocity c			0.90	0.91
Reciprocity d			0.95	0.84

Table 2 shows the comparative fit index (CFI) for the model at 0.973, 0.984, 0.975, and 0.989 for Jordan, Egypt, China and South Korea, respectively; the normed fit index (NFI) for the model at 0.932, 0.911, 0.957, 0.934 for the four countries, the Tucker-Lewis index (TLI) for the model at 0.955, 0.974, 0.963, 0.984; and the incremental index of fit (IFI) at 0.973, 0.985, 0.976, 0.990, and root mean square error or approximation (RMSEA) at 0.07, 0.06, 0.07 and 0.04

for the four countries. These fit indices are all within acceptable ranges, indicating that the model accounts for a substantial amount of the variance (Bagozzi et al., 1991).

Table 2: Confirmatory Factor Analysis Results Across Countries

Country	Sample Size	RMSEA	NFI Delta1	IFI Delta2	TLI rho2	CFI
Jordan	97	.07	.93	.97	.96	.97
Egypt	50	.06	.91	.98	.97	.98
China	104	.09	.91	.96	.93	.96
S. Korea	122	.04	.93	.99	.98	.99

As shown in Table 3, the discriminant validity, is confirmed by the square-root of the AVE of each construct exceeded all correlations between that factor and any other construct within the study, as suggested in prior research (Gefen & Straub, 2005).

Table 3: Composite Reliabilities, Correlation between Constructs, and Square Root of AVEs

China (n=104)	Composite Reliability	Affect	Trustworthiness	Reciprocity
Affect	0.85	0.67		
Trustworthiness	0.84	0.37	0.65	
Reciprocity	0.85	0.18	0.35	0.67
<i>Mean</i>		5.76	5.88	5.30
<i>SD</i>		0.85	0.75	0.95
S. Korea (n=122)	Composite Reliability	Affect	Trustworthiness	Reciprocity
Affect	0.88	0.56		
Trustworthiness	0.91	0.35	0.60	

Reciprocity	0.86	0.25	0.33	0.77
<i>Mean</i>		5.01	4.49	4.51
<i>SD</i>		0.91	1.00	0.97
Jordan (n=97)	Composite Reliability	Affect	Trustworthiness	Reciprocity
Affect	0.87	0.70		
Trustworthiness	0.82	0.115	0.62	
Reciprocity	0.90	.063	.042	0.83
<i>Mean</i>		4.86	4.55	4.56
<i>SD</i>		1.18	1.09	1.13
Egypt (n=50)	Composite Reliability	Affect	Trustworthiness	Reciprocity
Affect	0.85	0.80		
Trustworthiness	0.92	0.23	0.79	
Reciprocity	0.81	0.98	0.20	0.82
<i>Mean</i>		4.37	4.60	4.99
<i>SD</i>		1.69	1.23	1.20

Cross-sectional self-report surveys are susceptible to common method variance (CMV) bias. Because single respondents were used to gather the data for the independent and dependent variables in this study, precautions were taken to minimize common method bias. The sets of questions and indicators referring to the main constructs were inserted in different sections of the questionnaire; and they were measured using different response formats and scales. The potential biases caused by the interview approach was reduced by using multiple interviewers. Following Podsakoff and Organ (1986), Harman's one-factor test was also applied to assess potential common-method variance (CMV) not minimized by the survey design. No single factor accounts for most of the variance in the measures, suggesting that CMV is not a problem

(Podsakoff & Organ, 1986). In addition, a scale theoretically unrelated to at least one scale, an MV marker, was included in the analysis as a proxy for CMV (Lindell & Whitney, 2001). The CMV-adjusted correlation between the variables was calculated as recommended by Malhotra, Kim and Patil (2006). The significance levels did not change, suggesting that common method bias is not a problem.

4.4. Cross cultural scale validation

Based on the existing literature and interviews, we adapted the scales for each of the three dimensions to measure *guanxi*, *yongo*, and *wasta* (see Appendix). We took several steps to test cross-cultural invariance (Steenkamp & Baumgartner, 1998; Myers, Calantone, Page, & Taylor, 2000). First, *configural invariance* was tested. It was tested by model 1 (Table 4), in which no constraints were imposed across groups. As noted in the overall assessment of the multigroup model, this procedure resulted in acceptable model fit statistics. This analysis yielded $X^2=82.0$ (d.f.=48), CFI=0.98, TLI=0.97, NFI=0.95, and RMSEARMSEA=0.02. The data support the three-factor model, indicating that model exhibits the same simple factor structure for *guanxi* and *yongo*. This same analysis yielded $X^2=46.1$ (d.f. =34), CFI=0.98, TLI=0.97, NFI=0.93, and RMSEA=0.05. This result reveals the same factor structure for *wasta* both in Jordan and Egypt.

Second, *factor covariance invariance* was tested by constraining the correlations between the latent variables to equality across groups (see model 2 Table 4). This test assesses normative validity and overall measurement structure consistency (Myers et al., 2000). This analysis yielded $X^2=84.5$ (d.f. =51), CFI=0.98, TLI=0.95, NFI=0.97, and RMSEA=0.04. The X^2 difference between this model and the simple structure model was not significant ($\Delta X^2=2.5$; 3 d.f., $p=0.48$). This result supports a rejection of the unconstrained model in favor of the constrained structure model. This result indicates that the factor correlations are invariant across

guanxi and yongo. The same analysis results yielded $X^2=47.4$ (d.f. =37), CFI=0.98, TLI=0.92, NFI=0.97, and RMSEA=0.04. The X^2 difference between this model and the simple structure model was not significant ($\Delta X^2=1.3$; 3 d.f., $p=0.73$). This result indicates that the factor correlations are invariant across for *wasta* across Jordan and Egypt.

Third, *metric covariance invariance* (model 3, Table 4) was tested by constraining the factor loadings of the indicators to be equal across countries. This invariance test helps diagnose translation equivalence (Mullen, 1995). If metric invariance holds, meaningful comparisons of the scores across countries are possible (Steenkamp & Baumgartner, 1998). This analysis yielded $X^2=88.9$ (d.f. =60), CFI=0.97, TLI=0.96, NFI=0.90, and RMSEA=0.05. The X^2 difference between this model and the simple structure model was not significant ($\Delta X^2=4.4$; 9 d.f., $p=0.88$). This result indicates that the factor loadings do not vary across *guanxi* and *yongo* indicating normative validity and overall measurement structure consistency between these two countries. Same analysis was conducted with *wasta* in Jordan and Egypt. This analysis yielded $X^2=60.2$ (d.f. =45), CFI=0.97, TLI=0.96, NFI=0.90, and RMSEA=0.05. The X^2 difference between this model and the simple structure model was not significant ($\Delta X^2=12.8$; 8 d.f., $p=0.12$). The result also indicates no variance across *wasta* in Jordan and Egypt in terms of normative validity and overall measurement structure.

Table 4: Measurement Equivalence Tests: CFAs Constrained at Several Levels

Goodness-of-fit index	Acceptable value(range)	Model					
		M1: Configural invariance (Equal factor pattern)		M2: Factor covariance invariance (Equal correlations)		M3: Metric Covariance invariance (Equal factor loadings and covariance)	
		China/S. Korea	Jordan/Egypt	China/S. Korea	Jordan/Egypt	China/S. Korea	Jordan/Egypt
X^2/df	Small relative to df	82.0 (48)	46.1 (34)	84.5 (51)	47.4 (37)	88.9 (60)	60.2 (45)
P	P>0.05	0.02	0.00	0.00	0.00	0.00	0.00
CFI	>0.90	0.98	0.98	0.98	0.98	0.97	0.97
NFI	>0.90	0.95	0.93	0.97	0.92	0.90	0.90
TLI	>0.90	0.97	0.97	0.95	0.97	0.96	0.96
RMSEA	P<0.05	0.04	0.05	0.04	0.04	0.05	0.05
Model				M2-M1		M3-M2	
Comparison				$X^2/df(3)=2.5$	$X^2/df(3)=1.3$	$X^2/df(9)=4.4$	$X^2/df=12.8(8)$
				$p=0.48$	$p=0.73$	$p=0.88$	$p=0.12$

5. Hypotheses testing

Hypotheses 1 through 4 are reflected in the conceptual model of the relationships among the dimensions with each other and with customer loyalty. Figures 2 and 3 show: (1) standardized factor loadings of scale items on the construct(s) these items represent (i.e. scale validation), (2) the proportion of variation in a construct explained by ‘incoming’ variables (i.e. the number shown in an oval), and (3) relationships among the constructs themselves (hypotheses 1-4).

Hypothesis 1, which proposes that reciprocity is positively related to affect was supported for guanxi and yongo ($\beta=0.32, 0.23$; $p<0.00$). However, the relationship is not significant for wasta, in Egypt and Jordan ($\beta=0.003, 0.13$; NS). We found statistical support for the remaining hypotheses across all four countries. As expected, proposed in Hypothesis 2, we found reciprocity is positively related to trustworthiness in China, South Korea, Egypt, and Jordan ($\beta=0.39, 0.31, 0.26, 0.22$ respectively; $p<0.00$ for all). We also found that affect has a significant positive effect on customer loyalty in all four countries ($\beta=0.21, 0.32, 0.37, 0.26$ respectively; $p<0.00$ for all) as proposed in Hypothesis 3. As proposed in Hypotheses 4, significant positive relationships are found between trustworthiness and customer loyalty in all four countries ($\beta=0.24, 0.24, 0.21, 0.14$; $p<0.01$ for all). A summary of the results of the hypotheses testing is shown in Table 5.

Figure 2: Conceptual Causal Model for Guanxi (China) and Yongo (S. Korea)

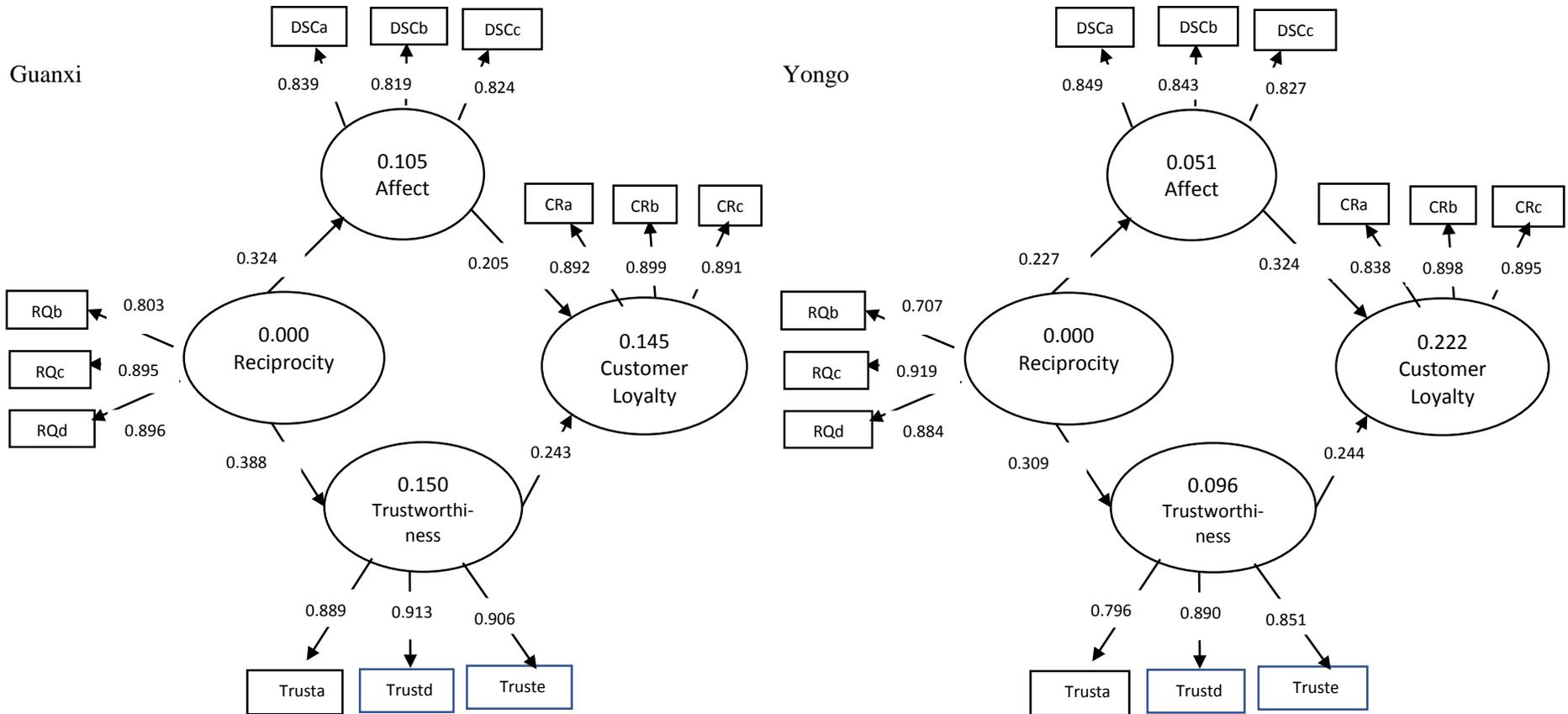


Figure 3: Conceptual Causal Model in Wasta in Jordan and Egypt

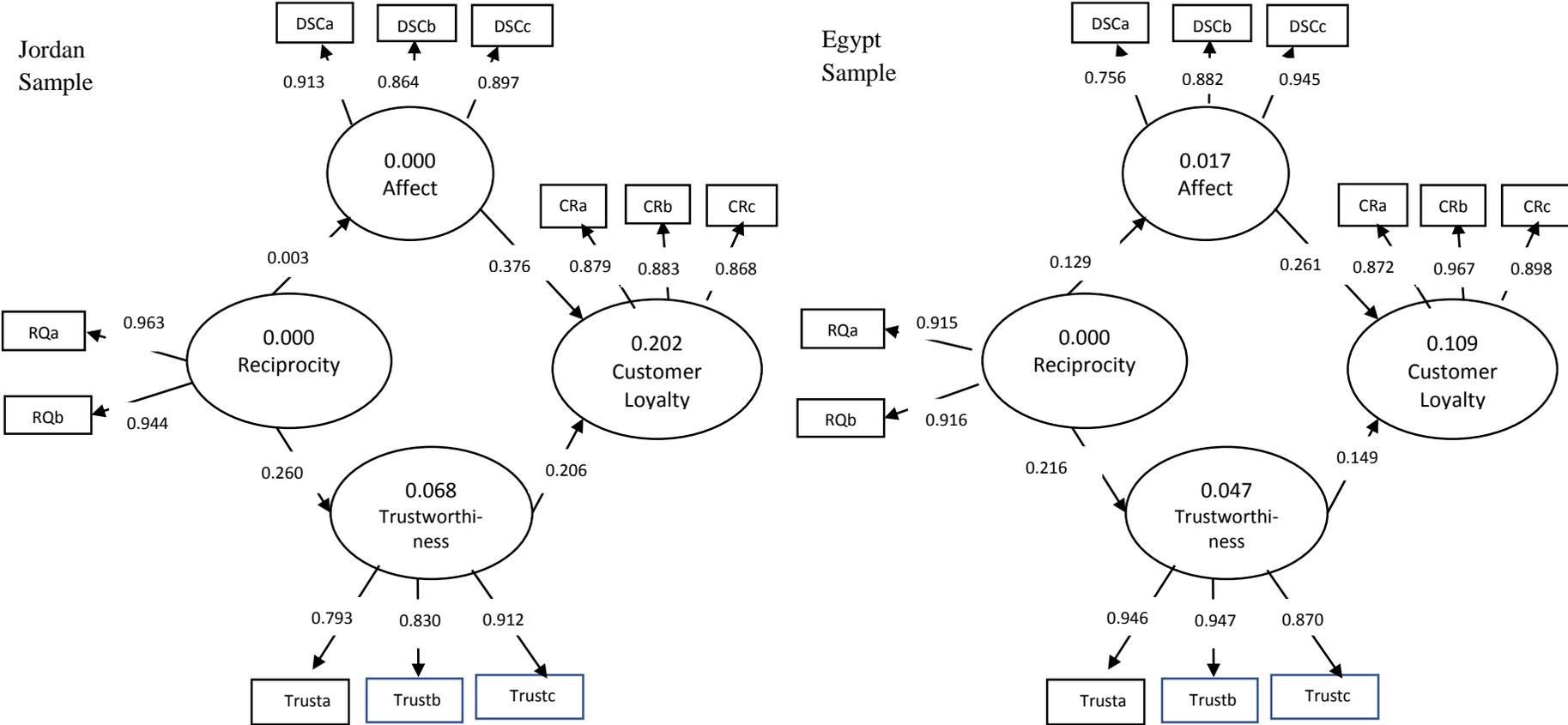


Table 5: Summary of Results of Testing Hypotheses

Hypothesis	Standardized coefficient				t-value				Supported			
	China	S. Korea	Jordan	Egypt	China	S. Korea	Jordan	Egypt	China	S. Korea	Jordan	Egypt
Note: All positive relationships.												
Hypothesis 1: Reciprocity → Affect	0.32	0.23	0.003	0.13	4.94**	3.59***	0.03	0.03	Yes	Yes	No	No
Hypothesis 2: Reciprocity → Trustworthiness	0.39	0.31	0.26	0.22	6.18**	4.54***	4.52**	4.68**	Yes	Yes	Yes	Yes
Hypothesis 3: Affect → Customer loyalty	0.21	0.32	0.37	0.26	2.70*	4.84***	6.38**	6.06**	Yes	Yes	Yes	Yes
Hypothesis 4: Trustworthiness → Customer loyalty	0.24	0.24	0.21	0.14	3.49**	3.23***	2.99*	3.20**	Yes	Yes	Yes	Yes

** = $p < 0.01$; * = $p < 0.05$

6. Discussion

6.1. Theoretical Contribution

Drawing on social exchange theory and affect theory of social exchange, this study investigates the role of the informal interorganizational relationships of guanxi, yongo and wasta on customer loyalty in business to business relationships. The empirical results show that use of guanxi, yongo, and wasta is related to higher levels of customer loyalty. Further, in all three types of relationships, affect and trustworthiness are positively related to customer loyalty. As suggested by the affect theory of social exchange (Lawler, 2001), these results empirically confirm that emotions and feelings of friendship developed in informal business to business relationships have the potential to increase economic value for the organization through customer loyalty. The findings provide further support for the view of Morgan and Hunt (1994) that perceptions of trustworthiness are related to customer loyalty.

The research also explored the relationships among the reciprocity, affect, and trustworthiness dimensions of guanxi, yongo, and wasta. Reciprocity is the key mechanism in exchange relationships (Gouldner, 1960) thus we hypothesized that reciprocity would be related to trustworthiness and affect. SET suggests that in addition to economic benefits, exchange relationships result in social benefits such as affect, trust and gratitude (Blau, 1964; Emerson, 1976; Homans, 1961; Lambe et al., 2001; Thibaut & Kelly, 1959). Consistent with SET, the results show that reciprocity is positively related to trustworthiness in guanxi, yongo, and wasta. Similar results have been found for reciprocity in general (Molm et al., 2012) and guanxi in particular (Leung et al. 2011; Yen & Barnes, 2011; Yen et al., 2011).

However, the results show differences in the relationship between reciprocity and affect in guanxi and yongo, compared to wasta. As hypothesized, reciprocity is positively related to

affect in guanxi and yongo and suggests that affect can be cultivated through gift giving and doing favors in China and South Korea. In wasta, we did not find a significant relationship between reciprocity and affect. Our findings may reflect the importance of family and close connections in wasta. Close friendships are typically limited to family members or those who you have known for many years. In wasta, reciprocity is considered an obligation but does not lead to true friendships outside of one's close inner circle (Abosag & Lee, 2013; Weir & Hutchings, 2005). Further, our findings contrast with the results of a survey in Saudi Arabia and China, in which Abosag and Naudé (2014) found a relationship between doing favors and liking at the $p < 0.01$ level but the coefficient was higher in the Chinese sample. The conflicting results suggest that additional research is needed to explore this relationship in different Middle Eastern countries.

On the surface, guanxi, yongo, and wasta seem very similar. Our results show that the three constructs all consist of the same dimensions, namely trustworthiness, reciprocity and affect. The three-dimensional model is invariant across the four countries. However, there are differences in how each of the dimensions are perceived in these countries. Some items measuring trustworthiness and reciprocity are perceived as being important in some countries but not in the others. The measurement scale for trustworthiness has five items covering the components of being frank, honest, keeping promises, treating one as a friend, and showing solidarity. Although being frank is consistently a part of trustworthiness in guanxi, yongo, and wasta, being honest and keeping promises are part of the trustworthiness dimension in wasta, but not for guanxi and yongo. Treating one as a friend, and showing solidarity, is more significantly important for trustworthiness for guanxi and yongo, but not for wasta.

Differences in the religious beliefs underlying guanxi and yongo compared to wasta may explain these differences. Being honest and keeping promises are important teachings of Islam (Parrott, 2018; Saudi Gazette, 2016) and have significant religious value stemming from association with the Prophet Mohammad who is known as: “Al Sadiq” (the Honest) and “Al Amin” (the Trustworthy/truthful) (Jamil, 2015). Honesty is also linked with Arab cultural values of honour and how a ‘person’s word is his honour’ (Al-Omari, 2008). It is surprising that honesty and keeping one’s promises did not load with trustworthiness for guanxi and yongo. As key Confucius virtues include not only brotherhood and loyalty but also trustworthiness, being honorable, and demonstrating integrity (Low & Ang, 2012). The statistically significant loading of friendship and solidarity on trustworthiness in guanxi and yongo may be explained by the teachings of Confucius that emphasize society as consisting of relationships not individuals (Yao, 2000). Additional research is needed to further examine these results.

Reciprocity is also perceived differently in wasta, compared with guanxi and yongo. In the original measurement scale, reciprocity has four items: willingness to offer help, mutual understanding, being patient and considerate, and willingness to make sacrifices. Mutual understanding is a part of reciprocity in guanxi, wasta, and yongo. However, your willingness to offer help when needed loads on the reciprocity scale in wasta but not for guanxi and yongo. One potential reason for this is with wasta, failing to help another when needed not only brings shame on the individual but also brings shame on his/her family, clan, and tribe (Hutchings & Weir, 2006). In guanxi and yongo, although failure to return gifts or favors reflects poorly on the individual, this shame does not extend to one’s network. On the other hand, being patient, considerate and willing to sacrifice your own benefit to develop long-term relationships loads on the scale for guanxi and yongo. This difference is likely explained by the fact that the national

culture in China and South Korea focuses to a much higher degree on the long term compared to Jordan and Egypt (Hofstede Insights, 2019). However, Khakhar and Rammal (2013) found that long-term relationships are an important consideration in business negotiations, so more research is needed to understand the underlying reasons for these differences.

6.2. Managerial implications

Customer loyalty contributes to survival and growth of organizations (Leckie, Nyadzayo, & Johnson, 2018; Reichheld, 1993). Its benefits occur both in long term, as companies gain new consumers thanks to consumer advocacy and favorable comments those consumers make, and in the short term, as loyal customers are likely to purchase more regularly (Reichheld, 1996). This study addresses this important topic by studying how informal interorganizational relationships affect customer loyalty. Thus, the analysis of the study's results has several implications for managers especially those operating in Asia and the Middle East.

First, regardless of the country, it is important to make investments in informal relationships by spending time getting to know each other and building rapport before doing business together and maintaining close on-going and deep relationships with customers. Our findings suggest that investing time and effort in the relationship to build affection and a reputation for being trustworthy will increase customer loyalty. For example, personalized services could be used to satisfy customer needs, wants and desires as one way to increase affect. However, it is critical to have processes in place to ensure that customers consistently receive the quality of products and services that they expect to develop the reputation for being trustworthy.

Second, managers should be aware that the dimensions of trustworthiness and reciprocity are slightly different in guanxi and yongo compared to wasta. With wasta in Egypt and Jordan, it is important to be honest, keep promises and offer help when counterparts need it. In China and

South Korea, it is more important to focus on treating others as friends and showing solidarity while being patient and considerate. Our findings suggest that approaching business relationships with a long-term focus is very important when developing informal interorganizational relationships in China and South Korea but may be less so in Jordan and Egypt.

Finally, it is critical for managers responsible for establishing interorganizational business relationships to ensure that they possess sufficient cultural and institutional ‘sensitizing’ knowledge of these regions, in addition to their task know-how to succeed in establishing these relationships. The validated multidimensional measures of guanxi, yongo, and wasta can be useful tools for accurately assessing interorganizational relationships in business to business relationships. In addition, they provide guidance to help managers overcome the difficulties they face because of the cultural influences that shape the way in which business is conducted in these parts of the world.

7. Limitations, future research opportunities, and conclusions

This study investigates the role of informal interorganizational relationship of guanxi, yongo, and wasta, on customer loyalty in a business to business context. There are several limitations with the study as well as some avenues for future research. For example, future studies should also consider informal relationships in other countries for example, wa in Japan, jeitinho in Brazil or blat in Russia.

One limitation with the research is, that to study wasta, respondents were only from two Middle Eastern countries, Jordan and Egypt and thus may not be representative of wasta use in other countries. For example, Jordan is an Eastern Arab country and Egypt is a Western Arab country in North Africa both influenced by Great Britain. Future studies of wasta should include

other countries in the Middle East and North Africa (MENA) region. For example, Gulf State Arab countries such as Saudi Arabia, Kuwait, and the United Arab Emirates which were influenced by Great Britain; and other Western Arab countries in North Africa such as Tunisia, Algeria, Morocco which were influenced by France, and Libya which was influenced by Italy should be included in future studies.

Another limitation is that the respondents were drawn from convenience samples of middle to high level managers in manufacturing industries concerning their perceptions about customer loyalty. Thus, this creates several opportunities for future research. Future research should explore if customers have the same perceptions as do their suppliers. Further, other types of relationships such as with government officials should also be examined in the future. In addition, future studies should explore how customer loyalty develops between firms in service industries.

The measures used were also a limitation. The study adapted the existing GRX scale developed for guanxi to measure yongo and wasta. Due to cultural and institutional differences, this scale may not reflect all the important components of yongo and wasta. Further, the results show that two of the three dimensions, namely trustworthiness and reciprocity are perceived differently in wasta compared to guanxi and yongo. In future research, qualitative research methods can provide insights about differences among these constructs.

The process of developing customer loyalty using informal interorganizational relationships is iterative and influenced by repeated interactions. This process is likely more complex than was conceptualized in our cross-sectional study. Longitudinal studies and qualitative methods could provide more insight about how customer loyalty develops and changes over time and potential interactions among the three underlying dimensions. Moreover,

future studies should also study other variables, such as cooperation, conflict, and joint innovation that may influence how customer loyalty develops.

Another limitation is that this research focused on one type of informal institution, culturally-based informal relationships. However, we did not examine formal institutions' (e.g. laws and regulations) influence on the use of informal relationships in a business to business context as well as external environmental factors. Future research should include both formal and informal institutions and include relevant external factors. For example, do informal relationships affect loyalty in state-owned versus privately owned enterprise in different ways?

Kuran (2004) posits that the lack of Middle Eastern economies is due to its lagging of adopting western institutions. Comparative studies on contracting/networking systems have focused on exchanges between companies in Asian countries (e.g., China) and Western countries (Bian, Hao, & Li, 2018; Chua, Morris, & Ingram, 2009; Gao, 2007; Morris, Podolny, & Sullivan, 2018; McDonald et al., 2018). There is lack of comparative studies between the Middle East and Western contracting systems. Future studies should focus on the comparisons between the informal relationships in the Middle East region with Western arm's length third party contracting systems.

Moreover, there is an on ongoing debate concerning whether informal social networks will persist in the long run or recede in the international business and management literature (Horak and Taube, 2016). Lau and Yang (2013) argue that China's heritage and its value system are deeply entrenched in the Chinese philosophy and cultural identity. Thus, it will not completely transit from a relation-based to a rule-based regime. The same logic applies to wasta in the Middle East and yongo in South Korea. Research is needed to see how the use of informal interorganizational relationships changes over time as countries adopt formal institutions.

Although our results show that informal interorganizational relationships are related to customer loyalty, we did not explore the potential “dark-side” of their use (Nie et al., 2011; Ardichvili et al., 2012; Chang, 2012). Future research should more specifically focus on the ethical issues surrounding the use of these interpersonal relationships to build customer loyalty.

Our study shows that the use of guanxi, yongo, and wasta is related to higher levels of customer loyalty. However, the path to customer loyalty differs for wasta compared to guanxi and yongo. This suggests that although culturally-based informal interorganizational relationships have similarities, there are also subtle differences that can affect business outcomes. The use of information relationships in a business to business context is an area that is rich with many future research opportunities.

References

- Abosag, I. & Lee, J. W. (2013). The formation of trust and commitment in business relationships in the Middle East: Understanding Et-Moone relationships. *International Business Review*, 22(3): 602–614.
- Abosag, I. & Naudé, P. (2014). Development of special forms of B2B relationships: Examining the role of interpersonal liking in developing guanxi and Et-Moone relationships. *Industrial Marketing Management*, 43(6): 887-896.
- Agustin, C. & Singh, J. (2005). Curvilinear effects of consumer loyalty determinants in relational exchanges. *Journal of Marketing Research*, 42 (1) 96-108.
- Ahn, J., Jungwon, O., Greene, H., & Rho, R. (2014). The role of friendship in relationship marketing, investigated in the retail services industries. *Services Marketing Quarterly*, 35, 206-221.
- ALHussan, F. B., AL-Husan, F. B. & Fletcher-Chen, C. (2014). Environmental factors influencing the management of key accounts in an Arab Middle Eastern context. *Industrial Marketing Management*, 34 (4): 592-602.
- Al-Kandari, Y. & Al-Hadban, I. (2010). Tribalism, sectarianism, and democracy in Kuwait culture. *Domes: Digest of Middle East Studies*, 19 (2): 268-285.
- Al-Omari, J. (2008). *Understanding the Arab Culture: A Practical Cross-Cultural Guide to Working in the Arab World* (2nd ed.). Oxford: How to Books Ltd.
- Al-Ramahi, A. (2008). Wasta in Jordan: A distinct feature of (and benefit for) Middle Eastern society. *Arab Law Quarterly*, 22(1): 35-62. .
- Ardichvili, A., Jondle, D., Kowske, B., Cornachione, E., Li, J., & Thakadipuram, T. (2012). Ethical cultures in large business organizations in Brazil, Russia, India, and China. *Journal of Business Ethics*, 105 (4): 415-428.
- Bagozzi, R. P. (1975). Marketing as exchange. *The Journal of Marketing*, 39(4), 32–39.
- Bagozzi, R.R., Yi Y., & Phillips, L.W. (1991). Assessing construct validity in organizational research. *Administrative Science Quarterly*, 36: 421-458.
- Barnett, A., Yandle, B., & Naufal, G. (2013). Regulation, trust, and cronyism in Middle Eastern societies: The simple economics of “wasta”. *The Journal of Socio-Economics*, 44, 41-46
- Berger, R., Silbiger, A., Herstein, R., & Barnes, B. (2015). Analyzing business-to-business relationships in an Arab context. *Journal of World Business*, 50: 454-465.
- Berry, L.L. and Parasuraman, A. (1991) *Marketing Services: Competing through Quality*. The Free Press, New York.

- Bian, Y.J., Hao, M.S., Li, Y.J. (2018). Social networks and subjective well-being: A comparison of Australia, Britain, and China. *Journal of Happiness Studies*, 18: 2489-2508.
- Blau, P.M. (1964). *Exchange and Power in Social Life*. New York, NY: John Wiley.
- Bourdieu, P., (1985). The forms of capital. IN : Richardson, J.G. (Ed.), *Handbook of Theory and Research for the Sociology of Education*. Greenwood, New York, pp. 241-258.
- Brandstaetter, T., Bamber, D., & Weir, D. (2016). ‘Wasta’: Triadic trust in Jordanian business. In M. A. Ramady, Ed. *The Political Economy of Wasta: Use and Abuse of Social Capital Networking*. Springer: London.
- Brouthers, L. E. & Xu, K. (2002). Product stereotypes, strategy and performance satisfaction: the case of Chinese exporters. *Journal of International Business Studies*, 33(4): 657–77.
- Byrne, B.M. (2013). *Structural Equation Modeling with AMOS: Basic concepts, applications, and programming*, 2nd edition, Routledge, New York.
- Cai, S., Jun, M., & Yang, Z. (2017). The effects of boundary spanners’ personal relationships on interfirm collaboration and conflict: A study of the role of guanxi in China. *Journal of Supply Chain Management*, 53(3): 19-40.
- Chan, A. K. K., Denton, L., & Tsang, A. S. L. (2003). The art of gift giving in China. *Business Horizons*, 46 (4), 47–52.
- Chan, A. K.W., & Li, S.Y.Y. (2010). Understanding consumer-to-consumer interactions in virtual communities: the salience of reciprocity. *Journal of Business Research*, 63 (9-10):1033-1040.
- Chang, C. L-H. (2012). The dilemma of renqing in ISD processes: interpretations from the perspectives of ace, renqing, and guanxi of Chinese cultural society. *Behavior & Information Technology*, 31(5): 481-493.
- Chen, C. C., Chen, X-P, & Huang, S. (2013). Chinese guanxi: An integrative review and new directions for future research. *Management and Organization Review*, 9 (1): 167-207.
- Chen, X., & Chen, C. C. (2004). On the intricacies of the Chinese guanxi: A process model of guanxi development. *Asia Pacific Journal of Management*, 21 (3): 305-324.
- Cheng, T. C. E., Yip, F. K., & Yeung, A. C. L. (2012). Supply risk management via guanxi in the Chinese business context: The buyer’s perspective. *International Journal of Production Economics*, 139(1), 3–13.
- Chua, R.Y.J., Morris, M.W., & Ingram, P. (2009). Guanxi vs networking: Distinctive configurations of affect- and cognition-based trust in the networks of Chinese vs. American managers. *Journal of International Business Studies*, 40: 490-508.
- Chai, J.C.Y. & Dibb, S. (2018). Chinese relationship management: a qualitative study of banking in New Zealand, *Journal of Strategic Marketing*, 26 (3): 205-222.

- Churchill, G. A., Jr. (1979). A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16 (February): 64-73.
- Craig, C.S., & Douglas, S.P., (2005). *International Marketing Research* (3rd Ed.). Wiley, New York.
- Cropanzano, R., Anthony, E. L., Daniels, S. R., & Hall, A. V. (2017). Social exchange theory: A critical review with theoretical remedies. *Academy of Management Annals*, 11(1), 479–516.
- Cropanzano, R., & Mitchell, M. S. (2005). Social exchange theory: An interdisciplinary review, *Journal of Management*, 31(6), 874-900.
- Cunningham, R.B., & Sarayrah, Y.K. (1993). *Wasta: The hidden force in Middle Eastern society*, Westport, Connecticut: Praeger.
- Cunningham, R. B., & Sarayrah, Y. K. (1994). Taming wasta to achieve development. *Arab Studies Quarterly*, 16 (3): 29-41.
- Davies, H. (1995). Interpreting guanxi: The role of personal connections in a high context transitional economy. In H. Davies (Ed), *China Business: Context and Issues* (pp.55-169). Hong Kong: Longman.
- Davies, H., Leung, T. K. P., Luk, S. T. K., & Wong, Y. (1995). The benefits of “Guanxi”: The value of relationships in developing the Chinese market. *Industrial Marketing Management*, 24 (3): 207-214.
- Du, M.F., Gao, H.Z., & Zhang, J. (2019). Toward a guanxi-bases view of structural holes in sales gatekeeping: A qualitative study of sales practices in China. *Industrial Marketing Management*, 76(Jan): 109-122.
- Durkheim, E. (1933). *The Division of Labor in Society*. New York, Macmillan.
- Dwairy, M. & El-Jamil, F. (2016). Counselling Arab and Muslim clients In Pedersen, P., Lonner, W., Draguns, J. Trimble, J. & Scharron-del Rio, M. (Eds). *Counselling Across Cultures*, 7th Ed. Sage: New York.
- El-Manstrly, D.A. (2014). Cross-cultural validation of switching costs: a four-country assessment. *International Marketing Review*, 31 (4): 413-437.
- El-Said, H. & Harrigan, J. (2009). “You reap what you plant”: Social networks in the Arab world-The Hashemite Kingdom of Jordan. *World Development*, 37 (7): 1235-1249.
- Emerson, R. M. (1976). Social exchange theory. *Annual Review of Sociology*, 2, 335–362.
- Fornes, G., Cardoza, G., & Xu, S. (2012). The national and international expansion of Chinese SMEs. Evidence from Anhui Province. *Journal of Chinese Entrepreneurship*, September, 1-32.

- Gallo, A. (2014). The Value of Keeping the Right Customers. *Harvard Business Review Digital Articles*, 2–5.
- Gao, H. M. (2007). Comparing Chinese guanxi with American networking for foreign-born Chinese jobseekers in the U.S., *East West Connections*, 7 (2): 140-155.
- Garver, M.S., & Mentzer, J. T. (1999). Logistics research methods: Employing structural equation modeling to test for construct validity. *Journal of Business Logistics*, 20(1): 33-57.
- Gefen, D., & Straub, D. (2005) *A Practical Guide to Factorial Validity Using PLS-Graph: Tutorial and Annotated Example*. CAIS, 16, 91-109.
- Gerbing, D.W., & Anderson J.C. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research*, 25(2): 186-193.
- Gouldner, A. W. (1960). The norm of reciprocity: A preliminary statement. *American Sociological Review*, 25(2), 161–178.
- Granovetter, M. (1973). The strength of weak ties. *American Journal of Sociology*, 78(6), 1360–80.
- Granovetter, M. S. (1983). The strength of weak ties: A network theory revisited. *Sociological Theory*, 1, 201-233. Retrieved from Michigan Information Transfer Source.
- Guo, Y., Rammal, H.G., Benson, J., Zhu, Y. & Dowling, P.J. (2018). Interpersonal relations in China: Expatriates' perspective on the development and use of guanxi. *International Business Review*, 27 (2), 455-464.
- Hair, J.F., Babin, B. J, Anderson, R. E. & Black, W.C. (2018). *Multivariate Data Analysis*, 8th ed. Cengage, Boston, MA.
- Hearn, B., & Filatotchev, I. (2019). Founder retention as CEO at IPO in emerging economies: The role of private equity owners and national institutions. *Journal of Business Venturing*, 34: 418-438.
- Hearn, B., Oxelheim, L, Randoy, T. (2018). The institutional determinants of private equity involvement in business groups-the case of Africa. *Journal of World Business*, 53: 118-133.
- Hofstede Insights. (2019). Compare countries. Retrieved March 12, 2019, from <https://www.hofstede-insights.com/product/compare-countries/>
- Hoppner, J. J., Griffith, D. A., & White, R. C. (2015). Reciprocity in relationship marketing: A cross-cultural examination of the effects of equivalence and immediacy on relationship quality and satisfaction with performance. *International Journal of Marketing*, 23 (4): 64-83.

- Hollebeek, L. D. (2011). Exploring customer brand engagement: Definition and themes. *Journal of Strategic Marketing*, 19(7), 555–573.
- Hollebeek, L.D. (2018). Individual-level cultural consumer engagement styles: Conceptualization, propositions & implications. *International Marketing Review*, 35(1), 42–71.
- Hom, P. W., Tsui, A. S., Wu, J. B., Lee, T. W., Zhang, A. Y., Fu, P. P., & Li, L. (2009). Explaining employment relationships with social exchange and job embeddedness. *Journal of Applied Psychology*, 94(2), 277–297.
- Homans, G. L. (1961). *Social Behavior: Its Elementary Forms*. New York: Harcourt, Brace, Jovanovich.
- Horak, S. (2014). Antecedents and characteristic of informal relation-based networks in Korea: Yongo, yonjul and inmaek. *Asia Pacific Business Review*, 20 (1): 78-108.
- Horak, S. (2015). Approaching Korean business and management ideals through the lens of Yongo: A Scholar-practitioner perspective. *Journal of Asia-Pacific Business*, 16 (3), 210-222.
- Horak, S. (2018). Join in or opt out? A normative ethical analysis of affective ties and networks in South Korea. *Journal of Business Ethics*, 149 (1): 207-220.
- Horak, S. & Klein, A. (2016). Persistence of informal social networks in East Asia: Evidence from South Korea. *Asia Pacific Journal of Management*, 33 (3): 673-694.
- Horak, S., & Nihalani, K. (2016). Social networks, vertical core competencies and sales management in Korea. *Management Decision*, 54(8), 1929–1946.
- Horak, S., & Taube, M. (2016). Same but different? Similarities and fundamental differences of informal social networks in China (guanxi) and Korea (yongo). *Asia Pacific Journal of Management*, 33 (3): 595-616.
- House, R.J., Hanges, P. J., Javidan, J., Dorfman, P.W., & Gupta, V. 2004. *Cultural, Leadership, and Organizations: The GLOBE Study of 62 Societies*. Thousand Oaks: Sage.
- Hutchings, K. & Weir, D. (2006). Understanding networking in China and the Arab world: Lessons for international managers. *Journal of European Industrial Training*, 30 (4): 272-290.
- Hutchings, K., & Weir, D. (2006). Guanxi and wasta: A comparison. *Thunderbird International Business Review*, 48 (1), 141-156.
- Hwang, K. (1987). Face and favor: the Chinese power game. *American Journal of Sociology*, 92 (4): 944-974.

- Jia, F., Rutherford, C., & Lamming, R. (2016). Cultural adaptation and socialisation between Western buyers and Chinese suppliers: The formation of a hybrid culture. *International Business Review*, 25(6): 1246-1261.
- Jamil, M.Y. (2015). Islamic perspective of leadership: A role model for today's CEOs. *Journal of Islamic Thought and Civilization*, 5 (2): 24-45
- Kelley, H. H., & Thibaut, J. (1978). *Interpersonal Relations: A Theory of Interdependence*. New York: Wiley.
- Khakhar, P., & Rammal, H. (2013). Cultural and business networks: International business negotiations with Arab managers. *International Business Review*, 22: 578-590.
- Kim, Y., & Cannella, A. A. (2008). Social capital among corporate upper echelons and its impacts on executive promotion in Korea. *Journal of World Business*, 43(1), 85–96.
- Kiong, T. C. & Yong, P. K. (1998). Guanxi bases, xinyong, and Chinese business networks. *The British Journal of Sociology*, 49 (1):75-96.
- Kipnis, A. B. (1997). *Producing Guanxi: Sentiment, Self, and Subculture in a North China village*. Durham, NC: Duke University Press.
- Kumar, A., Liu, J.X., & Demirag, O.C. (2016). National culture's impact on effectiveness of supply chain disruption management. *The Journal of Applied Business and Economics*, 17(4). 11-29.
- Kuran, T. (2004). Why the Middle East is economically underdeveloped: historical mechanisms of institutional stagnation. *Journal of Economic Perspectives*, 18(3): 71-90.
- Lambe, C. J., Wittmann, C. M., & Spekman, R. E. (2001). Social exchange theory and research on business-to-business relational exchange. *Journal of Business-to-Business Marketing*, 8(3), 1-36.
- Lawler, (2001). An affect theory of social exchange. *American Journal of Sociology*, 107:321-52.
- Leckie, C., Nyadzayo, M. W., & Johnson, L. W. (2018). Promoting brand engagement behaviors and loyalty through perceived service value and innovativeness. *Journal of Services Marketing*, 32(1), 70–82.
- Lee, G., Shin, G., Haney, M. H., Kang, M., Li, S., & Ko, C. (2017). The impact of formal control and guanxi on task conflict in outsourcing relationships in China. *Industrial Marketing Management*, 62: 128–136.
- Lee, L. W. Y., Tang, Y., Yip, L. S. C., & Sharma, P. (2018). Managing customer relationships in the emerging markets – guanxi as a driver of Chinese customer loyalty. *Journal of Business Research*, 86, 356–365.

- Leung, T. K. P., Chan, R. Y. K., Lai, K. H., & Ngai, E. W. T. (2011). An examination of the influence of guanxi and xinyong (utilization of personal trust) on negotiation outcome in China: An old friend approach. *Industrial Marketing Management*, 40 (7): 1193-1205.
- Levitt, E. E. (1990). A structural analysis of the impact of MMPI-2 on MMPI-1. *Journal of Personality*, 55: 562-577.
- Lew, S.-C. (2013). *The Korean Economic Development Path-Confucian Tradition, Affective Network*. New York: Palgrave Macmillan.
- Lin, L. H. (2011). Cultural and organizational antecedents of guanxi: the Chinese cases. *Journal of Business Ethics*, 99 (3): 441-451.
- Lindell, M. K., & Whitney, D. J. (2001). Accounting for common method variance in cross-sectional research designs. *Journal of Applied Psychology*, 86 (1): 114-121.
- Loewe, M., Blume, J., Schönleber, V., Seibert, S., Speer, J. & Voss, C. (2007). The impact of favoritism on the business climate: A study on wasta in Jordan. German Development Institute, Bonn.
- Low, S.P. (2001). Chinese business principles from eastern Zhou dynasty (770-221 BC): are they still relevant today? *Marketing Intelligence & Planning*, 19 (3): 200-207.
- Low, P. K. C., & Ang, S. L. (2012). The theory and practice of Confucian value of integrity: The Brunei case study. *International Journal of Business and Management*, 7 (14): 114-124.
- Luk, C. L., Yau, O.H. H., Sin, L. Y. M., Tse, A.C. B., Chow, R. P. M., & Lee, J. S. Y. (2008). The effects of social capital and organizational innovativeness in different institutional contexts. *Journal of International Business Studies*, 39 (4): 589-612.
- Luo, Y., & Chen, M. (1997). Does guanxi influence firm performance? *Asia Pacific Journal of Management*, 14 (1): 1-16.
- Luo, Y., Huang, Y., & Wang, S. L. (2012). Guanxi and organizational performance: A meta-analysis. *Management and Organizational Review*, 8 (1): 139-172.
- Malhotra, N. K., Kim, S. S. & Patil, A. (2006). Common method variance in IS research: a comparison of alternative approaches and a reanalysis of past research. *Management Science*, 52 (12): 1865-83.
- Marktanner, M., & Wilson, M. (2016). The economic cost of wasta in the Arab world: An empirical approach. In M.A. Ramady (Ed.), *The Political Economy of Wasta: Use and Abuse of Social Capital Networking* (pp.79-93). Switzerland: Springer.

- McDonald, S., Chen, F.N., Mair, C.A. (2015). Cross-national patterns of social capital accumulation: Network resources and aging in China, Taiwan, and the United States, *American Behavioral Scientist*, 59 (8):914-930.
- Mohamed, A. A., & Mohamad, M. S. (2011). The effect of *wasta* on perceived competence and morality in Egypt. *Cross Cultural Management: An International Journal*, 18 (4): 412-425.
- Molm, L. D., Whitham, M. M., & Melamed, D. (2012). Forms of exchange and integrative bonds: Effects of history and embeddedness. *American Sociological Review*, 77(1): 141-165.
- Morgan, R. M. & Hunt S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58 (3): 20-38.
- Morris, M.W., Podolny, J., & Sullivan, B. (2008). Culture and coworker relations: Interpersonal patterns in American, Chinese, and Spanish divisions of a global retail bank. *Organization Science*, 19(4):517-532
- Mullen, M.R. 1995. Diagnosing measurement equivalence in cross national research. *Journal of International Business Studies*, 26 (3): 573-596.
- Myers, M. B., Calantone, R. R., Page, T. G., & Taylor, C. R. (2000). Academic insight: An application of multiple-group causal models in assessing cross-cultural measurement equivalence. *Journal of International Marketing*, 8 (4): 108-121.
- Nahapiet, J., & Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23(2): 242–266.
- Neal, M. (2010). When Arab-expatriate relations work well: Diversity and discourse in the Gulf Arab workplace. *Team Performance Management*, 16 (5/6): 242-266.
- Nie, R., Zhong, W., Zhou, M., Jiang, W. & Wang, X. (2011). A bittersweet phenomenon: the internal structure, functional mechanism, and effect of *guanxi* on firm performance. *Industrial Marketing Management*, 40 (4): 540-549.
- North, D. C. (1990). *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press
- Oliver, R. L. (1993). Cognitive, affective, and attribute bases of the satisfaction response. *Journal of Consumer Research*, 20 (3), 418–430.
- Oliver, R. L. (1999). Whence customer loyalty? *Journal of Marketing*, 63 (4): 33-44.
- Palmatier, R. W., Dant, R. P., Grewal, D. & Evans, K. R. (2006). Factors influencing the effectiveness of relationship marketing: a meta-analysis. *Journal of Marketing*, 70 (4): 136-153.

- Park, S. H., & Luo, Y. (2001). Guanxi and organizational dynamics: Organizational networking in Chinese firms. *Strategic Management Journal*, 22 (5): 455-477.
- Parrott, J. (2018). The guiding principles of faith: Sincerity, honesty and good will in Islam. *Yaqeen Institute for Islamic Research*, 1-23.
- Peng, M.W., Sun, S.L., Pinkham, B., & Chen, H. (2009). The institution-based view as a third leg for a strategy tripod. *Academy of Management Perspective*, 23 (3): 63-81.
- Peng, M. W., & Luo, Y. (2000). Managerial ties and firm performance in a transition economy: The nature of a micro-macro link. *Academy of Management Journal*, 43 (3): 486–501.
- Pervan, S. J., Bove, L. L., & Johnson, L. W. (2009). Reciprocity as a key stabilizing norm of interpersonal marketing relationships: Scale development and validation. *Industrial Marketing Management*, 38 (1), 60–70.
- Phan, M. C. T., Styles, C. W., & Patterson, P. G. (2005). Relational competency's role in Southeast Asia business partnerships. *Journal of Business Research*, 58(2), 173–184.
- Podsakoff, P. M. & Organ, D. W. (1986). Self-reports in organizational research: problems and prospects. *Journal of Management*, 12 (1): 531-44.
- Poppo, L. & Zenger, T. (2002). Do formal contracts and relational governance function as substitutes or complements? *Strategic Management Journal*, 23 (8): 707-725.
- Reichheld, F. F. (1993). Loyalty-based management. *Harvard Business Review*, 71 (2): 64-73.
- Reichheld, F. F. (1996). Learning from customer defections. *Harvard Business Review*, 74(2), 56–69.
- Ring, P. S., & van de Ven, A. H. (1992). Structuring cooperative relationships between organizations. *Strategic Management Journal*, 13 (7), 483–498.
- Rousseau, D.M., Sitkin, S.B., Burt, R.S., & Camerer, C. (1998). Not so different after all: a cross-discipline view of trust. *Academy of Management Review*, 23 (3), 393–404.
- Saudi Gazette (2016). Honesty the characteristic of a Muslim. Retrieved March 19, 2019 from <http://saudigazette.com.sa/article/167941>.
- Schmitz, H. (1999). From ascribed to earned trust in exporting clusters. *Journal of International Economics*, 48 (1): 139-150.
- Serva, M. A., Fuller, M. A., & Mayer, R. C. (2005). The reciprocal nature of trust: a longitudinal study of interacting teams. *Journal of Organizational Behavior*, 26 (6), 625–648.
- Sharma, S. & Weathers, D. (2003). Assessing generalizability of scales used in cross-national research. *International Journal of Research in Marketing*, 20: 287-295.

- Sheng, S., Zhou, K. Z., & Li, J. J. (2011) The effects of business and political ties on firm performance: Evidence from China. *Journal of Marketing*, 75 (1): 1-15.
- Sierra, J. J., & McQuitty, S. (2005). Service providers and customers: social exchange theory and service loyalty. *Journal of Services Marketing*, 19(6), 392–400.
- Sin, L. Y. M., & Tse, A. C. B., (2005). CRM: conceptualization and scale development. *European Journal of Marketing*, 39 (11/12): 1264-1290.
- Singh, J. & Sirdeshmukh, D. (2009). Agency and trust mechanisms in consumer satisfaction and loyalty judgments. *Journal of the Academy of Marketing Science*, 28(1), 150–167.
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing*, 66 (1): 15–37.
- Smith, P. B., Torres, C., Leong, C, Badhwar, P., Achoui, M., & Levedeva, N. (2012). Are indigenous approaches to achieving influence in business organizations distinctive? A comparative study of guanxi, wasta, jeitinho, svyazi and pulling strings. *International Journal of Human Resource Management*, 23 (2): 333-348.
- Spekman, R. E., Isabella, L. A., MacAvoy, T. G., & Forbes III, T. (1996). Creating strategic alliances which endure. *Long Range Planning*, 29(3), 346–357.
- Steenkamp, J.B.E.M., & Baumgartner, H. (1998). Assessing measurement invariance in cross-national consumer research. *Journal of Consumer Research*, 25 (1): 78-93.
- Swärd, A. (2016). Trust, reciprocity, and actions: The development of trust in temporary inter-organizational relations. *Organization Studies*, 37 (12), 1841–1860.
- Thibaut, J. W., & Kelley, H. H. (1959). *The Social Psychology of Groups*. New York: Wiley.
- Tong, C.K., & Yong, P.K., (1998). Guanxi bases, xinyong and Chinese business networks. *The British Journal of Sociology*, 49 (1): 75-96.
- Vanneste, B. S., Puranam, P., & Kretschmer, T. (2014). Trust over time in exchange relationships: Meta-analysis and theory. *Strategic Management Journal*, 35(12), 1891–1902.
- Velez-Calle, A., Robledo-Ardila, C., Rodriguez-Rios, J. D. (2015). On the influence of interpersonal relations on business practices in Latin America: A comparison with the Chinese guanxi and the Arab wasta. *Thunderbird International Business Review*, 57 (4): 281-293.
- Wang, C. L. (2007). Guanxi vs. relationship marketing: exploring underlying differences. *Industrial Marketing Management*, 36 (1): 81-86.
- Wang, L C., Siu, Y. M., and Barnes, R. (2008) The significance of trust and renqing in the long-term orientation of Chinese business-to-business relationships. *Industrial Marketing Management*, 37 (7): 819-824.

- Wang, G., Wang, X., Long, Y., Hou, W. C., & Ching, L. A. (2015). Buyer loyalty in business markets: Can the firm and salesperson get what they truly desire? *Journal of Business-To-Business Marketing*, 22(3), 197–210.
- Watson, G., Beck, J., Henderson, C., & Palmatier, R. (2015). Building, measuring, and profiting from customer loyalty. *Journal of the Academy of Marketing Science*, 43 (6), 790–825.
- Weir, D., & Hutchings, K. (2005). Cultural embeddedness and contextual constraints: knowledge sharing in Chinese and Arab cultures. *Knowledge and Process Management*, 12 (2): 89-98.
- Yang, M. M.. (1994). *Gifts, Favors, and Banquets: The Art of Social Relationships in China*. Ithaca, NY: Cornell University Press, 109–145.
- Yang, D., Sheng, S., Wu, S., & Zhou, K. Z. (2018). Suppressing partner opportunism in emerging markets: Contextualizing institutional forces in supply chain management. *Journal of Business Research*, 90, 1–13.
- Yang, I., & Horak, S. (2019). Emotions, indigenous affective ties, and social network theory—The case of South Korea. *Asia Pacific Journal of Management*, 36(2), 395–414.
- Yao, X. Z. (2000). *An Introduction to Confucianism*. Cambridge, UK: Cambridge University Press.
- Yau, O. H. M., Lee, J. S. Y., Chow, R. P. M., Sin, L. Y. M., & Tse, A. C. B. (2000). Relationship marketing the Chinese way. *Business Horizons*, 43 (1): 16-25.
- Yen, D. A., Abosag, I., Huang, Y., & Nguyen, B. (2017). Guanxi GRX (ganqing, renqing, xinren) and conflict management in Sino-US business relationships. *Industrial Marketing Management*, 66: 103-114.
- Yen, D. A. & Barnes, B. R. (2011). Analyzing stage and duration of Anglo-Chinese business-to-business relationships. *Industrial Marketing Management*, 40 (3): 346-357.
- Yen, D. A., Barnes, B. R., & Wang, C. L. (2011). The measurement of guanxi: Introducing the GRX scale. *Industrial Marketing Management*, 40: 97-108.
- Zhang, M. & Hartley, J. L. (2018). Does guanxi influence product performance and customer loyalty? *Journal of Asia Business Studies*, 12 (3): 233-252.
- Zhao, S. J. (2017). An open China: splendid Anhui welcoming the world. *China Daily*. April 11.

Appendix: Measurement Scales

	Original Scale	Jordan, Egypt	China, S. Korea
<i>Trust-worthiness</i>	<ul style="list-style-type: none"> a Our counterparts have been frank in dealing with us. b Our counterparts keep promises. c Our counterparts do not make false claims. d Our counterparts treated us as friends. e Our counterparts have been on our side. 	<ul style="list-style-type: none"> Our counterparts have been frank in dealing with us. Our counterparts keep promises. Our counterparts do not make false claims. 	<ul style="list-style-type: none"> Our counterparts have been frank in dealing with us. Our counterparts treated us as friends. Our counterparts have been on our side.
<i>Affect</i>	<ul style="list-style-type: none"> a I and our company managers have good personal relationship with the managers of key suppliers. b I and our company managers have good personal relationship with key buyer/customers. c I and our company managers have good personal relationship with the managers of key distributors. 	<ul style="list-style-type: none"> I and our company managers have good personal relationship with the managers of key suppliers. I and our company managers have good personal relationship with key buyer/customers I and our company managers have good personal relationship with the managers of key distributors. 	<ul style="list-style-type: none"> I and our company managers have good personal relationship with the managers of key suppliers. I and our company managers have good personal relationship with key buyer/customers. I and our company managers have good personal relationship with the managers of key distributors.
<i>Reciprocity</i>	<ul style="list-style-type: none"> a It is important to our company that we offer our help when our partner faces a difficult situation. b It is important to our company that if problems such as delivery or payment delays arise, we and our partner would be mutual understanding. c It is important to our company that we are patient and considerate with our counterpart when he/she makes mistakes. d It is important to our company that we are willing to make sacrifices to help this counterpart from time to time. 	<ul style="list-style-type: none"> It is important to our company that we offer our help when our partner faces a difficult situation. It is important to our company that if problems such as delivery or payment delay arise, we and our partner would be mutual understanding. 	<ul style="list-style-type: none"> It is important to our company that if problems such as delivery or payment delays arise, we and our partner would be mutual understanding. It is important to our company that we are patient and considerate with our counterpart when he/she makes mistakes. It is important to our company that we are willing to make sacrifices to help this counterpart from time to time.